

Rising Above Mere Politics: General Principles for Spending Taxpayers' Money - Summary*

"I conceive that the great part of the miseries of mankind are brought upon them by false estimates they have made of the value of things."

– Benjamin Franklin

Five Questions to Consider Before Spending Taxpayer Money

Job one for the Oklahoma legislators, every session, is passing a budget. Without one, most state government functions would shut down. Given the time crunch and the importance of having a budget, it's understandable when passage trumps perfection. However, legislators owe a duty to taxpayers, present and future, to spend our money wisely. They should carefully weigh true costs against tangible benefits before investing taxpayer money. Legislators have been known to spend money on projects they sincerely but mistakenly believe will be of benefit to the public. They have also, at times, been known to engage in vanity projects or the courting of special interests that may help their reelection campaigns, but which fail in their public trust because they cost far more than the value they return to the public. Though intentions undoubtedly matter when measuring the character of a person, they matter considerably less when weighing the costs to taxpayers against the value of a project - especially when accounting for the things taxpayers could otherwise have purchased with their money.

By creating and using a constant yardstick to evaluate every proposed expenditure, legislatures can: **1)** Ensure taxpayer money is spent wisely; **2)** Head off criticism and opposition when money is not spent - by pointing out that the same criteria has been

applied repeatedly to prevent boondoggles and end pork-barrel spending in the past; and **3)** Guide policymakers towards winning proposals in the future. Voters respect consistency, even when it might defeat a proposal they support. In the long run, developing spending criteria will be a winning strategy for representatives who apply them openly, fairly, and without exception. The questions below can serve as a solid starting point for such a rubric.

1) Is a program or agency consistent with the mission of Oklahoma's state government?

The state's mission, according to the state constitution, is to "Secure and perpetuate the blessing of liberty; to secure just and rightful government; to promote our mutual welfare and happiness..."

That means the state should:

- Protect individuals' right to own and use their labor and property to their own benefit;
- Support the operation and efficiency of free enterprise activity;
- Provide a framework for efficient local government; and
- Provide for efficient and just civil and criminal justice systems.

It also means the state should not:

- Attempt to maximizing the flow of federal funds into the state;
- View public expenditures and agencies as job programs;
- Compete with other state governments to attract industry;
- Protect private entities from their own irresponsible behavior;
- Redistribute wealth.

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2) Is the program or agency fulfilling a need only government can effectively fill?

- Could the free market do a better job providing these services?
- Is the project a legitimate use of the government's monopoly on force?

3) Are the benefits from a program or agency unambiguous, obvious, and universal?

- Do they provide benefit to nearly everyone? Or are they really only helping the few?
- Are the benefits measurable? If not are they obvious?

4) Do the benefits of a program or agency indisputably outweigh the costs?

- Are the benefits and costs easily quantifiable? If so do the benefits outweigh the costs?
- Could society thrive without these services? Or would chaos reign?
- Would lawmakers consider the policy if they were spending their own, rather than taxpayers' money?

5) Does the existing program or agency show evidence of past success?

- Does the program have a clearly defined goal in alignment with the mission of the Oklahoma government? If so, is it succeeding in achieving that goal?
- Can the program be restructured to be more effective or more efficient?
- Is the program creating quality data for overseers to use when rating its effectiveness?
- Is one of the primary "successes" of the program the employment of government workers? Or are the public servants performing a function so necessary that their salary, as well as their loss from the private sector is a cost worth bearing?

Federal Funds

In addition to these important questions, it is important that state policymakers not let partial funding by the federal government crowd out their better instincts about wasteful spending. Federal funds are never free:

- State match or administrative cost is always necessary.
- Federal funds carry strings as to how and where funds can be spent.
- Federal funds are just as much taxpayer money as state funds.

Symbolism over Substance - or the "We have to do Something" Mindset

Too often, government is seen as a solution to all ills. Programs are proposed and enacted without any evidence that they will improve matters because, "Something has to be done!" Policies are approved despite credible predictions that they will have negative impacts. Most policy is implemented by bureaucracies. Legislators give indefinite, aspirational instructions which avoid accountability; they leave the difficult details to bureaucrats, who are supposed to have the expertise and altruistic motives to make the very best happen. Legislators must take responsibility for their policies, and ensure they are backed by proven, workable methods. Agencies should be administering policy, not creating it.

Lawmakers whose first mission is to preserve liberty with just and rightful government for our mutual welfare and who are in a position to forcibly confiscate resources in pursuit of such policies, must be pragmatic and thick-skinned to avoid making laws from wishes and good feelings. Policies must have discernible impacts that actually benefit the public. And that means everyone, not just the powerful and the politically connected.