



National Association of State
Auditors, Comptrollers and Treasurers

WASHINGTON UPDATE

444 N. Capitol Street NW, Suite 234 ♦ Washington, DC 20001 January 25, 2010

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Congress Returns From Holiday Recess to Address Job Creation

Congress returned to action last week, renewing efforts to jump-start job growth and creation for 2010 and beyond. Two hearings were held to discuss different policy perspectives on how this could be achieved. On Thursday, the Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education met for a hearing entitled “How to Save and Create Jobs.” Witnesses included Governor Chet Culver of Iowa and Lawrence Mishel, president of the Economic Policy Institute in Washington, D.C.

Part of Governor Culver’s testimony was dedicated to the effects of the American Recovery and Reinvestment Act (ARRA) and the reporting efforts in Iowa. He noted:

“In the first quarterly ARRA report filed in October of 2009, Iowa reported that 5,323 jobs were either created or saved with ARRA funds. In the area of education, there were 2,208 jobs saved... The United States House of Representatives Committee on Transportation and Infrastructure has ranked Iowa as one of the most effective states in putting ARRA highway capital funds to work to quickly create and retain jobs.”

Mr. Mishel’s testimony reinforced the governor’s conclusions:

“The Recovery Act has been effective, pumping over \$250 billion into the economy and generating about 200,000 jobs each month since April—roughly two million jobs overall. The fact that the job situation remains so dismal only reflects how deep a hole the flawed policies that led to this recession had dug. For the most part, those who deny the effectiveness of the recovery package are the very ones who supported the anything-goes,

free market policies that pushed us into this huge hole.”

The webcast and full testimony from all panelists can be found at <http://appropriations.senate.gov/ht-labor.cfm?method=hearings.view&id=4cfb3e47-ac36-4756-8eeb-204294462652>.

In the second jobs hearing, the House Science and Technology Subcommittee on Technology and Innovation took a more forward-looking approach, focusing on generating manufacturing jobs in the coming years. Dennis Hightower, deputy secretary of the Commerce Department, told the subcommittee that the Commerce Department recently established the Office of Innovation and Entrepreneurship, which has been tasked with the duty of removing barriers to entrepreneurship and the development of high-growth and innovation-based businesses. According to Mr. Hightower, the office will work with the White House and other federal agencies to:

- Encourage entrepreneurs through education, training, and mentoring.
- Accelerate technology commercialization of federal R&D.
- Broaden access to capital for entrepreneurs.
- Improve access to government resources for entrepreneurs.
- Explore policy incentives to support innovators, entrepreneurs, and investors.
- Strengthen interagency collaboration and coordination.

The subcommittee hearing can be found at http://science.house.gov/publications/hearings_markup_details.aspx?NewsID=2709.

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House Looks at Long-Term Deficits

Last Thursday, the House Budget Committee held a hearing to get perspectives from experts on long-term deficits and their effects on the economy. **Robert Greenstein**, founder and executive director of the Center on Budget and Policy Priorities, told the committee that lawmakers should set a target GDP number that would normalize the country's balance sheet. He said, "...there is agreement that the general goal should be to stabilize the debt-to-GDP ratio within the next decade. The center specifically calls for deficits to be reduced to no more than three percent of GDP by 2019, and preferably sooner."

Mr. Greenstein also pointed out a different perspective on entitlement spending and its effect on deficits:

"It should be noted that CBO's projections for the coming decade, our analyses, and budget data from recent years indicate that expenditures for programs *other than* Medicare, Medicaid, and Social Security — including entitlement programs other than the 'big three' — will grow *more slowly* than GDP in the decades ahead. These programs consequently are not contributing to the long-term fiscal problem (emphasis added). For this reason, statements that we face a general 'entitlement crisis' are mistaken. This does not mean, however, that programs other than the 'big three' should not be scrutinized for potential savings; they clearly should be."

Testimony from all panelists can be found at <http://budget.house.gov/hearings.aspx#01272010>.

Former U.S. Comptroller General Continues Quest for Fiscal Responsibility

Former U.S. Comptroller General David Walker visited The Daily Show with John Stewart last week to continue in his quest to inform the public of the impending financial crisis if the country continues on its current fiscal path. In his new book, "Comeback America," he notes that the country is in need of an overhaul of policy, operational and political reforms, and criticizes the fact that the country doesn't have a "plan" based on outcome-based indicators in public finance, education, or savings issues. He said it's "...no wonder we're a mess....we don't know where we're going, and we don't know what's working..." He went on to implore President Obama to address these financial issues soon with the American public, preferably during the upcoming State of the Union address.

The full interview can be seen at www.thedailyshow.com/watch/mon-january-18-2010/david-walker.