

State remains on out-of-control spending spree

The last "My View" piece (May 24, 2004) I wrote for *The Business Journal* about the fiscal and policy shortfalls in Arizona generated quite a few calls and e-mails, including one from Gov. Janet Napolitano, through one of my former clients.

Nothing directly from the governor or her spinmeisters, however.

It's good to know that someone on the Ninth Floor is reading these pieces, so here's another one with things I missed.

The first concern I heard was why state expenses were up 13 percent, and we're still running a deficit of some \$300 million which we've apparently borrowed money to finance.

Many states now are in the black (running surpluses). Why aren't we? Can the governor and Arizona Legislature provide a major department breakdown on the percentage increases from the past fiscal year for each department, such as education, prisons, Child Protective Services, etc.?

I don't recall seeing a breakdown like this in the local media, but maybe it's worth doing. I'm sure business leaders would want to comment.

The second concern, from several sources, was about immigration. I was told in one e-mail that Arizona is spending \$1.4 billion to care for illegal immigrants. This is not just border patrols,



MY VIEW

John
Heinrich II

but presumably it covers the cost of police and fire protection, but also emergency health care, maybe some schools, hopefully not welfare or CPS dollars.

This not only is a lot of money, in light of our deficit, but there's a broader policy question: Do we want to care for them? Should we? I know it's heartless to possibly turn away another class of human beings, but let's reframe this debate: If the undocumented immigrants have a job, or are in school, then let's take care of them and encourage them. After all, I'm the great grandson of immigrants, as are most of *The Business Journal's* readers descended from immigrants.

From our Solutions Forum work with Hispanic businesses, and those who employ Hispanics, it seems that they are following the same pattern: Get here, assimilate, start following the American Dream.

There are more than 2,200 Hispanic-owned businesses in Maricopa County. This is good.

The fact is, we need immigrant labor to prop up our Federal Social Security system which



presently is scheduled to go broke in 20 years or so. If we keep importing labor, a large percentage of which start paying our taxes, this will keep Social Security going.

To see the impact of aging, labor-restricting economies, look at France, Japan and, to some extent, Germany. Their social welfare systems are in worse shape than ours, the product of low birthrates and high social expenditures.

The Feds either need to step up on this immigration question (not likely in an election year), or we need to solve it ourselves, not ignore it.

So what is the good news?

At least the governor is listening to us humble business folk. We are negotiating to have a 90-minute session with her sometime in August or September, which will be entirely for small-business owners.

This apparently is a constituency she's missed, but with more than 11,000 small-business owners in Maricopa county, it's about time she listened.

John Heinrich II is president of Solutions Forum, a national association of CEOs, presidents and other decision makers. He can be reached at 480-990-0206 or solutionsforum@msn.com.