



OFFICE OF THE
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**TREASURER DOUG DUCEY PRESENTS TO THE HOUSE
APPROPRIATIONS SUBCOMMITTEE ON DEBT**

No Budget Surplus Until the Balance Sheet and a Rainy Day Fund Are Addressed

PHOENIX – Treasurer Ducey was invited to present today to the House Appropriations Subcommittee on Debt. After providing a brief update on the state’s cash flow his message to the Legislature was clear; our state government needs to clean up the State’s balance sheet and plan for the next financial emergency.

Statement by Treasurer Ducey

“I understand State Government is not a business, but it should run more business-like. We need to bring more common sense, real world financial practices to how we spend taxpayer money.

“Two short years ago in December 2009 we averaged negative \$733 million in our operating account and were borrowing money every day to pay bills. Arizona ended November 2011 averaging \$857.9 million in operating cash for the month, up 51 percent year-over-year and a \$1.6 billion swing to the positive since December 2009. This may seem like a tremendous amount of money, and it is, but it’s still not enough given our obligations. The State of Arizona needs an average operating cash balance of \$1.3 to \$1.5 billion to be out of the danger zone.

“I’m encouraged by the positive trend line and potential additional cash balance, but many are calling this a budget surplus. With the amount of debt we are carrying and no money in a savings account, no family or small business would look at this as a surplus.

“Arizona faces a tremendous financial obligation if the President’s health care reform is passed and there are regulatory and tax reform issues that will have an impact on our long-term growth. We have \$900 million in formulas that are suspended each year, \$1.5 billion in operating debt leftover and there is a \$16.2 billion unfunded liability in our four state pension funds.

“Our debt is manageable, but these items need to be addressed. Economies expand and contract – it looks like we are slowly working our way back into the growth phase. This is the perfect time to put together a longer-term plan to clean up our balance sheet, start paying down existing debt then put money away in a savings account so we don’t find ourselves in this same position the next time we face a recession.”

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