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The Iraq War Bill Was the Wrong Place to Create a Permanent New Entitlement

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Once again, Congress and President Bush have turned legislation intended to fund American troops serving in Iraq and Afghanistan into a Christmas tree for domestic spending. Because the troop funding bill (H.R. 2642, now Public Law 110-252) was an “emergency” bill—and therefore exempt from budget constraints—lawmakers added nearly \$100 billion in domestic spending without offsetting the cost by a single dollar.

Most domestic spending additions are one-time expenditures. Yet Congress dealt another blow to budgetary integrity and fiscal responsibility by creating a *permanent* new entitlement in this emergency war funding bill. This new expenditure, an education entitlement for veterans, is expected to cost \$52 billion over the next decade, with costs continuing to increase thereafter. Despite any merits such a proposal might contain, an emergency war funding bill was the wrong place to create one of the largest new entitlements in recent history.

The New Entitlement. The Montgomery GI Bill currently provides enlisted service members who have two years of active duty with up to \$1,101 in monthly student aid for up to 36 academic months (the equivalent of eight semesters). In addition to increasing those benefit levels, the Iraq war spending bill created a new program for those serving at least 36 months in the military post-9/11. Such veterans will receive 36 academic months of aid sufficient to afford full tuition (at most colleges), fees, books, and housing. Those serving fewer than 36 months will receive a prorated benefit.

Why This Entitlement Should Not Be Part of the Emergency Bill. The only reason for Congress to declare this new veterans’ entitlement an “emergency” was to evade the budget rules requiring that new entitlements be paid for. Congress’ action was detrimental to veterans’ as well as taxpayers for several reasons:

- *This expenditure was not an emergency.* Senate rules mandate that an emergency expenditure must be: 1) vital (not merely useful or beneficial); 2) sudden; 3) unanticipated; and 4) temporary.¹ A new package of veterans’ benefits may be terrific public policy, but it satisfies none of the above-cited “emergency” criteria. Thus, there is no reason Congress could not pass the same proposal as a regular, non-emergency bill.
- *There was no proper legislative scrutiny.* The veterans’ education entitlement was modeled after the Post-9/11 Veterans Educational Assistance Act of 2007 offered by Senator Jim Webb (D–Va.) as S. 22 and by Rep. Harry Mitchell (D–Ariz.) as H.R. 5684. Unfortunately, this major new entitlement was not properly examined and vetted by the relevant committees. Senator Webb’s bill received just two hearings from the Senate Com-

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mittee on Veterans' Affairs over 17 months, while the House version did not receive a single hearing by the House Committee on Veterans' Affairs. Nor did either committee vote to approve the legislation. If Congress is to spend billions of dollars on this benefit, they owed it to the American troops—and taxpayers—to at least craft the legislation as competently as possible. Yet Congress' move to create a new veterans' entitlement with barely any official input from the veterans committees does not inspire confidence in the integrity of such legislation.

The dangers of failing to thoroughly examine legislation are not merely theoretical. The Congressional Budget Office (CBO) estimates that these entitlements may drop the re-enlistment rate by 16 percent as service men and women leave the military to take advantage of these benefits. Re-enlistment bonuses can help to offset those effects.² How Congress addresses this issue will significantly impact America's defense capabilities, and subsequently legislators should have crafted this legislation more carefully than they did.

- *There was no stand-alone vote.* Any lawmakers justifiably apprehensive about the design or cost of this new entitlement did not have an opportunity to voice such concerns during a stand-alone vote. The House "emergency" votes combined this new entitlement with other domestic "emergencies" such as expanded unemployment benefits that had to be accepted or rejected as a group. The Senate and conference committee employed a similar tactic, pairing the veterans' entitlement with the troop funding—meaning the troops would not receive new supplies unless Congress approved this new entitlement as it was designed and funded. If this new policy was as fiscally responsible and carefully crafted as proponents allege, there should have been no reason to fear a stand-alone vote.
- *It evaded PAYGO.* The Democratic Congressional majority has repeatedly boasted of their Pay-As-You-Go (PAYGO) rules requiring new entitlement and tax bills to be fully offset. Yet the only reason to put this new veterans' entitlement into an "emergency bill" is because such bills are exempt from all budget rules and therefore require no offsets. If such legislative maneuvering was not hypocritical enough, the Senate also bypassed its own rules against: 1) creating new entitlements that significantly increase long-term budget deficits; 2) attaching new entitlement legislation to appropriations bills; and 3) declaring non-emergency expenditures as emergencies. In total, the Senate violated four of its own budget rules.
- *Of course, this is not the first time the Democratic Congress disregarded its budget rules and increased the budget deficit.* They recently waived PAYGO for the bloated farm bill and the tax rebates, and employed blatant gimmicks to cover up PAYGO violations in last year's S-CHIP and higher education bills.³ By voting to add hundreds of billions of dollars to current and future budget deficits, the Democratic Congress has reduced PAYGO to nothing more than empty rhetoric, a rule to be casually discarded whenever it is not convenient to the Democrats' spending agenda.
- *It worsened the federal budget.* Federal spending has already leaped above \$25,000 per household. Discretionary appropriations are expanding 8 percent annually. An expensive package of tax rebates has already pushed this year's projected budget deficit to almost \$400 billion. Most perilous of all, the first of 77 million baby boomers have begun retiring, initiating a wave of Social Security, Medicare, and Medicaid costs that threaten to overwhelm the federal budget and risk economic catastrophe.⁴

1. The Fiscal Year 2008 Budget Resolution, S. Con. Res. 21, 110th Cong., Section 204 (a)(5).

2. Congressional Budget Office, "S. 22, Post 9/11 Veterans Educational Assistance Act of 2008," letter to Senator Judd Gregg, May 8, 2008, at <http://www.cbo.gov/ftpdocs/92xx/doc9212/s22.pdf> (June 11, 2008).

3. Brian M. Riedl, "The Democratic Congress's 2008 Budget: A Tax and Spending Spree," Heritage Foundation *Backgrounder* No. 2081, October 30, 2007 at <http://www.heritage.org/Research/Budget/bg2081.cfm>.

Instead of addressing those spending challenges, Congress has inexplicably decided to create another new entitlement with no offsets whatsoever. The costs of such reckless legislating will be dumped into the laps of the next generation along side the coming Social Security, Medicare, and Medicaid debt.

Responsible Funding of Veterans' Educational Assistance. Veterans' educational assistance is a worthier use of tax dollars than many other federal programs. That is why lawmakers should have offset its cost by reducing lower-priority spending, such as:

- Eliminating the \$50 billion in direct payments scheduled to be paid to wealthy farmers over the next decade, regardless of how high crop prices climb and in addition to four other types of farm subsidies they may receive;
- Slightly trimming Medicare Parts B and D subsidy rates for the wealthiest seniors;

- Eliminating one-tenth of the \$55 billion reportedly lost annually to federal payment errors;⁵ and
- Updating the inflation formula used to calculate government benefits.

No Profile in Courage. Lawmakers were sent to Washington to make difficult but necessary choices. Attaching a major new entitlement to a war funding bill—without significant oversight from the relevant congressional committees—was not fair to the veterans who will depend on this program. By abandoning such oversight in order to win the “emergency” designation, Congress has passed the costs of this new entitlement onto future generations of taxpayers. Using veterans' educational assistance funding to circumvent self-imposed fiscal restraints while burdening future generations with debt was not exactly a profile in courage.

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4. Brian M. Riedl, “Federal Spending by the Numbers: 2008,” Heritage Foundation *WebMemo* No. 1829, February 27, 2007, at <http://www.heritage.org/Research/Taxes/wm1829.cfm>.
 5. U.S. Government Accountability Office, “Improper Payments: Federal Executive Branch Agencies' Fiscal Year 2007 Improper Payment Estimate Reporting,” GAO-08-377R, January 23, 2008, at <http://www.gao.gov/new.items/d08377r.pdf> (June 11, 2008).