



Children's Action Alliance

A Voice for Arizona's Children since 1988

FACT SHEET

March 11, 2015

Highlights and Lowlights of the New State Budget

In the early hours of Saturday, March 7, the Arizona legislature passed the budget for the fiscal year beginning July 1, 2015. While the budget balances revenues and expenditures for one year, it lacks a greater vision for Arizona's children and families and future. The budget backtracks on prevention strategies, puts more children at risk for child neglect, grows prisons while shrinking resources for higher education, and permanently reduces per student operational funding in public schools – both district and charter.

FAMILY SUPPORT AND PREVENTION OF CHILD NEGLECT

The budget includes a number of cuts that will leave more children in danger and drive up child neglect.

- Cuts \$4 million in state funding for child care vouchers for low-income working families, leaving children in dangerous and unstable conditions while their parents go to work.
- Cuts in half the time limit for the poorest mothers and children to receive TANF Cash Assistance, leaving children vulnerable to hunger, homelessness and crisis.
- Eliminates \$550,000 from the Department of Health Services for school-based and community education about mental illness to help prevent and handle crises.
- Sweeps housing assistance funds, putting more families at risk of losing their homes.
- Cuts \$2 million more from the Department of Economic Security, further shrinking capacity to help families thrive and help Arizonans succeed in the workforce.
- Sweeps \$3 million out of youth treatment funds, stealing help from Arizona families.

CHILD SAFETY

The budget leaves the Department of Child Safety ill-equipped to respond to growing reports of child abuse and neglect.

- Cuts \$11 million out of the Department of Child Safety budget to handle the backlog of cases – even though the backlog is larger than ever.
- Provides no funding to keep up with the growing number of children in foster care or the growing number of children in the CPS system who need child care.
- Increases in-home services by \$4 million.
- Adds \$8 million for projected increases in the number of children leaving foster care for adoption and permanent guardianship.
- Increases the family foster care rate for older children and assumes there will be enough new foster homes to reduce the need for emergency shelters and group homes, resulting in a net cut of \$2 million.

(continued)

HEALTH CARE

- Cuts health care payment rates to doctors, hospitals, and ambulances by 3-5% - driving some providers out of Medicaid and diminishing access to our health care system.

EDUCATION

The budget shrinks opportunities for Arizonans to get a higher education and hands public school students larger class sizes, growing teacher shortages, less technology, weaker infrastructure, and fewer options for preschool and after school education.

- Cuts core student funding for district and charter schools by \$117 million.
- Cuts \$8 million to phase out funding for district-sponsored charter schools and charter schools with small school sites.
- Eliminates “student success” funding, cutting \$22 million from schools.
- Includes \$176 million to keep up with student growth and future inflation.
- Includes \$74 million toward the voter mandate and court decision to re-set school funding due to past inflation, leaving students \$256 million behind true inflation costs.
- Cuts future funding for schools with declining student populations and students participating in technical education.
- Cuts university funding by \$99 million.
- Cuts community colleges by \$16 million – removing all state funding for community colleges in Maricopa and Pima Counties.

CORRECTIONS

The budget increases prison spending by \$38 million.

- Requires the Department of Corrections to contract for up to 1,000 new prison beds on July 1, 2016. This will increase fiscal 2017 spending by \$24 million.
- Adds \$5 million for increased inmate population.
- Increases spending on inmate health care by \$19 million.
- Annualizes the cost of new prison beds brought on line during FY 15.
- Expands a transition program that has a high success rate in reducing recidivism.

REVENUE

Despite the stated goal of bringing the budget into structural balance, the proposal continues to phase in business tax cuts that are already on the books - \$112 million more in FY 16 and \$267 million more each year by FY 18. The budget leaves out several common-sense revenue increases that Ducey had proposed. It is based on lower income tax revenues due to a new law to adjust income tax brackets for inflation every year.

The budget leaves many tax credits with caps that double every few years - or no caps at all - so these continue to lack accountability, predictability, or control while they outpace growth in other state spending. The budget also shifts \$60 million in costs onto local governments and hospitals.

More than one third of the shortfall lawmakers are struggling to fill this year is due to tax cuts they passed, just since the Great Recession began. Those tax cuts passed since 2009 took \$376 million out of next year’s revenues. That would have been enough to avoid all of the new cuts to K-12 and higher education, the cuts to child safety and economic security, and the cuts to our health care system.

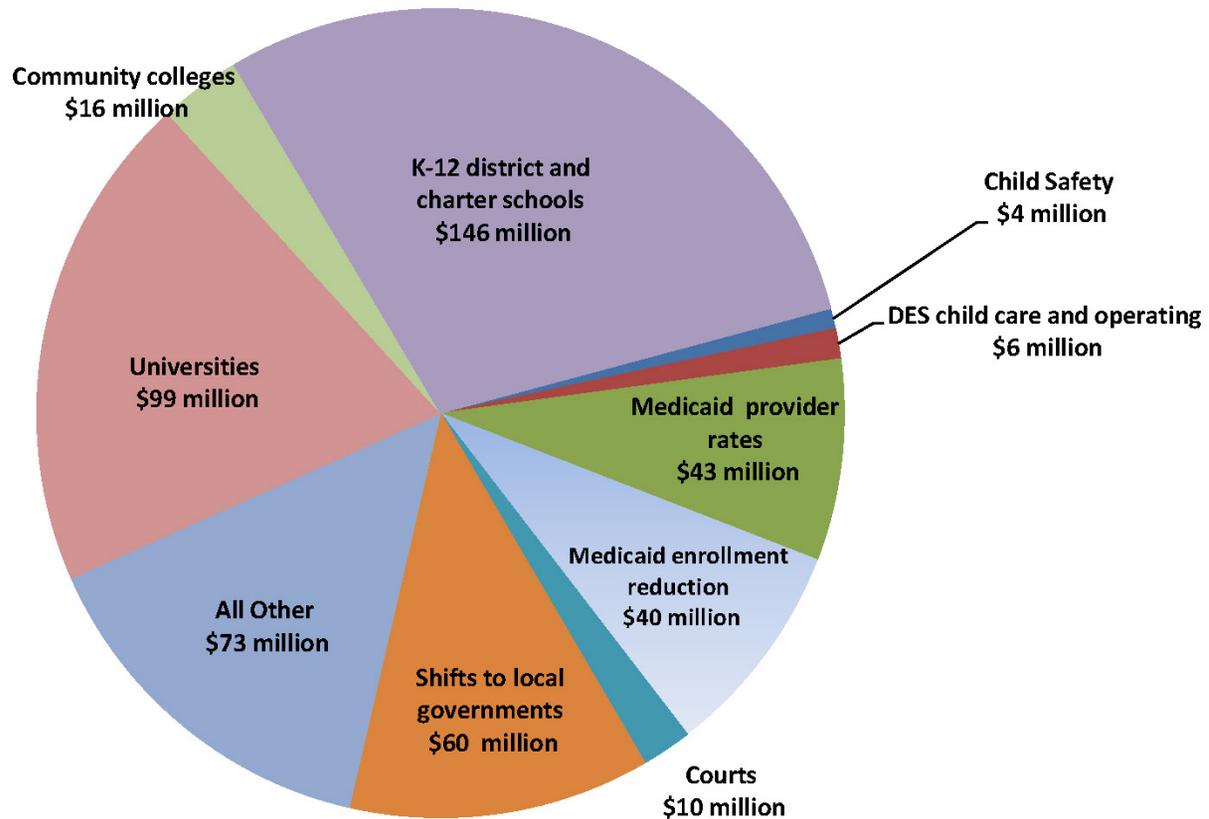


Children's Action Alliance

A Voice for Arizona's Children since 1988

SPENDING CUTS IN ARIZONA FY 16 BUDGET TOTAL \$497 MILLION

Education and Health Among the Hardest Hit



NOTE: In addition, the budget calls for reducing the lifetime limit for TANF Cash Assistance to 12 months beginning 7-1-16, eliminating hold harmless funding for schools with declining enrollments, reducing funding for high school students dually enrolled in district and joint technology education district schools, consolidating state agencies, and instituting a hiring freeze, all of which will result in an additional \$100 million in reductions for FY 17.

Source: Joint Legislative Budget Committee Staff, *March Plan As Engrassed*, 3-9-15.

3/10/15