

MYTHS VS. FACTS: AMERICAN RECOVERY & REINVESTMENT ACT

On Wednesday, the House will consider the American Recovery and Reinvestment Act, which will create jobs and secure long-term economic growth by investing in the future. However, opponents of this plan have spread several myths about the potential impact of this important legislation, which is essential to an economic recovery. Following are a few examples of how the opponents of this plan are misrepresenting the facts:

MYTH: MUCH OF RECOVERY ACT WILL NOT PROVIDE IMMEDIATE RELIEF

“Unfortunately, the trillion-dollar spending plan authored by congressional Democrats is chock full of government programs and projects, most of which won't provide immediate relief to our ailing economy.” [*House Republican Leader John Boehner, 1/24/09*]

FACT: BOLD ACTION NEEDED, VAST MAJORITY WILL IMMEDIATELY BOOST OUR ECONOMY

“Increased government spending provides a large economic bang for the buck and thus significantly boosts the economy. The benefits begin as soon as the money is disbursed.” [*Mark Zandi, Chief Economist at Moody's Economy.com and former advisor to John McCain's presidential campaign, 1/21/09*]

“Our analysis indicates that at least 75 percent of the overall package (including its tax component and the other spending provisions that were not analyzed by the Congressional Budget Office) will be spent over the next year and a half (the rest of fiscal year 2009 and fiscal year 2010).” [*Peter Orszag, Director, Office of Management and Budget, 1/22/09*]

MYTH: RECOVERY ACT WILL NOT CREATE JOBS

“When it comes to slow-moving government spending programs, it's clear that it doesn't create the jobs or preserve the jobs that need to happen.” [*House Republican Leader John Boehner, 1/21/09*]

FACT: RECOVERY ACT IS EXPECTED TO CREATE OR SAVE MORE THAN 3 TO 4 MILLION JOBS

“There are 4 million more jobs with than without the stimulus by the fourth quarter of 2010; equal to 3% of the job base.” [*Mark Zandi, Chief Economist at Moody's Economy.com and former advisor to John McCain's presidential campaign, 1/21/09*]

MYTH: JOB CREATION WILL COST THE TAXPAYERS \$275,000 PER JOB

“All told, the plan would spend a whopping 275,000 dollars in taxpayer dollars for every new job it aims to create, saddling each and every household with 6,700 dollars in additional debt - paid for by our children and grandchildren.” [*House Republican Leader John Boehner, 1/24/09*]

FACT: RECOVERY ACT MAKES TARGETED INVESTMENTS TO REPAIR ECONOMY

“First, there's the bogus talking point that the Obama plan will cost \$275,000 per job created. Why is it bogus? Because it involves taking the cost of a plan that will extend over several years, creating millions of jobs each year, and dividing it by the jobs created in just one of those years... The true cost per job of the Obama plan will probably be closer to \$100,000 than \$275,000 — and the net cost will be as little as \$60,000 once you take into account the fact that a stronger economy means higher tax receipts.” [*Paul Krugman, New York Times Columnist and Nobel Prize Winner in Economics, 1/26/09*]

MYTH: RECOVERY PLAN INCLUDES FUNDING FOR CONTRACEPTIVES

“How can you spend hundreds of millions of dollars on contraceptives? How does that stimulate the economy?” [*House Republican Leader John Boehner, 1/25/09*]

FACT: PLAN INCLUDES FUNDING FOR STATES TO HELP MEET HEALTH CARE COSTS

This provision streamlines current options available to states choosing to offer family planning health care coverage to low-income women. Like other health care provisions in the recovery package, this is a preventative, cost-saving measure. According to CBO, this measure will save federal and state governments \$200 million over five years, and \$700 million over ten years.

MYTH: STATE FUNDING WILL NOT HELP ECONOMIC RECOVERY

“Providing \$300 billion of this package to states--\$166 billion in direct aid to the states, another \$140 billion in education funding--this is not going to do anything, anything to stimulate our economy, to help the--our ailing economy.” [*House Republican Leader John Boehner, 1/25/09*]

FACT: FUNDING FOR STATES IS ESSENTIAL FOR NATION’S ECONOMIC RECOVERY

“Federal aid to state governments will fund existing payrolls and programs, providing a relatively quick boost. States that receive checks from the federal government will quickly pass the money to workers, vendors and program beneficiaries.” [*Mark Zandi, Chief Economist at Moody's Economy.com and former advisor to John McCain's presidential campaign, 1/21/09*]