

## Voice of the Poor Update – State Budget, Payday Loan Reform and Utility Survey

10/18/09      Draft proposals for cuts in AHCCCS and DES from Tom Finnerty

Excerpts from last week's communication from Tony Rogers, Director of AHCCCS:

"As part of addressing the current year shortfall, the Governor's Office has asked state agencies to submit a list of potential areas that could be reduced to achieve a 15% reduction for each agency. The 15% reduction is an "adjusted 15%." For AHCCCS, this means that we were asked to identify 15% in reductions of discretionary or optional state funded programs, the elimination of which would not jeopardize federal stimulus dollars or voter protected programs. In terms of dollars, the target amounts for reductions in the AHCCCS budget were \$19 million General Fund and \$22 million in non-General Fund dollars.

Under the American Recovery and Reinvestment Act (ARRA), state Medicaid programs must maintain eligibility of all Title XIX Medicaid programs, cannot shift that burden to local political subdivisions like counties, and must meet prompt payment requirements for practitioners, nursing facilities and hospital fee-for-service provider claims. In addition, there were other state law constraints with respect to what could be considered for elimination or reduction in the AHCCCS budget. Accordingly, AHCCCS submitted the following areas for consideration as part of our 15% reduction:

- Elimination of the KidsCare Program
- Elimination of the KidsCare Administration
- 35% Reduction to Private Disproportionate Share Hospital Payments
- 30% Reduction to Graduate Medical Education
- 3% Additional Reduction to AHCCCS Administration
- 3% Additional DES Administrative Reduction"

Ed note: ***This means the elimination of health coverage for 42,000 children. KidsCare (Arizona's version of SCHIP – State Childrens Health Insurance Program) is a 3 to 1 matching program (ie., \$3 federal dollars for every state dollar spent).***

The **Capitol Times** has reported the following: **Programs for homeless, mentally ill would be axed**

By Luige del Puerto - luige.delpuerto@azcapitoltimes.com Published: October 16, 2009 at 1:07 pm

Cutting its budget by 15 percent would mean significant cuts in contributions to housing programs for the mentally ill and completely eliminating a homeless-prevention program, according to the Arizona Department of Housing.

In addition, the reduction would significantly eat into the agency's ability to assist with emergency-shelter operations during extreme weather and other disasters, according to a report submitted by the department to the Governor's Office.

The Department of Housing submitted the plan after Gov. Jan Brewer asked state agencies to describe the impacts of a 15-percent reduction in their budgets.

Under that budget-reduction scenario, the department would cut \$1 million in contribution to the Arizona Department of Health Services/Behavioral Health Services, which operates housing programs for the seriously mentally ill.

This money goes toward rental-subsidy payments and to purchase housing units for the seriously mentally ill.

If \$1 million is taken out of the rental-subsidy program, more than 200 mentally ill people won't receive assistance, the department noted.

The department also plans to save \$1 million by completely eliminating its Homeless Prevention Program. The program provides assistance to people who otherwise would end up on the streets. The \$1 million provides one-time eviction or foreclosure subsidies to an estimated 2,000 households

Previous cuts had already downsized the Homeless Prevention Program by 75 percent, according to the department.

The agency said it has limited federal stimulus money for homeless prevention, which is expected to run dry in fiscal 2011.

*Bottom line – Arizona desperately needs more revenue. There are rumors of a Legislative Special Session in the near future.*

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**Small Consumer Lending (Payday Loans) Proposals Emerging**

You may recall that AZ voters overwhelmingly defeated an initiative last year promoted by the payday lending industry as a reform. The “enabling legislation” for short term borrowing in AZ expires June, 2010. Spokesmen for the industry are now meeting with various groups around the state (including St. Vincent de Paul ) to discuss proposals for additional reforms including creation of a database to keep track of borrowers with outstanding loans and prevent multiple loans.

*We need your stories about cases where outstanding payday loans have led to requests for help from St. Vincent de Paul with rent, utilities, etc. If we can articulate the problem, we could be part of the solution.*

**Please e-mail a brief description of cases involving these loans and how your conference decided to handle the problem to Kathy Jorgensen at [kejorg@cox.net](mailto:kejorg@cox.net) no later than 10/31/09.**

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**VOP is still collecting the Utility Survey published in the September and October SVdP Newsletters. It is NOT too late to get this information to Lucy Howell at [Howishome@aol.com](mailto:Howishome@aol.com)**

