And the Next Bailout Goes to … Government Employees

On August 10 President Barack Obama signed into law a $26 billion spending bill that, proponents claim, will save the jobs of 300,000 teachers, police officers, and other public employees in danger of being laid off.

This public employees' bailout, said the Associated Press, "is to be paid for mostly by closing a tax loophole used by multinational corporations and by reducing food stamp benefits for the poor." Yes, the Democrats, the party of the poor and downtrodden, are going to bail out government employees at the expense of food stamp recipients. But then the campaign contributions from the National Education Association, the American Federation of State, County and Municipal Employees, and other public-sector unions dwarf those of poor families who are barely getting by.

Democrats claim that the closing of the tax loophole (i.e., a tax increase) and the reduction in future food stamp benefits will keep the $26 billion in new spending from increasing the deficit. Of course, this assumes that corporations are just going to sit idly by and allow Uncle Sam to take more of their earnings and that future Congresses will not succumb to political pressure to restore the food stamp funding, which isn't scheduled to be cut until 2014 anyway. In fact, reported the AP, "Democrats gave assurances that they would look for other ways to pay for the law before the payment cuts go into effect," which probably means they'll restore the food stamp funding at some point down the road when everyone has forgotten about the need to cover this "emergency" spending.

Of the total spending, $10 billion goes to school districts "to rehire laid-off teachers or to ensure that more teachers won't be let go before the new school year begins," according to the AP. "The Education Department estimates that could save 160,000 jobs."

Of course, there's always a catch to accompany federal largess. In this case, the catch is that the money "can't be used to fill budget gaps created by recession-driven revenue shortfalls. No, the money must grow stretched education budgets, and as a condition of accepting the money, states must agree to maintain or increase education spending, as a percentage of total state revenues, next fiscal year" — this according to an unsigned editorial in the August 13 *Las Vegas Review-Journal*.

The editorial calls the federal handout a "payday loan" because it offers seemingly free cash up front but will end up costing taxpayers their collective shirt a year down the road.

The *Review-Journal* cites its home state of Nevada as a perfect example of how this will all play out. The state had already taken care of the fiscal issues necessary to avert teacher layoffs, but its governor decided to take $83 million of federal money anyway, with which local districts will hire 1,400 new teachers. "The hires will be used to reduce class sizes and offer more reading and math instruction to students in need of remedial help," says the paper.

"The governor's staff," writes the *Review-Journal*, "concluded that under the law, the state is not required to guarantee the new teachers jobs beyond the coming school year."

So what happens come next school year? The editorial's conjecture:

> Next year, when the 2011 Legislature is in session and lawmakers are building the two-year budget, the voting public will be subjected to months of moaning that unless taxes are raised through the roof, at least 1,400 teachers will be laid off.

School districts will build those teaching positions into their baseline budgets. Teachers unions will proclaim the positions invaluable to student achievement. The government will grow to a new level of "essential services," even though student enrollment is declining.

In short, for Democrats to buy votes this November, taxpayers will be paying through the nose for years to come.

The newspaper continues:

> Congress provided nothing more than the means to grow government payrolls, expand union membership and boost union dues and donations to the Democratic Party. States will be coerced into hiring workers they can't afford. The wheels will be greased for the tax increases that will allow public employees everywhere to keep their generous salaries and expensive medical and retirement benefits. The tough fiscal decisions states need to make on their own will be delayed again — until the next federal, strings-attached bailout.

In that vein, here are the words of House Republican Leader John Boehner of Ohio, as reported by the AP: "Where do the bailouts end? Are we going to bail out states next year and the year after that, too? At some point we've got to say, 'Enough is enough.'"

Indeed we must. It's too bad the GOP has shown itself to be just as irresponsible as the Democratic Party when it holds the reins of power. It would be nice to think that simply electing a sizable number of Republicans in November would put an end to the spending spree. At best it might slow down the spending out of simple partisan gridlock.

Banks and other financial institutions have been bailed out. Automakers have been bailed out. Struggling homeowners have been bailed out. Now government employees are being bailed out. Isn't it about time for a bailout of all the hardworking, average Americans who scrimp and save to pay their bills and are being bilked to bail out all the politically connected?

Such a bailout, however, would not involve massive new spending from Washington but just the opposite: drastic cuts in spending, taxes, debt, and regulations. The rising economic tide that would result from such a program would lift all boats — and boats that have been lifted to the top of the water no longer need bailouts. At that point Americans could discard their buckets, trim their sails, and experience smooth, prosperous sailing once again.