2004 Legislative Session
DEMOCRATS AND REPUBLICANS
JOIN TO PUT CHILDREN AND FAMILIES AHEAD

A bi-partisan majority of senators and representatives wrote a happy ending to the long 2004 legislative session. The session was full of conflict and drama, villains and heroes for kids. Like last year, what mattered most for families became part of the budget battle. The Senate set the stage for success by crafting a solid, common sense budget through bipartisan negotiation. But, like last year, House Republican leaders tried to foil that budget by cutting spending and decimating dozens of effective services for children and families.

Fortunately, a majority of representatives and senators rejected these proposals. Instead, they listened to Arizona voters and adopted a budget that truly reflects Arizona's family values. The final budget adopted by the House and the Senate and signed by the Governor opens the doors of opportunity for children and families in a number of ways:

INVESTING IN SUCCESS BY SIX

Since 1994, a small prevention program called Healthy Families has helped struggling families improve their parenting skills, increase their employment and earnings, and prevent child abuse and neglect. The 2005 state budget doubles this effective program to reach more than 4,400 families. The budget also sustains the Health Start prevention program to link pregnant women with prenatal care, the Family Literacy program to build reading skills for four-year-old children and their parents, and the Early Childhood Block grant to provide preschool and other early education programs. In the long run, these are the very efforts that succeed in boosting family income, lowering the school drop-out rate, and cutting adult and juvenile crime.

REDUCING THE CHILD CARE WAITING LIST

Lawmakers listened to the voices of parents and grandparents, employers and business groups to make child care subsidies a budget priority. These subsidies work like vouchers to give low-income, working parents a choice of affordable, reliable child care so that they can be reliable employees while their children are safe. Since March of 2003, thousands of families have been turned away from child care due to funding shortfalls. Without help for child care, parents are forced to quit their jobs, turn to welfare, or leave their children in unsafe situations. The budget adopted for 2005 adds $51 million for child care, reaches more working families, and reduces the waiting list (a waiting list of approximately 6,200 children will remain).

PROTECTING CHILDREN'S HEALTH

Last year the legislature doubled the bureaucratic hoops for AHCCCS health care coverage by requiring adults and children to renew their coverage every six months instead of every year. This change doubled state administrative costs, pushed up costs to health plans, and left Arizonans without health insurance. This year the state budget reversed that policy, going back to annual renewals and giving Arizona's health system needed stability.

(Please see BUDGET on page 5)
The Real Majority Wins!

When was the last time we could revel in the good guys actually winning at the state legislature? Well, we can do it right now, The good guys won!

Remember in January when Speaker of the House Jake Flake stripped Representatives Pete Hershberger and Tom O'Halleran of their committee chairmanships and relegated them to the boondies because they dared to work hard in a bipartisan way and vote for real reform in Child Protective Services? House leadership continued in this mode with the state budget by negotiating behind closed doors trying to force a bare-bones, radical and mean-spirited budget that reduced or eliminated critical services for kids and families.

They slashed child care subsidies and changed the rules to keep thousands of parents and children out. They broke their recent promises to protect children from abuse and neglect by leaving out millions of dollars of funding for Child Protective Services staff and services. They wiped out health insurance for kids leaving foster care, family literacy programs, and 72 percent of state crisis funding to cope with hunger.

And they lost!

A coalition of House Democrats and moderate Republicans rejected these proposals as short-sighted, imprudent, and economically damaging. They adopted an alternative bipartisan budget, based on the Senate's proposal and Governor Napolitano's executive budget that truly reflects Arizona's values that every child matters and the doors of opportunity should be open to them all. You can read details in the cover story of this newsletter.

These bold legislators, together with Governor Napolitano, stood tall for Arizona's true family values:

* That children should have health insurance that their parents can afford;
* That they have the opportunity for quality child care and preschool so they start school ready to learn;
* That they are protected from the ravages of abuse and neglect and have permanent, loving homes; and
* That their working parents have the practical tools to help their children succeed.

And these public officials also understand that Arizonans support fiscal policies that ensure enough money to support these priorities.

In this budget year, the spirit of bipartisanship and the desire to find common sense solutions to difficult problems prevailed. This is reason to celebrate. But the real victory will be when all members of the legislature provide us with realistic strategies to lift the barriers so that all children, regardless of their zip code, have a fair shot at the American dream.

Carol Kamin is President/CEO of Children's Action Alliance.

Inside CAA

People Who Care

Diane Johnsen

Diane Johnsen joins the board of directors of Children's Action Alliance, bringing a wealth of professional, civic and community experience with her.

Diane became a partner in the law firm of Osborn-Maledon in 1990 after five years with the firm. Previously, Diane was a political reporter, feature writer and assistant city editor for The Arizona Daily Star newspaper in Tucson.

"Children and family issues have always been important to me, both personally and professionally," Diane said.

Diane graduated summa cum laude from the University of Arizona and earned her law degree from Stanford. She is a Judge Pro Tempore on the Maricopa County Superior Court and is a member of both the Arizona and California Bar Associations.

Diane serves on CAA's nominating committee, which is responsible for recommending new board members and CAA award recipients.

In addition to her service with CAA, Diane served as president of the board of the Arizona Center for Law in the Public Interest from 1998-2002, and has been on its board of directors since 1993. She also was a Religious Education volunteer teacher at St. Theresa's Catholic Church.

CAA Celebrates 16 Years; Honors PAFCO's Tim Schmalta

Children's Action Alliance celebrated its 16th year of advocating on behalf of Arizona's children and families by presenting community advocate Timothy J. Schmalta with the 2004 "Champion for Children" award at its Annual Meeting in March.

The "Champion for Children" is presented to a human services professional who has reached beyond the boundary of his or her job, speaking out on behalf of those who cannot speak for themselves, and who understands that it takes the combined efforts of the public and private sectors to open the doors of opportunity to all of Arizona's children.

Tim has been active in social services in Arizona since 1986. In November of 2001, he helped found Protecting Arizona's Family Coalition (PAFCO), and he currently serves as convener of the organization.

The event took place at the University Club in Phoenix with more than 120 advocates, legislators and government officials attending.
It's Not Too Good To Be True: Many Low-Income Families Due Money

"It's your Money...come and get it!" That is the message that the Earned Income Tax Credit Task Force has been getting out to Southern Arizonans. The Earned Income Tax Credit (EITC) is a refundable federal tax credit designed to assist low income working families. It is one of the most effective anti-poverty tools for families and children. Nationally, the average refund is more than $2,000. Families most often use their refunds to pay for education, car repairs or improving their housing, putting the money right back into the local economy.

Unfortunately, many families eligible for the EITC don’t know about it and don’t complete the necessary tax forms. That is where the Task Force comes in. This tax season, Penelope Jacks, director of the Southern Arizona CAA, used materials developed by the Washington-based Center on Budget and Policy Priorities to train more than 200 folks who work with a variety of social service agencies. The training focused on how to let families know about the EITC and basic eligibility calculations using hands-on examples. Many trainees were delighted to discover that they were eligible for the EITC themselves, and were eager to spread the word to their clients.

This year’s efforts have more than doubled the number of Southern Arizonans filing for the EITC and the total refunds received, bringing approximately $500,000 to families and into the local economy. The task force is already planning for next year.

"The main challenge is to convince families that the EITC is available and that it isn’t too good to be true," says Jacks.

For more information, contact Penelope Jacks at 520-795-4199.

JOIN CAA FOR LEGISLATIVE CANDIDATE DEBATES

Children’s Action Alliance is proud to be sponsoring candidate debates for the state senate and state house of representatives in District 11 (north central Phoenix and Paradise Valley). We were selected to sponsor these debates by the Citizens Clean Elections Commission as part of the election reforms adopted by Arizona voters in 1998. The Commission selects a debate sponsor in each legislative district. Candidates who are receiving public funding for their campaigns are required to participate in these debates; all candidates are invited to participate.

"The outcome of this election will profoundly affect the lives of all Arizonans," said David Bosney, Chairman of the Board of Children’s Action Alliance. "These debates build on CAA’s commitment to connect voters with candidates and with key issues for Arizona’s future."

To see a schedule of Clean Elections debates in every district, visit www.ccec.state.az.us

For more information, contact Kristin Borns at kborns@acchildren.org or 602-266-0707.

Mark your calendars now for the District 11 debates!

Republican Primary Debate
Wednesday, August 4
7:00 to 9:00 p.m.
Madison School District Board Room
5601 N. 16th Street, Phoenix
Moderator: Timothy Delaney

General Election Debate
Thursday, October 7
7:00 to 9:00 p.m.
Church of the Beatitudes
555 W. Glendale, Phoenix
Moderator: Lattie Corr

National Study Shows Arizona Still at Bottom

The 15th Annual KIDS COUNT Data Book, a state-by-state ranking of child-well being produced by the Annie E. Casey Foundation in Baltimore, shows Arizona continues to struggle in many key areas. Arizona again ranks 45th in the country - the same as last year and down from 43rd in 2002. The KIDS COUNT study ranks each state on 10 critical indicators of child well-being. For more information, contact Tony Alba at talba@kidschildren.org or call 602-266-0707.

Here is how Arizona ranks on each indicator:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low birth weight babies</td>
<td>17</td>
</tr>
<tr>
<td>Infant mortality rate</td>
<td>25</td>
</tr>
<tr>
<td>Child death rate</td>
<td>42</td>
</tr>
<tr>
<td>Teen death rate</td>
<td>41</td>
</tr>
<tr>
<td>Teen birth rate</td>
<td>47</td>
</tr>
<tr>
<td>Rate of high school dropouts</td>
<td>50</td>
</tr>
<tr>
<td>Teen not in school and not working</td>
<td>48</td>
</tr>
<tr>
<td>Children living with parents without full-time employment</td>
<td>38</td>
</tr>
<tr>
<td>Children living in poverty</td>
<td>38</td>
</tr>
<tr>
<td>Single Parent Families</td>
<td>29</td>
</tr>
</tbody>
</table>

This year’s rankings based on 2001 Census data.

Budget (continued from page 1)

EXPANDING EARLY EDUCATION

The legislature voted to expand access to quality early education by appropriating $25 million for voluntary, all-day kindergarten. This funding will reach Arizona’s poorest schools next year. By December of 2004, a study committee will recommend how to fund and expand the program statewide by 2010. Research from across the U.S. shows that all-day kindergarten has a panoply of benefits, including greater academic and social gains, higher standard test scores, and fewer grade retentions. Arizona data across 26 districts reveals that, compared to their half-day counterparts, students in all-day kindergarten were 38% more likely to be meeting grade-level literacy benchmarks.

STAY TUNED FOR NEXT YEAR

Overall, the state budget for 2005 gives Arizona’s children and families a strong foundation. But some budget holes remain that will have a real impact on the lives of families:

* Lawmakers didn’t budget enough funds to eliminate the child care waiting list. An estimated 6,200 children and their parents will still be turned away, forcing them into impossible choices. Governor Napolitano plans to fully fund the program with no waiting list in her budget for 2006.

* CPS staff and services to protect children from abuse and neglect didn’t receive funding to keep up with growing numbers of children needing help in 2005. As caseloads grow, services may be in short supply and staff may be too overwhelmed to do what’s needed to help every child find a safe and permanent home before their childhood is over.

* Monthly premiums, co-payments for doctor visits and prescriptions, and enrollment fees are scheduled to go up substantially for families enrolled in KidsCare and AHCCCS health coverage. Research and experience show that these charges to families will push people out of needed health coverage and increase administrative costs. For every $1 Arizona collects from poor families, we must give 77 cents to the federal government. As a result, these fees will do nothing to shore up Arizona’s budget but will increase the number of uninsured children.

We can address these issues with the power of community voices and strong leadership at the legislature. Together, we can build on the solid gains of the 2004 legislative session to move Arizona forward for children and families.
CPS Reforms Go Into Action

The Department of Economic Security (DES) leadership and staff and a wide variety of community agencies have been hard at work implementing the Child Protective Services reforms passed by the state legislature last fall to better protect abused and neglected children.

DES staff have been aggressively recruiting additional case managers to reduce caseloads and support the investigation of all reports of abuse and neglect. Hiring is on track to add 104 new case managers by the end of June. To facilitate staff recruitment and retention, the starting salaries for CPS case managers have been increased.

New funding is also being invested in recruiting and retaining foster families who provide the temporary care and refuge abused and neglected children need when their parents can’t take care of them. In January, foster parents received the first of two planned rate increases. Prior to that, rates had not been increased since 1996.

As these reforms go into place, funding shortfalls remain large barriers to children’s safety and to their chances for a permanent, loving family. The CPS law passed last fall allows parents to request a jury trial rather than a trial before a judge for the termination of their parental rights. As of May, 10 such jury trials had been held with nine juries granting a verdict in favor of terminating parental rights. An additional 30 cases were pending statewide. These trials are imposing a whole series of new costs on the system that were neither anticipated nor funded during the special session.

For more information, contact Beth Rosenberg at brosenberg@azchildchildren.org or call 602-266-0707.

Become An Advocate!

You can help Children’s Action Alliance make a difference in improving the lives of children and their families. Join our E-mail Alert Network or make a tax-deductible donation. To join our Alert network, please call Doris at 602-266-0707 or visit our website at www.azchildren.org. If you would like to make a tax-deductible contribution to help CAA, please complete this form and return it to us. Thank you for helping Arizona’s children.

$1,000 Benefactor
$500 Patron
$250 Sustainer

$100 Supporter
$50 Friend
Other

---

Please check here if you would like to remain anonymous.

Name:

Home Address:

City, State, Zip

Phone, Fax

Email

Return to: Children’s Action Alliance
4001 North Third Street, Suite 160
Phoenix, AZ 85012

Save the Date!

Through The Eyes of a Child for October 2

CAA will stage its 6th annual fund-raising gala and youth art auction, Through the Eyes of a Child, at 6:30 p.m., Saturday, Oct. 2, 2004, at the Doubletree Paradise Valley Resort in Scottsdale.

Mr. William J. Post, Chairman of the Board of APS, is the honorary chairman of the event, which celebrates everything that is glorious about childhood.

This year’s celebration of Through the Eyes of a Child promises to be one of the best ever with Governor Janet Napolitano accepting the Jacque Steiner Public Leadership Award, and Roger Hughes, executive director of St. Luke’s Health Initiatives, accepting the Horace Steele Child Advocacy Award.

The reception will feature entertainment by some of the brightest youth entertainers in Arizona and a silent auction of outstanding works of art from Arizona’s top budding young artists. CAA is seeking sponsors and underwriters for the event, and tickets also are on sale.

For information or to receive a sponsor packet, please call Paula Carvalho at 602-266-0707, extension 212.

Arizona Unemployment Benefits Increase!

On July 1, 2004 maximum unemployment benefits in Arizona will increase to $240 per week -- up from $205 per week, the lowest in the nation. This 17% increase was three years in the making and will be a big help for parents trying to pay for groceries, housing, and health care while looking for a new job.

Both Governor Napolitano and Senator Carolyn Allen worked hard to hammer out agreement between labor unions and business groups. In addition to the benefit increase, the legislation also includes provisions to help victims of domestic violence and senior citizens receive full benefits, an unemployment insurance rate decrease for employers who seldom layoff workers, and administrative changes favored by businesses.

Unemployment insurance is supposed to be a bridge to keep families out of a worse financial crisis while they are between jobs. This long- overdue benefits increase builds a stronger bridge both for Arizona’s economy and for unemployed families.

For more information, contact Elizabeth Hudgins at ehudgins@azchildchildren.org or call 602-266-0707.

AZ Commission Recommends National Changes in Foster Care

The Pew Commission on Children in Foster Care released a report in May with a variety of national policy recommendations that would help more abused children in Arizona get safe and permanent homes.

The report, Fostering the Future: Safety, Permanency and Well-Being for Children in Foster Care, points out that foster care systems are struggling all across the country and a stronger state-federal financial partnership is needed to meet the challenges. Recommendations include matching state dollars with federal dollars not just for foster care, but for the whole range of services that keep children safe and secure. This flexibility would help make Arizona’s CPS reforms more effective. Federal matching dollars can bolster services to strengthen families like Family Builders, substance abuse treatment, and permanent guardianship.

For more information, contact Beth Rosenberg at brosenberg@azchildchildren.org or call 602-266-0707.

TAX CUTS DON’T GROW JOBS

As Arizona state policy-makers seek to lure high-paying jobs to our communities, many assume that tax cuts make the best bet. Indeed, during the past legislative session legislators proposed more than two dozen bills and resolutions to cut state taxes by tens of millions of dollars based on this assumption. But research released in March clearly demonstrates that this is the wrong approach: tax cuts simply don’t grow jobs.

In Restricting Growth Strategies: How State and Local Taxes and Services Affect Economic Development, author Robert G. Lynch reviews the current research on the factors that influence business decisions about where to locate. The study, published by the Economic Policy Institute in Washington DC, offers a powerful refutation of the idea that cutting taxes and shrinking government and services will attract new businesses and jobs. After analyzing hundreds of research studies, Lynch concludes that a qualified workforce, proximity to customers, and the quality of public services outweigh taxes in business location decisions.

In one particularly interesting study, two economists (T. Bartik and G. Erickson) analyzed the economic impacts of eliminating Michigan’s budget deficit of $925 million either by cutting state spending or by increasing state income taxes. They estimate that cutting state spending has far worse economic impact than raising taxes, including a loss of 23,820 jobs, 46% of them in the private sector.

The author of the report, Dr. Lynch, concludes: “The real lesson here for legislators and local policy makers is that what makes a community a good place to do business looks a lot like what makes a community a good place to live. That means good schools, good police and fire protection, a modern and well-maintained transportation infrastructure, and good all-around public services. Instead of creating jobs, tax cutting strategies that undermine government’s ability to provide quality services can end up destroying jobs.”

For more information, contact Elizabeth Hudgins at ehudgins@azchildchildren.org or call 602-266-0707.
Publications Available from Children’s Action Alliance

NEW! The Truth About Taxes & Spending: The Arizona Budget Guide - includes ten questions and answers about the state budget and explains why corporate tax cuts won’t balance the budget for the long term.

NEW! KIDSCOUNT 2004 Data Book - ranks Arizona compared to other states on ten indicators of conditions for children.

NEW! The Real Reality of Arizona’s Working Families - brochure highlights findings from a survey of parents on the child-care waiting list.

Measuring School Readiness: How do We Know When We’re On Track? - outlines five indicators to measure how Arizona can evaluate school readiness.

Reliable Revenues for Responsible Budgets - describes nine policy options to strengthen Arizona’s tax system and generate revenues to meet growing needs.

Prosecuting Juveniles in the Adult Criminal Justice System - presents key issues and recommendations to improve public safety and youth success.

For a complete list of CAA publications or to order a publication, please visit our website at www.azchildren.org, or call us at 602-266-0707.

Special thanks to Blue Cross/Blue Shield of Arizona for the printing of this newsletter.