

# WebMemo



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## Congressional Spending: Past Abuse Is No Excuse for Today's Excess

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The era of big government never ended. Although Bill Clinton pronounced its epitaph in 1996,<sup>1</sup> big government survived and expanded under the Republican majority. Judging by the actions of the new Democratic Congress, the end of big government is nowhere in sight.

Despite the Democrats' promise to be more fiscally responsible than their predecessors, almost \$200 billion in new spending has passed at least one chamber during the first six months of the 110th Congress. The budget plan put forth by the new congressional leadership features a handful of spending reductions along with much larger spending increases and higher taxes—all intended to pay for expanded government programs, not lower the deficit.<sup>2</sup>

The Democrats' approach will harm economic growth and job creation. If Congress continues its spending binge, President Bush must follow through on his veto threats.

**Out of Control.** A year ago, *USA Today* reported that federal spending was out of control,<sup>3</sup> decrying "the most rapid growth during one administration since Franklin Roosevelt."

Today, spending is accelerating rather than slowing down. President Bush says he wants to hold the line, but he must fight a new congressional majority that condemns the past spending spree even while it proposes a huge expansion of government. The House budget plan would cost every congressional district an average 2,284 jobs and cost the average taxpayer \$3,026 in higher taxes.<sup>4</sup>

**Two Types of New Spending.** The Democrats' proposed cuts are dwarfed by proposals for new spending.

The new spending takes two forms:

- **The Annual Appropriations Bills.** Congress intends to spend \$23 billion more than what the President requests for fiscal year 2008, on top of the extra \$17 billion in non-emergency special interest spending tacked on to the fiscal year 2007 war supplemental bill.
- **The Authorizing Bills.** Congress is creating and expanding programs that will increase spending in future years. The cost of these obligations far exceeds the spending increases in the fiscal year 2008 appropriations bills.

In the appropriations category, the latest fight is over the potpourri spending bill covering the Departments of Labor, Health and Human Services, and Education. House Appropriations Committee Chairman David Obey (D-WI) brags about the bill, "We eliminate or cut 41 programs, saving \$1.1 billion."<sup>5</sup> He fails to mention that the total bill would spend \$11 billion more than the President's budget request.<sup>6</sup>

Mixed in with the appropriations bills are yet-unaccounted billions of dollars in pork-barrel spend-

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ing. Recent reforms aimed at expanding public disclosure of earmarks but apparently did not end Congress's addiction to pork:<sup>7</sup>

- The Senate is breaking its promise to disclose sponsors of specific projects. Taxpayers for Common Sense has identified \$7.5 billion in “orphan earmarks.”<sup>8</sup>
- As of July 25, dozens of recorded votes have removed only one earmark in either the House or Senate: \$129,000 for an economic development grant to “The Home of the Perfect Christmas Tree” in the district of Rep. Patrick McHenry (R-NC).<sup>9</sup>
- The House Labor-HHS bill contains 1,338 earmarks, including \$200,000 for the Andre Agassi College Preparatory Academy (a personal project of the tennis star, who is worth \$162 million) and \$200,000 for a Hollywood college “to

respond to the film and television industry's immediate need for new, trained employees.”<sup>10</sup>

- When an earmark for his state was challenged, Alaska Representative Don Young told the House and C-SPAN viewers that “it's my money, my money.”<sup>11</sup>
- The House voted 326 to 98 to retain a \$1 million earmark for an organization that may not exist.<sup>12</sup>

New, long-term spending is more difficult to track and is potentially much larger than one-year spending. However, the House Republican Study Committee is monitoring the accumulated cost of new and expanded programs. It issues a weekly update describing both that week's new spending and the total accumulation since January.<sup>13</sup>

Looking solely at additional spending over the next five years, the House-passed homeland secu-

1. Bill Clinton, 1996 State of the Union Address, January 27, 1996.
2. Brian M. Riedl, “Budget Resolution Calls for Massive Tax Hikes and Spending Increases,” Heritage Foundation *WebMemo* No. 1460, May 17, 2007, at [www.heritage.org/Research/Budget/wm1460.cfm](http://www.heritage.org/Research/Budget/wm1460.cfm).
3. Richard Wolf, “Growth in Federal Spending Unchecked,” *USA Today*, March 3, 2006, at [www.usatoday.com/news/washington/2006-04-02-federal-spending\\_x.htm](http://www.usatoday.com/news/washington/2006-04-02-federal-spending_x.htm).
4. “The House budget resolution has the potential to cost the average American taxpayer an additional \$3,026 in taxes. In addition to the increased tax burden, Americans could also see their personal income decrease by an average of \$502 dollars due to a weaker economy. Moreover, the budget resolution could damage employment growth, causing about one million fewer jobs to be created, and has the potential to damage economic output by over \$100 billion nationally. The average cost of the House budget resolution to each congressional district amounts to the potential loss of 2,284 jobs that would have otherwise been created and a loss in economic output by an average \$240 million.” Shanea Watkins, Ph.D., “Tax Increases Ahead: The Impact of the House Budget Resolution, By Congressional District,” Heritage Foundation *Backgrounder* No. 2031, May 7, 2007, at [www.heritage.org/Research/Taxes/bg2031.cfm](http://www.heritage.org/Research/Taxes/bg2031.cfm).
5. Dave Obey, “Obey Statement on the Labor, Health, and Education Appropriations Bill,” House floor, July 17, 2007, at [appropriations.house.gov/pdf/ObeyFloorHP.pdf](http://appropriations.house.gov/pdf/ObeyFloorHP.pdf).
6. Executive Office of the President, Office of Management and Budget, “Statement of Administration Policy: H.R. 3043 – Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008,” July 17, 2007, at [www.whitehouse.gov/omb/legislative/sap/110-1/hr3043sap-h.pdf](http://www.whitehouse.gov/omb/legislative/sap/110-1/hr3043sap-h.pdf).
7. Ernest Istook, “Earmark Appropriations: Pork—Or Mystery Meat?” Heritage Foundation *WebMemo* No. 1541, July 9, 2007, at [www.heritage.org/Research/Budget/wm1541.cfm](http://www.heritage.org/Research/Budget/wm1541.cfm).
8. Manu Raju, “\$7.5B Earmarks Unclaimed,” *The Hill*, July 17, 2007, at [thehill.com/leading-the-news/7.5b-earmarks-unclaimed-2007-07-17.html](http://thehill.com/leading-the-news/7.5b-earmarks-unclaimed-2007-07-17.html).
9. Adam Behsudi, “WNC Christmas Tree Industry Denied \$129,000 by House,” *Asheville Citizen-Times*, July 13, 2007, at [www.citizen-times.com/apps/pbcs.dll/article?AID=200770712123](http://www.citizen-times.com/apps/pbcs.dll/article?AID=200770712123).
10. Republican Study Committee, “An Earmark for Andre Aggasi?” RSC Blog, July 19, 2007, at [www.house.gov/htbin/blog\\_inc?BLOG,tx05\\_hensarling\\_rsc,blog,999,All,Item%20not%20found,ID=070716\\_0954,TEMPLATE=postingdetail.shtml](http://www.house.gov/htbin/blog_inc?BLOG,tx05_hensarling_rsc,blog,999,All,Item%20not%20found,ID=070716_0954,TEMPLATE=postingdetail.shtml).
11. Erika Bolstad, “Cuts to Native Program Draw Rep. Young's Fury,” *Anchorage Daily News*, July 19, 2007, at [www.adn.com/front/story/9145013p-9061508c.html](http://www.adn.com/front/story/9145013p-9061508c.html) (July 19, 2007).
12. Patrick O'Connor “What's In Your Wallet,” *The Politico*, The Crypt, July 17, 2007, at [www.politico.com/blogs/thecrypt/0707/Whats\\_in\\_your\\_wallet.html](http://www.politico.com/blogs/thecrypt/0707/Whats_in_your_wallet.html).

rity bill would add \$23 billion; water and resource legislation would add \$9 billion; the Rail and Public Transportation Security Act would add \$7 billion; and the new farm bill is expected to add \$17 billion, “paid for” in part by a tax increase on foreign companies doing business in the United States.<sup>14</sup> The National Association of Manufacturers claims the tax increase would jeopardize American jobs, telling Congress, “One out of every eight factory workers in the United States is employed by a foreign-owned company and their jobs could be jeopardized by these discriminatory taxes.”<sup>15</sup>

The final cost of the Senate-passed energy bill has not yet been calculated. The Congressional Budget Office gave a preliminary estimate that the bill would increase the deficit by \$5.2 billion and would enable \$7 billion more in appropriations.<sup>16</sup> The bill is also expected to raise energy prices, possibly pushing the price of gasoline to \$3.79 per gallon by next year.<sup>17</sup>

**More Spending on the Horizon.** Coming soon is the largest single item on Congress’s spending agenda—expansion of the State Children’s Health

Insurance Program (SCHIP).<sup>18</sup> Congressional leaders want to expand government health care coverage to households that make four times the poverty level.<sup>19</sup> Rather than reducing other spending to pay for it, congressional leaders plan to raise the tobacco tax to make the numbers work.<sup>20</sup>

SCHIP itself was a backup plan, conceived by the Clinton Health Care Task Force, to phase in universal, government-paid health care. Starting with “Kids First,” government-run care would expand to the entire population.<sup>21</sup> This year’s proposed expansion would be another step toward turning SCHIP into an open-ended, unaffordable entitlement for the middle class.

**What Taxpayers Should Expect.** The first six months of the new Congress are only a glimpse of what is to come.

Major expansions of government are often overlooked because the media focuses on one item at a time. Each proposal is discussed in isolation as though it were a single tree, rather than being part of a whole orchard of new proposals. Meanwhile,

13. Republican Study Committee, “Cost of Legislation/Money Tracker,” Legislation, at [www.house.gov/hensarling/rsc/moneymonitor.shtml](http://www.house.gov/hensarling/rsc/moneymonitor.shtml).
14. Richard Rubin, “Foreign-Owned Companies are Target of Democrats’ Farm Bill Cost Offset,” *CQ Today*, July 24, 2007, at [public.cq.com/docs/cqt/news110-000002557968.html](http://public.cq.com/docs/cqt/news110-000002557968.html).
15. National Association of Manufacturers, Letter to House Speaker Pelosi, July 25, 2007, at [www.nam.org/s\\_nam/bin.asp?CID=202733&DID=239062&DOC=FILE.PDF](http://www.nam.org/s_nam/bin.asp?CID=202733&DID=239062&DOC=FILE.PDF) (July 26, 2007).
16. Congressional Budget Office, Letter to the Honorable Kent Conrad, June 11, 2007, at [www.cbo.gov/ftpdocs/82xx/doc8207/s1419.pdf](http://www.cbo.gov/ftpdocs/82xx/doc8207/s1419.pdf) (July 26, 2007).
17. William W. Beach and Shanea Watkins, Ph.D., “Senate Energy Bill Would Increase Gas Prices,” Heritage Foundation *WebMemo* No. 1512, June 18, 2007, at [www.heritage.org/Research/EnergyandEnvironment/wm1512.cfm](http://www.heritage.org/Research/EnergyandEnvironment/wm1512.cfm), and “Paying for the Energy Bill,” at [www.heritage.org/research/taxes/misc/alachart5.cfm](http://www.heritage.org/research/taxes/misc/alachart5.cfm). “Drivers can expect to pay up to \$3.79 a gallon next year if the Senate energy bill becomes law—and could be on the road to paying \$6.41 a gallon on average and \$1,594 more a year for gas in 2016.”
18. JD Foster, Ph.D., and Michael Lumley, “The Phantom Economic Benefits of SCHIP Expansion,” Heritage Foundation *WebMemo* No. 1557, July 16, 2007, at [www.heritage.org/Research/HealthCare/wm1557.cfm](http://www.heritage.org/Research/HealthCare/wm1557.cfm).
19. Rea S. Hederman, Jr., “Expanding SCHIP into AMT Territory: SCHIP Plan Would Extend Welfare to Wealthy Families,” Heritage Foundation *WebMemo* No. 1546, July 9, 2007, at [www.heritage.org/Research/HealthCare/wm1546.cfm](http://www.heritage.org/Research/HealthCare/wm1546.cfm). Hederman notes that a proposed expansion of the children’s health care program would provide subsidies to families so wealthy that they pay the AMT (Alternative Minimum Tax).
20. Michelle C. Bucci and William W. Beach, “22 Million New Smokers Needed: Funding SCHIP Expansion with a Tobacco Tax,” Heritage Foundation *WebMemo* No. 1548, July 11, 2007.
21. The documents from the Task Force were reviewed in the National Archives by the Association of American Physicians and Surgeons, and copies are available from them. 1601 N. Tucson Blvd. Suite 9, Tucson, AZ 85716-3450. In particular, an undated working paper of the Task Force outlines “Option 3: Kids First Coverage,” stating, “Kids First is really a precursor to the new system,” at [www.aapsonline.org/newsletters/jan96.htm](http://www.aapsonline.org/newsletters/jan96.htm).

the existing forest of federal programs is spreading like kudzu.

Another event on the horizon could trigger an even larger eruption of efforts to increase domestic spending. If efforts to pull American troops out of Iraq are successful, it will revive discussion of a “peace dividend” similar to that heard at the end of the Cold War. Without a war effort (costing about \$150 billion per year and cumulatively almost three-quarters of a trillion dollars<sup>22</sup>), liberals will argue that the “saved” money should be used to expand domestic programs even further.

However, the military’s needs will not end with lower costs in Iraq. Even before that harsh desert environment took its toll on equipment, the military’s inventory of weapons and equipment was aging. Today’s lengthy troop deployments are a legacy of previous “peace dividend” spending cuts that reduced the Army’s divisions from 18 to 10—one key reason why each soldier now spends more time overseas and less time at home. In response, The Heritage Foundation and many others are urging a permanent defense budget commitment of four percent of gross domestic product.<sup>23</sup>

**The Blame Game.** Congressional leadership continues to deflect criticism of new spending by shifting blame onto their Republican predecessors. Democrats argue that Republicans splurged, too.

The comment by Senate Budget Chairman Kent Conrad (D–ND) is typical: “The administration is now putting a lot of focus on spending. They ought to look in the mirror, because here is their record on spending: This is what they did with spending as a share of GDP—up, up, and away, significant increase from when they came into office.”<sup>24</sup> No wonder approval of Congress is at all-time low!

**Conclusion.** Congress is committed to major increases in federal spending, leaving the White House as the only barrier to stop it. President Bush might be criticized for being a late convert to the effort, but his threat of multiple vetoes shows a solid commitment to fiscal discipline. If Congress does not correct its course, President Bush should make liberal use of vetoes to conserve taxpayers’ money.

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22. Congressional Research Service, “The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/ 11,” Report # RL33110, July 16, 2007, p. 2. “If Congress approves these [pending] requests, total funding for Iraq and the Global War on Terror would reach about \$758 billion, including about \$567 billion for Iraq, \$157 billion for Afghanistan, \$29 billion for enhanced security, and \$5 billion unallocated.”
  23. Baker Spring, “Four Percent for Freedom: Spend More on National Defense,” Heritage Foundation *Executive Memorandum* No. 1027, May 29, 2007, at [www.heritage.org/Research/NationalSecurity/em1027.cfm](http://www.heritage.org/Research/NationalSecurity/em1027.cfm).
  24. Senator Kent Conrad, Senate Budget Committee, opening remarks at a news conference on the Office of Management and Budget’s Mid-Session Review, July 11, 2007.