

Fix your own damn deficit

John Mackenzie, Ph.D., Associate Professor, University of Delaware (johnmack@udel.edu)

All the Republican bloviating about deficit reduction brings to mind H.L. Mencken's quip that "Democracy is the theory that the common people know what they want, and deserve to get it good and hard." These days everybody wants to cut federal spending. The Obama administration can play the straight man and let Congress's antics drive the comedy. Here's the setup: The White House accedes to Republican demands for \$1.5 trillion or more in budget cuts and Republicans concede some on taxes. Hilarity ensues. Flip-flopers...Republicans cut and run, with the Tea Party going Loren-Bobbitt-crazy after them...pork pies fly back and forth! It's reality TV like the *Jersey Shore*, only not as classy.

There is absolutely no way Republicans are going to cut \$1.5 trillion from the federal budget because it's the red states that account for most of the red ink, and the red states that would have to face the biggest cuts. The Tax Foundation's annual ratios of federal spending to federal tax burden by state for the period 1981-2005 (<http://www.taxfoundation.org/taxdata/show/22685.html>) show how blue states have generally subsidized red states through both Republican and Democratic administrations and Congressional majorities.

In 2005, New Mexico received \$2.00 in federal spending for every dollar of federal taxes it paid, followed by Alaska (\$1.87), West Virginia (\$1.83), Mississippi (\$1.77), North Dakota (\$1.73), Alabama (\$1.71), Virginia (\$1.66), Hawaii (\$1.60), Montana (\$1.58) and South Dakota (\$1.49). Nine of these ten welfare queens voted red in 2004. On the other end, New Jersey only received \$0.55 in federal spending per dollar of federal taxes, followed by Connecticut (\$0.66), New Hampshire (\$0.67), Minnesota (\$0.69), Illinois (\$0.73), Nevada (\$0.73), Massachusetts (\$0.77), New York (\$0.79), Colorado (\$0.79), and California (\$0.79). Eight of these chumps voted blue in 2004, and all ten voted blue in 2008.

Since the Tax Foundation has not updated its state-by-state spending-to-tax ratios since 2005, I compiled and analyzed state-by-state spending and tax data for 2006-2009 myself. I summed federal expenditures by state from the Census Bureau's annual *Consolidated Federal Funds Reports* (the most recent release is for FY2009) and net federal taxes by state from the annual *IRS Data Books*. My calculations (http://www.udel.edu/johnmack/data_library/tax&spend_by_state.xlsx) lack the refinements of the Tax Foundation's and are not directly comparable with their numbers, and recession and big deficits have changed the landscape, but the basic patterns remain the same.

As of 2009, the biggest aggregate spendthrift was Florida, where federal spending including Social Security and Medicare exceeded tax collections by \$589 billion--about 18.5% of the nation's 2009 deficit. That's \$31,761 per Floridian. The runner-up was Texas, where federal spending exceeded tax collections by \$285 billion, another 9% of the nation's 2009 deficit. Texas got almost \$25 billion in federal salaries and wages, more than anywhere else, including the District of Columbia. (Who says government can't create jobs?)

After Florida, the states with the biggest 2009 federal deficits *per capita* were Louisiana (\$28,719), Hawaii (\$25,312), Iowa (\$22,478), North Dakota (\$21,451), Virginia (\$20,155), South Carolina (\$19,482), Alaska (\$18,527) and Mississippi (\$15,986). In any large-scale budget cut scenario these porkers will get gutted first. The states with the smallest 2009 federal deficits *per capita* were Minnesota (\$1,314), Indiana (\$2,096), Ohio (\$4,010), Arkansas (\$4,357), Illinois (\$4,705), New York (\$4,929), Delaware (\$5,373), Pennsylvania (\$6,177), Michigan (\$6,699) and New Hampshire (\$7,179).

The states with the highest federal spending per dollar of federal taxes paid in 2009 were Mississippi (\$8.37), Florida (\$7.95), South Carolina (\$7.92), Hawaii (\$7.18), Iowa (\$5.94), New Mexico (\$5.48), Alabama (\$5.36), Louisiana (\$5.35), West Virginia (\$5.28), North Dakota (\$5.00), Montana (\$4.54), Virginia (\$4.31), Alaska (\$4.23) and Idaho (\$4.16). (These spending-to-tax ratios are a lot larger than the Tax Foundation's because of the recent growth in deficits, and because the Tax Foundation's ratios were scaled downward to reflect a balanced-budget scenario while mine were not.)

The states with the lowest federal spending per dollar of federal taxes paid in 2009 were Minnesota (\$1.12—Michele Bachmann and Tim Pawlenty know where their state stands), Indiana (\$1.39), Delaware (\$1.42), Ohio (\$1.53), Arkansas (\$1.55), New York (\$1.61), Illinois (\$1.64), New Jersey (\$1.73), Connecticut (\$1.74), Massachusetts (\$1.75), Rhode Island (\$1.83) and Pennsylvania (\$1.86). Until recently, these states were paying more in federal taxes than they received in federal spending.

So Democrats have a great opportunity to call the Republican bluff and co-opt Republican rhetoric to correct these spending inequities. The states with high per-capita deficits and/or spending-to-tax ratios are too dependent on federal programs that they can't pay for. It's time for these welfare queens to break the cycle of dependence, free their economies from all the government regulation that accompanies federal dollars, and get back to work! It's time to stop the socialist redistribution of wealth that penalizes productivity and rewards indolence. If that's the Republican agenda, I say let's go with it! Stop wasting blue state money on red state moochers. You fix your own damn deficits, and we'll fix ours. If the Republicans in Congress will stand and fight for fiscal responsibility, we can end welfare as we know it. But that's not how this comedy will end. The Republicans will cut and run for the pork as always.