



# Children's Action Alliance

*A Voice for Arizona's Children since 1988*

## Executive-Republican Leadership Budget







April 27, 2012












The results of the budget negotiations between the Governor and Republican legislative leadership have emerged.

The proposal addresses several critical funding issues, including the replacement of lost federal dollars for child protective services and rate increases for some AHCCCS providers. However, it continues all of the past cuts to children's health, early education and safety net programs. Child care remains frozen. KidsCare still has a long waiting list. There is no state funding for full-day kindergarten or preschool. Grandparents raising grandkids continue to get no help and the poorest mothers and children continue to be left behind.

The proposed budget moves \$450 million into the Rainy Day Fund over a two-year period. The proposal projects negative ending balances for FY 14 (\$24 million) and FY 15 (\$498 million).

### Proposed Budget

	CHILD PROTECTIVE SERVICES	
	Services for abused and neglected children, support for foster parents and adoptive families, community emergency services	Provides \$42 million to replace federal funds and sustain services. FY 13 funding comes from fund balances; beginning in FY 14 General Fund dollars would be used only if federal health care reform is repealed.
	CPS task force recommendations	Adds \$3.7 million for: 28 new investigative specialist positions (former law enforcement professionals); four new management positions; promotional opportunities to retain experienced staff.
	Child Protective Services case managers	No new funds to reduce caseloads or to provide in-home support for foster parents and the children in their care.
	EDUCATION	
	Child Care	Continues to turn away qualified, working parents from child care financial assistance.
	Move on When Reading	Provides \$40 million to elementary schools for reading specialists and curriculum to help young students get on track to pass third grade reading standards.
	Soft capital for schools – books, computers and other in-class supplies	No additional funding.

	Education formula funding	Provides \$15 million for the K-12 education funding formula.
	School building maintenance	Provides \$12 million for School Facilities Board building renewal funding.
	New school construction	Defers funding until FY 16.
	Statewide education data system	Supports the new statewide data system for preschool through universities with \$5.1 million.
	Adult education (GED)	No additional funding. The Governor's original recommendation restored \$4.6 million for GED classes to allow Arizona to draw in federal Workforce Investment Act funds.
	Universities	\$15 million for university parity, course redesign and capital projects.
	University medical school	\$6 million.
	<b>HEALTH CARE</b>	
	KidsCare	Cuts funding as the enrollment freeze continues and fewer kids are covered.
	Provider increase beginning 4/1/13.	Restores rate payments for certain behavioral health and developmental disabilities providers using fund balances. The annualized amount of \$13 million will be funded in FY 14 using the General Fund.
	Coverage for adults without children at home	Continues freeze and reduces funding for these individuals (Prop 204).
	Services for adults with serious mental illnesses (SMI)	Provides \$39 million for services to individuals who have a serious mental illness and who do not meet Title XIX eligibility.
	<b>CORRECTIONS</b>	
	Prison staff	Adds \$4 million in new funding plus reallocates \$2 million from overtime funding for 103 additional correctional officers.
	New Prison Construction	Authorizes \$20 million for the construction of 500 new state prison beds and planning for 1000 new private prison beds.
	Juvenile Corrections	Reduces funding associated with savings from the closing of the Catalina Mountain facility.

	<b>TOURISM</b>	Restores \$7 million in assistance to the tourism industry.
	<b>STATEWIDE ISSUES</b>	
	Rainy Day Fund Deposit	Deposits \$450 million into the Rainy Day Fund over a two-year period (\$250 million in FY 12; \$200 million in FY 13). Plan calls for moving \$100 million out of the Rainy Day Fund back into the General Fund in FY 14.
	Automation projects	Provides \$17 million in FY 13; \$80 million over four years for automation projects in the Department of Administration (state accounting system), AHCCCS and Department of Revenue.
	State employee retirement split	\$39 million to restore funding for state retirement contributions to 50% state/50% employee, plus \$9 million for increase in retirement contributions.
	Employee pay	\$17 million for a one-time 5% bonus for employees converting to uncovered status by October 2013.
	Fund transfers	Transfers \$102 million to the General Fund from other sources: \$50 from mortgage settlement; \$10 million from vehicle emissions; \$12 million from judicial automation; and \$30 from employee health insurance trust fund.
	End accounting gimmicks	\$149 million to end the AHCCCS payment rollover as well as the midnight reversion of non-lapsing funds that has been used as an accounting gimmick to end the fiscal year with a positive balance.