Republican Motion #2

STOP HARMING AMERICA'S SENIORS & LOW- AND MIDDLE-INCOME WORKING-CLASS AMERICANS

Offered by Representative Donalds (FL) and Representative Grothman (WI)

Mr. Donalds and Mr. Grothman move that the Committee on the Budget direct its Chairman to request on behalf of the Committee that the rule providing for consideration of the bill make in order an amendment that would strike all provisions of this bill that would increase the cost of living for Americans—including but not limited to seniors on fixed incomes and low- and middle-income working-class Americans—who have to abide by strict budgets to stretch every dollar they earn, and for which a rise in the prices of basic necessities like food, energy, and clothing can be devastating to their well-being and peace of mind.

Background

(1) The Act includes a provision that would impose a $15 Washington mandate. According to the Congressional Budget Office (CBO), this provision would increase prices for goods and services.

   a. One survey of past research found that a 10 percent increase in the minimum wage would raise food prices by up to 4 percent.
   b. The legislation would increase the minimum wage by 107 percent. This would most impact low-income, working Americans and individuals living on fixed incomes, such as seniors. Currently, 31 million American seniors receive more than 50 percent of their income from Social Security.

(2) The Act provides an unprecedented level of stimulus spending at a time when the economy is recovering rapidly, likely resulting in higher inflation that will increase prices of goods and services for all consumers.

   a. CBO projects the economy, even without additional stimulus spending, will reach its pre-pandemic real gross domestic product (GDP) peak by the middle of this year and that the U.S. will experience its largest GDP growth in more than 15 years.
   b. Unemployment has dropped from 14.7 percent in April of 2020 to 6.3 percent at the end of 2021 and is projected in CBO's economic outlook to continue to steadily decline—even without further stimulus.
   c. Notable economists have stated the magnitude of stimulus in this bill is more than what is appropriate:
      i. Former Obama Economic Advisor and Clinton Treasury Secretary, Larry Summers, said earlier this month, "recent Congressional Budget Office estimates suggest that with the already enacted $900 billion package—but without any new stimulus—the gap between actual and potential output will decline from about $50 billion a month at the beginning of the year to $20 billion a month at its end. The proposed stimulus will total in the neighborhood of $150 billion a month, even before consideration of any

follow-on measures. That is at least three times the size of the output shortfall."

ii. A recent piece by the Wall Street Journal Editorial Board stated, "The Biden spending bill is the wrong remedy for an economy that is growing. The best economic stimulus is to end the lockdowns and accelerate the vaccine rollout."

d. Higher inflation is a potential harm that could befall consumers from the unprecedented deficit spending in this bill.

(3) The Act subsidizes the public sector with more than $500 billion of aid to state and local governments, many of which have enacted policies that have forced the closure of 100,000 small businesses. The reduction in competition that results from fewer small businesses will not only lead to fewer options for consumers but will inevitably lead to price increases.

(4) The Act also increases subsidies to the most inflationary sectors of the economy such as health care and higher education, without including any reforms to increase competition, reduce monopolization, or other reforms to hold down costs for consumers.

Technical Language

The amendment should:

(1) strike section 2101 (Raising the Federal Minimum Wage); and

(2) review and remove additional provisions in this Act that will increase the cost of living on Americans.