COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

FOR IMMEDIATE RELEASE
January 28, 2008

Contact: **Kate Brown 202-986-2700**
Kbrown@newamerica.net

CRFB Warns Against Slipping Permanent Policies into Stimulus

WASHINGTON, D.C. – Today, the Committee for a Responsible Federal Budget (CRFB) warned against slipping policies intended to be permanent, into the stimulus bill under the guise of temporary stimulus measures.

"Much of the focus in recent days has been on "stimulus pork," said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. "Things like planting grass on the National Mall are certainly more than just laugh lines—they squander resources and cause the stimulus plan to lose credibility. But frankly, they are also a distraction from the bigger risks of the bill."

"More troubling is the number of items in the stimulus plan that are really intended to be permanent new policies rather than temporary items to help boost the economy," MacGuineas continued. "While we need deficit spending now, extending our borrowing beyond the economic downturn will make our already-dismal fiscal picture far, far worse. The economy simply can't handle that. There is a very real risk that many of these items will become a permanent part of the budget and unless Congress suddenly shows a uncharacteristic willingness to pay for the new items, the deficit will deteriorate even further."

CRFB has identified two types of policies likely to be extended beyond the current stimulus package: those that President Obama originally proposed as *permanent* changes during the campaign, and those that are likely to be politically difficult to reverse.

Components of the package that were part of the President's campaign promises:

- "Making Work Pay" Tax Credit for over **$70 billion per year**
- An EITC expansion costing at least **$2 billion per year**
- Education funding for Pell Grants, Head Start, and Child Care Development Block Grants costing over **$15 billion**
- An "American Opportunity" education tax credit for nearly **$7 billion per year**
- An extension of the Renewable Energy Production Credit for around **$2 billion per year**

Other initiatives we believe would likely be renewed or made permanent:

- A restoration of Child Support Enforcement Funding worth **$1 billion**
- New health insurance subsidies for unemployed workers enrolled in COBRA for a cost of around **$14 billion per year**
- Higher levels of funding for special education under the Individuals with Disabilities Education Act (IDEA) for a cost of around **$7 billion per year**

"The *American Recovery and Reinvestment Act* is beginning to look remarkably similar to the Obama campaign's tax and education plans," remarked MacGuineas. "Many of these items may be worthwhile, but an emergency measure is the wrong way to push through permanent changes to the budget. If politicians want to enact long-term spending or tax policies, they should be enacted through the normal legislative process. And they should be paid for with offsetting tax or spending changes, just as President Obama committed to when he proposed the policies in the first place."