(The following document is two pages in length.)

NATIONAL CENTER FOR POLICY ANALYSIS

Examination of the First 100 Days of the Obama Administration

Since the inauguration of President Barack Obama on January 20, 2009, Americans have witnessed a whole new level of "wealth redistribution" as Congress and the Obama administration have enacted massive new federal spending programs, taking future income from future Americans (income that hasn't even been earned yet by our children and grandchildren) to pay for today's government. As he completes his first 100 days in office, the President has added billions of dollars worth of unfunded programs to the federal books, expanded federal social programs that are already strained to the point of bankruptcy, and ensured that annual trillion dollar budget deficits become routine. Following is a sample of some of President Obama's 100-day domestic policy accomplishments:

1. **S-CHIP expansion**. The President signed legislation to expand the State Children's Health Insurance Program (S-CHIP), which will now pay the health care expenses of approximately 11 million children and adults at a cost of $33 billion over 4½ years. The S-CHIP expansion was paid for with a 62 cent per pack tax increase on tobacco. The Congressional Budget Office (CBO) estimates for every 100 children insured through the S-CHIP program, there is a corresponding reduction ("crowd out") in private coverage of 25-50 children.

   NCPA solution: The federal government already provides a generous tax credit for families with children ($1,000 per child). By using the $33 billion used to pay for S-CHIP expansion, the federal tax credit should be made refundable and conditional on proof that the child has health insurance through the parent's employer plan, an individual plan, S-CHIP, Medicaid or other insurance. This would encourage parents to provide insurance for their own children, and empower low-income parents with a generous tax credit to pay for their children's health insurance. Click here to read John Goodman's plan to provide health insurance for children.

2. **Medicare trigger**. One of the first votes taken by the House of Representatives was to essentially turn off the Medicare "trigger" statute that forces Congress to debate Medicare's out-of-control costs. The provision was buried deep in the package of operating rules that will govern the House throughout the 111th Congress. One line in the text simply said that the Medicare trigger "shall not apply." Because the House has authority to govern itself, they simply exempted themselves from the requirements of the Medicare trigger statute.

   NCPA solution: The Medicare trigger was an idea championed by NCPA and others. It originally passed in 2003. According to the statute, if 45% or more of Medicare's funding comes from general tax revenues for two years in a row, the president must submit (and Congress must debate) legislation to slow spending over a seven-year period and restore fiscal stability. Click here to see NCPA's plan to reform Medicare.

3. **National health reform**. The personal tax problems of national health reform guru Tom Daschle didn't impede the Obama administration's progress toward national health reform during his first 100 days. In his budget, the President proposed a $634 billion "down payment" to finance the $1 trillion or more it will cost to create a new federal health care program. Congress is devising a legislative process to debate national health reform that will limit input from Republicans, control which amendments are allowed to be considered, and eliminate the use of the filibuster in the Senate. Significant pressure is being applied to the federal accounting agencies (CBO, OMB etc.) to manipulate the cost projections for national health reform, fearing that high costs will endanger the passage of the legislation. National health reform is a clear goal of the Obama administration this year.

   NCPA solution: True national health reform will be achieved when we empower doctors and patients to use their intelligence, their creativity and their innovative ability to make the changes needed to create access to low-cost, high quality health care. We do not need more spending, more regulations or more bureaucracy. Click here to read John Goodman's plan to "free the doctor" and "free the patient" from burdensome government control that hinders real reform.

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4. **Economic stimulus**. The largest spending bill ever enacted in the 232-year history of the Republic was the so-called economic stimulus bill designed to spend as much taxpayer money as possible to stimulate the economy. The President signed a massive $790 billion (cost plus interest: $1.1 trillion) stimulus bill that spent money on a "wish list" of liberal priorities, including Amtrak, National Endowment for the Arts, and "community development" programs like swimming pools and bike trails. The stimulus bill actually spent more than allowed by the statutory limit on the national debt, so the bill contained a provision that simply raised the limit. The stimulus bill expanded Medicaid ($87 billion), purchased computers for doctors ($20 billion), and created a board of federal bureaucrats to research the cost-effectiveness of certain medical procedures ($1.1 billion). The bill devoted $8 billion for a 311-mph train between Disneyland and Las Vegas, $165 million for fish hatcheries, and $300 million for federal employee company cars. The Congressional Budget Office (CBO) said the stimulus bill may help in the short term, but will eventually start shrinking the GDP because of the sheer size of debt it creates.

   NCPA solution: Done correctly, economic stimulus would lend permanency and certainty to our economic policy, instead of one-year tax cuts, three-year spending plans, and decades of trillion-dollar debt. Businesses and consumers look for certainty in the government's economic policy before building factories, hiring workers, and making spending decisions. Uncertainty about temporary economic policies creates and perpetuates recessions. NCPA's plan to stimulate the economy would (1) allow immediate business expensing, (2) allow the repatriation of foreign income, (3) permanently cut the payroll tax in half, and (4) make the 2001/2003 tax cuts permanent. Click here to see NCPA's plan to stimulate the economy.

5. **Bailout**. The first 100 days of the Obama administration carried on the tradition of bailouts started last year by the Bush Administration. Congress voted to spend another $700 billion of taxpayer money to shore up bank balance sheets, prevent foreclosures and bolster housing programs, as well as prop up the automobile industry. The President created a federal automobile warranty plan, whereby President Obama personally assured every American that "if you buy a car from Chrysler or General Motors, you will be able to get your car serviced and repaired, just like always. Your warranty will be safe. In fact, it will be safer than it's ever been, because starting today, the United States government will stand behind your warranty." To show he was serious at running the automobile industry, the President fired Rick Wagoner as CEO of General Motors and ordered the car companies to report their plans to improve business and sales. Meanwhile, many banks and other financial institutions either refused to accept federal bailout money or quickly decided to return it – worried that the limits, requirements and conditions being imposed by the Obama administration would tarnish their reputations and make it more difficult to operate in a free market after the recession ends.

   NCPA solution: One of the main causes of the financial crisis and current recession was the rigid mark-to-market accounting rules, enforced by regulators, which forced the drastic write-down in the value of home mortgages, even when investors were both willing and able to hold them until the market improved or to maturity. A cheap way of addressing the financial crisis and saving banks is to suspend these mark-to-market rules. Click here to see NCPA's plan to suspend mark-to-market accounting rules, which would let banks, investors, and others determine the market value of current bank assets. To give the Obama administration some credit, the Federal Accounting Standards Board (FASB) did eventually adopt some of NCPA's recommendations to modify the mark-to-market accounting rules.

6. **Budget proposal**. The President unveiled a $3.6 trillion federal government budget for next year which proposes higher taxes to fund health care, energy projects and deficit reduction. The budget calls for the creation of a "reserve fund" of $634 billion to pay for national health reform. About $316 billion of that amount would come from cuts in Medicare Advantage programs, as well as other cuts to Medicare and Medicaid programs. The remainder would come from tax increases, including a provision that would limit the value of itemized deductions (like mortgage interest and charitable donations) to 28% regardless of the taxpayer's tax bracket. On energy, the budget proposes a new cap-and-trade scheme that would collect $646 billion in new federal revenue. The Obama budget allows the 2001/2003 tax cuts to expire at the end of 2010. The former 35% and 39.6% tax brackets would be reinstated and a personal exemption phaseout and limitation on itemized deductions would also return. The budget also calls for raising the top tax rate on capital gains and dividends to 20%.

   NCPA solution: The President's budget proposal forecasts trillions of dollars in deficit spending and rising national debt over the next decade, which will cripple the economy and force future generations to pay higher taxes. Just as there are steps that consumers can follow to eliminate household debt, there are several steps government can follow to reduce the public debt burden. Stop digging a deeper hole, to begin with. Cut spending, increase productivity, and sell unneeded assets are all things the government can do to reduce long-term government debt. Click here to read NCPA's Six Steps to Paying Off the U.S. Government Debt.