

## **FY 2008 BUDGET RECONCILIATION BILLS (BRB)**

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# FY 2008 BUDGET RECONCILIATION BILLS (BRB)

## BUDGET PROCEDURES - CHAPTER 259 (HB 2785)

### Section

#### **Arizona Department of Administration**

##### *Personnel Division Agency Pro Rata Charge*

- As permanent law, increase the pro rata rate charged to agency payrolls to support the Personnel Division from 1.04% to 1.07%. Retroactive to June 30, 2007. 4, 24

##### *Telecommunications Fund Infrastructure Investment Account*

- As permanent law, clarify that statute establishing the Telecommunications Fund appropriates all expenditures, including expenditures from sub-accounts or private accounts established by the agency, including the Infrastructure Investment Account. 3

#### **Department of Commerce**

##### *Greater Arizona Development Authority*

- As permanent law, clarify the type of eligible projects and eligible entities. 6-11

##### *Military Base Economic Impact Study*

- As session law, make the FY 2007 military base impact study appropriation non-lapsing. Retroactive to June 30, 2007. 19

#### **Department of Economic Security**

##### *Navajo Senior Center Design Non-lapsing Appropriation*

- As session law, amend FY 2007 session law to make the FY 2007 Navajo senior center design appropriation non-lapsing. 14

##### *Navajo Senior Center Reappropriation*

- As session law, reappropriate unspent FY 1999 Chilchenbeto senior center appropriation to DES for additional funding for design of Navajo senior centers. 15

#### **Department of Emergency and Military Affairs**

##### *Uniform and Equipment Allowance Increase*

- As permanent law, increase uniform and equipment allowance for officers in the National Guard to \$250. Appropriates \$250,000 from the General Fund in FY 2008 and FY 2009 for the increases. 2, 21

#### **Government Information Technology Agency**

##### *Web Portal*

- As session law, require GITA, after executing but before implementing any new web portal contract in FY 2008, to submit the fiscal provisions of the contract to JLBC for its review. Retroactive to June 30, 2007. 18

##### *ITAC Approval of Project and Contract Changes*

- As permanent law, require Information Technology Authorization Committee approval of project changes and contract amendments with associated costs that exceed \$1 million. 13

##### *Data Encryption RFP*

- As session law, require GITA to issue a request for proposals by September 30, 2007 for solutions to encrypt data of personal information for all state agencies that maintain more than 10,000 records. Bids are to be due by November 30, 2007. 23

##### *Statewide Information Security and Privacy Office/Risk Assessment*

- As permanent law, create the Statewide Information Security and Privacy Office in GITA to plan and coordinate development, implementation, maintenance and compliance of a statewide plan for information security and privacy. 12

- As session law, appropriate \$500,000 and 3 FTE Positions from the General Fund in FY 2008 and FY 2009 to GITA for a statewide security risk assessment and costs associated with the Statewide Information Security and Privacy Office. 22

#### **Arizona State Retirement System**

##### *Information Technology Appropriation Lapsing Extension*

- As session law, amend FY 2005 and FY 2006 General Appropriation Acts to extend the lapsing date of 17

the Information Technology Plan appropriations from June 30, 2007 to June 30, 2008. Retroactive to June 30, 2007.

**Department of Revenue**

*Business Reengineering/Integrated Tax System (BRITS)*

- As session law, continue to require JLBC review of any BRITS contract extensions or modifications that increase the contractor’s share of gain-sharing proceeds from state revenues during FY 2008. Retroactive to June 30, 2007. 16

**Secretary of State**

*Ballot Video Recording*

- As permanent law, require live video recording of ballot counting for statewide, county and legislative elections. Appropriates \$75,000 from the General Fund in FY 2008 for the Secretary of State to distribute \$5,000 to each county. 1, 20

**Commission on Uniform State Laws**

*Agency Elimination*

- As permanent law, implement necessary statute changes to eliminate the agency. 5

**CRIMINAL JUSTICE - CHAPTER 26I (HB 2787)**

Section

**Arizona Department of Administration**

*Capitol Police*

- As session law, require ADOA and DPS to report jointly by December 1, 2007 on the feasibility of transferring Capitol Police personnel to DPS. 15

**Attorney General**

*Collection Enforcement Revolving Fund*

- As session law, continue to allow use of Collection Enforcement Revolving Fund for operating expenses in FY 2008 and FY 2009. 14

*Legal Services Agency Pro Rata Charge*

- As permanent law, increase pro rata rate charge from 0.635% to 0.675%. Retroactive to June 30, 2007. 6,18

*Anti-Racketeering Revolving Fund*

- As permanent law, require JCCR review of any fund monies used for capital projects greater than \$1.0 million. 3

**Department of Corrections**

*Budget Structure*

- As session law, require the Department of Corrections to report actual FY 2007, estimated FY 2008, and requested FY 2009 expenditures as delineated in the FY 2008 General Appropriation Act when the department submits the FY 2009 budget request pursuant to A.R.S. § 35-133. 11

*Correctional Officer Retirement Plan Disability Retirement*

- As permanent law, expand eligibility for ordinary disability retirement to CORP members and not just dispatchers. Implementation would become effective 1 year after liabilities are 100% covered, but no earlier than June 30, 2010. 5, 17

*Provisional Bed Funding*

- Repeal FY 2007 session law that provided \$11.2 million in FY 2008 to the Arizona Department of Administration for new permanent prison beds and instead appropriate the \$11.2 million to the Department of Corrections for new rented provisional beds in the General Appropriation Act. 7

*Future Prison Beds*

- As session law, authorize ADOA, in consultation with DOC, to revise previous RFP for 2,000 new prison beds to eliminate DOC as eligible bidder and to eliminate opening date requirement. Authorize DOC to assume ADOA responsibilities after execution of any contracts. 8
- As session law, authorize ADOA to construct 4,000 new public beds using lease-purchase financing with the first payment to be due in FY 2009. Require coordinated opening of new private and public prison beds. 9

**Board of Executive Clemency**

*Chairman-Executive Director*

- As session law, continue to have the Chairman also act as the Executive Director in FY 2008 and FY 2009. 10

**Department of Public Safety**

*DNA Testing*

- As permanent law, require DNA testing of persons arrested, charged or convicted of sex related offenses, first and second degree burglary, and serious offenses involving the use of a dangerous weapon. 2, 4
- As permanent law, increase the penalty assessment on criminal and civil traffic and motor vehicle violations for the Arizona DNA Identification System Fund from 3% to 7% through December 31, 2011. Set the penalty assessment to 6% beginning January 1, 2012. 1
- As session law, appropriate \$1,980,000 in FY 2008, \$2,980,000 in FY 2009, \$3,484,000 in FY 2010, \$3,440,000 in FY 2011, and \$3,520,000 in FY 2012 from the increase in the penalty assessment to DPS for personnel, operating and capital expenses to conduct and implement DNA testing. 16

*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 2008. 12

**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 2008. 13

**ENVIRONMENT - CHAPTER 262 (HB 2788)**

Section

**Department of Agriculture**

*Livestock and Crop Conservation Fund*

- As permanent law, continue to set administrative cap for Fund at 10% instead of 5%. 2

**Department of Environmental Quality**

*Underground Storage Tank Fund*

- As session law, set administrative cap at \$6,531,000 in FY 2008 and FY 2009. 7

*WIFA Reimbursement*

- As session law, adds language permitting DEQ and WIFA to replace 20-year loans for Colorado River-related sewer systems with 30-year loans under the Clean Water Program. 9

**Land Department**

*Healthy Forests*

- As permanent law, establish the Community Protection Initiative Fund and Program to be administered by the State Forester. The bill also requires the department to prepare an annual report. 1
- Appropriate \$1 million GF to the Fund in FY 2008 10

**State Mine Inspector**

*Reclamation Plan Fees*

- As session law, extend appropriation of reclamation plan fees to the Inspector one year to July 1, 2008. 3

**Navigable Stream Adjudication Commission**

*Non-Lapsing FY 2006 Appropriation*

- As session law, extend the non-lapsing of \$50,000 from the FY 2006 General Fund appropriation from June 30, 2007 to June 30, 2008. 8

**State Parks Board**

*State Parks Enhancement Fund*

- As session law, continue to allow State Parks Enhancement Fund monies to be used for the operation of state parks as appropriated by the Legislature or for capital needs as approved by the Joint Committee on Capital Review in FY 2008 and FY 2009. 6

- As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs in FY 2008 and FY 2009. 4

**Department of Water Resources**

*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 2008 and FY 2009. The amount shall be as specified in the General Appropriation Act. 5

**GENERAL REVENUES - CHAPTER 260 (HB 2786)**

Section

**Department of Commerce**

*21<sup>st</sup> Century Competitive Initiative Fund*

- As session law, appropriate \$25 million in each fiscal year from FY 2008 through FY 2011 to the 21<sup>st</sup> Century Fund. Also appropriate monies out of that fund to the Commerce and Economic Development Commission and make that appropriation non-lapsing. The contracting non-profit corporation shall identify and document written agreements for private or philanthropic investments either for specific grants or for general grant investment areas that are equivalent to \$25 million or more in each of the fiscal years FY 2008 through FY 2011. 6

**Department of Insurance**

*Fee Range Suspension*

- As session law, continue to suspend 95%-110% fee revenue requirement in FY 2008 and FY 2009, retroactive to from and after June 30, 2007. 8

**Arizona Lottery**

*Homeless Shelter Services*

- As permanent law, add the Department of Economic Security to the end of the list of recipients of State Lottery Fund monies. The Department would receive \$1 million or the remaining balance in the Fund, whichever is less, for homeless emergency and transitional shelters and related support services. These monies would have otherwise been deposited into the General Fund. 1

**Real Estate Department**

*Fee Range Suspension*

- As session law, continue to suspend 95%-110% fee revenue requirement in FY 2008 only, retroactive to from and after June 30, 2007. 9

**Department of Revenue**

*Unclaimed Property*

- As permanent law, permit the department to liquidate securities in the Unclaimed Property Fund immediately and not pay appreciation if the owner of the securities claims them within 3 years. Also change the abandonment period for dividends and corporate bond instruments to 3 years. 3, 4
- As session law, require that all proceeds from the sales of securities in FY 2008 be deposited into the General Fund instead of statutory split between General Fund, Department of Housing, and Department of Racing. 5

**Other**

*Federal Funds*

- As session law, continue to require unrestricted federal funds received between May 1, 2007 and June 30, 2008 to be deposited in the General Fund for the payment of essential government services. Retroactive to April 30, 2007. 7

*Financial Reporting*

- As permanent law, require the Arizona Department of Administration to reconcile the General Fund reporting in the Comprehensive Annual Financial Report to the Annual Financial Report. 2

## HEALTH AND WELFARE - CHAPTER 263 (HB 2789)

### Section

#### Department of Administration

##### *Employee Health Insurance*

- As permanent law, require ADOA to report all changes to the type of employee health benefits as well as the cost for the upcoming plan year 45 days prior to making the change. 16
- As session law, continue to prohibit ADOA from implementing a differentiated health insurance premium in FY 2008 based on the integrated or non-integrated status of the provider beginning October 1, 2007 26

##### *Health Savings Accounts*

- As session law, require the department to design a Health Savings Account (HSA) and Health Reimbursement Account (HRA) programs within the self-insurance program and report on the potential impacts on existing health plans. 36

#### AHCCCS

##### *County Acute Care Contributions*

- As session law, set the County Acute Care contribution at \$51,098,200. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328 21

##### *County ALTCS Contributions*

- As session law, set county ALTCS contributions at \$242,744,500 22

##### *Disproportionate Share Hospitals (DSH) Withholding*

- As permanent law, remove legislative appropriations and federal disproportionate share payments as revenue sources to the Arizona State Hospital Fund effective December 31, 2007 4,44
- As session law, establish FY 2008 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital and private qualifying disproportionate share hospitals 19

##### *Disproportionate Share Uncompensated Care (DUC) Pool*

- As session law, continue the use of a total of \$2,646,200 in DUC pool contributions in AHCCCS for all counties other than Maricopa 23

##### *Graduate Medical Education*

- As permanent law, establish new distribution methodology for new GME monies with first priority given to residencies established or expanded on or after July 1, 2006. A second priority is established for indirect GME costs for residency programs in counties with a population less than 500,000. Permit local, county and tribal governments to provide monies to qualify for additional federal matching funds. Retroactive to June 30, 2007. 9,43

##### *Healthcare Insurer Data Reporting*

- As permanent law, require health care insurers to provide enrollment information and accept the state's right to recover monies from a third party payor, effective February 29, 2008. 11,44

##### *Redetermination*

- As permanent law, continue redetermination period of 6 months for Temporary Assistance for Needy Families Cash Benefits clients age 21 or older. As session law, require AHCCCS to report by February 10, 2008 on the results of the redetermination change. 8,20

##### *Outlier Reimbursement*

- As permanent law, revise outlier inpatient costs methodology to include the most recent statewide urban and rural cost-to-charge ratios as published by the federal government. Allow AHCCCS to implement the revised methodology over a three year phase-in period. Exempt AHCCCS from emergency rulemaking requirements for the first year of the three year phase-in period. Retroactive June 30, 2007. 9,29,43
- As session law, require AHCCCS to report to JLBC by December 31, 2007 on recommendations regarding alternative payment methodologies for implants, medications and operating room charges. 28

##### *Temporary Medical Coverage (TMC) Fund Double Appropriation*

- As permanent law, eliminate the statutory provision requiring all legislative appropriations for the Temporary Medical Coverage Program be deposited into the TMC Fund 12

##### *KidsCare Parents (KCP)*

- As session law, continue KCP until June 30, 2008 contingent on 3:1 federal matching monies. 27

##### *AHCCCS Outreach*

- As permanent law, remove the statutory prohibition on AHCCCS contracting with a school district for Kids-Care related functions and allow AHCCCS administration and its contractors to collaborate with schools, school districts, community and faith-based organizations. Clarify that outreach includes 13

promotion of healthcare coverage and distribution of materials but does not include the delivery of services or eligibility determination and enrollment.

*Healthcare Group Reforms*

- As session law: 31,31,43
  - Cap enrollment in HCG at 9,800 business groups beginning July 1, 2007 through the effective date of the legislation. Beginning on the effective date, freeze the number of business groups enrolled in HCG on that date.
  - Direct the Department of Insurance to conduct a statutory financial examination of Healthcare Group and report findings by February 15, 2008 32
  - Establish a study committee to examine feasibility of continuing Healthcare Group, converting Healthcare Group to a high risk pool or both. 33
  - Set the default reimbursement rate for Healthcare Group contractors that do not have a contract with a provider at 114% of AHCCCS reimbursement rates 34
  - Repeal these provisions on July 31, 2008 35
- As permanent law, clarify the definition of appropriated administrative expenses to include those incurred by the Preferred Provider Organization (PPO) program 10

*Non-emergency Transportation Report*

- As session law, require AHCCCS to submit a report on non-emergency transportation usage, including the estimated cost as well as recommendations on potential cost-saving modifications to non-emergency transportation utilization. 37

*SOBRA Income Eligibility Increase*

- As permanent law, increase the income eligibility of pregnant women in AHCCCS from 133% FPL to 150% FPL. Appropriate \$1.8 million from the General Fund for this purpose. 7,40

*County Expenditure Limit*

- As session law, clarify that county contributions to the Disproportionate Share Uncompensated Care (DUC) Pool and for Proposition 204 administrative costs are excluded from county expenditure limitations. 23,39

**Biomedical Research Commission**

*Regenerative Tissue Repository*

- As session law, appropriate \$1 million in FY 2008 through FY 2012 to the Arizona Biomedical Research Commission for a repository to store human stem cells of non-embryonic origin. 42

**Department of Economic Security**

*Childcare Income Eligibility*

- 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. 24

*Autism Funding*

- As permanent law, move statutory authority for autism services from Department of Health Services to the Department of Economic Security, retroactive to June 30, 2007. 5,15,43

*Respite Care Program*

- As permanent law, establish the Lifespan Respite Care Program and appropriates \$500,000 and 1 FTE to DES for this purpose. Terminates the program on July 1, 2017. 18,41

**Department of Health Services**

*Restoration to Competency Cost Sharing*

- As session law, continue to require Maricopa and Pima Counties and all cities to pay 86% of Restoration to Competency (RTC) treatment in FY 2008. All other counties would have no cost-sharing requirements for RTC treatment. 25

*Seriously Mentally Ill Transfer Prohibition*

- As permanent law, require Regional Behavioral Health Authorities to expend monies allocated to the Seriously Mentally Ill population only on services to that population and not for any other purpose 14

*Regional Behavioral Health Authorities Service Rates*

- As permanent law, limit service rates assessed by Regional Behavioral Health Authorities to no more than 30% above AHCCCS fee-for-service rates 14
- As permanent law, limit RBHAs to managed care functions only and prohibit RBHAs, or one of its subsidiaries, from delivering behavioral health services directly to clients except in the event of a performance failure. Phase in the prohibition over a 2 year time frame. Clarify that the prohibition on managed care functions do not apply to RBHAs operated by Indian tribes. 14

- Human Papilloma Virus (HPV) and School Attendance*
- As permanent law, specify that immunization against HPV is not required for school attendance 6
- Vital Records Fund*
- As session law, appropriate the balance of the Vital Records Electronic Systems Fund from FY 2006 to the department in FY 2008. 38

**Department of Insurance**

- Mandate Lite Health Insurance Plans*
- As permanent law: 1,2,3,43
    - Expand the businesses that are able to purchase mandate lite plans from employers with 2 to 25 employees to employers with 2 to 50 employees to conform with federal regulations, as long as employees meet uninsured requirement
    - Define uninsured small employer as an entity that has not provided a health plan for at least 6 consecutive months immediately prior to the effective date of mandate lite coverage
    - Clarify that the requirement that an employer be uninsured prior to being eligible for mandate lite coverage does not apply to the renewal of coverage
    - Retroactive to September 21, 2006

**Department of Revenue**

- Health Insurance Premium Tax Credit*
- As permanent law, require an application to the Department of Revenue (DOR) for the health insurance premium tax credit to include a written declaration subject to the penalties of perjury and clarifies that the individual or small business must obtain health insurance to receive the credit. Retroactive to September 21, 2006. 17,43

**HIGHER EDUCATION - CHAPTER 265 (HB 2791)**

- |   | <u>Section</u> |
|---|----------------|
| <b>Community Colleges/Universities</b>  |                |
| <i>Surviving Child and Spouse Tuition Waivers</i>   |                |
| <ul style="list-style-type: none"> <li>As permanent law, require the community colleges and the universities to provide tuition waivers for any surviving child (under 30 years of age) or spouse (who has not remarried) of an Arizona resident killed while on active duty as a member of the U.S. Armed Forces.</li> </ul> | 8              |
| <b>Universities/Board of Regents</b>  |                |
| <i>Indirect and Third-Party Capital Financing</i>   |                |
| <ul style="list-style-type: none"> <li>As permanent law, require JCCR review of capital projects that may eventually become a state asset. For commercial projects, require the universities to report to JCCR, with the opportunity for the committee to provide recommendations.</li> </ul>                                 | 3 - 5          |
| <i>Campus Siting</i>  |                |
| <ul style="list-style-type: none"> <li>As permanent law, require JCCR review of new campuses.</li> </ul>  | 1, 13          |
| <i>Public Posting of Employment Opportunities</i>   |                |
| <ul style="list-style-type: none"> <li>As permanent law, continue to require all public universities to publicly post all employment openings.</li> </ul>   | 2              |
| <i>Math, Science, and Special Education Teacher Student Loan Program</i>  |                |
| <ul style="list-style-type: none"> <li>As permanent law, establish a program to provide loans to students pursuing a teaching degree and who agree to teach math, science, or special education in an Arizona public school. Once the student fulfills the service commitment, the loan is forgiven.</li> </ul>               | 7              |
| <b>ASU-Main</b>   |                |
| <i>Downtown Phoenix Campus Review</i>   |                |
| <ul style="list-style-type: none"> <li>As session law, continue to require ABOR and ASU to submit for JLBC review by October 1, 2007 detailed operational and capital plans for the development of the downtown campus.</li> </ul>  | 12             |
| <b>Board of Medical Student Loans</b>   |                |
| <i>Medical Student Loan Fund Double Appropriation</i>   |                |
| <ul style="list-style-type: none"> <li>As permanent law, allow General Fund monies appropriated to the Medical Student Loan Fund to be expended from the fund without a second appropriation.</li> </ul>  | 6              |

## Commission for Postsecondary Education

### *Private Postsecondary Education Student Financial Assistance Program (PFAP)*

- As permanent law, raise the annual cap on PFAP grant awards from \$1,500 to \$2,000, and increase the overall 2-year cap on grant awards from \$3,000 to \$4,000. 9

## Tribal Community Colleges

### *Tribal College Capital Funding*

- As permanent law, allow all tribal colleges to receive capital funding from Transaction Privilege Tax (TPT) revenues collected on the Indian reservation. Previously, the distribution of these revenues was limited to Diné College. Tohono O’odham Community College will now also be eligible for funding. In addition, specify that one-tenth of all TPT revenues collected annually on an Indian reservation shall be distributed to the tribal college located on the reservation, but not to exceed \$1.75 million. 10, 11

## K-12 EDUCATION - CHAPTER 264 (HB 2790)

### Section

## Arizona Department of Education

### *School Employee Fingerprinting*

- As permanent law, require school employees who must submit fingerprints as a condition of employment to submit identity verified fingerprints to the Arizona Department of Public Safety (DPS), effective 1/1/2008. 1, 25
- As permanent law, allow a school district or charter school to contract for fingerprinting services.
- As permanent law, require DPS to provide digital storage of identity verified fingerprints.
- As session law, appropriate \$125,000 in non-lapsing monies from the General Fund to DPS in FY 2008 for this issue.

### *Formula Adjustments*

- As permanent law, increase by 3% the formula funding “base level” in A.R.S. § 15-901(B2). 2, 7, 9,
- As session law, appropriate \$46 million to fund the additional 1% base level increase. 18, 20,
- As session law, indicate that the \$46 million is intended to fund pay raises for non-administrative personnel and be non-supplanting. 26
- As permanent law, increase by 4.2% the “Additional Assistance” amounts per pupil in A.R.S. § 15-185(B4).
- As permanent law, increase by 2% the transportation funding amounts per route mile in A.R.S. § 15-945.
- As session law for FY 2008 only, fund state aid for JTEDs at 92% of the amount that otherwise would be provided by law and reduce JTED budget limits accordingly.
- As session law for FY 2008 only, “hold harmless” a JTED if it otherwise would receive less state aid in FY 2008 than in FY 2007, apart from reductions due to changes in student counts, property values and other technical factors.

### *Competitiveness Project Fund*

- As permanent law, establish an American Competitiveness Project Fund that would receive donations dedicated to addressing academic competitiveness issues. 3

### *Civics Training*

- As permanent law, establish an Arizona Government Education Fund and require ADE to use monies in the fund to contract with third parties to provide for annual, one week high school civics courses that focus on state government. 3, 21
- As permanent law, require the courses to be sponsored by a federally-chartered national veterans’ organization that has at least 50 years of experience providing this type of civics education and require courses to be conducted on the campuses of public and private postsecondary institutions in Arizona.
- As session law, appropriate \$100,000 in non-lapsing monies from the General Fund to ADE in FY 2008 for the program.

### *Shorter School Year*

- As permanent law, continue to allow a shorter than 36-week school year using longer days. 4

### *Teacher Proficiency Exam Fees*

- As permanent law, amend statute to remove the current range of fees for teacher proficiency exams and instead stipulate that fees shall not exceed the fees assessed by the test publisher. 5

### *Math or Science Achievement Grant Program*

- As permanent law, establish in the State Board of Education a competitive grant program to promote 6

improved pupil achievement in math or science and require the Board to administer the program.	
• As permanent law, establish a Math or Science Achievement Program Fund administered by the Board.	
<i>Technology Grants</i>	
• As permanent law, require the State Board of Education, in collaboration with ADE, to establish an instructional technology systems pilot program and require ADE to select one elementary school to participate in the program, after review and approval by the Board.	8, 24
• As session law, appropriate \$1 million in non-lapsing monies from the General Fund in FY 2008 for the program.	
<i>E-learning Pilot</i>	
• As permanent law, add 3 members to the Arizona E-learning Task Force.	10,
• As session law, amend Laws 2006, Chapter 375 to extend all program deadlines by 1 year and allow distribution of program monies through FY 2011 (currently FY 2010).	12 – 14
<i>Tax Rates</i>	
• As session law, specify the official K-12 QTR for FY 2008, as adjusted for compliance with the Truth in Taxation law (A.R.S. § 41-1276) and the business property tax changes instituted by Laws 2005, Chapter 302.	11
<i>Desegregation Cap</i>	
• As session law, continue through FY 2008 a “soft cap” that allows desegregation expenditures to increase for enrollment growth and inflation.	15
<i>Rapid Decline Formula</i>	
• As session law, continue to fund Rapid Decline at 50% for FY 2008.	16
<i>ADM Audits</i>	
• As session law, continue to authorize the Department of Education or Auditor General to conduct Average Daily Membership audits of school districts and charter schools.	17
<i>K-12 Legislative Study Committee</i>	
• As session law, establish a Joint Legislative Study Committee on K-12 School Funding and Best Practices.	19
• As session law, require the committee to review and make recommendations on public school maintenance and operations funding and on best practices in school programs and school finance.	
• As session law, require the committee to submit an initial report by December 1, 2007 and a final report by December 1, 2008.	
<i>Risk Management Training</i>	
• As session law, appropriate \$400,000 in non-lapsing monies from the General Fund in FY 2008 to provide training and materials to K-12 administrators and education employee managers regarding strategies for proactively reducing employee discipline related legal risks.	22
<i>Reading First</i>	
• As session law, appropriate \$1 million in non-lapsing monies from the General Fund in FY 2008 to expand the Reading First program.	23

## **SCHOOL FACILITIES BOARD - CHAPTER 266 (HB 2792)**

	<u>Section</u>
<b>School Facilities Board</b>	
<i>New School Facilities Annual Report</i>	
• As permanent law, require the board to incorporate into its annual New School Facilities report to JCCR detailed demographic information for individual projects the board approved within the last year, and expects to approve within the upcoming year. The JLBC, OSPB, and SFB Staff shall agree on the format of the reporting. In addition, change the deadline of the report from October 15 to June 15.	1
<i>Building Renewal Funding Prioritization</i>	
• As permanent law, require school districts to use Building Renewal monies on primary projects, unless only secondary projects exist. Primary projects are defined to include projects associated with instructional space and that fall below the minimum facility guidelines adopted by the School Facilities Board, while secondary projects includes all other projects.	2, 6
• As permanent law, require school districts to include information, in their annual report on Building Renewal to SFB, on whether prior year Building Renewal project expenditures were on primary or secondary projects. Upon receipt, SFB shall forward this information to JLBC and OSPB Staff.	2, 6
<i>Building Renewal Funding Formula</i>	
• As session law, notwithstanding the building renewal formula in FY 2008, and specify that the	6

appropriation for building renewal shall be as provided in the General Appropriation Act.

*Facilities Task Force*

- As session law, establish a task force to review and make recommendations on potential funding sources for the agency, statutory funding formulas, minimum school facility guidelines, capital costs to reduce K-3 class sizes, the costs to count kindergarteners as a full student in the new school construction formula, energy efficiency standards, and the agency's governance structure. 4, 5

*Energy and Water Savings Pilot Program*

- As session law, establish a pilot program to provide grant funding and technical assistance to school districts for water and energy saving projects. Appropriate \$2.5 million in FY 2008 from the General Fund to the School Facilities Board for the program. 3, 5

**TRANSPORTATION - CHAPTER 267 (HB 2793)**

Section

**Department of Public Safety**

*Safety Enforcement Transportation Infrastructure Fund Uses (See ADOT below)* 3, 17

**Arizona Department of Transportation**

*Safety Enforcement Transportation Infrastructure Fund*

- As permanent law, repeal the provisions of Laws 2006, Chapter 205 to again allow the use of SETIF monies for DPS and ADOT enforcement of vehicle safety requirements and maintenance of transportation facilities within 25 miles of the Arizona-Mexico border. Retroactive to June 30, 2007. 3, 17
- As session law, appropriate \$2 million from the Safety Enforcement and Transportation Infrastructure Fund to ADOT for a new safety inspection station at the San Luis II port of entry, and appropriate \$600,000 to ADOT to provide funding to the Arizona-Mexico Commission, Department of Homeland Security and the Arizona International Development Authority for traffic safety, border security and infrastructure planning. 12

*Joint Legislative Review Committee on Transportation between Sonora, Mexico and Arizona*

- As permanent law, eliminate the Joint Legislative Review Committee on Transportation between Sonora, Mexico and Arizona. 10

*Bonding Extension*

- As permanent law, extend the allowable repayment period for highway bonds from 20 years to 30 years. 6

*Highway Expansion and Extension Loan Program Fund Set Aside*

- As permanent law, set aside up to \$10 million of HELP Fund monies for tribes and municipalities with a population of 50,000 or less for transit capital projects. 1, 2, 7-9

*MVD Computer Assessment Appropriation Lapsing Extension*

- As session law, extend the lapsing date of the FY 2007 Motor Vehicle Division Computer System Assessment appropriation of \$500,000 to June 30, 2008. Retroactive to June 30, 2007. 14

*Freight-Passenger Rail Service*

- As session law, reappropriate unspent FY 2003 railroad corridor acquisition appropriation to ADOT for study, planning and acquisition of railroad right-of-way and infrastructure to accommodate future freight or passenger rail service. 11, 13

*Roads of Regional Significance Congestion Mitigation Account*

- As permanent law, create the Roads of Regional Significance Congestion Mitigation Account to fund county, city and town transportation projects that are included in local and regional transportation plans, but that are not funded. An entity's average growth rate must exceed the statewide average growth rate for similar entities by at least 50% in the last 5 years to be eligible to receive account monies. 4, 5
- As session law, appropriate \$10 million from the Statewide Transportation Acceleration Needs Account to the Roads of Regional Significance Congestion Mitigation Account in FY 2008. 16

*Transportation Acceleration Interest Reimbursement Account*

- As permanent law, create the Transportation Acceleration Interest Reimbursement Account to reimburse cities and counties for interest costs associated with loans, bonds or advances issued to accelerate transportation projects. 4, 5
- As session law, appropriate \$10 million from the Statewide Transportation Acceleration Needs Account to the Transportation Acceleration Interest Reimbursement Account in FY 2008. 15