



THE NEW STATE BUDGET DOESN'T WORK FOR ARIZONA FAMILIES

An analysis by Children's Action Alliance – updated Apr 5, 2011

Arizona families need a state budget that works for them but the budget adopted by the House and Senate Republicans sells out our future. The budget takes more giant steps backwards for children's health, education and security. It removes resources from the classroom and promises a weaker workforce. It is an attack on families by:

- Eliminating child care assistance for qualified working parents
- Raising education costs to families with higher tuition for community colleges and universities
- Squeezing families with both larger class sizes and higher fees to pay for public education in K-12
- Eliminating health care coverage for more than 130,000 Arizonans.

This budget ignores a long list of alternatives such as doing a better job collecting taxes that are already owed, enacting a tax on health care providers that 22 other states already have, closing outdated tax loopholes, and being smarter with our tax dollars in the prison system.

STATE SERVICES	NEW 12-MONTH IMPACT	ADOPTED BUDGET	CONSEQUENCES
CUTS IN STATE SERVICES			
"PROP 204" HEALTH CARE – AHCCCS AND BEHAVIORAL HEALTH Voter-approved health coverage for poor adults is currently paid for with a combination of tobacco funds, general fund and federal match. This budget eliminates all general fund dollars, leaving tobacco funds as the only dollars to match federal funds.	\$482 million cut for FY2012 plus loss of \$1 billion federal match	FREEZES ENROLLMENT FOR 30,000 POOR PARENTS AND 100,000 POOR ADULTS WITHOUT CHILDREN AT HOME MOST CUTS REQUIRE FEDERAL APPROVAL	The budget defers to the Governor how the cuts will be implemented. According to plans submitted by Governor Brewer, the cuts will: <ul style="list-style-type: none"> • freeze enrollment for adults without minor children effective Jul 1, 2011 • freeze enrollment for parents effective Oct 1, 2011 • impose additional fees for those childless adults who remain enrolled

STATE SERVICES	NEW 12-MONTH IMPACT	ADOPTED BUDGET	CONSEQUENCES
CUTS IN STATE SERVICES (CONTINUED)			
MEDICAL SPEND DOWN This provides health care coverage for individuals who temporarily lose quality for Medicaid because of extraordinary medical expenses.	Amount Included Above	ELIMINATES COVERAGE FOR ADULTS AND CHILDREN WHO HAVE EXTRAORDINARY MEDICAL EXPENSE	Nearly 6,000 individuals will lose health care coverage, including 700 children.
PROVIDER RATE – AHCCCS AND DHS Continues the 5% provider rate cut for all AHCCCS and DHS providers effective Apr 1, 2011. Allows an additional 5% cut effective Oct 1, 2011.	\$75 million cut	CONTINUATION OF PROVIDER RATE CUTS/POTENTIAL FOR ADDITIONAL CUTS	The budget continues the Apr 1, 2011 provider cuts into FY 12 and allows an additional 5% rate cut.
KIDS CARE Affordable health care coverage for children of low-income working parents.	\$11.8 million cut	FREEZE CONTINUED	Arizona already has the 5th highest percentage of uninsured children in the nation. Uninsured children go without the care they need to learn and grow. Since Jan 2010, 22,000 children have lost their KidsCare coverage, which is more than a 50% drop.
CHILD CARE Assistance with child care expenses for low-income working parents.	\$13.7 million cut	CUTS CHILD CARE FUNDING FOR 13,000 CHILDREN	Eliminates all general fund dollars for the low-income working families category of child care. Parents may be forced to quit their jobs, turn to welfare, or leave their children in unsafe situations.
K-12 EDUCATION Reduces the K-12 funding base.	\$183 million cut compared to FY2011, plus \$377 million in cuts carried forward	PERMANENTLY REDUCES K-12 FUNDING BASE	Cuts the education funding formula, including books, computers, and other supplies; building repair and improvement; teacher pay and development; and basic per student funding.

STATE SERVICES	NEW 12-MONTH IMPACT	ADOPTED BUDGET	CONSEQUENCES
CUTS IN STATE SERVICES (CONTINUED)			
REDUCTION TO CASH BENEFITS For poor mothers, grandmothers, and children	\$8.6 million	REDUCES LIFETIME ELIGIBILITY FROM 36 TO 24 MONTHS	On Jul 1, 2010, the lifetime eligibility for cash benefits was reduced from 60 to 36 months, cutting off more than 6,400 families. This further cut means more families will be without temporary cash assistance for rent, utilities, clothing, and transportation.
COMMUNITY COLLEGES	\$72.9 million cut	REDUCES STATE FUNDING BY HALF	Cuts state support despite enrollment growth. It is unclear how other revenue sources (property taxes and tuition) can fill the gap this cuts creates.
UNIVERSITIES	\$198 million cut	FUNDING REDUCTION	23% reduction in state support.
PROJECT CHALLENGE	\$1.6 million cut	ELIMINATED	This program provided intervention for high-school dropouts in a boot-camp setting that built life skills.
DEPT OF JUVENILE CORRECTIONS DJC operates three secure facilities with an average daily population of 396 youth, down from 454 in FY 10. In addition, DJC provides community-based services and probation oversight for nearly 400 youth.	\$7.2 million cut	REDUCES CRITICAL FUNDING	These cuts jeopardize adequate staff-to-child ratios and reduce the department's ability to provide treatment, rehabilitation and a safe environment.
FURLOUGH DAYS Beginning Jul 2010, all state employees were required to take 6 unpaid days off (furlough). This resulted in state offices being closed during the furlough days.	\$0	ELIMINATES FURLOUGH DAYS BUT PROVIDES NO FUNDS TO PAY EMPLOYEES	Restores the number of days that state offices and services are available but fails to provide the \$17.2 million that was cut when employees were on furlough. This means state agencies will have to cut their budgets elsewhere to pay employees.

STATE SERVICES	NEW 12-MONTH IMPACT	ADOPTED BUDGET	CONSEQUENCES
NEW SPENDING			
ECONOMIC DEVELOPMENT Economic development has been the responsibility of the Dept of Commerce.	\$31.5 million increase	CREATES A NEW "COMMERCE AUTHORITY"	Takes \$31.5 million from the general fund to fund this new agency. The Dept of Commerce's general fund appropriation is only \$3.5 million currently.
ONE-TIME STRATEGIES			
FUND TRANSFERS Programs with dedicated funding sources have been established over the years, many supported by licensing and regulation fees and special taxes. These include a wide range of programs such as the Barbers Board, the Housing Trust Fund and the child care center licensing program.	\$240 million over 2 years	CONTINUES DIVERSION OF FUNDS FROM ORIGINAL INTENT	The budget proposes ongoing fund sweeps from many dedicated funding sources, such as the Child Abuse Prevention and Treatment Trust, the Spinal and Head Injuries Trust, and the Housing Trust funds. Sweeping these dollars into the general fund diverts them from their original purpose.
COST SHIFTS			
SHIFTING ONGOING EXPENDITURES TO TEMPORARY FEDERAL FUNDS Federal Temporary Assistance to Needy Families (TANF) funds are used to support services such as domestic violence prevention, hunger and homeless assistance, and adoption services.	\$15 million reduction in general fund support	SHIFTS FUNDING SOURCE FROM GENERAL FUND TO FEDERAL TANF DOLLARS	The budget uses temporary federal dollars for ongoing expenses. Once these additional federal dollars are exhausted, they will not be replaced and the fund shift will need to be reversed. DES estimates this will not occur for several years.