

# Report Card on Senator Grassley's Stimulus Package

## *Fails the Test for Economic Stimulus*

<u>Principle</u>	<u>Grassley Plan</u>	<u>Grade</u>
<b>Temporary:</b> Proposals should sunset within one year to the extent practicable	\$143 billion of total tax cuts are permanent, representing 82% of total net costs, FY 2002-11	<b>Fails</b>
<b>Rapid impact:</b> A substantial portion of the fiscal impact should be felt within six months	Nearly 48% of the ten-year cost of the package occurs after the first year. <u>The bill costs \$78 billion in FY 2003 and \$60 billion in 2004</u>	<b>Fails</b>
<b>Size:</b> Approximately \$60 billion	The bill costs \$91 billion in FY 2002 and \$175 billion over ten years, ( <u>excluding</u> interest costs)	<b>Fails</b>
<b>Targeting:</b> Stimulus dollars should go to those most likely to spend them and those most vulnerable in an economic downturn	In first year, 44% of tax cuts go to the wealthiest one percent of taxpayers; only 18% go to the bottom three-fifths of taxpayers	<b>Fails</b>
<b>Long-term:</b> Package should not worsen long-term economic situation and increase interest rates	Reduces surplus by \$204 billion <b>after FY 2002</b> ( <u>including</u> interest costs)	<b>Fails</b>