

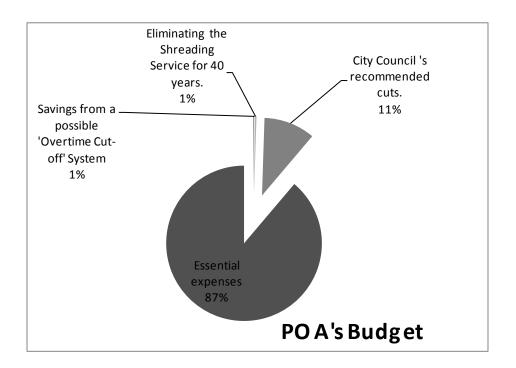


"You Could Have Gotten Here Sooner!"

Making sure the citizens of Santa Barbara are safe is what the Police and Fire Department consider to be their top priority. Safety in Santa Barbara is a major concern for home and business owners. People never want the 'Safety Departments' to decrease in size or budget allowances, because they think that by decreasing one component you could damage the whole 'safety chain'. While this may seem true, it causes many problems for city council members who seek to reduce some of these costs. In my opinion, some of these expenditures could be decreased or even eliminated without threatening the integrity of the 'safety chain'.

The Police Officers Administration (POA), more widely known as the Police Department, has a budget of \$32,560,000 and is already over budget this year due, in large part, to having almost all of its 133 employees working constant overtime for city events. Celebrations, like the Fourth of July and Fiesta, require extra police enforcement, which means a lot of overtime. Police are getting paid around 50% more for working overtime so there has to be a way to cut this spending back. One solution is to have an 'Overtime Cut-off' limit which could work well in this case. If police were only paid for the first few hours of overtime every month, the Police Department could save thousands. By lowering the pay rate of overtime, it could easily save \$20,000. Another way to save costs is that the Police Department currently has a document shredding service, which spends approximately \$3,500 a year. Couldn't they shred it themselves? Three years ago, the POA got a 25% pay increase. Another way to lower the budget is to take that salary increase back and wait until our economy is better before 'upgrading' anything. I suggest they take a rollback. The City Council proposed the POA cut their budget by 12% and the POA said they could only cut five. Looking closely at the small things they could do to save their budget. I think the Police Force could lower their budget more.

A close relative to the POA is the Fire Department. With a budget of \$21,350,000, they currently have eight fire stations with 96 employees. Already \$423,000 over budget, the Fire Department has many things they could cut back on. All 96 employees work overtime every week, meaning we either need to hire more firemen or have an 'Overtime Cut-off' system in place here also. The Department has also considered closing down a complete station, which caused people to become very concerned. If a station shuts down, many people fear the firemen won't make it to their house fast enough. The Fire Department currently has five job titles vacant, and it seems to still run fine without them. If those jobs were to disappear completely, it would save the Department \$274,000. I think we need to stop hiring people if they are not completely necessary. One position that is necessary and is currently vacant is a training captain position. This employee trains firemen in 24 different categories such as running hose lines and extracting victims from buildings or cars. Unfortunately, because this job is vacant, firemen have shown "a drop in injury time" (Lindberg), and they haven't been saving lives as fast as they could be. With vigorous training methods, the firemen will become more efficient in what they do.



Jobs, such as being a policemen or firemen, require you to work long hours. People around Santa Barbara respect the safe environment they've created for us, but cutting back on things isn't going to ruin all the safety aspects. By trimming the overtime salary and getting rid of pay raises, we'll still have firemen and policemen working. Santa Barbara will continue to be safe, fun and enjoyable to both homeowners and tourists.

Emily Johnson Grade 11

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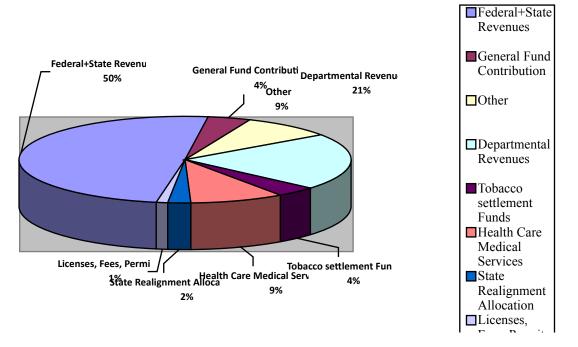
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Santa Barbara County Government: Health and Public Assistance

The County of Santa Barbara, California takes care of 6 major branches. Health and Public Assistance is among those 6 major branches. The County of Santa Barbara consists of 4,296 employees and has a budget of \$757 million. The branch, Health and Public Assistance, has four sub-sections which are, Alcohol, Drug and Mental services, Child Support Services, Public Health, and Social Services. The money comes in through taxes that the people of the state pay. Then that money goes to the state and then the state distributes the money to counties and cities within the state.

Source of Funds



The Alcohol, Drug and Mental Services are provided to about 14,000 clients per year. They spend approximately \$8.2 million per year on these services available to the community. This branch ranges in services from drug addictions all the way to physical and mental abuse. They receive 84% of their funding from departmental revenues. The department spends most of its money on adult mental health programs (12%), children's mental health programs (18%), alcohol & drug programs (12%). However I think they could make reductions in the Administration because Administration is at 8% where as inpatient services is at 10% of the money spent.

Employees don't need to be cut, but they could cut everyone's wages not just certain employees. Social Services has the biggest budget of all the sub-departments, it has \$141,593,387. It also has an 8% of the money spent that goes to its 587 employees, unlike ADM services where 8% of the funds go to 268 employees. However, most of the

sub-departments take 8 or 7% out of their funding to pay their employees. If all the sub-departments would reduce that number by 1%, the county could be reduced by at least some thousand dollars. Child Support Services has a budget of about \$9 million and has about 82 employees working for them and 7% of their funding goes to the employees. This number could be dramatically reduced because the other 93% is used on Collection & Case Management and their funding comes from the federal government (69%).

What seems to be the problem with the budget here is that most of the departments want to keep their existing programs available to everyone in the community for little or no charge. The reality here is that the programs or services are not making a difference and are costing more to keep up and running rather than making money, so it's not really worth it to keep them. Some of these services might include reducing the amount of funding available to "Healthy for Life," a television series that talks about how health issues develop, and other programs that could be done and available to the public at a lower cost to the county.

Zinnia Gonzalez Grade 10

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Santa Barbara County Support Services Budget Report

The whole U.S Federal Government is in a budget crisis. They are spending 3 trillion more dollars than they're bringing in, falling more and more into debt each year.

The crisis begins way down at the local level. In Santa Barbara County some of the money is used for the Support Services Program. From the Support Services Program the money is then distributed to six main departments. Two of these departments are the Auditor-Controller, and the Information Technology.

The Auditor-Controller Department assists the county and makes sure that the county money is put in the correct places. One of the things the Auditor-Controller Payroll Division does is to ensure that all county workers are paid and to upgrade the software making it easier to ensure this. Another example of what the Auditor-Controller department takes care of is the Financial Information System Expansion Project. This again installs new software and improves old programs. Then they have the Property Tax Improvement Project. Since property tax is a huge part of the county's income, having new technology for assessing property is extremely important. Next the Auditor Controller Program is ensuring that even if one computer breaks down for a moment, they will be able to continue working because they are installing new backup programs. This idea is called the Computer Infrastructure Project. Finally, they have the Internal Audit Division, which makes sure that everybody is doing everything correctly. Even though the county has met its budget in the past years, there may be areas where money can be saved, making it possible for the money to be reallocated to other departments running over their budget. Lots of the things the Auditor-Controller does are important but some will have to be cut.

The Auditor-Controller has a 5.2 million dollar budget, which is used by many different divisions, for different functions. 61% of the Auditor-Controller budget is used by the operations divisions, 11% is on auditing and checking on other people, and 10% on administration. Another 13% is used for financial reporting and 5% is used for specialty accounting. One of the main places I would suggest cutting would be on benefit and salaries. The auditor and two other people make about \$338,000 a year plus \$191,000 in benefits. I believe we could cut at least 10% from their salaries which would be a \$34,000 saving. My other change would be to transfer the job of who pays benefits from the employer to the state. This would save many federal debates on the new Obama healthcare because it would flat out say everyone gets healthcare, and also save the county lots of money that they are now spending on benefits, for example the \$191,000 spent on only three people. Next, 48% of their money comes from the General Fund (most likely the state.) Surely we could cut back on money gotten from the state while instead introducing a tax new to the county level (for example an alcohol tax not including wine) or by repealing Proposition Thirteen. Over all, I believe that the county is receiving too much money from the state and federal governments and should cut back on their spending and change the place their revenues come from.

Another division of the Santa Barbara County is the Information Technology Department, which "enables all county departments to provide the best possible service to citizens through innovative IT solutions." The program began in 2008 because of a recommendation from the Blue Ribbon Budget Taskforce saying they needed to expand the use of technology. The department focuses on enhancing decision-making and has 40 people. It is made up of four divisions: administration and support services, applications, network/communications, and technical support. They stopped getting funded from the general fund and so eliminated 12% of their staff. This will make it hard to begin new projects. Still the Information Technology Department is working on helping improve all the computer systems.

The Information Technology Department is planning on spending about 13 million dollars this year. 48% of these three million dollars would be used for network/communications. That money is spent on maintaining customer satisfaction with the network, telephone, and radio. Also, 20% of the budget is spent on technical support that helps maintain the help desk. Next, 14% goes to applications for maintaining software. Finally, 7% is used for administrations and support which help pay salaries.

I might cut on the network/communications department because it would make the most difference. Things that I might cut would be plans to hire more people. This would save me about \$23,000. Also I would have the same plan as before with the auditor and controller and have federal government take care of benefits. This would save almost 2 million dollars. I would also save 10% on new software up grades because I believe that they will have to be up dated the next year any way, so they can live one year without new software. I also think that the public might be able to get a little more involved and that the department could ask for volunteers to help. Then instead of paying money to inform the public, the people could inform themselves by helping out. Last, I believe we could raise the income by asking for new taxes such as a gasoline tax or television tax. All in all, I believe both the Auditor-Controller and the IT Department should cut back on their spending and increase their revenues to balance their budgets or free up funds for other departments.

Lara Kostruba Grade 7

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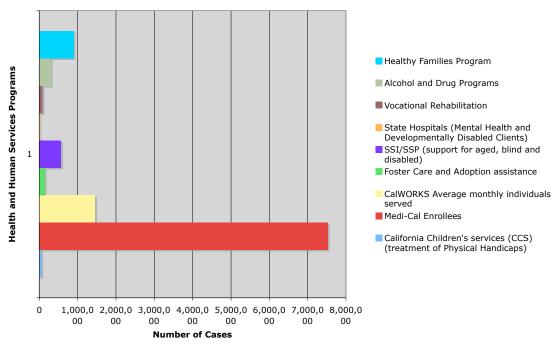
Santa Barbara County Operating Plan: Proposed Budget 2009 – 2010 Fiscal Year



California's Health and Human Services

Anacapa School Synthesis Unit speaker Hillary Blackerby of the office of Das Williams was not alone when conveying her message that budget cuts are necessary in order to balance the California State Budget, but what she stressed was to avoid cutting services for the most vulnerable citizens. Naturally, the most vulnerable are those who rely on California's Health and Human Services, therefore budget cuts in this sector are an extremely sensitive issue.

According to *next10.org*, while k-12 education consumes the largest individual percentage of the California Budget General Fund, medical and in-home supportive services for seniors and the disabled are projected to grow more than any other sector in the next 5 years. Already absorbing 29% of California's budget at a projected \$25 to \$27 billion, additional growth is hard to justify when the state deficit is swelling. However, the significant portion of Health and Human Services costs support Medi-Cal, which is a program used by nearly 7.7 million eligible, low income and disabled Californian individuals and families according to *next10.org*.



2010-2011 Major Health and Human Services Cases

Medi-Cal is a federally mandated program, and the expenditures are split 50 percent each between the federal and state governments. In relation to other states, California covers a greater potion of its vast population (19.7 percent) while receiving a lower percentage of federal funds. For example, Ohio's equivalent state health services receive 64 percent and Texas 61 percent of their budgets from federal funds. Medi-Cal is mandated to have basic services such as physician services, nurse practitioner services and hospital inpatient and

outpatient services. However, California also provides optional benefits at the additional expenditure of the state. These programs include outpatient drugs, adult day health care, and medical equipment. These "extras" within Medi-Cal may be eliminated, such as adult dental care, which was cut in the 2009-2010 budget plan. A similar, plausible (yet painful) move could be cutting the Adult Day Health Care program. After a moratorium for this program during which the deficit lessens, perhaps a more efficient way of running this program can be targeted and the benefits eventually restored. California could also limit the utilization of Medi-Cal's services by enforcing stricter limits on covered prescription drugs excluding "life-saving" drugs, (Texas and Illinois limit patients to three monthly prescriptions). In addition, dollar caps could be placed on medical equipment and supplies and a limit on doctor visits to ten per year. This proposal would leave 90 percent of Medi-Cal beneficiaries unaffected. Also, designating slight copayments (rather than leaving them voluntary, as is) could save \$294.4 million for 2011-2012. These payments could imitate the other state practices, like Montana's four-dollar charge on doctor and clinic services, or South Dakota's \$50 dollar charge for emergency visits. With these changes instilled, the annual 7.5% increase of the last decade in medical service spending can be reduced significantly.

The state has accumulated a debt from operating under a deficit-obtaining structure, meaning state revenue is unable to keep up with demands for state spending. Because decisions on where to cut programs and where to raise revenues are so difficult, California has been functioning on temporary fixes and loans. The solution is in a long term plan that cuts programs with surgical precision rather than a blunt saw (to paraphrase President Obama's State of the Union address), and to heighten taxes with equivalent delicacy: Avoid complete eliminations and drastic hikes.

Ila Rutten Grade 11

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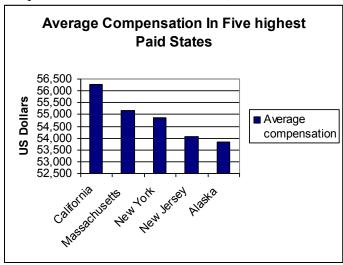
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California Budget Crisis

California is in one of the worst financial situations in state history and it isn't getting better immediately. We are in about a 25 million dollar shortfall, and not enough is being done about it. State employees are being paid far too much. Before benefits, the average state employed worker earned 65,000 dollars a year in 2009.

California's employee retirement fund is also too high. 2.7 million Californians are enrolled in a state pension program. This means about 7% of Californians are enrolled in these programs, and if family is included in the percentage, about 14% of Californians are. The two major pension funds in California are CalPERS and CalSTRS. Many public employee unions collectively bargain wages with the state. The typical formula for a state employee's retirement is 2% of total salary times the number of years worked. A state teacher earning \$60,000 a year, working for 35 years, from 30 to 65, will earn \$42,000 a year for the rest of his or her life, most likely another 20-25 years. That is a total of about \$840,000 guaranteed to that specific worker after retirement. State employees in dangerous environments, police officers for example, earn 3% of total salary per year. All employees can gain up to a maximum of 90% each year once retired. Simply raising the retirement age to 67 would save about \$48,000 per employee each year. For the fiscal year 2008-2009, CalPERS paid 11.85 billion dollars in benefits to 492,513 retirees, an average annual benefit of \$24,000 dollars.

State employee benefits are extremely good for the workers. The average state employee is covered by a \$10,000-12,000 health care program each year. Employees are provided refunds for cleaning their uniforms, and are given generous overtime, holiday, and severance pays. On average, a state employee has 50 days off per year, including sick leave, vacation days, and holidays. California pays its employees the highest state pay package in the nation. Public employees in California have the shortest work week of any state's employees, earn higher salaries, receive higher pension benefits at a younger age, and have superior health and other benefits, and better working conditions.



Public employees are provided with many opportunities for increases in salary, often based on longevity in the job. Most employees have gained annual salary increases with cost-of-living adjustments of about 6% to 10% almost each of their first ten years working for state and local government agencies. Thanks to agreements made between labor unions and the state, it is tough to fire employees, and reductions in force are now increasingly made through furloughs.

Due to the economic crisis of late, there are far fewer jobs in the State of California, which means that fewer workers are paying into the huge retirement pensions for the massive baby boom population that is beginning to retire. This problem could eventually lead to the current working generation or the next one not having any retirement pensions.

I propose that the retirement age be raised by 2 years, which would save billions every year. Another proposal of mine would be to also lower the maximum percentage of salary used towards retirement to 80%. If the state workers were required to pay half of the premiums for their current health care plans, rather than one quarter of them, the state would save about 8 billion dollars. If voters proposed and passed a ballot measure requiring parameters on sick leave, number of days employees must work, salary freezes, the cost of living adjustments were capped, and a cap of 100,000 dollars be set on annual retirement pensions, the state would be saving well over 10 billion dollars. California is in a crisis. In order to overcome this economic downturn, everyone must give a little up. We must all suffer small inconveniences to make our lives better in the long run.

Chris Eckert 10th grade

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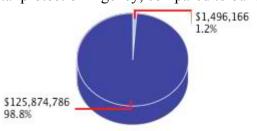
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California's Environmental Protection Agency

The Environmental Protection Agency, located in Sacrament, California, helps us protect the environment and our public health. This agency is made up of five departments and boards: the Air and Resources Board, the Department of Pesticide Regulation, the State Water Resources Control Board, Department of Toxic Substances Control, and the Office of Environmental Health Hazard Assessment. These protections have been hard to manage in the last couple of years because of the budget crisis we are facing. Our California governor, Jerry Brown, has proposed a budget of 1.76 billion dollars for the Environmental Protection Agency, with 4,701 working positions for their agency in the years of 2011-12. There has been a decrease in funding of 3.1% or 71 million dollars, and the general fund expenditures have decreased by 17.8% or 12.2 million dollars.

This is the Environmental protection Agency, compared to our state's proposed budget:



The Department of Pesticide Regulation is here to protect the environment and public health. It regulates all of the sales and use of pesticides. It also tries to find ways to reduce the amount of pesticides used. It helps make sure that the pesticide laws are good and orderly, and it regulates through its oversight of County Agricultural Commissioners, who make the pesticide laws at the local level. The Department of Pesticide Regulation gets 2.6 million dollars from the Department of Pesticide Regulation Fund to make chemical analyses and equipment more appropriate at the Department of Food and Agriculture.

The State and Water Recourses Control Board works with the nine Regional Water Quality Control Boards. It works to preserve and make the water quality better in California. It tries to make sure the areas of water resources that need control are being controlled and the money is being used correctly. The board tries to preserve the water and warn people to not use as much water, because there isn't that much water on the earth. It is trying to shift its funds by proposing 12.8 million dollar reduction and an increase in the Waste Discharge Permit Fund and Water Rights Fund. Because more money will be needed for this, there is the option of making a fee for basin planning activities.

I think this department is something that we really need. We have cut in the right places and are still protecting the environment. Because we are in such a big budget

crisis, I don't think that we should put so much money into making a fee for basin planning activities. We need to try to preserve water, at the same time as trying not to spend as much money. After all, only 3% of the whole earth's water is fresh water, and that includes a lot of undrinkable water as well.

The Environmental Health Hazard Assessment is here to protect public health and the environment and make them better and cleaner. It goes through objective scientific evaluations of risks posed by hazardous substances. It provides risk assessments for a lot of regulatory programs that have to do with the California Environmental Protection Agency, along with other state and local agencies. It gives these programs scientific tools and information so they can make and manage their decisions with this information. They have taken away about 2.3 million dollars from the Safe Drinking Water and Toxic Enforcement Funds because of our budget crisis. The Environmental Health Hazard Assessment also increased General Fund support by 2.3 million dollars to comply with to Proposition 65.

The budget of Environmental Agency, in California has been facing a lot of cuts because of our financial crisis, along with the other departments, but not as many. (We have cut a few here and there, but not much). We have been trying to find the cheapest and most efficient ways to use our energy and help the environment. I think over all we have been looking in the right direction for cutting and reducing expences. Though we have such a bad budget crisis, I think, as for as the California Environmental Protection Agency goes, we are balancing it correctly.

Emilia Artusio Grade 8

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Increasing the Private Sector

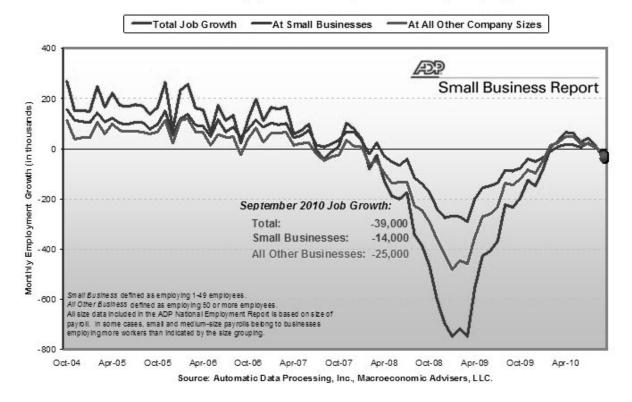
It is more certain and obvious that our country has been in an economic slump for several years now. In 2010 the U.S. had a 9.5% unemployment rate and in California there was a 12.5% unemployment rate. There has not been any job growth in 2-3 years, because of the economy's slow progression. Just in these past couple years, 11.5 million jobs have been lost and in order to recover from this huge debt, every US citizen would have to contribute \$300,000 per month for 3 ongoing years to our government. The stimulus bill wasn't of much use either. Now there are more people on the government payroll which adds to our debt. The stimulus bill created temporary jobs where employees worked until the funding ran dry. Many of those projects weren't even completed. I believe that moving all the work to the private sector would improve our economy and stimulate national growth.

The private sector will create tax-producing jobs, and provide sustainable work for the employees of the company. People would become wealthy and it would create competition for the private sector. The profits would also create an incentive which would lead to better performance from the employees. As they watch they are making money, the work becomes better and people work harder-- something the government can't do. As the private sector grows it creates opportunities for entrepreneurs who create a larger market for the private sector. As everything begins to grow, the market grows and creates stronger profits.

The idea of free market capitalism is based on people who will take a chance and risk it all and create and follow their ideas through "creativity and innovation." American capitalism supplies people with encouragement to succeed and work to their fullest capacity. As companies become wealthier, they invest which causes innovation. This creates a "profitable self sustaining businesses that create jobs, which generate additional wealth for multiple layers of investors and employees." As the jobs are created, it creates wealth and the companies begin to grow and branch off, creating more jobs and raising the employment rate.

The private sector's plan is to increase the certainty factor, and not have people not knowing how the economy is currently or where it will be ten years from now. We want to cut taxes which will give the people more confidence to spend much more of their money. This leads to job creation, and investments and overall raising our GDP. Cut the government spending and the regulations they impose, and finally expand domestic oil. I believe doing all of this will stimulate our economy and bring it back to where it was before.

US Nonfarm Private Employment - Monthly Job Growth by Company Size



The government has created uncertainty among the people about how the economy will be in the future. They are raising the taxes which scares people; if you raise taxes people won't want to buy anything but necessities. On the other hand the private sector wants to decrease taxes, and minimize government; thus increasing the spending of money among the people, and having an overall better economy.

Julio Bernal Grade 10

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The Department of Defense

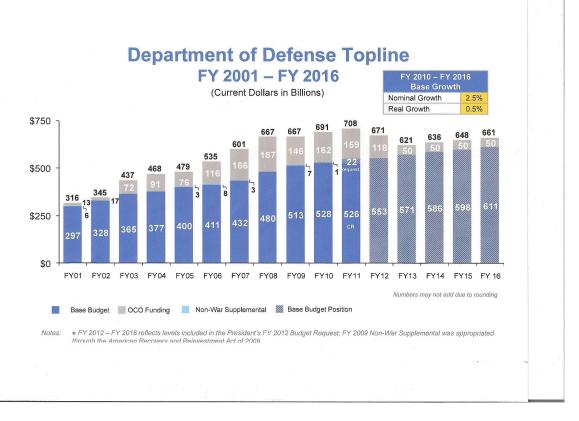
Since the year 2000, comparable to many other government branches, the Department of Defense has conducted itself with fiscal restraint and frugality. While other programs and agencies have run up endless costs that have yielded dubious and ambiguous results, the Defense Department has spent the money appropriated to it responsibly and the results are evident. The endeavors of the department are crucial to the fortitude of our nation. This includes a constant and never yielding duty to our veterans, and maintaining a stable peace abroad particularly in the Middle East where our troops are deployed in Afghanistan and Iraq assisting the democratization of both nations. Any substantial decrease in the department's budget would be detrimental to the pursuit of these noble goals slighting our veterans, retracting support for our current troops, and jeopardizing the stabilizing situation in the Middle East.

The Department of Defense's budget, constituting 20% percent of the national budget, has modestly increased since the millennium at a rate of roughly 1.5% a year. This slight growth aids the achievement of the department's strategic challenges. These challenges include the continued deployment of U.S. troops, limiting the proliferation of weapons of mass destruction, containment of violent extremists, rising peer competitors, security of global commons against piracy and cyber attacks, and world-wide disasters. To these challenges the department submits the following themes outlining how money is spent to meet these challenges: Take care of people, focus on current war, modernize for possible future conflicts, and support deployed troops. Due to the exceedingly vital nature of these goals the department desires that their current funding remain intact lest their

achievements become stalled.

The Department of Defense has already taken significant steps to reduce its expenses and run more efficiently amounting to about 100 billion dollars. Army savings, amounting to \$29.5 billion, are constituted by reductions in infrastructure manning and construction and cancellation of the procurement of SlAmRAAM surface to air missiles. Navy savings, totaling \$35.1 billion reduce offshore manpower and energy consumption while terminating the expeditionary fighting vehicle and increasing the use of multi-year procurement contracts for ships and aircraft. Finally, the Air Force has managed to reduce its own spending by \$33.3 billion. They plan to improve depot and supply chain business processes, reduce and terminate programs, facility sustainment, and decline the cost of information technologies. The department has demonstrated its willingness to act in full accordance with the needs and realities of our precarious economic condition by cutting its own budget. Therefore, further reducing the Department of Defense budget should be out of the question simply because about one fifth of the budget is already

being reduced.



Unintended consequences

Although steps have already been taken to help the national government as a whole grapple with the atrocious budget deficit, the reality is the department makes no profit of its own and is consequently dependent on appropriations from the federal government. So, if cuts are needed, they shall be made. Though various cuts will inevitably cause potentially disastrous effects on our national security, if the money is not there, then it can't be spent. However, the national defense being both constitutionally defended and crucial to the safety of our citizens, other departments should be looked at for cuts before the Department of Defense.

Douglas Throop Grade 11

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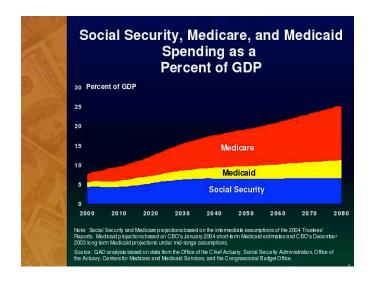
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Social Security: My Solutions for the Crisis

The Social Security Act was signed into law by FDR on 8/14/35. One-time lump payments were made that month, and regular ongoing monthly benefits started in January, 1940. Social Security is the largest program in the federal government. It works like a mandatory savings account. Money is taken out of employees' paychecks and when they retire, money is given back in the form of a monthly payment until death. The amount a person receives depends on how much that individual earned in his or her lifetime. The more you pay in, the more you get out. The problem is that the government does not have the money that it promised to pay seniors past the 2030's.

Right now, the retirement program has a \$3.6 trillion surplus, or should have. The problem is that the government did not set aside the money paid into social security for when it was needed. Instead, the government spent the money on other programs, borrowing from social security to pay for education, wars, interest on the debt, etc. For years, the social security program ran a surplus. That is, it took in more than was given out. In 2015, the Social Security program will begin permanently paying out more in benefits than it collects in taxes. The money that should have covered that difference for years into the future is not there. Instead, there are only IOUs in the form of trust funds and bonds. So to pay the people, it will have to borrow more money or increase taxes or print more dollars.



Social Security is the biggest government program but is not the one that drains the most money. That honor belongs to medical costs and interest on the debt, the two largest revenue drains. Social security should have been self sustaining, but because of the government's profligacy, it needs to be reformed. However, unless the government curtails its spending, any fix to social security will not really matter. The programs it needs to rein in are medical costs, and the escalating national debt. Also, there is tremendous waste in duplicated programs.

When experts talk about reforming Social Security, there are five areas on which they focus to either increase revenue or decrease benefits. All 5 have drawbacks:

- 1. Raising the tax rate on payroll taxes so workers and employers have to pay more of their wage would increase revenue but would make employees more expensive and could reduce employment.
- 2. Raising the tax ceiling would increase the amount of salary that workers have to be taxes on. Right now, employees pay social security taxes up to the first \$106,800 of salary. That amount could be raised slowly up to \$150,000. This would increase revenue but would make middle-income jobs even harder for employers to manage. Also, social security then becomes a welfare program rather than a pension program.
- 3. Raising the retirement age would decrease benefits paid but would punish people with the hardest jobs who need social security the most.
- 4. Reducing benefits to those who have saved money on their own would reduce benefits but would hurt those who have been most responsible and those who are relying on social security for at least half their income.
- 5. Social Security benefits increase every year with prices. This cost-of-living increase could be decreased but many seniors need more money to pay for medical care and rely on the increases, especially those who have no other savings.

One plan not often mentioned that I favor is the use of Personal Retirement Accounts. A PRA would give future retirees their own retirement account funded out of some of their payroll taxes. A PRA would require minimal administrative amounts and only a carefully selected set of investment options could be allowed, so people would not risk their retirement on unsafe investments. PRA's would remove the government's temptation to "borrow" retirement funds and would ensure the continuation of social security.

My other suggestion is to overhaul government spending, not just to preserve Social Security but to ensure the future existence of the United States. A recent study by the Government Accountability Office (GAO) found that the government has overlapping programs that cost taxpayers billions of dollars each year. The GAO found 82 different federal programs to improve teacher quality, 80 to help disadvantaged people with transportation, and 56 programs to help people understand finances, to name just a few of the duplicative programs. The GAO recommended changes to cut waste and bureaucracy that could free up money to pay back Social Security and pay down the debt, thus cutting interest payments.

Social Security is not the problem. Government waste is. PRA's to protect future retirees combined with cutting waste to protect current retirees and baby boomers is the answer.

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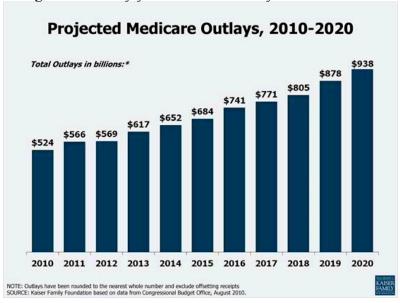
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Medicare was first stared in 1965 as a part of President Johnson's Great Society program to give basic medical care to the aged. Later, it included people under 65 with disabilities. "Balancing the budget is about making cuts and the political will to make decisions, which has to do with us, because we vote." (Jim Armstrong) \$494 billion dollars of the \$3.69 trillion 2011 federal budget goes to Medicare, which is divided up into smaller parts. The biggest is Hospital Insurance (\$261) and Supplementary Medical Insurance (SMI) (\$241), then Medicare Prescription Drug (\$66.76). These are all mandatory spending, so they can't be cut. The smaller parts of the budget are Supplementary Medical Insurance - administrative expenses (\$3.18), Hospital Insurance – (HI) administrative expenses (\$2.36), Health Care Fraud and Abuse Control – Mandatory (\$1.17), Health Care Fraud and Abuse Control – discretionary (\$.56), and Medicare Prescription Drug – administrative expenses (\$.38). What we could do is cut some of the smaller parts out like SMI – administrative expense, fraud and abuse control – discretionary, Medicare prescription drug, or HI administrative expenses.

Some of problems with Medicare are that we may not be able to afford it in the future, because it is spending more than the taxes it brings in. Also, now that the baby boomer population is coming of age, a lot more people are going to need Medicare and the amount of people paying taxes for every elderly person is supposed to drop from 3.9 to 2.4 by 2030. The portion of the federal budget that goes to Medicare grows significantly every year, and will only be worse with this new wave of people. It is predicted to grow 7% every year for the next 10 years.



Medicare has been a very difficult subject to fix and everyone has been aware of it, but not many people know what to do with it yet. However there are some parts of the

budget that we can cut back on to help our situation. One is eliminating some of the private plans under part C of Medicare, because they are 12% more expensive than regular plans, even though they do not have all the benefits like vision, hearing or dental coverage. Another problem is the doughnut hole coverage gap that comes up when you spend over \$2,800 dollars on prescription drugs. Once you go into catastrophic spending, you will receive 50% off on brand-named drugs. This is an example of why most parts of the Medicare plan are critical and should not be cut back. Most solutions or cuts may be beneficial to the budget but they also have their downfalls.

Corrina Roberts Grade 11

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