



National Association of State
Auditors, Comptrollers and Treasurers

WASHINGTON UPDATE

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Transportation Committee Conducts One-Year ARRA Review

With the one-year anniversary of the enactment of the American Recovery and Reinvestment Act (ARRA) now past, the House Committee on Transportation and Infrastructure held a hearing to review the progress of projects attributed to the act. The hearing, entitled "Recovery Act: One-Year Progress Report for Transportation and Infrastructure Investments," focused on implementation efforts in programs across the construction spectrum, including highways, bridges, public transportation, rail, aviation, waterways, flood control, water resource development, wastewater treatment facilities, hazardous waste clean-ups, economic development, and federal buildings. Committee Chairman Jim Oberstar (D-MN) praised the act's impact so far, noting that the initial 10,348 infrastructure projects underway have created or sustained nearly 300,000 direct, on-project jobs, with total employment from these projects (which include direct, indirect, and induced jobs) reaching over 938,000.

Hearing details and the list of panelists can be found at <http://transportation.house.gov/hearings/hearingDetail.aspx?newsid=1094>.

HR 4552 Would Affect Government Benefit and Payment Cards

Last week, Rep. Sander Levin (D-MI) introduced H.R. 4552, the Benefit Card Fairness Act of 2010. The bill was referred to the House Financial Services Committee. H.R. 4552 mandates a

number of changes in the way that government benefits are disbursed. The bill would direct the secretary of Treasury, in consultation with the secretaries of Labor and Health and Human Services, to request proposals from financial institutions for a standard contract in to which a state or local government agency may enter for government payment account services. This refers to electronic payment cards, otherwise known as network-branded prepaid cards used for issuing government payments such as unemployment compensation or child support enforcement payments. The bill would impair the ability of states to procure a financial institution that fits its unique contract needs and would preempt state needs by the federal government's choice of a financial institution.

The bill currently has three co-sponsors. The bill may accessed at www.nasact.org (click on Washington, Bill Tracker, and "Preemption of State Laws").

CBO Releases ARRA Impact Report

The Congressional Budget Office recently unveiled its October 2009-December 2009 American Recovery and Reinvestment Act impact report, highlighting that the act funded nearly 600,000 jobs during the quarter. However, the CBO also noted that the number of jobs does not convey the full story:

"Estimating [ARRA's] overall effects on employment requires a more comprehensive analysis than the recipients' reports provide. Therefore, looking at

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recorded spending to date as well as estimates of the other effects of ARRA on spending and revenues, CBO has estimated the law's impact on employment and economic output using evidence about the effects of previous similar policies on the economy and using various mathematical models that represent the workings of the economy. On that basis, CBO estimates that in the fourth quarter of calendar year 2009, ARRA added between 1.0 million and 2.1 million to the number of workers employed in the United States, and it increased the number of full-time-equivalent jobs by between 1.4 million and 3.0 million."

The CBO report also goes on to note that ARRA's policies raised real GDP by between 1.5 percent and 3.5 percent, and lowered the unemployment rate by between 0.5 percentage points and 1.1 percentage points.

The full report can be found at <http://cbo.gov/ftpdocs/110xx/doc11044/02-23-ARRA.pdf>.

Senators Introduce Bill That Would Fundamentally Change State and Local Government Debt Issuance

Sens. Ron Wyden (D-OR) and Judd Gregg (R-NH) last week held a press conference to unveil new legislation that would fundamentally alter the way state and local government's use debt financing.

The bill, S. 3018, entitled the Bipartisan Tax Fairness and Simplification Act, would prohibit advanced refunding of municipal bonds and turn tax-

exempts into tax credit bonds. Understandably, muni market participants panned the proposal, referring to the bond provisions as confirming the "worst possible fears" of federal interference in the way state and local governments finance their operations, as well as calling it the "wrong direction" in muni market policy.

Sections 110 and 213 of the bill contain the new bond proposals. A draft version of the bill can be found at http://wyden.senate.gov/issues/Legislation/wyden-gregg/bill_draft.pdf.

Judiciary to Look at Medicaid Fraud

On Thursday, March 4, the House Judiciary Subcommittee on Crime, Terrorism, and Homeland Security will hold a hearing on Medicaid fraud. The hearing will focus on the enforcement on criminal laws against those who commit Medicaid fraud and will suggest a crackdown on overall healthcare fraud in across the board. No witnesses have been named as of yet.