

WebMemo



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Watch Out for Budget Gimmicks in the Omnibus Appropriations Bill

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The Constitution gives Congress the power of the purse, but it does not lay out a specific spending process to follow. The current budget process is an amalgamation of many laws and rules. Some of these rules—such as the budget resolution, spending caps, and “Pay-As-You-Go”—were designed to impose fiscal discipline and spending restraint on Congress. Unfortunately, the arcane budget process includes a number of loopholes that Members exploit to get around these restrictions.

Democratic leaders are expected to unveil an omnibus appropriations bill that would fund most of the federal government for the remainder of fiscal year 2008. With its price tag expected to be nearly \$1 trillion, taxpayers should keep an eye on Congress and a hand on their wallets. The following is a list of budget gimmicks that Congress has traditionally used to create billions of dollars in extra spending, exceed official budget figures, and evade budget caps.¹

- **Advance Appropriations.** Also called “forward funding,” advance appropriations provide spending for a future fiscal year. This spending is counted against neither the current year’s budget caps nor the next year’s. It has covered everything from housing vouchers to education programs like Head Start. Lawmakers often defend the latter by asserting that some schools operate on a different fiscal year than the federal government. Yet, even the Department of Education has refuted this justification.²

- **Emergencies.** If Congress declares certain spending an “emergency,” it is not counted against budget caps. Such spending is rarely in response to true emergencies. Usually, it is for predictable expenses or is the result of congressional neglect. Recent items designated “emergencies” by Congress include \$4.5 billion to conduct the decennial census, \$100 million for presidential conventions that occur every four years, and billions of dollars in annual farm subsidies.
- **Piggy Bank Raids.** Every year, the Office of Management and Budget conducts an audit to identify money that was appropriated in prior years but was never spent. Its most recent audit claimed between \$22 billion and \$40 billion is available to save or spend.³ Congress usually dips into that piggy bank to create new recurring expenses that are not counted against budget caps. Congress then has to find new ways to continue that spending in subsequent years.
- **Delayed Expenses.** For large payments to contractors or vendors due by the end of the fiscal year (September 30), Congress often delays payment until October 1—the next fiscal year. That lets Congress “save” money in the current year

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but at the cost of having to double up on expenses for the next year.

- **Pork.** Outsiders call them pork projects; insiders call them earmarks or special projects. The number of these projects peaked at 13,492 in 2005. Although Congress and the White House have pledged to cut that number in half, this year's

House spending bills designated 6,651 pork projects, and the Senate added another 4,700.⁴

—Ernest Istook is a Distinguished Fellow at The Heritage Foundation and served for 14 years in Congress and as a member of the House Appropriations Committee.

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1. For a more detailed explanation of budget gimmicks, see Ernest Istook, "Spending Hikes: A Guide to the Gimmicks," Heritage Foundation *WebMemo* No. 1746, December 14, 2007, at www.heritage.org/Research/Budget/wm1746.cfm.
 2. Brian M. Riedl, "What's Wrong with the Federal Budget Process," Heritage Foundation *Backgrounder* No. 1816, January 25, 2005, at www.heritage.org/Research/Budget/bg1816.cfm.
 3. Office of Management and Budget, "Balances of Budget Authority: Budget for Fiscal Year 2008," pp. 5–9, at www.whitehouse.gov/omb/budget/fy2008/pdf/balances.pdf.
 4. Office of Management and Budget, "2008 Appropriations Tracking," at <http://earmarks.omb.gov/by-tracking/summary.html> (October 20, 2007).