



## Where should I send my check?

By Deborah D. Thornton

After the April 18 tax filing deadline, Financial Advisor Dave “We’re Debt Free!” Ramsey compared the federal budget and debt with that of a family or household in the United States. The analysis was shocking, and one all Iowans should seriously consider.

He first lists the basic facts about the federal budget:

1. Federal taxes collected in 2011 will total \$2.173 trillion.
2. The amount spent, authorized by the United States Congress – including the Senators and Congressmen from Iowa – will be \$3.818 trillion.
3. The difference is \$1.645 trillion in the negative, or the amount of the federal deficit for one year.
4. Based on several years of this behavior, the current total federal debt is over \$14 trillion.<sup>1</sup>

Recognizing that most people can not visualize or readily manage trillions or even billions of dollars, Mr. Ramsey then brings the analysis down to the household level. When 3.818 is divided by 2.173 the ratio is 1.75. Currently the federal government is spending 75 percent more than it makes. The debt ratio, total debt divided by current income, is 6.44. The federal government would have to bring in the same \$2.1 trillion for almost 6½ years, without spending another dime, to break even and be debt-free.

For people in the state of Iowa, on a personal, household basis, that means the following:

The median household income in Iowa in 2009 was \$48,044.<sup>2</sup> If that family behaved as the federal government does and spent 1.75 times the amount they are bringing in, they would be spending \$84,077 dollars a year. They would be spending over \$36,000 total or \$3,000 per month more than they make – every month. Currently their total debt would be \$309,403, and growing – every month. This debt, like that of the federal government, was accumulated over the past eight years of out-of-control spending. They too would have to work another 6½ years at the same salary, without spending another penny, to be debt-free.

If Dave Ramsey asked that family what they were spending the money on, they would attempt to justify the overspending. “We had to have that new car.” “We needed the new playset for the children.” “Grandma needed new glasses.” “We wanted to go out to dinner.” And unless they were Dave Ramsey followers, they would probably not recognize the difference between “needs” and “wants.” They would continue to indulge every person in the family with everything they thought they needed, and continue to ignore the destructive results of their decisions.

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A Publication of: **Public Interest Institute at Iowa Wesleyan College**

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Dave would then kindly and gently proceed to “yell at them for their dumb behavior.”<sup>3</sup> He would strongly encourage them to visit his Website and attend a “Financial Peace University” workshop at the closest local church. He would probably even take pity on the poor fools and give them a free registration.

Most Iowans do not spend every penny they make, plus \$3,000 more, every month. Iowans are a more sensible bunch.

Nevertheless, we have continued to elect people to the United States Senate and House of Representatives who have supported and continue to support these foolish spending policies. Many of the 150 members of the Iowa Senate and House of Representatives are almost as foolish, as the state budget has grown from \$5 billion to over \$6 billion in only seven years, during a major recession.<sup>4</sup>

We have two options, either vote them out of office or force them to attend “Financial Peace University.” There were 37 classes being offered within 100 miles of Des Moines in May – the cost is \$100.<sup>5</sup> If we took up a collection it would only cost \$15,700 to send all 150 State Legislators plus Iowa’s seven federal Legislators to a class.

I’ll be the first to donate.

Where shall I send my check?

Wonder if they will agree to attend?

Or would they prefer to be defeated in 2012?

#### (Endnotes)

<sup>1</sup> Dave Ramsey, “Federal Budget vs. Household Budget: How Do They Compare?” DaveRamsey.com, <[http://www.daveramsey.com/article/federal-budget-vs-household-budget-how-do-they-compare/lifeandmoney\\_economy/text1/](http://www.daveramsey.com/article/federal-budget-vs-household-budget-how-do-they-compare/lifeandmoney_economy/text1/)> accessed on May 9, 2011.

<sup>2</sup> “Iowa Quick Facts,” State Data Center, Section 8, Economic Characteristics, <<http://www.statelibraryofiowa.org/datacenter/quickfacts#section-8>> accessed on May 9, 2011.

<sup>3</sup> Ramsey.

<sup>4</sup> “Quarterly Revenue Estimating Conference Reports,” Iowa Department of Management, December 2010, 2009, 2008, 2007, 2006, 2005, and 2004, <[http://www.dom.state.ia.us/state/REC/rec\\_quarterly.html](http://www.dom.state.ia.us/state/REC/rec_quarterly.html)> accessed on March 3, 2011.

<sup>5</sup> “Find a Class,” Financial Peace University, DaveRamsey.com, <<http://www.daveramsey.com/fpu/locate-classes/zip/50301?r=100&sc=1>> accessed on May 9, 2011.

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