



# Children's Action Alliance

*A Voice for Arizona's Children since 1988*

## FACT SHEET

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## HOUSE RULE 38 WOULD ENACT TABOR'S FAULTY FORMULAS

House Rule 38 – Expenditure Limit – is a backdoor attempt to adopt the same faulty formulas contained in the so-called “Taxpayers Bill of Rights” (TABOR). Not only does Rule 38 sneak TABOR's destructive blueprint into Arizona law, it also establishes a dangerous precedent by effectively ignoring the democratic process.

### ***TABOR won't let Arizona recover from the recession.***

Rule 38 is written so that the annual budget goes down whenever revenue declines due to the economy. There is no way for the state to recover from these downturns and no option to re-invest in top priorities when the economy rebounds. Rule 38 uses the previous year's appropriation or revenues – whichever is *less* - as the base for the formula -- and locks us into a low economic level forever. As a result, Arizona will fall further and further behind when other states have recovered from recent economic downturns.

### ***TABOR uses a flawed formula.***

The problem is that the formula proposed doesn't work. TABOR uses a formula based on statewide population growth. But many groups touched by the state budget grow far faster than statewide population, including prison inmates, community college and university students, children in foster care, and children and adults participating in services for developmental disabilities. You can't successfully run a complex state budget on an arbitrary and rigid formula that doesn't match the true costs of state assets.

### ***TABOR is a proven failure.***

Over 20 states have considered and rejected artificial spending formula limits. Only Colorado has passed TABOR. It was such a disaster for schools, healthcare, public safety, and the economy that Colorado voted to suspend it. State business leaders agree that TABOR led to slower job growth and delayed recovery from the last recession. Over the last decade, Arizona legislators from both parties have repeatedly rejected TABOR bills because the concept is so dangerous. In 2011, Governor Brewer vetoed TABOR legislation.

### ***TABOR will hurt schools, families, seniors, and our local communities.***

The recent recession has already taken a tremendous toll on Arizona jobs, neighborhoods, schools, and families. TABOR would force further damage onto our children, families and seniors. It would lock us into the current crisis -- no matter what the future holds.

## Statewide Population Growth vs. Program Population Growth 2000 - 2010

