

FY 2005 BUDGET RECONCILIATION BILLS (BRB)

SCHOOL FACILITIES BOARD - CHAPTER 274 (SB 1406)

	<u>Section #</u>
School Facilities Board	
<i>Building Renewal Formula</i>	1,8
<ul style="list-style-type: none">As permanent law starting in FY 2006, change the building renewal formula to better reflect actual building system maintenance costs: 1) Limit the age of a building to 30 years; 2) Eliminate separate funding formula for portable buildings; 3) Use square foot per student requirements from minimum adequacy guidelines rather than from new construction guidelines and 4) Use “replacement cost” per square foot rather than new construction cost per square foot in the formula. Governor Vetoes this Provision.	
<i>Building Renewal Fund</i>	7
<ul style="list-style-type: none">Transfer \$105 million from the Building Renewal Fund to the General Fund. Under current law, \$135 million will be automatically transferred from the General Fund to the Building Renewal Fund. This subsequent transfer back will result in a net \$30 million in the Building Renewal Fund for distribution to districts.	
<i>Deficiency Correction Funding</i>	2,3,4,5
<ul style="list-style-type: none">As session law, reduce existing FY 2005 appropriation (Laws 2003, Chapter 2, 1st Special Session) to the Deficiencies Correction Fund from \$100 million to \$75 million and fund remaining \$25 million with revenue bonds. Prior to issuing the revenue bonds, SFB shall submit their financing proposal to JCCR for review. SFB shall also report to JCCR the cost of projects paid for with the cash appropriation.	
<i>Lease-to-Own</i>	6
<ul style="list-style-type: none">As session law, allow the board to enter into lease-to-own agreements for a maximum of \$250 million in FY 2005.	
<i>Lease-to-Own Debt Service Fund</i>	6
<ul style="list-style-type: none">As session law, do not revert to the General Fund any monies remaining in the Lease-to-Own Debt Service Fund at the end of FY 2004.	
<i>Retroactivity</i>	9
<ul style="list-style-type: none">Sections 2 through 7 are retroactive to June 30, 2004.	

EDUCATION - CHAPTER 278 (SB 1405)

	<u>Section #</u>
Arizona Department of Education	
<i>2% Inflation Adjustment</i>	1, 2, 4
<ul style="list-style-type: none">As permanent law, increase by 2% the formula funding "base level" in A.R.S. § 15-901(B2), the charter school “additional assistance” amounts per pupil in A.R.S. § 15-185(B4) and the transportation funding amounts per route mile in A.R.S. § 15-945(A5). (The "base level" would increase by about 2.5% because of higher "additional school day" funding for FY 2005 from Proposition 301.)	
<i>Rapid Decline Formula</i>	10
<ul style="list-style-type: none">As session law, reduce Rapid Decline formula by 50% for FY 2005.	
<i>Joint Technological Education District Cap</i>	7
<ul style="list-style-type: none">As session law, extend current prohibition on joining or forming JTED's through FY 2005.	
<i>Desegregation Cap</i>	16
<ul style="list-style-type: none">As session law, replace expiring “hard cap” with a “soft cap” that would allow desegregation expenditures to increase for enrollment growth and inflation.	
<i>Chartering Suspension</i>	8
<ul style="list-style-type: none">As session law, continue to prohibit the State Board of Education (SBE) from sponsoring any additional charter schools during FY 2005 and require the State Board for Charter Schools to provide oversight for existing SBE-sponsored charter schools during FY 2005.	

	<u>Section #</u>
<i>K-12 Rollover</i>	
• As session law, defer until July 1, 2005 \$191 million of the Basic State Aid and Additional State Aid (Homeowner's Rebate) payment that school districts otherwise would receive on June 15, 2005, and appropriate \$191 million for July 2005.	11, 12
<i>Rollover Correction</i>	
• As session law, eliminate inadvertent double appropriation for K-12 rollover for FY 2004. The session law appropriation may be eliminated as these monies are already appropriated in the General Appropriation Act.	6
<i>Shorter School Year</i>	
• As session law, continue to allow a shorter than 36-week school year using longer days.	9
<i>Unorganized District Transportation</i>	
• As session law, transfer \$600,000 in ADOA COP refinancing proceeds to ADE and require ADE to allocate the money to a school district that served at least 150 pupils from unorganized territories in FY 2003 so that the district can purchase more pupil transportation vehicles.	15
<i>Supplemental State Aid for Uncollected Property Tax</i>	
• As permanent law, require the State Board of Education to provide supplemental state aid to a school district that has a primary property tax delinquency rate of more than 30%.	5
• As session law, appropriate \$3,215,000 in FY 2005 from the SFB School Improvement Revenue Bond Debt Service Fund to ADE for distribution to the Hayden-Winkelman School District for supplemental state aid.	17, 20
• As session law, establish a Joint Legislative Study Committee on Hayden-Winkelman property taxes.	18, 19
<i>Full Day Kindergarten (FDK)</i>	
• As permanent law, require funding for FDK to be provided in FY 2005 to schools with at least 90% of students qualifying for free or reduced price lunches.	3
• As permanent law, establish a Joint Legislative Study Committee on FDK and require it to forward preliminary recommendations to the Speaker of the House, Senate President and Governor by December 1, 2004.	3
• As permanent law, require the Legislature to develop a plan to provide statewide FDK by FY 2010 and require the plan to consider recommendations from the Joint Legislative Study Committee on FDK.	3
• As session law, appropriate \$21 million to ADE in FY 2005 for FDK.	13
• As permanent law, require school districts and charter schools that receive monies from the Full-Day Kindergarten Fund to submit a report to ADE detailing expenditures and activities related to full-day kindergarten.	3
• As permanent law, provide for funding the Arizona State Schools for the Deaf and the Blind in the same manner as school districts and charter schools.	3
• As session law, appropriate \$4 million to SFB in FY 2005 to distribute capital grants to school districts that immediately require additional space to provide FDK.	14
<i>Retroactivity</i>	
• Most provisions are retroactive to July 1, 2004	21

HEALTH AND WELFARE - CHAPTER 279 (SB 1410)

	<u>Section #</u>
AHCCCS	
<i>County Acute Care Contributions</i>	
• As session law, set the County Acute Care contribution at \$66,689,500, same level as FY 2004.	7
<i>Disproportionate Share Uncompensated Care (DUC) Pool</i>	
• As session law, continue the use of DUC pool contributions in AHCCCS.	8
<i>Disproportionate Share Hospitals (DSH) Withholding</i>	
• As session law, amend FY 2004 and establish FY 2005 withholding amounts from counties, and adjust county expenditure limit calculations.	9,10,11
<i>ALTCS County Costs and Federal Savings</i>	
• As session law, adjust formula for elimination of one-time federal monies.	12

	<u>Section #</u>
<i>Emergency Services Program</i>	
• As permanent law, eliminate State Emergency Services program (A.R.S. § 36-2901.06). The same provision was vetoed as part of the FY 2004 budget, but the Governor's Office subsequently described the action as a clerical error.	2
<i>KidsCare Parents Extension</i>	
• As session law, extend eligibility for parents of children in the Children's Health Insurance Program (KidsCare) to FY 2005.	13
<i>Outpatient Hospital Reimbursement Rates</i>	
• As permanent law, require AHCCCS to develop a capped fee-for-service schedule for hospital outpatient rates, effective January 1, 2005.	3, 19, 20, 23
<i>Redetermination Period</i>	
• As permanent law, change redetermination period from 6 months to 1 year effective June 30, 2004.	1, 24
<i>Rulemaking Exemption</i>	
• As session law, exempt AHCCCS from rulemaking requirements for 1 year to implement changes.	18
Department of Economic Security	
<i>Institutional Support Payments</i>	
• As session law, continue to suspend requirement to pay Institutional Support Payments in FY 2005.	16
<i>Maximum Child Care Income Eligibility</i>	
• As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require report to JLBC within 15 days of change in levels.	17
Department of Health Services	
<i>Restoration to Competency Cost Sharing</i>	
• As session law, clarify cities continue to pay 86% of cost of restoration to competency treatment in FY 2005.	6
<i>Suicide Prevention Program</i>	
• As session law, continue to suspend the Suicide Prevention Program in FY 2005.	14
<i>Vaccines Funding</i>	
• As session law, make \$576,600 of unexpended FY 2003 General Fund vaccines appropriation available for expenditure in FY 2005. Require JLBC review if DHS chooses to not spend monies on vaccines.	15
Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers	
<i>Agency Extension</i>	
• As permanent law, extends the sunset date for the Board from July 1, 2004 to July 1, 2005. As session law, as required by A.R.S. § 41-2955B, outlines the purpose of the Board and requires Auditor General to complete a performance audit by January 1, 2005.	4, 5, 21, 22, 24

ENVIRONMENTAL PROTECTION - CHAPTER 280 (SB 1411)

	<u>Section #</u>
Department of Environmental Quality	
<i>General Fund Transfer to WQARF</i>	1
• As session law, continue to set the FY 2005 corporate income tax transfer to WQARF at \$10,000,000.	
<i>Underground Storage Tank Fund</i>	2
• As session law, increase administrative cap to \$6,930,900 in FY 2005.	
State Parks	
<i>Off Highway Vehicle Recreation Fund</i>	5
• As session law, allow the agency to spend up to \$692,100 for general agency operating costs from the Park allocation of the Off Highway Vehicle Recreation Fund.	
<i>State Parks Enhancement Fund (SPEF)</i>	6
• As session law, continue to allow legislative appropriation of the entire fund, less an amount sufficient to fund the lease-purchase payment for the Tonto Natural Bridge State Park, for operating purposes in FY 2005. Currently, half of the fund for capital purposes is non-appropriated.	

Section #

Department of Water Resources

Water Protection Fund

3

- As session law, continue to suspend the requirement for a \$5 million General Fund appropriation to the Water Protection Fund in FY 2005.

Augmentation and Conservation Assistance Fund/Dam Repair Fund

4

- As session law, allow the use of up to \$1,551,600 from the Augmentation and Conservation Assistance Fund and the Dam Repair Fund for operating expenditures in FY 2005.

CRIMINAL JUSTICE - CHAPTER 28I (SB 1412)

Section #

Attorney General

Collection Enforcement Revolving Fund

11

- As session law, continue to allow use of Collection Enforcement Revolving Fund for operating expenses in FY 2005.

Department of Corrections

Lease-Purchase Furniture, Fixtures and Equipment

4

- As session law, amend Laws 2003, 2nd Special Session, Chapter 5 to allow Certificates of Participation (COP) proceeds be used for furniture, fixtures and equipment as well as prison construction costs. Chapter 5 authorized the issuance of \$37.5 million to construct 1,000 state prison beds.

Privatize Inmate Stores (Canteens)

1, 5

- As permanent law, require ADC to issue a request for proposals and award a contract to operate inmate stores by January 1, 2005. ADC may submit a bid to operate. Allows director to use state profits for inmate activities, incentive pay, safety equipment and other official needs.

Procurement Exemption

6

- As session law, continue ADC exemption from procurement code for private incarceration contracts in FY 2005.

Board of Executive Clemency

Combine Chair/Director Positions

12

- As session law, combine responsibilities of the board chairman and executive director positions through FY 2007.

Judiciary

Probation Officer Caseload Ratios

9

- As session law, suspend adult probation officer caseload ratios for Maricopa County in FY 2005.

Department of Public Safety

Arizona Public Safety Communications Advisory Commission

2, 3,

- As permanent law, creates the Arizona Public Safety Communications Advisory Commission within DPS to make recommendations on the development of a public safety interoperable communications network and a plan for use of the network. The commission consists of the director of DPS and 14 members appointed by the Governor.

7, 8

Redirect CJEF Revenues

10

- As session law, continue to redirect 9% of CJEF revenues, formerly deposited into the General Fund, to DPS to fund the department's crime lab system in FY 2005.

HIGHWAY FUND MONIES - CHAPTER 282 (SB 1413)

	<u>Section #</u>
Department of Public Safety	
<i>HURF/State Highway Fund</i>	4
<ul style="list-style-type: none">As session law, continue to suspend the schedule established by A.R.S. § 28-6537 and A.R.S. § 28-6993 governing the level of HURF and State Highway Fund revenues available to fund DPS' Highway Patrol costs and remove the spending cap in FY 2005.	
Other	
<i>Phoenix International Raceway</i>	1-3
<ul style="list-style-type: none">As permanent law, provides technical changes to Laws 2003, Chapter 182 which extended PIR's retention of collections to permit further access improvements to the raceway.	
<i>VLT Transfer</i>	5
<ul style="list-style-type: none">As session law, transfer \$118,000,000 from the state's share of vehicle license tax collections to the General Fund in FY 2005.	

GENERAL FUND REVENUE - CHAPTER 283 (SB 1414)

	<u>Section #</u>
Arizona State Lottery Commission	
<i>Powerball Profit Transfer to the General Fund</i>	1
<ul style="list-style-type: none">As session law, continue to require the Arizona Lottery to return 31.6% of Powerball sales to the General Fund in FY 2005.	
Other	
<i>Federal Funds</i>	2, 3
<ul style="list-style-type: none">As session law, require unrestricted federal funds received between May 1, 2004 and June 30, 2005 to be deposited in the General Fund for the payment of essential government services. Retroactive to April 30, 2004.	

WITHHOLDING TAX RATES - CHAPTER 284 (SB 1415)

	<u>Section #</u>
<i>Withholding Rates</i>	1-3
<ul style="list-style-type: none">As permanent law, increase state withholding rates beginning on January 1, 2005, to account for changes in federal rates.	

LADEWIG SETTLEMENT - CHAPTER 285 (SB 1416)

	<u>Section #</u>
Department of Revenue	
<i>Ladewig v. State Settlement</i>	1
<ul style="list-style-type: none">As session law, allocate another \$120 million from General Fund for the Ladewig v. State of Arizona settlement and allow \$3.7 million to be used for administrative costs in FY 2005 subsequent to JLBC review.	

STATE FEES - CHAPTER 286 (SB I417)

	<u>Section #</u>
Arizona Historical Society	
<i>Fees</i>	1
<ul style="list-style-type: none">• As session law, allow agency to charge fees for services in FY 2005.	
Departments of Insurance and Real Estate	
<i>Fee Range Suspension</i>	2, 3
<ul style="list-style-type: none">• As session law, continue to suspend 95%-110% fee requirement in FY 2005.	

ELECTION SYSTEMS FUNDING - CHAPTER 287 (SB I418)

	<u>Section #</u>
Secretary of State	
<i>Eliminate Election Systems Improvement Fund Double Appropriation</i>	1
<ul style="list-style-type: none">• As permanent law, allow General Fund monies appropriated to the Election Systems Improvement Fund to be expended from the fund without a second appropriation.	