

# Boost your bottom line.

Start today with  
 The Wall Street Journal  
 Online Small Business Channel.

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com).

See a sample reprint in PDF format.

Order a reprint of this article now

## THE WALL STREET JOURNAL

WSJ.com

POLITICS | AUGUST 16, 2010

# White House Under Fire for Unspent Infrastructure Cash

By LOUISE RADNOFSKY

The Obama administration has paid out less than a third of the nearly \$230 billion allocated to big infrastructure projects in the economic-stimulus program. Now Republicans are zeroing in on the unspent stimulus money in fresh attacks on the administration's economic policy.

"More people believe that Elvis Presley is alive than [that] the stimulus created jobs," U.S. Rep. Kevin McCarthy (R., Calif.), a member of the House Republican leadership, said Sunday on CNN's State of the Union. "And that's because what have they spent the money on?"

They are suggesting that unspent stimulus money should be used to cut the deficit or pay for other initiatives, such as extending the Bush tax cuts. "I would roll back the stimulus," Mr. McCarthy said. "That's \$260 billion."

House Republican leader John Boehner (R., Ohio) has called in recent days for a halt to stimulus spending and recently sparred with the White House over whether stimulus projects have boosted hiring in his district.



View Associated Press

A train makes its way along a newly laid track in Brunswick, Maine on Aug. 2, 2010, during a ceremony. The rail line that will connect Brunswick to Portland, Maine, is scheduled to be completed by 2012, said Gov. John Baldacci.

The administration has said that stimulus spending was always intended to roll out in stages, over two years, and that the pace of outlays for infrastructure would be slower than for parts of the package that provided tax cuts and subsidies for programs such as Medicaid.

White House economist Jared Bernstein, in an Aug. 11 blog post, said that when Republicans call for a halt to stimulus spending, "they're essentially talking about taking away middle-class tax cuts, leaving unemployed workers unexpectedly high and dry without an unemployment check, halting road and bridge projects and leaving them unfinished, leaving contractors unpaid for the work they've already done and more."

Recent opinion polls suggest the White House has struggled to communicate its message, particularly after its emphasis on

"shovel-ready" projects during the debate over the plan's passage in early 2009.

Criticism of the pace of the stimulus appears to be resonating with voters. In a Wall Street Journal/NBC News poll in May, 18% of respondents said the plan was already helping to improve the economy, and 20% said they thought it would help in the future. Confidence appears to have slipped from July 2009, when 48% of respondents said the plan was helping the economy already or would help it in the future.

### Tracking Stimulus Dollars

**Graphic:** Breaking Down the \$862 Billion Stimulus

**Chart:** Full agency-by-agency breakdown of stimulus funds appropriated, available and paid out

May 2010 WSJ/NBC News Poll

money has also been spent, prompting congressional efforts to extend the funding for state budgets. That legislation was signed into law Tuesday, providing another \$10 billion for schools and \$16 billion for Medicaid, offset by cuts to food stamps.

The third piece of the package offered \$230 billion to fund an array of projects ranging from road repaving to modernizing the electricity grid to launching new high-speed rail services. Administration officials said when pushing for the program that the money would target projects that could create jobs quickly. So far, \$182 billion of the infrastructure money has been awarded, though the government has paid out only \$66 billion of the total.



Getty Images

A construction worker worked on the first phase of the Exposition Light Rail Transit Line that will connect downtown Los Angeles and Culver City.

administration announced the recipients of \$8 billion in grants for the projects. The administration is still finalizing the grant agreements, and most of the money hasn't formally been made available yet.



President Barack Obama's stimulus package had three main elements. The largest chunk was allocated to tax breaks and other help for individuals and businesses. Most of that, with an estimated price tag of \$336 billion, has been paid out.

A second portion, projected to cost about \$296 billion, was allocated to pay for unemployment benefits and food stamps and to plug holes in states' school and Medicaid budgets. Most of this

The biggest projects have been the slowest to start. None of the \$17.5 billion for incentive payments for doctors and hospitals to start using electronic health records has been spent yet, because rules for payment were finalized only in July. A few recipients of \$7.2 billion in grants allocated to the expansion of broadband Internet services have started laying cables, but the rest are still busy with pre-construction work, such as environmental assessments, local approvals to attach fiber to utility poles, permits for rights of way and hiring subcontractors.

Ground breaking for the first major high-speed rail project took place this month, when steel rails were delivered to Brunswick, Maine, for upgrades to a 30-mile stretch of track running to Portland. The ceremony came seven months after the

Efforts to award the remaining \$48 billion in infrastructure funds have been hampered in some cases because government agencies have had to respond to protests from vendors who didn't win contracts in the bidding process. In other cases, federal agencies have discovered that bids for certain projects were coming in lower than expected.

Mr. Bernstein said the pace of stimulus spending was appropriate and that even the major investments were moving relatively rapidly. "I think anyone familiar with this kind of economic evolution would view these projects as coming online especially quickly," he said.

The apparent lag between when stimulus funds are awarded and when they are spent doesn't mean people aren't benefiting, the White House says. Activity on projects can begin as soon as funds are awarded, because companies start hiring and carrying out work ahead of getting paid.

The state of the stimulus became the focus of congressional sparring this month as Democrats and Republicans debated whether to extend the plan's aid provisions. Democrats argued

Associated Press  
New ties are put into place along the rail track in  
Brunswick, Maine.

that the additional help for cash-strapped states was essential to preserve the jobs of teachers and other public-sector employees. Republicans said the need for the extension was proof that the plan wasn't working.

William Eggers, global director for Deloitte's public-sector industry-research program, said that rushing implementation, especially on large investments, would make it more likely that the projects would fail or that funds could be misused. Mr. Eggers has studied federal projects going back to the 1960s and said the stimulus was progressing about as quickly as such a large initiative could go.

Republicans, meanwhile, are using the slow progress as a tool in the broader debate with Democrats over the widening federal deficit. Rep. Tom Price (R., Ga.) has introduced a bill in the House to cancel all infrastructure spending which hasn't been awarded, with the funds going toward paying down the deficit.

The bill has little chance of success, however. "That die is cast," said Mr. Price. "The die that will need to be cast to reverse it is the votes that will be cast in November," when midterm elections are held.

**Write to** Louise Radnofsky at [louise.radnofsky@dowjones.com](mailto:louise.radnofsky@dowjones.com)

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved  
This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)