Zombie Spending

If you try to kill a government program, you'll only make it mad.

By Michael Tanner

September 24, 2014

Aficionados of horror movies know that the monster is never really dead when you think it is. It may be down, but it will inevitably climb back from the dead at least one more time before the final credits. So it is with government programs. No matter how outdated, useless, wasteful, or redundant programs may be, they come as close to immortality as possible.

Recall that Washington is a town where a tax on long-distance telephone calls was enacted in 1898 to help pay for the Spanish-American War. That tax wasn't repealed for good until 2006. Or consider wool and mohair subsidies. Congress passed this giveaway to farmers in 1954, having designated wool as a "strategic material" since it was used to make military uniforms. (No one is quite sure how mohair, which is largely used to upholster furniture, became part of the program, but that's Washington.) In 1993 Congress noticed that military uniforms were actually made from synthetic fibers and began phasing out the subsidies. But by 2002, military necessities aside, the subsidies were back, and this year's farm bill extends them until at least 2018, at a cost to taxpayers of $5 million. Likewise, the Rural Electrification Administration was created in 1935 to bring electricity to farm country. There aren't many farms without electricity anymore, but the REA, now called the Rural Utilities Service, is still with us, spending almost $800 million last year.

Now we are seeing two more examples of programmatic immortality.

Example one is the "heat and eat" loophole in the food-stamp program. Under the complex rules for food-stamp eligibility, a family can qualify for higher benefits if it also receives benefits from the Low Income Heating Assistance Program (LIHEAP). Over the years, a number of states have discovered that they could extract extra federal food-stamp funding for their states by providing families with a nominal amount of LIHEAP funding, in some cases as little as one dollar.

Congressional Republicans sought to eliminate this loophole as part of the 2014 farm bill, but failed. They were able, however, to increase the eligibility threshold to require states to pay at least $20 in heating assistance before recipients could take advantage of the increased eligibility. It was expected that few states would continue trying to leverage the loophole once more of their own money was on the line, ultimately saving taxpayers $8.6 billion over ten years.

But that underestimated the ingenuity of state governments when the lure of federal money is on the line. Of the 16 states that had been taking advantage of the "heat and eat" loophole before this year, twelve have announced their intention to continue the program. Eleven will rearrange their federal LIHEAP funds in order to keep the program going, while California will use its own money to maintain the loophole. The result will be to keep federal food-stamp money flowing to these states. States continuing their efforts to milk the federal cow include Connecticut, Maine, Massachusetts, Montana, New York, Oregon, Pennsylvania, Rhode Island, Vermont, and Washington, along with the District of Columbia.

A second federal program poised to rise from the dead is the Children's Health Insurance Program (CHIP). This program, originally the bipartisan love child of Senators Bob Dole and Ted Kennedy, provides health care to children in families with incomes too high to qualify for Medicaid. The program is funded jointly by federal and state governments and, depending on the state, can cover children in families with incomes up to $96,592 for a family of four.

However, those families are now eligible for subsidies under Obamacare, making the program redundant. It was, therefore, scheduled to end in September 2015. The $13 billion used annually to fund the program would help pay for Obamacare.

Not so fast. Already legislation has been introduced to extend CHIP until at least 2019. Apparently if one set of subsidies is good, two is even better. In fact, not only would the program be extended, but the federal share of its costs would rise from 71 percent to 94 percent. Taxpayers could be on the hook for both increased CHIP spending *and* replacing the foregone Obamacare funding.

This is how we end up with our massive welfare state and a $3.5 trillion federal budget. It's not just that we constantly add new government programs, it is that we seem fundamentally incapable of ever doing away with the ones we have.

— *Michael Tanner is a senior fellow at the Cato Institute and the author of* Leviathan on the Right: How Big-Government Conservatism Brought Down the Republican Revolution.