

Don't use stimulus to build in swell budgets

By Scott Walker

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How many people would take a gift of \$1,000 and go out and buy an expensive sports car? While the gift might be nice, it makes no sense if you cannot afford the monthly payments. The same is true with the federal "stimulus" package.

Free \$\$\$ not free: Federal money nearly always comes with strings attached. In fact, most federal transportation grants require a 20% (or greater) match from the local government. "Free money" sounds nice until you read the fine print and realize Milwaukee County taxpayers may be required to provide a local match that they cannot afford.

For example, if our county receives \$50 million for infrastructure projects under this formula, our taxpayers will have to come up with an extra \$10 million. And if we borrow to cover the \$10 million, the cost goes up by about \$920,000 a year. This hardly sounds like "free money" to me.

Legitimate infrastructure projects might be worth considering, but only if they met the following criteria:

- No local match is required by the federal government; •
- No long-term commitments mandated by the federal government; •
- No future operating or maintenance expenses. •

Since the proposal is not even introduced in Congress, we really don't know what any of the details will look like when passed into law.

Avoid budget bailouts: The federal government should not be bailing out failed operating budgets of state and local governments. What taxpayer would want to use one-time funds for operations to bail out governments that cannot balance their budgets? Yet that is exactly what Gov. Jim Doyle and four other governors recently called for from the federal government.

Wisconsin faces a \$5.4 billion budget deficit - fourth largest in the country. This is largely because Gov. Doyle failed to address long-term budget problems in previous years - making the budget situation worse today.

Even before the national fiscal crisis, Wisconsin had one of the largest GAAP (Generally Accepted Accounting Principles) deficits in the country. Bailing out operations with one-time funding will only make future budget deficits worse.

Tax cuts fuel economy: The real way to stimulate the economy is not to put more money into the hands of the government but into the hands of the people. For months, I have called for tax cuts to get this economy going again.

Unlike infrastructure projects that take months - if not years - to have an impact, tax cuts can go into effect immediately. This will truly stimulate the economy.

Forty-six years ago this month, President John F. Kennedy told members of Congress that:

"It is no contradiction - the most important single thing we can do to stimulate investment in today's economy is to raise consumption by major reduction of individual income tax rates."

He was right.

And it worked for President Ronald Reagan. In 1983, the year that the Reagan tax cuts went into effect, the national economy started the largest peacetime economic boom in American

history. During this time, 5 million new businesses and 20 million new jobs were created. Tax reductions led to economic prosperity.

Even President-elect Barack Obama is now calling for tax cuts.

Sadly, Doyle and other state government leaders are calling for all sorts of tax increases to balance the current state budget deficit. This will only drive jobs and residents out of the state at a time when we need them the most.

Instead, we need to use these challenging times as an opportunity to streamline our government and make it more cost effective for the future. Then, we can reduce taxes to improve the economy and put more people to work in Wisconsin.

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