Contributors

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Young Americans – Beware!

They call us Millennials. We're 20 to 34-years-old. There are about 66,560,000 of us in the U. S.

We are concerned with getting an education that will prepare us for our chosen line of work. Some of our elders believe that we don't pay much attention to politics, but we do. We are just skeptical and often distrust the political system we are working in.

We are quite aware of what is going on politically, which is why we place very little trust in politics and political parties. We are the most skeptical generation in history, and the most untrusting.

Most of us will finish our education (college, university or tech training) with a big education-related debt that will follow us after we enter the work force.

What many of us aren't aware of is that other big debt that will be following us. It seems that the generations that immediately preceded us (the last 50-years or so) ran up some serious bills that we will be stuck with.

Our nation is currently in debt more than $20 trillion dollars, and that debt is growing at the rate of about $1 trillion per year.

By 2020 the interest alone on that debt could be $1 trillion a year.

Unless something changes, ten years from now, when today's 25-year-olds are 35, the national debt will likely be $28 trillion or $322,878 for each of us. The individual interest payment (just interest) will be an estimated $16,143 that year for each of us tax-paying Millennials.

So, this is what is ahead for a 25-year-old today.

Ten years from now, when we are 35, from our paycheck, we will have to pay local taxes, state taxes and federal taxes for the annual government programs. Today, that is about 42% of what people earn. We will also have to pay about $16,000 in interest to the federal government for the money they borrowed. It will likely be more than that in ten years.

Each year the American federal government takes in about

$2.2 trillion (2014) in taxes [See Note 1] in addition to the social security tax. Unfortunately, every year it spends that amount plus hundreds of billions more… money that it has to borrow in order to meet its ever-growing commitments for a wide range of government programs. It has been doing that for many years, but especially since 2002.

Between 2001 and 2007, for every dollar of revenue, Congress spent $1.26. But from 2008 through 2014, for every tax dollar received it spent $1.61. That's why the federal government has a current debt in excess of $18 trillion dollars. That debt… and the interest on it… is owed by all Americans, but it will fall most heavily on us Millennials.

The borrowing has been primarily from foreign governments and from US government trust funds (there about 100 of them).

The Social Security Trust Fund runs a surplus as tax revenue exceeds mandatory expenditures. The Medicare Trust now runs a deficit as a result of the prescription drug expansion. Congress has to draw from the general fund to make up the shortfall. That shortfall is about $30 billion a year.

Here is what is happening with Civil Service and Military Trust Funds: Congress has to fund the pension programs at a statutory rate. It transfers the money, but takes it right back. It only funds the actual payout.

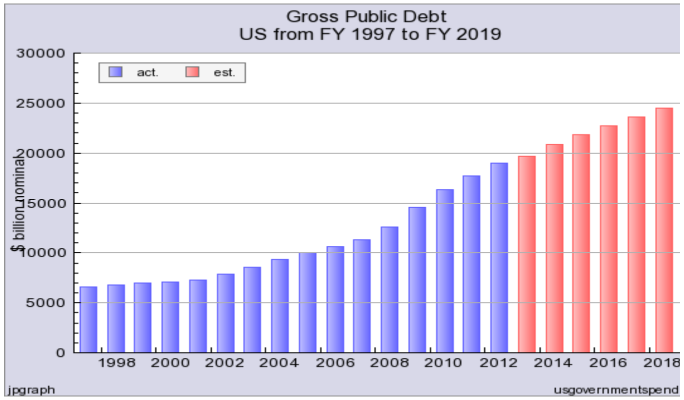
Many of the other trust funds like highway, Nuclear energy have dedicated taxes. Congress borrowed the money for other stuff.

That money MUST be paid back… and soon. And, foreign governments are showing signs they are growing weary of lending money to the US government.

The current debt equals about $56,250 See Note 2 (+ interest and the annual increases in that debt)… for each American. Didn't know that? As you read below you will learn that the current debt to us Millennials is really more like $207,564… and growing. Keep reading… and know that we Millennials will be left holding the bag… holding the debt note.

People over 65 today will not pay any extra for the debt because most are not working… not paying much in taxes any more. Take out the over-65 group (about 45,120,000 of them) and the current debt-per-person under 65-years-old is $65,179.

For the most part it is the baby boomers who created the debt, and keep making more of it. They won't pay it back. Take out the baby boomers – ages 50 to 64 (62,450,000 of them) and the debt-per-person under age 50 is $84,206.



Most kids under age 19 are not working and are not paying taxes. So they cannot help with the debt. Take out kids 19-years-old and younger (84,160,000 of them). That leaves about 129,600,000 people between the ages of 20 and 49 who for their entire working life will each be responsible for about $138,889 of our current debt. That's just on our current $18 trillion debt.

And then there are the Shortfalls for Social Security and the Health Care Programs…

Since Social Security (SS) pays for itself, it has not added to the deficit. Also, had Congress not looted the SS trust fund, the fund would have paid for shortfalls until at least 2035.

Medicare and Medicaid, which automatically grow every year, are the driving force behind some of the nation's debt. Between 2007 and 2014, spending for Medicare increased 36% to about $589 billion. But a great deal of this expense is paid for by the 2.9% payroll tax collected on all earned income and Medicare premiums.

Medicaid grew from $380 billion in 2007 to about $567 billion in 2014, a 49% increase. There is no dedicated source of funding for this program.

Other social welfare programs also increased significantly between these years such as the Earned Income Tax Credit (from $38 billion to $60 billion - 58%) and Nutrition - Food Stamps ($53 billion to $101 billion - 92% increase).

We now spend more on Food Stamps than on the Departments of Commerce, Energy, Interior, Justice and State combined.

Overall, between 2007 and 2014, increases in spending in the Department of Health and Human Services (increased from $829 billion to $1.18 trillion, a 43% increase) accounted for a great deal of the new debt.

Not all government programs grew substantially. Spending on national defense increased from $537 billion to $580 billion, a mere 8% increase from 2007 to 2014.

Social Security generated a surplus of about $2.7 trillion between 1985 and 2013. If that money had been invested in the private market as most state-based funds are, even at a modest 4% return that surplus would be over $4 trillion in real dollars. Instead Congress has borrowed most of that money and left the fund with little more than an IOU. Unfortunately, Congress does not have a source of funds from which to pay back the borrowed funds… other than us taxpayers who are already heavily taxed.

Those Social Security Trust Fund surpluses were to be used when demands for funding exceeded SS contributions. That shortfall is expected to start happening during 2016 or 2017. Most of those surpluses are gone… used to pay for excess government spending. The $2.7 trillion that was in the SS Fund (plus interest) was expected to last until at least 2035… maybe 2040. Older generations are beginning to retire in larger numbers. Where will the money come from to fund those SS obligations?

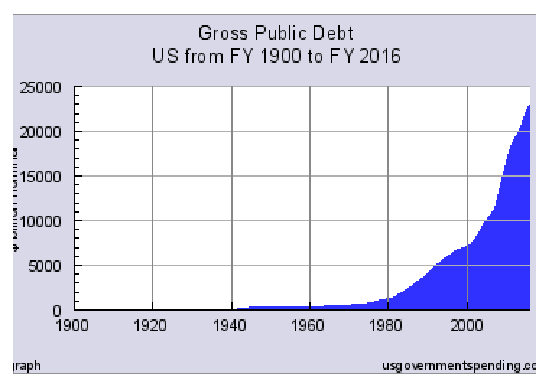
On March 14, 2014, Congressional Budget Director Douglas Elmendorf stated, "… many Americans have paid Social Security taxes for decades, expecting to get benefits in

retirement. But the money (that) people paid years ago was used to fund other government activities."

Out-of-control Medicare costs are another big problem. Shortly after the Medicare program was instituted in 1965, federal leaders projected that Medicare would cost $12 billion per year by 1990. The annual cost actually reached $98 billion by 1990. That program alone now costs about $600 billion a year. By 2023 the annual Medicare cost is expected to reach $1.1 trillion per year.

Plus, we will have to pay back the $800 billion taken from the Federal Civil Service Retirement Program and the $750 billion taken from the Military Retirement Program. Those who are working today for the government will by the mid-2000s be retired then, and we Millennials will have to pay their pensions… even though money was supposed to be set aside for that. That works out to be another 2% of our income.

Now, after we have paid all of that (government gets paid first), with what is left over, we will hope to pay our home mortgage,



car payment, buy food for our family, buy health insurance (mandated by government), and (if there is anything left), buy a new pair of shoes.

Adding together each Millennial's portion of today's existing debt, plus interest, plus constant multi-billion dollar annual increases, plus the money borrowed from the above trust funds, plus the burgeoning costs of Medicare… our national debt load is HUGE.

> **What generation is going to have to come up with the money to deal with that problem? You guessed it.**

In the last few years our federal government has used its Federal Reserve Bank to print more money as a way of funding our debt. That has simply reduced the value of our paychecks.

Between March 2009 and June 2014 the Federal Reserve Bank printed almost $2 trillion and used that "money" to buy US federal debt.

A Brief Econ Lesson…

Fifty years ago an employed young person could buy a new car (basic transportation-type) for $2,500, right off the new car showroom floor. Today a new car (basic transportation-type) typically costs $25,000 or more. The car-buying dollar is now about 10% of what it was 50 years ago.

Thinking about buying a home or condo? Fifty years ago a basic 2- or 3-bedroom home could be purchased for $12,000 to $15,000. Today, just try to find a similar home priced less than $200,000. The home-buying dollar is now about 6% of what it was 50 years ago.

That's what happens when a government simply prints more money. We all lose value. History has taught us that the printing of currency to pay for its government is the last act of a desperate nation.

By the way, did you know that as of December 2014 the US is no longer the world's largest economy? That was the month China officially surpassed the US and became the world's largest economy.

Never before in the history of this country has one generation left the next generation in such a precarious financial situation.

We Millennials are looking at the prospect of paying off our parents' and grandparents' debt with severely-reduced-value dollars.

We all know fellow Millennials who are unable to find reasonable employment. Many have to live with their parents. As recently as April 2012 it was reported that 1 in 2 new college graduates in the US were still either unemployed or underemployed.

Generally, we are a debt-adverse generation… maybe the most debt-adverse in many generations. The large federal debt (debt we did not create) is holding us back from being able to take the smart risks in business… that restrain the personal freedoms our parent's generation had such as buying a house, a car, or starting our own businesses.

There is a solution…

We Millennials must play a role in getting our federal government to stop charging to OUR credit cards. We must insist that our national leaders stop spending more than the government takes in… pay back the government trust funds from which it has borrowed… and pay down that huge debt that it has accumulated.

The pathway to accomplishing that was spelled out by our nation's founding fathers in 1789 when they drafted the US Constitution. They knew there was a good chance the federal government they were creating could one day overstep its powers and grow beyond the founders' intentions.

During that era Thomas Jefferson said, "To preserve our independence, we must not let our rulers load us with perpetual debt. I wish it were possible to obtain a single amendment to our Constitution … an additional article, taking from the federal government the power of borrowing."

Article V of the US Constitution provides methods for amending that governing document. Over the years the Constitution has been amended 27 times. Unfortunately none of those amendments dealt with constraining federal government debt. That's because all previous constitutional amendments originated in Congress. In spite of what some of them say, members of Congress are not motivated to propose an amendment that reduces their powers to spend.

Fortunately the writers of the Constitution made it possible to amend our Constitution without involvement by Congress… a way to restrain federal spending and borrowing. They provided what many today are calling "option 2" in Article V of the Constitution. That is the option of amending the Constitution that starts with a convention of states to propose amendments.

Congress has shown itself unable (or unwilling) to propose a constitutional amendment requiring that federal leaders balance the nation's budget and pay down its debt. It is time we use "option 2"… and do it ourselves.

The fifth Article of the US Constitution is only 143 words long:

US CONSTITUTION - ARTICLE V

"The Congress, whenever two thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, OR, ON THE APPLICATION OF THE LEGISLATURES OF TWO THIRDS OF THE SEVERAL STATES, SHALL CALL A CONVENTION FOR PROPOSING AMENDMENTS, which, in either Case, shall be valid to all Intents and Purposes, as Part of this Constitution, when ratified by the Legislatures of three fourths of the several States, or by Conventions in three fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress; Provided that no Amendment which may be made prior to the Year One thousand eight hundred and eight shall in any Manner affect the first and fourth Clauses in the Ninth Section of the first Article; and that no State, without its Consent, shall be deprived of its equal Suffrage in the Senate."

Although “Option 2” (the middle part of Article V) has never been used through to completion, its basic mechanics are pretty simple. The legislatures of two-thirds of the states (34) may apply (or call) for “a convention for proposing Amendments”. When that convention of states formulates a proposed amendment, it is sent to the states where three-fourths (38) of them must ratify the proposed amendment before it becomes part of the Constitution.

History tells us those applications or calls to initiate a convention of states must all specify the same subject to be dealt with at the convention. In this case we are talking about seeking an amendment requiring that the federal government operate under a balanced budget.

Fortunately We Don’t Have to Start from Scratch…

Some of our elders have recognized the need for an amendment to the US Constitution that REQUIRES Congress and the President to operate our nation under a balanced budget… an amendment that also requires the federal government to pay down its debts so they are not simply dumped on future generations… such as ours.

An effort is already well on its way to implement the powers of “option 2” in Article V. Due to the efforts of many in our older generation, 28 states have already adopted the required applications calling for a convention of states to propose a balanced budget-focused constitutional amendment. Just 6 more states are needed. We can make that happen.

Before we are buried even deeper in the debts referenced above, we of the Millennial generation MUST urge our state legislatures in 6 more states to make that convention of states a reality. Once that convention of states proposes a budget-balancing, debt-restraining constitutional amendment it will go before all 50 states for ratification. Then, when it is ratified by at least ¾ of the states (38), it will become law.

At least 6 of the following 12 states are needed to activate that BBA-focused Article V convention: Arizona, Idaho, Kentucky, Maine, Minnesota, Montana, Oregon, South Carolina, Virginia, Washington, Wisconsin and Wyoming.

It is up to us to make this long-term multi-generational-fix happen. Contact your state legislators and insist that they support a BBA-focused Article V convention of states, and stop the federal government from building debt on OUR credit cards.

Get more information at the **BBA Task Force:**
http://www.bba4usa.org/
Post Office Box 1261, Leesburg, VA 20166
386-423-4744 E-Mail: millennials@bba4usa.org

Updated as of January 2017

NOTES:

Note 1 –

2014 Fiscal Year Budget - Oct 1, 2013 - Sep 30, 2014

General Fund	
Income	$2,285,246,000,000
Personal Income Taxes	$1,394,567,000,000
Corporate Income Taxes	$320,731,000,000
Other Taxes	$569,948,000,000
Expenditures	$2,798,103,000,000
Deficit*	**-$512,857,000,000**
Expenditures percentage of income	122%

National Debt October 1, 2013	$16,747,478,675,335
National Debt September 30, 2014	$17,824,071,380,734
Increase of national debt for Fiscal Year*	$1,076,592,705,399

Social Security - Income	$735,602,000,000
Social Security - Expenditures	$706,095,000,000
Surplus	$29,507,000,000

* Note how much more the national debt increased than the deficit.

Note 2 -

Total U. S. Debt in 2014 - $18,000,000,000,000
Estimated 2014 Total Population - 320,000,000
Debt per Person for total population- $56,250

Calculations of total population by Age Groups:

Under 5 years	6.4%	20,480,000
5 to 9 years	6.5%	20,800,000
10 to 14 years	6.6%	21,120,000
15 to 19 years	6.8%	21,760,000
20 to 24 years	7.2%	23,040,000
25 to 29 years	6.8%	21,760,000
30 to 34 years	6.7%	21,440,000
35 to 39 years	6.3%	20,160,000
40 to 44 years	6.7%	21,440,000
45 to 49 years	6.9%	22,080,000
50 to 54 years	7.2%	23,040,000
55 to 59 years	6.6%	21,120,000
60 to 64 years	5.7%	18,240,000
65 to 69 years	4.4%	14,080,000
70 to 74 years	3.2%	10,240,000
75 to 79 years	2.4%	7,680,000
80 to 84 years	1.8%	5,760,000
85 years and over	1.9%	6,080,000

2014 Total Population 320,000,000

National Debt - 2014 $18,000,000,000,000+
Debt per Person $56,250

Age 65 and over	43,840,000
Population under 65	276,160,000
Debt per Person Under 65	$65,180

Age 50 to 64	62,400,000
Population under 50	213,760,000
Debt per Person under 50	$84,207

Age 19 and under 84,160,000

Population over 19 and under 50 129,600,000
Current Debt per Person over 19, under 50 $138,889