

Undoing Decades of Proven Policy

The Pelosi-Obey stimulus bill contains massive shifts in federal policy. These changes have not been approved by the relevant authorizing committees, and do not take into account the fact that established policies in place for decades are usually still there for two reasons – because they work, or because they are extraordinarily difficult to change.

Government agencies will have serious difficulties implementing these new, broad policy changes – especially without the normal instruction and guidance that comes from a proper authorization and regulatory process. This difficulty will make it nearly impossible for agencies to adopt these changes in a prompt fashion – thereby negating any time savings spent by tacking these provisions onto an emergency Appropriations bill instead of allowing them to be approved by the normal legislative process.

Some of these massive policy shifts include:

Public Housing – Turning back the clock:

Thirty years ago, the government decided to get out of the business of building public housing. The large failure of the program had led to over-crowding, poor sanitation, high crime rates, and a general lower quality of life for residents. Instead, the government turned to the voucher program, which gives low-income residents better housing options - allowing them to live closer to their jobs and better schools, and providing an escape from deteriorating conditions and concentrations of poverty. To date over two million families receive assistance through the voucher program. As public housing stock has decreased, vouchers have replaced that stock.

The stimulus bill ignores the lessons of history and attempts to preserve and perhaps reverse this trend. This bill spends \$5 billion to modernize and upgrade the existing public housing stock - propping up unsuccessful and problem-ridden housing authorities and prolonging bad policy. In contrast, this same amount of money could provide voucher assistance for over 100,000 families for five years.

Role of DOE –Making Energy Progress into Energy Handouts:

The Pelosi-Obey stimulus bill shifts the role of the Department of Energy from a research and development agency into a grant and loan making body. Roughly \$30 billion is included in this bill to accomplish this goal. For example, this bill begins entirely new grant programs to states and localities, turning the DOE into nothing more than a pass-through for taxpayer dollars and throwing accountability go out the window. The losers? Our Nation's hopes for energy independence and the American taxpayer.

Education and Health Care – Changing the Role of the Federal Government:

While some investments in health care and education are regularly included in the federal budget, the Pelosi-Obey stimulus bill goes far beyond the firmly established and authorized role of government in these areas – including creating 9 new programs for a total of \$106 billion. For example, this bill contains \$20 billion to insert the federal government into school construction which, until this bill, was exclusively the responsibility of state and local governments. And, this bill includes \$24.7 billion to lay the groundwork for a highly controversial shift to universal healthcare (which has yet to be approved by Congress).

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Sneaks and Schemes – Hiding Behind Gimmicks and Burying Language

Emergency Appropriations bills have a unique distinction: they are not subject to the regular rules of the House (which means they can avoid parliamentary hang-ups be approved quickly), and are at times so massive it's relatively easy to tack on a few highly controversial provisions without the worry of killing the bill. This is especially true of the Pelosi–Obey stimulus bill, which contains vast amounts of spending and policy provisions to appease a wide variety of squeaky wheels. However, using legislative gimmicks to jam this stimulus legislation through Congress without proper oversight and public scrutiny is not only bad public policy; it creates precedents that could put the nation in financial peril for years to come.

Hiding Behind the Process and Breaking Their Own Rules

At the beginning of the last Congress, the new Democrat majority instituted a House rule requiring all legislation - except Appropriations bills which are governed by the Budget Resolution - to abide by Pay-As-You-Go (PAYGO). This rule requires any new spending to be revenue neutral - or in other words, offset by increased taxes or budget cuts in other areas.

The Pelosi-Obey legislation, being an appropriations bill, circumvents this rule and includes massive spending which would normally be subject to PAYGO. By tacking on these provisions, the Democrat majority will attempt to avoid potentially embarrassing public in-fighting down the road, and fast-track party and administration priorities without proper public scrutiny and oversight. In total, the stimulus bill contains over \$223 billion in funding that would otherwise be subject to PAYGO.

Burying Legislative Language – Creating federal agency “slush funds”

The Pelosi-Obey stimulus bill contains at least one controversial provision buried in legislative language – perhaps in the hopes of going unnoticed until after the bill is passed or of being overshadowed by larger issues.

This provision, found in section 1105, would essentially create a **slush fund** at every agency that receives stimulus funding. It allows all of the unspent stimulus money to be “recaptured” after the two year cut off in the bill, and stimulus money that is “not needed” or “cannot be used” can be scooped up by the Federal agency and “re-obligated” for other activities... *without the consent of Congress or public notice*. This means that the agencies can spend leftover stimulus funding at the whim of bureaucrats with no direction by Congress, proper oversight, or guarantee of public benefit.

This is directly contrary to the Democrat majority's rhetoric in support of “use it or lose it” – the notion that agencies must use the funds as intended within the time allowed, or forfeit it back to the treasury. Maybe they should rephrase their talking points to “use it or find other programs to spend it on...”

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Piling Money on Money – Can we even spend this much?

The Pelosi-Obey stimulus bill would spend an astronomical amount of taxpayer dollars. In one bill, it contains almost as much funding as the entire federal government spends in one year. It is without a doubt the most expensive single piece of legislation Congress has considered. This bill even dwarfs the recently passed \$700 billion TARP bail out.

Because of this bill's unprecedented size, federal agencies will have a difficult time spending this money

Federal bureaucracies are notoriously slow, unresponsive, and unwieldy, which makes this bill's exponential growth in existing programs extraordinarily difficult to implement in a short period of time. Not only do these agencies not have the staff or organization to handle this influx of funds, the federal hiring process takes months and the regulatory process can take years. To make matters more complicated, this bill contains 32 new programs (totaling a whopping \$137 billion), but does not include the kind of legislative language and guidance which normally comes from a proper authorization process.

In addition, many of the projects funded in this bill could take years – not months - to complete. For example, this bill includes \$7.7 billion for the General Services Administration (GSA) building fund. The GSA's target average completion dates for construction projects is **8.5 years**. (Further, of the GSA's project funding that can get out the door in 120 days, 36% will go to *projects in Washington, D.C.*)

Many of the provisions in this bill fund programs that are already sitting on large, unspent pots of money

The amount of unspent funds already sitting in federal coffers raises serious questions about the economic benefit to piling on even more money. If federal agencies can't spend the money they already have, do we really benefit by giving them more? If we require the agencies to spend this stimulus money in a short period of time, won't they just leap-frog their existing funds in the queue, resulting in no real additional "stimulus" spending? And, if these agencies have been sitting on funds in accounts that have "stimulus" potential, why hasn't this money already been spent?

The following are some examples of existing accounts - funded in the Pelosi-Obey stimulus - that already have large, unspent balances. Those with a * indicate programs that will likely have even more unspent funds once the FY09 Omnibus legislation is enacted:

- \$2.755 Billion - Supplemental Nutrition Assistance Program*
- \$263 Million - Rural Water/Waste Grants/Loan Subsidy*
- \$46 Million - NASA Science/Earth Science*
- \$2.5 Billion - Federal buildings and Points of Entry*
- \$200 Million - FEMA Emergency Food and Shelter
- \$125 Million - Coast Guard Alteration of Bridges
- \$1.340 Billion - Child Support Enforcement*
- \$561 Million - Vocational Rehabilitation State Grants*
- \$1.524 Billion - Community Health Care Centers*
- \$14.113 Billion - Title I program*
- \$355 Million - K-12 Education Technology*
- \$4.526 Billion – LIHEAP*
- \$726 Million - Child Care Development Block Grant*

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Pelosi-Obey Stimulus Plan – Is it “TARP II”?

Over the last year, Congress has pumped massive amounts of government spending into the economy with limited results. To make matters worse, much of this spending has not gone to the uses that Congress intended, and was spent without proper oversight, transparency or accountability to the taxpayer.

For example, Congress approved \$700 billion in TARP funding last fall to help financial companies deal with the fiscal burden created by the housing crisis. However, those funds were redirected, without the consent of Congress and behind closed doors, to other purposes - including an auto industry bail out.

This questionable record of spending raises serious red flags. Before approving an additional \$825 billion, we must ask: If government spending hasn't worked to stabilize the economy throughout this year or in the past, why should we think it will work now? Is a “bait and switch” spending approach going to be the precedent for future stimulus funding? And, if so, than **wouldn't the Pelosi-Obey stimulus bill simply be a “TARP II”?**

Federal Bailout and “Stimulus” Spending Over the Last Year:

- February 2008 Stimulus Package = \$168 Billion
- Fannie Mae, Freddie Mac Bailout = \$200 Billion
- Bear Sterns Bailout = \$29 billion
- AIG Bailout = \$60 Billion
- TARP Financial Bailout = \$700 Billion

Including: *Auto industry bailout = \$20.9 billion*
Bank of America bailout = \$35 billion
Citigroup bailout = \$45 billion

- Pelosi-Obey Stimulus Plan = \$825 Billion (*Pending*)

GRAND TOTAL: \$2 TRILLION

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