

What if Government Ran Like a Business?

The 2007 Solution

By Senator George LeMieux

The Honorable George LeMieux is a Republican member of the United States Senate representing Florida since 2009. Before serving in the Senate, Senator LeMieux led the Executive Office of the Governor as Chief of Staff to Governor Charlie Crist in 2007. He also served as Chairman of Gunster, Yoakley law firm and as a member of the Florida TaxWatch Board of Trustees. Senator LeMieux has a B.A. from Emory University and a Juris Doctorate with Honors from Georgetown University School of Law.

For the last several years, federal spending has far outpaced collected tax revenue, resulting in a ballooning deficit of a magnitude never before seen. The practice of deficit spending is nothing new in Washington, but since 2009 the national public debt has increased by \$1.5 trillion without significant improvement in economic growth, employment, or market confidence. Today, the national public debt totals more than \$13 trillion.

This trend in national spending is unsustainable and will have disastrous consequences for Florida and the country if continued. To ensure that our nation is on the path to economic recovery and not fiscal instability, Washington's out of control spending must be reined in and the budget balanced. This all can be accomplished with the implementation of the "2007 Solution", which would cap federal spending to levels seen three years ago.

In private business and most state governments, spending decisions are based on the determination of how much revenue is brought in. Revenue versus expenditures determines health of the business or government alike. Sadly, there exists no effective mechanism to incentivize national budget proposals and spending plans to abide by these principles of balanced and financially sound spending. Instead, Congress waives measures that have been put in place to ensure accountable spending, such as the recent 'pay-as-you-go' rule, and perpetuates the cycle of 'print-as-you-go', leaving the growing burden of the deficit on our children for generations to come.

But, this cycle does not need to be our nation's fate. There is a way to balance our budget and cut our national debt significantly – the "2007 Solution", which would allow Congress to cap federal spending at 2007 levels or \$2.7 trillion yearly as a realistic solution to the fiscal crisis before us.

The idea is simple but effective: if given the chance, would you go back to what you were making in 2007? Many Floridians have been asked and the answer has overwhelmingly been yes.

In these difficult economic times, Floridians and Americans across the nation are undoubtedly going without more than they did in 2007 - just look at any of the recent figures on wages, employment, and consumer spending.

If the federal government followed suit and did more with less, the 2007 Solution would balance the budget by 2013 and the national debt would be cut in half in ten years. In order to achieve this, federal spending would need

to be capped at \$2.7 trillion or the spending levels seen in 2007. Recent numbers reveal that this spending cap would not only balance the federal budget, but provide a \$163 billion surplus within three years. Even if spending were capped at the higher 2008 levels, the budget would be balanced by 2014 with a \$133 billion surplus.

Certainly, the adoption of the 2007 Solution would present short and long term opportunities and challenges. One such challenge is the recent legislation expanding the eligibility of Medicaid. Another is the burgeoning amount of fraud and waste that is committed by health care providers, most of which originates in our backyard of South Florida.

Finding solutions to these increasingly costly dilemmas require action and innovation. The 2007 Solution would necessitate that our state and nation squarely focus and solve these and other areas of waste and inefficiency to stop losses long term and keep more money in taxpayers' wallets.

To prevent the nation and the state of Florida from sliding further into a fiscal crisis and economic stagnation, Washington needs to embrace practical policy and financially sound initiatives that will rein in spending while promoting economic growth and incentivizing job creation in the private sector. The implementation of the 2007 Solution would not only bring about a balanced, sound budget, but incentivize a new culture and way of thinking in Washington that would save taxpayers trillions. Florida's businesses and children are on the front line of turning our economy around and we can no longer afford to place the burden and uncertainty of our national debt on their backs.

The option of continuing to do nothing is simply much too high.

Ideas In Action

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Florida TaxWatch's research recommends productivity enhancements and explains the statewide impact of economic and tax and spend policies and practices on citizens and businesses. Florida TaxWatch has worked diligently and effectively to help state government shape responsible fiscal and public policy that adds value and benefit to taxpayers.

This diligence has yielded impressive results: in its first two decades alone, policymakers and government employees implemented three-fourths of Florida TaxWatch's cost-saving recommendations, saving the taxpayers of Florida more than \$6.2 billion -- approximately \$1,067 in added value for every Florida family, according to an independent assessment by Florida State University.

Florida TaxWatch has a historical understanding of state government, public policy issues, and the battles fought in the past necessary to structure effective solutions for today and the future. It is the only statewide organization devoted entirely to Florida taxing and spending issues. Its research and recommendations are reported on regularly by the statewide news media.

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