



## WHAT HAPPENS IF 1¢ SALES TAX DOES NOT PASS?

March 30, 2010

Legislation passed during the 2010 7<sup>th</sup> special session included conditional budget cuts that will occur if the May 18, 2010 1¢ sales tax increase does not pass. For some agencies, specific cuts are identified in legislation; in other cases, a single lump sum reduction is specified. The information below includes the specific cuts where known as well as likely cuts based on information agencies submitted in October 2009 indicating how they would take a 15% budget cut.

	Conditional Cut	Percent Cut
<b>Total Conditional Reductions</b>	<b>\$862.4 million</b>	<b>10%</b>
<u>K-12 Education</u> <ul style="list-style-type: none"> <li>Makes additional cuts to soft capital (computers, library resources, lab equipment, etc.). If the sales tax doesn't pass, schools would receive no soft capital funding in FY 11.</li> <li>Suspends the Capital Outlay Revenue Limit (CORL) portion of the school funding formula. CORL includes a textbook allowance as well as funds for capital needs.</li> <li>Makes additional cuts to Charter School Additional Assistance.</li> <li>Makes additional cuts to the school funding formula.</li> </ul>	Total - \$428.6 million \$47.0 million \$248.0 million \$31.0 million \$103.0 million	9%
<u>AHCCCS Health Coverage</u> – Cuts provider rates by an additional 10% beginning 10/1/10. The base budget already cuts rates by 5%.	\$114.0 million	9%
<u>Economic Security</u> – No specific reductions were identified. Likely cuts include: cutting services that help abused and neglected children stay safely in their own homes; cutting services for children younger than 3 with special needs; and eliminating group homes for individuals with developmental disabilities who do not qualify for federal funding.	\$50.5 million	9%
<u>Health Services</u> – 10% cut to behavioral health provider rates.	\$40.0 million	8%
<u>Juvenile Corrections</u> – No specific reductions were identified. Likely cuts include closing one or more of the four secure facilities in the state, with youth either being transferred to Phoenix or being released back into the community. Overcrowding and issues concerning proper staff supervision of youth would likely occur.	\$5.8 million	9%



WHAT HAPPENS IF 1¢ CENT SALES TAX DOES NOT PASS

	Conditional Cut	Percent Cut
<u>Courts</u> – Shifts \$7.9 million in funding for judges’ salaries to counties; other cuts.	\$10.4 million	10%
<u>Corrections</u> – Would transfer prisoners with less than 1 year left in their sentences to the counties effective October 1. Other likely cuts include reducing treatment services, early release, and alternatives to incarceration such as home arrest.	\$63.2 million	7%
<u>Community Colleges</u> – Eliminates the distribution of \$1.9 million in sales tax revenues to tribes for community colleges, plus makes \$13.4 million in unspecified cuts. Likely cuts include reducing funding for student scholarships, preventive maintenance of the facilities, and reduction of class offerings and student services. Tuition increases would also be likely.	\$15.3 million	11%
<u>Universities</u> – No specific reductions were identified. Cuts to general fund support would likely result in additional tuition increases as well as staffing cuts.	\$107.1 million	12%

3/30/10