

Misguided stimulus spending

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When Congress, after much debate, approved a \$787 billion stimulus package designed to create jobs and jump start the nation's economy, it was envisioned the funds would be used to repair roads and bridges and to tackle other needed infrastructure repairs in urban areas across the country. These repair programs would create hundreds of thousands, if not millions, of badly needed jobs. It was a win-win situation: communities would be improved and Americans would be working again. Unfortunately, states are not spending the funds as intended and the economy is still stalled.

To date, only 11 percent of that \$787 billion has been given to states, the distribution network federal funds are flowing through. Of that 11 percent, states have spent much of the money to balance their budget deficits, to fund existing social programs like Medicare and Medicaid and to shore up education budgets to avoid teacher layoffs. Indeed, all of these are good and honorable things to do. But that is not what the stimulus money was intended for. The funds were supposed to be used to repair and renovate schools and to fund new education projects, not pay teacher salaries. The money was not intended to be used to balance state budgets; rather states were expected to spend the funds on projects that would enhance the quality of life in their communities: rebuilding roads and bridges while also creating employment.

States have been under pressure to spend the stimulus money quickly. Instead of using the funds as Congress and the President envisioned, they are using the money for short-term and pet projects and to fill budget gaps. In addition, some states are outright ignoring spending guidelines. For example, the stimulus law requires that states place a high priority on transportation projects in low-income areas. Unfortunately, many states did not consider poor areas for funds distribution until late in their planning process. Some states also used their own set of requirements to determine what communities received funding rather than follow the federal guidelines.

2 million jobs have been lost in the five months since the stimulus money was appropriated while only 150,000 new jobs have been created. States have to – and can – do a better job of making sure the funds are used as planned: job creation. And you can play a part in making sure that happens. Call your Governor's office and tell them you want the money spent as intended: for job creation through infrastructure repair programs. In this economic climate, we cannot afford to see federal funds misdirected into other programs, no matter how noble.