

House Appropriations Committee, Republicans

Ranking Member Jerry Lewis

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Quick Points: Democrats' Last Ditch Bailout Bill

Democrat leaders will call the House back into session early next week to attempt to pass a desperate, last minute state bailout bill. The legislation totals \$26 billion which is designed to offset state costs for education and for Medicaid.

This would mark the third year in a row that the federal government would prop up programs that should be the responsibility of state and local governments, and would perpetuate the cycle of unstable and unbalanced state budgets. In the end, this will cause even worse fiscal problems for local communities by spurring drastic budget shortfalls once the federal funds run out, encouraging instability in state budgets, and moving our country even further into the red.

The following are some basic points and facts regarding the Democrats' ill-advised, politically motivated legislation:

Employing Election Year Political Schemes to Fool the American Public:

- Democrat leaders, led by Speaker Pelosi, have repeatedly tried to push through this state bailout by claiming the need to save teachers jobs. But the outcry from the American public against the resulting huge deficits, and the lack of support from within their own caucus, has so far thwarted those efforts.
- The Congress has spent the entire spring and summer doing little but naming post offices and congratulating sports teams. Democrat leaders have refused to pass a budget and set a course for how we will begin to dig out of our fiscal crisis. Now, as they face dismal polling numbers in advance of the November election, they are trying yet again to force these bailouts through in order to appease their union supporters and their far left liberal base.
- This is a cynical, last-ditch effort by Washington Democrats to turn the heads of the American public away from three years of lackluster leadership by plying them with yet more bailouts. The American people will see right through this blatant political attempt by Democrats to posture themselves as a "do-something" Congress just two months before the election.

Paving the Way for Nationalized Education:

- States across America have education as their number one priority – in some cases, even by state law. If states cannot prioritize their budgets to fulfill this essential, basic state and local responsibility, than it is reasonable to assume that even with an influx of federal dollars, they will continue to avoid the tough choices necessary to live within their financial means.
- Almost \$75 billion "stimulus" dollars have already been approved for education – ostensibly as part of a one-time, temporary bailout approved in the American Reinvestment and Recovery Act.

In fact, these bailouts have and will ultimately exacerbate state and local funding problems by delaying the inevitable tough budget choices by state and local governments and spurring damaging budget pitfalls once the money has been spent.

- Even worse, another multi-billion-dollar federal bailout today would set a dangerous precedent of expanding the role of the federal government in local schools – and diminishing the role of parents, teachers, and local communities. Bailouts today will set the stage for a nationalized education system tomorrow, while at the same time having the untenable side-effect of steamrolling our nation into bankruptcy.
- Democrats claim that without these bailout funds, school districts will lay off teachers, which will harm students. However, according to the Wall Street Journal, this doesn't have to be the case. In a July 14th editorial, the paper stated:

“School districts have been adding to their payrolls for decades without regard to student enrollment and without much to show in academic improvement. Total education spending grew by 32% between 1999 and 2009, while K-12 enrollment has grown by less than 1% each year over the same time period. The reality is that districts could economize and trim the bureaucracy without having to lay off as many teachers as they claim.”

Paying Later for Spending Today:

- Democrats will claim that this legislation is “fully paid for.” However, the bill spends the entire \$26 billion in just two years, while the “offsets” take place over ten years – relying on future Congresses to abide by the offsets in the bill.
- While the Congressional Budget Office (CBO) indicates this bailout bill saves \$1.4 billion over ten years, the fact is that this estimate is based on unlikely assumptions.
 - The “offsets” in the legislation are produced by almost \$10 billion in tax increases and \$13.4 billion in reductions in two programs that are popular with Democrat leaders – the food stamp program and renewable energy projects.
 - It would be reasonable to assume that reductions to these programs, under the current leadership, will never materialize and taxpayers will end up borrowing billions to pay for it. In fact, Democrat leaders have already pledged to further support these programs, and some of these “cuts” could be restored as soon as November in a “lame duck” session.
- Even Democrat leaders agree there are pots of money sitting in federal coffers that are not necessary and are not being spent effectively. Instead of yet more bailouts, these surplus funds should be used to pay down our devastating levels of deficits and debt. The Congress must begin to make tough budget decisions to prioritize spending, create jobs, and avoid the catastrophic consequences that will come from our exploding debt and lagging economy.

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