

Ducey's budget promises hard look at government

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(Photo: Rob Schumacher/The Republic)

Gov. Doug Ducey promised to go through the state budget line by line. His proposal reflects a hard look at state operations, from cutting programs to combining agencies to shifting K-12 spending so he can direct more dollars to the classroom.

K-12

Ducey proposes \$134.1 million in new spending for Arizona's public classrooms, offset by \$123.7 million in cuts to funds that don't go to the classroom.

That leaves a net increase of \$10.4 million to the schools. His proposal would repeal the Student Success program and redirect its estimated \$24 million to a program that would help build or expand public-school buildings. Democrats claim it adds up to a net loss since not all schools would benefit from the construction money, whereas they all got a distribution from the Student Success program. But the proposal still keeps the funding within the education realm.

"Clearly this budget is not friendly to children, and not friendly to families," said Tim Ogle, executive director of the Arizona School Boards Association. "It seems to be a bit disingenuous to be talking about these gimmicks while the state still has not resolved the funding lawsuit."

Ducey lines out \$74.4 million to increase the schools' base funding formula. That's the same figure GOP lawmakers have been promoting. In contrast, the courts have ordered a \$331 million adjustment, although that is still tied up in litigation.

Community colleges

The proposed budget cuts the appropriation for the Maricopa County Community College District by more than 50 percent.

For this year, the 10-college district received about \$7.4 million for its operating budget — less than 1 percent of its revenue. That reduction was partly because enrollment has declined. The colleges also received an extra \$1.4 million specifically for science, technology, engineering and math programs.

Ducey's budget cuts the operating appropriation to \$3.3 million and the STEM allotment to about \$700,000.

Debra Thompson, vice chancellor for business services, said staff expected a budget cut and will now decide whether to ask the governing board to raise tuition and the property tax — the other two main sources of revenue.

Public safety

Seeing an increase in the inmate population, Ducey is calling for \$5.3 million to build 3,000 new beds to house medium-level offenders. The contracts would go to private operators.

He also proposes \$8.1 million to settle a lawsuit that alleges inadequate inmate health coverage and \$4.9 million for inmate health costs in the coming year.

For juvenile offenders, Ducey wants to keep those under age 14 in their home counties, arguing they do better if they are closer to home. He would only have the state house offenders age 14 and up. However, this will shift costs to county juvenile-corrections systems, at an estimated cost of \$12 million to counties.

He also wants to give the state Highway Patrol a steady stream of revenue. But that money would depend on a hike in the vehicle-registration fee: most likely to \$15 from the current \$8.

MORE: [Governor unveils budget cuts, limits school suit costs \(/story/news/arizona/politics/2015/01/16/arizona-doug-ducey-budget-proposal-deficit/21868885/\)](http://www.azcentral.com/story/news/arizona/politics/2015/01/16/arizona-doug-ducey-budget-proposal-deficit/21868885/)

Vulnerable populations

With the backlog of uninvestigated complaints of child neglect and abuse dropping to more manageable levels, the state could transfer \$4 million originally budgeted for that purpose and let the Department of Child Safety spend it on preventive services, such as counseling and drug rehabilitation.

Ducey wants to increase the monthly stipend to foster parents of 12- to 18-year-old children to \$816 to attract more participants. Currently, the stipend for that age group is \$653. The hope is the higher rate would reduce the number of children living in group homes, which at \$3,198 per month is more costly than foster care and is considered less beneficial to children.

"Just changing the rate is not magically going to create more foster homes," said Dana Wolfe Naimark, president and CEO of the Children's Action Alliance. But, she added, it helps.

Ducey also proposes spending \$1.2 million to hire 11 staffers to help bring down the growing number of abuse complaints involving vulnerable seniors, and \$1.1 million to reinstate preventive dental care for developmentally disabled adults.

Health care

Ducey wants to move the state's behavioral-health services under the umbrella of the Arizona Health Care Cost Containment System, the state's Medicaid program. He notes services to the state's behavioral-health population currently straddle two agencies — the Health Department and AHCCCS and it makes more sense to combine them. He does not project any immediate cost savings from the move.

He squeezes savings from AHCCCS by proposing a 3 percent cut to the reimbursement rate for health-care providers. He estimates that will save \$40.1 million.

His budget makes no mention of Medicaid expansion, which Ducey is ambivalent about. That means the controversial program, and the revenue it generates for the state's general fund, will remain.

Support for local hospitals that serve a high number of Medicaid patients would shrink under Ducey's proposal. He wants to take \$11 million from a pool of money that local hospitals can tap and use it to shore up the general fund.

Other

The state has about \$300 million in uncollected sales taxes. The governor proposes spending \$2 million to hire 30 additional staffers to collect an estimated \$51 million. Of that, nearly \$33 million would stay with the state and \$17 million would go to the appropriate localities.

Smaller savings could come from moves like consolidating the Department of Racing with the Department of Gaming and eliminating \$4.5 million from the Office of Tourism's marketing budget.

Local governments are being asked to help the state cover costs for increased tax collection and housing young juvenile offenders. The total: \$4.6 million from cities and towns and \$9.5 million from the counties. Those figures assume local governments will get a \$16.6 million increase from tracking down past-due taxes.

Republic reporter Mary Beth Faller contributed to this article.