

element of the payroll tax. So which is it? Do we agree that payroll taxes that are increased are unhelpful to job creation?

According to Timothy Bartik of the Economic Policy Institute:

The employer tax credit in the Senate jobs bill is likely to create few jobs and at an excessively high cost.

As I have said, up to \$200,000 per job. He explains it this way:

Awarding credits for hires can be very expensive. Over a one-year period, the number of hires, as a percentage of total private employment, is over 40 percent even during a recession. To pay for hires that would have occurred anyway will be expensive and won't necessarily increase total private sector employment. The Schumer-Hatch design tries to avoid some of these large costs in several ways. First, credits are limited to hiring the unemployed, apply only to the rest of 2010, and are only worth 6.2 percent of the new hire's payroll costs. The retention bonus is of modest size and delayed. While these limits control costs, they also hamper the credit's benefits.

Limiting the credit to hiring someone unemployed at least 60 days makes the credit less attractive to employers.

Not only does the credit become more complicated to claim (which reduces its effectiveness), but it restricts the employer's hiring to a more limited pool of workers.

Bartik also explains that past experiences—for example, with the targeted jobs tax credit, the work opportunities tax credit, and the welfare-to-work tax credit—show that tax credits to encourage hiring disadvantaged workers usually generate little employer interest and have a negligible effect upon employer behavior. He says:

Employers are happy to claim such credits, if they happen to meet the credit's rules, but they are reluctant to change their behavior in response to such targeted tax credits.

So even the one provision of the bill that actually has some alleged relationship to job creation probably would not and, to the extent it does, would cost an extraordinary amount of money per job actually created.

Let me turn to one of the ways in which these expenses are allegedly offset: delaying the application of the so-called worldwide interest allocation. This is a very bad idea. This delays implementing a corporate tax reform we passed in 2004 in order to help American businesses properly account for their overseas income and, frankly, be more competitive with those abroad.

The worldwide interest allocation rules were originally improved as part of the American Jobs Creation Act of 2004, as I said, and were scheduled to take effect in 2009. However, the Housing and Economic Recovery Act of 2008 delayed the effectiveness of these rules by 2 years to 2011. The Worker, Homeownership, and Business Assistance Act of 2009 that extended the first-time home buyer tax credit further delayed the effectiveness of these rules to 2018.

The so-called jobs bill would delay this provision through the end of the existing budget window to 2021. Repeated delays have the same effect as repeal: an increase in the effective cor-

porate tax rate. As I said, that does nothing to help our American businesses in their desire to compete overseas.

So these are just some of the reasons why I am not going to be able to support the HIRE Act, and I would urge my colleagues, since we are not going to have an opportunity to amend it, to oppose it as well.

Might I ask, Mr. President, how much time I have remaining?

The PRESIDING OFFICER. The Senator has 5 minutes.

HEALTH CARE

Mr. KYL. Mr. President, I wish to address now the health care legislation we passed in the Senate and that is pending over in the House of Representatives.

There is a news report that Democrats are going to use the strangest of all procedural tactics to try to pass the Senate health care bill over in the House of Representatives, and this is against a backdrop of a lot of strange things—the use of the reconciliation process, all the backroom deals that result in the various benefits for various Senators and Representatives—we have heard so much about.

It almost seems Democratic leaders view the views of their constituents as an obstacle to be overcome, and every time the polls show even more opposition to the legislation, they decide to try even more clever ways of getting around their constituents' views—wheeling and dealing, backdoor legislation—but nothing quite as brazen, I guess I would say, as the process we now see developing. This is a process I became familiar with as a Member of the Senate—not when I was in the House of Representatives because I do not believe it was ever used then, although it might have been and I was not aware of it. But it is a process by which House of Representatives Members can actually say they have passed a piece of legislation without ever voting on it.

You might say: That does not quite comport with what I learned in eighth grade civics class, and you would be right. We all know the only way a President can sign a bill is if identical versions of legislation pass both the House and the Senate.

Well, the House does not want to have to vote on the Senate health care bill because, as the Speaker of the House said: "Nobody wants to vote for the Senate bill." So now what they have done is concoct a way you can actually pass the bill without ever voting for it, and it is by including the substantive Senate-passed bill into the rule that as a procedural matter the House votes on to consider each measure. So as a rule to consider the reconciliation bill is brought to the House floor, it would contain a provision that would deem the Senate-passed bill passed, even though the House Members would never vote on it.

That is wrong. It is probably unconstitutional. Any House Member who believes he or she can go home and say to their constituents: Well, I never voted for the Senate-passed bill is, frankly, not going to get away with it because, by voting for the rule, they will have voted for the Senate-passed bill.

It seems to me this is the time for principled Members of the House of Representatives to stand and say: Enough. I may even somewhat like what we are trying to do with this health care legislation, but somebody has to stand for principle, and principle means, at a minimum, voting for legislation that you send to the President for his signature—not standing behind a rule which deems legislation to have been passed, even though it was never separately voted on.

It seems to me, first of all, we should make it crystal clear we will make this famous to the American people, if in fact they decide to use this process—something that has never been used for a bill such as this before. This so-called deeming rule will become part of the lexicon of American political discourse, and people will come to know it, just like they did the House banking scandal and certain other things here in Washington, to represent a time period and a group of people who were willing to violate all rules of sensibility, of morality, as well as legality in order to try to accomplish ends that could not be accomplished in other ways.

Nobody who votes for this rule and then later claims they did not have anything to do with passing this Senate bill is going to be able to get away with that. The American people will understand it. Frankly, whether they are sympathetic to the underlying health care legislation, they are not going to be sympathetic to Members of the House of Representatives who decide to do this kind of end run, this sort of scheme to deem a bill passed that has never been separately voted on in that body.

I hope the health care legislation we have now debated for a year can stand or fall on its merits. The American people have made it clear they do not want this legislation. Twenty-five percent do, but seventy-three percent have said either stop altogether or stop and start over. That is what we should be doing. Because of this wave of opposition by our constituents, our colleagues in the House should not try to get around that by using a procedure that is totally inappropriate to the purpose.

The PRESIDING OFFICER. The Senator has spoken for 10 minutes.

Mr. KYL. Mr. President, might I make a parliamentary inquiry: Is there more time remaining on the Republican side?

The PRESIDING OFFICER. Fifty-one minutes.

Mr. KYL. Thank you, Mr. President. What I would like to do, until Senator GRASSLEY arrives—I first ask

unanimous consent to have printed in the RECORD a letter from Gov. Janice K. Brewer of Arizona, dated March 10, 2010, to President Barack Obama.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE,
STATE OF ARIZONA,
Phoenix, AZ, March 10, 2010.

Hon. BARACK OBAMA,
President of the United States, The White House, Washington DC.

DEAR MR. PRESIDENT: We share common ground in that we have both been called to lead during some of the most difficult times our nation has faced. Like you, I hear painful stories on a regular basis from people who are struggling to survive.

Yet in their time of need, our state government is on the brink of insolvency.

During this downturn, Arizona has lost the largest percentage of jobs in the United States. The flagging economy has resulted in a loss of state revenues in excess of 30%, placing tremendous pressure on our state budget. Today, Arizona faces one of the largest deficits of any state.

There is no doubt that this fiscal calamity has been compounded by the enormous spending increases we are facing as a result of our Medicaid program, which has seen population growth of almost 20% in the past 12 months.

It is for that reason I write to you today.

You have repeated on several occasions that the debate on health care reform has consumed the past year and you most recently called on Congress to vote the measure "up or down". As the Governor of a state that is bleeding red ink, I am imploring our Congressional delegation to vote against your proposal to expand government health care and to help vote it down.

The reason for my position is simple: we cannot afford it. And based on our state's own experience with government health care expansion, we doubt the rest of America can, either.

Arizona is one of a few states that have pursued health care policies similar to those that you are proposing for the nation. In 2000, Arizonans voted to provide health care coverage up to 100% of the federal poverty limit for all residents, including childless adults, through the expansion of the state's Medicaid program.

While the expansion resulted in a modest reduction in the state's uninsured rate, the voters did not earmark adequate funding for the expansion and, as a result, our expenditures have become unsustainable, exploding from \$3.0 billion to \$9.5 billion during the past decade. Based on our state's own experience with underfunded government health care programs, Arizona can serve as a case in point for what will happen across our nation if your proposal is enacted.

Even with generous and enhanced federal matches, as well as recognition as one of the country's best Medicaid models, the program today demands nearly one in five state dollars. As a result, we find ourselves even more limited in our ability to invest in other critical state services, such as education and public safety, not to mention job creation and other economic development activities.

Unfortunately, your proposal to further expand government health care does not fix the problem we face in Arizona. In fact, it makes our situation much worse, exacerbating our state's fiscal woes by billions of dollars. Following are some of Arizona's concerns:

Makes Arizonans pay twice to fund other states' expansions—Your proposal continues the inequities established in the Senate bill with regard to early expansion states. While

there is some mention of additional funding for states that have already expanded coverage, it is clear it will not fully cover the costs we will experience as a result of the mandated expansion. Therefore, Arizona taxpayers will have the misfortune to pay twice: once for our program and then once more for the higher match for other states.

Makes states responsible for financing national health care—In addition, your proposal, as well as the Senate bill it is based on, effectively terminates the partnership that has existed with the states since the inception of Medicaid. For 28 years, Arizona and the federal government have been partners in administering the Medicaid program. States have been provided with important flexibility to develop and create programs that work for their citizens. However, under your proposal, more power is centralized in Washington, DC, and the states become just another financing mechanism. Not only will states be forced to pay for this massive new entitlement program our ability to control the costs of our existing program will be limited. These policies are simply not sustainable, and will result in a greater burden on state budgets and state taxpayers.

Creates a massive new entitlement program our country cannot afford—Your proposal creates a vast new entitlement program that our country does not have the resources to support. Our nation faces trillion dollar deficits far into our future. Medicare has an unfunded liability of \$38 trillion, and physicians are destined to realize a 21 percent decrease in Medicare reimbursement until Congress finally accounts for the \$371 billion in additional costs associated with their rates.

Mr. President, I am concerned that Washington does not recognize the fiscal realities states are facing, and likely will continue to face, for several years to come. Our country is living beyond its means and the federal government is leading the way by its example.

As Governor, it has been a painful process to move the State towards fiscal sanity. I have even proposed a temporary revenue increase, something I have never done in my 28 years of public service, to help mitigate impacts to education, public safety, and health services for our most extremely vulnerable citizens. Though Arizona's budget deficit is not of my creation, I am firm in my determination and responsibility to resolve it. I believe we have a moral imperative as leaders to not bankrupt and diminish the capacity of future generations.

I understand that there are tremendous pressures to show some progress on health care given the time and effort that has been spent to date on this important issue. Indeed, improving access to quality health care is a laudable goal. However, the approach being taken by your administration has been proven by states like Arizona to be unsustainable in the long run.

Mr. President, I humbly request that you heed Arizona's experience and reconsider your proposed policies that will further strain already overburdened state budgets.

Thank you for your consideration, and for your tireless efforts on behalf of our citizens.

Yours in service to our great nation.

Sincerely,

JANICE K. BREWER,
Governor.

Mr. KYL. Let me briefly describe the reason for this request.

Arizona is suffering, as are other States, from the economic downturn. We have an unemployment rate now that has more than doubled. In fact, it has gone from 3.6 percent in June of 2007 to 9.2 percent this month. Our

State faces a \$1.4 billion shortfall in the current fiscal year and a \$3.2 billion shortfall for the next fiscal year, despite the fact that the Governor and the State legislature have imposed significant spending reductions.

State revenues are down by 34 percent. Notwithstanding this, over 200,000 Arizonans have enrolled in the State's Medicaid Program, known as AHCCCS—which is our Arizona health Care Cost Containment System—just since the beginning of 2009. That is nearly 20,000 new enrollees every month. The last thing, given these kinds of numbers, Washington should be doing is making the States' economic or fiscal problems even worse. Yet that is exactly what Governor Brewer says the Senate health care bill would do because it would require every State to expand its Medicaid Program.

The Federal Government would foot the bill for 3 years. Then the States would have to help finance the expansion in 2017 and in subsequent years. She estimates the bill would increase the cost in Arizona by nearly \$4 billion over the next 10 years. Making matters worse, the early expansion States—States such as Arizona that have already expanded Medicaid to cover the uninsured, as I noted—will actually get fewer Federal dollars than the States that have not yet expanded their Medicaid Programs, in effect punishing those who have tried to do the right things—the exact things Democrats have wanted in the health care bill.

As she observed in her letter:

Arizona taxpayers will have the misfortune to pay twice: once for [Arizona's] program and then once more for the higher match for other states.

Additionally, States currently retain important flexibility in administering their Medicaid Programs so they are not caught off-guard as the economy changes. But as Governor Brewer notes, that flexibility would be eliminated under the Senate bill. She says:

Under your proposal, more power is centralized in Washington, DC, and the states just become another financing mechanism. Not only will states be forced to pay for this massive new entitlement program, but our ability to control the costs of our existing program will be limited. These policies are simply not sustainable, and will result in a greater burden on state budgets and state taxpayers.

Mr. President, since I put the letter in the RECORD, I will not reflect further on it but note the fact that this is yet one more reason for Members to oppose the Senate-passed bill in the House.

The PRESIDING OFFICER. The Senator from Iowa.

HIRE ACT

Mr. GRASSLEY. Mr. President, one of the provisions the Democratic leadership decided to put in this HIRE bill is the expansion of Build America Bonds. Build America Bonds is a very rich spending program; however, it is