Republican Study Committee

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Budget and Spending Task Force
Weekly Report

Congressman Jim Jordan (R-OH), Chairman

March 17, 2010

CBO: Federal Deficit at $655 Billion Through First Five Months of FY 2010

According to CBO, the federal deficit is $655 billion through the first five months of FY 2010. This is $65 billion or 11.0% above the deficit through the first five months of FY 2009—which ended up with the highest deficit in U.S. history ($1.4 trillion). Last year is the only time in U.S. history that the final deficit for *the year* exceeded the deficit through just the first *five months* of FY 2010. The increased deficit spending is due to a spending rate equivalent to last year ($1.45 trillion of spending already) and lower revenues (down 7.5%) due to the weak economy. If deficit spending were to continue through the next seven months at the same rate as the previous five months, the final FY 2010 deficit would end up at $1.57 trillion.

Health Care Bill Violates Statutory PAYGO

The Senate-passed health care bill violates the principle of the Statutory PAYGO bill the Democrat majority enacted just last month. Even taking the $118 billion deficit reduction score at face value (and ignoring the various gimmicks that lead to it), the bill includes $122 billion of revenue that does not count for purposes of the PAYGO scorecard: $50 billion of off-budget Social Security tax revenue from higher payroll taxes and $72 billion of revenue from the CLASS Act.

In other words, while Democrats claim that the bill is the answer to the country's long-term budget problems, it harms the budget outlook by about $5 billion over ten years according to their own PAYGO scorecard.

Health Care Bill By the Numbers

Democrats will claim that their health care bill costs $875 billion over ten years. However, the provisions in the so-called "fix" are expected to increase this cost by another $75 billion. In addition, the $875 billion figure does not include the discretionary spending, more than $75 billion, required to merely implement the bill (something Democrats completely fail to account for even though it costs taxpayers the same as mandatory spending). This pushes the cost above $1.025 trillion, which is, notably, past the $900 billion threshold the President set for the bill. Numerous other budget gimmicks in the bill of note:

Tax Now Spend Later: The Senate bill employs a trick by implementing 10 years of tax increases and cuts to Medicare in order to pay for just 6 years of benefits. This allows the bill's cost during the 10 year budget window to appear far less than it actually will cost when fully implemented. The bill will cost *$2.3 trillion* counting just the first ten years after it is implemented.

SGR Reform: The health care bill does not include the physician Sustainable Growth Rate (SGR) "fix" which CBO now estimates will cost $286 billion, and OMB estimates will cost $371 billion. The bill fails to account for these costs.

Quote of the Week:

"So much of our government was built to deal with different challenges from a different era… Too often, the result is wasteful spending, bloated programs, and inefficient results."

-President Obama, 4/25/09

Double Dipping: During the White House health care "summit," the Vice President claimed that the health care plan would "extend the life of the Medicare Trust Fund." However, the massive cuts to Medicare in the bill are not used to improve the programs solvency, but instead spent on new entitlement spending and government programs. The truth is either you're extending the life of Medicare or you're paying for the bill. You can't claim both.

The CLASS Act: The bill would create a government-sponsored, long-term care insurance program that would automatically enroll individuals unless they actively opt-out. The trick is that individuals must first pay premiums (set by the federal government) for five years in exchange for a meager $50-a-day benefit to partially cover the cost of care. The CLASS Act is another unsustainable program being used to disguise the short-term costs of the broader bill through a budget gimmick. It would raise billions over the first ten years (while paying out $0 in benefits for half of that time), but then will begin to increase the deficit following FY2029.

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