

# THE 1.4 BILLION DOLLAR MAN



## Costs of the Obama White House



**John F. Groom**

**The 1.4 Billion Dollar Man: Costs of the Obama White House**

# **The 1.4 Billion Dollar Man: Costs of the Obama White House**

**by John F. Groom**

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## Part I: Overview

*The helicopter I have now seems perfectly adequate to me. (Laughter.) Of course, I've never had a helicopter before—(laughter)—maybe I've been deprived and I didn't know it. (Laughter.)*

- President Barack Obama, Fiscal Responsibility Summit, February 23, 2009

### ***1: Introduction***

In 2009 President Obama joked with a crowd about the \$3 billion that was completely wasted on the presidential helicopter fleet, later sold to Canada for \$154 million. Several years into his term, most Americans were left out of the joke. In July of 2012, in the midst of what for most Americans has seemed like an endless recession, it was announced that America's poverty rate was about to hit its highest level since 1965, with over 15% of families living on an income of less than \$22,000 a year.

America's federal government debt had hit a record level of almost \$16 trillion, over \$50,000 for every man, woman, and child in the US, yet the government spending binge seemed to have helped only those at the top of society. Here's what the *Knoxville Journal* said on February 3, 2012:<sup>1</sup>

*...[D]uring what is being called 'The Great Recession,' with Americans out of work, wages stagnant, the price of gas increasing, [and] the cost of food increasing, Obama makes no sacrifices and plunders the American treasury as he and Michelle live like kings and queens at the expense of the middle class and the poor American taxpayer.*

A president who campaigned on the idea of lessening income inequality has become the very height of unbridled personal excess in his own lifestyle. Despite having a vacation resort at Camp David reserved for the president's exclusive use – at taxpayer cost of \$8 million a year – the Obama family has spent tens of millions more on their taxpayer-subsidized vacations to Hawaii, Spain, Vail, Cape Cod, Africa, and South America.

The Obamas seem to live in an alternate universe, totally removed from the harsh realities of the average American – or even from the lives of affluent Americans. At huge taxpayer expense, they take a date night to New York, as if the capital of the nation was devoid of suitable restaurants or entertainment. Mrs. Obama is a modern day Marie Antoinette, wearing a \$6,800 dollar outfit to a reception at Buckingham Palace and taking her family on safari at taxpayer expense while millions of Americans barely get by. But perhaps that makes sense. The fact is that America's first family has become, in essence, a royal family.

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*A month after noting [that regular Americans “might put off a vacation”](#) during hard economic times, President Obama brought First Lady Michelle Obama and other family members, including daughters Malia and Sasha, on a trip to Brazil, Chile and El Salvador in March 2011.*

When the president visited India, he and his entourage booked the entire Taj luxury hotel—not a few suites, but all 560 rooms and 44 suites—for a hotel tab of over \$500,000. The president has his own fleet of limousines, helicopters, and jumbo jets and over 1,000 military personnel assigned to fly, crew, and maintain them.

The Obamas have a host of taxpayer-funded servants, including dog walkers, valets, back-up nannies, hairstylists, and movie projectionists, among others. The family’s over-the-top medical care costs over \$7 million a year. This from a man who promised to reduce wasteful government spending.

During President Obama’s first term in office he has spent much time attacking Wall Street and big business in general for greed and overcompensation. In one speech he told the crowd, “If you’ve been successful, you didn’t get there on your own.” Obama certainly had plenty of help becoming president, but since he assumed the office he and his family have lived as if they deserved the best of everything, at any price.

In general, we share Mr. Obama’s concern with income inequality – the gulf between the rich and the poor is far too wide. The idea of investment bankers and other financiers being paid huge sums courtesy of taxpayer-funded bailouts is sickening. In fact, we wrote an eBook, [The Real Case Against Goldman Sachs](#), to make the case that the financial industry in general, and investment banks in particular, are often creating little real value while paying their employees extremely generously. But the lifestyle of the Obamas would make most corporate titans look frugal by comparison.

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As we detail below, this is an administration of smoke and mirrors, where appearances matter far more than reality. Rich financiers should be great supporters of Obama, as his policies have pumped up investment markets at the expense of frugal savers and those on the lower rungs of society.

Obama lives better than the super rich and, in reality, his administration has helped the super rich. That may explain why many of the world's wealthiest men, such as Warren Buffet and George Soros, are big Obama supporters. CEOs and financiers have made a lot of bad bets in the last few years, but they've been bailed out by huge government programs, and markets continue to rely on seemingly endless "stimulus" programs, even while the plight of the real economy improves little, if at all.

The US federal government spends far more money than even the largest private corporation. The president of the United States is the leader of the federal government, both in fact and by example, and while President Obama has been busy criticizing the excesses of others, he has been leading a wildly expensive taxpayer-funded lifestyle. In fact, in the history of mankind there has never been an individual whose personal support—security, travel, office, residence, staff, and related expenses—has been as expensive as that of the current president of the United States, the \$1.4 billion-per-year man.

Today, "tourists are carefully guided through the White House, much as they would be guided through any royal palace in Britain. Today, the inauguration ceremony closely resembles the choreographed coronation of a king."<sup>2</sup> This transition away from democracy is apparent in all the expenses documented in this book—the enormous traveling, campaign, and vacation expenses; the massive palace guard of Secret Service agents; the classification of expenses so they are hidden from public view; the long motorcades of dark-windowed cars hiding the occupants; and the private fleets of helicopters and planes reserved for the presidential family.

A common misperception is that the White House has high expenses, but that these are fixed: A president must always have Secret Service protection, for instance, so people may believe it doesn't matter where he goes, because taxpayers must always employ the Secret Service. Or since the government must build planes or helicopters for the president to fly in, it doesn't make any difference how much he travels, those expenses seemingly already having been incurred.

This is far, far from the truth.

The Secret Service has grown from very humble beginnings to become a small private army, and the size of that army is determined primarily by the number of trips, including vacations and campaign stops, the president takes. Operating costs such as jet fuel, lodging for staff, and other variable expenses cost taxpayers hundreds of millions every year, and these costs are completely dependent on decisions the president makes.

The great majority of expenses that are incurred by the president are not mandatory, but are related to partisan campaigning, image building, ego, his family's pleasure, and other factors not directly related to functional requirements of being the US president. As evidence of this, the costs of the presidency have not stayed stable, but have grown dramatically in the last few decades— especially under the current president.

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The cost of the White House could be, and should be, a small fraction of the current amount. We make specific suggestions about how to achieve this in the final section, called [Solutions](#), below.

Another common misperception is that the president, as de facto leader of the free world, is a hardworking man with every moment tightly scheduled, so he must treasure his rare opportunities for leisure to reduce stress.

In fact, the Obamas' first four years in office have been packed with vacations, campaign travel, and spurious PR appearances. President Obama played 29 rounds of golf in his first year in office and took 26 vacation days, far more than most CEOs could manage. Michelle Obama took 42 days of vacation, not including weekends. Because their every need is catered to, as we outline below, they don't spend any time worrying about housekeeping, or sitting in traffic, or waiting in security lines, or looking for babysitters, or finding cheap airfares, or shopping for groceries, or any of the scads of other routine tasks that occupy the day for normal Americans.

Thus, as Robert Keith Gray, author of *Presidential Perks Gone Royal*,<sup>3</sup> points out, Obama has had time to “attend political rallies, spend weeks on Martha’s Vineyard, enjoy an eleven-day vacation in Hawaii, take his family and relatives on a jaunt to Rio, make a trip out West for fly fishing in Yellowstone, spend four days in Chicago to play basketball, help in several colleagues’ campaigns, visit a pub named in his honor in Ireland, fly all the way to Ohio to swear in local police officers, fly down to Florida so his family can watch the Space Shuttle launch, work in some golf, run up to Camp David, or just be totally out of the public eye, as President Obama was for 21 days last year!”

### Summary of White House Expenses

The following is a summary of the annual expenses incurred by federal taxpayers in the most recent years for which data is available. These expenses cover President Obama, his family, and the staff that is directly responsible for supporting the White House. For extensive analysis of each category, click the corresponding link.

- [President’s salary and allowance](#): \$450,000
- [White House building operating expenses](#): \$14,658,000
- [White House Grounds](#): \$6,057,000
- [Vacations](#): \$20,000,000

This is difficult to determine, because of the different trips in different years, although the cost of maintaining Camp David remains pretty constant at approximately \$8 million and the most expensive vacations the Obamas have taken, Hawaii for Christmas, have occurred both in 2010 and 2011. We have used an average over the years, including Camp David expenses, of \$20 million.

- [Health care](#): \$7,000,000

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We have based this on the number of personnel both in the permanent White House medical staff and also those who travel with him, both of which are outlined below. The White House medical staff also takes care of the Obama family and other high ranking staff, but the traveling staff is really solely for the president. However, when Michelle Obama travels separately from the president she also has a doctor and nurse accompany her. We have included salaries for these personnel, as well as medical equipment costs and overhead such as hotel rooms for the traveling staff.

- **Unreimbursed campaign expenses: \$311,000,000**

Upon close analysis, we have determined that approximately 40% of the president's travel is actually campaign related, although the number reported officially is far smaller. Traveling is far and away the most expensive thing the president does because it incurs massive transportation and security costs. While \$311,000,000 may seem very high, it is probably actually a gross underestimate, because we have used 40% of his transportation and security costs in an average year, and those costs in an election year are far higher, as we have outlined below. Only a tiny portion of this number is required for reimbursement under current federal campaign laws.

- **White House staff: \$7,985,420**

- **Office of Administration budget: \$14,481,000 (2012)**

This is purely administrative personnel to support the president, First Lady, and White House staff. We have used only one-eighth of the cost, as the rest may actually relate to policy support, although it's possible we should have used as much as one half.

- **Special missions including White House Communications Agency: \$161,252,000**

- **Military salary costs: \$153,441,360**

This includes the salary costs for the 2,000-plus military employees that work in the White House Communications Agency and other departments we outline here, but it does not include the 1,000-plus employees of the Presidential Airlift Squadron.

- **Salary costs for presidential airlift squadron: \$75,000,000**

This number is not publicly reported, but we have based it on the salary costs for the military personnel working in the White House.

- **Presidential plane fleet: \$44,000,000**

This only includes operating expenses such as fuel and plane maintenance for Air Force One; it does not include anything for the actual development or building of the presidential plane fleet, which has not been recent and for which we could not obtain reliable numbers, or for the many other planes operated by the presidential airlift division. Also, it is based on the most recent year; this campaign year will be much higher.

- **Presidential helicopter fleet: \$300,000,000**

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This is one of the most notable expenses and includes operating costs for the 31 helicopters in the presidential helicopter fleet, termination costs for the program which Obama canceled at a loss of \$3.1 billion, and research costs for the new helicopter fleet to replace the existing one.

- **Ground transportation: \$2,200,000**

This is the figure the government released for 2011, but we haven't been able to figure out what it includes. Operating expenses and/or maintenance for the Beast, Obama's \$2 million limousine purchased in 2009? Operating expenses for the huge numbers of motorcades, sometimes with as many as 45 cars? Maintenance and operating expenses for the custom made presidential buses? We guess this is a vast underestimate of actual costs for this segment.

- **Transportation Total: \$346,200,000**

- **Secret Service: \$259,152,884**

The Secret Service has a total budget of over \$1.5 billion, with 3,000 employees and 125 offices worldwide – far more offices than most of America's largest companies. However, they have a number of duties outside the scope of this book. The four categories that pertain to the White House are:

- Secret Service mail screening: \$25,315,000
- Protective intelligence: \$58,761,000
- Secret Service training: \$73,848,949
- Protection of persons and facilities: \$705,918,000

The total for that figure is \$863,842,949. Although protecting the president and his family is far and away the most important and visible of the Secret Service's duties, we have used only 50% of the totals of \$863,842,949 below to account for the protection of other figures outside the White House, such as visits to the US by other world leaders. 50% is \$431,921,474. But we have used 40% of this number as part of campaign expenses, leaving 60% or \$259,152,884.

- **Former presidents: \$0**

\$87,000,000 per year is spent on former presidents, and Obama will undoubtedly be entitled to millions in taxpayer-funded benefits for his future protection, operating costs for his presidential library, staffing, pension, various other benefits, and, eventually, a state funeral. But we have not included any of these costs, as they have not yet been incurred.

- **GRAND TOTAL: \$1,376,677,664**

## Obama as Celebrity-in-Chief

Over time, the president has come to be seen as the nation's ranking celebrity, and has taken on the trappings of royalty, just as our nation's founders feared. Also as they feared, partly as the result of his celebrity, the president has become more powerful at the expense of Congress, and US presidents have become globe trotters, ever in search of the next entangling alliance. The cost of maintaining the presidency has spiraled out of control, with no signs of stopping. In short, just about every fear of the Founding Fathers in regard to the presidency has been realized.

*People living their lives for you on TV*

*Say they're better than you, and you agree*

- Lyrics from "Who Will Save Your Soul" by Jewel

There is also a broader change that has taken place in society with the rise of celebrity culture over the last several decades, breeding a celebrity class of the rich and/or famous in the worlds of media, sports, entertainment, business and finance. The incomes of these very visible superstars have vastly outpaced those of the great mass of Americans. Even people in less glamorous fields like investing have become stars in their own rights. Billionaire investor and major Obama supporter Warren Buffet plays up his homespun charm and lives far from the limelight, but he's surrounded by private guards when his adoring fans come to his annual shareholder meeting in Wichita, Kansas. It's no accident that movie star Arnold Schwarzenegger was able to be elected governor of the largest state in the US with no previous political experience. Image control and faking reality has always been the basis of the entertainment industry; it's now also the basis of politics.



*President Obama records an episode of The View in July 2010.*

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Even minor celebrities charge “appearance fees” to be seen mixing with the common folks at parties and other semi-public events. It used to be that professional athletes had regular jobs in the off season; now they are busy endorsing watches or vacationing on private islands. The rich and the powerful are now seen to live in a different world, much as aristocrats were seen to be a higher form of humanity in class-based society such as 18<sup>th</sup> century Europe. Instead of focusing on the inherent dignity of honest, productive work, or creating real value, millions scramble to become “famous,” or at least notorious, on reality shows. Or they make millions with the latest Internet fad, and try to cash out before it crashes. Or they play the lottery, or the lawsuit lottery, or they go deeply into debt to buy a large house they can’t afford. Reality doesn’t matter, only appearance and quickly changing perceptions. So a president can be taken seriously while attacking corporate excesses, even while his own vacations cost the public millions. It’s not a coincidence that this age has seen the rise to “fame” of people like Kim Kardashian and Paris Hilton as well as the rise to power of Barack Obama. This is the age when marketing has completely overwhelmed substance.

What is amazing about all this is how accepting Americans have become of the huge gulf between those at the top and the rest of society. We have always believed that hard work, intelligence, perseverance, and innovation should be rewarded; income inequality based on merit is widely accepted. But what has really changed is that someone can destroy value and still live like royalty. A CEO can make hundreds of millions while shareholders get little or nothing, and little real protest is made. A baseball player might make 1,000 times more than his fans, might have a lousy year, and his team might lose more than they win, and the fans still pathetically cheer him on. The most vacuous entertainer can become a worldwide sensation with little talent, while millions with real talent labor away in obscurity and near poverty. It is in this environment that the president is not viewed so much as the leader of a democratic republic but instead as the celebrity-in-chief, entitled to the most extravagant conceivable lifestyle, with cost no object, regardless of whether the citizens—or rather, his subjects—are prospering. At the court of Versailles, one courtier almost fainted with pleasure when given the privilege of wiping the royal derriere, while the poor in Paris starved for lack of bread. We’ve come a long way: Now we just want to touch the president’s hand while the food stamps program becomes ever larger.

If you doubt this, go to a live appearance when fans gather along roadways just for a glimpse of the president as he briefly appears to wave through the roof of his \$2 million limousine. Or watch the fervor with which they grasp for his hand at some carefully scripted public event. Are they doing this because they admire his positions on health care or foreign policy? Of course not: They are adoring fans of the man who rides in Air Force One, who is always surrounded by guards, who has his every whim obeyed. The desire to see the president, to touch the president, and to sit near the president at a fundraiser is exactly the way that people felt about kings and queens, not the way that a rational citizen should feel about an elected leader in a democracy. But the relationship of fundamental equality has become so lost as to be unfathomable to most Americans today.

*... He’s a gifted man. But in the end he’s just a man.*

- Michelle Obama about her husband

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Just as the Founding Fathers feared, there are serious ramifications to the cult of celebrity that now attaches itself to any modern American president. Most fundamentally, as the aura of the president has grown – in large part thanks to the royal trappings of the modern presidency – the power of the president has grown at the expense of the legislature. When America was founded, the Congress and Senate, the legislative branch, were designed to be the dominant bodies in the polity, but as the cult of personality around the president has grown the power of the presidency and of the executive branch has dramatically increased. Very little glamour attaches to the Speaker of the House, or the Minority Whip, because they don't live in the White House, fly Air Force One, or have their own private armies of Secret Service agents.

As the president has gone from being first citizen to celebrity-in-chief, the nature of what he does has changed: Like all entertainers and celebrities, his power depends on appearances and entertainment value, not on the success or failure of his actual policies. Politics has always been about sloganeering, but at least some previous slogans – “Get Tough on Crime,” “Peace with Honor” – contained the germ of some kind of policy. Obama's “Change” and “Forward” are slogans that by design are so amorphous they can mean anything – and that's just the point. They're simple, they sound nice, and they mean nothing.

When Obama canceled the VH-71 helicopter program after it had wasted \$3 billion, the idea was that there was going to be “change” in government procurement, and we would move forward in a better, more intelligent way. But in fact Obama is traveling more than any other president, doing more partisan campaigning at taxpayer expense than any other president, and spending more than any other president, with none of the transparency that he promised.

The victory of appearance over substance often goes to ridiculous lengths, as when he decided he would go out himself to pick up some takeout food while his family was vacationing in Cape Cod; he wanted to appear like a regular guy. The reality was that this caused thousands in extra security expenses, as his security detail had to be deployed, an expense which could have been completely avoided if he had just sent one of his many aides for pick up. The appearance: He's a regular guy, just like us. The reality: the most expensive takeout order in history.

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*President Obama meets with actor George Clooney in the Oval Office in February 2009.*

Because the president has become part of celebrity culture, he can get away with all that. He's an articulate man and a fine orator; he reads off a teleprompter as well as any network anchor. He has a nice looking wife and cute kids, and he seems like a reasonable guy. As long as he says the right thing – which he always does – what he actually does doesn't matter. Talk about intelligent, restrained government spending, and then live at taxpayer expense without regard to cost? No problem. Appearances matter, reality does not. As of August 17, 2012, Obama had not given a press conference in front of the White House press corps for more than two months – but he and his wife did have time to do an interview in August with *Entertainment Tonight*.

*I did not run for office to be helping out a bunch of fat cat bankers on Wall Street.*

- President Barack Obama, 2009

*It's not what you are that counts, but what people think you are.*

- Joseph P. Kennedy

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End of sample portion of *The 1.4 Billion Dollar Man*.

For full details on how the Obama White House spends your tax dollars:

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