

For Immediate Release  
Wednesday, February 4, 2009

Grassley: CBO analysis that shows stimulus bill jobs to cost as much as \$300,000 each

WASHINGTON --- Senator Chuck Grassley said today that a preliminary analysis by the Congressional Budget Office shows that the jobs created by the economic stimulus legislation being debated in the Senate would cost taxpayers between \$100,000 and \$300,000 a piece.

Grassley said these numbers should be contrasted to those under the January baseline of the Congressional Budget Office, in which there is no stimulus, that show the Gross Domestic Product per worker is about \$100,000. Grassley said the new analysis indicates the cost of each stimulus job to be as much as three times more than jobs created without the stimulus bill.

“There’s been a lot talk about bang for the buck, but there’s no talk about actually making sure it happens so that Americans get the help they need,” Grassley said. “Before Congress spends another \$1 trillion, we ought to make sure we are getting our money’s worth. Congressional leaders should postpone a final vote on the stimulus bill until the Senate has had the opportunity to carefully review a full analysis of the Congressional Budget Office.”

The eight-page response of the Congressional Budget Office to an inquiry from Grassley is attached and posted at [www.cbo.gov](http://www.cbo.gov). According to the document, the Senate bill would create between 2.8 million and 8.2 million jobs on a cumulative basis over the next three years, depending on whether CBO’s multiplier assumption is “low” or “high.”

Grassley said that while the analysis covers only 2009 through 2011, if the ratio of employment to government spending remains the same throughout the 10-year projection period, there could be no jobs created by the eighth year. Assuming that increasing the national debt by more than \$1 trillion will crowd-out private sector investment, the net result would be fewer jobs within 10 years because of the stimulus bill.

Senator Grassley’s letter requested CBO to provide an analysis through 2019 consistent with the January (pre-stimulus) baseline. CBO indicated the full 10-year analysis would not be available until next week.

Senate Committee on Finance Republican Staff calculations based on CBO data:

		<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>CY</b>	<b>Employment (in Millions)</b>			
	January Baseline	141.6	143.3	146.2
	Low Multiplier	142.5	144.6	146.8
	High Multiplier	144.0	147.2	148.1

CY	<b>NET NEW JOBS (in Millions)</b>			
	Low Multiplier	0.9	1.3	0.6
	High Multiplier	2.4	3.9	1.9
FY	<b>COST of H.R.1 (\$Billions)</b>	\$233	\$461	\$142
	<b>COST OF EACH NEW JOB (in Dollars)</b>			
	Low Multiplier	\$259,102	\$354,522	\$236,620
	High Multiplier	\$97,163	\$118,174	\$74,722

Below is the text of Grassley's letter of inquiry to the Congressional Budget Office.

January 29, 2009

Dr. Douglas Elmendorf, Director  
Congressional Budget Office  
Ford House Office Building  
Second and D Streets, SW  
Washington, DC 20515-6925

Dear Dr. Elmendorf:

I am writing to request that the Congressional Budget Office conduct an analysis of the macroeconomic impact of the Senate stimulus bill.

This analysis should include an estimate of employment and GDP under the current January CBO baseline relative to the Low and High multiplier assumptions utilized in the CBO analysis of H.R. 1. The analysis should include the period from 2008 through 2019.

The Senate may begin consideration of this legislation early next week, so it is absolutely critical to have this analysis prior to any final vote.

I would also like to request that CBO update its analysis of H.R.1 as passed by the House and include years 2008-2019.

Should there be any questions about this request, please contact Steve Robinson at 224-3476.

Thank you for your assistance in this matter.

Sincerely,  
Charles E. Grassley  
Ranking Member