



MARLOWE & COMPANY

GOVERNMENT AFFAIRS CONSULTANTS

Memo

To: Marlowe & Company Clients
From: Toby Hicks, Legislative Aide
Re: Senate Passes \$15 Billion Jobs Bill
Date: March 1, 2010

On February 24th, the Senate passed the \$15 billion Hiring Incentives to Restore Employment Act (commonly referred to as the “Jobs Bill”). Thirteen Republicans voted for the bill alongside fifty-five Democrats and two Independents displaying a significant bipartisan consensus.ⁱ The bill focuses on new-worker tax breaks for businesses, and also includes funds for highway construction.ⁱⁱ It also modestly expands federally subsidized bonds designed to help local governments with infrastructure projects.ⁱⁱⁱ

Relative to the previous years’ stimulus packages, \$15 billion is a very small amount and is not meant to have a similar magnitude of effect on the U.S. economy. Estimates are that this stimulus would create approximately 250 thousand jobs. Relative to the [House jobs bill passed in December](#), the Senate bill is directed more towards the private sector rather than direct spending by federal and local governments.

The specifics of the hiring incentive in the Senate bill are that, for new workers who are hired in 2010 and have been unemployed for at least 60 days, employers would not have to pay their 6.25% share of federal payroll taxes. Additionally, if the hired employee is still with the employer after a full year, the business owner would receive a \$1,000 tax credit.^{iv} The Congressional Budget Office estimates the tax incentives program to cost \$9.8 billion in 2010-2011 and a further \$3.2 billion before 2020.^v

The Senate bill must now be reconciled with the House’s larger \$154 billion Jobs for Main Street Act that was passed in December 2009. The House’s bill focuses on stabilizing jobs through infrastructure investments, stabilizing public service jobs, and continuing emergency funding for

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families hurt by the economy.^{vi} A Marlowe & Company memo was released on December 16 describing of the Jobs for Main Street Act in more detail.^{vii}

The main point of contention between the two bills is the difference in size. For example, the House bill proposes \$26.7 billion aid to local governments none of which is included in the Senate bill.^{viii} The Senate's bill is literally ten times smaller than the House's and thus cannot address nearly as many components.

An additional potential problem with the Senate's bill is that many House members feel that highway funds will benefit projects in California, Illinois, Louisiana, and Washington more than other states. Those four states would receive 57% of \$932 million for two highway programs while twenty-two states would receive nothing.^{ix} Congressional Black Caucus members may also not support the bill because it lacks provisions for job training and public programs in the areas with the highest unemployment. Finally, conservative "Blue Dog" Democratic House members are taking issue with the bill's flagrant violation of the recently enacted pay-as-you-go budget rules.^{xxi} The House may try simply to pass the smaller Senate bill to achieve something now and then later address the programs that were not funded.

ⁱ Rudin, Ken. (2010). Senate, With 13 Republican Votes, Passes Reid's Jobs Bill. National Public Radio Political Junkie Blog, February 24, 2010. Retrieved from

http://www.npr.org/blogs/politicaljunkie/2010/02/senate_with_13_republican_vote.html?ft=1&f=97248522.

ⁱⁱ Hulse, Carl. (2010). Senate Approves \$15 Billion Jobs Bill. The New York Times, February 24, 2010. Retrieved from

<http://www.nytimes.com/2010/02/25/us/politics/25jobs.html>.

ⁱⁱⁱ Boles, Corey. (2010). Senate approves job-creation bill. *The Wall Street Journal*, February 25, 2010. Retrieved from

<http://online.wsj.com/article/SB20001424052748704240004575085410014175900.html>.

^{iv} Boles, Corey. (2010). Senate approves job-creation bill. *The Wall Street Journal*, February 25, 2010. Retrieved from

<http://online.wsj.com/article/SB20001424052748704240004575085410014175900.html>.

^v Staff. (2010). Cost estimate of Senate jobs bill. The Committee for a Responsible Federal Budget, February 19, 2010. Retrieved from

<http://crfb.org/blogs/cost-estimate-senate-jobs-bill>.

^{vi} Obey, David. (2009). Summary: Jobs for main street act of 2010. Committee on Appropriations, December 15, 2009. Retrieved from

http://appropriations.house.gov/pdf/Jobs_for_Main_Street_Act_of_2010_Summary.pdf.

^{vii} Willis Michael, & Hicks, Arthur (Toby). (2009). Memo Re: Jobs for Main Street Act. Marlowe & Company, December 16, 2009.

^{viii} Trumbull, Mark. (2010). Harry Reid scales back Senate jobs bill, reflecting voter anger. *The Christian Science Monitor*, February 11, 2010. Retrieved from

<http://www.csmonitor.com/USA/2010/0211/Harry-Reid-scales-back-Senate-jobs-bill-reflecting-voter-anger>.

^{ix} Clarke, David. (2010). House Democrats Lodge Complaints About Senate-Passed Jobs Bill. *Congressional Quarterly*, February 24, 2010. Retrieved from

<http://www.cq.com/document/display.do?docid=3297970&sourcetype=6>.

^x Pershing, Ben. (2010). Jobs agenda stalled at both ends of the Capitol. *The Washington Post* 44 Politics and Policy in Obama's Washington blog, February 26, 2010. Retrieved from

<http://voices.washingtonpost.com/44/2010/02/jobs-agenda-stalls-at-both-end.html?wprss=44>.

^{xi} Clarke, David. (2010). Multiple House factions resist Senate jobs bill. *Congressional Quarterly*, February 25, 2010.

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