TOP 10 WAYS THE OBAMA BUDGET WASTES TAXPAYER MONEY

By: Matt Kibbe

The president’s fiscal year 2010 budget proposal amounting to $3.55 trillion in spending was released on Feb. 26. According to the non-partisan Congressional Budget Office (CBO), the president’s proposals will add deficits of $9,300,000,000,000 over the next 10 years—many times more than the inflation adjusted cost of all of World War II. The budget proposal sets record levels of annual spending between a minimum of $3,556,000,000,000 in 2011 and $5,139,000,000,000 in 2019. The budget raises taxes by as much as $1,600,000,000,000 over the next ten years.

This graph, as run in the Wall Street Journal with data from the CBO, displays the wide gap between spending and revenue outlined in Obama’s budget.

Although we were promised that President Obama would go through the budget line by line to take out the waste, it does not look like he has. While there are plenty more, the Top 10 ways the Obama budget waste’s taxpayer dollars are:

Matt Kibbe is president of FreedomWorks Foundation, a grassroots education organization that believes in lower taxes, less government, and more freedom.
1. The Budget Includes a $646 Billion Cap-and-Trade Energy Tax.

The president’s budget would create a cap-and-trade energy tax system—essentially a tax on the use of fossil fuels. The total amount of carbon dioxide emissions allowed in the country would be capped, companies would pay for the right to some of these emissions, and then can trade those rights with other companies. This would cost American business an estimated $646 billion—a tax they currently do not face, and a tax that would be passed on to the consumer, like all taxes. It will make virtually every other good more expensive. It is an explicit attempt to raise the cost of energy in this country.

The President claims that under his system, “if somebody wants to build a coal-powered plant, they can; it’s just that it will bankrupt them because they’re going to be charged a huge sum.” The new taxes will drive up costs for virtually every good while simultaneously pressuring foreign capital to seek countries with fewer regulations. The tax increase on energy alone according to Dr. Margo Thorning would, “In dollar cost terms, probably [be] an additional $700 to $1,400 per family per year, starting around 2012.”

2. The Budget Makes a “Down Payment” on Socializing Healthcare.

The White House Budget creates a reserve fund of more than $630 billion for healthcare reform. The President, in his budget summary, calls it a “down payment on reform.” If $630 billion is a down payment, taxpayers should be extremely concerned about the total cost of such a program.

Obama’s campaign goal of government run healthcare may become reality with the funding created for it in this budget. The administration has recently announced its intentions to completely overhaul the healthcare system. Increased funding for socialized coverage suggests this effort will greatly expand the role of government in the health sector.

We agree that healthcare needs reform. The problem, however, is not a lack of government funding, but a lack of markets in healthcare. Government restricts supply, creates mandates on insurance companies, requires occupational licenses for medical workers, and intervenes in a variety of other ways. If the government got out of the way, the market could reduce prices—making healthcare more affordable for everyone.

Where the market is allowed to work, we have seen lower prices. Health savings accounts (HSA), for example, add market incentives to treatment processes. An HSA allows individuals with a high deductible health plan to pay tax free dollars into a savings account that they can later spend on medical care. Studies find that HSAs cut overall long term healthcare costs by about a third by encouraging account holders to shop for the best care at the best value. Government should get out of the way to let markets reduce prices and expand insurance coverage for more Americans.
3. The Budget Hands out Billions to Agencies that Fund ACORN and other Community Organizing Groups.

The budget provides $4.5 billion for Department of Housing and Urban Development’s (HUD) Community Development Block Grant Program. The Association of Community Organizations for Reform Now (ACORN), an activist group convicted of vote fraud and spearheading a campaign to trespass on and take over foreclosed properties, has historically received money from this program. Taxpayer dollars, rather than providing public services for Americans, might be funneled through HUD to groups like ACORN. That money comes on top of what ACORN and other groups that helped to elect the President are already receiving from the stimulus bill and omnibus. According to the American Spectator, the stimulus bill gives as much as $5.2 billion to ACORN.

4. The Budget Increases Department of Housing and Urban Development (HUD) Funding after It Helped Cause the Financial Crisis.

The budget increases HUD’s discretionary funding by $6.4 billion in addition to the $13.6 billion it received from the stimulus bill—a 50 percent increase over last year. Discretionary funding is spent on whatever the department sees fit. It is not mandated funding with a specifically named purpose from Congress.

The Department insures mortgages for those who would not normally qualify. By driving up the demand for housing through loan guarantees for the unqualified, HUD contributed to the housing bubble. The program should be scrapped. Rather than eliminating a program that contributed to the housing and financial crisis, President Obama wants to increase its funding.

HUD’s former Secretary, Alphonso Jackson, was involved in the same “Friends of Angelo” VIP program with Countrywide Financial that Sen. Christopher Dodd (D-CT) was.

5. The Budget Summary Claims that Government Knows Better than Taxpayers about Their Retirement.

The Budget increases discretionary funding for Social Security by $1,100,000,000 and a matching amount from the stimulus bill. The discretionary funding is not marked for Social Security checks, but instead can be used by the department in virtually any way it pleases. For instance, this money might be used for administration costs or self-promoting propaganda.

The funding is an issue, but perhaps more importantly, the recently released budget summary reads, “The President recognizes that Social Security is indispensable…He is strongly opposed to privatizing Social Security.” That means that the president thinks the government can handle your retirement money better than you can.

The $42.9 trillion the government owes on entitlements like Social Security is bankrupting the country. To put that in perspective, the total net value of all privately held assets in America is about $51.5 trillion. Social Security should stop making promises it will not be able to fulfill, and instead allow us to fund our retirement in accounts we own and control.
6. The Budget Creates Yet Another Entitlement and Spends Billions on Pell Grants.

Pell Grants are federal subsidies for post secondary education. The stimulus bill includes $15,600,000,000 for Pell Grants and Obama’s budget takes even more money for them. It increases the maximum award to $5,550, will have the amount adjust with inflation, and will make Pell Grants an entitlement.

Entitlements like Medicare, Medicaid, and Social Security are threatening to bankrupt the country, but Obama wants to create another one with increasing long term cost to future taxpayers.

While the President is trying to increase government funding for education, his budget also mentions raising taxes on charitable contributions which might threaten private scholarships. The President and Congress should be cutting entitlements to save taxpayers money.

7. The Budget Spends $178 Billion on Interest on the Debt.

Of course, we have to pay the interest on the national debt, but the debt does not have to continue to increase in size, in turn increasing the interest payments. According to the CBO, the total national debt by 2019 will be equal in size to 82.4 percent of the economy. We are responsible to pay back the money overspent during past administrations, but we should be looking to reduce spending to cut back on the amount of interest we are paying in the future.

We are already paying $147 billion in interest on the debt for 2009. According to Obama’s budget, the interest on national debt will rise from $171 billion in 2010 to $391 billion in 2019. As of March 23, 2009, the entire national debt, accumulated since the founding of our nation, was $11,041,711,544,305. The CBO forecasts an additional $9,270,000,000,000 added over the next 10 years. It took the country over 200 years to acquire the current level of debt; Obama’s budget would double the number in just 5 percent of that time.

The President did inherit a huge national debt and trillion dollar deficits, but continuing to ramp up spending is not the solution. President Obama and Congress should cut programs and reduce taxes rather than wastefully spend even more. Government should be paying back the money that it owes rather than borrowing to spend even more.

8. The Budget (as Part of Its $1 Trillion Tax Hike!) Raises Taxes by $1 Billion to Fund the Failed EPA Superfund Program.

The budget includes an excise tax increase to collect over $1 billion to finance the Environmental Protection Agency’s (EPA) Superfund program. Superfund is one of the biggest government boondoggles in American history and the president wants taxpayers to pay even more for it. The program was created in the 1980s after the media drew attention to high levels of dangerous chemicals near Love Canal in New York.
Hooker Electrochemical Company buried chemicals in the area of Love Canal lawfully with government permits in sealed, thick, protective tubes of impermeable clay. The Niagara Falk Board of Education, however, acquired the land and despite warnings that the land was contaminated, dug it up and constructed a public elementary school on the site. Irresponsible government caused the leaks at Love Canal and then even more irresponsible government forced taxpayers to pay for it.

The law gives the EPA the power to force a cleanup of any site they claim as toxic, even if there is no evidence that people in the area are harmed. John Stossel calls it our “most expensive clean up project.”

Toxic waste reduces life spans of average individuals by 4 days. Driving reduces the average life span by 182 days. If government really wanted to save lives, then at a very minimum, the Superfund money would go to making roads safer.

This program, like so many others, is receiving extra taxpayer dollars after failing to accomplish its mission. Rather than shutting the project down after it failed to achieve its goals, it gets even more money. If business was run like government agencies, then we would expect more money for producing products that consumers did not want and would not buy. Superfund is one of the worst wastes of taxpayer money and Obama wants to increase its funding.


The Budget provides $17.5 billion for loan guarantees to new businesses. The proposal explains that the program is intended to unfreeze the credit markets. Cheap credit from the Federal Reserve played a significant role in the creation of a bubble in the housing market. From where will the next bubble come? If the government spends billions to finance small businesses, then maybe we will see a bubble there. Will that result in another crisis? Will taxpayers have to pay to bailout even more failed companies when government intervenes again?

Further tinkering with prices for credit will only exacerbate the problems that we are facing today. The market needs the uncertainty created by government intervention to end in order for a speedy recovery to take place.

10. The Budget Increases Funding for Space Exploration while the Country Suffers in Recession.

Discretionary funding for the National Aeronautics and Space Administration increases by $900,000,000 in Obama’s budget plus another $1,000,000,000 from the stimulus. The President backs returning to the moon in the budget. Sure, NASA has brought us some pretty cool rocks from the moon, but is this really such a priority that it is worth taking money from working Americans through taxes to fund?