

# WebMemo



Published by The Heritage Foundation

No. 1746  
December 14, 2007

## Spending Hikes: A Guide to the Gimmicks

*Ernest Istook*

Good football teams use misdirection—because it works. One trick is to fake a quarterback kneel-down in the last seconds of a half, then throw long. The same trickery happens in politics. As this year's Congress winds down, Democrats have announced they are lowering their planned spending to the \$933 billion that President Bush insists is the maximum for appropriations. The headlines read, "Dems cave on spending"<sup>1</sup> and "Democrats Yield on Spending Impasse."<sup>2</sup> This is political misdirection. The omnibus appropriations bill exceeds the advertised \$933 billion figure because it is stuffed with billions more in budget tricks and gimmicks.<sup>3</sup>

**Tricks and Gimmicks.** Ample time to review this bill is a necessity, because it's massive, complicated, and still being revised.<sup>4</sup> But early analysis by the conservative House Republican Study Committee concludes that congressional trickery will add an extra \$23 billion to that \$933 billion.

One gimmick is the bill's designation of \$2.4 billion as "advance appropriations," money that will not be spent until fiscal year 2009. The trick is that it will not be counted against this year's budget nor against the 2009 budget.

Another common tactic is tapping "piggy banks" of money that were appropriated in prior years but never used. According to the Office of Management and Budget, \$22 billion to \$40 billion is available in unused federal accounts.<sup>5</sup> Congress can re-program and spend this money, yet claim it does not count against the FY 2008 budget. Unfortunately, that

trick increases the cost to maintain programs in future years. (This is like a family that discovers enough money to make a down payment on a new car, but then faces years of monthly payments to pay the balance.)

The omnibus bill raids this piggy bank to grab an extra \$5 billion for transportation and housing programs. Again, the Democrats do not count this against the \$933 billion limit they claim to be honoring.

Another old standby is designating "emergencies" that also do not count against the budget total. Families cannot create money out of thin air for their emergencies, but Uncle Sam just borrows with no limit. This year's planned \$7 billion in "emergency" designations<sup>6</sup> include:

- \$100 million for security at next year's Democratic and Republican conventions, (evidently, Congress forgot that these routinely happen every four years);
- \$600 million in drought relief (almost every year, billions go to "emergency" farm relief either because too little rain caused a drought or too much rain caused flooding; evidently, there are no average years);

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/Budget/wm1746.cfm](http://www.heritage.org/Research/Budget/wm1746.cfm)

Produced by the Government Relations Department

Published by The Heritage Foundation  
214 Massachusetts Avenue, NE  
Washington, DC 20002-4999  
(202) 546-4400 • [heritage.org](http://heritage.org)

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

- \$250 million extra to pay households' heating bills (yet Democrats insist on the urgency of combating global warming); and
- \$3 billion extra for border security (because Congress is just waking up to how bad that problem is).

Another gimmick is the hidden-ball trick: the artificial delaying of expenses. This resembles end-of-year tax planning by businesses and individuals, shifting income and expenses between years for the best tax advantage. For example, large payments to contractors or vendors that would be due by the end of the next fiscal year (September 30, 2008) can be delayed until October 1, a different fiscal year. That lets Congress "save" money in fiscal year 2008, but it must spend extra the next year to pay back the difference.

**Earmarks.** Despite these efforts to conceal extra spending, Congress claims it will trim 4 percent off what it wanted to spend on federal agencies and departments, to drop its overall number down to the President's. But another big chunk of that spending—perhaps \$9 billion—is being shifted instead to what insiders call "earmarks" or "special projects" and outsiders call "pork."

Rather than cut the earmarks and fund the agencies, Congress decided to cut the agencies and fund the earmarks. Last year, pork projects were sacrificed, but Congress does not want to do that again. However, public criticism prompted Congress and the White House to pledge they would cut the pork in half, reducing the 2005 peak of 13,492 earmarks down to 6,746. But this year's House spending bills designated 6,651 pork projects, and the Senate added another 4,700.<sup>7</sup>

Something's still got to give.

**Conclusion.** None of these gimmicks are new; Congress often uses all these tricks to seal a budget deal.

Until there's an agreement between Congress and the President, the usual policy keeps spending down at last year's level, with no new earmarks. That's what gives Congress the incentive to negotiate. But first they can try a trick play by claiming to give in when they have not.

President Bush should keep his veto pen handy. Congress should drop the gimmicks, reduce the pork, and go home for the holidays.

—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.

1. Alexander Bolton, "Dems Cave on Spending," *The Hill*, p. 1, December 13, 2007, at [www.thehill.com/leading-the-news/dems-cave-on-spending-2007-12-13.html](http://www.thehill.com/leading-the-news/dems-cave-on-spending-2007-12-13.html).
2. "Democrats Yield on Spending Impasse," *U.S. News and World Report*, December 13, 2007, at [www.usnews.com/usnews/politics/bulletin/bulletin\\_071213.htm](http://www.usnews.com/usnews/politics/bulletin/bulletin_071213.htm).
3. The examples of these gimmicks come from an ongoing review of the bill being conducted by the House Republican Study Committee. Details could change as the bill is revised.
4. Nicola Moore, Stephen Keen, and Brian M. Riedl, "Five Benchmarks for the Omnibus Spending Bill," Heritage Foundation WebMemo No. 1737, December 12, 2007, at [www.heritage.org/Research/Budget/wm1737.cfm](http://www.heritage.org/Research/Budget/wm1737.cfm).
5. Office of Management and Budget, "Balances of Budget Authority: Budget for Fiscal Year 2008," at [www.whitehouse.gov/omb/budget/fy2008/pdf/balances.pdf](http://www.whitehouse.gov/omb/budget/fy2008/pdf/balances.pdf).
6. The examples of these gimmicks come from an ongoing review of the bill being conducted by the House Republican Study Committee. Details could change as the bill is revised.
7. Office of Management and Budget, "2008 Appropriations Tracking," at <http://earmarks.omb.gov/by-tracking/summary.html>.