



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

February 11, 2009

Honorable Paul Ryan
Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Congressman,

As you requested, the Congressional Budget Office and the Joint Committee on Taxation have estimated the impact of permanently extending more than 20 of the provisions contained in H.R. 1, the American Recovery and Reinvestment Act of 2009, as passed by the House of Representatives. As specified in H.R. 1 as passed, those provisions would either explicitly expire or would specify appropriations only for a limited number of years (usually 2009 and 2010).

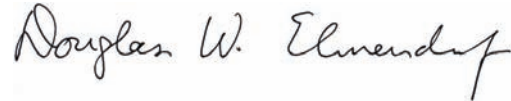
CBO estimates that H.R. 1, as passed by the House of Representatives, would increase budget deficits by about \$820 billion over the 2009-2019 period; we estimate that permanently extending the programs you identified would increase the cumulative deficit over that period by another \$1.7 trillion (see attached table).

As you requested, the Congressional Budget Office has also estimated the costs of debt service that would result from enacting the bill with these extensions. Such costs are not included in CBO's cost estimates for individual pieces of legislation and are not counted for Congressional scorekeeping purposes for such legislation. If the specified provisions of H.R. 1 are continued, under CBO's current economic assumptions and assuming that none of the direct budgetary effects of the legislation are offset by future legislation, CBO estimates that enacting the bill would increase the government's interest costs by a total of about \$745 billion over the 2009-2019 period.

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I hope this information is helpful to you. If you would like further details about this estimate, the CBO staff contacts are Christi Hawley Anthony and Barry Blom.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive, slightly slanted style.

Douglas W. Elmendorf
Director

Enclosure

cc: Honorable John M. Spratt Jr.
Chairman
Committee on the Budget

Identical letter sent to the Honorable Dave Camp.

Estimated Cost of Extending Certain Provisions of H.R. 1, as passed by the House of Representatives on January 28, 2009, as Specified by Congressmen Ryan and Camp

(By fiscal year, in billions of dollars)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total, 2009 - 2019
Revenues													
Making Work Pay Tax Credit		0	0	-39	-56	-57	-58	-58	-58	-58	-58	-58	-498
Expansion of EITC		0	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-9
American Opportunity Education Tax Credit		0	0	-1	-6	-6	-6	-6	-6	-6	-6	-6	-51
Renewable Energy Production Credit		0	0	0	0	0	-1	-1	-2	-3	-4	-5	-15
UC Interaction with Health Care Coverage for the Unemployed		0	0	*	*	*	*	*	*	*	*	*	3
Total, Revenues		0	0	-40	-64	-64	-65	-66	-67	-68	-69	-69	-571
Direct Spending													
Child Support Enforcement	BA	0	0	1	1	1	1	1	1	1	1	1	6
	OT	0	0	1	1	1	1	1	1	1	1	1	6
Medicaid for the Unemployed	BA	0	3	7	7	7	8	8	8	9	10	11	78
	OT	0	3	7	7	7	8	8	8	9	10	11	78
Health Care Coverage for the Unemployed under COBRA	BA	0	7	13	14	13	12	12	12	12	12	12	121
	OT	0	7	13	14	13	12	12	12	12	12	12	121
Medicaid FMAP Increase	BA	0	0	34	43	32	29	31	33	35	38	42	316
	OT	0	0	34	43	32	29	31	33	35	38	42	316
Increase in Funding for SNAP ^a	BA	0	5	8	9	10	12	11	11	11	11	11	99
	OT	0	5	8	9	10	12	11	11	11	11	11	99
Foster Care (part of FMAP increase)	BA	0	0	0	0	0	0	0	0	1	1	1	5
	OT	0	0	0	0	0	0	0	0	1	1	1	5
Increase in Funding for SSI Payments	BA	0	4	5	5	5	5	5	5	5	6	6	51
	OT	0	4	5	5	5	5	5	5	5	6	6	51
UC Interaction with Health Care Coverage for the Unemployed	BA	0	*	*	*	*	*	*	*	*	1	1	4
	OT	0	*	*	*	*	*	*	*	*	1	1	4
Making Work Pay Tax Credit	BA	0	0	1	18	18	18	18	18	18	18	18	144
	OT	0	0	1	18	18	18	18	18	18	18	18	144
Earned Income Tax Credit	BA	0	0	0	3	3	3	3	3	3	3	3	26
	OT	0	0	0	3	3	3	3	3	3	3	3	26
American Opportunity Education Tax Credit	BA	0	0	*	2	1	1	1	1	1	1	1	11
	OT	0	0	*	2	1	1	1	1	1	1	1	11
Subtotal, Direct Spending	BA	0	20	69	102	92	90	91	94	97	101	105	861
	OT	0	20	69	102	92	90	91	94	97	101	105	861

Continued

(By fiscal year, in billions of dollars)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total, 2009 - 2019
Discretionary Spending													
Pell Grants and College Work Study ^p	BA	0	0	4	4	4	4	4	4	5	5	3	37
	OT	0	0	1	4	4	4	4	4	4	5	5	35
Head Start	BA	0	0	1	1	1	1	1	1	1	1	1	5
	OT	0	0	*	0	0	0	1	1	1	1	1	4
Early Head Start	BA	0	0	1	1	1	1	1	1	1	1	1	5
	OT	0	0	*	*	*	*	1	1	1	1	1	4
Title I Help for Disadvantaged Kids	BA	0	0	7	7	7	7	7	7	7	7	8	63
	OT	0	0	*	4	6	7	7	7	7	7	7	53
Education for Homeless Children & Youth	BA	0	0	*	*	*	*	*	*	*	*	*	*
	OT	0	0	*	*	*	*	*	*	*	*	*	*
IDEA Special Education ^c	BA	0	0	7	7	8	8	8	8	8	8	9	71
	OT	0	0	*	4	7	8	8	8	8	8	8	59
CCDBG	BA	0	0	1	1	1	1	1	1	1	1	1	10
	OT	0	0	*	1	1	1	1	1	1	1	1	9
NSF Employment in Science and Engineering	BA	0	3	3	3	3	3	3	3	3	3	3	28
	OT	0	*	2	2	2	3	3	3	3	3	3	24
NIH Funding for Biomedical Research	BA	0	3	3	3	4	4	4	4	4	4	4	36
	OT	0	*	2	3	3	3	4	4	4	4	4	30
Increased Funding for Prevention and Wellness ^d	BA	0	0	2	2	2	2	2	2	2	2	3	21
	OT	0	0	1	2	2	2	2	2	2	2	2	19
Increased Funding for Senior Nutrition	BA	0	0	*	*	*	*	*	*	*	*	*	1
	OT	0	0	*	*	*	*	*	*	*	*	*	1
Increased funding for LIHEAP	BA	0	0	1	1	1	1	1	1	1	1	1	10
	OT	0	0	1	1	1	1	1	1	1	1	1	9
Expansion of Americorps	BA	0	*	*	*	*	*	*	*	*	*	*	2
	OT	0	*	*	*	*	*	*	*	*	*	*	2
Increase in Funding for State & Local Law Enforcement	BA	0	3	3	3	3	3	3	3	3	3	4	33
	OT	0	1	2	2	3	3	3	3	3	3	3	27
Subtotal, Discretionary Spending	BA	0	8	33	33	34	34	35	36	36	37	36	323
	OT	0	1	9	24	31	33	34	35	35	36	37	276
Total Increase in the Deficit from Extensions		0	21	118	190	187	188	192	195	200	205	212	1,708
Increase in the Deficit from H.R. 1 as Passed		170	356	175	49	26	24	11	*	1	3	4	820
Total Impact of H.R. 1 with Extension of Certain Provisions		170	377	293	239	213	212	203	196	201	208	215	2,527
Memorandum:													
Debt Service on H.R. 1 as Passed with Extensions		1	4	13	30	51	68	84	99	115	131	149	744

Sources: Congressional Budget Office and Joint Committee on Taxation.

Notes: EITC = Earned Income Tax Credit; COBRA = Consolidated Omnibus Budget Reconciliation Act; FMAP = Federal Medical Assistance Percentage; SSI = Supplemental Security Income; IDEA = Individuals with Disabilities Education Act; CCDBG = Child Care Development Block Grant; NSF = National Science Foundation; NIH = National Institutes of Health; LIHEAP = Low Income Home Energy Assistance Program; SNAP = Supplemental Nutrition Assistance Program; UC = Unemployment Compensation; BA = Budget Authority; OT = Outlays.

*=less than \$500 million

- H.R. 1 would increase the maximum SNAP benefit by 13.6% in 2009 and hold it steady until the impact of annual indexing has exceeded that increase. For this estimate, CBO assumed that the maximum benefit would increase by 13.6% in 2009 and that benefits would be indexed annually from this new, higher base.
- Includes CBO's estimate of the cost of raising the maximum award for the Pell Grant Program from \$4,241 under current law to \$4,860 under H.R. 1. In addition, this estimate inflates the level of budget authority appropriated for the College Work Study Program in 2011.
- Includes higher funding for infants and special education.
- Assumes the level of funding provided in 2009 will be provided in each year, adjusted for inflation, beyond 2010.