

## Can We Trust The Social Security Trust Fund?

Dave Nelson, BCTA Secretary

The Social Security Administration announced in June that for the first time in 36 years it would have to dig into its trust fund to pay benefits. With the wave of retiring baby boomers, the Social Security Administration is paying out more in benefits than it is receiving in tax revenue. It is estimated that the Social Security Trust Fund will be depleted by 2034.

The really bad news is that it is paying out of a trust fund that has no cash balance. How did we get in this condition? Congress mandated that excess Social Security receipts could only be invested in one way, in U.S. Treasury bonds, safe and secure. The cash goes to the U.S. Treasury, where it (the cash) is spent as Congress directs. The U.S. Securities (I.O.U.s) are retained in the Social Security lockbox. The day of reckoning comes when the Social Security Administration needs the cash to pay benefits. How does the U.S. Treasury pay out cash when the Treasury securities are redeemed? The Treasury has three options to raise revenue: 1) tax money, 2) selling bonds (to China?), 3) print money. It can be argued that the Social Security lockbox contains a large chunk of the national debt.

What are the chances that a bipartisan effort in Congress might address the Social Security Trust Fund's missing funds? Slim and none would be an overstatement. A member of Congress daring to breath a word about the Social Security Trust Fund's perilous condition opens the door to attacks from the opposing party. In Wisconsin's recent election for the United States Senate seat, the conservative candidate's one-time comments that Social Security and Medicare are "on the table" led to continuous repetition of an attack ad insinuating she would reduce Social

Security and Medicare benefits to give tax breaks to millionaires and billionaires.

With the intense partisanship in Washington DC, no elected official not planning to retire is going to stand up and say that drastic measures are needed to restore the solvency of Social Security and Medicare programs. The most likely path is that the present situation will continue until we have a major fiscal event, such as the devaluation of the dollar, that forces Congress to work in harmony to stabilize the situation.

There are methods to maintain and grow the cash balance in a pension fund. Canada, for example, has a Trust Fund, but it is a real investment fund, holding a wide variety of assets, including stocks and real estate holdings. It has a long-term asset mix of 55 percent stocks, 20 percent fixed income, and 25 percent real estate. The fund is managed by the Canada Pension Plan Investment Board. As well as providing a higher investment return than the United States Social Security Trust Fund, the Canadian fund is completely independent of the government. Although the Canada Pension Plan has historically been a pay-as-you-go plan as in the United States, it has recently implemented a benefit increase which is being phased in slowly.

The United States has over \$80 trillion of unfunded liabilities for Social Security, Medicare, and other entitlements. Paying for all of this is a huge challenge facing this country.

The lesson is that citizens would be wise to establish their own retirement accounts to provide some safety against the possibility of Social Security benefit reductions.

*Dave N.*

## SEPTEMBER MEETING NOTES

WisPolitics President Jeff Mayers presented an overview of his organization and commented on current and historical political issues in Wisconsin. He is a former reporter, covering sports and politics for the Associated Press in Michigan and Wisconsin. He was the former capitol bureau chief of the Wisconsin State Journal. He and Phil Prange founded WisPolitics in 2000. It was acquired by The Capital Times in 2011.

WisPolitics.com is an online magazine and news service covering political and governmental news in Wisconsin. It issues hourly updates on daily events, political press releases, and political news. Each January, WisPolitics.com publishes a comprehensive directory of Wisconsin elected officials and government officeholders.

Mr. Mayers noted that Wisconsin voters have a long history of ticket splitting. He explained that in 1998 Wisconsin voters were about one third Democrat, one third Republican, and about one third independent. Now, that one third independent group has dwindled to less than 10 percent of voters. This change has led to the highly polarized atmosphere of today. The recall elections in recent years have likely been the main contributors to this situation because

there is no middle ground in a recall election. You are either for the recall or against the recall.

We have had a series of wave elections, where national issues sweep over Wisconsin races. A Presidential candidate may have long coattails in Wisconsin.

Polls do not predict the future. Polls provide a snapshot at a point in time. The trendlines between polls, carefully interpreted, are useful for predicting changes of opinion. Polling is becoming more complex as landline telephones are being replaced by cell phones, making it more difficult to reach citizens chosen to be interviewed in accordance with the sample designs.

Mr. Mayers emphasized that voters should not make decisions about voting or not voting based upon polls. Polls are utilized for different purpose by different groups, for fundraising and encouraging or discouraging voting. Poll results should be examined with skepticism.

He noted that the Wisconsin Taxpayers Alliance has been taken over by the Public Policy Forum, based in Milwaukee. It focuses on Milwaukee area issues, with an emphasis on school and municipal spending.

Dave Nelson - Secretary

## OCTOBER MEETING NOTES

Representative Macco Speaks to BCTA

John Macco, 88th District Representative to the Assembly, spoke about tax issues in Wisconsin. The 88th Assembly District includes most of eastern Brown County. Representative Macco is Chair of the Assembly Ways and Means Committee which handles almost all tax policy. He is also Vice-Chair of the Assembly Committee on Audit. He is one of the four members of the unofficial "CPA Committee."

Representative Macco began by outlining the state's financial situation when the Walker Administration took over from the Doyle Administration following the 2010 election. There was a \$600 million hole in education. The Doyle Administration had been borrowing approximately \$400 million per year from the Transportation Fund and placing it in the General

Fund, about \$1.5 billion in total. Other funds, such as the Patient Compensation Fund, had also been raided. In addition, we owed \$79 million to the State of Minnesota for tuition reciprocity payments. The \$600 million that was received from the federal government for "shovel ready projects" did not fund any projects. Instead, it went to schools and other government entities to fund payrolls.

The Walker Administration went to work with prudent budgeting and the help of the Act 10 budget reforms. All of the raided funds have been restored and the State's debt has been reduced by \$1 billion. Also, there is a \$500 million balance in the State's rainy day fund.

Representative Macco chairs the Assembly Ways and Means Committee, which is responsible for

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determining how to raise the \$36 billion the state spends annually. This amounts to about \$100 million per day of state spending. In comparison, the City of Green Bay has an annual budget of about \$100 million which compares to about one day of state spending.

His goal is to make tax rates lower and simpler. The Wisconsin sales tax is an example of complexity. The state collects \$5 billion of sales tax revenue annually and there are \$6 billion of sales tax collections that are exempt.

"Soak the rich" is not a miracle solution to funding government. There are 55,000 one-percenters in the State of Wisconsin. If they were all taxed at 100 percent of their incomes, that revenue would fund the state for only a few months.

Dave Nelson - Secretary

## Legal Challenge to Brown County's Sales Tax - update

Members ask about the status of the legal action the BCTA initiated, asserting that Brown County's imposition of the half-percent sales tax violates state law. In this matter, the BCTA is being represented by the Wisconsin Institute for Law and Liberty (WILL). The Deputy Counsel and Litigation Manager for WILL has provided the following schedule information:

Motions for summary judgment and supporting briefs must be submitted by December 21st.

Response briefs are due January 21st, with reply briefs due February 11th.

The judge has set a hearing for 1:30 p.m. on April 2nd.

## Things That Make Us Wonder.

Much has been said about how our civilization is destroying the atmosphere and climate of the world due to pollution caused by burning fuels along with numerous other sources of contamination. While we cannot dispute scientific facts, rapid population growth and standards of living in virtually all countries undoubtedly compounds the situation.

However, what will possibly cause more of a problem for future generations is the speed and recklessness that industry and growth are depleting the sources of energy and precious raw materials that our planet has provided, and on which we depend and the use of which is causing some of our problems. For example, many elements essential to industrial processes are already in short supply.

We may depend on science and technology to provide solutions, but it will take more than depending on wind or solar energy to heat our homes, fuel our cars, power our factories, jet airplanes and ocean liners a

hundred years from now.

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Many people are still skeptical about climate change and the dangers to the environment. A recent study by the University of California determined that the growth of barley, the main ingredient of beer, could drop considerably in the world as it is extremely susceptible to drought and extreme heat conditions. In other words, a shortage of beer.

That bit of news could create more believers than anything else that scientists try to tell us.

\* \* \* \* \*

Historians and geologists seem to agree that the planet earth is about four and a half billion, more or less (4,500,000,000) years old. During this time, continents and oceans were formed, mineral deposits made, mountains and rivers were developed, in no particular order, while plant and animal life evolved. No doubt there were numerous ice ages, floods and hurricanes, volcanic eruptions, heat waves and you name it during this formative period. Fortunately, there were no hu-

mans to blame for climate change until the last 200,000 years or so.

\* \* \* \* \*

There will be 61 school referendums totaling \$1.4 Billion throughout the state on Nov. 6. Many will pass with voter approval, and some may not. It is often a matter of how well the need for new facilities or improvements is presented to voters by school officials, and how much they are already paying for local taxes. Unfortunately, school construction always seems to be expensive.

\* \* \* \* \*

Some scientists with nothing else to do have figured out that all of the birds in the world eat about 450-550 million tons of insects each and every year. We can't dispute this, but If true, we wonder why so many wood ticks and mosquitoes manage to survive and try to eat us?

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When the U.S. Capitol building was constructed in Washington, it was decided to allow each state to place two statues of their prominent

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and significant citizens in a room designated as "Statuary Hall." Wisconsin chose Father Marquette and later added Sen. Robert LaFollette which was fine with most people at the time.

As time went on a few states, for various reasons, have changed their minds about who to honor.

Since the Capitol was completed shortly after the Civil War, some of the southern states originally opted to honor some of their war heroes such as Robert E. Lee, Jefferson Davis and John Calhoun with Statues.

This was before *political correctness* was the rule of the land and a long painful recovery from the Civil War was taking place. Much of the south was in shambles and had lost many men in that tragic event.

Lately, there have been efforts to remove statues and other reminders of the Confederacy, including those in the Capitol from public display as they might be offensive to some, even though they have been dead for over 100 years. Next thing someone will want to change the names of German-sounding cities and streets in Milwaukee for starting WW's I and II. History is History.

If you ever visited a Civil War battlefield you noticed elaborate monuments erected by survivors of both sides of that horrible period in our history honoring those who perished for a cause that was probably no fault of their own.

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A recent article in "The Week" magazine commented on the decline of the influence of local newspapers. It is a problem all over the country. The main reasons given were that many people depend on receiving

their news through other means and the competition for advertising dollars is forcing newspapers to cut costs by laying off reporters. Etc. There are probably other reasons on a city to city basis, but the net result is that without local news people do not know what's going on in their community which is bad.

\* \* \* \* \*

In Wisconsin and most other states, local property is the main source of income to pay for municipal, county, and school expenses. It is applied to residences, retail establishments, and manufacturers on strict standards of fairness based on real estate property valuation. Also in Wisconsin retailers are not assessed for their inventory or manufacturers for their production equipment but unfortunately the property tax on their real estate and buildings is one of the costs of doing business. It can be a big burden.

Kimberly-Clark, one of the older and larger employers in the area is threatening to close down plants and relocate 400 employees in other states unless given up to \$100 Million in incentives from the state of Wisconsin to stay. There is probably more involved than what has been reported, but let's hope this doesn't start a landslide very costly to all of us.

Maybe Mr. Evers has an answer.

\* \* \* \* \*

A suggestion was floated about to lower the speed limit on I-41 to 55 MPH. Not too long ago it was raised from 65 to 70. While safety and accident prevention are the concerns, 41 carries a lot of traffic and you can move a lot more vehicles per hour at 70 than at 55.

The most congestion seems to be in the Appleton area, and creating

even more congestion there isn't going to help. The problem now is excess speed, failure to yield, and poor driving habits, all of which would be compounded by lower speed limits. The answer is highway improvements which would cost a lot of money that is not available or better driver education.

With the thought that some of Appleton's congestion is caused by vehicles going through rather than to the area perhaps alternate routes could be made. It is a situation that will only get worse until fixed.

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In the meantime I-94 south of Milwaukee is scheduled for \$496 million in improvements including an additional lane to accommodate extra traffic anticipated as part of the Fox-comm deal. They are even considering the possibility of driverless cars using the road. We can appreciate that I-94 would take priority over I-41, but are we ready to spend precious money on the Buck Rogers stuff yet?

\* \* \* \* \*

If you think the nomination of Justice Kavanaugh to the Supreme Court was a wild circus, just wait until the next vacancy comes along. The Dems had decided on a strategy of disruption to delay the confirmation until after the mid-term elections and unfortunately went off the deep end. They did everything short of waterboarding to make things miserable despite that all previous reports of Mr. Kavanaugh spoke highly of his character and qualifications for the job, but that didn't matter.

The bottom line is that the dignity and respect for The Supreme Court, The Constitution, and the U.S. Government in general again has been tar-

Articles and views appearing in the "TAX TIMES" do not necessarily represent the official position of the Brown County Taxpayers Association. We want to encourage discussion and input on current issues of taxpayer interest and invite your comments or articles suitable for future "TAX TIMEES." Please send them to the BCTA, P.O. Box 684, Green Bay, WI 54305-0684 or email BCTaxTimes@gmail.com

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nished due to partisan politics. Our system has been muddied up enough already without turning into a war between men and women.

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If a TV commercial for a business made false or misleading statements about a competitor, you can be sure there would be lawsuits and public outrage all over the place. However this principle does not seem to apply to political ads wherein the candidates or incumbents can make some of the most far-fetched imaginable statements and characterizations about their opponents,

Considering these are the people who run, or want to run our government, make our laws and assess our taxes, it is a wonder they are not always taken more seriously.

We notice that many of the attack type ads sponsored for Democratic candidates may end with the phrase, "he/she is not right for US", which sounds like their agenda, while Republican ads may say "not right for YOU." All of these ads are carefully scripted, produced, and presented by the sponsoring party but there may be a difference in the philosophy of the actual meaning.

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All of the details in the recent tariff war agreement with Canada and Mexico have not been made public but from what we read in the papers all countries were satisfied.

Now if President Trump can make mutually satisfactory deals with all of the other countries in the World we can at least stop worrying about trade wars anyway.

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A hot topic in all the campaign promises made this year has been to, A-provide better medical care to more people and, B-reduce the cost of medical care and the cost of prescription medicines for everyone. Don't worry folks, details will be worked out after the election.

Problems, among others, are the cost of health care and the increased demand for services by those who do not or are unable to contribute to the cost. We, note "write-off adjustments" on some medical bills and wonder if charges to those with insurance are the same as those without.

Anyway, one good thing about Obamacare, with all of its benefits and excesses, opened up an opportunity to provide what the country really wants if our leaders would forget politics and remember this thing was called the Affordable Care Act. Also, there must be ways to improve healthcare without bankrupting citizens and adding a trillion dollars or more annually to our national debt.

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The dictionary describes "forever" as a limitless period of time, which applies to everyone except perhaps the US Postal Service. They are forever running short of money, and their favorite solution is to raise the price of first class mail. Their forever stamp has served only to jack-up the price of postage every couple of years.

In 1932 the price of a first class-stamp increased from two to three cents, which held until 1958 when it went to four cents. A one cent increase after 26 years. After numerous increases, in 2019 it is scheduled to

go to fifty-five cents, for a total increase of fifty-one cents, or 1375% in 60 years. This equates to about 23% per year which is far greater than the rate of inflation. To many, the price of postage is a major of inflation.

We acknowledge the USPS has taken steps to improvise and modernize, and are aware of the position they are in. They, in turn blame Congress for their troubles. Unfortunately, Congress has too many other problems to handle.

As usual, lots of things to wonder about.

*"Things That Make Us Wonder," consists of taxpayer related thoughts that occur to us from daily news events. We use reliable, published information and statistics. Some items are unimportant and probably not worth commenting about while others could easily be expanded to full-length feature articles worthy of future study and action to protect our interests as taxpayers. We try to cover a wide variety of subjects in limited space and perhaps put a different spin on items from what you read in the papers or see on TV. We acknowledge that our perspective on some items in this column may be contrary to some of our readers. However, one of our purposes is to encourage debate, as we realize there are two sides to every question. Comments or suggestions are welcome for inclusion in future "TAX TIMES."*

Jim Frink - BCTA

**"The politicians say "we" can't afford a tax cut. Maybe we can't afford the Politicians."  
... Steve Forbes"**

## Monthly Meetings @ The Village Grille

Monthly meetings are held at **The Village Grille**, corner of Hoffman and East River Drive, Allouez. The location has no stairs or steps, convenient parking, and a room to better accommodate speakers and conversation. There will be three selections from which to choose lunch - each one will be priced at \$10 (including tip.) Lunch is at 12:00 noon with monthly speakers presenting.

# The TAX TIMES

Brown County Taxpayers Association  
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## Meeting Location

**The Village Grille, Allouez**

## BCTA Meeting and Events Schedule – MARK YOUR CALENDARS.

**Thursday - Nov 15, 2018 BCTA Monthly Meeting.**  
12:00 at The Village Grille, Allouez  
Speaker - Pat Buckley

**Thursday - Dec 20, 2018 BCTA Monthly Meeting.**  
12:00 at The Village Grille, Allouez  
Speaker - Eric Genrich

BCTA monthly meetings are held the Third Thursday of each month, 12:00 Noon, at , at The Village Grille, Allouez.

Meetings are open to the public. BCTA Members, their guests and other interested parties are cordially invited to attend and participate in our open discussions.

**COST: \$10.00, Payable at meeting. Includes lunch, tax & tip.**  
Call Tom Sladek – 499-7701 for information or to leave message.

Nov - Dec 2018



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New Members are  
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Visit our website  
[www.BCTaxpayers.Org](http://www.BCTaxpayers.Org)  
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