

FY 2007 BUDGET RECONCILIATION BILLS (BRB)

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FY 2007 BUDGET RECONCILIATION BILLS (BRB)

HEALTH AND WELFARE - CHAPTER 33I (HB 237I)

Section

Department of Administration

Employee Health Insurance

- As permanent law, modify existing state employee insurance trust fund report to include information on state employee health insurance actuarial assumptions and methodology for the current year, preliminary estimates for the upcoming plan year, and analysis of the actuarial soundness of state employee health insurance for the most recent and current plan year. Report due March 1. 15
- As session law, prohibit ADOA to make changes to the benefit design of the program without legislative approval in FY 2007. 38
- As session law, prohibit ADOA from implementing a differentiated health insurance premium in FY 2007 based on the integrated or non-integrated status of the provider beginning Oct. 1, 2006. 37

AHCCCS

Budget Neutrality Compliance Fund

- As permanent law, amend A.R.S. § 11-292 for technical correction to percentage amounts. 1

Clawback

- As permanent law, clarifies that required federal Clawback payments are part of the cost of providing long term care services. 1

Capitation Rate Adjustments

- As permanent law, limit annual capitation rate adjustments to utilization and inflation, unless policy changes have been approved by the Legislature or are specifically required by federal law or court mandate. 7, 10

County Acute Care Contributions

- As session law, set the County Acute Care contribution at \$59,222,500. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328. 18

County ALTCS Contributions

- As session law, set county ALTCS contributions at \$244,880,500 19

Disproportionate Share Hospitals (DSH) Withholding

- As session law, establish FY 2007 withholding amounts from counties 20

Disproportionate Share Uncompensated Care (DUC) Pool

- As session law, continue the use of a total of \$2,646,200 of DUC pool contributions in AHCCCS for all counties other than Maricopa. 21

Eligibility Privatization

- As session law, require AHCCCS to issue a request for proposals (RFP) for privatizing the eligibility determination process. Require JLBC review of RFP before issuance. 29

Emergency Rulemaking - Cost-Sharing

- As session law, provide AHCCCS emergency rulemaking authority through January 1, 2007 for implementing cost-sharing measures in General Appropriation Act. 28

Graduate Medical Education (GME)

- As permanent law, establishes new distribution methodology for new GME monies with first priority given to programs established before July 1, 2006 which do not currently receive GME monies under current distribution formula 7, 39

- Appropriate \$4,000,000 from the General Fund and \$12,000,000 in total expenditure authority for program in FY 2007. Monies are exempt from lapsing. 33

Hospital Loan Program

- As permanent law, requires AHCCCS to establish hospital loan program to fund start-up and ongoing costs for residency programs in accredited hospitals. Specifies program participation requirements and loan distribution order. Establishes Hospital Loan Residency Fund consisting of legislative appropriations and loan repayment monies and administered by the AHCCCS director. 9
- Appropriate \$1,000,000 for deposit into Fund in FY 2007. Monies are exempt from lapsing. 33

<i>KidsCare Parents (KCP)</i>	
<ul style="list-style-type: none"> As session law, continue KCP program until June 30, 2007. Provide AHCCCS emergency rulemaking authority through January 1, 2007 for implementing cost-sharing measures. In lieu of other fee schedules, KCP households shall pay premiums totaling 3% of net income between 100% and 150% of the Federal Poverty Level (FPL), 4% between 150% and 175%, and 5% between 175% and 200%. 	28, 32
<i>Outlier Reimbursement</i>	
<ul style="list-style-type: none"> As session law, require AHCCCS to evaluate the methodology used to reimburse hospitals for extraordinary operating costs (“outliers”) and report to JLBC by October 15, 2006. The session law outlines the minimum requirements of the report, including recommendations for revising the methodology and required statutory changes. 	31
<i>Redetermination</i>	
<ul style="list-style-type: none"> As session law, continue redetermination period of 6 months for Temporary Assistance for Needy Families Cash Benefit clients age 21 or older. Require AHCCCS to report to President of the Senate, Speaker of the House, and the Joint Legislative Budget Committee by February 10, 2007 on the results of the redetermination change. 	22
Board of Chiropractic Examiners	
<i>Board Membership</i>	
<ul style="list-style-type: none"> As permanent law, Board of Chiropractic Examiners board members may not receive compensation as an agent or employee of or a contractor for an insurance company, but may receive compensation from an insurance company for patient care. 	2
Department of Economic Security	
<i>Adoption Services Family Preservation Projects</i>	
<ul style="list-style-type: none"> As session law, amend the FY 2006 General Appropriation Act to remove the non-lapsing provision of the appropriation to the Adoption Services-Family Preservation Projects line item. Retroactive to June 30, 2006. 	23, 40
<i>Capitation Rate Adjustments</i>	
<ul style="list-style-type: none"> As permanent law, limit annual capitation rate adjustments to utilization and inflation, unless policy changes have been approved by the Legislature or are specifically required by federal law or court mandate. 	11
<i>Child Care Income Eligibility</i>	
<ul style="list-style-type: none"> 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. 	25
<i>Child Care Reforms</i>	
<ul style="list-style-type: none"> As session law, require DES to revert \$800,000 of its FY 2007 General Fund operating budget if the department has not fully selected child care reforms passed in conjunction with the FY 2006 budget. Provide emergency rulemaking authority to the department through January 1, 2007. 	27, 28
Governor’s Council on Workforce Policy	
<i>Annual Budget Report</i>	
<ul style="list-style-type: none"> As permanent law, require the Governor’s Council on Workforce Policy to submit an annual report on statewide job training and workforce development spending to the Governor, President of the Senate, Speaker of the House of Representatives, and the Joint Legislative Budget Committee by September 1 annually. 	16
Department of Health Services	
<i>Capitation Rate Adjustments</i>	
<ul style="list-style-type: none"> As permanent law, limit annual capitation rate adjustments to utilization and inflation, unless policy changes have been approved by the Legislature or are specifically required by federal law or court mandate. 	12
<i>Community Health Centers</i>	
<ul style="list-style-type: none"> Appropriate \$3,000,000 from the Tobacco Tax Medically Needy Account to DHS in FY 2007 for grants to community health centers. 	34
<i>Privatization of the Arizona State Hospital</i>	
<ul style="list-style-type: none"> As session law, require DHS to report to the Joint Legislative Budget Committee on whether DHS intends to privatize the state hospital by July 1, 2007. 	24

<i>Restoration to Competency Cost Sharing</i>	
• As session law, continue to require Maricopa and Pima Counties and cities to pay 86% of cost of restoration to competency treatment in FY 2007. All other counties would no longer have cost-sharing requirements; in FY 2006, these other counties paid 50%.	26
<i>Suicide Prevention Program</i>	
• As permanent law, eliminate the Suicide Prevention Program. This program has not received funding since FY 2002.	13
<i>Vital Records Electronic Systems Fund</i>	
• As permanent law, repeal sections of Laws 2004, Chapter 117, which redirected all Vital Records Electronic Systems Fund monies into the General Fund starting July 1, 2006. As session law, require department to revise the current fees to generate no more than \$500,000 into the Vital Records Electronic Systems Fund in FY 2007. Provide emergency rulemaking authority to the department through January 1, 2007.	3, 4, 17, 28, 30, 40
• As permanent law, clarify that local counties may set their own Vital Records fees.	3
• As permanent law, convert the Vital Records Electronic Systems Fund to an appropriated fund. Retroactive to June 30, 2006.	5, 40
• As session law, appropriate balance of Vital Records Electronic Systems Fund to the department in FY 2007.	39
Other	
<i>Autism Program - DES</i>	
• As permanent law, permit DES to enter into a contract for training and oversight of habilitation workers to utilize intensive behavioral treatment through applied behavioral analysis, subject to legislative appropriation. Appropriate \$200,000 from the Tobacco Tax Medically Needy Account in FY 2007 to DES for this purpose. Exempt from lapsing through June 30, 2008.	6, 35
• As session law, require DES to submit to the Governor, President of the Senate, Speaker of the House of Representatives and JLBC an evaluation of these services and best practices by March 1, 2007	36
<i>Autism Program - DHS</i>	
• As permanent law, permit DHS, subject to legislative appropriation, to provide additional children's autism services through contract with established firm meeting specified criteria for services that utilize techniques of discrete trial and natural environment intensive behavioral treatment through applied behavioral analysis. Appropriate \$1,800,000 from the Tobacco Tax Medically Needy Account in FY 2007 to DHS for this purpose. Exempt from lapsing through June 30, 2008.	14, 35
• As permanent law, permit DHS, subject to legislative appropriation, to provide additional children's autism services through contract with an Arizona-based firm meeting specified criteria for providing toddlers with autism services that utilize intensive early intervention Appropriate \$500,000 from the Tobacco Tax Medically Needy Account in FY 2007 to DHS for this purpose. Exempt from lapsing through June 30, 2008.	16, 35
• As session law, require DHS to submit to the Governor, President of the Senate, Speaker of the House of Representatives and JLBC an evaluation of both these services and best practices by March 1, 2007	36

BUDGET PROCEDURES - CHAPTER 346 (HB 2866)

Section

Government Information Technology Agency

Web Portal

• As permanent law, establish State Web Portal Fund subject to legislative appropriation. Fund revenues come from fees paid by web portal (e.g., ServiceArizona) users after third-party administrative costs have been deducted.	2
• As session law, appropriate all FY 2007 receipts to the State Web Portal Fund to the Agency and require JLBC review prior to expenditure of monies from the fund in FY 2007.	5
• As session law, require GITA, after executing but before implementing any new web portal contract in FY 2007, to submit the fiscal provisions of the contract to JLBC for its review.	5

Department of Revenue

Business Reengineering/Integrated Tax System (BRITS)

- As session law, require legislative authorization prior to executing any future BRITS contract extensions or modifications that increase the contractor’s share of gain-sharing proceeds from state revenues. 3

Other

Program Budgeting

- As session law, require OSPB to submit proposed program budgeting structures for AHCCCS, DES, DHS, Department of Housing and Universities to JLBC Staff by October 1, 2006. These are the remaining agencies that have not yet been converted to a program budget structure as required by Laws 1997, Chapter 210. 4

Strategic Planning 5-Year Plans

- As permanent law, require agencies which are required to develop a 5-year strategic plan also provide an executive summary of the plan not to exceed 5 pages in length. 1

CASE SETTLEMENTS - CHAPTER 347 (HB 2867)

Section

Department of Revenue

Ladewig v. State Settlement

- As session law, allocate \$94.8 million from the General Fund for the Ladewig v. State of Arizona settlement and allow \$1 million to be used for administrative costs in FY 2007 subsequent to JLBC review. 1
- As session law, revert any unused settlement related monies from FY 2006 and FY 2007 to the General Fund. 1
- As session law, revert any settlement related unclaimed refunds in FY 2007 to the General Fund. 2

Kerr v. State Settlement

- As session law, allocate \$15 million from the General Fund for the Kerr v. State of Arizona settlement and require JLBC review of expenditure plan. 3
- As session law, revert any unused settlement related monies to the General Fund. 3
- As session law, revert any settlement related unclaimed refunds in FY 2007 to the General Fund. 4

CRIMINAL JUSTICE - CHAPTER 348 (HB 2868)

Section

Attorney General

Collection Enforcement Revolving Fund

- As session law, continue to allow use of Collection Enforcement Revolving Fund for operating expenses in FY 2007. 7

Legal Services Cost Allocation

- As permanent law, amend A.R.S. § 41-191.09 to exclude the Department of Economic Security, the Arizona Health Care Cost Containment System, the Superior Court, the Court of Appeals, the Supreme Court, the Arizona Department of Administration Risk Management Fund, and the Arizona Department of Agriculture from the pro rata charge. 2
- As permanent law, amend A.R.S. § 41-191.09 to apply the pro rata charge to the General Fund payroll as well as Other Appropriated and Non-Appropriated payrolls. 2
- As permanent law, amend A.R.S. § 41-191.09 to increase the pro rata charge from 0.33% to 0.635%. 2
- Retroactive to June 30, 2006. 8

Department of Corrections

Budget Structure

- As session law, require the Department of Corrections to report actual FY 2006, estimated FY 2007, and requested FY 2008 expenditures for the new budget structure (Correctional Officers Personal Services, Health Care Personal Services, All Other Personal Services, Employee Related Expenditures, Health Care All Other Operating Expenditures, Non-Health Care All Other Operating Expenditures) and special lines items as delineated in the FY 2007 General Appropriation Act when the department submits the FY 2008 budget request pursuant to A.R.S. § 35-133. 3

Prison Bed Bidding/Contracts

- As session law, authorize the Arizona Department of Administration (ADOA) to issue a request for proposals (RFP) and to execute one or more contracts for 3,000 prison beds. ADOA shall submit the RFP for JLBC review by October 2, 2006 and issue the RFP by December 22, 2006. After review by JLBC, ADOA shall execute the contract or contracts by June 30, 2007. 4
- As session law, allow the Department of Corrections to bid for all or a portion of the 3,000 beds. 4
- As session law, appropriate \$11,193,000 from the General Fund in FY 2008 to ADOA for the prison beds to become operational beginning in April 2008 if a contract or contracts are executed by June 30, 2007. 4

Legislature

Unconstitutional Proceeding Notification

- As permanent law, require that, in addition to the Attorney General, the Speaker of the House and President of the Senate be notified of any proceeding in which a state statute, ordinance, franchise or rule is alleged to be unconstitutional. 1

Department of Public Safety

Redirect CJEF Revenues

- 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 operations in FY 2007. 5

State Treasurer

Justice of the Peace Salaries

- As session law, continue to fund state share of Justice of the Peace (JP) salaries at 38.5% in FY 2007. 6

ENVIRONMENTAL PROTECTION - CHAPTER 349 (HB 2869)

Section

Department of Agriculture

Livestock and Crop Conservation Fund

- As session law, set administrative cap for Fund at 10% instead of 5% in FY 2007. 12

Department of Environmental Quality

Underground Storage Tank Fund

- As session law, continue to set administrative cap at \$6,331,000 in FY 2007. 10

State Land Department

Due Diligence Fund

- As permanent law, establish appropriated Due Diligence Fund consisting of legislative appropriations and reimbursements for advance due diligence studies conducted by the department. Monies in excess of \$500,000 revert to the General Fund. 4, 5
- As session law, appropriate all monies in the fund in FY 2007. 13

State Parks Board

State Lake Improvement Fund

- As permanent law, restrict use of Fund monies to waters where gasoline-powered boats are permitted. 1

- State Parks Enhancement Fund*
- As session law, allow appropriated Fund monies to be used for the operation of state parks or for capital needs as approved by the Joint Committee on Capital Review in FY 2007 14

Department of Water Resources

- Interstate Water Banking Agreement with Nevada*
- As permanent law, require the Arizona Water Banking Authority to report by October 1 yearly to the Joint Legislative Budget Committee on all receipts and disbursements made pursuant to an interstate water banking agreement with the state of Nevada or any of its political subdivisions. Specifies that the first report, covering FY 2005 and FY 2006, is due October 1, 2006. 7
 - As permanent law, prohibit Arizona Water Banking Authority from using interstate water banking agreement for any purposes except to pay costs directly incurred in meeting the terms of the agreement. 7
 - As session law, repeal the report on June 30 of the fiscal year immediately following the last fiscal year monies are received under the agreement, but no sooner than June 30, 2020. 15

- Water Protection Fund*
- As session law, continue to suspend the requirement for a \$5 million General Fund appropriation to the Water Protection Fund in FY 2007. 11

Other

- Alternative Fuel Compliance*
- As permanent law, permit state, municipality, school district, county, or federal fleet managers to earn credits toward the state mandate of alternative fuel vehicle purchases by purchasing biodiesel, diesel substitute or an ethanol or methanol blend. Stipulates that the fuel credit be calculated as one vehicle credit for every 450 gallons of neat biodiesel, 2,250 gallons of diesel substitute, or 530 gallons of E85. 2, 3, 6, 8, 9

STATE GOVERNMENT - CHAPTER 350 (HB 2870)

Section

Arizona Department of Administration

- Employee Wellness Program*
- Appropriate \$500,000 from the General Fund in FY 2007 for one-time funding for an employee wellness program. 8

AHCCCS

- 2-1-1 Phone System*
- Appropriate \$1,900,000 from the General Fund and 5 FTE Positions in FY 2007 for the 2-1-1 phone system. Of the amount, \$900,000 is for one-time expenditures 9

- Computer System Planning*
- Appropriate \$200,000 from the General Fund and \$1,800,000 from expenditure authority in FY 2007 for one-time computer system replacement planning. The appropriation does not obligate the Legislature to increase funding for this purpose in future years. 11

- Imaging System Equipment*
- Appropriate \$200,000 from the General Fund and \$200,000 expenditure authority in FY 2007 for imaging system equipment. 10

- Eligibility Workers*
- Appropriate \$5,200,000 and 28.8 FTE Positions from the General Fund and \$5,200,000 and 28.8 FTE Positions from expenditure authority in FY 2007 to verify citizenship in accordance with the Federal Deficit Reduction Act in order to prevent ineligible applicants from receiving services. Of the amounts, \$3,400,000 GF and \$3,400,000 expenditure authority are one-time monies. 12

Attorney General

- Base Restoration*
- Appropriate \$500,000 from the General Fund in FY 2007 for a base operating expenditures restoration. 13

- Case Management Redesign*
- Appropriate \$1,000,000 from the General Fund in FY 2007 for one-time funding of the third year of the case management system redesign. Reduce the Attorney General's Consumer Fraud Revolving Fund FY 2007 appropriation by \$(720,300). 14

<i>Crime Prosecution Staff</i>	
• Appropriate \$1,300,000 from the General Fund and 18 FTE Positions in FY 2007 for the prosecution of crimes related to drug trafficking, human trafficking, and identity theft.	15
Department of Corrections	
<i>Equipment</i>	
• Appropriate \$1,000,000 from the General Fund in FY 2007 for one-time equipment monies.	17
Department of Economic Security	
<i>Adult Independent Living Services</i>	
• Appropriate \$2,300,000 from the General Fund in FY 2007 for adult independent living services.	22
<i>Adult Protective Services</i>	
• Appropriate \$1,500,000 from the General Fund and 30 FTE Positions in FY 2007 for Adult Protective Services workers to achieve a 100% investigation rate..	21
<i>Children Services</i>	
• Appropriate \$14,420,000 from the General Fund in FY 2007 for children services-related line items. Reallocate \$2,705,700 from the General Fund from the Emergency Placement line item to the Residential Placement line item.	18
<i>Developmentally Disabled Dental Pilot Program</i>	
• Appropriate \$1,000,000 from the General Fund in FY 2007 in one-time funding for a dental pilot program administered by a dental school in Maricopa County. The pilot shall serve Title XIX-eligible DD clients at or below 250% of the Federal Poverty Level. Monies are exempt from lapsing through June 30, 2008.	24
<i>Grandparent Kinship Program</i>	
• Appropriate \$1,000,000 from the General Fund in FY 2007 in one-time funding for a grandparent kinship care program. The program shall provide a clothing and personal allowance of no more than \$75 per child per month and one-time transitional assistance of no more than \$300 per child. Monies are exempt from lapsing through June 30, 2008.	23
<i>Navajo Senior Centers</i>	
• Appropriate \$350,000 from the General Fund in FY 2007 for distribution to the Navajo Tribe as one-time funding for senior citizen centers.	20
<i>Summer Youth Employment and Training</i>	
• Appropriate \$1,000,000 from the General Fund in FY 2007 for funding of the Summer Youth Employment and Training program established in A.R.S. § 11-1042.	19
Arizona Department of Education	
<i>Mentor Training</i>	
• Appropriate \$1,000,000 from the General Fund in FY 2007 for the State Board of Education to distribute to the Arizona K-12 Center for program implementation and mentor training.	25
Department of Environmental Quality	
<i>Small Rural Water Systems Grants</i>	
• Appropriate \$750,000 from the General Fund in FY 2007 for the Water Infrastructure Finance Authority to distribute one-time grants to interim operators or managers of small rural water systems approved by the Corporation Commission.	26
Government Information Technology Agency (GITA)	
<i>E-Health Initiative</i>	
• Appropriate \$1,500,000 from the General Fund in FY 2007 to provide information technology grants for rural health care providers.	27
• As session law, require that Joint Legislative Budget Committee review of GITA's planned expenditures from the State Web Portal Fund and GITA's contract for the state web portal in FY 2007 occur within 45 days of the date of receipt in the office of the chairman and require the agency to respond within 15 days to Committee or JLBC Staff requests for information.	39, 40
Department of Health Services	
<i>Diabetes Education</i>	
• Appropriate \$1,000,000 from the General Fund in FY 2007 for one-time funding for diabetes education.	35

<i>High Risk Perinatal Services</i>	
• Appropriate \$1,800,000 from the General Fund in FY 2007 for increased high risk perinatal services.	30
<i>Laboratory Services</i>	
• Appropriate \$520,000 from the General Fund and 4.6 FTE Positions in FY 2007 for laboratory services costs in Phoenix (\$400,000 and 3.6 FTE Positions) and Flagstaff (\$120,000 and 1 FTE Position).	33
<i>Licensing Services</i>	
• Appropriate \$400,000 and 8.5 FTE Positions from the General Fund and \$36,000 expenditure authority in FY 2007 for additional monies in the Assurance and Licensure line item.	32
<i>Rural Modular Dental Buildings</i>	
• Appropriate \$200,000 from the General Fund in FY 2007 for providing rural modular dental buildings.	29
<i>Seriously Mentally Ill (SMI) Housing</i>	
• Appropriate \$2,500,000 from the General Fund in FY 2007 for one-time funding for housing costs for the Maricopa County SMI population.	34
<i>Vaccines</i>	
• Appropriate \$4,400,000 from the General Fund in FY 2007 for additional monies in the Vaccines line item.	28
Arizona Board of Regents	
<i>Arizona Financial Aid Trust</i>	
• As permanent law, change the amount of monies received each year by the Arizona Financial Aid Trust Fund as a permanent endowment from 50% to 25%.	1
• As permanent law, change the match rate of legislative appropriations to student surcharge collections for deposits into the Arizona Financial Aid Trust Fund from 1:1 to 2:1.	1
• Appropriate \$5,000,000 from the General Fund in FY 2007 for deposit in the Financial Aid Trust Fund.	37
Department of Revenue	
<i>Business Re-Engineering/Integrated Tax System (BRITS) Support</i>	
• Appropriate \$1,200,000 from the General Fund in FY 2007 for operational support of BRITS.	36
<i>Unclaimed Property</i>	
• As permanent law, eliminate requirement for newspaper listing of names of individuals with unclaimed property. Instead, require newspaper notices at least semiannually directing the public to the department's internet website or a toll-free telephone number.	3
• As session law, authorize Department of Revenue to execute extensions/modifications of current BRITS contract in FY 2007 with JLBC review of dollar value changes.	41
State Treasurer	
<i>Community College Out-of-County Reimbursement</i>	
• Appropriate \$1,000,000 from the General Fund in FY 2007 to the State Treasurer for distribution to 3 counties (Apache, \$466,000; Greenlee, \$382,800; Santa Cruz, \$151,200) for one-time funding to reduce community college out-of-county reimbursement obligation pursuant to A.R.S. § 15-1469.	16
Universities	
<i>Virtual Water University</i>	
• Appropriate \$1,500,000 from the General Fund and 15 FTE Positions in one-time monies to Arizona universities for research on water issues, split equally between the Arizona State University - Main campus, Northern Arizona University, and the University of Arizona - Main campus.	38
Other	
<i>Arizona Centennial</i>	
• As permanent law, permit non-state-employee members of the Historical Advisory Commission to be reimbursed for travel expenses.	2
• As session law, transfer responsibility for accepting and spending gifts and grants to coordinate statewide plan for Arizona's centennial from the director of the Arizona State Library, Archives, and Public Records to the Historical Advisory Commission and permit the Commission to contract for staff.	4
• As session law, appropriate \$2,500,000 from the General Fund to Legislative Council in FY 2007 for a statewide plan, activities and projects relating to the Arizona centennial. Allow expenditure of \$2,500,000 after \$5,000,000 has been collected by the Historical Advisory Commission from non-state sources. The \$2,500,000 appropriation is exempt from the provisions of lapsing until June 30, 2013.	7

Bill of Rights Commemorative Monument

- As session law, authorize the Department of Administration to provide for the placement of a monument to the federal Bill of Rights pursuant to A.R.S. § 41-1363. Specify that no public monies are authorized for the costs of the monument. This session law is repealed September 30, 2009. 5, 6

GENERAL REVENUES - CHAPTER 35I (HB 287I)

Section

Arizona Commission on the Arts

Arts Endowment Fund Deposits

- As permanent law, eliminate the statutory requirement to annually appropriate \$2 million from the General Fund to the Arts Endowment Fund through FY 2009. The remaining obligation of \$5 million is appropriated in the General Appropriation Act. 4, 7, 16

Arizona State Schools for the Deaf and the Blind

Telecommunication Excise Tax

- As permanent law, eliminate ASDB share of the Telecommunications Excise Tax revenues and provide funding from the General Fund. The Telecommunications Excise Tax revenues will be redistributed to the Commission for the Deaf and the Hard of Hearing. Retroactive to June 30, 2006. 2, 3, 9, 10, 16
- As permanent law, eliminate ASDB Telecommunications Excise Tax Fund. 1

Commission for the Deaf and the Hard of Hearing

Telecommunication Excise Tax

- As permanent law, redistribute ASDB, DHS and Teratogen Information Program shares of the Telecommunications Excise Tax revenues to the Commission for the Deaf and the Hard of Hearing (Telecommunication Fund for the Deaf). ASDB and DHS will be funded from the General Fund. Retroactive to June 30, 2006. 2, 3, 9, 10, 16

Department of Health Services

Telecommunication Excise Tax/Poison Control Fund

- As permanent law, eliminate DHS share of the Telecommunications Excise Tax revenues that are deposited into the Poison Control Fund, and provide funding from the General Fund. The Telecommunications Excise Tax revenues will be redistributed to the Commission for the Deaf and the Hard of Hearing. Retroactive to June 30, 2006. 2, 3, 9, 10, 16
- As permanent law, eliminate Poison Control Fund.

Arizona State Lottery Commission

Powerball Profit Transfer to the General Fund

- As session law, continue to require that 31.6% of Powerball sales be deposited in the Lottery Fund, but only allow deposits from the fund to the Local Transportation Assistance Fund after the General Fund receives \$37 million in FY 2007. Includes intent that Powerball distributions will occur as prescribed in statute in FY 2008. 11

Department of Revenue

Increase Estimated Sales Tax Payment Threshold

- As permanent law, increase the threshold at which a business must make a June estimated sales tax payment from \$100,000 to \$1,000,000. 6, 16

Arizona Sports and Tourism Authority

Eliminate General Fund Backfill in FY 2008

- As permanent law, eliminate statutory provision that automatically transfers monies from the General Fund to the AZSTA when the NFL income tax is below the calculated minimum. Backfill elimination effective in FY 2008. 5, 15

University of Arizona

Telecommunication Excise Tax/Teratogen Information Program

- As permanent law, eliminate the University of Arizona Health Sciences Center share of the Telecommunications Excise Tax revenues for the Teratogen Information Program and provide funding for the program from the General Fund. The Telecommunications Excise Tax revenues will be redistributed to the Commission for the Deaf and the Hard of Hearing. Retroactive to June 30, 2006. 2, 3, 9, 10, 16

Revenue Sharing

Small Town Revenue Sharing

- As session law, distribute \$850,000 from the General Fund to towns with populations of 1,500 persons or less. Qualifying towns include Duncan (\$131,420), Fredonia (\$73,750), Hayden (\$116,300), Jerome (\$221,250), Patagonia (\$110,620) and Winkelman (\$196,660). 13

Urban Revenue Sharing In Lieu FY 2009 Appropriation

- As session law, appropriate \$717,127,600 from the General Fund to the Urban Revenue Sharing Fund in FY 2009 in lieu of statutory tax transfers for urban revenue sharing. 14
- As session law, appropriate \$10,549,800 from the General Fund to the Urban Revenue Sharing Fund in FY 2009 to repay reductions in the distribution percentage in FY 2003 and FY 2004. 14

Other

Federal Funds

- As session law, require unrestricted federal funds received between May 1, 2006 and June 30, 2007 to be deposited in the General Fund for the payment of essential government services. Retroactive to April 30, 2006. 12, 16

Population Estimates Reporting

- As permanent law, extend deadline for a Joint Legislative Budget Committee report on the use of population estimates from June 30, 2006 to July 31, 2006. Retroactive to June 30, 2006. 8, 16

HIGHER EDUCATION - CHAPTER 352 (HB 2873)

Section

Board of Medical Student Loans

Eliminate Medical Student Scholarships Program

- As permanent law, eliminate the authority of the board to award medical student scholarships, but retain its authority to award loans. Preserve existing contracts for students who have already received a scholarship as a result of the program begun in FY 2006. 10, 19, 20

Medical Student Loans Program

- As permanent law, remove loan qualifying restrictions related to the intended field of study, but continue to give preference to students who plan to practice family medicine, general pediatrics, obstetrics and gynecology, general internal medicine, or combined medicine and pediatrics. Also give preference to students who demonstrate a strong commitment to seek a residency and practice medicine in Arizona. Eliminate financial need as the basis for receiving a loan, and instead distribute on a first come first served basis. Award at least 50% of the monies to students at private medical schools. Increase the living allowance to \$20,000 from its current level of \$17,023. 8, 9

Universities/Board of Regents

Alumni Association Funding

- As permanent law, prohibit the use of any tuition collections for alumni associations. 2, 13

Financial Aid Report

- As permanent law, require ABOR to report on financial aid by December 1 of each year. The report shall include information on student costs of attendance, family contribution, grants, loans, and employment. 3

Enrollment Count Dates

- As session law, continue to require ABOR to report to JLBC and OSPB by December 1, 2006 and April 15, 2007 with comparisons between the 21st and 45th day of the fall and spring semesters. 14

<i>Indirect Debt Financing</i>	
<ul style="list-style-type: none"> As permanent law, require JCCR review of capital projects that are not directly financed by a university but that are taken into account by credit rating agencies when determining the university credit rating. Private entities are not required to divulge proprietary information to JCCR for review. 	5 - 7
<i>Joint Study Committee on Medical School Education</i>	
<ul style="list-style-type: none"> As session law, continue the Joint Study Committee on Medical School Education through December 31, 2006. The purpose of the committee is to evaluate statewide needs for medical education. Require the committee to report its findings and conclusions by December 1, 2006. 	17, 18
<i>Public Posting of Employment Opportunities</i>	
<ul style="list-style-type: none"> As session law, require all public higher education institutions to publicly post all employment openings. 	16
<i>Credit Threshold Exemptions</i>	
<ul style="list-style-type: none"> As permanent law, exempt certain credits earned by students from the credit hour threshold. Among the exempted credits are those that are earned for a degree program requiring hours above the threshold, credits earned in the pursuit of 2 baccalaureate degrees, licenses, or certificates, credits earned toward a teaching certification, credits transferred from a private institution or one located in another state, credits earned more than 24 months after the end of the student's previous enrollment in state higher education, and credits earned at another institution that are not accepted as transfer credits at the institution of enrollment. Require ABOR to report to JLBC by October 15 of each year the number of students who exceeded the credit hour threshold in the prior year. 	2, 4
<i>Enrollment Audits</i>	
<ul style="list-style-type: none"> As permanent law, delay the deadline for the first enrollment report to the Auditor General until July 21, 2007. Clarify that enrollment reports account for the previous fall semester. Eliminate requirement that professors certify rosters, in favor of a requirement for ABOR recommendations on this subject by June 30, 2006. 	4
ASU-Main	
<i>Downtown Phoenix Campus Plan Review</i>	
<ul style="list-style-type: none"> As session law, require ABOR and ASU to submit for JLBC review by October 1, 2006 detailed operational and capital plans for the development of the downtown campus. 	15
University of Arizona	
<i>Clinical Rotations</i>	
<ul style="list-style-type: none"> As permanent law, continue to prohibit medical schools in the state from restricting their associated hospitals from offering clinical rotations to any qualified medical student. 	11
Community Colleges	
<i>Gila Provisional Community College Prop 301 Payback</i>	
<ul style="list-style-type: none"> As session law, require Gila Provisional Community College to reimburse the State Treasurer for the prior distribution of Prop 301 workforce development funding. From FY 2007 to FY 2012, Gila Provisional shall annually pay \$72,364 to the State Treasurer. The State Treasurer shall deposit the monies into the Classroom Site Fund. 	22
<i>Credit and Non-Credit Courses Report</i>	
<ul style="list-style-type: none"> As permanent law, require each community college to include in its annual report detailed information on the content, enrollment, and tuition and fees for credit and non-credit courses. 	1
Commission for Postsecondary Education	
<i>Postsecondary Education Grant Program</i>	
<ul style="list-style-type: none"> As permanent law, establish a program to annually distribute \$2,000 grants to qualifying Arizona residents with either U.S. citizenship or lawful immigration status who are enrolled at a baccalaureate degree granting private institution in the state. Require a grant recipient to meet the minimum qualifications established by the Commission, which shall be comparable to the admissions standards established by the Arizona Board of Regents for enrollment to a public university. A grant recipient who fails to achieve a baccalaureate degree within 5 years of receipt of the award shall repay the amount to the Postsecondary Education Commission. Appropriate \$5.0 million from the General Fund in FY 2007 for the program. Allow the Commission to use up to \$200,000 for up to 3 FTE Positions to administer the grant program. Pursuant to A.R.S. § 41-3102, the program ends after 10 years. 	12, 21

K-12 EDUCATION - CHAPTER 353 (HB 2874)

Section

Arizona Department of Education

Inflation Adjustment

- As permanent law, increase by 4.3% the charter school “additional assistance” amounts per pupil in A.R.S. § 15-185(B4). 1
- As permanent law, increase by 4.4% the formula funding "base level" in A.R.S. § 15-901(B2). 3
- As session law, appropriate \$100,000,000 from the General Fund to fund 2.4% of the 4.4% “base level” increase with the remaining funding provided in the General Appropriation bill. The \$100,000,000 shall be used to provide salary and benefit increases for school district and charter school non-administrative personnel. 27
- As permanent law, increase by 2% the transportation funding amounts per route mile in A.R.S. § 15-945(A5). 10

Kindergarten

- As permanent law, establish a new Kindergarten Group B weight of 0.835 for FY 2007 and 1.352 for FY 2008. 3, 9
- As session law, appropriate \$118,050,000 to fund the new Kindergarten Group B weight for FY 2007. The \$118,050,000 includes \$80,000,000 in new funding plus \$38,050,000 transferred from the Full-Day Kindergarten (FDK) SLI. 17
- As permanent law, require each school district kindergarten program to include a half-day option that provides academically meaningful instruction. 2
- As permanent law, delete language requiring the Legislature to develop a plan, including capital monies, to provide statewide FDK by FY 2010. 4
- As permanent law, indicate that any necessary capital monies needed to implement Full-Day Kindergarten shall be provided by the school district or charter school. 4
- As permanent law, delete language pertaining to the establishment and administration of state and local level FDK Funds and regarding a Department of Education review of FDK academic literature. 4

Transfers

- As permanent law, amend language requiring JLBC review of transfers into or out of formula programs to conform with revised line item names. 5

Excess Utilities

- As permanent law, require all districts to report information on utility expenditures (currently only districts budgeting for Excess Utilities must report). 6

Student Count Revisions

- As permanent law, allow a school district or charter school to make upward revisions to its Average Daily Membership count for a year after the end of a fiscal year. Currently, districts have 3 years to make revisions. 7

Teacher Experience Index

- As permanent law, permit a school district to make corrections to its Teacher Experience Index (TEI) data between March 15 and April 15. 8
- As session law, permit a school district to recalculate its TEI after April 15, 2006 if it had a total attending ADM count of between 5,100 and 5,200 pupils for FY 2005. (Prescott School District) 24

Special Education Weights

- As permanent law, increase Group B weights by \$5 million. 9

Shorter School Year

- As session law, continue to allow a shorter than 36-week school year using longer days. 14

Gila Bend Unified

- As session law, allow Gila Bend Unified to correct budget errors over 5 years. 15

K-12 Rollover

- As session law, appropriate \$191 million from the General Fund in FY 2006 (non-lapsing through FY 2007) to eliminate the rollover. 16

Desegregation Cap

- As session law, continue through FY 2007 a “soft cap” that allows desegregation expenditures to increase for enrollment growth and inflation. 18

Rapid Decline Formula

- As session law, continue to fund Rapid Decline at 50% for FY 2007. 19

<i>Joint Technological Education Districts (JTED's)</i>	
• As session law, cap state aid to JTEDs for FY 2007 at the FY 2006 level plus 2% or double their Qualifying Tax Rate revenues for FY 2007, whichever is greater.	20
• As session law, cap JTED tax rates for FY 2007 at the FY 2005 level.	21, 31
• As session law, continue to prohibit formation of new JTEDs or joining of existing JTEDs by additional school districts, except in Pima County.	22
<i>Average Daily Membership Audits</i>	
• As session law, authorize the Department of Education or Auditor General to conduct average daily membership audits of school districts and charter schools.	23
<i>Hayden-Winkelman Unified</i>	
• As session law, appropriate \$1,865,400 to the district for FY 2007 from the School Improvement Revenue Bond Debt Service Fund to redeem existing bonds.	25
• As session law, require the district to levy a secondary tax to repay the \$1,865,400 amount in 3 annual installments at 4% interest starting on July 1, 2008 and ending on July 1, 2010.	25
• As session law, prohibit the district from levying a primary property tax rate higher than \$11.8875 minus any reductions required by Truth in Taxation.	25
• As session law, prohibit the district from increasing its secondary tax rate through new budget overrides and bond issuances.	25
<i>County Equalization Tax Rate (CETR)</i>	
• As session law, appropriate an additional \$215,200,000 for Basic State Aid for FY 2007 to offset a loss of "local share" revenue due to elimination of the CETR in the tax package.	26
• As session law, repeal the above appropriation if the CETR elimination does not become law.	26
School Facilities Board	
<i>Lease-to-Own Authority</i>	
• As permanent law, repeal board authority to enter into lease-to-own agreements to finance new school construction costs, including any refinancings or refundings of current issuances, retroactive to May 15, 2006. Specify that the Legislature does not intend to appropriate funding for debt service payments on any lease-to-own transactions entered into by the board in FY 2007.	11 – 13, 29, 30
<i>Building Renewal Appropriation</i>	
• As session law, appropriate \$86.3 million to the Building Renewal Fund in FY 2007.	28

SCHOOL FACILITIES BOARD - (HB 2875) - VETOED

Section

School Facilities Board	
<i>Lease-to-Own Authority</i>	
• As permanent law, repeal board authority to enter into lease-to-own agreements to finance new school construction costs, including any refinancings or refundings of current issuances, retroactive to May 15, 2006. Specify that the Legislature does not intend to appropriate funding for debt service payments on any lease-to-own transactions entered into by the board in FY 2007.	1, 2, 3, 6, 7*
<i>Building Renewal Appropriation</i>	
• As session law, appropriate \$86.3 million to the Building Renewal Fund in FY 2007.	5, 7*
<i>Building Renewal Formula</i>	
• As permanent law starting in FY 2007, 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.	4, 7

*Enacted into law by Chapter 353, the K-12 Education Budget Reconciliation Bill.