



## School District continues to ignore BCTA concerns.

On October 10, the Green Bay Public School Board held an "Engagement Session" to hear questions and comments on their 2011-12 budget. The BCTA Schools Committee attended and offered comments. Director Rod Goldhahn expressed concern over abusive use of the Community Services Fund (CSF). This fund was created by the legislature to enable school districts to make their facilities available for community use, such as neighborhood basketball leagues and swim nights. The CSF is funded with a separate property tax levy, outside the revenue limits of the school general fund, and the legislation anticipated districts would recoup their expenses by charging fees for program/facility use.

In Green Bay the CSF expenditures have grown to \$3.4 million, with only \$160,000 recovered through fees. The vast majority of CSF spending is on core school operations, merely shifted from the general fund to allow more room under the revenue limits. This is contrary to the law's intent and an abuse of the property taxpayers who shoulder the entire \$3.4 million. Programs such as the School Resource Officers (Police liaison), Public Information Office, Social Workers, and Truant Officers, to name a few, are included in this fund. The BCTA has challenged the Board about this on numerous occasions since 2009 and each time we have been ignored. CSF continues to grow in ways never intended under the law.

In October of last year Director Rich Carlstedt presented similar arguments to the Board. At that time the Board directed the administration to obtain a legal opinion. In July of this year, only after follow up by Carlstedt, Board President Jean Marsch admitted the administration had not acted on that directive. The Board showed no concern that its directive was ignored by the staff. Rather than committing to immediate follow up, President Marsch simply said the board would do a thorough review next year. At last month's "engagement session", Carlstedt polled each Board member as to whether they were OK with the administration's failure to act on their directive. He was met with blank stares.

It is unclear whether any type of review took place, and CSF was increased again this year. Carlstedt also raised concern over the Board's apparent satisfaction with an average staff absence rate of approximately 9%, a rate described as "normal" by then Superintendent Maass during a question by BCTA Schools Committee member Ed Jensen during a forum this past summer. Carlstedt also asked for a clarification of maintenance funding in the budget, based on the Board's commitment to the Green Bay Chamber of Commerce to improve ongoing maintenance when seeking support of the 2010 referendum. He concluded by sharing an analysis of administrative costs of school districts in Wisconsin, showing Green Bay to be above the state average and higher than comparable sized districts.

Superintendent Langenfeld committed to providing responses on the District website to the questions and concerns raised that evening. As of the date on which the Board gave final approval to the budget no responses have been posted. As Carlstedt told the Board that evening, it's frustrating to keep bringing issues to the Board and consistently getting no response. This "engagement session" hardly felt like engagement.

**BCTA Initiative results in call for State Audit of The Community Service Funds—Seeks to end of abusive practices. Read more on page two!** →

**The BROWN COUNTY TAXPAYERS ASSOCIATION**  
*In our 27th Year of Promoting Fiscal Responsibility in Government.*

## School districts get “creative”, ignore law’s intent, and taxpayers suffer.

State legislators have called upon the legislature’s Joint Committee on Audit to launch an audit of school district use of the Community Service Fund (CSF). The action comes in response to a meeting with legislators hosted by the BCTA this June, in which your taxpayer association illustrated the multiple ways in which certain school districts abuse the fund to circumvent state revenue limits and increase property taxes. This includes placing core educational expenses in the CSF, as well as expanding CSF activities into areas never intended by the legislature. For the past several years, the BCTA has confronted the Green Bay Area School District over their inappropriate use of the fund, only to be ignored.

On October 4th, State Representatives Andre Jacque, Karl Van Roy, Evan Wynn and Don Pridemore, joined by State Senator Frank Lasee, formally requested an audit. In their request letter the legislators noted that some districts have become more “expansive” and “creative” in what they designate as “community service”, and state “this has grown increasingly abusive where CSF is now being used in ways which bear no semblance to the intent of the law”. The legislators go on to state that “local property taxpayers are the victims of this abuse”.

The legislators’ audit request summarizes: “While the CSF can certainly serve a purpose similar to what was intended in the original authorizing legislation, it has in its practice become an unchecked and unregulated cost driver for property tax increases in many communities and is demonstrably increasing yearly expenditures above acceptable levels. Worse, it has become a siphon for school districts to funnel taxpayer funds around revenue limits, bolster teacher salaries and subsidize a host of community activities and programs far removed from the fund’s intent”.

The BCTA wishes to recognize the efforts of our local legislators, Rep. Jacque, Rep. Van Roy, and Sen. Lasee in calling for this audit. The abuse has been going on for years, and this is a step in bringing accountability to the abusers. Another local legislator, Senator Robert Cowles, is Co-Chair of the Committee on Audit and we have asked that he support prompt action on the matter.

### Classroom Economics.

The Brown County Association presented the following information to the Green Bay School Board during the 2011-12 budget hearings. Analysis of spending by the BCTA shows that administrative costs exceed that experienced by similar Wisconsin School Districts. In this time of scarce public funding and stressed personnel budgets for taxpayers economy of government and services should be on the mind of every public official. We have also included other Brown County School Districts in this comparison.

2010 Administrative Costs % of Operating Spending.		
DISTRICT	% OF SPENDING	ENROLLMENT
State Ave	8.1%	2,024
Ashwaubenon	7.5%	2,665
West DePere	9.4%	2,869
DePere	7.8%	3,778
Howard-Suamico	7.7%	5,553
Sheboygan	7.4%	9,938
Oshkosh	5.6%	10,055
Janesville	5.7%	10,251
Waukesha	7.5%	13,165
Appleton	7.0%	14,371
<u>Green Bay Area</u>	<u>8.0%</u>	<u>20,517</u>
Racine	5.8%	21,592
Kenosha	6.5%	22,929
Madison	7.8%	25,340
Milwaukee	7.7%	83,060

Source: WISTAX. *Wisconsin School Facts.*

### Could Green Bay Schools Save Money?

Reference is made to the table on the left which compares administrative costs with various state and area school districts. Due to the size of the Green Bay district, we have listed it with the other nine largest districts since the Board uses these for many spending and budgetary comparisons., such as debt obligations or expenses.

Please note that Green Bay has the highest administrative costs as a percent of the annual budget. The very comparable districts of Racine, Kenosha and Madison have an average administrative cost budget of 6.75%

Green Bay’s 8% level represents a difference of 18% greater spending than the other comparable school districts. Obviously, smaller districts are at a disadvantage due to economics of scale and the state averages reflect that, as well in a comparison to our other local districts. The administrative cost per student in Green Bay was about \$929 last year. A reduction from 8% to the 6.75% average of Madison, Kenosha and Racine would yield a \$145 reduction per student to save almost 3 million. ( $\$145 \times 20,517 \text{ students} = \$2.975 \text{ Million.}$ )

We await the response of the Green Bay School Board and District to our suggestion to review these costs and lower the tax levy load placed on local taxpayers. Just as many residents must place a sharp pencil to their own budgets, it is time for all public services and representatives to do the same.

This information is readily available to all citizens at the Wisconsin Department of Public Website where all schools must publicly list their budget information. The above details were conveyed at the Wisconsin Taxpayers Alliance website. Just go to “Facts and Figures” for school districts, <http://wistax.org/>

“I have wondered at times what the Ten Commandments would have looked like if Moses had run them through the U S Congress. . . . Ronald Reagan

“The reason Politicians work so hard to get re-elected is that they would “hate” to have to make a living under the laws they’ve passed.”  
 , , , Anonymous

## I Recall when.....

I opened my Oxford Dictionary looking for the definition of the word RECALL, my eyes fell first to the words REBEL, then RECESSION, then RECANT and finally RECALL. That small, visual calisthenic tells a story of recent events in Wisconsin.

Dawn rose as a people began to realize the good intentions left as legacy by our state Leaders had paved the road to perdition -- mounting debt, accounting acrobatics on the Excel Spreadshit, brazen fiscal thievery that somehow satisfied State Statute for a 'Balanced Budget.' "Wake up and smell the rotten eggs!" quoth the Badger.

Then State voters began to REBEL, organizing rallies across the State and the swell of post-partisan citizens began to push back the system that had indentured them. Their lapels and hats adorned with bags of tea, these adamant post-partisans did RECANT the status quo, renouncing Governor Big Jim McDoyle and his Demo-cronies as bogus, erroneous, heretical, antithetical to the core of voter's values. Too often was heard the discouraging word -- RECESSION and most were tired of watching as their 401-k's dessicated, IRA's evaporated, jobs disintegrated, and they yearned to see their sweet Wisconsin emancipated.

Cautiously and with the smallest of d's, our democratic state broke for leaders as different as chocolate and vanilla-RECANT at the ballot box! The two men who shouted the loudest vows of change, Scott and Barack, were pushed to the base of the hill to lead us down the long and winding road to salvation, however something else happened, that being starkly different realizations of change. Change means change, not just doing the same things differently, that is the definition of insanity. So when the Wisconsin 14 'Fleabaggers' fled the State to avoid change and the remaining 19 followed through without them the drumbeats began, smoke signals could be seen from the hand rolled stubs of marijuana and who knows what. Frightened partisans began a series of RECALL elections and in time, the Wisconsin 16 and the remaining 17 gloated "veni vidi vici!" at each other.

Reading the Wikipedia account, some States require that "specific grounds are required for a recall. Some form of malfeasance or misconduct while in office must be identified by the

petitioners." Our neighbor to our west, Minnesota states " *Serious malfeasance or nonfeasance during the term of office in the performance of the duties of the office or conviction during the term of office of a serious crime (Const. Art. VIII §6),*" The downside is best described by a comment from the NCLS, National Conference of State Legislatures, writing, " *the threat of a recall election lessens the independence of elected officials, that it undermines the principle of electing good officials and giving them a chance to govern until the next election, and that it can lead to abuses by well-financed special interest groups.*"

Well, united citizens, does that sound familiar? \$44 million was pissed away on those recalls, and maybe another \$5 million from candidates. And now, after the 9 practices runs, we're going statewide and maybe some more re-districted runs at RECALL. While still reeling from relentless RECALL television ads, get ready cuz' "Occupy Wall Street" is going to be "Occupy Your Street", as impassioned, paid per sheet disorderlies shove petitions through your storm doors..

The RECALL drum beats for Walker, even as he and the Legislature, amidst a seemingly intractable RECESSION, have successfully erased a seemingly intractable Budget deficit; without accounting gimmicks, without raiding segregated funds, and without hiking taxes. The austerity hurt, but thousands of State employee jobs were saved and God willing, new businesses being attracted, we may refill the prosperity coffers. Now there's a change we can believe in because Scott said what he meant and meant what he said and that empowers the people who live in this state. Now, let me hear an Amen, people!

Now go back a couple of paragraphs, then RECALL a comment by the non-partisan NCLS, warning us how "recall abuse" lures lured leeches to suck the democratic out of Democracy and ask, "do we let this proceed?" I suggest, if the Occupy Whatever stop the incessant, inane .....oh yeah, what is it they are doing, then were we to protest the vitriolic TV offendormercials that misinform voters, then maybe, just maybe, we could all RECALL the days when governance meant a civil process, often changing gatekeepers at regularly scheduled intervals, on an as needed basis-called elections. Then we could count, not recount, our blessings of peace and prosperity.

**Richard Parins—BCTA**

## Occupy Green Bay R.I.P.

### "Movement" Expired in 9 Days.

The "occupy" movement (some have called it a crime wave) being courted by the government employee unions and others on the left came to Green Bay. And flamed out nine days later. Done. Over.

You can review the whole childish thing at the Occupy Green Bay page on Facebook. First entry October 6<sup>th</sup>. Final entry October 15<sup>th</sup>. They "marched" for a couple of days, held their General Assemblies, and apparently hung it up when they realized nobody wanted the dog food they're selling.

For the last several days, the Occupy Wisconsin folks have been posting messages asking "is anyone there?", and apparently no one is.

And all the press/pundits showered them with attention and claimed this was going to be a big deal.

Right.

Tom Sladek

"If you just set out to be liked, you would be prepared to compromise on anything at any time, and you would achieve nothing."

. . . Margaret Thatcher

"A penny saved is a penny earned"

. . . Benjamin Franklin

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## What We Can Learn from the Economic Crisis in Greece.

Governments can't live beyond their means forever. That's just history, and it has bad consequences.

What is the problem in Greece and why should we care? Why has it had such a negative effect on stock prices? A little known fact: by comparison, Greece has an economy about the size of Maryland, which has only the 15th largest state economy in the US. The problem Greece has is that it doesn't have the money to pay its bills. This is because of years of government over-spending. The socialist government of Greece has run out of other people's money. This is always the problem the socialist welfare system eventually runs into. Again, that's just history.

Greece's national debt at \$454 billion is bigger than the country's entire economy. The value of ALL of the goods and services produced annually \$318 billion (GDP) is not enough to pay off the national debt. In addition, Greece spends more every year than it takes in, about \$33 Billion or 10.5 % more. Our Federal Government is doing the same thing, only on a larger scale.

Greece tried to solve the problem by reducing spending and laying off 30,000 government workers. It implemented other measures to reduce their deficit. They hiked taxes on fuel, tobacco and alcohol; raised the retirement age and imposed public sector pay cuts. All of this was still not enough.

When Greece took these steps, workers and students nationwide went on strike, closing airports, government offices, courts and schools. They are still striking, as many people aren't willing to help solve Greece's problem.

They just want things to continue as they always have. So they staged nationwide temper tantrums demanding the government keep going the way they always have. Their problem is that the borrowing binge has come to a halt. Investors don't want to loan the Greek government more money. They will likely lose their investment.

Like Greece, our national debt is high and Washington spends more money than it brings in, \$1.4 million more per year and we owe \$15 trillion and growing. The problem in Athens today will be the problems in Washington tomorrow.

Overspending is not just a Washington problem. Recently the City of Harrisburg, capital of Pennsylvania declared bankruptcy. Just like Greece and Washington, Harrisburg took on too much debt. What's even worse is the fact that many people have purchased bonds because they were told government bonds were safe investments. Some grand-parents who thought they were wisely saving money for their old age by buying these bonds will take losses.

Earlier this year, we in Wisconsin took steps to balance our budget. Even though thousands of vocal protesters marched on Madison, we knew that balancing the budget was critical for our state's future. Had we failed to take that step, we'd be like Illinois or California. They are the states most likely to go bankrupt.

As we move forward we need to stay on a path of fiscal responsibility, not letting our spending exceed our revenues. Similarly, Washington needs to get serious about its overspending problems.

Because of the increased taxes, decreased payments and many layoffs, Greece's economy has shrunk by more than 6% and is likely to get smaller yet. This has an effect on all world economies.

Governments can't live beyond their means forever. That's just history and it has bad consequences.

Contributed by Sen. Frank Lasee

## October Meeting Notes.

### Mayor Schmitt Updates BCTA

Monthly BCTA meeting October 20, 2011 at Titledown Brewing.

Green Bay Mayor Jim Schmitt provided an economic development update for the City of Green Bay. He stated that economic development is the top priority for his administration. He explained that Police, Fire, and Public Works are the big three in the city budget. He noted that debt service for bonding is down. The goal is to bond for no more than \$3 million each year while paying off \$6-7 million of debt annually. He reported that the Zippin Pippin roller coaster has been very successful, with Bay Beach ticket sales up 61 percent and concession sales up 47 percent over last year.

Downtown Green Bay development is progressing on several fronts. The \$50 million Schreiber Foods headquarters and Global Technology Center project is moving forward. The KI Convention Center expansion is projected to be an \$18-19 million project when the room tax issue is resolved. Construction of the Watermark project has started. Phase II of the City Deck project is underway. Plans are being developed to remodel the Northland Hotel into a 5-star hotel, which will be a prestigious destination in downtown Green Bay.

On the East side, construction of the \$16 million VA Clinic is about to begin. It is expected to serve 10,000 veterans in Northeast Wisconsin, and open in the spring of 2013. This Clinic will create 350 new jobs, with a large number being professional positions. Mayor Schmitt noted that development of the Port of Green Bay is a key to growth of the Green Bay area economy.

Members of the Brown County Library Board and staff members returned to provide additional information about the proposed renovation of the Brown County Central Library. Kathy Pletcher, vice president of the Library Board, explained that the cost of the renovation project would amount to about \$18 per Brown County household for the duration of the bonding. Lynn Hoffman, Operations Manager for the Library, explained that, prior to 2003, the Central Library provided 45 percent of total library system circulation. With the opening of the Kress Library in De Pere, that dropped to 35 percent of total circulation. The opening of the Weyers-Hilliard Library in Howard further reduced that to 30 percent of total circulation. However, total library system circulation has increased, so the number of items circulated from the Central Library has increased slightly over the same time period.

Schools: The Schools Committee has learned that the comments of citizens at Green Bay School Board meetings are not recorded as the board meeting is, so there is no record of citizens' comments and responses from School Board members.

The next BCTA meeting is scheduled for November 17, at Titledown Brewing. The speaker will be Michele Langenfeld, Green Bay Area Schools Supt. Details on the back page of this Tax Times.

Dave Nelson-Secretary

## Legislature Starts Fall Session.

The opening of the 2011 Fall session marked a continuation of efforts to pass bi-partisan legislation that will improve the business climate in the state in order to grow our economy and put Wisconsin citizens back to work. While none of these bills are a cure-all by themselves, they are individual pieces to help complete the puzzle. Government cannot create jobs; only private sector businesses can create jobs. However, government can provide tools and improve the environment that will promote growth.

### Here are highlights of some of those bills:

**AB 1** expands one of Wisconsin's simplest and most successful economic development tools known as the Jobs Tax Credit. The credit is equal to a maximum of 10% for wages paid to new employees and for training costs. The state is already nearing the maximum amount of credits that can be issued this year, and AB 1 immediately increases the annual cap for this credit from \$5 million to \$10 million. The credit can be used by employers to pay higher wages, hire additional employees, invest in new equipment or property, expand research and development, or reduce debt load. The Jobs Tax Credit provides opportunity across our entire state and doesn't target one industry over another.

Recent successes of the program include a credit issued to Bostik resulting in the transfer of 76 research and development and corporate headquarter jobs from Massachusetts and Pennsylvania to Wisconsin. Spain-based Ingeteam chose Wisconsin over Michigan bringing 275 jobs to our state, and Italian-based SEDA chose Wisconsin over Pennsylvania bringing another 189 jobs. The credits must be repaid to the state if the new jobs are not maintained. The Assembly approved the bill 95-2 and it now heads to the Senate for consideration.

**AB 179** authorizes neighboring cities and villages to jointly create a multijurisdictional tax incremental financing district (MJTID). These districts will offer a mechanism for local governments to coordinate to spur development along jurisdictional border regions which are more likely to be blighted than others. MJTIDs allow for mutual benefit to realize a true regional economic impact by mitigating disparities and the need for under-cutting competition between neighborhood communities in their efforts to recruit or retain businesses. The Assembly approved the bill 96-0 and it now heads to the Senate for consideration.

**AB 228** will remove unnecessary roadblocks to cooperative development by restoring a long-standing registration exemption for cooperatives from having to file with the Dept. of Financial Institutions if they offer the sale of securities as preferred stock. An update to federal law resulted in a more restrictive state-level securities registration exemption which has resulted in confusion, delays, and substantial legal costs for cooperative business start-ups, proving to be a deciding factor on whether to move forward. Restoring this exemption will help new co-ops to access the capital they need to get off the ground and in turn create Wisconsin jobs. The bill passed the Assembly 96-0 and it now heads to the Senate for consideration.

We also approved several transportation bills aimed at making it easier for commerce to take place on Wisconsin roads. All these bills bring our state laws in line with those of our neighboring states thereby leveling the playing field and eliminating a competitive disadvantage. Passing laws that will move materials and products to market more efficiently and affordably will assist Wisconsin farms and businesses in becoming more competitive in this tight economic environment. The following bills were all approved on voice votes and they now head to the Senate for consideration.

State Representative Karl VanRoy

## Wisconsin Still in the Top 10.

No, we are not talking about the football team. The Wisconsin Taxpayer's Alliance has announced that Wisconsin's state and local taxes in relation to personal income are now the ninth highest in the nation, up from 11th place last year.

The Wisconsin Taxpayers Alliance (WISTAX) reported. U.S. Census figures released in October show that state-local taxes in Wisconsin claimed 11.2% of personal income in 2009, ninth highest among the states. During the prior year, Wisconsin taxes claimed 11.7% of income but the state ranked 11th. The 2009 decline in tax burden reflects a temporary increase in federal stimulus funds used to replace state tax dollars, as well as the 2007-09 recession. Wisconsin's tax burden (11.2% of income) was almost 10% above the U.S. average (10.2% of income). Most of the difference was due to individual income and property taxes. Both were more than 25% above the national norm in 2009; the property tax ranked ninth and the income tax, 11th.

"Because Wisconsin has historically relied less on sales taxes and federal aid than other states, individual income and property taxes are used to a greater extent than in most states," WISTAX President Todd A. Berry explained. Sales taxes ranked 34th (about 13% below the U.S. average) and corporate income taxes ranked 23rd. **WISTAX - Wisconsin Taxpayers Alliance**

## National Debt Update.

As of the end of October, the United States National Debt reached a total of **\$14,935,725,888,916.00**. **Happy Halloween.** That's an increase of \$142 Billion of "investment money" as President Obama calls it. If you are lost in the numbers, it's about **\$14.9** we owe China, Saudi Arabia and of course those bloodthirsty Wall Street bankers.

Another trivia answer: A trillion is 1,000 Billion, and a Billion consists of a 1,000 Million so conclude we are playing with big bucks.

What is the President doing about it? First he has flying about the country touting his \$500 Billion jobs creation bill. Without waiting for Congressional approval he created a new set of rules making it easier to obtain and repay college loans and pay off delinquent home loans. Is it possible that these would not have been problems if the government had left them alone in the first place?

**Jim Frink-BCTA**

"Half of all Americans have never read a newspaper. Half have never voted for a President. One hopes it is the same half." . . . **Gore Vidal**

"Trying to determine what is going on in the world by reading newspapers is like trying to tell time by watching the second hand of a clock" . . . **Ben Hecht**

"The mystery of Government is not how Washington Work;s but how to make it stop." . . . **R. J. O'Rourke**

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## Tax Hikes Would Provide Insignificant Revenue.

Warren Buffett's recent call to increase taxes on the super- and mega-rich has garnered much media attention. Even President Obama has cited this as a source of income to finance additional spending such as his \$500 Billion jobs creation program. But how much money could such increases actually raise? What effect could they have on reducing the nations deficit or debt? As it turns out, not much.

Mr. Buffett specifically called to raise tax rates on Americans making more than \$1 million and proposed an additional increase on taxpayers whose income exceeds \$10 million. Suppose Mr. Buffett got his wish and loopholes and deductions were eliminated, making it possible to tax the super-rich (those earning \$1M - \$10M per year) at an effective rate of 50%.

Taking half of the yearly income from every person making between one and ten million dollars would only decrease the nation's debt by 1%. Even taking every last penny from every individual making more than \$10 million per year would only reduce the nation's deficit by 12 percent and the debt by 2 percent. There's simply not enough wealth in the community of the rich to erase this country's problems by waving some magic tax wand.

Finally, to put everything in perspective, think about what would need to be done to erase the federal deficit this year: After everyone making more than \$200,000/year has paid taxes, the IRS would need to take every single penny of disposable income they have left. Such an act would raise approximately \$1.53 trillion. It may be economically ruinous, but at least this proposal would actually solve the problem.

Contributed by Senator Frank Lasee.

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"The higher that a monkey climbs, the more you see of his behind."

. . . Joseph Stillwell

"October. This is one of the peculiarly dangerous months to invest in stocks. Other dangerous months are July, January, September. April, November, May, March, June, December. August and February."

. . . Mark Twain

## The Bonding Trap.

*The following is a reprint from the June, 1999 Tax Times. The point we make is that borrowing funds each year to cover budget shortfalls on non-capital items tends to create even greater problems with balancing future governmental budgets. It is even more true today.*

We should pay for things as we use them. Makes sense, doesn't it? That's the rationale behind a lot of local government bonding we have seen lately.

While inflation is high, there's a semi-credible argument that it makes sense to borrow lots of money and repay the debt with ever cheaper dollars. With inflation slowed to a crawl, future dollars won't be a lot cheaper. This justification for borrowing doesn't hold water any more.

"We should pay for assets, roads and buildings, as we use them." In principle, this is logical. Unfortunately, habitual borrowing leads to a point of no return.

Let's look at an example. What happens if a unit of government embarks upon a policy of borrowing \$10 million per year for capital improvements? Let's assume a low interest rate of four percent, compounded annually, with ten years for the term of the bonds.

The debt service for \$10 million at four percent simple interest is \$1.233 million each year. In the first year, that splits into \$400,000 for interest and \$833,000 going to reduce the principal. In the second year, after borrowing another \$10 million, the annual debt service rises to \$2.466 million. The third year sees the annual debt service increase to \$3.699 million. These are the good years. The annual \$10 million borrowing is much larger than the annual debt service. We have plenty of money for new projects.

However, good things don't last. The debt service keeps increasing by \$1.233 million each year. For Year 10, the debt service will be \$12.33 million.

The trap is starting to close. We are in the habit of spending \$10 million each year for capital projects. Do we want to stop the annual borrowing and pay off the \$48.2 million of debt remaining? This would require an unbelievable amount of fiscal discipline and courage from a number of elected officials.

We have two other choices that are much more politically expedient. First, we can continue the \$10 million annual borrowing. The good news is that the debt service will plateau at \$12.33 million. The bad news is that for \$12.33 million a year, we can have \$10 million of new projects for as long as we want to continue. Our debt service is 23.3 percent of our annual benefit. What a deal! If we don't like it, we can quit any time and pay off the \$48.2 million of debt remaining. Is there any quitting now? No, the trap is closed.

The second alternative is to increase the annual borrowing each year to cover our increasing debt service costs. The outstanding debt and the annual debt service costs will explode with this alternative. This is how Congress is handling the national debt. A fine example, indeed.

Let's consider a six percent, \$10 million per year borrowing example. With a six percent interest rate, the debt service plateaus after ten years at \$13.4 million for continuous annual borrowing of \$10 million. For \$13.4 million a year, we can have \$10 million of new projects each year for as long as we want. Annual debt service is now 34 percent more than our spending for new projects. What a legacy to leave our children and grandchildren!

These are clear examples of how chronic borrowing actions, even at relatively low interest rates, lead to debt levels that are unlikely to ever be reduced, and debt service costs that grow to become significant percentages of total expenditures. These examples support a policy of very disciplined spending for capital projects, avoiding bonding for all but the very largest projects.

Dave Nelson - BCTA

## Things That Make Us Wonder.

Due largely to economic conditions, business's of all types, and even state and local governments have been reducing their payroll staffs in order to make available funding go further. Operate more efficient-ly while with fewer people.

This is not the theory of the Federal Government however. While the exact number of federal employees is usually an unknown factor, the U.S. Office of Personnel Management indicates not counting military personnel there were 2,700,000 employees at the end of 2007 and at the end of 2010, 2,841,000. or 141,000 more,

What all of these people are doing is anybody's guess, but no doubt many of them simply keep track of each other and the rest are qualifying requests for and issuing payments for government handouts.

\* \* \* \* \*

The PBS has been carrying an interesting series on the history of prohibition, brought about in 1919 by the passage of the 18th Amendment to the Constitution banned the manufacture, sale, or transportation of alcoholic liquor in the United States.

While initiated and passed with good intentions after pressure from temperance activists, it did not take long for the country to make a mockery of the law.

Loopholes in the law were soon exploited and gangsters found ways controlling the manufacture, sale and distribution of alcohol on a huge scale with the blessings of the average citizens.

Worst of all police, public officials and the courts either turned their backs on enforcement or were bribed by those profiting from the sales of outlawed liquor. Profits were huge and the government lost out on the potential tax revenues.

After it was obvious organized crime was running the business and the law was unpopular and ineffective It was repealed by the 21st amendment in 1933.

Perhaps one lesson in this is that if a law that is unpopular, ineffective, or not accepted to be for the overall good of the country it should be repealed before it is ever enforced.

Prohibition with Obamacare may be a poor comparison. However, the huge expense of the "Health Care Reform" bill in new taxes and mandates on

business, questions about its effectiveness, and the opportunities for third parties to make huge profits at the expense of taxpayers make us wonder what kind of mess we are getting in to.

Obamacare may not be the same as prohibition, but it sure has the same potential for disrupting our country.

\* \* \* \* \*

Did you ever wonder how the government can prosecute, fine, and even imprison corporate executives for not making prudent decisions according to their standards when their own officials entrusted with prudent expenditure of taxpayer dollars can spend billions of dollars we don't have on wasteful items that nobody really needs?

\* \* \* \* \*

One of things seldom mentioned when the salaries of state and local employees are publicized is the amount of benefits they receive, more specifically health care and retirement benefits. These are the type of items determined by the collective bargaining agreements all the recent fuss has been about and often represent a 100% cost to taxpayers who pay the bill.

Recently it has been disclosed that loopholes in the administration of state retirement funds have permitted employees have supposed retired and started to draw generous retirement benefits from the fund only to later resume their old employment and salary.

An article in the Oct. 22, *Press-Gazette* quotes the Wisconsin Employee Trust Funds that since 2005 over 6,800 state workers have taken advantage of this procedure. The total cost to taxpayers was not disclosed.

\* \* \* \* \*

We don't deny Pres. Obama the use of a 747 to fly around the world and meet with the people even though some of the trips may be more raising re-election money oriented than selling his job creation policies. It's one of the perks that come with his job. Things have changed since FDR came to Green Bay by train back in 1934.

The Air Force estimates it costs \$181,757 for each hour of 747 flight time, not counting all the other local and national expenses involved. We wonder if he gets charged for extra baggage?

\* \* \* \* \*

Two ongoing and expensive problems we face as our population grows are disposal of garbage and rubbish and supplying sufficient energy to maintain our standards of living. A third problem is not polluting the atmosphere in the process.

Presently in Brown County, refuse that cannot be recycled is hauled by truck to landfills as much as 60 miles or more away. This is expensive and inefficient in addition to occupying valuable land with trash for the rest of eternity.

Some localities have installed systems that separate recyclable material from the rest of the trash which is burned to provide energy. Although these systems have flaws it would seem that science and technology could make improvements. We printed an article in the Sept. 2009 *Tax Times* about a system that had been used for several years in LaCrosse, WI for several years whereby trash was reduced to little pieces which were either mechanically sorted to recyclable components or burned to generate electricity.

The system worked fine except that it was determined that too many pollutants were being released in to the atmosphere by the burning of plastics, etc., so it was shut down.

Another system that disposes of trash and produces energy is known as a biomass gasification system. In this system rubbish is heated to 1,200 degrees Fahrenheit to produce methane gas which is burned to produce electricity. Plans are underway to construct such a plant on the northwest part of Green Bay.

A pilot plant has been operating in the area but visitors have not been allowed to this time.

While coal and nuclear generating plants are the main sources of electric power in the area, wind power and solar panels are touted by some as the energy of the future because they are renewable.

Unfortunately it is difficult to imagine either of these sources capable of producing the energy to run our industries or light and heat our cities.

The best hope may be to trust our scientists to keep working on methods to make non-polluting technology, and then make sure it is economically and environmentally feasible before a plant is built.

\* \* \* \* \*

The *Press-Gazette* often says the political candidate with the most money to



spend is the one most likely to be elected. While there may be some truth with this. it may not be as much determining the winner of a popularity contest as it is who can attract the most special interest money which goes to influence his or her agenda.

In recent campaigns, including the recall elections it seems that associating a candidate with his contributors as a method to discredit his character and motivation has been a common procedure. No consideration to the fact that it now may cost a million dollars to seek election to the assembly, or that a good portion of campaign funding comes from out of state or otherwise undisclosed sources.

While it is probably true that most people make political donations because the candidate or party most closely represents their values, they also have some interest in what happens after the election.

\* \* \* \* \*

An article in the October 31, *Time Magazine*, claimed the Occupy Wall Street (OWS) protesters reflected the general belief that the big banks have pillaged the American economy. However the same article said the protesters "included a generous measure of weirdos, ideologues and free-range troublemakers."

So what do you believe? One possibility is the net result brought be the publicity that OWS is receiving will serve to further demonize peoples opinion of large corporations and banks and as a result taint any financial contributions they make to candidates in next years elections.

\* \* \* \* \*

The number of foreclosures in Brown County may reach 700 this year on top of 649 for 2010. This is 700 too many and far in excess of new construction.

Usually when municipalities prepare their budgets and tax levies they justify new spending and tax increases on increased valuation. This may be more of a problem this year and perhaps reason to postpone capital projects and discretionary spending to sometime in the future.

\* \* \* \* \*

We are a generous nation and our government and people have always been generous in helping those in need.

However, economic conditions the past couple of years have put a strain on everyone's budget including government.

USA TODAY reports that some states now require asset statements and

even urine samples checking for drug use as a qualification to receive food stamps. A good idea?

\* \* \* \* \*

It was reported that Wisconsin now owes the Federal Government about one Billion dollars to repay unemployment compensation loans. Wisconsin has some of the most generous benefits of all the states in benefits paid per week and length of eligibility for unemployment benefits.

This will be paid for by a tax on all of the states employers regardless of whether they have laid off workers or not.

\* \* \* \* \*

As of the end of October, it was estimated the world's population had reached the seven billion mark. Up from 6 billion only 13 years ago and double what it was just 45 years ago in 1966.

Worse yet, global population as tripled about 3 times since the end of World War II, and we thought it was crowded then. Much of the increase is in undeveloped countries in Africa where food is already scarce.

What this probably means is a lot more competition for natural resources, energy, food, and living space.

\* \* \* \* \*

Some of next years presidential candidates hopefuls seem to realize that the National Debt will have to be dealt with sooner or later and offering possible solutions if they are elected. Probably no candidate has ever been elected who promised to raise taxes for any reason.

The big stumbling block on any new tax plan may be the present 82,000 page tax code, and dealing with all of the shelters, deductions, brackets and loopholes contained which literally provide something for everybody.

\* \* \* \* \*

Apparently elections in Wisconsin don't mean much anymore. A candidate can run and win on his platform but can be recalled from office if he doesn't manage to please everyone.

Perhaps giving the people who vote this choice is a good idea, but through history a lot of bad things have happened when properly elected governments are forcefully replaced.

\* \* \* \* \*

Without going through the for-

mality of Congressional approval President Obama used his executive power to ease the requirements to obtain and repay student college loans.

He also approved changes making it easier for homeowners to make their mortgage payments.

While these are no doubt welcome to those benefitting, including the Presidents re-election team, we wonder if the President checked with the Budget Accountability Office for an estimate of what this will do to the National Debt.

This considering that while a college education is almost a requirement for employment these days the schools keep raising their costs faster than most other inflationary items.

It was pointed out that most of our previous great presidents have used their discretionary executive powers but none of them had a \$15 Trillion dollar national debt to be concerned with.

As usual, lots of things to wonder about.  
**Jim Frink**

*"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."*

"Politics is the entertainment branch of industry." . . . **Barry Goldwater**

"Politics is the gentle art of getting votes from the poor and campaign funds from the rich by promising to protect each from the other."  
. . . **Oscar Ameringer**

"The natural progress of things is for liberty to yield and government to gain ground." . . . **Thomas Jefferson**

"A politician is a statesman who approaches every question with an open mouth." . . . **George Burns**

# The TAX TIMES

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And more.

## The TAX TIME\$ - November, 2011

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

Thursday - November 17, 2011. BCTA Monthly Meeting. 12:00 Noon.  
Titledown Brewing Co.  
Speaker: Green Bay Schools Superintendent  
Michele Langenfeld

Thursday - November 24, 2011. BCTA . Celebrate Thanksgiving.

Thursday - December 15, 2011. BCTA Monthly Meeting. 12:00 Noon.  
Titledown Brewing Co. Program to be announced.

Thursday - January 19, 2012 . BCTA Monthly Meeting. 12:00 Noon.  
Titledown Brewing Co. Program to be announced.

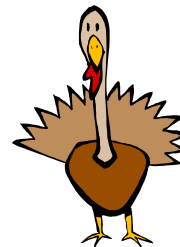
Unless otherwise notified, BCTA monthly meetings are held the Third Thursday of each month, 12:00 Noon, at Titledown Brewing Co., 200 Dousman St.

### **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: \$8.00, Payable at meeting. Includes lunch, tax & tip.

Call Tom Sladek – 499-7701 for information or to leave message.



**November,  
2011**

“The art of politics consists of knowing precisely when it is necessary to hit an opponent slightly below the belt.: ..Konrad Adenauer

“A fool and his money are soon elected.” . . . Will Rogers

### **SUPPORT THE BCTA**

**New Members are Always  
Welcome. Call 336-6410  
Write us at P. O. Box 684  
or visit our website**

**[www.BCTAxpayers.Org](http://www.BCTAxpayers.Org)  
for Details.**