

Congressman Scott Garrett (R-NJ), Chairman

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New Congress Already Beats Last Session on Deliberation of Spending

On February 19, 2011, the House passed H.R. 1, the FY 2011 Full-Year Continuing Appropriations Act, by a vote of 235 to 189. This vote came after the House spent **48 hours** on general debate and amendment debate. By contrast, the Second Session of the 111th Congress spent only **17 hours** on general debate and amendment debate for *all* appropriations bills considered during 2010 *combined*.

In 2010, the Democrat Majority only allowed **36 amendments** to be considered to all spending bills that came before the House combined. By contrast, just during consideration of H.R. 1, the House considered **162 amendments**. Even as the last Congress spent so little time deciding how to spend money, it still managed to spend enough to create a \$1.3 trillion deficit in FY 2010, as well as leaving behind a projected \$1.65 trillion deficit for FY 2011.

House Passes Two-Week CR with \$4 Billion of Spending Cuts

Yesterday, the House passed H.J. Res. 44 (amendments to the continuing resolution now in effect) by a vote of 335 to 91. H.J.Res. 44 provides a two-week extension of federal spending authority, with spending cuts proportionate to the savings achieved in H.R. 1. **Today**, the Senate is expected to consider the measure. Highlights of the measure are as follows:

Spending Cuts: The legislation makes \$4.01 billion of spending reductions, all of which come from either program terminations requested by the President's budget or earmark eliminations.

Earmarks: Aside from the \$2.7 billion spending reductions to specific earmark accounts, the legislation states that FY 2010 earmarks (included in legislative text as well as accompanying committee reports/joint explanatory statements) "shall have no legal effect with respect to funds appropriated by this Act."

Legislative "Riders": The legislation extends all riders in current law. It does not, however, include any additional ones. This means that provisions from H.R. 1—such as the defunding of Obamacare, and the prohibition of funds for Planned Parenthood—are not included in this two-week continuing resolution.

Quote of the Week:

"...Pay as you go, do not add to the deficit. If we all share that view we should all be able to come together because the numbers will add up or they will not add up and the bill, for sure, will be sent to our children and grandchildren."

-Nancy Pelosi, 3/01/11.



8 Program Eliminations Requested in President's Budget

- **Broadband Direct Loan Subsidy:** \$29 million savings.
- **Election Assistance Grants:** \$75 million savings.
- **Smithsonian Institution Legacy Fund:** \$30 million savings.
- **Highways—Additional General Fund:** \$650 million savings.
- **Striving Readers Program:** \$250 million savings.
- **LEAP program:** \$64 million savings.
- **Even Start:** \$66 million savings.
- **Smaller Learning Communities:** \$88 million savings.

U.S. Has Highest Effective Corporate Tax Rate on New Investment in the OECD

According to a recent [Cato Institute publication](#), in 2010, the U.S. effective corporate tax rate on new business investment was 34.6%. This compares to an average OECD rate of 18.6% and a global average of 17.7%. Again, according to the Cato Institute, there are just four countries with a higher effective corporate tax rate than the U.S.: Argentina, Chad, Brazil, and Uzbekistan. However, the U.S. rate is highest among the 33 OECD countries. America's 34.6% rate compares to some other countries of interest as follows: France (34.0%), Russia (31.9%), China (16.6%), Canada (20.5%), Sweden (18.9%), and Mexico (17.5%).

The Washington Times

Shutdown showdown week

House Republicans need to resist pressure to compromise on spending

By week's end, we should know whether the House majority has what it takes to stand up for fiscal responsibility against President Obama and Senate Democrats. As the stopgap measure currently funding the federal government runs out Friday, the House is proposing to vote Tuesday on a two-week extension that includes \$4 billion in cuts, but Democrats appear insistent on maintaining the current inflated spending levels. Failure to reach a settlement by the weekend would result in a shutdown of the non-essential functions of the federal government. That wouldn't be a bad thing.

When voters handed the keys to the Capitol to Ohio Republican Rep. John A. Boehner in November, they did so on a clear understanding that Washington's out-of-control spending had to stop.

The Obama administration appears to believe it can overcome this mandate by forcing a government closure not only by breaking out the usual sob stories but also by blaming further economic bad news on Republicans. As White House spokesman Jay Carney put it on Thursday, "a shutdown would be disruptive to the economy, affect our capacity to grow and create jobs." Mr. Obama has already implied (falsely) that Social Security checks were in jeopardy.

These tired gimmicks may have worked in the past, but the game has changed since the bitter 1995 showdown between then-House Speaker Newt Gingrich and President Bill Clinton. The main difference is that most families today have been forced to tighten their belts and forgo luxuries in order to make ends meet. They wonder why our high-flying president is unwilling to cut back on the posh federal lifestyle. On Wednesday, the Congressional Budget Office increased its estimate of the Recovery Act's pricetag to \$821 billion. According to the agency's most generous estimate, this money "increased the number of people employed by between 1.3 million and 3.5 million." That means, at best, each of those jobs cost a whopping \$230,000 each.

Speaker Boehner would do well to take note of how Republican governors like New Jersey's Chris Christie are taking on the Democratic scare tactics over entitlement spending - and winning. "You're going to have to raise the retirement age for Social Security," Mr. Christie said in a Feb. 16 Washington speech that mocked his squishy colleagues. "Oh-ho, I just said it, and I'm still standing here. I did not vaporize into the carpeting. We have to reform Medicare because it costs too much and it's going to bankrupt us."

Garden State voters have embraced their tough-talking, budget-slashing chief executive. A Feb. 9 Quinnipiac University poll had residents calling Mr. Christie's first term a success by a 54-35 margin. Fifty-eight percent of those polled said they liked Mr. Christie as a person, even when they disagree with his policies. By comparison, a Rasmussen Reports poll released Wednesday showed Mr. Obama's favorability rating at 37 percent.

That shows Republicans can win if they stick to their promise to cut government. The real danger - the one Mr. Obama is counting on - is that Republicans will misread the lesson of 1995 and reach a compromise that locks in the ruinous levels of spending found in the president's budget submission. Spending our way out of a recession has been a failure, and the public is ready for change - even if that means living for a few weeks without government functions that, by definition, we can live without.

