



LEGISLATIVE ALERT

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THE 'STIMULUS' CONFERENCE REPORT (H.R. 1)

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Despite a House vote of 403-0 that Members of Congress and the public should have 48 hours for review, the Majority's 1,073-page bill was not made available until 11:00 p.m., less than 12 hours before floor consideration. The final product is little more than an expensive, disjointed Democratic wish-list of government spending – and a missed opportunity to pass the kind of efficient, effective fiscal response Americans deserve.

KEY FLAWS OF THE MAJORITY'S 'STIMULUS' BILL

- **Price Tag.** It's even more costly than advertized:
 - **Base Cost = \$787 billion.**
 - **Cost with Interest = \$1.1 trillion.** Because all this money needs to be borrowed, the interest bill will be at least \$347 billion.
 - **Cost if Certain Provisions Are Made Permanent = \$3 trillion.** When was the last time any Federal program was temporary? According to a Congressional Budget Office [CBO] analysis (of the House-passed bill), extending about half the provisions in the bill would increase its cost to \$3 trillion.
 - **Cost Per Job = \$262,000.** Assuming the Obama Administration is correct, and the bill will create at least 3 million jobs, that works out to \$262,000 per job.
 - **Cost Per Family = \$10,000.** Ultimately, all of this spending (including interest cost) will lead to demand for tax increases on the American people.
- **Heavy on Wasteful Spending.** The Majority has predictably larded the bill. Examples:
 - **Emergency? Emergency?** Are the [following items](#) really "emergency" funding needs to boost the economy?: \$50 million for the National Endowment for the Arts [NEA]; \$300 million for golf carts; and a last-minute quadrupling to \$8 billion for high speed rail that Senator Reid got to help build a [Los Angeles-to-Las Vegas rail line](#).
 - **"Hidden" Funding:** For "traditional Hawaiian practices," Massachusetts shellfish, New York theater renovation, and much more.
 - **Waste.** Includes \$43.6 billion for 15 programs that the Office of Management and Budget has rated as "ineffective" or "results not demonstrated."

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- **Light on Economic ‘Stimulus.’** Wasn’t this bill supposed to boost the economy?
 - *S-l-o-w Delivery.* Despite calls for immediate action, according to CBO, only 11 percent of the discretionary funding will be spent in the first year, and less than half (47 percent) gets out the door in the first two years.
 - *‘Stop Us Before We Tax Again.’* Democrats claim that keeping taxes from increasing is “stimulating.” The bill includes another *temporary* extension of the Alternative Minimum Tax [AMT] “patch,” which will keep the Federal Government from collecting \$70 billion in taxes it never intended to collect.
 - *State Department Computers.* The “Making Work Pay” tax credit and private sector tax incentives were scaled back from both the House and Senate levels, but the State Department got increases for computers (+42 percent relative to the House bill and +11 percent relative to the Senate bill).
 - **Little Incentive for Private-Industry Job Creation.** Only 2.7 percent of the House-passed bill was devoted to tax incentives. The final bill scaled back these tax incentives, such that less than 1 percent is devoted to tax incentives for private sector investment.
 - **Government-Run Health Care.** By expanding Medicaid, a program in dire need of reform, and creating a new “comparative effectiveness” research program, the bill moves away from patient-centered health care reform and toward an unfortunate reality in which Federal Government bureaucrats make Americans’ health care decisions.
 - **Unraveling Welfare Reform.** Adds \$5 billion to allow States to increase Welfare caseloads and erodes work requirements.
 - **Record Deficits.** CBO projects the deficit will reach \$1.2 trillion this year – more than twice last year’s record deficit. With the stimulus added, the deficit will likely reach 10 percent of GDP – an “[an absolutely stunning figure](#),” said CBO Director Elmendorf in testimony to the House Budget Committee.
 - **[Record Debt](#).** The Treasury expects to increase borrowing this year by between \$1.5 trillion and \$2.5 trillion. Foreign investors hold 55 percent of marketable outstanding Treasury debt, with China the largest holder of U.S. debt. This bill raises the debt limit to \$12.1 trillion. The debt as a burden on the economy will reach 50 percent this year and 60 percent next year.
 - **End Result: A Weaker Economy.** [According to CBO](#), because of the huge additional debt burden, the bill will ultimately *reduce* economic growth.

THE REPUBLICAN ALTERNATIVE

- **Twice the Jobs, Half the Cost.** House Republicans have a better solution: fast-acting tax relief for working families and businesses that would produce twice as many jobs at about half the cost, *according to the Administration’s own measuring stick*. Republicans remain committed to working with the Administration and our Democratic colleagues to craft an efficient, effective fiscal response that will actually work.

This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.
