



Some Thoughts on Budget Challenges

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- While raising taxes seems to be an easy solution, there are diminishing returns. When it become cheaper to ship than to pay a sales tax, more and more people will be purchasing on the internet from stores without an Arizona presence.
- Rolling over payments obligations to the next year can be compared to adjustable rate mortgages. You're betting you'll have more money in the future to pay for what you want now. But what happens if you don't have the money?
- Many of the same people who are in favor of government takeover of businesses with no compensation to investors are the same folks who are complaining about their losses in retirement and 401K plans. We need to realize that in many cases those investors are us.
- Whether on a state, local or personal level, when your revenues are down you've got to cut your costs. Dipping into savings will tide you through while you ramp down. Continued or increased spending will come back to bite you in the future.
- I don't believe that people who voted to fund so many of the projects that are voter protected meant to fund them to the exclusion of all else. When only critical programs are left on the line, non-critical voter-protected programs need to be in the mix.
- Too often percentages are used as examples of absolutes, but without knowing the base percentages mean nothing. The perfect example was the story about the percentage of dollars used in the classroom, with Arizona lagging the average. The percentage is meaningless. For example if my budget is \$100 and I spend \$50, I've spent 50%. If your budget is \$200 and you spend \$80, you've only spent 40%. Yet you've spent considerably more money.

- None of us can afford to do the things we've always done the way we've always done them. Let's separate what we should be doing from what it would be nice for us to do, and let's look at ways of restructuring.
- Business drives this country. Without businesses providing jobs, you wouldn't have the money to buy things to pay sales tax, you wouldn't have the wages to pay income tax, and you wouldn't have the income to pay property tax. Unless we develop the tools, structure and regulations to drive business growth, governments – and needed services – will continue to face shrinking revenues.