



## Official says state is ‘addicted to federal spending’

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EDMOND — Cato Institute analyst Tad DeHaven, a former budget policy adviser to Sen. Tom Coburn, recently pointed out that state policymakers have become “dangerously reliant on federal money.” In a very real sense, state policymakers receive federal bailouts every year.

As the economist Herbert Stein famously observed: Something that can’t go on forever, won’t.

T.W. Shannon knows this. The next Speaker of the Oklahoma House of Representatives announced last week that he’s conducting an interim study this fall “to examine contingency plans for scenarios in which state agencies lose federal funding due to potential federal budget cuts.” He is to be commended for his prudent leadership.

“The federal government is now borrowing \$1 of every \$2 it spends,” Rep. Shannon said. “Our national deficit reached \$16 trillion this year. It is inevitable that states will experience drastic cuts at some future date. The spending level is not sustainable.”

According to the latest Comprehensive Annual Financial Report prepared by the Office of State Finance, Oklahoma’s total state spending is at an all-time high. This money comes from a variety of sources. Nearly half of it is from the federal government; most of the rest comes from state taxes and fees that are either appropriated by lawmakers or directed to various agencies by state law.

Total spending now exceeds \$16 billion — that’s more than \$500 per second — and it continues to increase every year.

Oklahoma’s dangerous reliance on federal money is nothing new. In 2004, economist Barry Poulson wrote: “Oklahoma citizens may be surprised to learn that they have become an actual

'welfare state,' more dependent on the federal government to finance spending than their own tax-generated funds."

Again, this is not sustainable. America is bankrupt. As author and columnist Mark Steyn puts it, "the government of the United States is broker than any entity has ever been in the history of the planet."

OCPA has recommended the formation of a legislative oversight committee designed specifically to review all state programs using federal funds.

"We have to be ready to self-sustain core services and deal with potential cuts," Rep. Shannon says. "State agencies are addicted to federal spending. We need to tailor agency spending to ensure core government services remain unaffected."

Core government services, by the way, are in the eye of the beholder. Oklahoma taxpayers should very much welcome a debate on what is and what is not a "core government service."

Core services or not, Mr. DeHaven has a suggestion for state policymakers: "If you want to spend more money than Washington will give you, go out and tell your taxpayers that you want to increase their taxes to pay for it."

That's not likely, of course. Both Rep. Shannon and Gov. Mary Fallin have said they favor lower taxes, not higher taxes.

Fortunately, as Kansas showed us this year, tax cuts are possible. Kansas just enacted the largest tax cut in state history, and they're not done yet. As the state's budget director told me, "It's amazing what you can accomplish if you're willing to cut spending."