



## Working for the Government, Not Ourselves

By Deborah D. Thornton

The Center for Fiscal Accountability (CFA), founded in 2008, “seeks to shed a light on government expenditures, and to promote transparency, accountability, and restraint in government finance.”<sup>1</sup> Accordingly, each year they issue a report on the “cost of government” and determine the Cost of Government Day, both nationally and by individual state. When the spending and regulatory costs are totaled, all the gross income of an average American prior to this date is required to pay for federal, state, and local government programs and services.<sup>2</sup>

This year the national Cost of Government Day is August 12. This means that from January 1 until August 12, or 224 days, we worked to fund government. This is 63 percent of the year.

Fortunately, the 2011 date is two days earlier than in 2010. However, it is a big jump from 2008, when we only had to work until July 16 for the government. And in 2000 we worked only until June 29.<sup>3</sup> From June 29, to July 16, and finally to August 12. The date keeps getting later and later. Wonder what it will be a year from now?

According to the CFA, the reason for the increase between 2008 and now is the Troubled Asset Relief Program (TARP) or bank bailout, and the American Recovery and Reinvestment Act of 2009 (ARRA) or the economic stimulus. Additionally, they credit the Patient Protection and Affordable Care Act (ObamaCare) for increased regulatory costs. Most Americans are aware of the results of these programs – a federal debt in the trillions of dollars, an official unemployment rate continuing to be 9.2 percent, and a rate of 16 percent when you count those who are underemployed or who have quit looking for work.

Regulatory costs are a key component of the total, with 77 days allocated to cover them, representing over 20 percent of our national income. This includes only the cost of complying with regulations – material resources and labor. The “hidden costs” of market inefficiencies, distortions, and loss of productivity are not included.

The states are not blameless in this situation either. Forty-four of the 229 days are allocated to state and local spending and regulation costs. State taxes have increased by \$60 billion since 2002, a per capita increase of \$194 per year.<sup>4</sup>

In Iowa, our Cost of Government Day for 2011 was August 4, a week earlier than the national average.<sup>5</sup> Iowa ranked 21st lowest among the 50 states, falling from 14<sup>th</sup> in 2010, and 12<sup>th</sup> in 2009. This is not a good trend. In comparison, our neighbor South Dakota was fourth – with a date of July 26. Our fellow citizens in the neighboring states of Illinois (42), Minnesota, and Wisconsin (tied at 43), all fared much worse. The turmoil in their states over government spending and contracts has been in the news all spring and summer, with unpaid bills, massive protests, and government shutdowns. (See table next page.)

The four states with the latest Cost of Government Days in 2011 continued to be Connecticut, Maryland, New Jersey, and New York, where residents worked until late August and mid-September to pay their government bills. The earliest was Mississippi, with a mid-July date.<sup>6</sup>

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### Cost of Government Day 2011 State Rankings

State	Rank in 2009	Rank in 2010	Rank in 2011	# of Days Worked	Cost Of Government Day 2011
South Dakota	4	4	4	207	July 26
Missouri	18	14	17	213	August 1
Iowa	12	14	21	216	August 4
Nebraska	22	24	36	224	August 12
<b>National Average</b>	-	-	-	<b>224</b>	August 12
Illinois	37	35	42	229	August 17
Minnesota	42	40	43	230	August 18
Wisconsin	39	38	43	230	August 18

Source: "State by State Breakdown 2011," Center for Fiscal Accountability, Americans for Tax Reform.

According to CFA, the tax burden has a major impact on where people live. Their analysis shows that the nine states with no state income tax (Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming) gained a net total of over 80,000 new residents and over \$900 million in net adjusted income in 2008 alone. In contrast, the 10 states at the other end of the scale (California, Connecticut, Hawaii, Maryland, New Jersey, New York, Ohio, Vermont, Wisconsin, and Pennsylvania) lost almost 130,000 residents and over \$10 billion in income.<sup>7</sup>

The federal government is also acting aggressively to ensure that Americans keep working for the government, right up through August 12 or later. According to the General Accountability Office, President Barack Obama's 2012 Internal Revenue Service (IRS) budget proposal features a 9.4 percent increase over 2011, to \$13.3 billion. Since 2010, and during the worst recession in United States history, the IRS budget has increased by 20 percent. The majority of these increases are in operations (\$4.6 billion) and enforcement (\$6.0 billion).<sup>8</sup>

Not only are Americans working two-thirds of the year to pay for government, the government is going to spend more of our money to ensure we keep doing so. It seems we are working for the government, not ourselves.

#### (Endnotes)

<sup>1</sup> "About the Center for Fiscal Accountability," Center for Fiscal Accountability, <<http://www.fiscalaccountability.org/about>> accessed on July 8, 2011.

<sup>2</sup> "Overview of Results," Center for Fiscal Accountability, Americans for Tax Reform, e-mail from Mattie Corrao, [mcorrao@atr.org](mailto:mcorrao@atr.org), July 12, 2011.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> "State by State Breakdown," Center for Fiscal Accountability, Americans for Tax Reform, e-mail from Mattie Corrao, [mcorrao@atr.org](mailto:mcorrao@atr.org), July 12, 2011.

<sup>6</sup> Ibid.

<sup>7</sup> "Interstate Migration," Center for Fiscal Accountability, <<http://www.fiscalaccountability.org/?content=COGD1010>> accessed on July 11, 2011.

<sup>8</sup> Daniel J. Pilla, "More Money, Equipment, Manpower for IRS Enforcement," *Finance, Insurance, and Real Estate Policy News*, August 2011, p. 19.

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