

What to Expect at the State Capitol in 2023





Public schools face \$1.3 billion in cuts

- Two-thirds vote in each chamber is needed by March 1, 2023 to lift school spending limit and to avoid cuts this school year;
- Would negate \$800 million in new funding appropriated by legislature last session;
- A permanent fix to the constitutional school spending limit is needed.

Ongoing Revenue Surplus has Disappeared

- \$1.8 billion in one-time revenues;
- \$0 ongoing surplus





A lot to like in Governor Hobbs Budget Proposal

- \$50 million for a refundable child tax credit;
- \$20 million to expand eligibility for Kidscare from 200 percent of federal poverty level to 300 percent of federal poverty level;
- \$2.5 million to expand Healthy Families home visiting program;
- \$150 million deposit to Housing Trust Fund;
- \$257 million for AHCCCS case growth and unwinding of COVID 19 policies;
- Repeal universal expansion of vouchers;
- \$332 million for school building facility grants;
- \$13 million to provide free and reduced price lunch at low-income schools

A Better Way to Reduce the Cost of Diapers for Low-Income Families

Proposal	Cost	Savings per child
Eliminate the sales tax on all purchases of diapers	\$16 million	\$7 per month
Provide direct assistance for free diapers for a year to 16,600 low-income parents of infants and toddlers	\$16 million	\$80 per month/\$960 per year



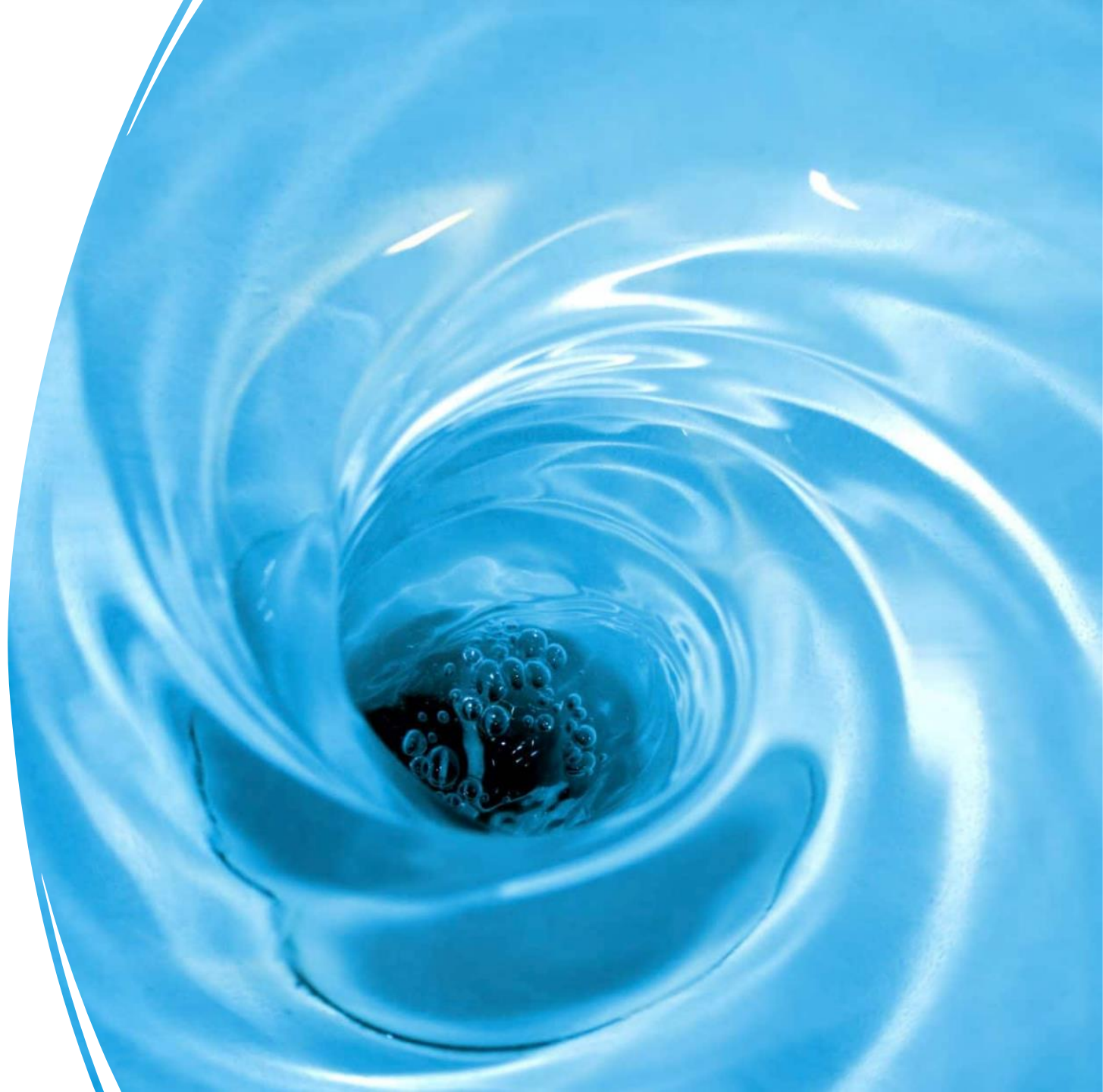
Exempting feminine hygiene products from sales tax

- Will reduce state revenues by \$25 million annually;
- Eliminate some of the sales tax loopholes for corporations and the rich to make revenue neutral;
- Examples: sales of private jets; fine art; computer equipment for data centers



Universal ESA's Are Draining State Revenues

- 30,000 new “universal” students represent an unbudgeted cost of \$200 million;
- JLBC has no template for forecasting future growth;
- “Best guess” is that universal enrollment will be 52,500 in a year at a cost of \$376 million





Other Challenges Ahead

- Possible recession looms;
- Additional K-12 education funding created by Prop 123 goes away in 2025 meaning a loss of \$300 million annually



David Lujan

Email: dlujan@azchildren.org

Phone: 602-579-6533

Twitter: @DavidLujan

Websites: azchildren.org and azeconcenter.org

Thank you!