



**FINAL FY 10/11 ARIZONA BUDGET CHANGES:
HOW VULNERABLE CHILDREN AND FAMILIES FARE**
May 3, 2010

The analysis below highlights specific portions of the Arizona budget that will impact children and families.

<u>SUMMARY</u>	
FY10 Baseline Shortfall FY11 Baseline Shortfall	\$700.6 million \$2.6 billion
<u>GENERATING OR COLLECTING MORE REVENUE</u>	
1¢ Sales Tax Increase	\$918.0 million in FY 11
Lower threshold for paying estimated sales taxes for three years	\$48.0 million in FY 10 only
Class 3 (homeowner occupied) property tax reform	\$500,000 in FY 11
Abandoned vehicle fees	\$12.0 million in FY 11
Collect taxes owed by adding staff to Department of Revenue	\$18.5 million in FY 11
Increased federal stimulus funding for AHCCCS, DES and DHS. The availability of these funds reduces the need for general fund dollars.	\$34.5 million in FY10 \$18.2 million in FY 11
<u>BALLOT PROPOSALS TO ACCESS VOTER-PROTECTED FUNDS</u>	
Ballot referendum to repeal First Things First. Tobacco tax money would go into the general fund and not be used for early childhood education and health.	\$385 million ((\$325 million in fund sweeps \$60 million in new revenue from 1/2011 to 6/2011.)
Ballot Proposal - Growing Smarter – The proceeds from state land trusts are designate to support public institutions such as public schools, colleges and prisons.	\$123.5 million in FY 11
<u>FUND SWEEPS</u>	
Fund Sweep of the Arts Endowment Purpose of fund is provide grants to community and arts organizations.	\$9.9 million in FY 11
Fund Sweep from the Housing Trust Fund The purpose of the fund is to provide affordable housing	\$4.7 million in FY 10 \$6.0 million in FY 11
Fund Sweep from Clean Elections	\$10 million in FY 11



<u>SPENDING CUTS</u>	
Salary cuts to state employees - Cuts salaries 2.75%, with the reduction coming from performance pay where applicable; requires 6 furlough days except for employees providing direct care. Permits individual agency heads, with Dept. of Administration approval, to reduce employee pay rather than require furloughs.	\$1.7 million in FY 10 \$45 million in FY 11
Eliminate funds that help counties pay for health care coverage	\$4.8 million in FY 11
Proposition 204 – The original budget passed by the legislature would have eliminated health coverage for 310,500 Arizonans including 11,700 children on January 1, 2011. Due to the passage of federal health care reform, subsequent legislation was passed allowing this coverage to continue through June 30, 2011, if federal matching funds are extended.	\$0
KidsCare – The original budget passed by the legislature repealed KidsCare. Due to the passage of federal health care reform, subsequent legislation was passed reversing the repeal. The freeze on new enrollment that began in January 2010 continues. As of May, 40,000 children have been turned away.	\$9.1 million in FY 11
Graduate Medical Education and Disproportionate Share Hospitals. These programs reimburse hospitals for training doctors and for serving low-income patients.	\$16.7 million in FY 10 \$18.1 million in FY 11
Behavioral health transfer from Health Services to AHCCCS	Not included in special session legislation – under consideration in regular session
Eliminate optional services under AHCCCS – This includes emergency dental services, medically necessary dentures, insulin pumps, well exams for adults, durable medical equipment and prosthetics.	\$6.3 million in FY 11
Eliminate full day kindergarten	\$218.3 million in FY 11
Means testing and fees for individuals served by DES – families with children receiving services through the early intervention program and individuals with developmental disabilities in the state-only program will be billed for services. The processing fee charged to noncustodial parents paying child support will be increased.	\$1.5 million in FY 10 \$7.6 million in FY 11
Temporary support for single parents (TANF cash assistance) – This proposal reduces the maximum benefit period from 60 months to 36 months; disqualifies 10,000 families from benefits, including grandparents who have taken on the responsibility to care for 17,000 children.	\$2.2 million in FY 10 \$27.0 million in FY 11



<p>Behavioral health services reduction for individuals with a serious mental illness who do not meet Title XIX requirements. Eliminates funding for 14,600 seriously mentally ill adults, 4,200 children and 11,100 adults with general mental health-related illnesses beginning in FY 10.</p>	<p>\$5.0 million in FY 10 \$36.0 million in FY 11</p>
<p><u>SPENDING CUTS</u></p>	
<p>DES cuts including:</p> <ul style="list-style-type: none"> • child welfare services including peer mentoring of youth aging out of foster care and counseling to newly adoptive families • permanent elimination of the Grandparent Kinship Care program affecting 1,000 children living with their grandparents • cuts to emergency services and domestic violence shelter funds that will affect 1,100 families needing emergency assistance and 1,600 victims of domestic violence • cuts to in-home assistance for 700 older Arizonans that allows them to remain in their home instead of living in a nursing home • reduced services for children over the age of 3 and adults who have developmental disabilities 	<p>\$9.5 million in FY 10 \$16.1 million in FY 11</p>
<p>Eliminate non-formula programs for K-12 education – this includes Early Childhood Block Grant, AIMS Intervention and Dropout Prevention.</p>	<p>\$16.5 million in FY 10 \$38.5 million in FY 11 Does not include Vocational Education Block Grant. Delays elimination of School Safety program until FY 11.</p>
<p>Reduce the general fund dollars that backfill the loss of federal stimulus funding for K-12 education.</p>	<p>\$92.8 million in FY 11</p>
<p>Shifts special sales tax (Prop 301) from School Accountability to AIMS Testing, with the result that School Accountability is no longer funded.</p>	<p>\$2.3 million in FY 10 \$4.7 million in FY 11</p>
<p>Classroom funding for K-12 education – makes additional cuts to “soft capital” funding for schools, which includes books, computers, and other classroom supplies.</p>	<p>\$21.1 million in FY 11</p>
<p>Charter school assistance</p>	<p>\$10 million in FY 11</p>
<p>Postsecondary education aid for students enrolled in private colleges and universities.</p>	<p>\$2.8 million in FY 11</p>
<p>Tourism Department – Eliminates general fund support.</p>	<p>\$10.6 million in FY 11</p>



Retains the Department of Juvenile Corrections until July 1, 2011. Establishes the Commission on Juvenile Corrections Reform to make recommendations regarding the juvenile corrections system. This will be funded by additional contributions to the general fund from Maricopa and Pima counties and a \$5 million cut to the agency's budget.	\$5.0 million in FY 11
Provisional (out of state) beds at Department of Corrections	\$8.9 million in FY 10 \$25.8 million in FY 11
<u>SPENDING CUTS</u>	
Redirect Lottery funding that currently goes to the Heritage Fund and counties to the general fund	\$18.8 million in FY 10 \$49.6 million in FY 11 Excludes Game and Fish
Veterans Services – shift support from general fund to Veterans Trust Fund	\$0.6 million in FY 10 \$2.1 million in FY 11
Water Resources – Requires the Department of Water Resources to be self funded.	\$9.8 million in FY 11
<u>ROLLOVERS AND DEBT</u>	
K-12 rollover – pushes payments to schools due at the end of the fiscal year into the beginning of the next fiscal year	\$350.0 million in FY 10
University rollover – pushes payments to schools due at the end of the fiscal year into the beginning of the next fiscal year	\$100.0 million in FY 10
Lottery bonding	\$1.3 million in FY 11
School Facilities Board debt refinancing	\$60.0 million in FY 11
<u>SPENDING INCREASES</u>	
Caseload growth for DD-Title XIX program at DES	\$10.0 million in FY 11
Funding for capital projects	\$4.0 million in FY 11
Correctional officer salaries – backfill the one-time use of federal stimulus funds to pay correctional officer salaries	\$50 million in FY 11
Backfill the one-time use of federal stimulus funds for DES programs such as child protective services, adoption and children services, and autism services.	\$60 million in FY 11



Providing K-12 funds to account for inflation	\$0 (Not included in the proposal)
Additional health insurance costs for state employees	\$14.9 million in FY 11
<u>CONTINGENCY BALANCE</u>	
Money set aside for unspecified spending	\$72.8 million in FY 11



<u>FUNDING MISSING FROM BUDGET PROPOSALS</u>	
Child Care – The “turn-away” list started in February 2009 will continue throughout FY 11. As of March 5, 2009, 10,743 children who have been determined eligible have been denied this assistance. As enrollment continues to decline, this program will eventually be reduced to serving only TANF cash assistance and child protective services cases and provide no help for working parents.	\$16.5 million in FY 11
KidsCare Parents – This program provided affordable health insurance for parents, who paid monthly premiums based on income. When this program was suspended on 9/30/09, 8,625 parents lost their health coverage.	\$1.7 million in FY 11
Adoption Subsidy – Even though the number of children moving from foster care to permanency is increasing, these proposals provide no funding to support the new families.	\$1.0 million in FY 11