

State Reimbursement

8. State Reimbursement

This proposal will collect \$1.23 trillion in annual revenue from non-income-based taxes,¹ and Section 8. requires that 30% of this revenue, \$370 billion, be sent back to the States based on each State's population as a percentage of the U.S. population, which in 2012 was 313.9 million.^{2 3} (Please note that this revenue is in addition too, and not in lieu of, other funding designated from the annual federal budget for similar programs and services.)

Let us look at two examples, California and Wisconsin. California's population of 38,041,430 represents 12.11% of the nation's population, therefore, California would receive 12.11% of the States \$370 billion annual allotment. This comes to \$44.8 billion per year. And, Wisconsin, with a population of 5,686,986, represents 1.81% of the nation's population and would therefore receive \$6.69 billion per year.

Examples

State	Population	Percentage of U.S. Population	Annual Reimbursement Per State
California	38,041,430	12.11 %	\$44.80 billion
Florida	18,802,690	5.99	22.16
Indiana	6,483,800	2.06	7.62
Kansas	2,853,115	0.01	3.36
Michigan	9,883,635	3.14	11.61
Mississippi	2,967,299	0.94	3.47
Ohio	11,536,502	3.67	13.57
Wisconsin	5,686,986	1.81	6.69

Section 8. requires the States to spend all of their reimbursement money on programs and services that directly benefit their residents. The first 50% is allocated to Public Education, and the next 50% is assigned to State and County programs.

The first three programs, Sections 8.k.i, 8.k.ii, and 8.k.iii, are distributed directly by the State and represent 25% of the total annual reimbursement money left after the 50% allocation to Public Education. And, Sections 8.l through Section 8.r. are distributed by the States' Counties and represent 75% of the reimbursement revenue left after the 50% allocation to Public Education.

Between Public Education and State and County programs, 100% of the reimbursement money has been accounted for. This will pre-empt the states from squabbling over how the money should be spent, and the fact that 75% of the post education revenue is dispersed at and accounted for at the County level makes great sense. It is at the County level that local officials, under the scrutiny of the local population, can monitor its disbursement and assure our citizens that this enormous amount of money has been handled properly. Additionally, this plan has built-in deterrents to guard against those who would try to misuse the reimbursement money. As is plainly stated in Section 8.j:

¹ See appendix F

² <http://www.census.gov/popest/data/state/totals2012/>

³ Section 8 also sends back revenue for Public Education that each State receives, also based on their population as a percentage of the U.S. population. See Sections 8.a, 8.d., and 8.e.

“All programs and services funded in this proposal, at the State and County level, shall be subject to independent citizen oversight and annual financial audits. All financial audits shall be published on line for easy public viewing within 10 business days of its completion. Prosecution for criminal misuse of these funds shall include, but not be limited to, repayment of the criminally misused money times three (3), and a minimum mandatory incarceration period of five (5) years.”

Reimbursement money dispersed directly by the States to fund the following programs:

8.k.i. Science, Technology, and Medicine

Section 8.k.i. allocates \$6 billion to the States to fund research and development proposals for science, technology, and medicine. Requiring all 50 states to participate in this program will ensure that the evaluation process, which is used to determine who gets funding for research and development proposals, will be decentralized. Decentralizing the evaluation process will allow a greater number of individuals and small companies to successfully obtain research and development grants. This will lead to funding not only “acceptable” areas of research, but new and controversial areas that have long been neglected.

It must be emphasized that government funding of basic research for science, technology, and medicine pays us back in many ways. For example, “a report by the Space Foundation estimated that activities related to space contributed \$180 billion to the economy in 2005. More than 60 percent of this came from commercial goods and services created by companies related to space technology. The space economy includes commercial space products and services. It also includes commercial infrastructure and support industries. It also counts aerospace budgets in private companies.”⁴ In other words, every dollar spent on NASA adds \$10 to the Economy.⁵

To fund these proposals with fairness and impartiality, the requirements of the application and review process have been revised. These new requirements will eliminate up front the inherent conflicts of interest that plagued some evaluation efforts in the past.

For example, applications will now be accepted only from American citizens and American companies that have less than 250 employees, and these companies cannot be subsidiaries of larger corporations. Additionally, applicants and review personnel are forbidden from having any financial ties to larger corporations. These reforms will prevent large corporations from obtaining grants that allow them to shift to the public the costs of research and development in areas of specific interest to them.

The results from funding so many diverse proposals will lead to many important breakthroughs that will help America maintain and regain its leadership position in many important areas. These breakthroughs will generate enough economic productivity to pay back all government expenditures for this program and all social programs proposed in this plan.

8.k.ii Public Medical Center Teaching Hospitals and General Acute Care Hospitals

Currently, there are not enough doctors, nurses, dentists, chiropractors, acupuncturists, and other medical personnel to sufficiently care for the people who are fortunate enough to have health insurance. This is because there are only 141 accredited medical schools in the country and they cannot produce the quantity of qualified medical professionals necessary to adequately care for all the people who need their services.⁶

⁴ <https://www.thebalance.com/nasa-budget-current-funding-and-history-3306321>

⁵ Ibid

⁶ <https://www.aamc.org/newsroom/newsreleases/2011/264074/111024.html>

When National Health Care comes into existence and another 27 million people have access to regular medical care, the need for medical personnel will soar. This has been addressed in Section 8.k.ii which allocates over \$10 billion annually to construct, maintain, and administer new Public Medical Center Teaching Hospitals and General Acute Care hospitals. These Public Medical Center Teaching Hospitals contain within them the new medical schools necessary to augment our current shortage of medical doctors, and 600 bed hospitals to help accommodate future patients.

Based on the ratio of one Public Medical Center Teaching Hospital per 1.75 million residents, 37 new medical schools will be created. These new schools will allow candidates who were qualified to attend medical school in the past but were denied admission due to space limitations the opportunity to do so. For example, since California has 38 million residents but only eight accredited medical schools,⁷ it will be required to build 13 new facilities. California will receive \$1.2 billion/year from the federal government to go along with state funding to help accomplish this goal.

Of course, fierce opposition to these new medical schools will come from those who want to control the labor market and maintain the current shortage of medical personnel, and from the hospital industry that will face new competition. They will claim that existing schools are more than capable of keeping up with the increased demand for medical professionals, and the hospital industry will claim that a surplus of in-patient hospital beds already exist. Both arguments are factually incorrect and meant only to maintain the status quo.

Common sense tells us that the need for more well-trained medical personnel and hospital capacity will continue far into the future. And, because this plan creates 37 new medical schools and increases hospital bed capacity by 17,000, those goals will have been met.

General Acute Care Hospitals

Since the year 2000, our rural and poor areas have suffered from the contraction and consolidation of privately-owned acute care and small general hospitals. The closing of these facilities has deprived residents of needed care and created a downturn in local economic activity.⁸

For example, Adam O'Neal, the Republican mayor of a small North Carolina town named Belhaven, just went on a 273 mile walk to the nation's capital to raise awareness about the closure of the hospital serving his rural constituency.

Vidant Pungo, the hospital serving O'Neal's rural constituency, was forced to close, ostensibly because it wasn't profitable enough. Now, Belhaven's residents have to travel nearly an hour to get to the closest hospital, something that has created what O'Neal calls "a medical desert." So, he and his supporters are marching to Washington to find a solution. Said mayor O'Neal, "In the last year, more rural hospitals have closed than in the previous 15 years. Every hospital closure means deaths.!!!"⁹

To remedy this situation, Section 8.k.ii. helps to fund the construction of 202 new General Acute Care Hospitals.¹⁰ When combined with the 1010 community hospitals currently in existence,¹¹ and the 37 new Public Medical Teaching Hospitals created above, all citizens will have access to high quality medical care without the anxiety and constraints associated with our current health care delivery system.

⁷ http://gradschool.about.com/od/US_Medical_Schools/

⁸ <http://content.healthaffairs.org/content/30/10/1912.full.html>

⁹ <http://thinkprogress.org/health/2014/07/15/3460133/republican-mayor-march-medicare/>

¹⁰ <http://www.beckershospitalreview.com/hospital-management-administration/50-things-to-know-about-the-hospital-industry.html>

¹¹ <http://www.aha.org/research/rc/stat-studies/fast-facts.shtml>

8.k.iii. Transportation Infrastructure

This plan allocates an extra \$30 billion/year for the repair, maintenance, and construction of our existing transportation infrastructure, our deteriorating sewage systems, and the building of light rail and other mass transit projects. This revenue is in addition too the revenue raised from the gasoline tax found in Section 7.a, and the revenue allocated from the Department of Transportation's annual budget of \$93 billion.¹²

The implementation of light rail and other mass transit projects should be viewed through the economic lens of history. This perspective shows that the transcontinental railroad championed by President Lincoln, and the inter-state highway system championed by President Eisenhower, increased economic activity to such an extent that our current economic status could not have been achieved without them. Such will be the case with light rail and other mass transit projects.

The combination of repairing and upgrading our existing transportation and sewer systems, with the building of the infrastructure necessary to convert our economy to renewable, non-polluting energy sources and technologies (Section 7.a), will require the employment of over one million people.¹³ The effect of employing so many people from so many different sections of the economy will create thousands of living-wage jobs that will help our economy in both the short and long-term.

Reimbursement money dispersed directly by State Counties to fund the following programs:

Over the last 20 years we have witnessed the closing of over 50,000 factories and the loss of millions of jobs. Currently, wages are stagnant, the minimum wage is too low, there are not enough livable-wage jobs, and income-inequality is at an all-time high. The societal crisis we are in requires a comprehensive commitment to deal with and solve these problems and Sections 8.l. through 8.r. help to accomplish this goal.

Section 8.l. General Assistance

This Section allocates over \$62 billion to the States' Counties to deal with a myriad of general assistance issues related to the economic consequences of a declining middle class. This enormous amount of money is essential to deal with this crisis and to counter the funding cuts that have plagued local governments since President Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.^{14 15 16 17}

Specifically, Section 8.l. funds housing for battered women and their children, women's health care clinics and domestic violence programs; clean, safe and affordable housing for low-income senior citizens, the homeless, and those in danger of becoming homeless such as the disabled and veterans; distribution of high quality food to low-income individuals, families, senior citizens, and the homeless; homeownership assistance for the disabled, military veterans, and low-income families; and repairs and accessibility improvements to apartments for low-income individuals, low-income families, senior citizens, and disabled citizens.

When combined with the other programs and services funded in this proposal, Section 8.l will have a profound impact on stabilizing our declining middle-class. In fact, it will not only stabilize our

¹² http://www.usgovernmentspending.com/federal_budget_detail_2016bs22012n

¹³ <http://www.fhwa.dot.gov/policy/otps/pubs/impacts/>

The Council of Economic Advisers (CEA) estimates that for every \$1 billion spent in Federal highway and transit investment funded by the American Jobs Act will support 13,000 jobs for one year.

¹⁴ http://www.slate.com/articles/news_and_politics/moneybox/2016/06/how_welfare_reform_failed.html

¹⁵ <https://www.newyorker.com/magazine/2001/04/09/after-welfare>

¹⁶ <https://tcf.org/content/commentary/twenty-years-welfare-reform-time-new-approach-cash-assistance/?agreed=1>

¹⁷ https://www.urban.org/sites/default/files/publication/98086/work_requirements_in_safety_net_programs.pdf

declining middle-class but be one of the forces responsible for its' reversal.

Section 8.m. Child Day Care

Child day care presents an enormous financial burden that affects millions of American families. From the US Census Bureau, we learn that there are 32.7 million children in day care at an average cost of \$143/week or \$7,436/year.¹⁸ And, from the Economic Policy Institute we learn that:

- Child care costs for a family with a 4-year-old and an 8-year-old exceed rent in 500 out of 618 U.S. communities.
- In 33 states and the District of Columbia, the cost of infant care exceeds average in-state tuition at 4-year public colleges.
- In every state, the cost of child care for a 4-year-old exceeds 30 percent of a minimum-wage worker's annual earnings.¹⁹

Even though we spend \$43.5 billion annually through various federal programs to help with child care and early learning programs,²⁰ evidence suggests that many poor families do not receive assistance because of insufficient funding for these programs, and that the current system is not well-suited to workers with nonstandard schedules who need informal care.²¹ And, even for our middle class, the financial stress associated with the costs of child care can create huge economic hardships. For example, approximately 9% of working families with children under the age of 6 are pushed out of the middle class as a direct result of child care expenses. And, for working families with very young children (under age 3), 8% are pushed below the middle-class threshold.²²

It is in our national interest to solve this problem. If we improve child care assistance and make it more widely available and affordable, it is likely that a greater number of children will grow up to become more productive assets to society. And, increasing this program will require additional help which will employ a greater number of poor people. This will help reduce poverty and therefore decrease the need for future social services.^{23 24}

Therefore, Section 8.m. allocates an additional \$27 billion to the States to help augment their child day care programs. Please note that the return on investment in pre-school alone is at least \$8.00 for each dollar spent.²⁵

Section 8n. Mentally and physically disabled

According to the United States Census Bureau, there are approximately 56 million Americans who suffer with some form of mental or physical disability.²⁶ Therefore, this section provides over \$20 billion to the States to provide educational, medical, housing, vocational training, and job placement programs for these people.

¹⁸ http://www.census.gov/library/infographics/child_care.html

¹⁹ <https://blu173.mail.live.com/?tid=cm1blpDaKE5RGzfwAhWtfCvg2&fid=flinbox>

²⁰ https://childcareta.acf.hhs.gov/sites/default/files/public/federal_and_state_funding_for_child_care_and_early_learnin_g_edited.pdf

²¹ <http://www.aei.org/spotlight/child-care-assistance-in-the-united-states/>

²² <https://carsey.unh.edu/publication/childcare-expenses-middle-class-incomes>

²³ <http://www.aei.org/spotlight/child-care-assistance-in-the-united-states/>

²⁴ https://childcareta.acf.hhs.gov/sites/default/files/public/federal_and_state_funding_for_child_care_and_early_learnin_g_edited.pdf

²⁵ <http://www.ncsl.org/research/human-services/new-research-early-education-as-economic-investme.aspx>

²⁶ <https://www.census.gov/newsroom/releases/archives/miscellaneous/cb12-134.html>

Section 8.o. Drug rehabilitation and treatment

This Section allocates over \$9.1 billion to the States to fund drug prevention programs and drug rehabilitation treatment centers. There are approximately 23.5 million Americans addicted to drugs and alcohol,²⁷ and the additional funding will help deal with this crisis.

Section 8.p. Adult education and training

“A new report predicts that by 2030, as many as 800 million jobs could be lost worldwide to automation. The study, compiled by the McKinsey Global Institute, says that advances in AI and robotics will have a drastic effect on everyday working lives, comparable to the shift away from agricultural societies during the Industrial Revolution. In the US alone, between 39 and 73 million jobs stand to be automated — making up around a third of the total workforce.

“But the report also states that as in the past, technology will not be a purely destructive force. New jobs will be created; existing roles will be redefined; and workers will have the opportunity to switch careers. The challenge particular to this generation, say the authors, is managing the transition. Inome inequality is likely to grow, possibly leading to political instability; and the individuals who need to retrain for new careers won’t be the young, but middle-aged professionals.”²⁸

Automation is here and millions of workers will lose their jobs. Therefore, job training is essential. However, since 2010, Congress has cut funding for employment and job training programs by over \$1 billion.²⁹ And, for fiscal 2018, spending on job training is only \$12.5 billion.³⁰

Therefore, Section 8.p. allocates an additional \$9.7 billion to the States to fund adult education and job training programs. Please note that when Congress invests to increase the skill level of America’s workforce, it is making an investment in economic growth and opportunity.

Section 8.q. Non-profit humanitarian projects

Section 8.q allocates over \$4 billion to the States to fund non-profit humanitarian projects.

Section 8.r. Non-profit cultural organizations

Section 8.r. allocates over \$4 billion to the States to fund non-profit cultural organizations to promote theatre, music, art, dance, and literature.

Conclusion

After reviewing the distribution of the \$370 billion state reimbursement revenue from Section 8, taxpayers can readily see the relationship between their tax dollars and the benefits they receive. When combined with their income-based payroll taxes that directly benefit them through Social Security, National Health Care, and Public Education, and the fact that this proposal actually lowers taxes, most people will simply wonder why this proposal had not been adopted earlier.

²⁷<http://www.drugfree.org/new-data-show-millions-of-americans-with-alcohol-and-drug-addiction-could-benefit-from-health-care-r/>

²⁸ <https://www.theverge.com/2017/11/30/16719092/automation-robots-jobs-global-800-million-forecast>

²⁹ <https://www.nationalskillscoalition.org/federal-policy/federal-funding>

³⁰ <https://www.nationalskillscoalition.org/federal-policy/body/FY-2018-Appropriations-Chart-9-11-2017.pdf>