



## ***From the Desk of Joseph-Paul Timpano, CPA***

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*Commentary from the President of JPT Financial Solutions, Inc.*



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***Advisory • Tax • Accounting***

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## ***What is Really Causing Our Country's Budget Deficit?***

**May 2, 2011**

I recently attended a meeting with a professional associate who has become a personal friend and mentor. We began talking about the current state of the American economy, the federal debt, and a shared concern for the future of this nation. As a result of our talk we concluded that a key element is missing to help the average American citizen to participate in the national debate and discussion regarding the debt crisis.

It would be helpful for an organization or professional to lay out, in simple terms, the causes for the excess deficit. Let's see a chronological recap of the major components of the federal budget, revenue and expenses, year by year, and show where we were over or under budget by major line item. This will help the average American citizen to understand specifically where the problem is within the budget. We're bombarded by the media on both sides of the political spectrum pointing fingers and picking out one issue or another as major battle lines for the future 2012 election are drawn. As this is occurring the opinion of our governmental bodies is eroding and our citizens are becoming disenchanted by the rhetoric.

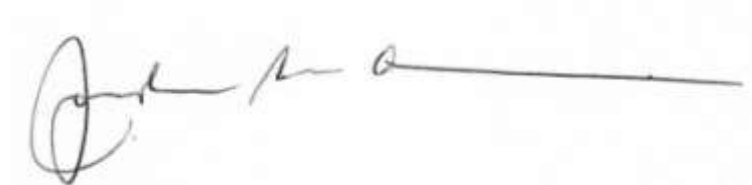
I do not believe the average American citizen has a clear understanding of the cause of our deficit. This lack of understanding is not, however, due to a lack of intelligence or interest in our nation. On

the contrary, the American public as a whole takes pride in this nation and desires to get our house in order. The lack of understanding relates to the fact that a simple and clear chronological explanation of the deficit has not been provided.

We don't need to go back to the origin of this country to do such an analysis. For starters, let's go back to the end of the Clinton years, when it is my understanding that a measure to balance the budget was submitted to the Congress. We can go from here, and develop a simple analysis of year by year, line by line, for revenues and expenses, specifically what went wrong. Regarding expenses, let's see what specific expense categories were higher than budget and which were lower. Same with revenues – prepare a very simple list of major revenue components and demonstrate how and why the tax revenues have fluctuated.

A simple, chronological presentation of the deficit components as discussed above will serve as a clearer basis for determining which way to go to remedy the problems. Such an analysis will show the American people quite simply what it is, and how it happened. No more Republicans and Democrats pointing fingers at one another. Give the American people a simple and basic explanation of specifically where we got off the mark.

When I consult individuals and businesses as a strategic consultant this is step one of my analysis: review what occurred in history and identify specifically what went wrong. One cannot begin to articulate changes until a complete and accurate account of the past issues is presented. Be truthful, and let the numbers tell the story. If we began to do this you would get the American people more behind the system and the morale would increase. I believe sometimes the American people are overwhelmed, tired and confused with all this finger pointing. Show us the facts, and help us to understand specifically where the problems lie. Be honest, open and direct. Then people can make better decisions as to do what needs to be done.

A handwritten signature in dark ink, appearing to read 'Joseph-Paul Timpano', followed by a long horizontal line extending to the right.

Joseph-Paul Timpano, CPA

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