

State Budget and Legislative Processes

Opportunities for Advocacy and
Limitations for Achieving Social
Welfare

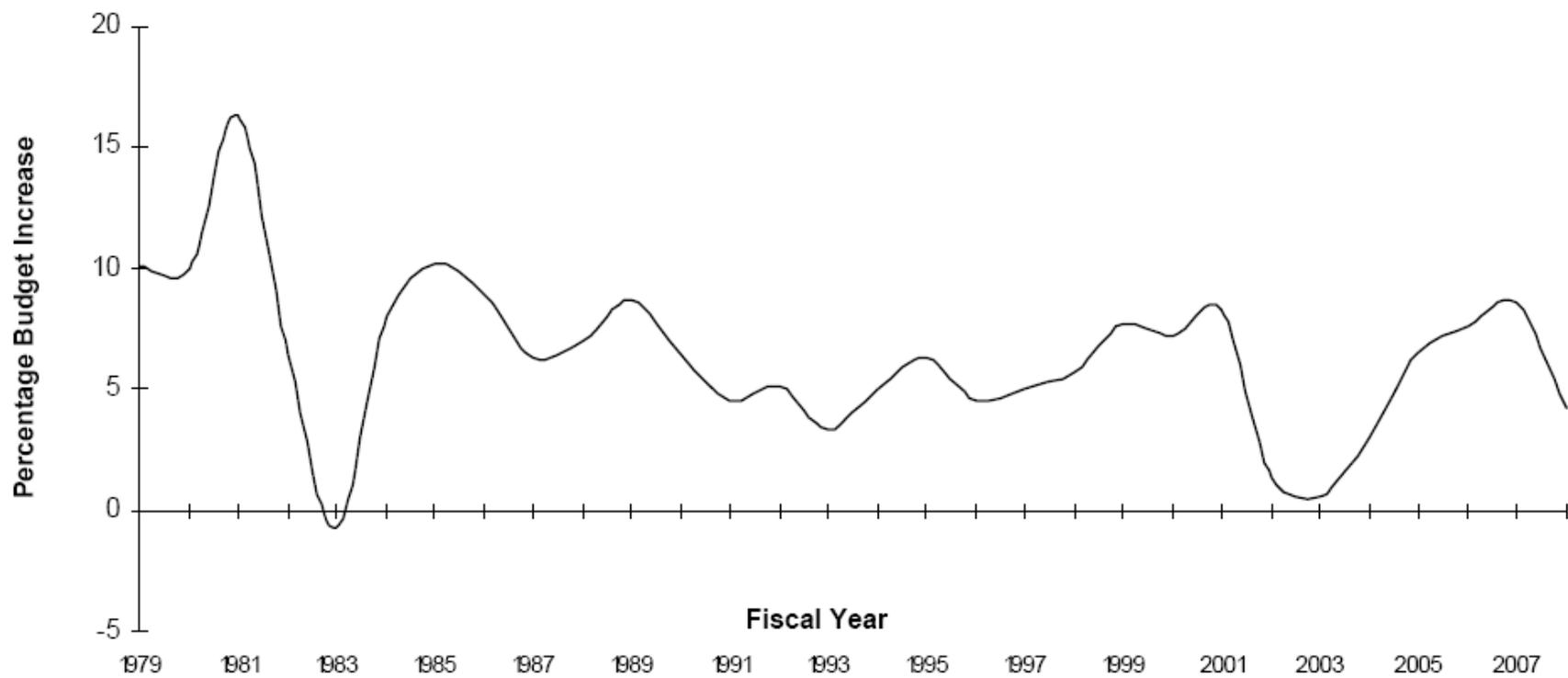
State Budget Overview

- ❑ All states except Vermont required by law to balance their budgets
- ❑ State budgets facing growing strains in context of devolution and increasing need
- ❑ States' fiscal constraints directly impact social welfare spending
- ❑ State spending financed through general funds and special revenue funds (restricted)

Trends in State Budgets

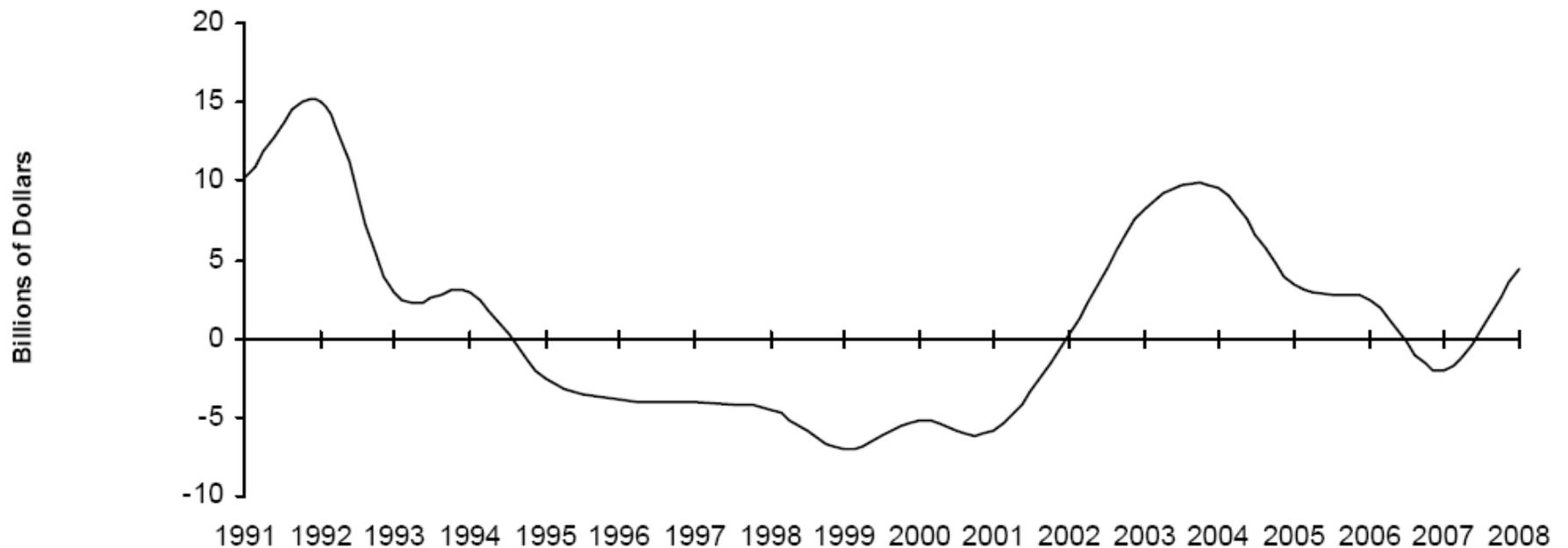
- ❑ During economic growth years in the 1990s, most states cut taxes and built reserves
- ❑ Rising costs for K-12 education and corrections
- ❑ Medicaid costs overwhelming state budget capacity
- ❑ Many localities facing strains after relying on rapid increases in property valuation
- ❑ Privatization

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2008



<http://www.nasbo.org/Publications/PDFs/Fiscal%20Survey%20of%20the%20States%20June%202007.pdf>

Enacted State Revenue Changes



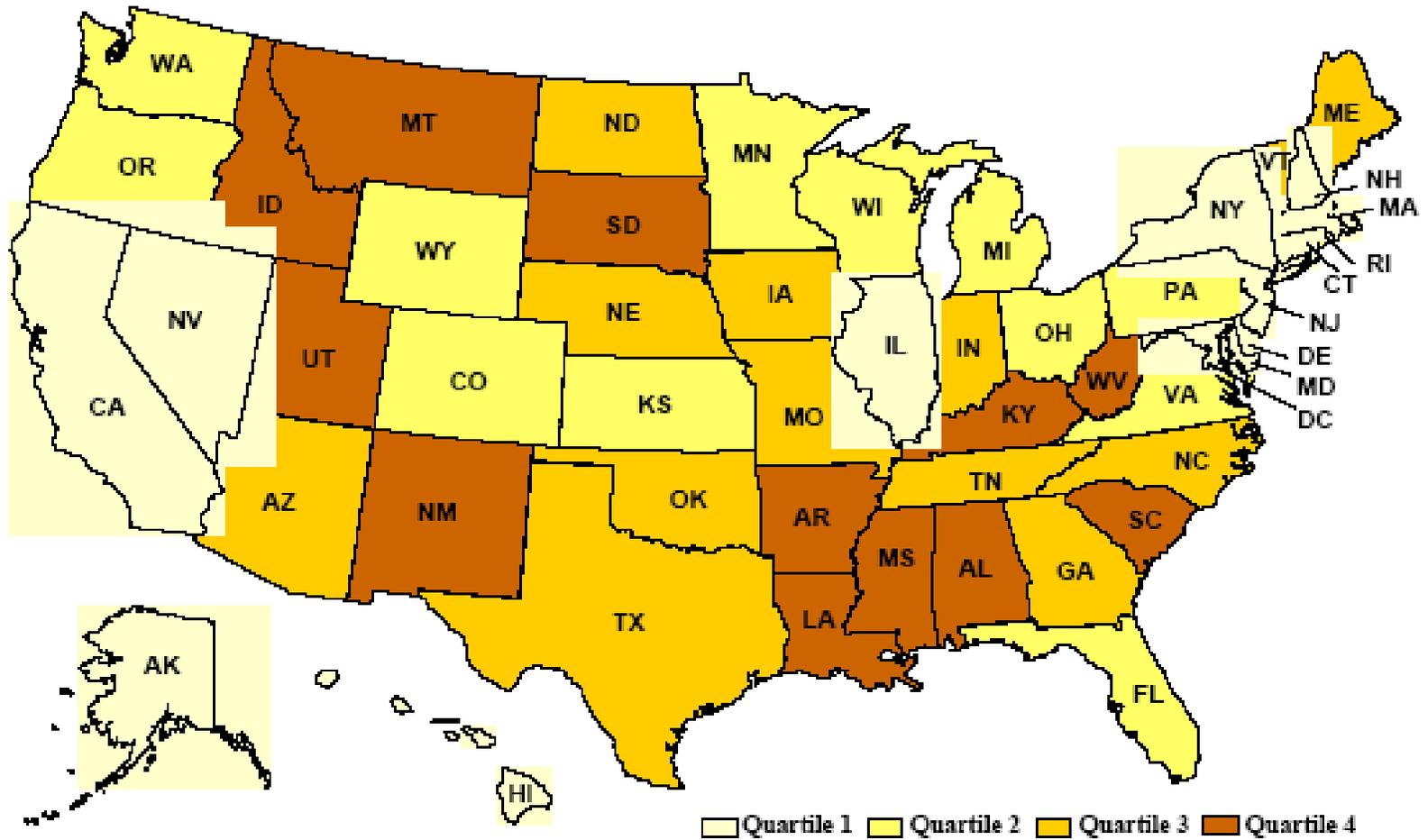
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Intersections between State and Federal Budgets

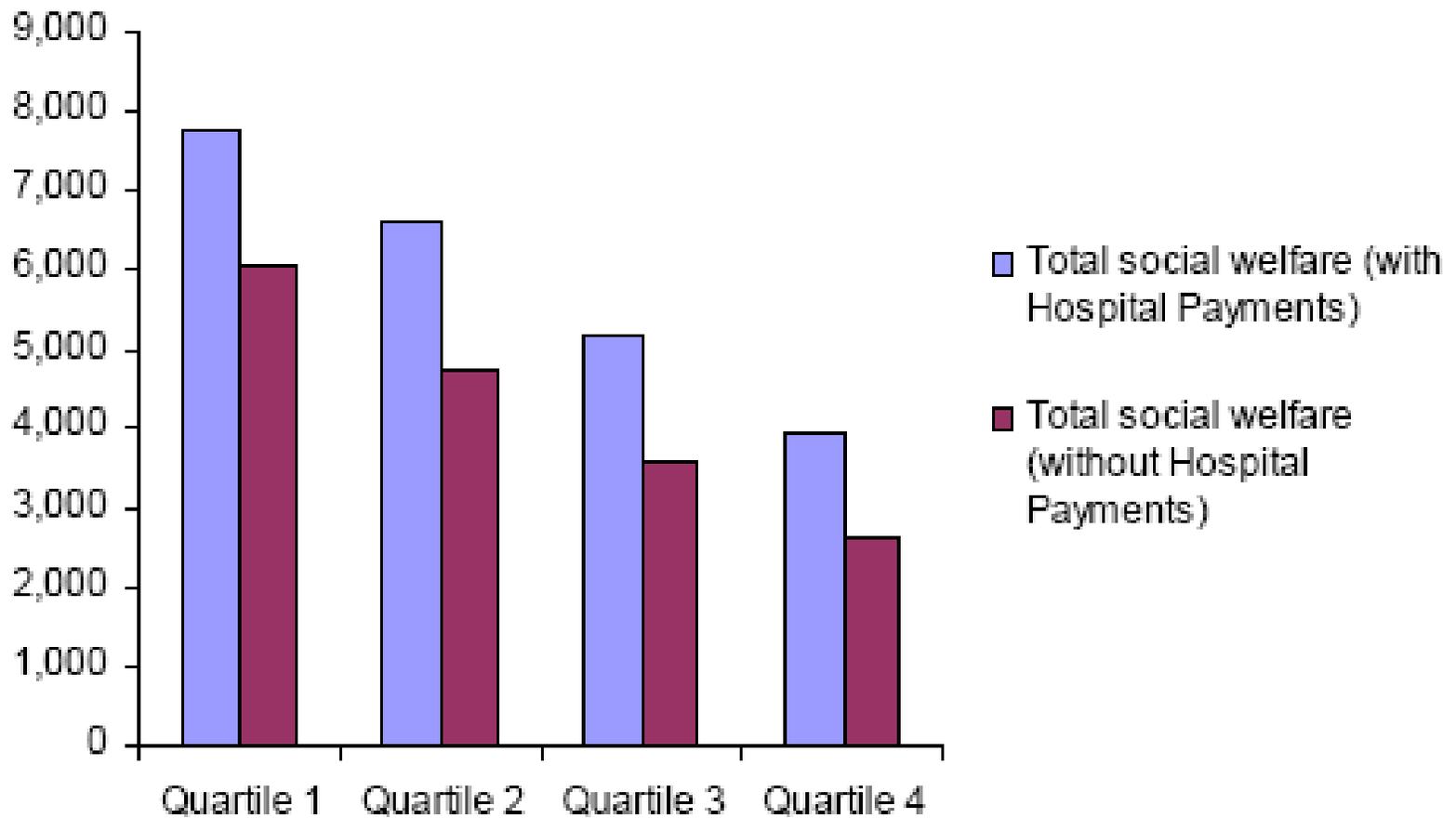
- ❑ Federal tax cuts limit a state's revenue base
- ❑ Ended revenue sharing 1987
- ❑ Congressional failure to address entitlement reform impacts state fiscal burden
- ❑ Block grants shift funding risk to states
- ❑ Unfunded mandates (IDEA, NCLB) affect state spending in other social welfare areas

<http://aspe.hhs.gov/hsp/social-welfare-spending04/index.htm>

States by Fiscal Capacity Quartile



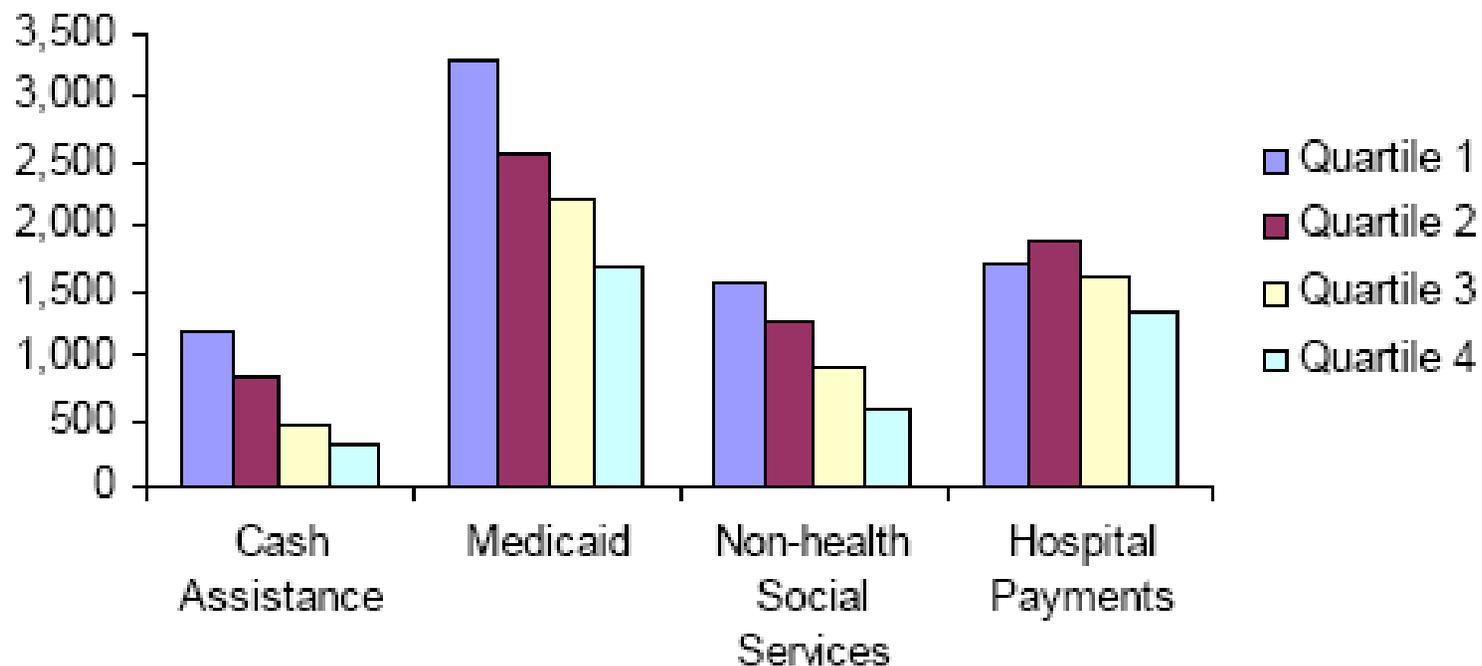
Average spending per poor person



<http://aspe.hhs.gov/hsp/social-welfare-spending04/index.htm>

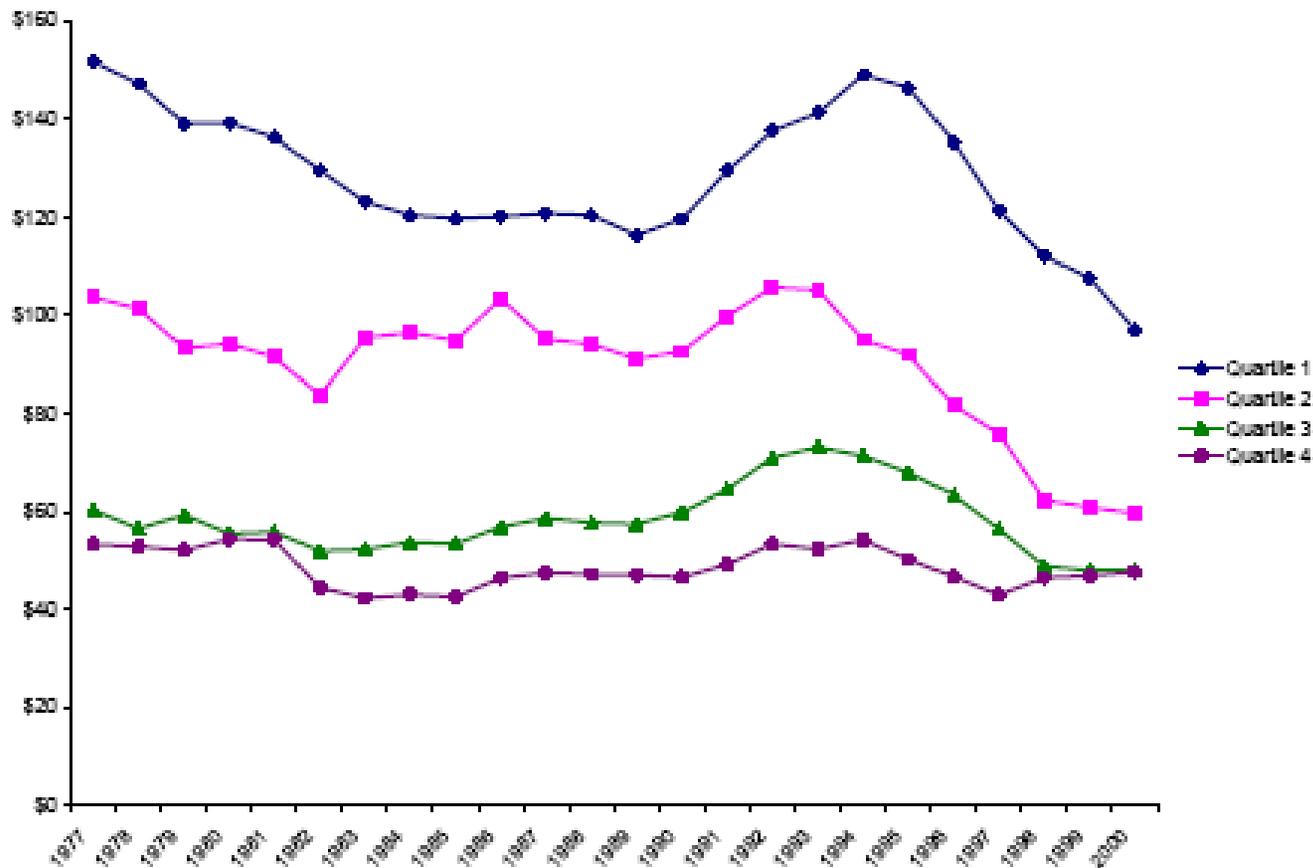
Spending Per Capita and Per Poor Person on Different Types of Social Welfare Functions, Averages for Fiscal Capacity Quartiles, 1977–2000

Average spending per poor person



<http://aspe.hhs.gov/hsp/social-welfare-spending04/index.htm>

Average Per Capita Spending on Cash Assistance Adjusted with GDP Price Deflator over Time by Income Quartile



State Tax Policy

- ❑ Tax thresholds key in determining impact on low-income taxpayers
- ❑ Treatment of single HH compared to married
- ❑ Treatment of earned income v. capital gains
- ❑ Reliance on consumption taxes particularly regressive
- ❑ State EITC substantial as proportion of overall welfare spending

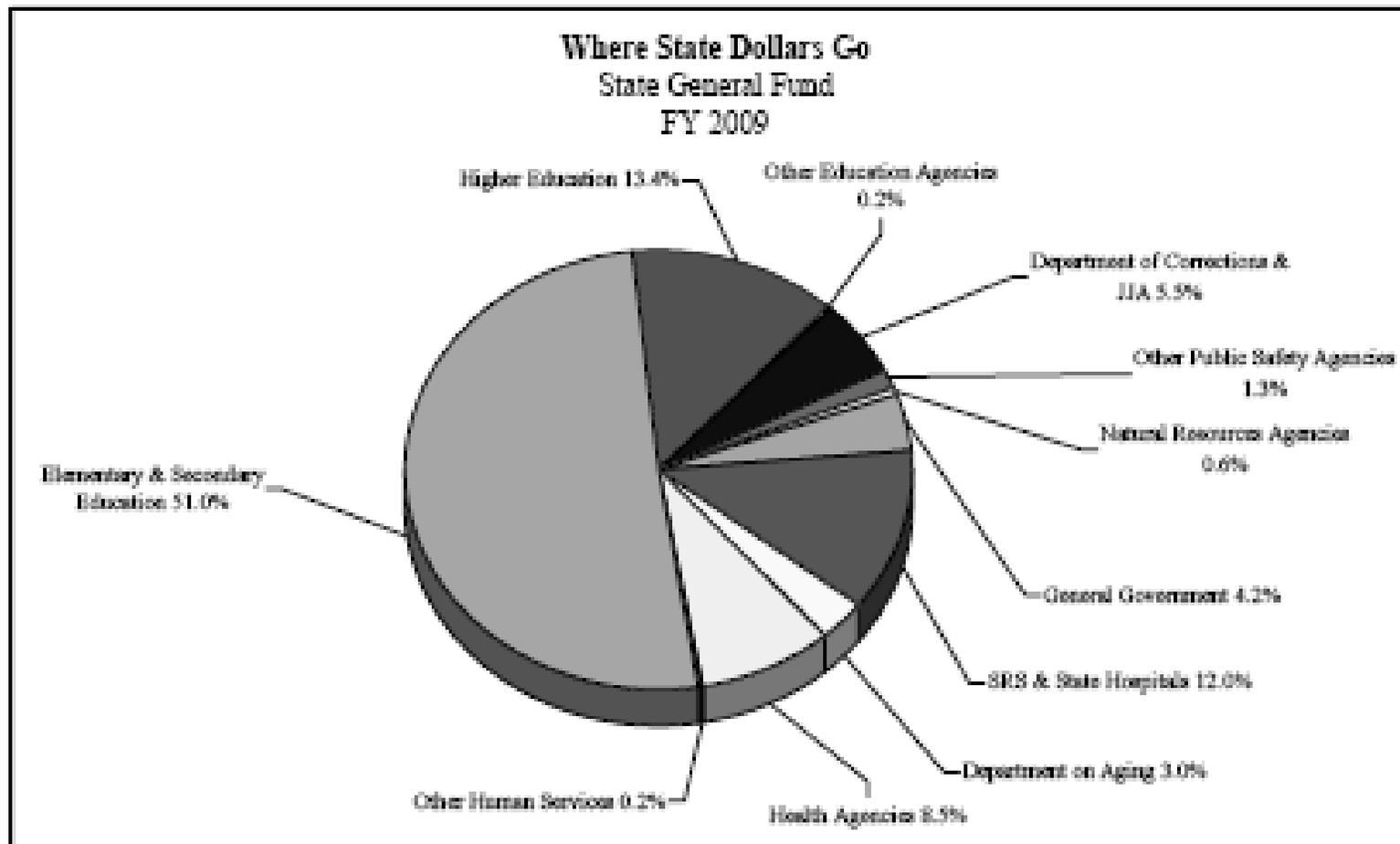
‘Taxpayer Bills of Rights’—Tying the Hands of State Government

- ❑ What it is: constitutional provisions that limit the state’s ability to raise and spend revenue (tie increases to population increases and inflation only)
- ❑ Colorado’s experience shows \$1 billion deficit after TABOR forced large tax cuts
- ❑ Often promoted by ballot initiative
- ❑ Sometimes spreading to municipal government
- ❑ Had a TABOR been in effect in Kansas since 1993, by this year the state would have had to have cut 19 percent or \$890 million from the 2005 state general fund budget.

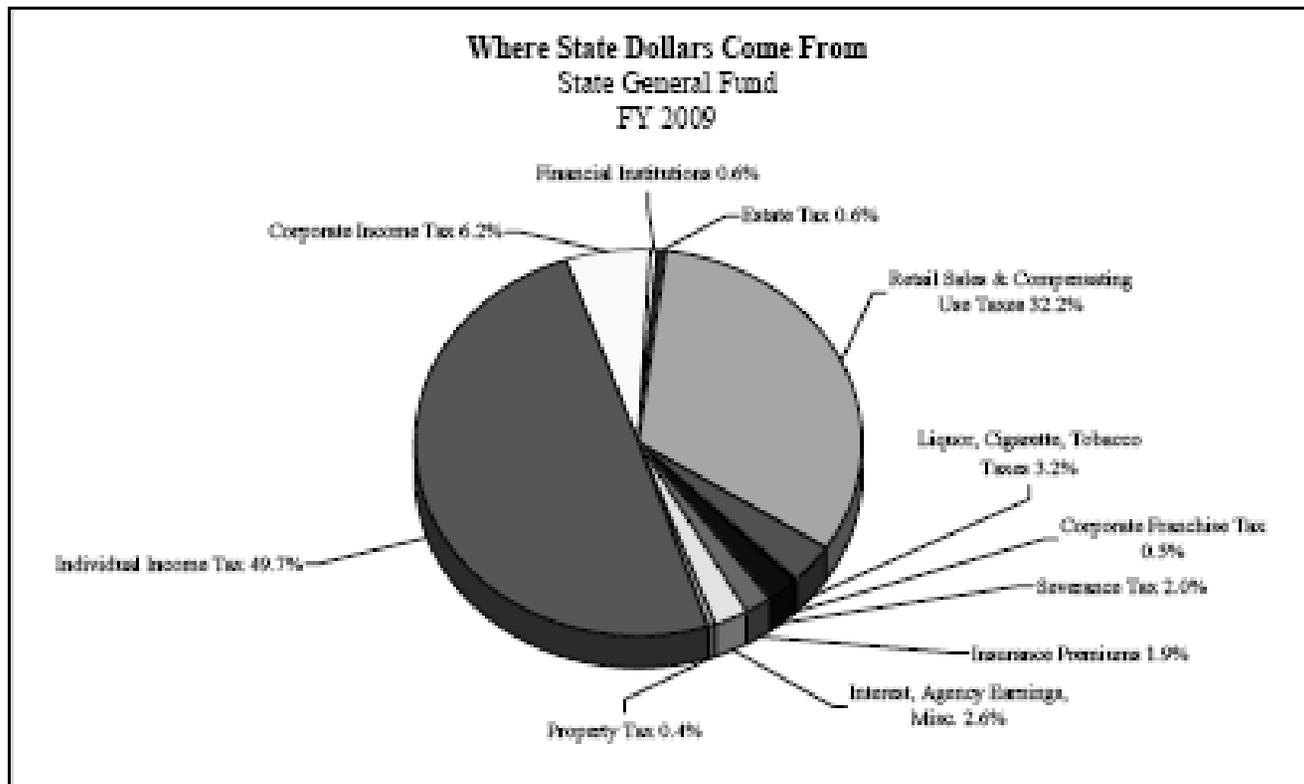
State Budget Process

- ❑ Agencies present budget requests prior fall
- ❑ Governor presents a budget to the Legislature (usually immediately following State of the State address)
 - Includes revenue estimates and expenditure amounts and category
- ❑ Governor's budget recommendations drafted into legislation for consideration
 - Subcommittees amend; full committee action; first chamber action; repeat process; conference committee
- ❑ Omnibus budget reconciliation

Kansas Spending



Kansas Revenue



State Legislative Process

- Significance of shortened sessions
- 'Citizen' legislators
- Role of committees
- Legislative staff roles
 - Member secretaries
 - Committee secretaries
 - Leadership staff
 - Revisors
 - Legislative research
- Division between chambers
- Term limits—pros and cons

State Legislature, continued

- Relationship between executive and legislature
- Lobbyists in the state legislature
- Term limits=continual turnover, constant alliance-shifting, little institutional history
- Key issues and alliances
 - Rural v. urban
 - K-12 education as 'elephant in the budget'
 - Aging population and brain drain
 - Increasing diversity
 - Agriculture and environment

Opportunities for Intervention

- Relationships with individual members
- Relationships with leadership
- Committee testimony
- Organized lobbying
- Appropriations process
- Bills as public education strategies

Media and the State Legislature

- Letters to the editor
- Editorial board meetings
- Supportive editorials
- Press packets for events
- State capitol bureaus
- News services that cover out-state papers
- State tours to generate press coverage
- Limitations of TV and radio coverage

Questions / Discussion?
