



BUDGET TRENDS

Has Arizona recovered from the recession?

No. Arizona still has not regained all of the jobs lost during the Great Recession. Neither state revenues nor spending have returned to pre-Recession levels.

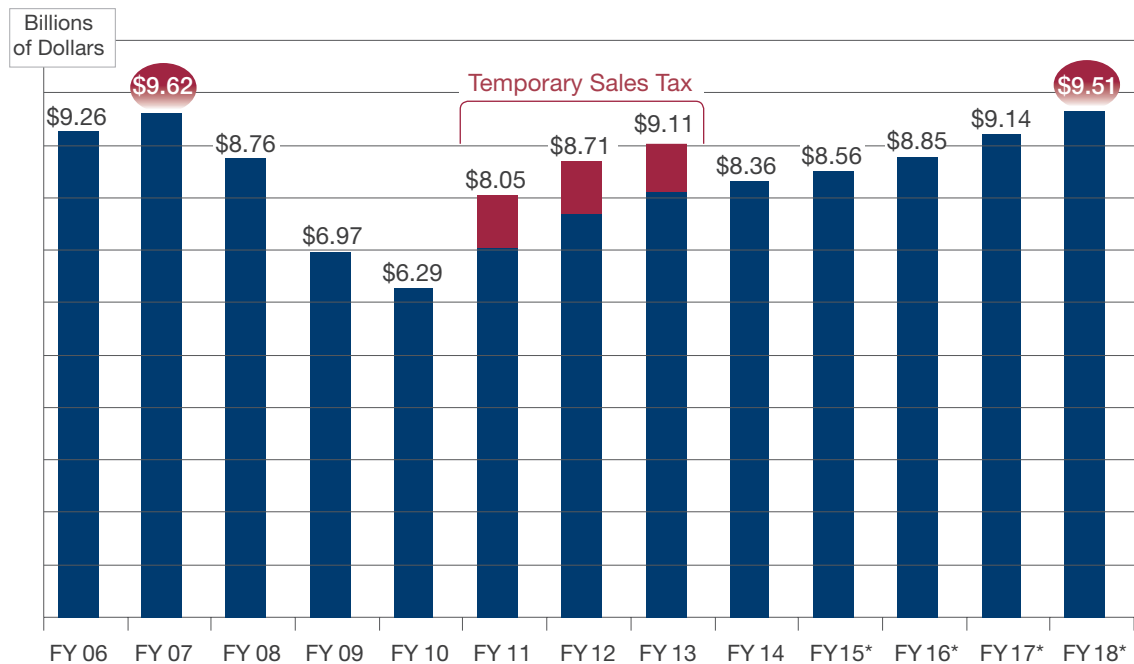
As of June 2014, the nation had recovered all the jobs it had lost during the Great Recession. Almost a year later, Arizona has regained only 78 percent of the jobs that were lost.

The impact of the recession on state revenues has been severe and long-lasting. Recent projections are that revenues will not return to pre-recession levels until after fiscal year 2018.

	Percent of Jobs Recovered
Arizona	78%
U.S.	132%
Maine (lowest)	50%
North Dakota (highest)	1,723%

Calculated from Bureau of Labor Statistics State and Area Employment, Hours and Earnings, seasonally adjusted non-farm data, 2007 to March 2015.

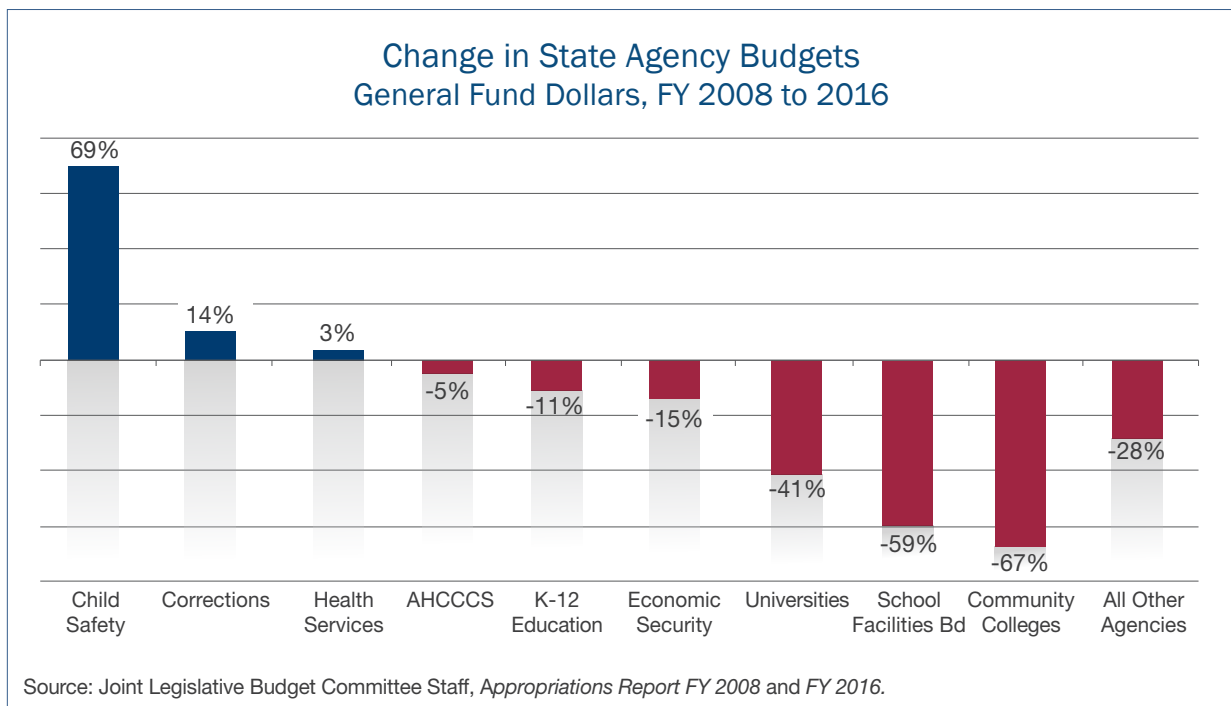
Arizona General Fund Revenues Are Not Expected to Recover Until After FY 2018



* Projections

Source: Joint Legislative Budget Committee Staff, *Finance Advisory Committee Presentation*, January 22, 2015 and *Appropriations Report FY 2016*.

Despite higher costs, more prisoners, more students, and more children in foster care, the fiscal year 2016 state budget is smaller than the budget in fiscal year 2008. In total the budget is 86 percent of what it was right before the Great Recession. But the differences vary widely across state agencies and services. The Department of Corrections budget is 14 percent higher than it was before the recession, while funding for community colleges is 67 percent lower.



Most budget cuts to state services have not been restored since the recession. Examples include:

- Eliminating \$4 million in state funding for child care assistance for low-income working families.
- Cutting in half the job training funds for parents trying to move from welfare to work.
- Phasing out KidsCare health coverage for children in low-income, working families.
- Reducing by 20 percent the amount families can receive in TANF cash assistance.
- Eliminating the building renewal formula for public school building maintenance and repair and replacing it with a small grants program that is 80 percent lower than the funding provided in fiscal year 2008.
- Suspending statutory funding formulas for K-12 education and university financial aid, and statutorily eliminating all state funding for Pima and Maricopa community colleges.

Other state budget cuts have been funded by requiring counties, cities and towns to pay for what had previously been a state cost, including:

- Eliminating the \$9 million in state funding for Maricopa County superior court judges.
- Reducing the Department of Juvenile Corrections budget by \$12 million and requiring the counties to make up the difference.
- Requiring local governments to pay \$21 million of the cost for operating the Department of Revenue.

