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# ◆ The TAX TIMES ◆

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Volume 12, Issue 6

May, 1997

## **Privatizing Social Security.** Marquette Professor Questions Survival of Social Security.

Speaking Saturday, April 26, at a meeting in Green Bay sponsored by Taxpayers Network, Inc. (TNI) and the Brown County Taxpayers Association (BCTA), Marquette University Economics Professor William Hunter presented compelling evidence that our Social Security System will be forced to make drastic increases in contributions or drastic reductions in benefits within the next decade, possibly within the next few years.

Professor Hunter explained that Social Security began as an old age insurance program with a one percent contribution on the first \$3,000 of personal income. The maximum contribution was \$30 per year at that time. In 1939, survivor insurance was added and Social Security was converted to a pay-as-you-go system. With 14 workers spaying in for each retiree drawing benefits, contributions remained low. As the number of retirees drawing benefits increased, contribution rates were increased regularly.

Finally, in 1977, with Social Security reserves down to only 30 days of payments, Congress was forced to enact sweeping changes (increases in contributions). Speaker Tip O'Neill proudly announced that Social Security had been stabilized for the next 75 years. Unfortunately, his projection was off by 69 years. Social Security actually went bankrupt in 1983 and was forced to borrow from the Medicare fund temporarily. Again Congress enacted sweeping changes (increases in contributions) to keep the system operating.

Using official data from the Social Security Administration, Professor Hunter challenged current projections that Social Security can remain solvent for another 35 to 35 years as a result of the 1983 overhaul. By the year 2000, there will be less than five workers paying in to Social Security for each retiree drawing benefits. With low fertility rates and improved health care, we have fewer workers entering the work force to make contributions while retirees are living longer than expected and taking more money out of the system. Professor Hunter stated that the next crisis could occur shortly after the year 2000 if present

trends continue.

What is the solution? Professor Hunter explained that the Social Security trust Fund isn't really a trust fund, but more of a checking account for Social Security. As a result, there is no large balance and no growth in earnings. By converting Social Security to a system of private retirement accounts, future retirees will be able to realize the benefits accruing from investment income on the balances in their accounts. They will not need to depend on higher and higher contributions from fewer and fewer workers paying in to the system. The transition will not be easy. Retirees and workers under the present system expect that promises made to them will be honored. Future workers will want no part of the present system, which will require them to pay in much more than they can hope to receive. Ultimately, the U.S. Government will probably have to restore the integrity of the system with money from the general fund.

**Note:** Taxpayers Network, Inc. is a non-profit organization, founded in 1992 and dedicated to educating citizens towards a common sense, free enterprise system with economic opportunities and limited government.

TNI founder and President **Mike Riley** has made "Privatizing Social Security" their #1 education project for 1997. This is an issue affecting literally every retired, working, and soon to be working person in America, and the implications on our future tax structure could be devastating.

Mr. Riley is available for meetings on the subject, has various information available, and is lobbying our Congressional delegation to take action to preserve the Social Security system.

He can be reached at Taxpayers Network Inc., W62 N248 Washington Ave., Suite #201, Cedarburg, WI 53012-2768. (414) 375-4190

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### **Next BCTA Meeting May 15.**

Thursday, May 15, is the date for the next BCTA meeting, scheduled for 12:00 noon in the South Whitney room of the Days Inn, - Downtown. All interested parties are invited to attend. Details are on the back cover of this "TAX TIMES."

"In general, the art of government consists in taking as much money as possible from one party of citizens to give

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**The BROWN COUNTY TAXPAYERS ASSOCIATION**

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# What Price for a New Jail?

The *BCTA* has gone on record agreeing that additional jail facilities should be given high priority in Brown Counties budget needs. Spending over \$1 million of taxpayers money annually to transport and house prisoners elsewhere is not a prudent expenditure. However, the argument that building and staffing a new \$24 million facility primarily because of this expense also raises a a lot of questions. Especially when a new arena, convention center, solid waste disposal, water supplies, downtown development, schools, libraries, etc., are also on the want list for taxpayer dollars.

The amount of \$24 million apparently came from the 1995 Kimme & Assoc. report as the *first phase* construction of a maximum security facility. Since that time the site selection committee has considered numerous locations and visited other facilities, many with innovative cost saving features. Each site under consideration would pose unique design problems and opportunities, besides cost options which could dramatically effect the final price, or cost to the taxpayers. Again, we agree that this matter should be resolved. However, not with blank checks for a showplace hotel. The final cost should be justified to the people paying the bill.

A recent report indicates the median value of a home in Green Bay is about \$100,000. This would also be the estimated cost per prisoner to build a new jail for \$24 million. To put this amount in perspective, we have illustrated how many \$100,000 houses you could build for \$24 million. **JF**

"Ere you consult your fancy, consult your purse." . . . .Benjamin Franklin

## FROM OUR READERS.

The April "TAX TIMES" contained a letter claiming that the State of Wisconsin is reverting to an anti-business attitude because the State Senate passed the Sulfide Mining Moratorium bill. This letter ignored the facts that this bill was passed overwhelmingly by a bipartisan vote of 29-3, and despite the fact that at least 10 bills or rules designed to make it easier for mining companies to obtain permits have been approved previously.

To understand the Sulfide Mining Moratorium bill, one must first understand what sulfide mining is. It's quite simple. Sulfide mining is the mining of metallic minerals from ore and rock which contains a high percentage of sulfur, in the form of sulfides.

When blasted out and crushed, these sulfides oxidize and become sulfates. Add water to these sulfates and you have sulfuric acid. Hence, acid mine drainage.

There never has been a sulfide mine operated anywhere in North American which has not contaminated the environment. The Wisconsin DNR searched for more than a year, and was finally forced to admit that it could not find one. Neither can the mining companies.

The Sulfide Mining Moratorium bill would place a moratorium on sulfide mining until there is one sulfide mine which has been operated and closed for ten years without contaminating the environment. That's all it does.

If you want to protect the environment and the six billion dollars per year tourism industry, please write or call your state representative. Ask him or her to pass A.B. 70, the Sulfide Mining Moratorium bill.

**Robert E. Schmitz**

Editors note: Although the BCTA attempts to focus on taxpayer issues, and has not taken a position on this subject, we realize that it is of great importance with future economic and environmental implications. We welcome letters and comments on any issue of current interest.

"Giving money and power to government is like giving whiskey and car keys to teenage boys."

## April Meeting Notes. Human services director gives update on W2 program.

Mark Quam, Brown County Human Services Director, explained the transition from traditional welfare programs to the Wisconsin Works (W2) program that will begin in September, 1997. After presenting a brief history of traditional welfare programs, Mr. Quam noted that prior to his election, Governor Tommy Thompson had identified welfare reform as a major issue. The Thompson administration developed W2 as a work-based system, requiring all welfare recipients to participate. The only exceptions are mothers with babies under 12 weeks of age. Enabled by waivers from the Clinton administration, W2 is bound for implementation in September.

The W2 system has no entitlements. All participants must do something. W2 has four levels of participation:

- Unsubsidized employment is the desired level.
- Trial jobs with short-term on-the-job training with some subsidy.
- Community service jobs, short-term, similar to WPA jobs of the 30's.
- Transitional placements for the disabled and challenged participants.

Maximum lifetime W2 benefits are two years for one job subsidy with a maximum of five years of benefits. W2 is work-based from day one. Participants must look at all alternatives. To receive a check, participants must document 30 hours of job-seeking every two weeks.

The approach of W2 has caused results long before its official implementation. Welfare cases are down in Brown County from 1,800 last year to 800 in February of 1997. Food stamp payments are down by 25% from last year.

Under W2, medical benefits are separated from work requirements. The state is working on medical insurance availability for W2 participants. Day care availability may be a problem although day care costs

for the state are expected to increase from \$48 million under the old system to \$108 under W2.

A presentation was given by Tom Dosh & Assoc. of alternative construction methods which supposedly are far more cost effective than present methods and would be suitable for the new arena, schools and jail facilities if saving taxpayers money is to be a consideration.

The next BCTA meeting is scheduled for Thursday, May 15 at the DAYS INN.

**David Nelson - Secretary**

## Wisconsin Citizens Public Debt is \$1,757 per Capita.

Wisconsin state and local governments owed \$9.0 billion in long term general obligation debt in 1996, which amounted to \$1,757 per capita. Following is the breakdown by jurisdiction.

Government Type	Per Capita Debt
State	\$466
County	240
Municipal	537
Local Schools	458
Tech. College	56
<b>TOTAL</b>	<b>\$1,757</b>

State statutes limit state, county and municipal debt to 5% of the borrowing unit's equalized value. The limits are 10% for schools and 2% for technical colleges.

**Source: The Wisconsin Taxpayer, Wisconsin Taxpayers Alliance.**

## New use for Renard Island?

We still haven't determined the future of the of the Renard, AKA/Kidney Island waste disposal site. Also, there still hasn't been a decision on where to build a new Brown County Jail. The only neighbors who would object would be seagulls.

"Of course people are getting smarter, they are letting lawyers instead of their conscience be their guides."

. . . **Will Rogers**

# BCTA Meeting & Events Schedule

Thursday - May 15, 1997 - DAYS INN - Downtown (S. Whitney Room)  
12:00 Noon - Monthly Business Meeting \*

Thursday - June 19, 1997 - DAYS INN - Downtown (S. Whitney Room)  
12:00 Noon - Monthly Business Meeting \*

\* Cost - \$6.25 per meeting - Payable at Door  
Call 499-0768 for reservations (Leave message)

*All members of the BCTA,  
their guests, and other interested parties  
are cordially invited to attend and participate  
in our open meetings.*

## MAY - 1997

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	<b>15</b>	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

**Mark your  
calendar.**

"I do not know on what principles of reasoning it is that good men think the public ought to pay more for a thing than they would themselves if they wanted it."

. . . . Thomas Jefferson

"Legislators represent people, not trees or acres. Legislators are elected by voters, not farms or cities or economic interests. . . ."

. . . . Earl Warren

"The one sure thing about politics is that what goes up comes down, and what goes down often comes up."

. . . . Richard Nixon

## The TAX TIMES

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### Inside This Issue

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**How much is \$24 million.**

**Report on W2 Welfare Law.**

**Your share of Wisconsin Debt.**

and more.