

Federal Spending & Budget Issues

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Cut Spending

The cost of federal aid has soared, and so has the number of different aid programs. The number of federal aid programs for the states totaled 1,122 in 2010 -- that is up 72 percent from 2000. The huge federal deficit is one reason to cut state aid, but cutting aid makes sense for many reasons, says Chris Edwards, the director of tax policy studies at the Cato Institute.

- Every dollar of federal aid sent to the states is taken from federal taxpayers who live in the 50 states.
- Sending all that money to Washington and back again creates a huge administrative burden in tracking the funding flows and dealing with all the regulations attached to each of 1,122 programs.
- Federal aid reduces state policy innovation because it comes with top-down rules that mandate conformity.
- Aid programs spur overspending by every level of government, since politicians can appease special interests with the spending while imposing part of the funding costs on other levels of government.

Source: Chris Edwards, "Cutting Spending to Revive Federalism," National Review, February 10, 2011.

For text:

<http://www.nationalreview.com/articles/259414/cutting-spending-revive-federalism-chris-edwards>

For study:

http://www.cato.org/pubs/tbb/tbb_63.pdf

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http://www.ncpa.org/sub/dpd/index.php?Article_Category=25