



UNITED STATES SENATE COMMITTEE *on*
BANKING, HOUSING, & URBAN AFFAIRS
PAT TOOMEY - RANKING MEMBER

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Toomey: Democrat Spending Bill Cause for Concern, Not Celebration

Washington, D.C. – In his opening statement at today’s Senate Banking Committee hearing, Ranking Member Pat Toomey (R-Pa.) argued that the Democrats’ \$1.9 trillion spending bill will slow the economic recovery, undermine successful poverty reduction reforms, and fail to get kids back in the classroom.

Senator Toomey highlighted the fact that the Democrats’ so-called COVID relief bill had almost nothing to do with COVID or an economic recovery, and was rammed through Congress on a purely partisan basis.

Ranking Member Toomey’s opening remarks, as prepared for delivery:

Chairman Brown, thank you.

There are a lot of reasons for optimism about the physical and economic health of our country. On the physical health front, we’ve put more than 127 million vaccine doses in arms. Around half the U.S. population has either had the virus or been vaccinated. The daily COVID case count is falling.

On the economic health front, the economy is in full recovery. The unemployment rate has dropped from almost 15 percent in April 2020 to 6.2 percent this February. 18 states have unemployment rates below 5 percent. GDP has grown the last two quarters, and economic growth is expected to be strong this year.

All of these positive developments were enabled by the resilience of the American people, the ingenuity of the private sector, which produced vaccines in record time, and the spirit of cooperation in Congress that provided almost \$4 trillion in relief through five overwhelmingly bipartisan bills.

Unfortunately, the \$1.9 trillion Democrat spending bill is not a reason for optimism. It was rammed through Congress on a partisan basis, even though a bipartisan deal was possible. It has almost nothing to do with an economic recovery. It has almost nothing to do with COVID.

How do we know for sure this bill has nothing to do with an economic recovery? The nonpartisan Congressional Budget Office says only a fraction of the money in the Democrat spending bill can even be spent in 2021. For example, CBO estimates just 5% of the \$126 billion for K-12 education can be spent in 2021.

This bill has almost nothing to do with COVID. So what's in it?

\$414 billion for so-called stimulus checks that won't achieve their purported goals. They don't stimulate the economy, as, according to one study, three-quarters of the checks will go to savings. They're terribly untargeted, as millions of Americans that never lost income will receive checks, including some with six figure incomes. To make matters worse, stimulus checks are going to convicted murderers, rapists, and child sex abusers currently in prison. Amazingly, Democrats blocked the Senate from passing legislation to redirect stimulus checks from such criminals to crime victims.

There's also \$350 billion to bail out fiscally mismanaged states and local governments. On the whole, state and local tax collections set a new record in 2020. Despite that, in 2020 the federal government sent more than \$500 billion to states and local governments for COVID relief. And on top of that, Democrats insisted on sending them another \$350 billion in this bill. This new spending is truly amazing as it's not needed. In Pennsylvania, a prominent news item across the state has been the story of local governments that are trying to figure out how to spend the unexpected and unnecessary windfall of cash they're receiving.

Some provisions in the Democrat spending bill are so unrelated to COVID, it's hard to read them with a straight face. For example, \$86 billion to bail out multi-employer pensions without requiring any reform, \$270 million for the National Endowments for the Arts and Humanities, and \$4 billion for "reparations"—as the Chairwoman of the Senate Agriculture Committee called a loan forgiveness program for farmers and ranchers that's based purely on race and ethnicity.

Today, we'll hear from two witnesses how the Democrat spending bill contains provisions that are harmful to American families. Rory Cooper is a father of three public school students who's known as "Mr. Open the Schools." As Mr. Cooper notes, the Democrat stimulus throws \$126 billion dollars at K-12 schools without

requiring them to reopen. Many schools remain closed or partially closed due to powerful special interests—the teachers' unions. This is despite the fact that CDC research shows it's safe to re-open schools. School closures are harming students, especially low-income students, and harming parents, particularly women, by preventing them from staying in the workforce.

We'll also hear from Angela Rachidi, a scholar at AEI. She'll describe how the Democrat spending bill abandons Clinton era welfare reforms that have been so successful in reducing poverty. The Democrat spending bill increases welfare benefits in many ways. One example is through the Child Tax Credit, which the bill makes fully refundable and available to parents that do not earn income. This undermines a proven driver of poverty reduction, which is tying welfare benefits to work requirements. The Democrat spending bill also has a plus-up in unemployment benefits that will result in about half of all recipients being paid more not to work than they get paid to work. This creates a disincentive to work that will slow the economic recovery.

In my view, the Democrat stimulus is a cause for concern, not for celebration. While I remain optimistic about the direction of our country, I'm deeply disappointed that President Biden abandoned the path of unity that he pledged at his inauguration and instead chose to ram through a wasteful, partisan spending bill that's largely unrelated to COVID and that slows our economic recovery, undermines successful poverty reduction reforms, and fails to get kids back in classrooms.