



FACTS & OPINIONS

On Public Interest Issues

Quotes

Let every citizen remember at the moment he is offering his vote that he is not making a present or a compliment to please an individual -- or at least that he ought not so to do; but that he is executing one of the most solemn trusts in human society for which he is accountable to God and his country.

- Samuel Adams

There are always too many Democratic Congressmen, too many Republican Congressmen, and never enough U.S. Congressmen.

- Author unknown

I always like to go to Washington, D.C. It gives me a chance to visit my money.

- Bob Hope

10 Frightening Facts on Obama's Budget National Taxpayers Union Foundation

(Alexandria, VA) – Even after warning that the federal government “cannot continue to borrow against our children’s future, or allow special interests to determine how public dollars are spent,” President Obama’s Fiscal Year 2011 budget released on February 1, 2010, fails on both counts, according to an analysis from the non-partisan National Taxpayers Union Foundation (NTUF).

“As hard as the White House tries to reassure Americans about the nation’s finances, taxpayers have many reasons to be afraid – very afraid – that President Obama’s team won’t fare any better at controlling deficit spending than the Bush Administration did,” said NTUF Senior Policy Analyst Demian Brady. “Combine this with the current President’s embrace of economy-killing tax policies, and the outlook is largely grim.” Here are NTUF’s 10 under-reported facts about President Obama’s budget:

• 1) Debts Arrive Sooner. Last

year’s budget projected that Gross Federal Debt would hit 100 percent of Gross Domestic Product (GDP) in 2017. This year’s budget now predicts the mark will be reached in 2012.

• 2) Budget Restraint: More Like a Toothpick than a Hatchet or a Scalpel. Outlays as a percentage of GDP are estimated to reach 25.1 percent in 2011, a slight improvement from 25.4 percent in 2010. The last two years when outlays as a percentage of GDP were higher than 25 percent in two successive years were 1944 and 1945; by 1950, it had dropped to 15.6 percent. By 2015, outlays are still forecast to reach 22.9 percent.

• 3) Recycled Program Cuts. The budget lists cuts and reductions to 78 discretionary programs totaling \$10.3 billion annually. Of these, 24 items (representing \$4.5 billion in savings) were also included in last year’s list of savings and terminations, which means

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Dr. Don Racheter

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Focus on Iowa Wesleyan College

Iowa Wesleyan College has always been proud of its record and its outstanding commitment to public service and civic involvement. It now has a national honor to go with its long-standing record of involvement. The college was recently named to the 2009 President's Higher Education Community Honor Roll, which recognizes colleges and universities across the country that "support innovative and effective community service and service-learning programs." The program at Iowa Wesleyan College has been active since 1968 and according to the school's press release is one of the oldest service learning and civic-engagement programs in the country. The school says that since the inception of the program more than 6,200 students have served in the program and they have contributed more than one million hours of community service.

It is certainly a record to be proud of and we heartily congratulate the College on its recognition. The award was presented by the Corporation for National and Community Service and is sponsored by the President's Council on Service and Civic Participation, the USA Freedom Corps, the United States Department of

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What's New at Public Interest Institute?

Public Interest Institute is proud to announce the appointment of our President, Donald Racheter, in February to the Iowa Advisory Committee for the United States Commission on Civil Rights. Dr. Racheter was one of 12 Iowans appointed to the Advisory council, which is chaired by George Neumann of Iowa City. The appointments are to two-year terms.

The United States Commission on Civil Rights is a bipartisan, independent federal agency which has been directed by Congress to establish advisory commissions in each of the 50 states and the District of Columbia. The advisory committees report to the United States Commission, which is appointed by the President of the United States and Congress to conduct research and advise them on civil rights issues. The Advisory Board Members serve without compensation as a public service. We are pleased to announce that Dr. Racheter was selected to lend his expertise to this panel.

We are happy to announce the return of a former staff member to our organization. Jennifer L. Crull rejoined the staff of Public Interest Institute on March 15, 2010. Jennifer

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10 Frightening Facts on Obama's Budget

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they've already been rejected by Congress. Twenty-five mandatory program changes are proposed, 15 of which were lifted straight out of last year's budget. New cuts range from the commendable – \$3.5 billion for NASA – to the paltry: \$5 million by cutting grants to worsted wool manufacturers.

- 4) Tax Hikes Masquerading as Spending Cuts. Of the 25 mandatory program changes mentioned above, claiming a “savings” of \$47.2 billion over five years, \$19.2 billion of the total comes from the repeal of 12 energy-related tax credits. These are more properly classified as revenue increases. Of the remaining actual cuts to mandatory outlays, about 90 percent of the savings (\$25.1 billion) are attributable to one proposal: termination of lender subsidies in the Federal Family Education Loan Program, itself a holdover item from last year's budget.

- 5) Spending Hikes Masquerading as Tax Cuts. The budget shows that federal outlays will increase by \$67.5 billion over 2011-2015 strictly because of proposed changes in tax policy (as opposed to foregone revenues). This includes \$13.8 billion to “reform and extend Build America bonds” and \$547 million to “extend COBRA health insurance premium assistance.” The rest is

for “refundable” (i.e., in excess of an individual's actual tax liability) credits. The largest share of this is \$22.0 billion to extend the “Making Work Pay” tax credit in 2011. The long-term costs could rise significantly if this “temporary” tax credit is extended in future years.

- 6) Hidden Tax Increases on Consumers and Workers. Perhaps the hardest-hit sector in Obama's budget is oil and gas – one of the few areas of the economy with decent short-term employment and growth prospects. Between the clawback of tax credits, repeal of deductions for domestic production available to others, and punitive changes in reporting rules, taxes on U.S. oil and gas producers will rise by \$40 billion – which will ultimately be passed on to consumers.

Meanwhile, new fees for spectrum licenses (over and above auctions) as well as higher agricultural inspection charges could burden telecom customers and air travelers, respectively. The Administration is also planning on making a supposedly temporary 33 percent increase in the Federal Unemployment Tax permanent, making it costlier to hire new workers.

- 7) Rosy Revenue Projections, Especially for Corporate Filers. Between 2010 and 2012, the Administration hopes that its personal income tax increases on upper brackets, combined with cuts for lower ones, will still lead to a 42 percent increase in individual income tax

revenue. Over that same period, its business tax changes, consisting primarily of punitive, uncompetitive policies on U.S. firms' earnings abroad, are supposed to lead to a 133 percent increase in corporation income tax revenue. Such a huge jump would be unprecedented in peacetime. The last time corporate income tax revenues increased by anywhere near this amount (111 percent) in any given three-year period was between 2003 and 2005 – during the Bush tax cuts!

- 8) Stimulus Officially a Bust. In last year's budget, unemployment at the end of President Obama's first term was projected at 6.0 percent, assuming enactment of the so-called “stimulus” bill. The current budget puts the 2012 rate at 8.2 percent.

- 9) More Bailouts for the Politically Connected. The Obama Administration proposes a new tax on financial institutions, in part to supposedly recover Troubled Asset Relief Program (TARP) funds for taxpayers. While the White House projects a drawdown in TARP equity fund purchases, from \$106 billion in 2010 to \$13 billion in 2020, Uncle Sam will own huge amounts of preferred stock from Government-Sponsored Enterprises like Fannie Mae and Freddie Mac in seeming perpetuity – climbing from \$102 billion in 2010 to \$115 billion in 2011, and remaining at that level through 2020. State governments, which have lobbied Washington hard

for more cash, would win big under Obama's budget: \$25.5 billion for a six-month extension of relief from Medicaid's joint federal-state program payments.

• 10) Rhetoric vs. Reality. Despite pledges to bring troops home from overseas, defense outlays would rise by 3.4 percent next year, and even that assumes Congress will approve controversial reductions in programs such as the C-17 cargo aircraft. The Administration also recommends abandoning the Yucca Mountain nuclear waste repository, even as the Energy Department continues to pursue a license for the plan.

"Although there were bright spots in the Administration's budget, including continuation of some Bush tax cuts, a permanent research and experimentation tax credit, bonus depreciation, reform to the taxpayer-backed Terrorism Risk Insurance Program, and removal of cell phones as listed property for tax purposes, Americans will find a mostly gloomy fiscal horizon ahead for their country if the President's proposals become law," Brady concluded.

NTUF is the research affiliate of the 362,000-member National Taxpayers Union, a non-profit advocacy group founded in 1969. Note: For additional budgetary analysis, visit www.ntu.org. (Reprinted with the permission of the National Taxpayers Union Foundation.)

Do the Math — Obamacare Would Increase Deficits by \$59 Billion

by Michael F. Cannon

Michael F. Cannon is director of health policy studies at the Cato Institute and coauthor of "Healthy Competition: What's Holding Back Health Care and How to Free It."

The CBO's scoring rules don't paint the full picture of what the health care plan before Congress would really wind up costing Americans. The truth is, Obama's plan would vastly increase the size and scope of the federal government, and increase our already record federal deficit.

Democrats have so thoroughly gamed the budget process and the Congressional Budget Office's scoring rules that the official cost estimates of the Obama health plan reveal but a sliver of the legislation's full cost. The Obama plan would vastly increase the size and scope of the federal government, and increase our already record federal deficit.

To hear Democrats tell it, the CBO projects the legislation would cost a mere \$940 billion over the next 10 years. The CBO said no such thing: that figure pertains only to provisions aimed at expanding health

insurance. Other spending provisions bring the cost to \$1.2 trillion.

Then there's the additional \$208 billion that Democrats plan to spend on physicians who participate in Medicare. Democrats moved that into a separate bill to reduce the apparent cost of the main health care bill. Including that spending in the estimate completely wipes out the Obama plan's professed \$138 billion of deficit reduction. After correcting for that gimmick (and accounting for how the two measures would interact), the CBO estimates really indicate that the Obama plan would increase federal deficits by \$59 billion over the next 10 years.

Even worse, Democrats hid another \$1.5 trillion by preventing the CBO from scoring the legislation's hidden taxes. At present, when Congress takes money from workers and gives it to private insurers, the CBO counts that as a tax. The Obama plan's "individual mandate" would force workers to give money directly to private insurers, which the president's economic advisers admit is also a tax. If history is any guide, those hidden taxes would cost roughly \$1.5 trillion – but you won't find

Individuals like you who believe in individual liberty and free-market solutions envelope to make your tax-deductible contribution to this effort today.

any such estimate in the CBO's score.

If you've been keeping count, we've revealed the actual cost of the bill is nearly \$3 trillion. But to believe this legislation would cost "only" \$3 trillion, we would have to assume that after President Obama signs it into law, it would be rushed to the National Archives and entombed within an impenetrable vault where it would never again be touched by God or man.

Yet this legislation would set in motion political forces that would make additional spending inevitable. It would create new constituencies for government spending, hook existing constituencies on even more government spending, and promise implausible cuts in existing subsidies to constituencies that are highly organized and vocal.

For example, the Obama plan assumes that Congress will cut future subsidies to private insurers, hospitals, doctors, home health agencies, and others who provide health care to the elderly. Yet those constituencies form a nearly unstoppable political force; Obama adviser Tom Daschle calls it the "patient-provider pincer movement." They will come back to Congress, year after year, until Congress reinstates their subsidies.

The \$208 billion increase in Medicare physician payments is evidence that the patient-

provider pincer movement nearly always prevails. In 1997, Congress promised annual cuts in physician payments, but has cancelled those cuts every year since. That \$208 billion in new deficit spending is just Congress admitting that those cuts will never take place.

The legislation would also create gross inequities that Congress would inevitably resolve by increasing spending. Under the Obama plan, even though Smith and Jones have the same income and household size, Smith could receive thousands of dollars in health-insurance subsidies just because of where he works, while Jones would receive nothing.

It won't be long until the Joneses lobby their members of Congress to correct that inequity. Congress will find it much easier to give the same subsidy to Jones (rather than reduce Smith's subsidy), if only because health care providers will be lobbying for that "solution," too.

When Congress inevitably fails to implement the Obama plan's spending cuts, and expands its subsidies to more and more people, the cost of this legislation will grow beyond \$3 trillion. The CBO did an admirable job of projecting the cost of this legislation as written. But the text of the legislation does not reflect the reality it would create.

Most Democrats know that even though the projected cost

is \$1.2 trillion, they are setting in motion political forces that will guarantee even more government spending. The question is, do enough Democrats know it?

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Where Do We Go From Here?

By Doug Stout

After a seemingly endless debate and a very frustrating process over the issue of health care revision legislation, we are finally at a point to rest. However, I don't think we are at the "end." I think that the American people have not had their last say on the matter. As President Obama has said himself, that is why we have elections.

There are many Americans who have November 2, 2010, marked on their calendar already. It is the day we decide whether bigger government is better government and whether we really want to become just another European-style democracy where our government dominates our lives. I believe we still have the entrepreneurial spirit and that we still favor the limited government that our founders envisioned for us and for which we have worked

so hard to maintain for generations.

I think what the current Administration and Nancy Pelosi and Harry Reid do not understand is that this is not about Democrats and Republicans. It was Democrat President Bill Clinton who declared at his State of the Union speech a few years ago that “The Era of Big Government is Over.” It is not just Republicans who will send a message in November; it is Independent voters and many Democrats across the country who will speak out loud and clear.

They will speak out just like they spoke out in the election for the United States Senator in Massachusetts; and before that the way they spoke out in the elections for Governor in New Jersey and in Virginia. They will tell the liberals currently running our country, that this is not what we thought we were voting for last year.

We cried out for “hope and change” in our political system. We wanted something different, but this is not what we expected. We wanted common sense and common decency back in our political system and instead we got “Chicago-style” backroom deals being cut to expand our government into areas it has never been before.

We wanted our nation to “come together” and stop the endless bickering; instead we now have a nation which is more “divided” than at any time since the Vietnam conflict. This is not about a few people

on the fringe acting out their frustration; this is about who we are as a nation.

November 2010 will represent a “tipping point” for the America we are going to be in the next decade. Either as the President believes, we will endorse billion dollar stimulus packages and the government being ever more a part of our everyday lives, or we will not.

When President Clinton listened to the liberal voices in his ear and tried to take the country to places it did not want to go...the voters sent a message in the midterm elections. This President has taken us much further down a path we do not want to go and the message will be much louder. We can only then hope and believe that the President will use his great talents to pursue a course over the second half of his term that will lead our nation where we “want to go,” and not where he personally would like to take us.

It is not about whether the President is a decent man, or a likeable man, or a great father, or a good husband. I personally do not doubt any of those traits. It is about his vision of what America should look like in ten years...and on this, it is now very clear, that I differ with him greatly.

This is not about his personal vision of “utopia”... it is about what kind of nation we hope to be in the future. Are we a people who are ever more dependent on a government which is clearly on the path to national bankruptcy, or a nation

guided by enterprising men and women who still believe that America’s best days are in front of us, not behind us?

Are we to be a people who believe that American leadership was never a “mistake,” and as our grandparents believed, that we are still the “best hope for democracy?” Washington, D.C., can once again be the “shining city on the hill”...and once again we can move forward as Americans united toward a common agenda of peace and prosperity and a better future for our children and grandchildren.

In only a few short months, we will choose our destiny as a nation. It is what our democracy is designed to do, give us choices about our common future.

In the meantime, we should do what good citizens do in a great country and in a great democracy. We should make our voices heard in a civil tone and with a civil tongue. We should denounce those from any political vantage point who interject vulgarity and extremism into the political arena.

We should turn our back on those who demonize the motives of our political opponents. Our country has lived through great debates on the direction of our nation's future before and poor decisions or misguided policies are to be questioned and challenged, not shouted down or ridiculed. We are Americans and if we believe that our nation stands for something unique, then we

must show it in our every day behavior.

It will not be enough to win elections in November, we must do so with the spirit of reuniting our nation behind the core set of beliefs that have held us together through tough times in our past. We have not reached this dangerous point in our history only because of the actions of the last few years. We have reached this point in our history because our politics have degenerated to the point where "compromise" and "consensus" are no longer terms that bring us together, but instead we have allowed them to become terms that tear us apart.

We have reached this point in our political history because our politics have stopped placing value on honesty, openness, and shared sacrifice. It is convenient to blame our current politicians, and the historically low popularity of our Congress would suggest that is just what we are doing.

I would be the last person to say that most in Congress are beacons of integrity or "profiles in courage." But they are much more a reflection of our political state of affairs, rather than the cause of it's sorry state. We all need to embrace the concept espoused by a Democratic icon: "Ask not what your country can do for you, ask what you can do for your country." We all share a common American destiny.

Doug Stout is a Research Analyst at Public Interest Institute.

Focus on Iowa Wesleyan College

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Education, and the Department of Housing and Urban Development.

It is not just the service-learning aspects of the college which are reaching new heights, the Iowa Wesleyan College Women's basketball team reached the "Elite-eight" in the NAIA Division II national tournament for the first time in school history. They finished their greatly successful season with a heroic loss to the eventual tournament champion Northwestern (Iowa) College. The Tigers played a determined final game despite having to play through injuries to key players. They ended the season with a school record 27 wins, including a 16-game winning streak. Jessi Beachey was named as a First Team NAIA Division II All-American, the first Iowa Wesleyan player to receive the honor since 1989. She had already received the award for Midwest Collegiate Conference "Player of the Year" and "Newcomer of the Year" earlier this season.

Coach Steve Williamson was again named MCC "Coach of the Year" and expects to return his entire starting line-up for next year's campaign, although several important contributing seniors will be missed. The men's team ended the season with a second round loss in the MCC tournament after a thrilling win in the first round game,

following up from last year's season when they also reached the NAIA national tournament.

In other scholar-athlete news, sprinters Nigel Talton and Xavier Shields both qualified for the competition at the NAIA Indoor Track and Field Championships in the 60-meter dash event. The softball and baseball teams have opened their home seasons with the men's team sweeping a doubleheader, while the women got a split in their home-opening doubleheader.

Spring football is already underway as new football coach Kent Anderson prepares his team for his inaugural season at Iowa Wesleyan. Coach Anderson is a native of Bloomfield, Iowa, and returns to Southeast Iowa after having spent the last fifteen years as a head coach in the German Football League, posting a 182-62-5 record, winning eight national championships and being named six times as the national coach of the year. Athletic Director Mike Hampton described Coach Anderson in a press release as being a dynamic, disciplined, experienced leader who "has an extensive game plan on and off the field for his student-athletes." There is a lot of excitement for the start of the Fall season.

Iowa Wesleyan also commemorated the first "Women of Wesleyan" week in March to recognize the accomplishments and also the challenges faced by women in college. Iowa Wesleyan graduates include the first woman in the United States to become a lawyer admitted to

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the Bar Association, Belle Babb Mansfield, and also astronaut Peggy Whitson.

And finally, preparations are already underway for the Iowa Wesleyan College Commencement Events which will take place on the weekend of May 7-8 this year. The actual commencement ceremony will be at 1:30 p.m. on Saturday.

What's New at Public Interest Institute?

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was previously with PII from 1994 to 2000. She worked first as a Data Analyst and then later as Webmaster. Jennifer has been with Southeastern Community College for the last ten

years as the Director of Adult Basic Education Services.

Jennifer has a BA in Mathematics from the University of Iowa and a MA in Business with an emphasis in Management Information Systems from the University of Iowa. She had been an adjunct instructor for Southeastern Community College and Iowa Wesleyan College for the past ten years. She teaches in the areas of math, business, and computer classes.

Jennifer is married to Matt Crull. They have two children, Emma, who is six years old, and Elizabeth, who is almost two years old. Matt and Jennifer are actively involved with various civics responsibilities as Matt serves as City Council Representative from Ward

III for Mt. Pleasant, President of Midwest Central Railroad, and as a member of the Iowa American Legion Honor Guard for Henry County.

Jennifer is President of the Board of Trustees for the Mt. Pleasant Public Library. She was appointed by the Governor to the Regional Workforce Investment Board for Region 16 and serves on the staff each year for the Iowa American Legion Auxiliary Girls State program.

It is a pleasure to have Jennifer back with the Public Interest Institute. She will be writing our monthly installment of the *Iowa Transparency Newsletter* beginning with the April 2010 edition of the publication.