Development of the Emergency Economic Stabilization Act of 2008

A Side-by-Side Comparison of Key Features of the Economic Rescue Plan

updated October 1, 2008

	Sec. Paulson's Initial Plan	Frank-Dodd Congressional Plan	Emergency Economic Stabilization Act (current version)
Money	$700B given to Treasury Sec., no strings attached	$700B delivered in $150B segments. Each segment may be delayed by Congressional disapproval	$250B immediately available to the Treasury Secretary. $100B available upon a report to Congress, certified by President. $350B only available upon Congressional action.
Insurance			Establishes a federal insurance program (not at taxpayer expense) funded by premiums collected from companies that insure their bad debt through the Treasury, rather than sell it to the federal government.
Executive Compensation		Far-reaching executive compensation standards affecting companies regardless of involvement in the financial crisis. Also, the deduction on executive pay lowered to $400,000 for ALL companies.	To ensure bad actors are not rewarded: - Total takeovers--no golden parachutes or severance pay. - Cases totaling over $300M of equity participation--no golden parachutes for top 5 execs and tax deductions on compensation limited to $500,000.
Oversight/ Transparency		Multiple and duplicative reporting and oversight requirements.	- Establishes bipartisan oversight commission - Creates a Special Inspector General - Forms a financial stability oversight board - Implements strict conflict-of-interest and unjust-enrichment rules - Requires President to submit a legislative proposal to recoup losses from program beneficiaries, only if program causes net loss of taxpayer funds after 5 years.
Union Take-Over of Corporate Boards		Union bosses given seats (and "Say on Pay") on the boards of financial companies in which the Treasury Dept. buys a direct stake in certain assets.	
Housing Slush Fund		Taxpayer-paid slush fund for groups like ACORN.	
Bankruptcy "Cramdown"		Allows bankruptcy judges to unilaterally reduce mortgage principal in a trial bar give-away.	
Mark-to-Market Accounting			SEC given authority to suspend "mark-to-market" accounting rules that artificially undervalue good mortgage assets (these made our current crisis even worse).
Equity/Warrants		Mandatory equity interest in all participating firms.	Mandatory equity interests in total takeover scenario. Proportional equity interest based on percentage of assets sold if deemed appropriate by the Secretary.
Tax benefits for community banks			Helps community banks by allowing them to write off losses on Fannie Mae and Freddie Mac mortgage assets they hold.
Provisions to help individuals and communities			- Increases FDIC limit temporarily from $100k to $250k to protect small savers - Reauthorizes Secure Rural Schools (County Payments) and PILT for next 4 years - Protects middle-class taxpayers from a tax increase with a one-year AMT patch - Offers numerous tax credits to help individuals and small business owners, including tax credits for renewable energy