

**Congressman Jim Jordan (R-OH), Chairman**

**March 24, 2010**

## Federal Government to Borrow 41 Cents of Every Dollar It Spends This Year

CBO's most recent estimate of the President's budget submission estimates that the federal government will spend \$3.6 trillion in FY 2010, while collecting \$2.1 trillion in taxes, with a resulting deficit of \$1.5 trillion. This means that **41.4 cents of every dollar** the federal government will spend this year is borrowed money.

## House Democrats to Expand Program that Undermines Welfare Reform

**Today**, the House will consider H.R. 4849, the Small Business and Infrastructure Jobs Tax Act, which increases tax revenues by \$42.7 billion over eleven years, and increases direct spending by \$42.6 billion.

The largest budgetary impact of the legislation comes from an expansion of Build America Bonds (created in the so-called "stimulus"), which leads to \$31.5 billion of higher tax revenues and \$39.0 billion of new direct spending over eleven years. The legislation also includes a \$7.7 billion (over ten years) tax increase on foreign corporations doing business in the U.S. in the form of denying them lower, treaty negotiated treaty rates on payments made by U.S. subsidiaries of foreign companies to affiliates in other countries.

The legislation extends by one year, at a funding level of \$2.5 billion, the TANF Emergency Contingency Fund. This fund, created by the "stimulus," attaches strings in order for a state to receive funding that are rigged in favor of expanding welfare caseloads. Specifically, a state has to increase its welfare caseloads in order to receive any funding, and states receive an 80% match to cover all expenses associated with increasing their welfare caseloads. This program recreates one of the worst features of the previous Aid to Families with Dependent Children (AFDC) program—the incentives for states to increase their welfare caseloads. The 1996 welfare reform law provided incentives for states to *lower* their welfare caseloads. Section 2101 of the "stimulus" provides incentives for states to *increase* their welfare caseloads.

### Quote of the Week:

"If my administration evaluates an earmark and determines that it has no legitimate public purpose, we will seek to eliminate it, and we will work with Congress to do so."

**-President Obama, 3/10/09**

The RSC introduced legislation to eliminate this program instead of extending it: H.R. 1277, the Welfare Reform Restoration Act. **Action Item:** 79 Members are on this bill. To be added as a cosponsor, contact the RSC staff.

## House to Consider \$5.7 Billion "Disaster Relief and Summer Jobs" Program.

**Today**, the House will consider H.R. 4899, the Disaster Relief and Summer Jobs Act. The legislation appropriates \$5.72 billion of new FY 2010 spending, while rescinding \$600 million of previously appropriated money. Consequently, the legislation will increase the deficit by more than \$5 billion. The legislation designates all spending in the bill as "emergency" spending. This does nothing to make the taxpayer whole, but allows the majority to avoid a violation of the budget resolution. The \$5.7 billion is appropriated for the following programs: **FEMA** (\$5.1 billion), the **Workforce Investment Act** (\$600 million), and the **Small Business Administration** (\$20 million).