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Fiscal Responsibility: More than Just Words

By Representative Michael H. Michaud

The description "fiscally responsible" is used often in the public sector. People use it in different ways to mean different things, but to me, it means living within our means, keeping balanced budgets, and putting our resources toward the right priorities. Most would agree that these are very important goals.

In the 22 years that I served in the Maine legislature before coming to Congress, I think the legislature did a pretty decent job of keeping fiscally responsible. We passed only balanced budgets, and we tried to make the best choices that we could based on the needs of Mainers within that limited budget.

In Washington, though, the term "fiscally responsible" is frequently used as an excuse to make poor budget choices.

In the Administration's 2007 budget submission, it proudly trumpeted cutting more than a hundred federal programs in the name of "fiscal responsibility." Like many, I strongly support fiscal responsibility, and I also believe that there is a lot of waste in the federal government — so at first this sounds like a pretty good idea.

The problem is, once you dig into the budget to see what those program cuts actually are, the picture changes.

Here are just two small examples. One is the capital programs run by the Small Business Administration (SBA). In the last five years, the Maine SBA has provided access to capital to over 2,200 small businesses and entrepreneurs in our state through its loan programs. These are the kinds of businesses that keep our economy moving in Maine, and that create between 60% and 80% of new jobs in America.

But the Administration's 2007 budget eliminates funding for these initiatives and imposes new user fees on every single SBA loan program. The 7(a) loan program, SBA's largest financing initiative, has been the hardest hit, but other vital initiatives like the Microloan program, which provides small loans and technical advice to businesses in low-income communities, are also ended.

The other example is the Manufacturing Extension Partnership (MEP). The MEP is a nationwide network that gives services and assistance to small manufacturers to help them compete globally. In fact, the MEP is the only program within the federal government that is specifically charged with helping our country's small and medium-sized manufacturers.

Given the loss of millions of manufacturing jobs in America in the last five years, the loss of 23% of Maine's own manufacturing base in that time period, and the importance of making our businesses competitive in global markets, it is impossible to understate the crucial impact of this program.

According to a survey of Maine MEP client businesses, over the past year alone, the Maine MEP has helped create or retain 666 jobs that paid a total of $21 million in employee wages and benefits in Maine. Slashing MEP's budget in half, as the Administration's budget does, really hurts our businesses and our workers.

Cutting funding that directly helps our nation's small businesses and manufacturers just does not make sense. But it is even more insulting when we are told that it must be done in the name of "fiscal responsibility." That is simply not true. Budgets are about priorities: we must make tough choices about what is most important.

For example, congressional leaders decided that they wanted to protect the insurance and pharmaceutical industry's giant profits when they wrote the Medicare drug law, and so they prohibited the government from negotiating for fair prices for medicines with the drug companies. If these industry giveaways were removed from the law, we could save around $80 billion per year. Giveaways to the big oil and gas companies — the most profitable companies on earth — in last year's energy bill were more than $8 billion. So far, Congressional leaders and the Administration have refused to consider ending these giveaways.

So, the choice has been made to cut funding that helps small businesses compete and create jobs, even though these programs cost a small fraction of the industry giveaways.

Being "fiscally responsible" means making the right choices within our limited means. It means setting the right priorities. My priorities remain to help Mainers get good jobs, access affordable health care, and keep life the way it should be. Congress needs to make the right choices as we approach this year's budget.