

GOP budget plan would triple governor's spending cuts

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No school groundbreaking through June. Cut most state agencies, including the universities, 10 percent. Take \$100 million from the state highway fund to pay for patrol officers.

These are among \$630 million in spending cuts that the Republican budget chairmen in the Legislature proposed Friday to close the state's budget gap.

The plan by Sen. Bob Burns, R- Peoria, and Rep. Russell Pearce, R-Mesa, is a starting point for budget talks that begin Tuesday. It comes on the heels of Democratic Gov. Janet Napolitano's budget-cutting proposal and offers a study in contrasts.

On Thursday, the governor outlined a plan that includes \$214 million in spending cuts, coupled with \$393 million in borrowing for school construction and a \$263 million withdrawal from the state's "rainy day fund."

In comparison, the "options" plan released Friday by the budget chairmen has triple the amount of spending cuts as proposed by the governor. It also taps \$350 million from the rainy-day fund.

Senate Appropriations Chairman Bob Burns acknowledged that the cuts will elicit howls of protest.

Burns said the fiscal pain should last for several budget cycles, since budget analysts are projecting a \$1.7 billion shortfall for the 2008-09 budget year, which will begin July 1, and lasting into 2010.

But rather than bemoan the cuts, Burns said people should wonder how the state is going to pay the tab.

"How do we continue to run government with money we don't have?" Burns asked.

Like many Republicans, Burns opposes the idea of borrowing for many government functions, which he likens to maxing out multiple **credit cards**. Rather, the state needs to live within its means, something that he contends Arizona is not doing.

But the plan met with immediate skepticism in the Governor's **Office**.

Napolitano budget adviser George Cunningham said the legislators' proposal doesn't pass the test of

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balancing the budget while protecting critical state **investments**. He wondered how the fast-growing state can afford, as Burns' plan recommends, to both freeze groundbreaking of new schools and cut by half the state funding devoted to maintaining schools already built. "This is not going to move Arizona forward," Cunningham added.

The Legislature and Governor's Office have yet even to agree on the size of the problem. Lawmakers estimate the deficit for fiscal 2008, which started July 1, at \$970 million; Napolitano says it's \$100 million less. Either way, the state Constitution requires a balanced budget. An economy buffeted by the housing slowdown has had a ripple effect on state budgets nationwide, as well as through many levels of local government.

"The revenue drop-off was greater than we thought," Burns said, referring to last spring, when lawmakers were crafting the current \$10.6 billion budget. "We should have been much more conservative in our estimates."

Warning signs started popping up before the ink was dry on the budget. But state officials kept hoping for rosier revenue numbers through the summer, even as sales-tax and income-tax collections continued to lag.

The options released Friday rely heavily on 10 percent lump-sum reductions in various state agencies.

The proposal includes nearly \$50 million in cuts to the Arizona State University campuses (the bulk of it - \$41.8 million - to ASU's Tempe campus); \$36 million to the University of Arizona; and \$16 million for

Northern Arizona University. In addition, the University Medical Center in Tucson is targeted for an \$8 million cut.

The chairmen's plan would build these cuts into ongoing reductions to deal with future budget woes.

Regent Ernest Calderon, who had not seen the plan, said the idea of looking for savings is always prudent. But he couldn't weigh in on the merits of a 10 percent cut.

"There's nothing wrong with suggesting cuts or any other type of remedies," Calderon said. "The question, ultimately, for me, will be: Is it in the best interests of our students and our educational mission?"

Others weren't so reserved.

"These cuts that have been proposed would be devastating to the core mission of the universities," said Johnny Cruz, director of media relations for the University of Arizona.

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House Minority Leader Phil Lopes called the 10 percent lump-sum cuts "draconian."

"That's taking a sledgehammer to an exercise that ought to be a surgeon's knife," the Tucson Democrat said. He said some of the reductions are mirrored in Napolitano's plan, and those are good proposals, given the choices facing lawmakers.

Lawmakers hope to wring \$42 million in savings from a moratorium on new school-construction projects that hadn't broken ground by Dec. 1.

The biggest single savings - \$106 million - would come from tapping the highway fund, typically used for construction, to pay for patrol officers.

Proposed cuts in preventive health care and other areas are "extremely shortsighted" because they could end up costing the state more in the long run, said Dana Naimark, executive director of the Children's Action Alliance.

The plan, for example, would eliminate health coverage to about 19,235 children by reducing the eligibility requirements for the KidsCare program to no more than 175 percent of the federal poverty level. The current level is 200 percent.

The list of cuts goes on for \$630 million worth of proposed savings. Few items were spared the budget knife. The most notable exception was public safety.

In their plan, Burns and Pearce also rely on accounting maneuvers to balance the next

year's budget, such as taking more money from the rainy-day fund, sweeping the balances from various state funds, and delaying a payment to the state's school system by one month, which pushes the obligation into the 2009-10 year.

But even with that, Burns warned, the state's spending will still outstrip its revenue unless more "adjustments" are made. To make his point, he locked the capital-letter key on his keyboard and noted that without these fixes, "the state's bank account can be expected to GO OVER THE CLIFF in FY 2009."

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