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High Marks for Administration's Veto Line in the Sand

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The House quickly passed, with few changes, President George W. Bush's request for \$92 billion of supplemental funding for the global war on terrorism and hurricane-related relief. However, the Senate Appropriations Committee, in a stunning move of fiscal irresponsibility, veered far off course, adding \$14 billion of non-emergency spending unrelated to the original purpose of the bill. While some senators vow to strip out this additional spending, others are readying amendments to add \$10 billion more to the bill, bringing it \$24 billion over the President's request and vastly expanding its scope. But now the dynamic has changed. Last night, the White House supplied the firm leadership needed to stop the Senate from hijacking this supplemental by issuing a strongly-worded promise to veto the bill if the extraneous spending is not removed. This line in the sand deserves high praise.

The Senate Bill. Additional funding is needed for continuing operations in Iraq, but the Senate's approach is irresponsible. First, the Senate bill contains no offsets and makes no trade-offs to fund priorities like hurricane relief. Second, the Senate bill abuses the definition of "emergency" and brazenly capitalizes on the plight of Katrina's victims and the need to fund war operations to cram in billions of dollars in unrelated spending while evading the budget caps established one year ago. Third, the Senate bill piles all manner of unnecessary pork on top of an already expensive payload.

The Veto Promise. A Statement of Administration Policy (SAP) advises how the President views

and will react to legislation being considered by Congress. The SAP released last night details the President's concerns with the supplemental bill and draws a clear line in the sand on spending:

However, the Senate reported bill substantially exceeds the President's request, primarily for items that are unrelated to the [Global War on Terrorism] and hurricane response. The Administration is seriously concerned with the overall funding level and the numerous unrequested items included in the Senate bill that are unrelated to the war or emergency hurricane relief needs. The final version of the legislation must remain focused on addressing urgent national priorities while maintaining fiscal discipline. Accordingly, if the President is ultimately presented a bill that provides more than \$92.2 billion, exclusive of funding for the President's plan to address pandemic influenza, he will veto the bill.¹

Railroad to Nowhere: A+. The SAP strongly objects to a \$700 million earmark to move a privately-owned rail line that now runs along the Mississippi coast. Known as the "Railroad to

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Nowhere,” this boondoggle project would purportedly move this rail line, recently rebuilt by the CSX Corporation, to make way for development along the coast.² But “Relocating the tracks would represent a substantial investment beyond pre-disaster conditions and would improperly require U.S. taxpayers to pay for private sector infrastructure,” explains the SAP.

There is no reason to spend \$700 million in federal taxpayer dollars to reroute a working rail line—especially one that recently received \$300 million in repairs—to make room for possible casino development. This extravagant expenditure would be an insult to those wanting to rebuild homes and schools destroyed by Hurricane Katrina.²

Farm Bailout: A. The SAP strongly opposes the \$4 billion in agriculture assistance the Senate tucked into the bill: “In 2005, many crops had record or near-record production, and U.S. farm sector cash receipts were the second highest ever. Furthermore, the proposed level of assistance is excessive and may over-compensate certain producers for their losses.”

Many of the specific spending items are duplicative and necessary. Assistance for livestock, trees, and specialty crops is already covered by Section 32 disaster payments. Dairy assistance duplicates payments already made by dairy co-ops. Other payments may go to owners of land already receiving Conservation Reserve Program payments. The \$246 million in sugar and sugarcane subsidies could exceed that industry’s losses, which may be partially covered by Section 32 and crop insurance funding anyway. Finally, the Department of Agriculture would have to spend tens of millions of dollars to administer this complex law, and farmers may be required to submit large amounts of paperwork.³

Highway and Transit Spending: A. The Administration also opposes \$594 million added by the

Senate for Federal Highway Emergency Relief for requirements unrelated to the Gulf hurricanes as well as \$200 million for the Federal Transit Administration that was not requested.

Less than one year after enacting a mammoth \$286 billion highway bill, senators accepted an amendment offered by Senator Patty Murray (D-WA) to add \$594 million in additional highway spending. This money has nothing to do with Iraq or the Gulf Coast. Rather, it would address the “emergency relief highway backlog” across the country. Backlogged projects, by definition, are not emergencies. Indeed, many of these projects have been listed for years. The only project specifically mentioned in the committee report—the Kuhio Highway in Kauai, Hawaii—is located a safe distance of 4,085 miles from Hurricane Katrina’s destructive path.

Other Items: A. The SAP strongly objects to \$1.1 billion in assistance to the fisheries and seafood industries, which would come on top of the \$21 million originally requested by the President. Billions of dollars in disaster-relief funds, community development funds, and small business loans have already been made available in the Gulf Coast region and should be available to these industries. Proposed grants such as \$15 million for “seafood promotion strategies” cross the line into corporate welfare.

While the Administration does not single out AmeriCorps, the President’s \$92.2 billion cap should block the \$20 million that Senate appropriators added to this wasteful and unnecessary program. Beyond the question of whether Washington should be paying “volunteers” tens of thousands of dollars annually, AmeriCorps has a long history of mismanagement. Providing this program with an additional \$20 million—on top of its bloated \$325 million budget—is a poor use of money that could be used to rebuild homes and infrastructure.

1. Executive Office of the President, Office of Management and Budget, Statement of Administrative Policy (Senate) H.R. 4939, April 26, 2006, at <http://policy.heritageblogs.org/images/SUPSAP.pdf>.
2. See Ronald D. Utt, Ph.D., and Brian M. Riedl, “Senators Should Derail Mississippi’s ‘Railroad to Nowhere,’” Heritage Foundation *WebMemo* No. 1048, April 25, 2006, at www.heritage.org/Research/Budget/wm1048.cfm.
3. See Brian M. Riedl and Alison Acosta Fraser, “The Senate’s Deadly Sin: Larding Up Emergency Appropriations,” Heritage Foundation *WebMemo* No. 1038, April 17, 2006, at www.heritage.org/Research/Budget/wm1038.cfm.

New Orleans Levees: Pass. The President requested an additional \$2.2 billion to reinforce the levees of New Orleans. The White House seeks to offset this additional funding by reducing funds requested previously for disaster relief. Funding for priority policies should rely on reductions made elsewhere in the budget.

Avian Flu: C. Though only four months have passed since lawmakers appropriated \$3.8 billion to prepare for a potential avian flu outbreak, the Senate bill includes an additional \$2.3 billion for avian flu preparation. The President's SAP pledges to support this new funding because it would bring total avian-flu funding closer to his request of last year. If additional spending is needed—and if it cannot wait until the regular appropriations bills take effect on October 1—lawmakers should set priorities and come up with offsets.

Strong Leadership. The President is to be commended for his strong leadership in enforcing fiscal

discipline. The White House Statement of Administration Policy draws a clear line in the sand by firmly pledging to veto the supplemental spending bill if non-avian flu funding exceeds \$92.2 billion. Overall, this SAP receives an A- in fiscal responsibility. The Senate should take this opportunity to reexamine its funding priorities and strip the \$14 billion added to the bill in committee. In addition, the Senate should offset as much of the remaining spending as possible in order to fund American troops and rebuild the Gulf Coast without busting the federal budget. If the Senate cannot take these common-sense steps, the President should follow through on his promise and veto the bill—that must be an iron-clad promise. Kudos, Mr. President.

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