

State's Budget Woes Have Arizona Legislators Reporting Early

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by [Associated Press](#)

PHOENIX (AP) _ Arizona legislators are about to begin what could be a wild and politically painful ride as they try to dig the state out of a fiscal hole.

Key lawmakers are reporting early this year because the slumping economy has cut state revenue precipitously, leaving coffers short of cash needed to pay for spending in the current state budget.

The 2008 regular session doesn't start until Jan. 14, but the House and Senate Appropriations committees start three days of joint meetings on Tuesday focused on ways to erase the revenue shortfall. The committees also will begin work on the next state budget on an accelerated schedule.

But early probably doesn't mean easy at a time when economists say a recovery probably is at least a year away. That spells trouble for the next budget or two.

In the meantime, lawmakers have some tough choices to make. Some of the budget-balancing options could be politically troubling. Others may be easier to swallow but won't provide enough savings, especially in the long term.

Legislative budget aides estimate the current \$10.6 billion budget's shortfall at \$970 million, while Gov. Janet Napolitano puts it at \$870 million. A lot of spending is legally off-limits from cuts, and the fiscal year is already half over, making it hard to find big savings in agencies' ongoing operations.

And while some proposals by Napolitano and others would be relatively painless, at least in the short term, they're also controversial among some lawmakers who regard them as ignoring an underlying imbalance between revenue and spending.

Along with spending cuts proposed Friday for most state agencies by two Republican committee chairmen, budget-balancing options include borrowing for school construction, draining the state's rainy day reserve, raiding special-purpose funds, delaying a monthly school aid payment into the next fiscal year, using gas-tax dollars to pay for Highway Patrol operations and rolling back spending increases, especially for one-time or startup projects.

Among the many programs or government spending that could be targeted for cuts or deferrals are expansion of a new biomedical campus in Phoenix, grants for private college students, lake improvement projects and use of out-of-state prisons.

Advocacy groups are already trying to pull lawmakers in opposite directions on the budget.

Tom Jenney, executive director of the Arizona Federation of Taxpayers, said lawmakers should roll back spending to last year's levels instead of resorting to "gimmicks" that paper over the problem.

`` It's just a question of whether we have the political will to shave off a little bit," Jenney said. `` I'm afraid they are going to cut corners."

Dana Naimark, Children's Action Alliance president, said budget cuts are needed. `` But what we're saying is we really need to have to be talking about kids and families _ not only how the numbers add up but what is the impact of that."

It's unclear whether advocates such as Jenney and Naimark will be heard during the upcoming budget meetings.

`` I think they need to be more of a workshop as opposed to a hearing," said Senate Appropriations Chairman Bob Burns, R-Peoria. `` We need to have discussions and questions by the members of the Appropriations committees on how do we resolve this problem _ how do we correct this structural deficit, how do we get our spending in line with our resources," Burns said.

What lawmakers need most from the public is reaction once lawmakers have sorted through proposed remedies, Burns said. `` It won't do any good for a public group out there to say we need all kinds of money, because there isn't any."

Naimark said not allowing testimony would be troubling, even if lawmakers are pressed for time to erase the shortfall.

`` The budget affects peoples' lives in a very real, momentous way and I think the public needs to be part of the debate," Naimark said.

Naimark's group released a pre-session budget publication last week and Steve Voeller, president of the Arizona Free Enterprise Club, a group that advocates for tax cuts and fiscal conservatism, said he started buttonholing legislators last fall on fiscal issues.

He said he started early because he and others were caught off-guard last year when lawmakers rammed through a bipartisan budget that didn't include a tax-cut package.

Legislators typically hammer out budgets behind closed doors but the need to act quickly on a midyear fix could reinforce that practice this year, said David Berman, an Arizona State University expert on the legislative process.

`` They have to get that out of the way," Berman said. `` But I think there is a danger of people being ignored."

Burns said legislative leaders will be meeting privately on the budget, and a former top legislative staffer said he doesn't see the situation as breaking much new ground.

In years past, legislative leaders often started negotiations that were out of the public eye, said Paul Senseman, a lobbyist and former House Republican staff director.

However, Senseman and a former legislator said focusing more legislators on the state's budget troubles early should help.

`` It can't just be solved by leadership. This is going to take all 90 legislators working together," said ex-Rep. Mike Gardner, a Republican who is now a lobbyist for business and government clients.

Gardner and others said how the public perceives the outcome of the Legislature's budget work potentially has high stakes in an election year for both rank-and-file members and top leaders.

`` There's going to be immediate payback for whatever you do or don't do. That's going to add some pressure to it," said Berman, a senior research fellow at ASU's Morrison Institute for Public Policy.

Top leaders won't be immune as Senate President Tim Bee, R-Tucson, wants to build on a reputation of bipartisan consensus-building at the Legislature as he mounts a near-certain congressional candidacy and House Speaker Jim Weiers, R-Phoenix, tries to keep enough GOP conservatives happy to keep his current post, assuming he's re-elected in November.

`` That could create an interesting dynamic," Gardner said.