

How to Fix the CT Budget. From Crisis to Democratic Elegance

Following the November 2018 election, a December referendum and General Assembly approval, Connecticut will become the first state to return welfare to a private function. The plan takes three years and coincides with the state personal income tax going to zero. The continuing welfare function is known as "PSY-OPS".

Private Smorgasbord - Your Opportunity for Personal Selection ("PSY-OPS")

Principle: let individuals decide where CT's non-necessary dollars are spent.

Corollary: individuals are less compromised than politicians

Corollary: individuals should have the control to monitor and amend our charitable dollars.

Corollary: smaller and more local control yields better results

The Private Smorgasbord is the wide array of CT charitable activities the state of Connecticut partly or fully funds in Year One, but which are privately funded by Year Four. These are the activities not compelled by the state constitution that the state need not solely fund but which will benefit from state steering private funds their way.

A "CT charitable activity" is a service for which the donor does not receive a direct benefit.

The funding is based on the wishes of taxpayers, though it can be additionally funded by non-taxpayers. Taxpayers will use 70% of their past year's tax liability (or 60% of this year's liability, whichever is higher) to select the charitable activities on which their tax dollars will be spent. Taxpayers keep the other 30%. Yes, this is a Year One Tax Cut. Yes, this coincides with a three-year phase-out of the state personal income tax. Yes, by Year Four, this completely amalgamates state-funded with privately funded CT charitable activities.

Taxpayers MAY wish to fund charitable activities beyond the 70%. As many have indicated, their charitable funding will exceed 100% once they feel assured their money is not being spent on unwise, frivolous, or on odious causes.

At its "stingiest", with everyone keeping their 30% and donating no more, this is a General Fund reduction of \$3.2 billion, or about 15% of Revenue. Governor Stewart is working on revenue sources besides the income tax so as to cut 34% the next year and 36% the year after, and thus be rid of the income tax. But even with zero added revenue, the "highly selfish / stingy" scenario puts our Year One budget just 15% lower. Any agency can make do with 85% of its revenue.

The "stingy scenario" is not evil. It may very well reflect families so pressed that every dollar of their 30% tax cut is needed. It may also reflect a still-generous mentality that the family can do better for the world with its 30% than a charitable organization. It may reflect a wait-and-see-how-this-works-before-being-generous mentality.

Families that give a substantial sum in 2019 will see a further income tax cut in 2020. Mr. Stewart proposes that be 34% of the 2018 liability. The 2020 Smorgasbord thus uses the 36% remaining and families have 64% (30% from Year One and 34% from Year Two) returned for their use.

Repeat for 2021 onward. The tax liability for families that made substantial donations in 2019 and 2020 has gone to zero. Their refund is 100%. The smorgasbord remains open and actively soliciting whatever funds families see fit to donate.

The smorgasbord charitable activities offer themselves to the public through a state web site. (They can offer on their own separately as well). Those currently funded by the state show their designation to all. Those with no state funding are still in the mix for people to choose.

Income Taxpayers literally apportion their funds. A family whose tax liability in 2018 was \$10,000 will keep \$3000 and can use \$7000 (more if desired) to apportion. A sample \$7000 could be

- \$1000 -- DDS meaningful work for mentally impaired
- \$ 300 -- DEEP environmental protection of shoreline
- \$ 100 -- DEEP Mosquito Control
- \$ 100 -- DEEP Underground Storage tank remediation
- \$ 300 -- DCF for Homeless youth in Stamford
- \$ 100 -- DCF for Homeless youth generally
- \$ 300 -- CT Commission of Equal Opportunity
- \$ 100 - Dept of Agriculture - WIC Program for Fresh Produce
- \$ 300 - CT Regents - Technical College Scholarship Fund.
- \$ 300 - DCF Dept of Psychiatric treatment for Children
- \$ 300 - DCF Day treatment Centers for Children
- \$ 300 - Dept of Criminal Justice - Medicaid Fraud Control
- \$ 100 - Dept of Criminal Justice - Witness Protection
- \$ 500 -- Dept of Correction - OMNI requests
- \$ 500 -- Dept of Correction - Board of Pardons and Paroles
- \$ 100 -- General Services Administration - OMNI Requests

- \$600 - LF Fund - ONMI
- \$800 - Re-Build Fund -- For homeowners facing crumbling foundations
- \$180 - Bill & Melinda Gates Foundation CT Fund
- \$180 - David Chase Foundation - Injured Combatants Fund
- \$180 - American School for the Deaf - Voice-to-text reader fund
- \$180 - Zachs Family Foundation - New Fund for returning NHL Hockey
- \$180 - State Rep. Derek Slap's - "Suburban --> Urban Support Fund".

TOTAL \$7000

\$700 - Governor's discretion "Seeing 2020 Fund". Tithe taking me to 110%.

\$700 - CT Warriors - Combat Veterans' Mental Health Fund. Taking me to 120%

\$350 - AGENT: Veterans' Analyst Recommendation. Taking me to 125%

The top half are to state agencies in existence now. The bottom portions, including a 25% ADDITION to the demanded \$7000, are new organizations.

The final line "Veterans' Analysis Recommendation" represents a split of funds according to one recommending group that keeps Veterans' interests in mind. This agent becomes a "mutual fund" for CT charities, with its own directive.

Some people may use exclusively Agent Recommendations. They don't want to research the many possible organizations that might deserve funding. As with mutual funds, there's a general direction, and the Agent's web site specifies how it will be specifically directed.

Unspecified contributions go to the General Fund.

For the first year and second year, the state puts its "Thumb on the Scale" to channel donated funds to existing state-funded groups. This recognizes that continuity has value, but it pressures all groups receiving money to show value. A panel of four to nine "Smoothers" make assessments following the public's commitment period. They assess divisions that might have been radically under-funded by the public and then present the case for funding "underfunded" aspects to the General Assembly.

Off limits:

Public Schools. (Public funding is assured in Article Eight of the CT Constitution)

State Police. (Highway patrol and rescue is a necessary state government function.)

Mental Health facilities housing violent offenders (the state's protection function demands the state take full responsibility for safety).

Off Limits only in Year ONE (more continuity needed):

UConn school Campuses

UConn Health Center

Any divisions using Medicare, Medicaid, or ACA money (we need more time to extract).

Unless modified by the General Assembly, these are the ONLY activities that are off-limits. Literally, in all but these sacrosanct areas, the people will decide funding more directly.

The smorgasbord is to attract everyone to in-state charities. It should also attract national charities to do great things for CONNECTICUT. (See the Bill and Melinda Gates Foundation example above). Big charities that want to get bigger have an incentive to submit offerings that benefit Connecticut directly.

From 2021 onward, previously state-funded activities are merged with private charitable activities so all donors (former taxpayers and non-taxpayers) see an equal array of choices. Non-essential services are thus directly funded by citizens, in the amounts the citizens determine. The state smooths out dramatic gyrations, but otherwise the state's role is simply a facilitator.

In 2019, a state division has the right to submit a proposal stating why its work should be not be subject to the same private assessments. This might be by audio, video, or print, with an expected assessment time of up to 30 minutes per reader. The pieces submitted should be fashioned that that the public can view them just as easily. If rejected by the state, these presentations may still go into the private smorgasbord.

This is the way states should have been run all along. This is minimal government that maximizes freedom. This engenders minimal taxation but enhances voluntary contributions. This rekindles the Framers' vision that was in play until the 1890s, and that helped Connecticut rise to tremendous prosperity. (Not coincidentally, in the 1870s, Hartford was the wealthiest city per capita in the USA.) If socialists want to build up restrictions, they must start anew; we are rolling back the un-prosperous, and un-American socialist restrictions that have burdened our state. For those who don't yet share this reality, adopt this...

Connecticut's bad governance has put us in or near to a "death spiral", where taxpayers leave the state so those of us

Objection:

This is why we elect representatives; they are there to do our fiscal will.

But they DON'T. Instead your representatives get caught in quagmires. They have demands on them that DON'T relate to proper funding of services. They pass omnibus bills without reading them. They deny good activities because "time is running out in the session". At their very best, they are diligent but have to make political compromises. Compromises dilute the will of the people. Direct contributions SHOW the will of the people.

Objection:

But people are too ignorant / busy / unconcerned / stupid to make smart/fair decisions.

They have the choice of "none" and their 70% defaults to the General Fund. Arguably, "stupid" is no worse than politicians for 35 years not funding obligations, funding boondoggles in excess, leasing train cars when they could buy them for less, and "bonding" projects to keep their true costs from taxpayers. Every one of these is stupid, immoral, or both.

The best definition of "smart" or "fair" is the informed will of the people.

Objection:

Some agencies will get more money than they need.

Good for them. They will be able to expand their efforts and cover more people the same good ways. Most charities will give a statement about what they do with excess. It could be kept for a "lean" year. It could be used for new recipients. It could be returned to the donors. It could be sent to another charity that didn't receive as much funding.

Could they overfunded charity give the excess to its "owners"? If it publicizes that it's giving a bonus for good work and states how much (or the percentage of the excess) then citizens can see and assess for themselves. Paying 50% of the excess out in bonuses looks swamp-like. Paying 5% to 15% seems reasonable. Charities that don't disclose these guidelines will not be rated as highly as those that do. This is another healthy competition among charities.

Objection:

This is blending government welfare with private welfare.

Good! Private welfare is BETTER than government welfare. Just as a private clinic treats its patients better than the VA, just as FedEx treats its clients better than the USPS, just as private schools do better for their children than most public schools, so will almost every privately funded service do better for its recipients than state-funded service.

Objection, this is blending government service jobs with private service jobs.

Very Good! Employees should always have transferrable skills. Without transferability, they are subject to bad bosses, lower pay and little choice for hours and benefits. In a large array of possible private employers, good employees will see multiple offers for their skills. Remember, the state employee under this system can BECOME a private firm. Seasoned state workers know best how to serve CT clients and already know the manpower available. State employees creating private servicing businesses is a worthy byproduct.

Objection:

Some state employees will lose their jobs.

Yes, bad ones will, and should. Those who in the past have been rated bad have a chance to quickly reform a stay in state service jobs. Unreformed bad employees SHOULD lose their jobs. 3.6 million citizens should not be obligated to support people sleeping on the job (literally, my travels have taken me to two political appointees whose paid work time includes hour-long snoozes).

Objection:

But the state's firefighters could be chopped! You should exempt them.

Exemptions should not rest with government. Funding should rest with the people. State firefighters, because they are visible and important, will probably become well-funded by people. Indeed, they probably need very little fodder to justify their operations. If they don't get enough in Year One, it's because informed citizens assess them as less worthy than some local services.

Objection:

There will be too many organizations to assess.

It's not beyond the individual to assess 100 groups seeking funding one afternoon. Small-time investors assess over 100 stocks every quarter; casual citizens view 200 Kick-Starter / GoFundMe videos each year. For those not wanting to assess, agents are available to help these assessments in the same way mutual fund managers assess individual stocks.

Objection:

There are many important services that are below the public's radar screen.

That's why the "Smootherers" remain part of government disbursements for the first two years. The Smootherers make assessments following the public's commitment period and then present the case for funding "underfunded" aspects to the General Assembly. Yes, "Mosquito Control" and "Nuclear Waste Disposal" seem essential but might lose out to cute kittens in animal shelters in Year One. It's up to them to make the case for the importance of mosquito control and nuclear waste disposal in Years Two and Three. There are no "Smootherers" left in Year Three, so these orgs have to uplift their status. This publicity is good. More exposure to the inner workings of government is salubrious.

Objection:

This competition for private dollars means a lot of money will be spent by agencies marketing themselves.

They are spending THEIR money as they see fit. That's better than the now-corrupted system of Agencies spending YOUR money as they see fit, and you with no recourse to stop it. Spending on advertising with what all private firms do. State divisions moving to private funding status will be able to do this too. If they need help, they can ask their own staffers to justify to their own groups.

All civic spending by all CT firms in this new scheme will probably be less than what Proctor and Gamble spends advertising hair products.

Objection:

This blends some government functions and private activity.

Agreed! This is proper. Functions outside our constitution should be private, or the public should vote, one-by-one so there is clarity, on the functions it wants to keep exclusively for government. Once, welfare was not a government function. From the 1930s to the 1980s governments usurped private welfare. With this usurpation, politicians could get more favor and more power. It's no coincidence that despite more-and-better media, incumbents' re-election rates rose almost steadily from the 1930s to the 1990s.

Objection:

This is a stark shift. Can't we just slowly ease out of the problem?

No. We. Can't. Eighty years of underfunded pensions and health obligations, thirty years of workforce largesse, and twenty years of kicking the known "can" down the road cannot be rectified with a tweak. Indeed, it shouldn't be rectified by government as we know it, because that government will fail us again.

A new form of government, to meet a financial crisis, is needed. The form offered here gives an opportunity for far more democratic, far more nimble, and far more fair funding of non-necessary services. Here, out of a crisis that's real; we can turn our government into the BEST on in the 50 states. With it, we will attract businesses and keep residents, who see CT is finally DOING something significant.