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THE PEW CHARITABLE TRUSTS

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PEW ANALYSIS FINDS FANNIE MAE, FREDDIE MAC SUBSIDIES GREATER THAN TARP'S

Federal subsidies to Fannie Mae and Freddie Mac could reach $290 billion in fiscal year 2009 and climb to $389 billion between 2009 and 2019, according to an analysis by Subsidyscope (http://www.subsidyscope.com), an initiative of The Pew Charitable Trusts.

At those levels, projected subsidies to these two organizations will exceed the cost of the Troubled Asset Relief Program (TARP), which is expected to total $356 billion over the same period. Fannie Mae and Freddie Mac are government-sponsored enterprises that purchase mortgages and guarantee pools of mortgages and have been in conservatorship since last fall. TARP is a Treasury program that purchases preferred stock and provides loans and asset guarantees to banks and other institutions.

"The taxpayers are providing Fannie Mae and Freddie Mac with unprecedented levels of subsidies and they exceed the projected total of all TARP subsidies. Yet these subsidies have received relatively little attention from Congress or the media. Given their expected costs to the taxpayer, more scrutiny of these big institutions is needed to ensure that the public's interests are protected," said Douglas Hamilton, deputy director of Pew's Economic Policy Department, which oversees Subsidyscope.

The Pew Charitable Trusts launched Subsidyscope last year to increase public and policy maker attention to the size and scope of all federal subsidies. While Subsidyscope's early work has been on financial subsidies, it will be expanding its focus to transportation and housing later this year, and to energy, agriculture and other sectors next year. The project is guided by a bipartisan advisory board of budget, tax and financial experts.

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