

# SAVE OUR STATE.

SOS. It's a call to all ships at sea. Arizona is in turbulent economic waters and sinking fast.

And the people charged with righting the ship are in the engine room shooting dice. It's a high-stakes game, and we are the losers.

In less than one month, the state will begin a new fiscal year with an estimated \$4 billion deficit. And our lawmakers are still arguing tactics.

Gov. Jan Brewer has fleshed out her five-point plan to close the gap. It calls for a temporary sales tax increase to raise \$1 billion, spending cuts offset by federal stimulus money, and funds to help programs decimated in this year's budget, like Child Protective Services, Temporary Assistance for Needy Families, and homelessness prevention.

It's a start. Now it's time for the Legislature to step up.

So far, the main feature of the House and Senate plans are more cuts to social services and basic programs. They look at our children, the sick, the elderly and those with mental health issues and say "Give more."

We don't think that's public service.

What public good is done by ending programs for kids with autism and adults with severe mental illness?

What public purpose is served by turning kids away from college or interrupting their education?

What benefit comes to a state that denies a doctor's care to the sick?

What is the point in trying to save money on the backs of our neediest at a time when more and more Arizonans are finding themselves in need?

It's not good public policy. And study after study shows it's not even good fiscal policy.

The FACT report, compiled in April by economists at the three state universities at the request of the Legislature, shows that increasing taxes in the short term and broadening the tax base for the long term goes the farthest in reducing the looming budget deficit.

In contrast, cutting state spending by slashing programs, departments and jobs gives a much lower return, dollar for

dollar. They conclude that balancing the state budget entirely through budget cuts is "not feasible."

It's especially foolish right now for three more reasons:

1) More people will lose jobs, adding to unemployment rolls, further reducing revenues as people quit spending, and

## THE TIME IS NOW.

putting more people in need of already depleted public services.

2) Some programs targeted for budget cuts, such as AHCCCS and KidsCare, receive matching federal funds. So, for every dollar cut, the state will lose up to three dollars more from the federal government.

3) The Legislature made huge cuts in many key programs and departments for the current budget year, 2009. Social service providers – from Child Protective Services to private charities and non-profits that serve the needy – are reeling from those cuts. Many experts say more cuts will destroy what's left of the public safety net.

Instead of looking at those programs as liabilities, they should be looking at them

### HARD FACTS ABOUT TAXES

Of the 41 states that levy a personal income tax, Arizona ranks 39th. We've been lowering taxes since 1992.

Has that repeated tax-cutting put us in any better shape to weather this financial downturn?

No. In fact, it could be responsible for the trouble we're in.

- The Joint Legislature Budget Committee estimates our tax cuts total \$1.6 billion per year as a simple sum.
- But when adjusted for inflation and population, Arizona State University economists find they add up to \$2.6 billion per year.
- **In other words, the money lost by cutting taxes since 1992 nearly equals the money we need to close the shortfall this year and for 2010.**

as investments. They should be thinking of shoring them up now so they won't need to be completely rebuilt in the future. That's the leadership we need.

Speaking of leaders, any tax increase will likely be referred to the voters this fall. It's like saying, "We're afraid to do it, so let's punt." Where's the leadership in that?

If it's okay to send a tax increase to the voters for a decision, why not refer the state's \$10 billion in tax exemptions too? Offer the tax increase and the tax exemptions side-by-side on the ballot. Explain to the voters why both are needed.

We need a short-term fix, which the governor's sales tax proposal begins to accomplish. But we desperately need a long-term, strategic blueprint that will set a course for the future.

Our current fiscal problems will only be magnified next year and in the years to come.

It's time for the House and Senate to do what's right. They have all the information they need. Their aspirations for re-election in 2010 should not be calibrated against the social and financial needs of Arizona in June 2009.

We face a common enemy right now. We need uncommon resolve, heroic work from our leaders — and common decency from them, too.

We need to send out an SOS.

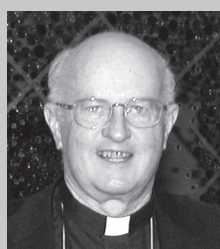
We need a compassionate resolution that benefits us all, today, tomorrow and for years to come.

We need leaders who will balance the requirements of citizens as taxpayers against the need of citizens for basic services.

We need them to steer us through these rough seas without sinking the ship.

We are ready to share the burden equitably, for we believe that is the only way to reap the benefits and promise of our fine country and great state.

It's time we create a fair, effective tax burden that protects the vulnerable, supports economic opportunity for all sectors, and promotes a collective vision for the future of Arizona.



#### WORKING FOR JUSTICE, DIGNITY, AND THE COMMON GOOD

*The Monsignor Edward J. Ryle Fund has been founded to honor the memory and extend the legacy of a remarkable man. The Fund springs from the example of a lifetime of personal and public service to the people of Phoenix and the State of Arizona, especially the most vulnerable and the disenfranchised. Its success will be measured by a growing crescendo of many, if lesser, voices speaking in the public square on behalf of reasoned discourse and social justice.*