

Roll-Backs Are About “Boom-Market” Budgeting

Morgan B. Gilreath, May 1, 2007

I recently asked a Realtor, “Did you make more money during 2002-2006 than you anticipated?” He answered, “Yes, those were the best years I’ve ever had.” I then asked, “What did you do with the money? Did you raise your standard of living with things that would require you to keep making that amount of money each year or did you put it into a retirement fund, invest it, buy a new car, take a few trips, or purchase a few goodies?” He said, “I didn’t raise my standard of living, I knew this boom-market wouldn’t last. I invested it and bought a few things.” Sounds a lot like what’s probably been going on with what I call “boom-market” budgeting in government. Question is... do the “boom-market” budgets of the past three or four years represent the level of spending that must be maintained in the future?

We have a lot of dedicated and savvy City Managers and Finance Directors in Volusia County. They, too, had to see revenues coming in from a real estate boom they knew would not last. All spent and/or invested money on projects and services considered worthwhile for their constituents, that’s what managers do. *Reserve Accounts* were expanded, roads were paved, desired capital improvement projects were funded and a few additional vehicles or pieces of equipment were removed from a wish list... all fit the bill. Few, if any of these types of expenditures created *increases in the standard of living* for their jurisdiction. These types of expenditures, like the Realtors, should allow for returning to the standard of living existing prior to the *boom*. Everyone knows that boom-times are eventually followed by the *doldrums*. Taxpayers are telling me they want to see *doldrums-budgets* for a while. The Legislature is speaking the same language.

Why aren’t we hearing this discussion from our local governments? Why aren’t we hearing discussion about the additional *types of expenditures* made for those items purchased with the “boom-market” money? I’m not implying that any purchases made were for other than needed or desired goods and services. Inexplicably, we are hearing discussion implying that the boom-market spending levels created by budget increases of 30% to 62% over two years (and much greater over five years) simply cannot return to a normal level without “cuts in critical services.” That doesn’t compute when your business is in the doldrums.

Not to “roll-back” governmental budgets is to continue *boom-market spending* in a market that no longer supports it and with a public becoming more aware of what is happening. If my realtor friend can return his personal budget to a pre-boom-market level why can’t government? What is the largest historical annual expenditure out of your Reserve Account in one year? We had three hurricanes several years ago. How long did it take FEMA to provide reimbursement? Both answers provide indicators of future needs. What was the *standard level of service* in all critical areas of government before the 2002-2006 *boom markets*? These questions are all invitation for effective communications...