

Belly up: 10 states face imminent bankruptcy

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FROM JEROME CORSI'S RED ALERT

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Personal insolvency also surges as tax revenues decline

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Editor's Note: The following report is excerpted from Jerome Corsi's Red Alert, the premium online newsletter published by the current No. 1 best-selling author, WND staff writer and columnist. Red Alert subscriptions are \$99 a year or \$9.95 per month for credit card users. Annual subscribers will receive a free autographed copy of The Late Great USA," a book about the careful deceptions of a powerful elite who want to undermine our nation's sovereignty.

Ten states are facing imminent bankruptcy, confounding any possibility of economic recovery as tax revenues continue to decline and unemployment increases nationwide, [Jerome Corsi's Red Alert reports](#).

Those states in fiscal peril include California, Arizona, Rhode Island, Michigan, Oregon, Nevada, Florida, New Jersey, Illinois and Wisconsin.



The surge in looming bankruptcies among state governments is accompanied by a surge in the number of Americans filing for personal bankruptcy – further indicators the economy has a long way to go before an economic recovery is a reality in Middle America, Corsi explained.

The 10 states, accounting for approximately one-third of the U.S. population, face declines in tax revenue as unemployment now officially tops 10 percent and budget gaps that mean higher taxes loom in the future. State government officials have been laid off, key social services including prisons and police are strained and schools have been closed.

Corsi wrote that most states, unlike the federal government, are constrained by state laws to balance their budgets, meaning revenue shortfalls must result in reductions in state government-financed programs.

States in fiscal peril		
State	Change in revenue (%) [*]	Size of budget gap (%) ^{**}
California	-16.2	49.3
Arizona	-16.5	41.1
Rhode Island	-12.5	19.2
Michigan	-16.5	12.0
Oregon	-19.0	14.5
Nevada	1.5	37.8
Florida	-11.5	22.8
New Jersey	-15.8	29.9
Illinois	-10.9	47.3
Wisconsin	-11.2	23.2
US	-11.7	17.7***
[*] From first quarter 2008 to first quarter 2009 ^{**} For fiscal year 2010, as of Jul 2009 ^{***} Average of all 50 states Source: Pew		

At the same time, the American Bankruptcy Institute reported personal bankruptcies surged 9 percent in October, with a 7 percent jump in business bankruptcies. Total bankruptcies in 2009 are expected to top 1.4 million, an increase of 30 percent from last year and the highest level since 2005, according to CNN Money.

The [National Governors Association](#) has reported state revenues across the nation were down 11.7 and 16.6 percent in the first two quarters of 2009, respectively.

The study further observed that state revenues will not return to 2008 levels in real dollar terms until fiscal year 2014, under the most favorable assumptions that the economy has already begun a slow and largely jobless recovery.

Red Alert reports that among the most severe problems facing the states is the outstanding liability of about \$2.73 trillion in employee retirement, health and other benefits coming due over the next several decades, of which more than \$271 billion is unfunded.

The National Governors Association presented the reality that "it will take states nearly a decade to fully emerge from the current recession."

"The truth is that the recovery period could be even longer if the bankruptcy and unemployment picture does not improve," Corsi wrote.

Just last week, Red Alert reported that the real unemployment number, including those who have dropped out of the labor force because they have become discouraged after looking for a job for a year or longer, was 22.1 percent for October 2009, not the 10.2 percent reported by the Bureau of Labor Statistics.

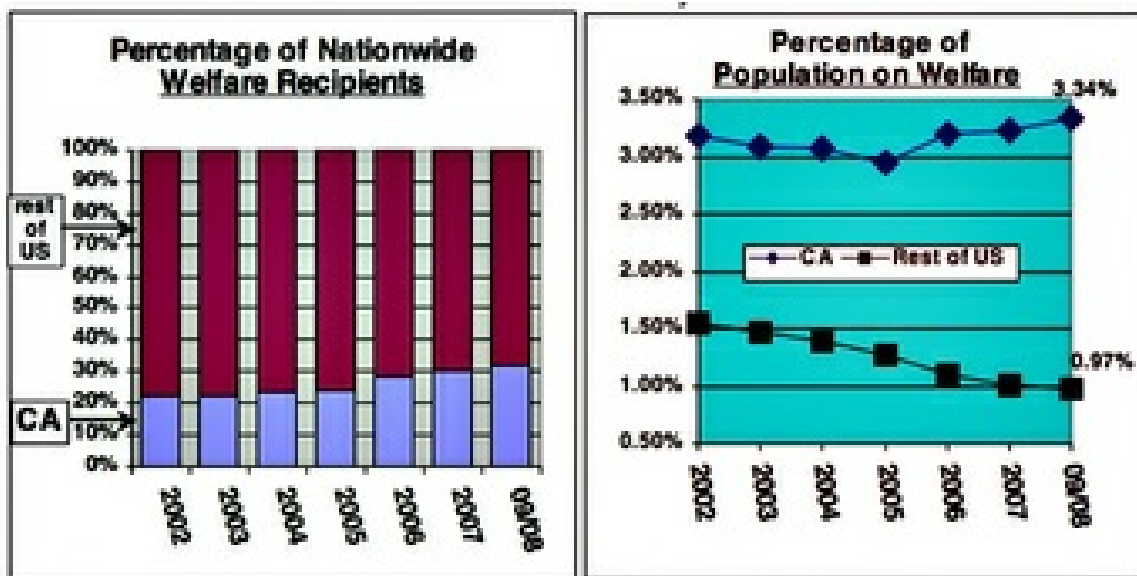
Budget crises mean cuts in welfare, benefits to illegals

As [Red Alert has reported](#), Tom Blumer at NewsBusters has produced statistics that show California is in a welfare crisis, especially as unemployment in May rose to 11.5 percent.

Blumer produced charts to demonstrate that California has "chronically failed to do anything meaningful about its welfare population since 2002."

As of Sept. 30, 2008, California with 12 percent of the nation's population had a disproportionate 32 percent of the nation's welfare recipients, up from 22 percent only six years earlier.

The incidence of California residents on welfare is almost three and a half times that of the rest of the country, Corsi noted.



Source: Tom Blumer, at NewsBusters.org and BizzyBlog.com.

Blumer has argued that if California mirrored the rest of the country, 869,000 fewer of its residents would be on welfare, with the result that the nation's welfare caseload would be almost 23 percent lower.

Corsi surmised that California may have to consider ending state welfare altogether, stopping CalWORKs, the California state version of comprehensive welfare reform under the 1996 Temporary Assistance for Needy Families law.

"Perhaps not surprisingly, among all the proposals to balance California's budget, the politically correct state has yet to consider cutting social welfare benefits for illegal immigrants, including education of children in Spanish in the public schools or restricting access to hospital emergency rooms for nonemergency primary health-care services," he wrote. "Gov. Arnold Schwarzenegger is likely to sell high-profile state property such as the Los Angeles Memorial Coliseum and San Quentin prison before tackling the politically charged issue of controlling the flood of illegal immigrants that continue to head north into California from Mexico."

WND columnist Ben Shapiro has estimated that [education and health costs for illegal immigrants compose between 16.4 and 20.5 percent of California's budget deficit](#).

With President Obama suggesting in Tuesday's press conference that the time for the second \$787 billion economic package was "not yet," Corsi said he doubts the White [House](#) can gain the political strength to add a California bailout to the list of bank bailouts, the AIG bailout and the GM/Chrysler bailouts.

Still, as [Red Alert has previously reported](#), the California budget crisis is merely the most severe of what are likely to be widespread state budget crises in the coming months, with 47 states likely to face serious budget shortfalls before the end of 2010.

Red Alert continues to predict that as the state budget crisis deepens, the Obama administration will propose federal guarantees on state loans, even though the move would add trillions to the contingent liabilities of the United States.

<http://www.wnd.com/index.php?fa=PAGE.view&pageId=116195>

Red Alert's author, whose books ["The Obama Nation"](#) and ["Unfit for Command"](#) have topped the New York Times best-sellers list, received his Ph.D. from Harvard University in political science in 1972. For nearly 25 years, beginning in 1981, he worked with banks throughout the U.S. and around the world to develop financial services marketing companies to assist banks in establishing broker/dealers and insurance subsidiaries to provide financial planning products and services to their retail customers. In this career, Corsi developed three different third-party financial services marketing firms that reached gross sales levels of \$1 billion in annuities and equal volume in mutual funds. In 1999, he began developing Internet-based financial marketing firms, also adapted to work in conjunction with banks.