



Congressman Jim Jordan (R-OH), Chairman

September 16, 2009

Student Loan “Fiscal Responsibility” Bill Costs \$50 Billion

Today, the House will begin consideration of H.R. 3221, the so-called “Student Aid and Fiscal Responsibility Act.” Democrats claim that the student loan bill “saves” \$7.8 billion over ten years. But when all of the legislation’s budget gimmicks are accounted for, the **cost is actually \$50.1 billion** (a difference of **\$58 billion**). Specifically, the Democrats try to hide the cost of the bill with the following three budget gimmicks:

FIRST, *not counting discretionary spending in the score*. The Democrats do not count \$13.5 billion of discretionary spending that would be required (via later appropriation) to administer the Direct Loan/Pell Grant expansions in the bill. Technically, this money is subject to later appropriation, but this money would have to be appropriated just to make the legislation operative. **This gimmick amounts to \$13.5 billion.**

SECOND, *using an out-of-date budget baseline*. The Pell Grant expansion costs \$39 billion over ten years when compared to the March 2009 baseline, but it costs \$49 billion when compared to the most recent (and therefore the most accurate) August 2009 baseline. CBO, in a letter to Ranking Member John Kline, has provided this newer (accurate) score, but Democrats will instead use the March baseline because otherwise their numbers don’t add up. **This gimmick amounts to \$10.5 billion.**

THIRD, *not fully accounting for the cost of market risk*. CBO, in a letter to Senator Gregg, notes that adjusted for the “cost of market risk,” the bill’s cost increase by **\$33 billion**. As CBO notes in its letter to Senator Gregg, in the TARP legislation, Congress directed CBO to score TARP based on the cost of the market risk. If that precedent were followed for the scoring of the student loan bill, **the cost increases by another \$33 billion.**

When all three of these budget gimmicks are added together, a bill that the Democrats claims will “save” taxpayers \$7.8 billion (over ten years), will actually **cost \$50.1 billion over ten years**. The legislation also creates ten new entitlement programs and would accomplish the long-standing liberal goal of a federal takeover of the private student loan industry.

House to Consider \$2.85 Billion Advanced Technology Bill

Today, the House will consider H.R. 3246, the Advanced Vehicle Technology Act of 2009. The legislation authorizes **\$2.85 billion** over five years to direct the Secretary of Energy to conduct a vehicle research and development program with the goal of creating new technologies that will improve fuel and emission efficiency in transportation technology. Some conservatives may be concerned that H.R. 3246 further increases the federal government’s involvement with the auto industry. The federal government holds a 60 percent stake in General Motors and an 8 percent investment in Chrysler.

Taxpayers have spent a total of \$81 billion since the bailouts began, and the Congressional Oversight Panel for the Troubled Asset Relief Program recently confirmed much of the loans are “highly unlikely to be recovered.” Finally, many conservatives would argue that competition in a free market is what has historically caused auto companies to develop technologies to make their products more desirable and efficient, not a politically-directed industrial policy from Washington.

Quote of the Week: *“It is evident that ACORN is incapable of using federal funds in a manner that is consistent with the law. Immediate action is necessary to ensure that no additional tax dollars are directed to ACORN. Simply put, ACORN should not receive another penny of American taxpayers’ money.”*

-Letter from Representatives **Boehner, Cantor, and Camp** to **President Obama**

Fact of the Week: According to an investigation by Rep. Issa, ACORN has received **at least \$53 million** from federal agencies since 1994. This week the Senate voted 83-7 to block ACORN from receiving funding from the FY 2010 THUD bill.