

June 16, 2009

Howdy, Friends O'Farley...

The budget drama at the Capitol continues, but it's looking more like a comedic farce right now. If only the consequences were not so severe.

The Republican Governor is suing the Republican Senate President and the Republican Speaker of the House to make the Supreme Court send her the passed Republican Legislative Budget so she can veto it. Each player is calling dueling press conferences to contradict each other's stories, and claim the higher ground. Democrats, who actually hold the highest ground, are being refused entry to the negotiating table.

Meanwhile the Legislature is drowning in hundreds of non-budget bills flying randomly in and out of committees and on the floors. We are now two weeks away from the deadline for a balanced budget.

Let's review.

There are now three budget plans on the table.

The Democratic plan (currently has at least 25 votes in the House, 12 in the Senate):

- > Advances true tax reform by lowering the state sales tax rate by 1.6% and broadening the sales tax base to services, thus strengthening and stabilizing our revenue picture for decades to come so we don't have another downturn like this;
- > saves the average Arizona family more than \$270 per year;
- > increases funding to health care, services for kids, the disabled, and elders, K-12 education, and universities;
- > uses all available Federal stimulus money;
- > completely balances the budget without gimmicks, borrowing, or rollovers.

The Republican legislative plan (passed with 31 Republican votes in the House, 16 Republican votes in the Senate, but never sent to the Governor):

- > Does nothing to enact desperately needed tax reform;
- > Shifts the tax burden off of corporations and onto middle class families through higher residential property taxes and lower corporate property taxes;
- > Slashes funding to health care, services for kids, the disabled, and elders, and K-12 education, but only increases university funding possibly enough (although this is not certain) to quality for some of the stimulus funding;
- > Makes us ineligible for more than \$1.5 billion Federal Medicaid stimulus money, and would require us to give back hundreds of millions we have already spent;
- > Raids funds from counties, cities and towns;
- > Relies on gimmicks and untested borrowing tricks that are unlikely to work in order to balance the budget.

Governor Jan Brewer's budget (currently has 0 votes in the House, 0 in the Senate, and no sponsors):

- > Does nothing to enact desperately needed tax reform;
- > Seeks a temporary one-cent sales tax increase that would pay for massive corporate tax giveaways, effectively shifting the tax burden off of corporations and onto middle class taxpayers (just like the Republican legislative budget);
- > Costs the average Arizona family more than \$430 a year;
- > Slashes funding to health care, services for kids, the disabled, and elders, K-12 education

(almost as badly as the Republican legislative budget does, with some cuts even worse than the legislative Republicans), but restores almost as much funding to the universities as the Democrats propose in order to qualify for federal stimulus funding;

- > Creates a fiscal cliff in Fiscal 2011 with no options left but draconian cuts at that point;
- > Seeks voter approval to raid initiative funds previously approved by the voters;
- > Enacts TABOR - in effect a starvation diet for state government that nearly devastated Colorado several years ago.

Since we legislators live in Bizarro World, the only reasonable option of these three is the one created by the only party that is not currently included in negotiations - the legislative Democrats.

Last Thursday, Democratic leader David Lujan (D-Phoenix) was invited to meet with the Governor. In that meeting, she told him that she had no intention of negotiating with Democrats, but she did expect our votes if she ever moved her plan onto the floor. Rep. Lujan made very clear to her that we have severe problems with both her budget and the Legislative budget, and could not support either plan without serious changes.

She responded that she would only negotiate with the Republican leadership, and that she was willing to shut down government if that were necessary for her to prevail.

On Sunday night, Senate President Bob Burns walked out of negotiations with Speaker Kirk Adams and Governor Brewer and went home. On Monday, the Governor denounced this move in a press conference, even as she admitted that she had already conceded her biggest point - she would no longer push for a tax increase in the next fiscal year.

This was a huge point that was glossed over by most media. Since January, she has been saying that she would not accept a budget that did not have \$1 billion in new revenues, and for the last month, she had been specifically demanding that in the form of a temporary sales tax increase. Now she agrees to delay that tax to the ballot in November 2010.

This leaves her budget \$1 billion short for the next fiscal year. Her communications director explained she would fill this huge hole through, in his words, "borrowing and accounting gimmicks". Does that give you faith in the future of our state's finances?

Also in the same press conference, Governor Brewer told us that the negotiations with the legislative Republicans broke down because, in her words, "I will not decimate education, nor will I ever let state government fail the most vulnerable of our society, children and the elderly."

I wish she would read her own budget which, unfortunately, does exactly what she says she won't accept. It continues chopping at K-12 education (\$33 million more cuts over the cuts already made this year), and devastates programs for children, their families, the disabled and elders.

Specifically, her budget cuts \$60 million in health care for children and adults, \$30 million from services for the developmentally disabled, \$30 million from services for high-risk prenatal patients and children with life-threatening conditions, and millions more across the board. Hospitals in general, and UMC in particular, could be severely damaged as well.

Don't be fooled by the kinder gentler words from the Governor - her budget is nearly as mean as the Legislative budget. And it has no votes in support on the floor of either legislative body.

Tell your friends, tell your political organizations, and tell your neighbors. Call the Governor and demand that, if she really wants to help this state, she needs to work with Democrats

now. Her phone number is 800-253-0883.

Meanwhile, since President Burns unleashed the Senate to work on non-budget bills, we are pushing through scores of bills in both bodies with very little deliberation. As I mentioned last week, many of these bills are ideological grandstanding (like the guns-in-restaurants bill that passed out of the Senate today), but many could be hidden timebombs.

Remember the Alt-Fuels crisis, wherein the Legislature passed a bill at the end of session with very little debate that had the effect of forcing the State of Arizona to buy huge pickups and SUVs for anyone who wanted one provided that they converted it to use LPG fuel? Even far-right senators like Ron Gould and Jack Harper have been sounding the alarm about unintended consequences of this unwise rush to legislate.

One such scheme might be a striker proposed by Rep. Frank Antenori (R-If You Ask Him, Not From Tucson). He used to hate Science Foundation Arizona (the partially state-funded organization that funds promising research to help us develop a strong high-tech economy) so much that he was part of a group of legislators that managed to get it completely defunded in a previous budget "fix" this year.

Now he claims he wants to save it, but by funding it out of state employees' retirement funds. While SFAZ is a necessary program if we are to make our economy a lot less dependent on the volatile construction industry in the long run, it is not expected to make a short-term return on its investment. It is a terrible idea to force state retirees to put their money at risk on an investment that is not intended to produce immediate returns.

Another unwise scheme that could come back to bite us is SB1028, which was actually part of the budget not yet delivered to the Governor. This would privatize potentially all of our prisons with 50-year contracts, including maximum-security prisoners and Death Row, unprecedented in the US.

This Russell Pearce-sponsored gimmick is such a bad idea that even the Governor's new Department of Corrections Director Charles Ryan sent a letter denouncing it. In the letter, he said, "Undoubtedly, a private company would pay its employees significantly lower wages and provide them lesser training to realize cost savings. This would lead to higher staff turnover, low morale and place public safety at risk."

Ack! With these folks in charge, it's getting hard to see how we as a state get out of here alive. Please continue to push for reason, and contact the Governor. We must fight and will fight, until we can bring real leadership to Arizona.

Thanks for staying involved and standing up for the people of this state,  
Steve

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