

Governor upbeat in Flagstaff

Despite a budget deficit, Napolitano proposes new programs without new taxes.

By J. FERGUSON

Sun Staff Reporter

Despite an estimated deficit of \$850 million in this year's state budget, Gov. Janet Napolitano told Flagstaff Rotary Club members yesterday she had no intention of raising their taxes.

"If we ever have to address (raising) taxes, we should have to go to the ballot," Napolitano told a receptive crowd of about 300 Tuesday at Black Bart's.

The governor recapped her sixth State of the State address she gave Monday, acknowledging that the state's current budget deficit will force the state to make some changes.

Napolitano floated two of those changes in her 30-minute speech, saying she wants to take \$293 million out of the state's "rainy day fund" and have the state sell bonds to build new schools instead of take the money out of the \$10.6 billion operating budget.

She has previously outlined \$214 million in savings to balance the state's books this fiscal year through program cuts and by deferring spending.

In an interview with the *Arizona Daily Sun* prior to the Rotary meeting, Napolitano said she will hold university funding harmless in her budget, equating the state's future



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Jenn Ireland/Arizona Daily Sun

GOVERNOR JANET NAPOLITANO WALKS through a crowd at North Country HealthCare Tuesday morning, where some 300 people were gathered to hear her speak and watch her cut the ribbon at the new facility on Fourth Street.

economic health with the number of graduates from the state's three universities.

She says she wants to double the current number of college graduates by 2020.

But even the size of the deficit is still in question, as Napolitano cites \$850 million while the Republican-controlled Legislature's joint legislative budget committee figure is closer to \$1 billion.

Napolitano is confident that the state's financial problems are transitory.

"The budget is a challenge; it is not

a wall," Napolitano said. "We need to keep moving forward."

During her speech, Napolitano outlined a proposal that would give current eighth-graders free tuition at state colleges and universities for maintaining a B average.

Other programs discussed by Napolitano included extending private and public health insurance plans, allowing parents to cover their children up to age 25 and allowing parents with children with serious pre-existing conditions to buy into the state's Kidscare insurance program, calling the program "Kidshare."

She told the Rotary audience that the shortfall in tax revenues prevents her from proposing extensive new programs at this time.

Napolitano will release her proposed budget for 2008-09 on Friday.

After her Rotary talk, she visited the new \$8 million North County HealthCare clinic, which she officially dedicated.

ON THE WEB

www.azleg.gov/jlbc/FY08budgetshortfall.pdf

J. Ferguson can be reached at 556-2253 or jferguson@azdailysun.com.