

Congressman Jim Jordan (R-OH), Chairman

July 29, 2009

Defense Appropriations Bill on Floor Today

Today, the House may begin consideration of the FY 2010 Defense Appropriations bill under a restrictive structured rule. The legislation provides a total spending level of \$636.3 billion—\$508.0 billion of regular appropriations funding and \$128.2 billion of war funding. Per the FY 2010 budget resolution (S.Con.Res. 13), the \$128.2 billion of funding for overseas deployments is *not* counted against the 302(a) allocation set by the budget resolution. The \$508 billion of regular funding is **\$19.0 billion** or **3.9%** more than last year. Of the twelve FY 2010 bills that will have passed the House by the end of the week, *nine* provided a larger funding increase (in percentage terms) than the Defense bill, with only the FY 2010 Homeland Security and Energy and Water bills providing lower spending increases (in percentage terms). Compared to FY 2008, the bill is a **\$48.7 billion** or **10.6%** increase. The bill contains 1,102 earmarks.

House to Consider Highway Transfer, Unemployment, Housing Bill

Today, the House will consider H.R. 3357, which transfers \$7.0 billion from the General Treasury to the Highway Trust Fund, provides “such sums as may be necessary” for the Unemployment Trust Fund, and increases the cap on lending for the Federal Housing Administration and the Government National Mortgage Association (GNMA).

Technically, the highway transfer portion of the bill is an intergovernmental transfer, which means that CBO would likely score the provision as not having a net deficit impact. However, the actual impact is to *allow* \$7 billion of deficit spending, since the bill allows spending from the Federal Highway Trust Fund to be \$7 billion higher than the trust fund can bear and requires no offset. Senate Republicans have called for potential legislation in the Senate to be paid for by reducing unobligated funds in the “stimulus.”

Some conservatives may also have concerns with a second such transfer within the last twelve months (for a total of \$13 billion), which could further establish a precedent of transferring funds from the General Treasury to the Highway Trust Fund, opening the way for more deficit financing of the HTF in the future.

Quote of the Week: *“I love these members, they get up and say, ‘Read the bill’... What good is reading the bill if it’s a thousand pages and you don’t have two days and two lawyers to find out what it means after you read the bill?”*

-Representative Conyers (D-MI), on reading the Democrat health care bill.

The FY 2009 omnibus provided a statutory annual cap on lending authority of \$315 billion for the Federal Housing Administration (FHA). H.R. 3357 would increase this cap to \$400 billion. The legislation would also increase the statutory annual cap on lending authority of \$300 billion for Ginnie Mae. These two provisions would further expand the federal reach into American housing.

The so-called “stimulus” legislation expanded the federally funded \$25 weekly benefit for individuals receiving regular unemployment compensation. The financial problems of the Unemployment Insurance Trust Fund are related to the expansion of benefits in the “stimulus.”

Treasury Holds Record Auction of Debt

Yesterday, the Treasury auctioned \$42 billion worth of two-year notes—a record figure for the two-year note. In each of the previous six months the Treasury has auctioned \$40 billion of two-year notes (and also has auctioned other notes to accommodate deficit spending such as five-year and seven-year notes). The total amount auctioned was **\$200 billion**, which is also a record. The Treasury has raised \$1.046 trillion from debt sales so far this year. The final FY 2009 budget deficit is projected to come in at \$1.84 trillion—four times the amount of any previous deficit in U.S. history. The federal government will borrow 46 cents for every dollar that it spends in FY 2009.

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