



## **Assessment of the State Fiscal Analysis Initiative**

**Case Study for:  
Children's Action Alliance  
Phoenix, AZ**



Prepared for the  
Ford Foundation  
by the OMG Center  
for Collaborative Learning

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# case study

*This case study of Children's Action Alliance in Arizona is one of ten individual case descriptions prepared as part of an assessment of the State Fiscal Analysis Initiative (SFAI), conducted by the OMG Center for Collaborative Learning with support from the Ford Foundation. SFAI is a national collaborative effort that began in 1991 to strengthen capacity among state-level non-governmental organizations to undertake credible, timely, and understandable analysis of critical tax and budget questions. The Initiative is funded by several national foundations and receives staffing and technical support from the Center on Budget and Policy Priorities (CBPP), a Washington, DC-based nonprofit that has been conducting national policy research since 1981 and that expanded its role to include analysis of state fiscal policies also in 1992. The entire assessment report, **A Cross-Site Synthesis of Findings, Conclusions and Recommendations**, is available from the Ford Foundation or the OMG Center for Collaborative Learning.<sup>1</sup>*

*This and the other case studies prepared as part of the assessment describe a broad array of activities undertaken by the state-level fiscal policy organizations with support received not only from the Ford Foundation and other SFAI funders, but also from other local and national sources. From the Initiative's inception, the Ford Foundation has required that its funding provided through SFAI be used entirely for the support of research education, organizing, and other non-legislative activities. Although the report covers the full range of strategies employed by SFAI groups to enable a full picture of their work and impact to emerge, the activities detailed here are not a direct by-product of Ford funding.*

*This case provides an overview of how one "veteran" state-level policy organization evolved over a period of several years within its own unique state policy setting. The cases provide much of the empirical basis for the larger assessment report, by bringing to light the different circumstances and approaches that shaped the accomplishments of individual grantees and by documenting the different types of impacts that the SFAI grantees have*

*had within varied local fiscal policy environments.<sup>2</sup>*

*Much of the case study fieldwork was conducted during the last half of 2002, although further telephone follow-up occurred throughout 2003 and into 2004. The fieldwork approach was primarily qualitative and relied mainly on site visits to each of the grantee sites. Site visits were generally made by two or more members of the assessment team and included meetings with representatives of the grantee organizations and a variety of other local actors with knowledge of the grantee organizations and the state-level policy setting in which they operate. Phone and email communications provided an opportunity for rounding out the details of each case. The draft profiles were shared with the grantee organizations two or more times as they were being developed, and each site was given an opportunity to review final versions of their profile before they were finalized. Most of the factual information about the grantee organizations is for the year 2002, although in a few instances fiscal or budget changes and other policy accomplishments that occurred in 2003 are noted if they were the result of efforts in prior years.*

*The case study starts with an account of how the organization began and then offers an account of Arizona's social and political context. Next it introduces the particular focus and approach that the SFAI grantee organization has taken to improve knowledge locally about tax and budget issues and contribute to the quality of local fiscal policy debates. Woven into the case are overviews of the grantee organization's size, staff structure and funding base; examples of typical products and activities; and descriptions of its major accomplishments.*

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<sup>2</sup> The ten veteran states selected for the case studies include: Alabama, Arizona, California, Illinois, Maine, Massachusetts, Michigan, New York, North Carolina and Texas.

## Children's Action Alliance Phoenix, AZ

BUSINESS LOBBYISTS WERE CLEARLY IN THE MAJORITY WHEN Elizabeth Hudgins arrived to testify at a hearing of the Arizona House Ways and Means Committee in Spring 2001 on the single-sales factor bill. A Senior Program Associate at Children's Action Alliance (CAA), Hudgins is the organization's lead budget and tax policy analyst. The bill in question called for \$64 million per year in tax cuts for Arizona corporations that operate in multiple states. Corporate lobbyists claimed the bill would create new jobs and attract companies to Arizona.

Hudgins built her testimony around three major facts: jobs actually disappeared in many other states that adopted the single-sales factor, Arizona was already gaining more jobs than any other state, and a tax cut of this magnitude would amount to a huge loss for the state's general fund. Her testimony cast serious doubt that the promised benefits of the bill would actually occur. Hudgins also recommended accountability measures that would limit the tax cut to businesses actually creating jobs. The bill passed committee but, thanks in part to her testimony, was enacted in a way that it never took effect: the tax cut would have been triggered only if total state revenues had exceeded a certain amount.

Around the same time, Arizona's oldest freshman legislator, 76-year-old Henry Camarot, found himself deeply absorbed in a book written by CAA Deputy Director Dana Naimark describing the inadequacies of Arizona's tax system. When Camarot formed a study group to investigate tax policies in Arizona, he met Naimark through fellow legislator John Loredo and subsequently asked Naimark to serve on the study group with other grassroots and business leaders. The group zeroed in on revenue-shrinking sales tax exemptions, particularly special interest exemptions that were costing the state \$5 billion a year.

Such tax exemptions were of increasing concern because revenue shortfalls even before September 11 had led the governor to propose budget cuts. A coalition of 75 human service, faith-based, and advocacy groups, called Protecting Arizona's Families (PAFCO), had come together to prevent them. Along with other leaders in PAFCO, CAA saw a link between the study group's focus on exemptions and the coalition's desire to block the human service cuts. Proposals to eliminate tax preferences and to allow no human service cuts became the coalition's organizing themes.

These themes became the basis of a media campaign and educational outreach to coalition members. In these efforts CAA gave concrete examples, such as how a sales tax exemption for country club membership fees could lead to disabled children going without services. CAA's awareness-raising efforts had a "tremendous impact on the social service community," according to Loredo. Tax exemptions received enormous attention in the press.

The focus on raising revenue gave the human service community a common interest it could unite around, preventing the

### Children's Action Alliance at a Glance

**Year started:** 1988

**Current budget:** \$1.3 million (2002)

**Main sources of support:** Primarily foundations with some corporate support

**Total staff:** 13 (2002)

**Main areas of focus:** State tax and budget, child abuse and neglect, child care and preschool education, child health, poverty and family income, and family support.

**Recent products:** Who's for Kids and Who's Just Kidding?; Beyond Kissing Babies: Transforming Campaign Sound Bites Into Common Sense Solutions for Arizona's Kids and Families; What to Look for in Arizona's Budget: A Guide for Human Service Advocates; Welfare Reform Watch; Reliable Revenues for Responsible Budgets; Unemployment Insurance- Arizona's First Economic Line of Defense

"divide and conquer" strategy that is typical when budgets are cut. During a special end-of-year legislative session, PAFCO organized two major rallies and maintained a daily presence. This was the first time in Arizona history that the human service community had delivered a unified "no cuts" message to policymakers.

On November 29, 2001, Camarot and Loredo introduced a bill eliminating 24 sales tax exemptions that would raise \$468 million in new revenue. PAFCO members outnumbered business lobbyists three to one that day. This happened less than a year after Hudgins had been outnumbered twenty to one in the same chamber. The bill did not pass, but it "caught fire with the public," says Loredo.

This story is typical of how CAA works to bring about change in Arizona's state fiscal and budget environment. The path to the November 2001 hearing in which elimination of sales tax exemptions was proposed actually began over 15 years earlier when a group of Arizona's business and community leaders joined together to advocate for improved child care regulations and to encourage employers to address the child care needs of their employees.

### CAA's Origins and Policy Context

When CAA was formed in 1988 with funding from the Arizona-based Steele Foundation, the board set as its primary goal encouraging "greater understanding of the high economic and social stakes" the people of Arizona have in the well-being of the state's children and families.

During its first five years, CAA focused on issues of child abuse and neglect, and expanded child care. Along the way, it became one of the Annie E. Casey Foundation's KIDS COUNT sites, thereby joining a national network of state-level organizations that gather and report information on the status of children every year. In the early 1990s, CAA Executive Director Carol Kamin had a conversation with Doug Nelson of the Annie E. Casey Foundation about what additional capacity CAA needed to further its goals. "I realized that if you want to achieve change from the outside, you have to be every bit as smart about where the money is coming from and going to as those on the

### CAA's Mission and Focus

Children's Action Alliance is a nonprofit, nonpartisan research, education, and advocacy organization dedicated to promoting the well-being of all of Arizona's children and families. Through research, publications, media campaigns, and advocacy, CAA acts as a strong and independent voice for children.

inside, otherwise you are going to get snookered," says Kamin. Not long after those early discussions, CAA was invited to apply for State Fiscal Analysis Initiative (SFAI) funding.

### The Policy Context

CAA joined SFAI against the backdrop of three major trends in Arizona's fiscal policy environment that exacerbated the plight of low-income children and families – state government's propensity to cut taxes, trim social services spending, and maintain a structural deficit. Although the state enacted significant tax reforms and tax increases in 1990, many were reversed shortly after and greater tax cuts went into effect.

CAA notes that these tax reductions occurred at a time when most human services programs were already starved for funds, and argues that the budget had been balanced on the backs of Arizona's most vulnerable populations. The service cuts that enabled a balanced budget – including General Assistance for the indigent, AFDC benefits for women who have more children, and non-emergency Medicaid coverage for immigrants – affected populations with the least political muscle.

The condition of vulnerable populations is aggravated by Arizona's limited civic infrastructure. According to Bruce Liggett, deputy director of the Department of Economic Security (DES), "Arizona has grown overnight. We lack deeply entrenched communities filled with nonprofits, community-based organizations, and corporations that would normally invest in civic and political activities." For similar reasons, foundation funding for human services is scarce.

Other factors hinder the development of that infrastructure. "We have many corporate regional offices, but few headquarters," observes Naimark. "Executives tend to view Arizona as a way station along their careers. They don't see their future here, so they generally don't invest their time and energy. This leaves a very large leadership gap."

Arizona's retiree community is also a factor. Most have moved to the state from other regions. "Psychologically, they still identify with that other place," says Naimark. "So they direct their charitable giving toward their original communities." Retirees on fixed incomes also feed the small-government, low-tax sentiment common to Arizona. "Issues related to Arizona's quality of life and future do not appear on their radar screen," adds Naimark.

Characteristics of the legislature also present challenges. Legislators are part-time, relatively low paid, and have hardly any staff. Arizona has eight-year term limits, which Naimark says, "do not promote the kind of long-term thinking necessary

for effective problem-solving. Legislators feel they need to get as much done as they can and show an impact before their term expires."

In addition, the legislature tends to embrace a "not our business" attitude toward social welfare issues. Liggett comments, "If you polled the voting population, you would find it more receptive to social programs than the actors in electoral politics." Naimark observes as well that people with more extreme views have occupied leadership positions for years. "That colors the personality of the whole legislature," she adds. "Years ago, Arizona had a problem-solving leadership. It was partisan, but generally, the goal was to solve problems. We don't have that now."

Nonetheless, there are real problems to solve. According to the most recent KIDS COUNT figures, Arizona had the highest high-school dropout rate of all fifty states, the highest percent of teens not in school and not working, the fourth highest rate of teen pregnancy, and the eighth highest percentage of children living in poverty. The median income for families with children is 21 percent below the national average.

In a state experiencing tough problems like these, Liggett says, CAA is a "beacon for standing up to the issues, addressing the underlying policies that exacerbate the trends and developing solution-based proposals." He adds, "Arizona does not have other advocacy groups in terms of children and families...CAA does it all...No one has the same brain power and enthusiasm that they do."

### CAA's Approach

CAA's strategies for influencing policy in Arizona all stem from a few core principles. One is a belief that most people, including elected officials, want to do the right thing to help other people's children. "If I didn't believe that, I don't think I could do this work," says Kamin. Another principle, which rests on the first, is that you have to give people enough information to do the right thing. A third is that you have to believe that you can make change. Beyond these principles, CAA also acknowledges the influence that being part of SFAI has had on how it works and what it has been able to accomplish. Finally, CAA's strategies have been shaped by Kamin's conviction that, "Achieving policy change requires a three-legged stool. You've got to have impact upon the media, the general citizenry, and policymakers."

Beyond these basic principles, there are other themes evident in CAA's overall approach – finding ways of working with busi-

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- Bruce Liggett  
Deputy Director  
Arizona Department of Economic Security

ness; talking about the needs of all children; seizing opportunities to change the terms of the debate; broadening support by working as part of coalitions; employing facts rather than ideology to make an argument; focusing as much as possible on incremental wins; marketing ideas through language that captures the message effectively; and consistently aiming for research that is timely, credible, and accessible.

**Getting business on our side.** The political power of the business sector in Arizona has had a huge influence on how CAA approaches its work. According to CAA, no public sector change or action occurs in Arizona without the support of the business community, a reality that has informed Kamin's board selection strategy since the founding of CAA. Determined to make CAA a significant player, Kamin recognized that gaining the respect of the business community would bring CAA the clout necessary to effectively advocate for children and families. Since its inception, CAA's board has consisted of business and community leaders. "It is important to CAA that its board is not a social services board," says Naimark. "If you have a business person show up at a press conference on child care, it has an impact." For example, although CAA was the main driver, "Business people were incredibly important and influential in passing Arizona's child health insurance program," says Hudgins. "Three hundred businesses supported this bill."

CAA's move into analysis of tax issues forced the organization to revisit and renegotiate its relationship to the business community. Hudgins's testimony against the single-sales factor bill provoked strong reactions from the business community, which did not anticipate hearing hard facts that would cast doubt on tax policies it was advocating. The business community questioned why a children's organization was testifying in the Ways and Means Committee. Business board members brought their concerns home to CAA, incorporating them into an imminent reassessment of CAA's goals and direction in fiscal policy.

After a lengthy and sometimes difficult review process during 2001, CAA confirmed the importance of working in the fiscal policy arena, but also more clearly defined how this work fit within its broader mission. That meant reaffirming the organization's basic identity. "The board established that we are the Children's Action Alliance," says Naimark. "We want to present ourselves as the group that is for children, not one that is against tax cuts." The review process also established that CAA must address fiscal policy in the context of why it matters to kids and families. "We have to connect the dots between tax policy and family policy," says Kamin. "Instead of just arguing that our analysis shows that the single-sales factor is going to cost the state \$64 million, we need to make clear that the \$64 million should go to making sure that every child abuse case is investigated, because that's what it would take."

Far from limiting CAA, this decision helps it strategically transfer the organization's credibility in children's issues to fiscal issues. "Identifying as a children's organization is a strength," says Kamin. "People are taking us seriously when we talk about taxes and spending because we have laid a lot of groundwork as a children's organization."

**All children.** To broaden support for its issues, CAA emphasizes the impact of policies on all children, rather than singling out class or ethnic groups. "We think we can be more effective that way," says Naimark. It helps to overcome a common attitude that "we don't have any obligation to poor children, it's not our problem." Some people are not shy about dismissing the state's grim KIDS COUNT figures "because of their belief that 'it's just the Hispanics who are struggling,'" she says.

**Changing/framing the terms of the debate.** Integral to CAA's approach is influencing how issues are framed. The historic public education effort that took place in 2001 in opposition to corporate tax cuts illustrates this point. CAA expanded an issue that had begun from a narrow "where-to-cut" perspective and moved it toward a deeper discussion about structural problems with the state's revenue system. Rather than simply arguing against cuts, CAA, PAFCO, and other groups drew attention to how tax breaks benefited special interests and called for their elimination.

CAA's call to reform Arizona's unemployment insurance (UI) policies early in 2002 also reveals its skill at influencing the terms of the debate. Pointing to a \$1 billion surplus in the UI trust fund, CAA argued the benefits of expanding UI eligibility and raising benefits. Instead of framing it as a social safety net issue, CAA researched and publicized how its proposed changes would boost the purchasing power of families, thereby supporting the business sector and promoting economic stability. According to a CAA fact sheet, "Analysis from the U.S. Department of Labor finds that every \$1 paid in UI benefits produces a \$2.15 ripple effect in the economy as families buy groceries and pay rent or utilities." And the fact sheet concluded, "It is better for Arizona business to have this money circulating through our economy than sitting in a trust fund." CAA was also careful to address employers' concerns by pointing out that moderate benefit increases would not raise their taxes during the recession. "We really changed the debate by looking at both sides," says Hudgins. "We addressed how expanding UI benefits would affect businesses as well as families."

**Coalition building.** If changing the terms of the debate is important, so too is broadening support behind a shared message. "It's important that CAA is not the only voice on these issues," says Naimark. "Community education is a vehicle for getting the buzz going – for getting a broad range of people speaking out on the issues," says Hudgins. PAFCO is a good example. According to Naimark, coalitions also "may give people their only opportunity to share information and weigh in on issues." And Hudgins adds, "Through coalitions, we can support a broad array of players in the state without duplicating efforts." This strategy also has been effective with the Arizona

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- Liz Barker  
CAA Communications Director

Network for Community Responsibility (ANCR), a network of organizations that has successfully pushed for just implementation of welfare reform measures.

**Working for incremental gains.** CAA is focused on real policy change. This often translates into accepting incremental steps rather than holding out for an ideal solution that goes nowhere. CAA has, for instance, argued for increases in child care subsidy rates that reflect the 1998 cost of care. “It would be great if rates reflected the 2002 cost of care,” says Hudgins. “But the governor is pushing for 1996 rates, so we’re holding onto the 1998 rates because it’s probably the best we can do this year.”

**Relying on facts to make the case.** In a state with a fairly narrow ideological band, facts are the vital basis for defending truth and preserving CAA’s nonpartisan stance. “I believe very strongly in facts, and CAA is known for producing careful, retraceable facts,” says Hudgins. CAA uses facts to challenge ideology and assumptions – and thereby force the debate to include concrete, difficult truths. “It’s harder to argue against a pie chart than it is an opinion or observation about the poor health of children,” says Liz Barker, CAA’s communications director.

A recent example is how CAA has handled a conservative columnist’s piece asserting that poverty results from bad choices: dropping out of high school, not working, having kids out of wedlock. CAA and fourteen cosigners submitted an article in response titled “Virtue Alone Won’t End Poverty.” The article pointed out that adults in the majority of poor families with children are married, the majority have a high school degree or better, and three-quarters of all poor families with children include a working adult.

**Communication skills.** The skills of CAA’s Communications Director Liz Barker are an important part of the organization’s ability to cut through complexity to reach its intended audiences. The smart titles she crafts—such as publications for candidates and voters like *Beyond Kissing Babies* and *Who’s for Kids and Who’s Just Kidding*—get at the core of issues in easy-to-understand terms. Her past experience as a reporter has trained her to speak in precise but highly quotable ways. And she’s a key member of the team when staff decide how best to frame issue areas.

**Timely, accessible, and credible.** Like other SFAI sites, CAA strongly believes that the products it produces need to be timely, accessible, and credible. CAA’s research is known as being not only thorough but also timely. A recent example is CAA’s analysis of a fiscal note estimating the cost of a welfare bill, which claimed that privatizing welfare would save the state \$30 million. CAA responded to requests for technical analysis from the governor’s office and legislative staff within a matter of hours, explaining exactly how the fiscal note was wrong. “People expect us to do that,” says Hudgins. “It’s something we’re known for.”

**CAA’s commitment to making its research accessible is expressed on two levels.** First is the length of materials CAA produces. “We really focus on producing short things,” says

Hudgins. For example, she recently prepared a four-page bulletin capturing the highlights of a longer *Wider Opportunities for Women* report, *The Self-Sufficiency Standard for Arizona*. The other aspect of accessibility is CAA’s immediate readiness to respond to constituent, media, and policymaker requests. Representative Lored, who “learned to use CAA as a research and education tool,” says he can count on CAA to testify or provide legislative back-up. “They are always reliable,” he adds.

CAA’s focus on facts is a big part of its credibility, but other factors contribute as well. DES’s Liggert notes that both Kamin and Naimark worked in state government. “They are now the only ones outside of government who can read budget documents and develop budget proposals,” he says. And according to PAFCO’s Karen Novacheck, CAA has the “same credibility as university think tanks. They bring a respected voice to the table. They do considerable research and preparation before they speak.”

### Organizational Structure, Staff, and Funding

CAA is an independent, nonpartisan nonprofit organization guided by a board of 23, which is comprised of Arizona leaders in business, government, and community service. CAA currently has a staff of thirteen, but most do not work primarily on tax and budget issues. Four senior program associates each have responsibility for a particular issue area, including child abuse and neglect, child care and early education, and health care. “They are responsible for staying abreast of their respective issues in the community, legislature, and what is emerging nationally,” says Naimark. “But they turn to Elizabeth to shed fiscal light on their own issues.” Hudgins does a good deal of fiscal analysis for all the senior program associates. She also turns to the other senior program associates for help on fiscal and budget work. In preparing for the 2003 budget hearings, for example, Hudgins “will need to go to each senior program associate to identify what is most important and what she should be focusing on in their given areas,” explains Naimark.

According to Kamin, SFAI does not operate as a separate project within the organization; rather, “it is integrated into everything we do here.” Naimark notes, “All of our staff have become more expert and attuned to fiscal issues. Any time CAA staff analyze or give presentations on a given policy issue, we bring a fiscal side to it. Senior program associates now include fiscal issues as part of their repertoire when they give presentations in the community.” Senior Program Associate Angela Rodgers says that in the advocacy trainings she gives, “We explain the impact of the state’s fiscal policies on families and children and educate the community on how the budget works.”

#### CAA’s Funding

The bulk of CAA’s support comes from about a dozen foundations. Additional contributions come from a few corporations, and a small portion of revenue is investment income.

CAA also has advisory committees in each issue area. Senior program associates staff the advisory committees, which often have subcommittees working on specific projects.

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### CAA's Activities and Products

On a day-to-day basis, CAA staff are involved in a variety of activities.

**Research and analysis.** In or out of legislative session, CAA is continually engaged in research and analysis. When the legislature is in session, the focus is often responsive. For example, when state legislators were hammering out budget appropriations for 2003, CAA staff were analyzing these decisions as they were being made. Other times, CAA can focus on research that documents the needs of families and children, or develop proactive policy proposals for strengthening Arizona's working families.

**Coalition building.** Coalitions regularly rely on CAA's numbers and analysis when communicating with the media, legislative bodies, and the public at large; equally important, CAA counts on coalitions to help give its policy analysis political weight. For this reason, coalition building is a critical component of CAA's efforts to improve Arizona's fiscal policies. CAA works with two major coalitions on SFAI issues, the Arizona Network for Community Responsibility (ANCR) and the Protecting Arizona's Families Coalition (PAFCO).

**Publications.** CAA's research is distributed in a variety of publications, bulletins, and supplementary materials. Those more routinely produced include *Welfare Reform Watch*, which is produced with ANCR, and the *Strengthening Families Bulletin*, a four-page bulletin that includes tables, graphs, and easy-to-understand statistics. Some, such as *What to Look for in Arizona's Budget: A Guide for Advocates*, have a long shelf life, while others, such as the fact sheet on the mistaken fiscal note, serve their purpose in a day.

**Media contact.** "When I arrived at CAA, I looked at it from the perspective of inside the newsroom," says Barker. Given her awareness of media habits and desires, she set up a media-friendly system for promptly responding to media inquiries and acting as a referral service. CAA regularly refers reporters to other sources, giving them names of issue experts, and relevant statistics. Barker maintains a database on various reporters' requests, allowing her to form an image of their areas of interest. According to Barker, success is "not the quantity of press coverage, but whether we are viewed as a resource."

**Press releases, editorials, and guest columns.** "The media has a heavy hand in determining what is important around here," says Barker. "And since our opponents focus on the media, we do as

### CAA's SFAI-Related Staff in 2002

**Carol Kamin, Executive Director.** Came to CAA when it was founded in 1988. Prior to joining CAA, Kamin was director of the Governor's Office for Children and was State Administrator for the Administration for Children, Youth, and Families. She was recently identified as one of Arizona's top twenty leaders by the Arizona Republic, and was described by one colleague as an "Executive Director who is great at tapping into people's strengths." Kamin is also known as a dynamic speaker on children's issues and priorities.

**Dana Naimark, Deputy Director.** Joined CAA in 1993 as Fiscal Project Manager. Naimark is a graduate of the John F. Kennedy School of Government at Harvard University. She brought to CAA a fluency in Arizona budget and fiscal issues, and analytical skills honed inside Arizona state government. Naimark served as staff to the Legislative Budget Office of the Arizona State Legislature overseeing annual appropriations to thirteen state agencies. She also served as project manager for a state study commission investigating long-range trends and issues within Arizona's revenue and expenditure system. As deputy director, Naimark supervises CAA's five senior program associates and continues to devote significant attention to SFAI work, providing analytic and communications expertise. She also serves as a community spokesperson on fiscal issues.

**Elizabeth Hudgins, Senior Program Associate.** Currently heads CAA's fiscal analysis project. Hudgins is responsible for statistical research and analysis in all CAA's policy areas. She first joined CAA in 1996 as the program associate on the fiscal project. Prior to that, Hudgins worked in policy analysis of welfare reform in North Carolina. She is described by colleagues as someone with "an incredible ability to get into the details." Hudgins has an excellent reputation within the legislature and among state officials, researchers throughout state government, and community groups. In addition to handling state budget and tax issues, she is an expert on welfare reform and poverty issues in Arizona.

**Liz Barker, Communications and Community Relations Specialist.** Barker is responsible for the website, publications, and media relations. She came to CAA in 2000 with a background in print journalism. Her SFAI role is described by Kamin as "translating fiscal issues into something that human beings and the newspaper will understand—a terribly important role." Latino and bilingual, Barker also translates CAA publications into Spanish and regularly provides technical and other support to Arizona's Latino organizations, constituents, and media. She also has expertise related to immigrants and their use of public benefits.

CAA's remaining Senior Program Associates Beth Rosenberg, Angela Rodgers, and Karen Ortiz, focus on particular policy areas: child abuse and neglect, child care and early education, and health care.

well." CAA submits timely, trenchant editorials and guest columns rich with analysis that presents the full facts on state spending, counter inaccuracies in pieces by others, or highlight missed legislative opportunities. It also puts out press releases regarding new research publications or pertinent policy issues.

**Website.** CAA maintains a well-organized, informational website containing publications, statistics, editorials, press releases, and frequent updates on current issues.

**Action alerts.** CAA has established a system for distributing email and fax alerts to advocates on pressing issues, called the Action Alert Network.

**Outreach and community education.** CAA reaches out to low-income families to help them access and understand benefits like KidsCare, child care subsidies, and the federal earned

## CAA's Policy Agenda

In the 2002 legislative session, CAA focused on:

- Balancing the state budget while protecting families
- Creating a statewide board for school readiness
- Increasing child care subsidy rates
- Changing formula for school capital costs to include preschoolers and kindergarteners
- Expanding unemployment insurance benefits

income tax credit. It also convenes community organizations, including faith-based, Latino, and rural community-based organizations to discuss policy issues and provide assistance in understanding the state budget.

**Individualized legislative briefings.** CAA offers its technical support to legislators who are new to the office, briefing them on broad issue areas that affect working families. Its briefings establish CAA as a resource early in legislators' careers, and also convey an added sense of accountability. "If you are a first time candidate, CAA lets you know that the public will be watching how you perform," says Loredo.

**Tracking bills.** CAA maintains a set of legislative priorities for each session and follows and tracks bills as they move through the legislative process. The Legislative Action page on the CAA website provides current status information.

## Building Coalitions and Leveraging Key Relationships

CAA's success is dependent on developing deep relationships with the media, policymakers, and the human service and business communities.

**Nurturing links with the media.** According to Naimark, CAA has "very strong relationships with the editorial boards of the major newspapers; strong to the point where they call us and say, 'What is the latest on such and such issue?' or 'Can you give me a call when something new happens?' or 'We want to do an editorial on this, tell us the best time to cover the issue.'" CAA gets calls from the media on every issue from A to Z. "If kids are fifty feet near it, we will get a call," says Naimark. As a result, CAA is always being quoted, according to one government official. During the last year and a half, CAA contributed nineteen editorials to various papers, including the statewide *Arizona Republic* and *Arizona Daily Star*, as well as the major metropolitan newspapers in Tucson and Phoenix. CAA's charts and comments have also appeared in *Newsweek*.

**Working with and supporting policymakers.** "Time is always an issue" for policymakers, says Loredo. CAA provides an essential resource for the legislature, keeping policymakers abreast of issues. CAA came through, for instance, during the first session of the 45th legislature concerning a bill designed to improve KidsCare, Arizona's child health insurance program. A primary sponsor of the bill, Loredo was certain it would pass due to wide support, and proceeded to fulfill other legislative responsibilities. Meanwhile, the bill began to encounter diffi-

culty and was close to being killed. Because CAA closely tracked the proceedings, Loredo learned of the urgent threat to the bill and successfully negotiated with the House Speaker to get the bill passed.

Legislators and agency heads are also confined to "working the process" within the limits of state government. "There are things I can't do that CAA can," says Loredo. "They have a position of respect in the community and can build public awareness that I cannot. That kind of awareness is how you really bring about long-term change." Agency heads operate under similar limitations. According to Liggett, DES was recently placed in an awkward situation by the Phoenix Chamber of Commerce. The Phoenix Chamber issued a press release on unemployment insurance, which included ten factual errors and misrepresented DES's analysis, claiming that changes to the system would amount to a 60 percent tax increase rather than the correct figure of 17 percent. CAA "got right on it," Liggett says, confronting the Chamber on the errors and ensuring the inaccuracies were removed from the Chamber's website. "Even conservative legislators have great respect for them," he adds.

CAA tries where it can to nurture legislative champions for particular issue areas. "For example, there is a moderate Republican legislator who is a freshmen this term," says Naimark. "Because we know she is interested in early childhood issues, we make a conscious decision to provide her with the technical information needed for her to exert leadership in that area."

**Delivering technical support to the human service and advocacy communities.** CAA provides information and analysis to the human service and advocacy communities primarily through the two coalitions mentioned earlier. PAFCO includes over 80 human service agencies, faith-based organizations, and advocacy groups that in turn represent 400 member organizations and over 20,000 volunteers and staff serving over a million people. ANCR is a network of over 800 researchers, human service providers, and members of the faith community, led by a 20-member steering committee that facilitates communication with state agency officials and policymakers on problems within the welfare system and how TANF funds are being used.

The human service and advocacy communities rely on CAA's research and analysis. Karen Novacheck, spokesperson for PAFCO and member of the ANCR steering committee, says, "People in human services are not experts in matters of tax policy," and view budgets as too hard to dissect. CAA, on the other hand, "plays in the numbers world." According to Novacheck, the PAFCO coalition "could not have been as articulate without CAA," and adds that she "couldn't function without them."

## Accomplishments

In Arizona, as in other SFAI sites, much of the energy of advocacy organizations goes into preventing harmful fiscal and budget decisions from happening. According to Loredo, both policy-

makers and advocates spend much of their time “beating down the bad stuff.” As a result, says Kamin, “It’s hard to talk about accomplishments because so much of what we do is reflected in what didn’t happen.” Nonetheless, staff identify numerous instances in which CAA’s analysis efforts have contributed to budget and spending decisions that benefit children and families, as well as a few positive changes in tax policies.

#### **Spending Improvements**

On the spending side, says Naimark, “there are many, many ways in which our analysis has influenced appropriations decisions in positive ways.”

**Greater transparency in TANF allocations.** When CAA first sought to analyze how TANF funds were being spent, it was hindered by lack of full disclosure. CAA pushed for regulations that require full disclosure of TANF allocations.

**Improved programs and benefits for children.** In 1994, CAA argued the benefits of legislation called “Success by Six,” which used state funds to expand three small early childhood pilot programs. An unusual multiyear appropriation, according to Naimark, the law made a statement that early childhood intervention was a state responsibility.

In 1998, CAA actively supported efforts to get KidsCare, a children’s health insurance bill, passed. It views this as one of its most significant accomplishments. CAA provided information that helped mobilize a broad community voice and gain widespread media attention. As a result, 50,000 kids now have health insurance. Eligibility includes children in families up to 200 percent of the poverty level. Then, in the 2001 session, a follow-up bill to improve KidsCare would have died except for CAA’s vigilance. Instead, the bill passed. As a result, the time children must remain uninsured before they qualify was cut in half, children with chronic or serious illnesses can receive more immediate coverage, behavioral health problems and vision difficulties are now covered, families can receive non-emergency transportation, and families facing tough economic circumstances are exempt from paying premiums.

Regulations governing child care subsidies have also improved greatly because of CAA’s analysis. In 1996, child care subsidies were based on 50 percent of what child care centers charged in 1989. They are now based on the 1998 cost of care and are linked to 75 percent of what most child care centers charge.

**Adding accountability to reduced welfare caseloads.** To deter for-profit vendors from simply reducing welfare caseloads to make money, CAA’s work was instrumental in having accountability measures added to Arizona’s privatized welfare-to-work program (Arizona Works). In addition, the link between payment and caseload reductions was greatly reduced. As a result, vendors must focus not only on getting families off welfare, but also on supporting them in employment and achieving self-sufficiency.

**Adding incentives to welfare for working families.** Under Arizona law, individuals could only receive 24 months of cash benefits. According to this stringent law, any cash assistance

received, even ten dollars, counted against the 24-month clock. Families leaving welfare for work were often still eligible for cash assistance because of the low wages they were able to earn. Due to CAA’s analysis in support of advocacy efforts of ANCR, the cash assistance that working families receive is no longer counted against this 24-month limit.

**Improving sanction notices.** CAA worked closely with the DES to revise highly confusing welfare sanction notices, which warned families of impending state penalties if they failed to meet certain requirements. After the change, families knew what they needed to do to avoid losing benefits, avoiding the surprise cutoffs that had been common with the old, unclear notices. Hudgins also served on a committee to revise all welfare notices so that recipients could more easily understand their responsibilities.

**Preventing budget cuts.** As a result of CAA’s post-9/11 efforts to prevent program cuts and generate alternative forms of revenue, many programs were spared. During the Fall 2001 session, CAA distributed bulletins to all legislators detailing the ramifications of certain cuts. Among those highlighted, funding was retained for child care subsidies, child care inspection, health insurance for youth leaving foster care, and pay increases for state employees and private providers caring for children.

#### **Beneficial Tax Policies**

On the tax side, CAA has fewer concrete accomplishments to point to. According to Naimark, “We are still at the level of raising community awareness, getting people to realize why tax policy matters to families and children, and identifying policy options.” Even though concrete accomplishments are few, Hudgins believes “CAA has broadened the fiscal debate significantly.” Loreda, pointing to the near success of the 2001 campaign, is confident that Arizona is poised to broaden the sales tax by eliminating many current special exemptions and expanding coverage of the sales tax to services.

However, CAA has prevented a couple of damaging tax measures.

**Preventing corporate and personal income tax cuts.** CAA put together information for coalitions on the disastrous consequences of a proposed ballot initiative to axe Arizona’s corporate and personal income tax, a measure that would have eliminated half the state’s revenue. A court decision declared the proposal unconstitutional and it never made it to the ballot.

#### **Defeating the single-sales factor corporate tax modification.**

Discussed earlier, Hudgins’s timely and solid testimony on the consequences of passing the single-sales factor amendment helped prevent its taking effect.

#### **Challenges and Issues**

CAA faces ongoing and future challenges as it works to improve the lives of Arizona’s children and families.

### **Remaking CAA's Relationship with the Business Community**

As CAA takes on Arizona's revenue system, it will have to carefully navigate its relationship with the business community. From its earliest days, CAA has drawn its board in large part from the corporate sector because corporations carry such weight in Arizona politics. As long as CAA was focused on services for children, there was little potential for conflict. As part of SFAI, however, CAA is taking on Arizona's structural deficit. "In reality, that means CAA is calling for tax increases," says Hudgins. "We've had a comfortable relationship in the past, but now we're moving into more confrontational issues." CAA must work carefully to build and maintain support among members of the business community for its complete program, including fiscal aims. To be successful, CAA needs to be able to draw on the power of the business community. However, it must achieve that goal without sacrificing its tax reform agenda, which is so important to Arizona's children and families.

### **Expanding Financial Resources**

Identifying local funding sources for SFAI is difficult. There are very few foundations in Arizona that fund policy reform initiatives or agendas in support of improving human services. Corporations are seldom willing to support CAA because its efforts to reform Arizona's tax policies are frequently at odds with their particular policy agendas. Limitations on funding constrain what CAA can accomplish and how many different aspects of tax and budget policy the organization can simultaneously support.

### **Weak Media Coverage of Fiscal Issues**

Although CAA has strong relationships with the media, reporters are much better at covering children's issues than fiscal issues. There is no identified beat for fiscal issues and those reporters who do write on legislative issues tend to cover "who's in, who's out, who's up, and who's down," says Naimark. "There is less interest in covering policy issues than there is

political maneuvering." Thus, it is difficult to be as effective with the media when dealing with tax and budget issues as CAA is used to on children's issues. This difficulty is exacerbated because reporters lack fiscal expertise. As a result, they have little personal inclination to research or write such stories, and the quality of reporting reflects their limited fiscal skills.

### **Winning Tax Increases**

Hudgins foresees Arizona's budget deficit becoming an issue again. Because the deficit is really a structural issue, the ultimate solution will require tax increases. Never popular anywhere, tax increases are generally resisted in Arizona. Despite PAFCO's broad membership supporting tax reform and tax increases, getting Arizona policymakers and the public at large to consider alternative revenue options rather than the more typical response to cut human services will not be easy.

In that tough political environment, CAA has distinguished itself as the premier source of budget and tax analysis focused on impacts on children and families. It has forged deep relationships with policymakers and the media and is a valuable early resource for new coalitions. With a strong record of accomplishment in supporting budget improvements for Arizona's children, and some surprising early success on the tax side, CAA is poised to achieve at least the beginning of the fundamental revenue restructuring it believes is necessary to give Arizona state government what CAA calls "reliable revenues for responsible budgets."