

Rep. Petri's E-Newsletter

April 8, 2010

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Debt Crisis Coming

We're broke. Here are the facts:

In 2009 the federal government took in \$2.1 trillion but spent \$3.5 trillion, leaving a budget deficit of \$1.4 trillion - meaning that for every dollar the government took in, it spent \$1.67. The deficit for the year equals 1/10th of our gross domestic product.

The federal government's gross debt accumulated over the years is currently over \$12 trillion - equal to about 86 percent of our economy.

President Obama's budget proposals will add \$10 trillion to that debt over the next 10 years, according to the nonpartisan Congressional Budget Office (CBO). Paying the interest alone on that debt will cost \$5.6 trillion over the decade.

By the end of the 2011 budget year which Congress is working on now, the CBO anticipates that our gross debt will reach \$15.7 trillion, equal to about 101 percent of the economy.

The Baby Boomers are starting to retire, meaning that a rapidly growing percentage of our population will be paying fewer taxes while instead receiving senior citizen benefits. Under one CBO scenario, by 2035 the federal debt will reach 200 percent of GDP.

And then there's our massive new entitlement, health care. The President and his allies say that the new health care law will actually reduce deficits while providing coverage for 30 million more people. The CBO backs them up on that, based on the assumption that Congress will resolutely support unpopular tax increases and Medicare cuts. If they are wrong about that, the consequences for federal budgets could be catastrophic.

What can be done? The federal government is currently spending about 25 percent of the nation's GDP. As recently as the year 2000, the government spent 18.2 percent. Clearly, as part of the answer there's room for budget cuts to get the federal share of the economy back down, especially as the economic recovery gains traction. Many citizens are demanding tighter budgets from elected officials, and it is urgent that we keep the pressure on and the issue front and center.

Census - It's Not Too Late!

If you have neglected to return your census form to the Census Bureau, it's not too late. Do it today!

The results of the census will impact our state and communities in terms of federal funding and the placement of legislative boundaries. It's important!

Student Loan Victory

On March 25, Congress completed work on a major reform which President Obama has since signed into law. In a move which the Congressional Budget Office says will save \$61 billion, the reform will shut down the wasteful Federal Family Education Loan (FFEL) program in favor of the alternative Direct Loan program, which provides students with loans on the same or better terms than FFEL loans.

I have championed the direct loan concept since 1983 when I became convinced that the FFEL program was unjustifiably costly because the private lenders operating under FFEL get government subsidies to make loans with taxpayers on the hook for any defaults.

I assisted in the creation of the Direct Loan program in 1993. From the '80s to the present, I have repeatedly had to defend direct loans from the private interests which unnecessarily profit at considerable taxpayers' expense from FFEL loans.

To that end, I introduced a number of student loan bills over the years that highlighted the cost-effectiveness of direct loans. One example is the Student Aid Reward (STAR) Act which would have encouraged colleges to offer direct loans by rewarding them with some of the savings in the form of increased student aid.

On September 17, 2009, the House approved H.R. 3221, the Student Aid and Fiscal Responsibility Act, which included the elimination of the FFEL program. In the Education and Labor Committee and on the floor of the House I strongly supported the provisions dealing with student loans and voted in favor of H.R. 3221 as a result.

Final passage of the student loan reforms occurred as part of the House and Senate adoption of H.R. 4872, a "reconciliation" bill designed to amend the just-approved health care reform. Unfortunately, I had to vote against that bill due to its objectionable health care content.

Having worked so hard over decades to create and defend cost-effective direct loans, it was unfortunate and ironic that I could not give my support to legislation which finally secured the Direct Loan program. Nevertheless, the passage into law of the specific provisions related to direct lending was an important triumph for the taxpayers and students, and a successful conclusion of a long term effort on my part.

Coming Up In Congress

Two weeks ago Congress left town for a district work period without extending the federal program which funds long term unemployment benefits. As a result, benefits expired April 5 for 212,000 people. Restoring them will be a high priority when Congress comes back into session next week.

The House and Senate need to agree on a basic budget outline by approving a budget resolution. Then we should begin work on the 12 mammoth appropriations bills which fund the discretionary parts of the federal budget - those parts which aren't automatically funded such as Social Security and Medicare.

The President is eager to move forward with financial regulatory reforms and energy measures.

Other issues being talked about include Elementary and Secondary Education Act revisions, immigration reform and the extension of some expiring tax cuts. Federal estate (or death) taxes are currently zero, but are scheduled to return to their pre-2001 levels next year unless Congress acts. A compromise is possible.

The House and Senate are about to begin negotiations to resolve differences between the two chambers' Federal Aviation Administration reauthorization bills. I will participate as Ranking Republican on the Aviation Subcommittee.

What I've Been Up To

On March 31, I began my latest round of town meetings at 12 locations throughout the 6th Congressional District. Turnout has been good and the discussions have been interesting and informative.

Other activities:

On March 8, I toured Innovation Technologies Corp. in Horicon. Then I visited the local Senior Citizen meal site and attended a Rotary Club meeting in Beaver Dam.

On March 25, I attended a Council for Education's Youth Flag Event in the Library of Congress held to honor the winners of flag design contests in the various states. Berlin High School 11th grader Rachel Huettl was on hand in Washington with her winning flag celebrating our state.

On March 29, I stopped by the U.S. Census office in Oshkosh to see how this year's count is going and meet with the head of the office. Then I met with government students at Winnebago Lutheran Academy in Fond du Lac and toured Fedco Electronics in Fond du Lac.

On March 30, I participated in the 8th Annual Northeastern Wisconsin Global Trade Conference in Oshkosh. The conference theme was "Taking Wisconsin to the World." Then I toured the Oshkosh Door Company.

On March 31, I visited the Fox Valley Technical College - Massachusetts Institute of Technology FAB LAB in Appleton. Then I toured Fused Innovation in Neenah. At Neenah High School I presented a Certificate of Special Congressional Recognition to West Point appointee Andrew Mitchell, and I held town meetings in Neenah and Oshkosh.

On April 1, at Cedar Grove-Belgium High School, I presented a Certificate of Special Congressional Recognition to West Point Academy appointee Nathan Drewry of Oostburg. In Sheboygan I attended a "Leaderfest," a gathering of under-40 professionals from the Sheboygan Chamber of Commerce and chambers in communities north through Green Bay. I also visited the Distance Learning Center at Kohler High School, and held town meetings in Kohler and Oakfield.

On April 5 in Beaver Dam I presented Certificates of Special Congressional Recognition to Air Force Academy appointee Kurt Ulrickson and West Point appointee Joshua Miller, and I held town meetings in Watertown and Beaver Dam.

On April 6, I held town meetings in Montello and Green Lake, and visited both Nelson and Pade, Inc., in Montello and Russell Moccasin in Berlin.

Legislative Update

March 4, 2010:

On March 4, the House passed H.R. 2847, the Hiring Incentives to Restore Employment Act, by a vote of 217 - 201. This legislation seeks to increase hiring through a combination of payroll tax forgiveness and tax credits for the hiring of new workers. It became public law on March 18, 2010.

I voted against this bill because I believe that investment tax credits, such as increased expensing for small businesses and bonus depreciation, would do more to encourage businesses to make the type of financial commitment that drives job creation.

March 10, 2010:

On March 10, the House considered H.Con.Res. 248, which would direct the President to remove the U.S. Armed Forces from Afghanistan by no later than December 31, 2010. The House rejected this resolution by a vote of 65 to 356. I voted "no" because I felt that it would be premature to withdraw our troops.

March 21, 2010:

On March 21, the House approved H.R. 3590, the health care reform bill, by a vote of 219 to 212. This legislation had previously been passed by the Senate, and has now been signed into law. I voted "no" because I believe the bill goes about reform in the wrong way, will cost far too much, and will put too much power in the hands of the federal government.

On the same day, by a vote of 220 to 211, the House also approved H.R. 4872, a "reconciliation" bill designed to amend the just-approved health care reform. I voted "no" in protest to the health care bill.

March 23, 2010:

On March 23, the House passed H.R. 4849, the Small Business and Infrastructure Jobs Tax Act of 2010 by a vote of 246 to 178. H.R. 4849 would expand and extend eligibility for certain categories of tax-favored bonds and temporarily exclude the gain on certain small business stock from capital gains tax.

I voted against H.R. 4849 because it was another in a series of disjointed jobs bills that will do little to address the real conditions which have hindered job creation.

March 25, 2010

The House sent the reconciliation bill (approved in the House March 21) to the Senate which amended the bill, requiring a second vote in the House. By a vote of 220 to 207 the House approved the final version of the reconciliation bill on March 25. Again, I voted "no."

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