

LEGISLATIVE ALERT

BY THE COMMITTEE ON THE BUDGET, REPUBLICAN CAUCUS

B-71 Cannon House Office Building
Washington, DC 20515
Representative Paul Ryan, *Ranking Republican*

Phone: (202)-226-7270
Fax: (202)-226-7174
James T. Bates, *Republican Staff Director*

THE MAJORITY'S SCHIP PLAN A \$40-BILLION BAIT-AND-SWITCH

24 September 2007

Although the final language is not yet available, based on recent press reports, the Majority's SCHIP expansion package will mirror the Senate-passed SCHIP bill (S. 1893). Assuming that is the case, this bill will employ one of the Majority's most egregious budget gimmicks to date.

- **Creates an SCHIP Funding Cliff.** The Majority's bill language is manipulated to mask the true cost of their massive entitlement expansion, with a precipitous funding "cliff."
 - *The Bait-and-Switch.* It dramatically increases Federal funding to enroll new children in SCHIP for the next 5 years, then – *six months into 2012* – it abruptly cuts SCHIP funding by 80 percent – which is below current levels.
 - *The Funding Amounts.* Specifically, the bill authorizes \$14.25 billion during the first 6 months of 2012; then slashes the amount to \$1.75 billion for the second 6 months of that year; and then assumes the lower level for the duration of the program. The likelihood of all this happening is, approximately, zero.

- **Misleads Either Taxpayers or Children.** This spending gimmick will achieve one of the following:
 - *Option 1: Fool American Taxpayers and Circumvent Their Own PAYGO Rules.* Democrats are purposely misleading American taxpayers by "fudging" the actual cost of their entitlement expansion plan by \$40 billion. This deliberate understating of their bill's true cost also allows the Majority to evade their own pay-as-you-go [PAYGO] rule, in which they promised to "pay for" their entitlement expansions. Gimmicks aside, the true cost of the bill will likely be more than \$110 billion.
 - *Option 2: Force 5 Million Children Off of SCHIP and Onto Medicaid – and Hike Medicaid Spending.* With its front-loaded spending, the bill draws millions of children into the SCHIP program – though many of them already have health insurance today. Then by cutting the funding in 2012, the Majority yanks the rug out from under these children, depriving them of any health coverage at all. States will respond by moving those children into Medicaid – adding to the \$42.3-billion Medicaid spending increase already contained in the bill.

The Majority clearly is desperate to expand entitlements at any cost. In this case, the cost will fall either on the taxpayers, or on 5 million children the Majority claims to be "serving."