

## MEMORANDUM

TO: Reporters and Editors  
RE: Final vote on H.R. 1, the Economic Recovery and Reinvestment Act of 2009  
DA: Friday, February 13, 2009

Senator Chuck Grassley issued the comment below regarding his vote late today against the Economic Recovery and Reinvestment Act of 2009. Three Senate Republicans voted for the bill. Seven Democratic members of the House of Representatives voted against the bill. The latest cost estimate of the proposal from the Congressional Budget Office is \$787 billion. With interest costs added, the bill will easily increase deficit spending by \$1 trillion.

### Senator Grassley's comment:

“The country urgently needs Congress to eliminate the tax and regulatory barriers that get in the way of creating sustainable jobs, and to help get our economy back on track. That great need makes this bill a terrible missed opportunity. The whole thing got off on the wrong foot. Instead of charting the kind of new way promised by the new President, House leaders started the legislative process with a partisan bill that they loaded down with spending to feed special interests rather than stimulate the economy. Changes made at the very end of the process, in order to peel off the three votes needed to get the bill through the Senate, weren't enough to change the fundamental flaws.

“The bill ignores opportunities to create jobs by opening new markets for American exports. Less than one-half of one percent of the bill passed today is for tax relief for small businesses, which create 70 percent of the new jobs in our economy, and created all of the net new jobs in 2006. Less than half of the mandatory spending in this bill will go out the door in the first two years, failing to provide the kind of jolt needed for an economic revival. The official scorekeeper for Congress, the Congressional Budget Office, says the bill spends as much as \$270,000 for every temporary job it creates. Imagine how many jobs could be created if the legislation was focused on meaningful economic growth rather than special-interest spending. On top of those things, the final version of this bill dropped some important provisions providing expanded protections for federal government whistleblowers. The final package includes an oversight board which sounds good in name, but in reality has been given the authority to stand in the way of investigations by independent inspectors general, who are the watchdogs within the federal bureaucracy, into allegations of waste, fraud and abuse of the tax dollars at stake in this massive bill and potentially beyond.

“It's not too late to write the kind of clean economic growth bill the American people want and need, and to hold the federal bureaucracy accountable along the way. I support infrastructure spending outside the appropriations process if it gets out the door during the next two years. Otherwise, regular order should be used to try to make that spending as responsible as it can be. I want to help create as many jobs as possible and get our economy moving again. Failure to pass a good bill only will make it more difficult to pay back the \$1 trillion Congress is borrowing against the future with this legislation.”

### Information about Senator Grassley's work on the legislation:

During debate, Senator Grassley sought to improve the legislation with common sense amendments to:

- create more jobs in renewable wind energy,
- protect college students from state tuition increases with the massive transfer of federal dollars to states,
- empower parents with college savings in tax-preferred 529 plans to protect those investments from market downturns,
- protect Medicaid dollars from waste, fraud and abuse; protect Medicaid beneficiaries and providers from cuts in eligibility and payment rates,
- make college more affordable through the tax code,
- secure tax relief to encourage small business investment,
- allow charities to reimburse volunteers at higher mileage rates than currently allowed,
- require states to pay the non-profits with whom they've contracted to provide services before being able to receive increased federal funds in the stimulus package,
- freeze some of the \$1.6 billion going to the National Science Foundation as part of this bill until the agency demonstrates that it can prevent on-the-job use of agency computers to view pornography, which Grassley discovered buried an agency report
- require the National Institutes of Health to enforce requirements for disclosing financial ties between research doctors and drug companies as part of the \$10 billion going to the agency as part of the economic stimulus bill,
- and strengthen congressional oversight of the federal bureaucracy that will spend much of the \$787 billion.

Bill managers refused to let any of these amendments be considered.

During floor negotiations, bill managers adopted a reform included in another Grassley amendment to limit high-income individuals, including Wall Street executives, from receiving taxpayer funded health insurance subsidies in order to make sure the maximum assistance was available for unemployed workers struggling to pay for COBRA benefits. Bill managers also adopted comprehensive reform of trade adjustment assistance programs that Senator Grassley negotiated with members of the Senate Finance and House Ways and Means committees.

A Grassley amendment that was brought up would have fixed the bill's unfairly biased formula for distributing extra federal dollars for state-administered Medicaid programs in Iowa and 33 other states. It was defeated by the Democratic leadership on a near-party line vote. As a result, Iowa will receive \$185 million less (or 33 percent) in Medicaid dollars.

During Senate consideration of the bill, senators accepted a bipartisan Grassley amendment to require companies participating in the Troubled Asset Relief Program (the rescue program for the nation's financial system) to follow the strict hiring guidelines required of H-1B dependent companies so American workers are given first priority. Grassley said significant fraud has been found in the H-1B program and his reform effort seeks to protect the integrity of the program for both American and foreign guest workers.

Separately, a Grassley amendment to protect middle-income families from an average tax increase of \$2,000 on top of what they will already owe won Finance Committee support and was included in the stimulus bill before it came to the Senate floor. If President Clinton hadn't vetoed Republican-passed legislation to eliminate the Alternative Minimum Tax (AMT) all together, 124,000 Iowa families and millions nationwide wouldn't be facing this tax increase today. By acting at the beginning of the calendar year to enact an AMT patch for tax year 2009, Senator Grassley said Congress can make the tax administration system work as well as possible and also avoid having the AMT patch be held hostage to rushed, year-end, big-spending legislation as it has been for both of the last two years. The AMT went on the books in 1969, in response to the discovery that 155 wealthy taxpayers were able to eliminate their entire tax liabilities through legal means. But Congress didn't index the AMT's rates and exemptions for inflation. As a result, growing numbers of middle-income taxpayers are getting hit with a tax they were never intended to pay.