

Summary - \$825 Billion Pelosi-Obey Stimulus Contains Unprecedented Spending, Few Real Solutions

American Families and Businesses Need Real Help – Not A Windfall of Deficit Spending With No Guarantees

It is clear that our nation's businesses, communities, and families are suffering because of our faltering economy. To help prevent further economic decline, the government has a responsibility to provide common sense investments that will help stabilize the aspects of our economy which put us in the greatest peril, and provide temporary relief to American families who are bearing the brunt of this crisis. Despite claims the stimulus legislation contains "targeted" and "prioritized" investments, in reality this bill will blanket government programs in spending with little thought toward real economic results, job creation, or respect for the taxpayer.

Our economic situation goes beyond politics and beyond the two parties, and we are pleased that incoming President Obama has indicated a willingness to work across party lines to create an economic recovery package that represents the nation's best interests.

However, we must not pour hundreds of billions of dollars into government programs, saddling future generations with the debt, without having a clear understanding of what we are willing to sacrifice for the hope - but no guarantee - of economic recovery today, or even tomorrow.

Draft Stimulus Legislation Contains Colossal Spending – But Limited Common Sense

The proposed economic stimulus legislation raises serious concerns. Without more and better information on how, why, and if this proposal will create jobs and promote economic recovery, we cannot simply write an \$825 billion dollar blank check at taxpayer expense.

It is essential that we have the highest degree of fiscal restraint and discretion in this stimulus legislation - especially considering that this spending will bypass customary oversight, public scrutiny, and debate by circumventing the normal authorization and appropriations process. We must ask ourselves, is each and every program in this bill really stimulative? Do they create jobs (and how many and for how long)? Are they worth the cost? Are they one-time costs, or are they programs that will have to be funded year after year? And, are they things that must be done immediately, or could they be done more effectively and efficiently under the normal funding process?

If we fail to protect the interest of the taxpayer and make decisions without these common sense questions, the result will be continued economic decline, vast government waste, long term budget shortfalls and shortages, and a perilous national financial future.

“Accountability” Measures:

The draft stimulus legislation contains several “accountability” measures to provide spending oversight. These measures include the creation of a new “Recovery Act Accountability and Transparency Board,” public notification, certifications, and descriptions of funding decisions, a new \$14 million website, and additional resources for the Government Accountability Office (GAO) and various agency Inspector Generals (IG).

While we applaud the attempt at oversight, these measures are all designed to take effect AFTER the funds are spent. Limited attempts were made to address critical budgetary concerns – including efficiency of the programs, past effectiveness, and long-term costs – that should addressed BEFORE funds are spent as a part of a responsible budget process.

Stimulus Uses National Economic Crisis as Cover to Fund Non-Emergency, Untested, and Controversial Government Programs

While there is a need for urgent and targeted assistance to deal with our economic crisis, many provisions within this legislation will not provide immediate economic recovery and appear to be included simply to avoid the regular legislative and budget pressures. These types of provisions include those that are:

1. Not based on immediate or emergency need,
2. Provide funding programs that are not authorized or create entirely new programs with limited legislative direction or other regulatory oversight
3. Would be otherwise subject to PAYGO restrictions, or
4. Are designed to fund regular programs with emergency money – offering “head room” in future Appropriations bills to increase spending in other areas.

These spending decisions should be properly debated under the regular annual budget process, and should not be jammed through Congress on an Emergency Appropriations bill under the guise of “stimulus.”

Stimulus Category Breakdown:

The following is a summary of the Pelosi-Obey economic recovery proposal. While every item included in the bill should be considered on its own merit, most of the spending would not provide the kind of job creation or other benefits needed to sustain our economy through these tough times, and would fund programs that will have no immediate or short term relief to struggling American families. Unfortunately for the American taxpayer, the vast majority of this spending is not for economy recovery, and would further bloat federal programs, expand the role of government in Americans' lives, and provide political cover by funding campaign promises.

Total Stimulus Spending (estimated): \$551.7 billion

- Spending currently in the bill: \$358.1 billion
- Estimated mandatory spending expected to later be included in the bill: \$193.6 billion*
- Portion to be added by the Ways and Means Committee: \$275 billion

** The proposed Pelosi-Obey stimulus language contains on \$358 billion in spending – not \$550 billion as Chairman Obey announced in his press release of 1/15/09. Appropriations Republicans have used his press release to determine the amount and purposes of the missing funds.*

Spending Summary (currently in the bill):

Category	(\$ in millions)	
	Stimulus Amt	FY08 Amt
New Programs	\$ 136,756	\$ 0
Program Expansions	91,958	109,277
One-time Increase to Existing Programs	100,241	128,281
Subtotal	\$ 328,955	\$ 237,679
Entitlement Program Increases	29,134	N/A
Total, Spending (currently in bill)	\$ 358,089	\$ 237,679

New Programs in the bill:

- There are 32 new programs totaling \$137 billion (38% of all spending) in the current bill.

- Seventeen of these new programs have never been authorized by the Congress. Instead the authorizations are being carried in this bill. These twenty programs account for \$123 billion or 34% of all spending in the current bill.
- The vast majority of these new programs fall under the Labor-HHS Subcommittee. This bill creates 10 new Labor-HHS programs, totaling \$107 billion.

Program Expansions in the bill:

- The stimulus proposal expands 60 existing programs (normally funded in regular Appropriations bills) at a cost of \$76 billion in FY09 – a 68% increase over last year. (In FY08 these programs received a total of \$111 billion).
- There will be tremendous pressure to fund many - if not most - of these programs at this new, higher level in future years, especially given that much of this money will have to be spent getting these programs up and running and properly staffed.
- The Labor-HHS bill accounts for 30 of the 60 program expansions and \$40 billion (53%) of the FY09 growth. This represents a 44% increase over the total amount provided for these programs over last year. The bill also includes an additional \$17 billion to more than half these programs to fund *next* year's costs.
 - This widespread and rapid program expansion indicates a clear intention for these types of increases to be permanent. For example, the bill spends \$15.6 billion to increase each Pell Grant by \$500. After 2 years, this extra funding vanishes, meaning Congress will have to replenish the funds or Pell Grant recipients will face a sudden and sharp decline in financial support.

One-time Infusions to Existing Programs:

- The bill includes an additional \$100 billion in anticipated “one-time” infusions to existing programs, primarily for construction and other non-recurring items. These programs were funded at \$128 billion in FY08.
- This category includes funding for transportation programs (highways, bridges, rail and transit systems) as well as Corps of Engineers and Bureau of Reclamation projects. **These programs receive a total of \$48 billion, or roughly 13 percent of the total spending in the bill.**

Spending by Subcommittee currently in the bill (totals to \$358 billion):

(See CHART 1)

- Agriculture: \$26.863. Includes \$19.991 billion in mandatory spending (Food Stamps) that is not offset.
- Commerce Justice: \$14.191 billion.
- Defense: \$4.865 billion.
- Energy and Water: \$48.915 billion
- Financial Services: \$8.760 billion
- Homeland Security: \$1.104 billion
- Interior: \$15.010 billion
- Labor-HHS: \$171.363 billion.
- Mil Con-VA: \$7.001 billion
- State Foreign Ops: \$0.500 billion
- Transpo-HUD: \$59.485 billion

Additional Labor-HHS related spending (FMAP, UI, COBRA, etc) to appear later in the bill: \$193.603 (estimated)

Other Items of Note:

- The bill includes a total of \$9.2 billion for construction, maintenance and repair of Federal Buildings and facilities (excluding military and VA facilities). A large portion of this funding would go to address facilities in the Washington, DC metro area. This includes various Federal agency buildings funded by GSA, as well as USDA Headquarters, NASA facilities, HHS buildings, the NIH campus, and the CDC in Atlanta.
- The bill includes \$1.3 billion for IT systems modernization and upgrades for various Federal agencies as well as some State agencies.