

Pelosi Coronavirus Bills Represent Big Government Wish Lists

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BY: ANDREW WILFORD AND DEMIAN BRADY

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Key Facts:



As Congress was debating responses to the COVID-19 crisis in March, Speaker Nancy Pelosi delayed the process by introducing her own bill, the “Take Responsibility for Families and Workers Act,” containing dozens of progressive wish-list items not targeted at the pandemic.



At least \$364 billion of spending proposed by Pelosi did not make it into the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) that became law soon after.



That included billions in spending on brand new programs like “sustainable fuel development” and increases in funding to existing programs dramatically out of proportion with their ability to mitigate the effects of the crisis like the “Technology Modernization Fund.”



Since the release of the first bill, Speaker Pelosi and the House doubled down in the form of the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act), which proposes to further increase spending by more than \$3.5 trillion and contains many similar drastic increases to funding for existing programs.



The HEROES Act includes even greater budget increases for certain agencies than was requested in the Take Responsibility for Families and Workers Act.

Back in March, when the scope of the impending global health crisis associated with COVID-19 was becoming apparent, speed in forming a legislative response at the federal level was the name of the game. Americans were getting laid off in [record numbers](#),¹ businesses were teetering on the brink, and the healthcare system was threatening to be overwhelmed. Legislation was needed, and quickly.

In response, Majority Leader McConnell cancelled the Senate’s planned recess and hammered out bipartisan legislation that included \$1,200 payments to Americans with only [limited means-testing](#),² expanded unemployment benefits, loans to businesses, funding for the healthcare system, and aid to states. Legislation was ready to go, with the Senate having — by Congress’s standards, at least — moved quickly.

That’s when [Speaker Pelosi returned](#) from the House’s recess to blow up the process.³ Ignoring the Senate draft, Pelosi dropped her own economic relief legislation that addressed a [litany of progressive pet issues](#)⁴ — but not so much the crisis caused by the coronavirus.

After further negotiations, Congress eventually passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, legislation that contained all the basic elements of the original Senate bill. But valuable days were lost in the meantime, days in which Americans struggling to buy groceries were not receiving their relief payments, businesses were unable to access loan funding to retain their employees, and hospitals were not able to receive badly needed funding.

¹ Davis, William. “More Than Three Million Americans File For Unemployment, Shattering Previous Record.” The Daily Caller, March 26, 2020, <https://dailycaller.com/2020/03/26/three-million-jobs-lost-unemployment-coronavirus/>.

² Generally speaking, means-testing is a good way to prevent waste of taxpayer dollars. In this case, however, extensive means-testing would have significantly slowed down the process of getting economic relief payments out the door and into the hands of Americans that needed them; Levine, Marianne and Desiderio, Andrew. “McConnell delays Senate recess amid coronavirus crisis and FISA deadline.” Politico, March 12, 2020, <https://www.politico.com/news/2020/03/12/mitch-mcconnell-delays-senate-recess-127344>.

³ Re, Gregg. “Pelosi, returning from recess, announces House Dems will have their own coronavirus response bill.” Fox News, March 22, 2020, <https://www.foxnews.com/politics/pelosi-house-democrats-coronavirus-response-bill-recess>.

⁴ Wilford, Andrew. “The COVID Relief Bill Passed, But Democrats’ Delays Cost Americans Everywhere.” The Daily Caller, March 31, 2020, <https://dailycaller.com/2020/03/31/wilford-the-covid-relief-bill-passed-but-democrats-delays-cost-americans-everywhere/>.

The plan was formally introduced by House Appropriations Committee Chairwoman Nita Lowey (D-NY) as H.R. 6379, the Take Responsibility for Workers and Families Act. While the bill ultimately went nowhere, it's worth looking at the contents of the bill that Speaker Pelosi felt was worth delaying aid to Americans struggling with a pandemic and a recession. What one finds is a series of proposals to expand the size of government — in areas that are only tangentially related to the circumstances presented by the coronavirus.

And despite the delays it cost, H.R. 6379 ultimately had very little impact on the final CARES Act, with at least \$364 billion in proposed new spending not making it into the final relief legislation.

Budget Plus-Ups Galore

NTUF compared the proposed increases to the funding of various federal departments, agencies, and programs included in the House bill, finding that some would receive many times their annual appropriation. That in itself would hardly be unusual for targeted response legislation, except that many of the recipients of this largesse are not involved in healthcare or likely to assist with economic relief or recovery. Table 1 shows new expenditures of over \$1 billion in the bill, many of which have little or nothing to do with the public health or economic consequences of COVID-19.

Department/Agency	Account	Funding in H.R. 6379	FY 2020 Enacted Funding (if applicable)
Community Planning and Development	Emergency Rental Assistance	\$100	NEW
Health and Human Services	Health Provider Loan Program	\$80	NEW
Department of Education	State Fiscal Stabilization Fund	\$50	\$0 ⁵
Community Planning and Development	Housing Assistance Fund	\$35	NEW
United States Postal Service	Payment to Postal Service Fund	\$20	One-time
General Services Administration	Technology Modernization Fund	\$3	\$0.15 ⁶
Federal Communications Commission	Emergency Connectivity Fund	\$2	NEW
Health and Human Services	Low-Income Household Drinking Water and Wastewater Assistance	\$1.50	NEW
Health Resources and Services Administration	Primary Health Care	\$1.30	\$5.60
Federal Communications Commission	Emergency Broadband Connectivity Fund	\$1	NEW
Federal Transit Administration	Airline Assistance to Recycle and Save Program	\$1	NEW

⁵ Department of Education, "State Fiscal Stabilization Fund." Accessed May 11, 2020 at <https://www2.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html>.

⁶ General Services Administration, "FY 2021 Congressional Justification." Accessed May 11, 2020 at https://www.gsa.gov/cdnstatic/GSA_FY2021_Congressional_Justification.pdf.

Some of the numbers are eye-popping. The House Bill, for example, included \$25 billion in funding for the Federal Transit Administration’s Transit Administration Grants — nearly fifty times as much as the program’s [\\$510 million](#) FY 2020 appropriation.⁷ Also included in the budget is a \$3 billion appropriation for the General Services Administration’s Technology Modernization Fund. For context, the Technology Modernization Fund received an appropriation of just [\\$150 million](#) in FY 2020.⁸

Table 2 shows a selection of the five most significant budget increases proposed in the Pelosi draft that did not make it into the CARES Act.

Department/ Agency	Account	Funding in H.R. 6379	FY 2020 Enacted Funding	Funding as a % of FY 2020 Funding
General Services Administration	Technology Modernization Fund	\$3,000	\$150 ⁹	2000%
Health and Human Services	Medical Reserve Corps	\$40	\$12	357.10%
	Corporation For National And Community Service	\$250	\$780 ¹⁰	32.10%
Office of Justice Programs	Office of Juvenile Justice and Delinquency Prevention	\$100	\$320	31.30%
Child Welfare Programs	General Program & Education and Training Vouchers	\$61	\$203	30%

In total, the House bill contained more than \$300 billion in potential new spending that did not make it into the CARES Act. Much of this would have come from two new programs — a \$100 billion appropriation for “Emergency Rental Assistance” and a \$35 billion appropriation for a “Housing Assistance Fund.”

Some line items in the House bill represent little more than ideological food fights that have been carried into a new arena. For example, the bill contains \$300 million each for the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH) — nearly double the agencies’ [\\$172 million](#) and [\\$175 million](#) respective FY 2020 appropriations.¹¹ In past executive budgets, President Trump has [proposed eliminating both](#) the NEA and NEH,¹² proposals that incensed Democrats. Yet through the House bill, Pelosi chose to take up this grievance as part of crisis response negotiations.

⁷ In fairness, it’s possible the Speaker simply got tired of waiting for Infrastructure Week to happen.

Department of Transportation, “FY 2021 Budget Highlights.” Accessed May 11, 2020 at <https://www.transportation.gov/sites/dot.gov/files/2020-02/BudgetHighlightFeb2021.pdf>.

⁸ General Services Administration, “FY 2021 Congressional Justification.” Accessed May 11, 2020 at https://www.gsa.gov/cdnstatic/GSA_FY2021_Congressional_Justification.pdf.

⁹ Ibid.

¹⁰ Meant to be cut entirely by FY 2021.

¹¹ National Endowment for the Arts, “Appropriations Request for Fiscal Year 2021.” Accessed May 11, 2020 at <https://www.arts.gov/sites/default/files/NEA-FY21-Appropriations-Request.pdf>; Appendix, Budget of the United States Government, Fiscal Year 2021. Accessed May 11, 2020 at https://www.whitehouse.gov/wp-content/uploads/2020/02/oia_fy21.pdf.

¹² Krieghbaum, Andrew. “Trump Seeks to Ax Humanities Endowment,” Inside Higher Ed, March 19, 2019, <https://www.insidehighered.com/news/2019/03/19/trump-proposes-axing-nea-neh>.

The House bill also included \$20 billion in aid to the Postal Service, an organization that struggles to remain financially viable. The United States Postal Service has been losing money, despite federal funding, since FY 2007. Though many, including our [colleagues at NTU](#),¹³ have called for reform, the House bill would have simply thrown more money at the problem.

Many more such items unrelated to the pandemic litter the legislation. The House bill included \$1 billion for sustainable fuel development and an airline “cash for clunkers” boondoggle. It also included a further \$250 million in funding for AmeriCorps, a program that is supposed to be phased out by 2021, and \$100 million in funding for NASA.

Another significant item on the Democratic wish list that made it into the House coronavirus response bill was a bailout for the federal multiemployer pension insurance program, which faces a [\\$65 billion shortfall](#).¹⁴ [NTUF has previously written](#) about how the multiemployer pension bailout plan does little to address underlying problems with the program that led to its financial woes.¹⁵ Rather than shoring up the under-funded pensions with real reforms, the Democratic plan would merely delay insolvency, leaving taxpayers exposed to massive liabilities. Though such a bailout plan is unlikely to be effective, the Congressional Budget Office estimates it would cost taxpayers nearly [\\$50 billion](#) over the next ten years.¹⁶

Some items in Pelosi’s legislation did make it into the final CARES Act, but not nearly at the funding levels laid out in H.R. 6379. Table 3 includes three proposed funding increases proposed in the House bill that made it into the CARES Act but at a lower funding level.

Table 3: Selected Examples of Proposed Spending Increases in H.R. 6379 That Were Funded at Lower Levels in the CARES Act (millions of \$)

Department/ Agency	Account	Funding proposed in H.R. 6379	FY 2020 Enacted Funding	H.R. 6379 funding as a % of FY 2020 Funding	CARES Act Enacted Funding
Health and Human Services	Public Health and Social Services Emergency Fund	\$100,000	\$2,737 ¹⁷	3653.60%	\$27,000
Election Assistance Commissions	Election Security Grants	\$4,000	\$425 ¹⁸	941.20%	\$400
Economic Development Administration	Economic Development Assistance Programs	\$2,000	\$565 ¹⁹	354%	\$1,500

¹³ Sepp, Pete. “Another Quarterly Postal Loss, Another Taxpayer Headache,” National Taxpayers Union, August 9, 2019, <https://www.ntu.org/publications/detail/another-quarterly-postal-loss-another-taxpayer-headache>.

¹⁴ Pension Benefit Guaranty Corporation, “Annual Report 2019.” Accessed on May 11, 2020 at <https://www.pbgc.gov/sites/default/files/pbgc-fy-2019-annual-report.pdf>.

¹⁵ Wilford, Andrew. “Multiemployer Pension Plan Bailout Fails to Address Structural Problems,” National Taxpayers Union Foundation, July 22, 2019, <https://www.ntu.org/foundation/detail/multiemployer-pension-plan-bailout-fails-to-address-structural-problems>.

¹⁶ Congressional Budget Office, “Cost Estimate for H.R. 397, Rehabilitation for Multiemployer Pensions Act of 2019.” Accessed on May 11, 2020 at https://www.cbo.gov/system/files/2019-07/hr397_2.pdf.

¹⁷ Department of Health and Human Services, “FY 2021 Budget in Brief.” Accessed on May 11, 2020 at <https://www.hhs.gov/sites/default/files/fy-2021-budget-in-brief.pdf>.

¹⁸ Appendix, Budget of the United States Government, Fiscal Year 2021. Accessed May 11, 2020 at https://www.whitehouse.gov/wp-content/uploads/2020/02/oia_fy21.pdf.

¹⁹ Appendix, Budget of the United States Government, Fiscal Year 2021. Accessed May 11, 2020 at https://www.whitehouse.gov/wp-content/uploads/2020/02/com_fy21.pdf.

Pelosi's legislation also would have included \$50 billion in additional funding to states. Congress included \$150 billion in funding to states as part of the CARES Act, but state governors are demanding a staggering [\\$500 billion](#) from Congress.²⁰ Pelosi [brought the issue up again](#) when Congress was scrambling to replenish the depleted accounts of the CARES Act's small business loan program, the Paycheck Protection Program.²¹

Tax Provisions

In addition to including dozens of plus-ups for agency budgets, the Pelosi bill also contained several tax provisions that have since become the subject of controversy. Most notably, it included a significant expansion in the allowable use of "net operating losses" (NOLs). When a company's deductions exceed its taxable income in a year, an NOL is generated that can be carried forward to reduce future tax liabilities. This helps businesses smooth profits and losses across tax years to ensure they're taxed on their economic income and not an accounting byproduct, since profitability doesn't always align perfectly with a tax or calendar year.

While the Pelosi draft disallowed expanded use of NOLs for companies that engaged in significant stock buybacks, the language was otherwise broadly similar to what eventually became law in the CARES Act. This is notable because the expansion of NOLs has subsequently become a controversial subject, with some detractors decrying them as "handouts" to the wealthy.²² While that rhetoric is flawed,²³ to say the least, it bears repeating that House Democratic leaders included a similar expansion in their own draft of coronavirus response legislation, raising questions about whether current opposition is genuine or merely opportunistic.

Regulatory Provisions

Pelosi's draft would have also imposed regulatory policies entirely unrelated to the current crisis. Airlines are among the worst hit industries in the wake of the pandemic, with widespread international travel restrictions and guidelines for maintaining social distancing, but the bill would have required any air carriers that receive assistance under the bill to fully offset their carbon emissions, to include labor union representation on their board of directors, and to remain neutral for the next five years in any attempts to organize union campaigns. These policies would have the likely effect of raising ticket prices for consumers due to higher labor costs and new emissions offset expenses, all in service of checking off items that were on the progressive wish list long before COVID-19 existed. This would only strengthen the economic headwinds against the airline industry.

While businesses are struggling to stay afloat, the Pelosi bill would also have taken advantage of the situation to impose expansive new diversity reporting requirements on companies receiving COVID-19 federal aid. Businesses would be mandated to report on their employees' "gender, race, and ethnic identity (and to the extent possible, results disaggregated by ethnic group)" and also on the diversity of their suppliers, including the "number and dollar value invested with minority- and women-owned suppliers (and to the extent possible, results disaggregated by ethnic group), including professional

²⁰ Office of Governor Larry Hogan, "Nation's Governors Urge Federal Leaders to Provide Immediate Fiscal Relief for States." Accessed on May 11, 2020 at <https://governor.maryland.gov/2020/04/11/nations-governors-urge-federal-leaders-to-provide-immediate-fiscal-relief-for-states/>.

²¹ Wilford, Andrew. "Governors Demand Massive \$500 Billion Payday From Congress," The Daily Caller, April 23, 2020, <https://dailycaller.com/2020/04/23/wilford-governors-demand-massive-500-billion-payday-from-congress/>.

²² Drucker, Jesse. "Bonanza for Rich Real Estate Investors, Tucked Into Stimulus Package," New York Times, March 26, 2020, <https://www.nytimes.com/2020/03/26/business/coronavirus-real-estate-investors-stimulus.html>.

²³ Kaeding, Nicole. "Net Operating Losses Aren't Handouts," National Taxpayers Union Foundation, April 14, 2020, <https://www.ntu.org/foundation/detail/net-operating-losses-arent-handouts>.

services (legal and consulting) and asset managers, and deposits and other accounts with minority depository institutions, as compared to all vendor investments.” The mandates would also demand information on salaries by ethnic group and among men and women, reports on the gender and race of board members, and on the number of staff dedicated to “diversity and inclusion initiatives.”

Whatever merits these new regulatory requirements might or might not have, they cannot be said to be aimed squarely at the public health crisis associated with COVID-19. Instead, they are classic examples of exploiting a crisis to advance the goals of a much larger, more powerful, and more expensive federal government.

Round Two - The HEROES Act

On May 12, Speaker Pelosi released new legislation that contains even more significant funding increases, including over \$1 trillion in aid to state and local governments alone. In total, the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act includes at least \$3.5 trillion in spending increases.

Some of the proposed expenditures in the HEROES Act are directly carried over from H.R. 6379, such as the proposal for \$100 billion in emergency rental assistance. As Table 4 shows, however, most funding proposals that are taken from H.R. 6379 are funded at even higher levels in the HEROES Act.

Department/ Agency	Account	Funding proposed in H.R. 6379	Funding Proposed Under HEROES	Percent Increase
Health and Human Services	Health Provider Loan Program/Relief Fund	\$80	\$100	25%
Department of Education	State Fiscal Stabilization Fund	\$50	\$90	80%
Department of the Treasury	Housing/ Homeowner Assistance Fund	\$35	\$75	114%
United States Postal Service	Payment to Postal Service Fund	\$20	\$25	25%
Federal Communications Commission	Emergency Broadband Connectivity Fund	\$1	\$8.80	780%

And just like with H.R. 6379, the HEROES Act includes several proposed expenditures that represent massive increases relative to baseline appropriations. Table 5 lists the ten most significant program funding increases as compared to their FY 2020 budget budget appropriations.

Table 5: Largest Increases In Budget Authority Relative to FY 2020 Baseline Appropriations (millions of \$)

Department/ Agency	Account	Funding Proposed Under HEROES	FY 2020 Appropriation	HEROES Funding as a % of FY 2020 Appropriation	Funding in CARES Act
Federal Communications Commission	Emergency Broadband Connectivity Fund	\$8,800	\$23.7 ²⁴	37073%	\$1,000
Department of Education	The Fund for the Improvement of Post-Secondary Education	\$8,400	\$25 ²⁵	33600%	N/A
Small Business Administration	Community Development Institutions Fund	\$3,000	\$262 ²⁶	1145%	\$200
Department of the Interior	Assistance to Territories	\$1,000	\$100.7 ²⁷	993%	\$55
Election Assistance Commission	Election Resilience Grants	\$3,600	\$425 ²⁸	847%	\$4,000
Department of Transportation	Highway Infrastructure Programs	\$15,000	\$2,166.1 ²⁹	692%	N/A
General Services Administration	Technology Modernization Fund	\$1,000	\$150 ³⁰	667%	\$3,000
Small Business Administration	Emergency EIDL Grants	\$10,000	\$1,513 ³¹	661%	\$25,793
Social Services Administration	Social Services Block Grant	\$10,435	\$1,715 ³²	608%	N/A
Department of the Treasury	“Departmental Offices — Coronavirus Relief Fund”	\$1,250	\$241 ³³	519%	\$158.40
Department of Housing and Urban Development	Public Housing Operating Fund	\$2,000	\$454.9 ³⁴	440%	\$720

²⁴ Department of Commerce, “FY 2021 Budget as Presented to Congress.” Accessed May 27, 2020 at https://www.commerce.gov/sites/default/files/2020-02/fy2021_ntia_congressional_budget_justification.pdf.

²⁵ Office of Management and the Budget, “A Budget For America’s Future.” Accessed May 27, 2020 at https://www.whitehouse.gov/wp-content/uploads/2020/02/msar_fy21.pdf.

²⁶ Ibid.

²⁷ H.J.Res.31 - Consolidated Appropriations Act of 2019, February 15, 2019, <https://www.congress.gov/116/plaws/publ6/PLAW-116publ6.pdf>.

²⁸ Appendix, Budget of the United States Government, Fiscal Year 2021. Accessed May 27, 2020 at https://www.whitehouse.gov/wp-content/uploads/2020/02/oia_fy21.pdf.

²⁹ House Amendment to the Senate Amendment to H.R. 1865, December 16, 2019, https://www.appropriations.senate.gov/imo/media/doc/H1865PLT_44.PDF.

³⁰ General Services Administration, “FY 2021 Congressional Justification.” Accessed May 27, 2020 at https://www.gsa.gov/cdnstatic/GSA_FY2021_Congressional_Justification.pdf.

³¹ Appendix, Budget of the United States Government, Fiscal Year 2021. Accessed May 27, 2020 at https://www.whitehouse.gov/wp-content/uploads/2020/02/sba_fy21.pdf.

³² Appendix, Budget of the United States Government, Fiscal Year 2021. Accessed May 27, 2020 at https://www.whitehouse.gov/wp-content/uploads/2020/02/hhs_fy21.pdf.

³³ Department of the Treasury, “FY 2021 Budget In Brief.” Accessed May 27, 2020 at <https://home.treasury.gov/system/files/266/FY-2021-BIB.pdf>.

³⁴ Department of Housing and Urban Development, “FY 2021 Budget In Brief.” Accessed May 27, 2020 at https://www.hud.gov/sites/dfiles/CFO/documents/BudgetinBrief_2020-02_06_Online.pdf.

Yet while many proposed expenditures in HEROES are boosts to funding amounts proposed in H.R. 6379, many more are unique to the HEROES Act. Table 6 lays out the ten most significant spending proposals in the HEROES Act in absolute dollars.

Table 6: Largest Proposed Expenditures in the HEROES Act That Do Not Appear in H.R. 6379 (billions of \$)		
Department/Agency	Account	Funding proposed in HEROES
Department of the Treasury	Coronavirus State/Local Fiscal Relief Funds ³⁵	\$915
Small Business Administration	Funding for Paycheck Protection Program	\$310
Department of the Treasury	COVID-19 Heroes Fund Grants	\$180
Department of Housing and Urban Development	Emergency Rental Assistance	\$100
Department of Health and Human Services	Public Health and Social Services Fund	\$75
Department of Education	COVID-19 National Emergency Private Education Loan Repayment Assistance	\$45
Department of Agriculture	Direct Payments to Agricultural Producers	\$16.50
Department of Transportation	Public Transportation Emergency Relief	\$15.75
Department of Transportation	Highway Infrastructure Programs	\$15
Department of Housing and Urban Development	Homeless Assistance Grants	\$11.50

While these funding proposals make up a significant amount of cash on their own, the HEROES Act is so flush with extravagant spending proposals that many proposals outside the “top 10” proposals still come with price tags of several billions of dollars. Notable examples include a \$10 billion appropriation increase to the Supplemental Nutrition Assistance Program (SNAP), a \$5 billion expenditure for Community Development Block Grants, and \$4 billion for tenant-based rental assistance.

Conclusion

While Congress should be thinking seriously about other actions it could take to reduce the negative impacts of the pandemic, those efforts should be targeted at the health and economic effects Americans are facing rather than being used as an excuse to fatten bureaucratic budgets and advance controversial policy schemes.

About the Authors

Andrew Wilford is a Policy Analyst at National Taxpayers Union Foundation.

Demian Brady is the Director of Research at National Taxpayers Union Foundation.

³⁵ Separate line-items exist for the State Fiscal Relief Fund and the Local Fiscal Relief Fund. They are combined here for convenience.



2020 National Taxpayers Union Foundation
122 C Street NW, Suite 650, Washington, DC 20001
ntuf@ntu.org