

REPUBLICAN CAUCUS

THE COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building
Washington, DC 20515
Representative Paul D. Ryan, *Ranking Republican*

Phone: (202)-226-7270
Fax: (202)-226-7174
Augustine T. Smythe, *Republican Staff Director*

THE COST OF EXTENDING THE ‘STIMULUS’ (H.R. 1)
A PRELIMINARY ANALYSIS

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The Leadership in the House and the Senate have set a deadline for completing the economic “stimulus” legislation (H.R. 1) before the President’s Day Recess. Seeking to calculate the likely long-term budget impact of the measure, the Ranking Members of the Committee on Ways and Means (Representative Camp of Michigan) and the Committee on the Budget (Representative Ryan of Wisconsin) have requested the Joint Committee on Taxation and the Congressional Budget Office to produce estimates assuming the extension of selected provisions in the bill.

In the interim, the Republican staff of the Committee on the Budget has developed preliminary estimates. The estimate begins with a list of provisions compiled by the Committee for a Responsible Federal Budget [CRFB].¹ As Table 1 below shows, the total cost is \$945 billion *above* the advertised cost of the bill. This is a conservative estimate because it does not fully account for inflation or program growth.

Table 1: Estimates of CRFB-Identified Programs
(dollars in billions)

Program	2009-2019
Making Work Pay Tax Credit	560
EITC Expansion	18
Pell Grants, Head Start, CCDBG	135
American Opportunity Ed Grant	52
Renewable Energy Credit	16
Child Support Enforcement	9
COBRA/Medicaid	99
IDEA Special Education	56
Total CRFB-Identified Programs	945

Source: House Budget Committee Republican staff estimates.

In addition to the programs CRFB warns may become permanent, a number of other provisions in H.R. 1 appear to have artificial funding cliffs: temporary spending increases that lead to abrupt, and sharp, spending reductions after 2 years. Due to immense pressure that will mount to maintain the H.R. 1 funding levels in these programs, the reductions are highly unlikely to occur. Table 2 below captures the impact these programs will have on the budget over time. Again, these numbers are conservative because they do not fully account for inflation or program growth.

¹ The Committee for a Responsible Federal Budget is a bi-partisan non-profit organization that educates the public about issues with significant fiscal impacts. The list of provisions may be found at www.crfb.org/documents/ReleasePermanent.pdf

Table 2: Programs With Artificial Funding ‘Cliffs’

(dollars in billions)

Other Program	2009-2019
National Science Foundation	23
NIH Research	22
Prevention and Wellness	22
Food Stamps [SNAP]	44
Senior Nutrition	2
SSI Payments	42
LIHEAP	10
Americorps	1
State and Local Law Enforcement	30
Title I Education	50
Total Other Likely Permanent	247

Source: House Budget Committee Republican staff estimates. (May not add due to rounding.)

In addition to the programs listed above, it is likely that Congress will attempt to keep the funding made available in this bill for Federal Medical Assistance Percentages [FMAP] in the Medicaid Program. If that occurs, the following conservative estimate of additional spending will apply.

Table 3: Medicaid/FMAP Impact

(dollars in billions)

Program	2009-2019
FMAP	396
Total FMAP	396

Source: House Budget Committee Republican staff estimate.

If the above programs are extended, and debt service on their budget impact is included, the total *additional* budget impact of H.R. 1 will be very close to \$2 trillion above the House-passed \$1.2 trillion between now and 2019 (see the House column in Table 4 below).

Table 4: Total Estimated Impact of H.R. 1 (2009-19)

(dollars in billions)

	House	CRFB	Other	FMAP	Total
Legislation	820	945	247	396	2,408
Debt Service	348	213	56	96	713
Total	1,168	1,158	303	492	3,121

Source: House Budget Committee Republican staff estimates.

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 view of individual committee members.
