

**Restore.  
Recover.  
Rebuild.**

**Legislative Dems FY 2022  
Budget Priorities**

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# Roadmap

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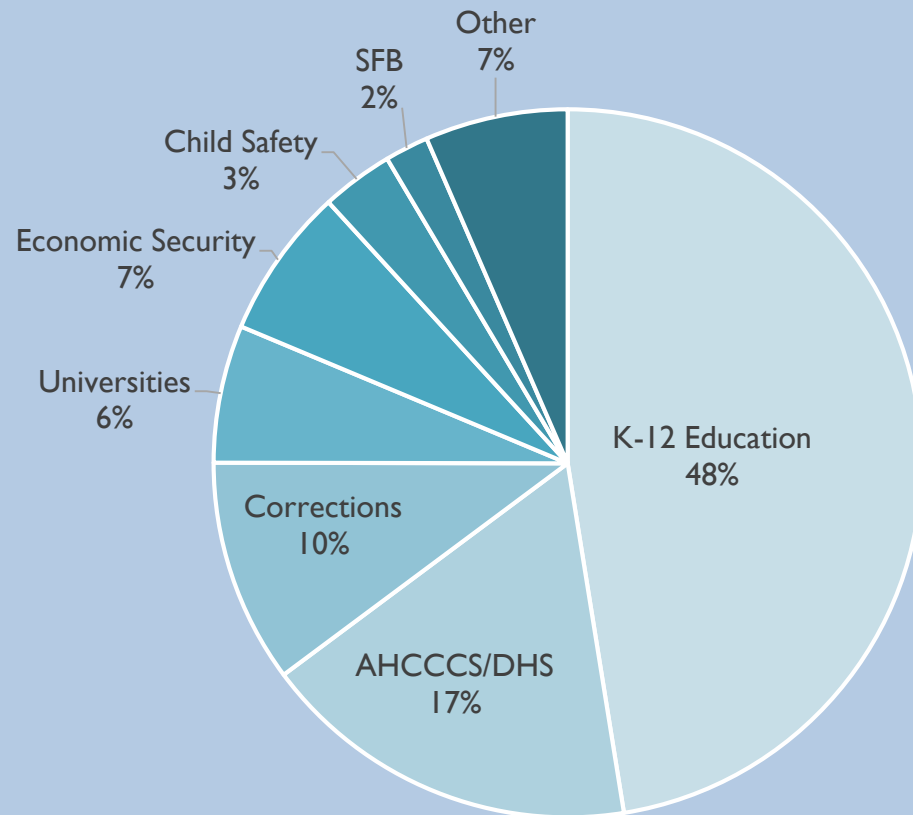
- FY 2022 State Budget
- Our Budget Recommendations - FY 2022 Priorities
- Education
- Health and Welfare
- Rural Infrastructure and Resources

# Fiscal Year 2021 – Arizona State Budget

## '21 General Fund Appropriations

## Where it Goes

<b>Budget Unit</b>	<b>\$ in Millions</b>
Education (K-12)	5,599.6
AHCCCS/DHS	2,047.9
Corrections	1,205.4
Universities	741.6
Economic Security	812.1
Child Safety	387.9
SFB	235.2
Other Agencies	769.5
<b>Total Budget</b>	<b>11,799.2*</b>



\* Does not include administrative adjustments and revertments or the estimated enhanced Federal Medicaid match and caseload adjustments.

# The State of Arizona Revenue

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- Revenue projections in Arizona are currently estimated at \$15.01 billion in FY22, \$13.88 billion in FY23, and \$14.39 billion in FY24
- Baseline spending for state commitments and financial obligations are currently \$12.1 billion in FY22, \$12.5 billion in FY23, and \$12.9 billion in FY24
- Arizona's high revenues present an opportunity for discretionary investments to create improvement in the state
  - FY22: \$2.9 billion
  - FY23: \$1.3 billion
  - FY24: \$1.5 billion
- Democrats support restoring funding to programs cut during recessionary periods that have created hardships for Arizonans before considering unnecessary and unsustainable tax cuts for the wealthy.
- Our budget takes a fiscally responsible and cautious approach when considering current revenue projections.

# Our Budget Recommendations

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- **A budget is a statement of values:** We have the ideas and resources to make a difference for Arizona's families and small businesses as we recover from the pandemic
- We propose a variety of ongoing and one-time new investments, and restoring key programs to serve all Arizonans recovering from the COVID-19 pandemic – not just for a wealthy few or their corporate allies
- **Key Goals:**
  - **Strong Schools, Prepared Workforce:** invest \$3 billion into our K-12 and higher education systems, including teacher pay raises and funding the New Economy Initiative
  - **COVID-19 Recovery:** provide almost \$1 billion in funds across environmental, health and human services programs
  - **Infrastructure and Resources:** \$495 million for critical initiatives to prepare for continued growth

# Our Budget Recommendations

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- **Unemployment Insurance Reform:**
  - We intend to hold UI tax rates below 2020 levels to support Arizona businesses
  - Provide a \$500M deposit into the UI Trust Fund
  - For workers, we are increasing UI benefits to support part-time work while seeking full-time work, and to provide a stable bridge to their next job.
  
- **Support Small Businesses:** small businesses and the people they employ are the backbone of the Arizona economy and fabric of our communities. We propose investing in grants and loans to small businesses to support a strong recovery from the COVID-19 pandemic

# Education

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# Putting Education First

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- **Critical Investments:** Bring teacher pay closer to the national average and restore K-12 and higher education funding. Legislative Democrats support efforts to add:
  - \$428.2M ongoing teacher salary raises
    - \$7,000 yearly salary increase for each of Arizona's 19,382 district teachers and 11,786 charter teachers
    - From 47<sup>th</sup> in the country to 25<sup>th</sup> in teacher pay, on par with Colorado
  - \$389M to recoup Average Daily Membership (ADM) formula losses
  - \$342M to reinstate the School Facilities Board (SFB) formula funding
  - \$100M to Arizona's public universities for the New Economy Initiative
  - \$50M for Arizona University Promise Scholarships
  - \$33M for the Arizona Financial Aid Trust
  - \$24.4M ongoing funding to restore Maricopa and Pima community college district state aid
  - \$10M ongoing funding for Community College Promise Scholarships



# Putting Education First

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- Our plan also redirects and adds the following to key K-12 and higher education programs:
  - \$10M ongoing for the Elevating Professionals Grant Program
  - \$10M for Digital Teaching and Learning Grants
  - \$20M to provide schools with Personal Protective Equipment
  - \$8M ongoing to account for inflation of District Additional Assistance
  - \$6.9M ongoing for early literacy support
  - \$5M ongoing for the state contribution match for Adult Education
  - \$56M ongoing for group B for Special Education Student weights
  - \$5M for statewide assessment funding
  - \$5M to ADE for school improvement
  - \$3M ongoing to hire full-time employees for the Office of Indian Education
  - \$3M for the construction of the Navajo Technical University environmental lab
  - \$1M ongoing for student dyslexia screening
  - \$1M ongoing for a Tribal College Dual Enrollment Program

# Better Pay For Our Teachers

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- After failing to live up to years of promises, the state continues to lag the national average in teacher compensation.
- We have fought for years to increase teacher pay above and beyond the bare minimum and to rebuild from recession-era budget cuts a decade ago.

## Our Plan:

Invests \$428,176,000 million (ongoing) from the budget surplus to provide all district and charter teachers a \$7,000 yearly salary increase.

# Hold Gov. Ducey Accountable: Fully Fund Our Students

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- COVID-19 has created many challenges for Arizona schools, including likely temporary declines in student enrollment.
- The governor promised to hold our public schools harmless for COVID-19 related enrollment declines but that promise fell short by over \$248 million.

## Our Plan:

Gives schools the funding they were counting on by allocating \$389 million to hold our public schools harmless for Average Daily Membership (ADM) formula losses.

# Restoring School Facilities Board Formula Funding

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- By restoring the School Facilities Board formula funding, we will save taxpayer dollars by allowing schools to complete planned maintenance instead of reacting to crisis.
- Formula funding is a more equitable process than the current grant system as it allows all schools to receive funding allocations rather than just schools with capacity to go through a grant process.
- Reverting to original funding structure until current lawsuits are settled.

## Our Plan:

Eliminates the inequitable grant process currently used to build and repair schools and restores the School Facilities Board annual formula funding.

- Allocates \$342 million to SFB formula funding, allowing schools to perform needed infrastructure repairs and upgrades

# Investing in Arizona Public Universities

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- Arizona is growing at a remarkable pace, and we need our workforce to be educated and prepared to compete in a 21st century economy. As a result, we must invest in our state universities.
- The Arizona Promise Scholarship will cover tuition and fees for up to four years for students who have a minimum 2.5 GPA and qualify for the free or reduced lunch program.

## Our Plan:

Provides \$150M as follows:

- \$100 million for the New Economy Initiative
  - \$46 million to Arizona State University
  - \$22 million to Northern Arizona University
  - \$32 million to the University of Arizona
- \$50M for the Arizona Promise Scholarship
- \$33M for the Arizona Financial Aid Trust

# College Affordability - Community Colleges

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- The Arizona Community College system was established in 1962 and is currently composed of 10 college districts, and two provisional districts.
- From FY 2009 to FY 2019, state aid for the community college districts has decreased by 64.2%, from \$135.7 million to \$50.2 million.

## Our Plan:

Allocates \$24.4 million in ongoing funding to Pima and Maricopa and \$10 million for Community College Promise Scholarship

- \$6,492,500 for operating state aid and \$1,771,700 for STEM programs for the Pima Community College District
- \$7,409,500 for operating state aid and \$8,723,000 for STEM programs for the Maricopa Community College District

# A Promise to Community College Students

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- The Arizona Community College system serves students across the state in their pursuit of higher education and workforce skill development.
- The Arizona Community College Promise Scholarship will provide up to a \$3,000, 2-year scholarship to eligible students with a minimum cumulative GPA of 2.5 who are eligible for the free and reduced-lunch program.

## Our Plan:

Establishes and funds a Promise Scholarship for Arizona Community College Students, allocating \$10 million per year for student scholarships.

# COVID-19 Response, Healthcare and Safety Net

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# Protecting the Health and Welfare of Arizona Families

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- As Arizona recovers from the COVID-19 pandemic, our plan enhances programs that invests in people, supports families and businesses, and establishes a foundation for prosperity.
- Our plan provides an additional \$894.8 million in funding across key environmental, health and human services programs.

## Healthy Families:

- \$150M for Developmentally Disabled provider rate increases
- \$130M for Elderly Physically Disabled provider rate increase
- \$9.7M to create a DHS long-term care surveyor team
- \$2.9M ongoing funding for Adult Protective Services
- \$1.5M ongoing funding for Area Agencies on Aging
- \$100k ongoing to hire an Americans with Disabilities Act Coordinator
- \$7.5 million to DES for provider rate increases for Area Agency on Aging

# Protecting the Health and Welfare of Arizona Families

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- \$50M for state employee health insurance funding
- \$25.2M to expand the AHCCCS Kids Care program
- \$13.2M ongoing to increase TANF to national median levels
- \$10.8M ongoing for the Healthy Families program
- \$10M for DHS to provide grants to community health centers, critical access hospitals, and area health education centers
- \$2.2M ongoing funding for AHCCCS to expand and operate the Healthy Communities program
- \$200k ongoing to provide dental care for pregnant women on AHCCCS

# Protecting the Health and Welfare of Arizona Families

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## Housing Support:

- \$35M ongoing deposits to the Housing Trust Fund
- \$16M for affordable housing grants

## Environment:

- \$10M ongoing to the State Parks Heritage Fund
- \$6.1M ongoing to hire and increase pay for hydrologists
- \$5M ongoing for Water Quality Assurance Revolving Fund
- \$1M ongoing for ADOA to provide electric vehicles reimbursement for political subdivisions
- \$200k to hire Water Masters

## Other Investments:

- \$200M ongoing for state employee salary increases
  - From 5 -10 percent increase for employees who make under \$70k
- \$300k for the Department of Insurance and Financial Institutions (DIFI) to conduct a study of reinsurance options

# Honoring Commitment to the Developmentally Disabled

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- Caregivers who work with the Developmentally Disabled community do work that requires physical strength and advanced social emotional skills. Budget cuts during the Great Recession caused wages to plummet and talent to leave this profession.
- The state provided additional funds in FY 2018 to assist providers with costs associated from Prop 206, (a livable minimum wage) but much of that funding was one-time and needs to be renewed.

## Our Plan:

Provides additional funding to service providers in order to maintain network adequacy for the developmentally disabled.

- Allocates \$150 million to the underfunded Department of Economic Security DD Providers for rate/salary increases
- \$130 million for provider rate increases for Arizona Long Term Care Services that aids the Elderly and Physically Disabled (EPD)

# Building More Affordable Housing Throughout AZ

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- The Housing Trust Fund was created in 1988 and is funded from the sales of abandoned and unclaimed property.
- The Fund is devoted to addressing homelessness and Arizona's affordable housing needs. It received as much as \$33 million annually to address housing needs throughout the state.
- However, funding was cut dramatically in 2012 and today it only receives \$2.5 million per year from unclaimed property, which is insufficient to fully cover Arizona's crisis-level shortage of affordable housing.
- During the COVID-19 pandemic Arizonans have lost jobs through no fault of their own. We are working to prevent people from losing homes.

## Our Plan:

Addresses short-term need by making \$35 million ongoing deposits to the Housing Trust Fund and long-term support through the appropriation of \$8M in Affordable housing construction grants

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# Expanding Eligibility for KidsCare

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- Between 2016 and 2019, the number of uninsured children in Arizona has grown about 22 percent, resulting in more than 161,000 children without health care coverage before the pandemic.
- Children with health insurance are healthier, do better in school, and grow to have healthy families – early investment is critical.

## Our Plan:

Expands eligibility for Kids Care to provide quality, affordable healthcare for more Arizona children. State investment draws down substantial federal funds, creating substantial investments for children's health and well-being.

- \$3.4 million in increased funding for FY22
- \$9.4 million in increased funding for FY23
- \$12.4 million in increased funding for FY24
  - Would draw down approximately \$75M in federal matching dollars

# Protecting Seniors and Vulnerable Adults

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- The Department of Economic Security operates an Adult Protective Services program which investigates and responds to incidences of elder abuse throughout the state.
- Additional funding was provided last year to hire additional staff members, but it is unclear if this funding will continue.

## Our Plan:

Maintains our commitment to the elderly by funding the additional staffing levels at Department of Economic Security (DES) Adult Protective Services (APS).

- Allocates \$3 million in funding to retain Adult Protective Services staff.
- \$300k for the Auditor General to conduct an external audit on Adult Protective Services (APS)

# Infrastructure

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# Investing in Rural Infrastructure, Spurring Innovation

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- COVID-19 has made broadband connection more critical than ever for work, school, and connecting with friends and family.
- Construction and infrastructure projects in remote areas of the state should not go unfunded or unnoticed by the state.
- Democrats support additional broadband and infrastructure initiatives to serve all corners of our state.

## Our Plan:

Provides an additional \$495 million across key rural infrastructure programs:

- \$30M to expand the I-40 East Broadband Corridor from Flagstaff to New Mexico Border expanding connectivity to rural and Tribal communities.
- \$15M for the Hopi Route 60 (H-60) project on the Hopi Nation, for construction costs to pave this road that is central for communities to reach schools and hospitals.
- \$450M deposit to restore past cuts to Highway User Revenue Fund which provides highway construction, improvements and other related expenses

# Assisting Arizona's Veterans - Benefits Counselors

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- The Arizona Department of Veterans Services provides benefit counseling to military veterans to help connect them to services that they earned and are entitled to receive.
- During the Recession, some of the staff was reduced in order to cope with revenues losses. Benefits counselors staffing levels have not yet recovered to pre-Recession levels.

## Our Plan:

Hire 12 additional veterans benefit counselors at ADVS to ensure that proper staffing levels can meet the needs of Arizona veterans. the annual budget transfer from State Aid Indigent Defense Fund to DPS.

- \$664k ongoing and \$84k in one-time costs to hire 12 full-time additional veterans' services benefits counselors

# Restore. Recover. Rebuild.

Legislative Democrats FY 2022 Budget Priorities  
invest in education, healthcare, infrastructure, and safety

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**For more information see:**  
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[www.arizonasenatedemocrats.com](http://www.arizonasenatedemocrats.com)

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