

SVdP VOP Weekly Legislative Report

by Tom Finnerty for Period Ending 03 07 10

The Senate and House have suspended Standing committee meetings in anticipation of the **7TH SPECIAL SESSION** to be called into session on Monday.

House and Senate Leadership have apparently agreed on the 2009/2010 budget and the recently passed sales tax increase. The concern is that there is no agreement on what to cut if the sales tax does not pass.

The Legislature has never put together a budget proposal on its own. One usually expects the House to do so. However, they are working off of the proposal that was sent them by the Governor. It appears she is attempting to please the voters in the primary elections rather than the general.

The Governor's budget proposal cuts state employee wages by 5% and also provides for further reductions in the state's employment workforce. She would turn juvenile corrections over to the counties. Counties have objected to this move; although Sheriff Joe has stated that he will take on juvenile corrections at a reduced cost to the system. The Legislature is attempting to delay the transfer to give counties a chance to build up to it and cut the yearly costs. Cities object to the transfer since there will be a funding shift from cities to counties, and cities will have to raise their taxes to make up for the decreased revenue.

As reported by the Arizona Republic, the Governor's budget proposes the following cuts: reduced services to 17,000 mentally ill adults, ending state AHCCCS coverage for 310,000 adults and terminating KidsCare for 47,000 children.

The Governor has also agreed to roll back the voter-approved Proposition 204 by interpreting the language of the Proposition in a way the Legislature approves.

Fortunately, this approach will probably be challenged by the Arizona Hospital Association which would be stuck with an increased bill for ER services. They predict massive layoffs of hospital employees and reductions in their services.

The Special Session starts at 2 p.m. on Monday.

Saturday Linda Lopez had a great column on Senator Jon Kyle's speech on the Senate Floor describing Unemployment Insurance as a disincentive to look for work. If you get a chance, read it.

An article in the Sunday Republic pointed out that Arizona is probably going to refuse to accept millions of dollars in unemployment insurance from the federal government.

“Arizona has yet to take the offer - \$150 million in American Recovery and Reinvestment Act funds that could admit 24,000 more people to the state's unemployment-insurance program each year, for the next seven years. The assistance primarily would help low-wage earners, part-time workers and people who work sporadic or seasonal jobs.

There would be no cost to the state, employers or taxpayers during that time.

Accepting the money would require Arizona to loosen the entrance criteria to its unemployment-benefits program, which is one of the most restrictive in the country. Many laid-off workers from the state's once-booming retail and construction industries could be rolled into the program for the first time. All benefits recipients must be actively looking for work and have lost their job through no fault of their own.

Earlier in the legislative session, state lawmakers declined to consider a bill making the adjustments necessary to accept the funds. The issue is likely to resurface attached to another bill in the coming weeks.

The change faces opposition from business lobbying groups because of the potential for future costs. If lawmakers don't repeal the changes after seven years - or whenever the federal money runs out - Arizona employers would pick up the tab via their unemployment-insurance taxes.

Labor economists, however, support the changes, saying the benefits rules would be a better fit for the 2010 workforce.

Thirty-two states accepted the money last year and the changes can be rescinded down the road to avoid a business-tax increase.

The formula Arizona uses to distribute jobless benefits has not changed since it was created in 1935, even as other states made updates. As a result, the percentage of unemployed residents here who receive benefits is below the national average.

Women, especially single mothers, are often excluded under the original formula because they tend to take part-time jobs for family reasons, according to a 1995 report from the National Commission for Employment Policy.

The formula also hurts construction-trade workers who finish a project and may not work again until they are hired onto another job months later.”