

FY 2012 Budget Agreement

It is a balanced budget

- It is truly a balanced budget, something we haven't had in five years
- No more gimmicks, no more games, no more rollovers, no borrowing
- The original budget brought forward was filled with gimmicks, including a one day loan of \$330 million to balance the budget, and hundreds of millions in education rollovers
- Senate leadership stood firm on their commitment to not allow these types of gimmicks in the budget, and the agreement does not include them
- This budget does not use borrowing, which would simply increase the hole we are in----and passes the buck to future legislatures and generations (generational theft)
- These tough choices, these difficult decisions on reductions provide the framework for Arizona's future prosperity
- The voters in November made it clear they demand we balance the state's books, and not push the tough decisions down the road
- We delivered on this commitment, and produced a budget that is balanced, by anyone's definition

Responsible decisions on cuts

- During tough economic times, difficult decisions need to be made by leaders
- It is easy to make budget decisions when money is available, but money is not available and difficult decisions must be made
- These reductions are responsible, and will not cripple any agency
- We have been cautious in consideration of all these reductions, and every decision was made with thorough discussions of the impacts and consequences

The reductions had to be made now

- It was vital that we balanced the budget now
- The one-cent sales tax increase goes away in FY 2014, and it will require even further belt-tightening
- If we delay reductions now, we would only make those future cuts deeper

Why did Democrats not participate in budget talks?

- Democrats have been invited from Day One to bring forward a plan, and Senate leadership committed that their plan would get a hearing on the floor
- Democrats instead choose to not participate, as a political strategy
- They would rather criticize proposals, but offer no solutions

K-12 reductions

- Senate leadership went to extraordinary measures to avoid crippling reductions in funding for our school children
- In the worst economic climate in the lives of most Arizonans, we knew there would have to be cuts in education funding
- It is too big of a percentage of our budget to avoid any cuts
- It was a high priority to keep money flowing into our classrooms
- Even with all the challenges of producing a balanced budget, on average the drop statewide for per pupil funding is \$200 per year
- It goes from \$9,200 to \$9,000 per pupil statewide when all funding is included: federal, state and local

- Career Ladders will be gradually phased-out, to lessen the impact on these districts---2 year phase-out for General Funds, 5 year phase-out for district funding

AHCCS Reforms

- The bill gives the Governor the flexibility to enact an AHCCCS reform program, including co-pays, deductibles, elimination of non-emergency transportation
- The legislature’s intent is that transplants are to be funded

Arizona State Retirement System Contribution Changes

- Employee/Employer split goes from 50/50 to 53/47
- Why are elected officials not included in this plan? Their contributions are going up dramatically in the pension reform plan SB 1609
- Elected officials will have a higher contribution rate than state employees

Preserving funding for state agencies

- Much attention has been made suggesting the Legislature has enacted severe cuts that will cripple state agencies, but when you look at the numbers, most agencies have stable funding, when compared to FY 11

	FY 11	FY 12
Dept. of Agriculture	8,434,300	8,652,300
Attorney General	17,536,100	17,536,100
Dept. of Corrections	938,692,900	951,409,300
Dept. of Economic Security	563,103,900	607,907,400
Dept. of Education	3,493,088,500	3,470,070,400
Dept. of Health Services	436,368,900	496,118,200
Judiciary –Supreme Court	20,017,900	20,017,900
Dept. of Juvenile Corrections	53,400,300	49,792,500
Dept. of Public Safety	43,070,300	44,959,500
Dept. of Revenue	43,709,000	43,709,000
Sec. of State	13,301,800	13,386,800
State Parks Board	10,220,100	11,354,700