

BUDGET LEGISLATION SUMMARY

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* Vetoed by Governor

July 2, 2009

**HOUSE AND SENATE CRIMINAL JUSTICE BRB – SB 1028
INCLUDING TRAILER BRB REVISIONS – HB 2647**

	<u>Section</u>
Attorney General	
1. As session law, continue to permit the use of monies available in the Consumer Fraud Revolving Fund for any operating costs incurred by the Attorney General, including costs associated with the Tobacco Master Settlement Agreement arbitration.	28
2. <i>As session law, the Trailer BRB continues to permit the use of monies available in the Collection Enforcement Revolving Fund for any operating expenses incurred by the department of law.</i>	13
State Department of Corrections	
3. As session law, permit the use of monies appropriated to the Transition Office Fund for any operating expenses related to the Transition Program.	27
4. As session law, require the department to report actual FY 2009, estimated FY 2010, and requested FY 2011 expenditures as delineated in the FY 2010 General Appropriation Act when the department submits its FY 2011 budget request pursuant to A.R.S. § 35-113.	26
5. As session law, require ADC to issue a Request for Proposal (RFP) to privatize correctional health services, including medical and dental services. ADC shall submit to JLBC for review, the proposed RFP by November 30, 2009, and shall award a contract by May 1, 2010.	26
- <i>The Trailer BRB modifies the provision to: 1) specify that the RFP addresses health services provided within state owned and operated prison facilities, 2) require ADC to issue a Request for Information (RFI) by October 1, 2009, 3) require ADC to submit the RFI to the JLBC for review prior to issuance, and 4) delays the November 30, 2009 RFP submission date to January 1, 2010.</i>	6
6. As session law:	
• Require ADOA, in consultation with ADC, to issue a Request for Information by October 1, 2009, for purposes of identifying the feasibility of a concessions agreement, including a private vendor's ability to operate facilities which house maximum security inmates.	35
- <i>The Trailer BRB: 1) modifies the provision to remove the language requiring the RFI to address a private vendor's ability to operate facilities which house maximum security inmate, and 2) requires ADOA to submit the RFI to JCCR for review prior to publication.</i>	11
• Authorize ADOA, in consultation with ADC, to issue an RFP for a concession agreement allowing a private vendor(s) to operate Arizona State Prison Complex facilities. The concession agreement shall: 1) be for a fixed term of 50 years, 2) result in an upfront payment to the state, and 3) require annual efficiency savings to be split 50/50 between the state and private vendor. The RFP shall be submitted to JCCR for review by November 1, 2009 and the proposed contract shall be submitted to JCCR for review by March 1, 2010. ADOA shall award a contract by May 1, 2010. It is the intent of the Legislature that the up front payment to the state generates a total of \$100 million.	35
- <i>The Trailer BRB modifies the provision by: 1) deleting the requirement that the RFP be for a fixed term of 50 years, 2) excludes ASPC – Yuma from being part of the concession agreement, 3) delaying the date the RFP shall be submitted to JCCR for review to April 1, 2010, and 4) deletes the requirement that the contract shall be awarded by May 1, 2010.</i>	11
7. As session law, authorize ADOA to enter into a re-financing agreement in FY 2010 for existing state-owned prison facilities. The re-financing agreement shall: 1) result in proceeds totaling \$495 million to the General Fund in FY 2010, 2) be for a fixed term of 20 years, 3) result in an initial re-payment in FY 2011, 4) utilize ADC Prison facilities as collateral, and 5) require ADC, including any private contractors, to maintain operations at the facilities in which any liens are placed. ADOA shall complete the transaction by May 1, 2010.	34
- <i>The Trailer BRB modifies the provision to: 1) require the sale and simultaneous lease-purchase, 2) increase the lease-purchase amount to \$735 million, 3) limit any re-financing to a maximum amount of \$250 million prior to December 31, 2009, 4) allow for the length of the lease-purchase to be for up to 20 years, 5) allow other state-owned facilities, in addition to prison facilities, to be used as collateral, 6) require ADOA to consult with ADC only if it's a prison facility, 5) require the transaction to be completed by June 30, 2010 rather than May 1, 2010, and 7) adds additional language to facilitate the transaction. The General Appropriation Trailer bill includes language to reduce the re-financing authorization by up to \$217 million if sufficient excess revenues are available by December 2009.</i>	10

8. As session law, require ADOA to issue a single RFP to rebid ADC food and commissary service contracts. ADOA shall submit to JLBC for review, the proposed RFP by November 30, 2009, and shall award a contract by May 1, 2010. 33
- *The Trailer BRB deletes this provision from the bill.* 9
9. As permanent law, the Trailer BRB requires the department to utilize the Arizona Health Care Cost Containment System rate structure for health care services not directly delivered by the department or a private prison provider. Retroactive to July 1, 2009. 1
10. As session law, the Trailer BRB allows ADC to utilize any non-appropriated monies for unpaid health care costs associated with services rendered in FY 2008. 14
11. As session law, the Trailer BRB allows ADC to utilize any non-appropriated monies for any start-up and operating costs associated with the 4,000 new state beds located at the Yuma (2,000 beds), Perryville (1,000 beds), and Tucson (1,000 beds) prison complexes. 16
12. As session law, the Trailer BRB: 15
- Authorizes ADC to issue an RFP for 5,000 new private prison beds to be located in this State. The RFP shall: 1) allow the award of one or more contracts, 2) permit a private prison vendor to bid on all or a portion of the beds, 3) allow the beds to be located at new, existing or expanded facilities, 4) specify a contract period not to exceed 20 years, and 5) be submitted to the JLBC for review by November 1, 2009.
- Requires ADC to award all contracts by June 30, 2010.
- Directs ADC to submit a report to the JLBC, by the end of each calendar quarter and until the beds have been occupied, on the status of these beds.

Board of Executive Clemency

13. As session law, the Trailer BRB continues a provision from prior years to have the Chairman also act as the Executive Director in FY 2010. Retroactive to July 1, 2009. 12
14. As session law, the Trailer BRB limits members of the Board of Executive Clemency, excluding the chairman, from working more than 30 hours per week and restricts them from being eligible for paid leave or any other benefits provided to state employees. Retroactive to July 1, 2009. 12

Arizona Criminal Justice Commission

15. As session law, require the Arizona Drug and Gang Prevention Resource Center to enter into an IGA with ACJC for \$235,200 to fund the Arizona Youth Survey. 31

Judiciary

16. As permanent law, increase the JCEF Probation Surcharge from \$10 to \$20. 2
17. As permanent law, increase the adult intensive probation fee from \$50 to \$75. 7,14,15
18. As permanent law, increase the adult standard probation caseload ratio from 60:1 to 65:1. 3
19. As session law, eliminate the reporting requirements for the Annual Juvenile Intensive Probation Report, the Community Punishment Program Report, the Emancipation of Minors Report, the Annual Drug Treatment and Education Fund Report, the Annual Lengthy Trial Fund Report, the Annual Child Support Committee Report, and the Annual Domestic Relations Committee Report. Require these reports to be submitted electronically in FY 2012. 1,4,-6, 9,11,12, 24
20. As session law, suspend county non-supplanting requirements associated with funding for probation services, criminal case processing, and alternative dispute resolution programs and require the counties to report on reductions in county funding as a result of the elimination of the non-supplanting provisions. 23
21. As permanent law, amend A.R.S. § 28-3396 to require the \$45 surcharge for all persons who elect to take a defensive driving course in lieu of paying the civil traffic violation fine to be deposited into the Crime Laboratory Operations Fund. Currently, these monies are deposited into the General Fund and the surcharge is expected to generate \$10.8 million annually. 13
- *The Trailer BRB modifies the provision to require the initial \$10.4 million in revenue in each fiscal year to be deposited into the Crime Laboratory Operations Fund and any additional revenues to be deposited into the General Fund. Retroactive to July 1, 2009.* 3,17
22. As session law, require \$2 million of the revenue, starting July 1, 2009, from the \$45 surcharge for all persons who elect to take a defensive driving course in lieu of paying the civil traffic violation fine to be deposited into the General Fund. Retroactive to July 1, 2009. 30
- *The Trailer BRB deletes this provision from the bill* 7

23.	As permanent law, amend A.R.S. § 13-916 to expand the definition of an adult intensive probation team to two adult probation officers. Currently, an adult intensive probation team may consist of one adult probation officer and one surveillance officer, or one adult probation officer and two surveillance officers.	8
Department of Public Safety		
24.	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.	22
25.	As session law, reduce the \$3,484,000 appropriated in FY 2010 by Laws 2007, Chapter 261 from the DNA Identification System Fund to \$980,000. These monies were originally appropriated to fund the operating costs of expanded testing provisions and the design and construction of an expanded crime lab in Phoenix.	21
26.	As permanent law, establish the Crime Laboratory Operations Fund, consisting of the \$45 Defensive Driving Surcharge, formally deposited into the General Fund. DPS shall administer the fund and monies in the fund are subject to legislative appropriation. Monies in the fund shall be used for costs associated with scientific analysis and crime laboratory operations. Revenues into the fund in are anticipated to be \$10.4 million in FY 2010. Retroactive to July 1, 2009.	19,37
27.	As session law, continue to redirect 9% of CJEF revenues, formally deposited into the General Fund, to DPS to fund the department's crime laboratory operations. These monies will be deposited into DPS' Crime Laboratory Assessment Fund.	29
28.	As session law, continue to exempt state photo enforcement citations from being included in judicial productivity credit calculations in FY 2010.	18,32
-	<i>The Trailer BRB specifies this provision is retroactive to July 1, 2009.</i>	8
State Treasurer		
29.	As session law, fund the state share of JP salaries at 19.25% in FY 2010. Retroactive to July 1, 2009.	25
-	<i>The Trailer BRB makes a conforming change to this provision.</i>	5
30.	As permanent law, repeal A.R.S. § 22-117(B) relating to state funding of JP salaries starting in FY 2011.	10
-	<i>The Trailer BRB deletes this provision from the bill.</i>	2
31.	As permanent law, require that the 11.70% of criminal justice enhancement monies for county sheriffs be allocated through the State Treasurer's office rather than ADC. The allocation of these monies will continue to be distributed in accordance with the rules adopted by ACJC.	20
Retirement		
32.	As permanent law, require all new dispatchers hired after the bill's effective date to participate in ASRS instead of CORP.	17
33.	As permanent law, prohibit any earnings from third party jobs from being calculated towards retirement benefits for those in PSPRS.	16
-	<i>The Trailer BRB modifies the provision to allow earnings resulting from third party contracts between public agencies for law enforcement, training, wildfire, and emergency management actives to be calculated towards retirement benefits.</i>	4

**HOUSE AND SENATE ENVIRONMENT BRB - SB 1258
INCLUDING TRAILER BRB REVISIONS – HB 2651**

Arizona Department of Agriculture	<u>Section</u>
1. As permanent law, increase the requirement for livestock/animal disease inspection from within 12 hours to within 48 hours.	1
2. As permanent law, repeal the Arizona Agriculture Protection Commission (Title 3, Chapter 18).	2
– <i>The Trailer BRB deletes this provision from the bill.</i>	<i>1</i>
 Department of Environmental Quality	
3. As session law, continue to suspend the UST Revolving Fund Assurance Account administrative cap for FY 2010, as was done in FY 2008 and FY 2009, to allow the department to utilize up to \$6,531,000 for program operating costs.	19
4. As session law, allow sanitation districts of less than 50,000 population, as well as cities of any size, to accept loans through the Water Infrastructure Financing Authority without requiring an election, so as to be able to use American Recovery and Reinvestment Act (ARRA) funds.	21
– <i>The Trailer BRB expands the provision to include counties, extends the time period through FY 2011, and specifies that the provision also applies if ARRA requires matching funds from the local entity.</i>	<i>4</i>
5. As permanent law, require the Agricultural Best Management Practices Committee to adopt a rule on best management practices for PM-10 emissions relating to commercial farming, animal production and incidental animal activities for any future designated PM-10 non-attainment area.	13
– <i>The Trailer BRB deletes this provision from the bill.</i>	<i>2</i>
 Land Department	
6. As session law, shift the statutory \$3,000,000 Fire Suppression appropriation from the General Fund to the State Parks Heritage Fund. The Heritage Fund monies are disbursed to the Department only as reimbursement for fire suppression costs. At the end of calendar years 2009 and 2010, any balance in the Fire Suppression Fund above \$2,000,000 reverts to the Heritage Fund.	14, 15
– <i>The Trailer BRB amends the provision to specify that the \$3,000,000 appropriation from the Heritage Fund will be made as a two appropriations of \$1,500,000, the first on January 1, 2010 and the second April 1, 2010.</i>	<i>3</i>
7. As permanent law, establish the Trust Management Fund and allow the department to retain up to 10% of annual permanent fund receipts to manage the land trust. Require the department to revert \$7,077,500 to the General Fund by June 30, 2010, and appropriate \$9,773,500 from the Trust Management Fund.	3-10, 20, 22
8. <i>As session law, the Trailer BRB deposits \$600,000 in fee revenue collected by the department into the Trust Management Fund. The revenue ordinarily goes to the General Fund.</i>	<i>5</i>
 Arizona State Parks Board	
9. 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.	18
10. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.	17
11. As permanent law, allow interest earnings from the Land Conservation Fund above \$500,000 to be used for operating state parks.	11
 Department of Water Resources	
12. As permanent law, specify more detailed financial reporting on Nevada Water Banking revenues.	12
13. As session law, continue to suspend the requirement for a \$5 million General Fund appropriation to the Water Protection Fund in FY 2010.	16

**HOUSE AND SENATE GENERAL GOVERNMENT BRB - SB 1035
INCLUDING TRAILER BRB REVISIONS – HB 2645**

Board of Accountancy

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| 1. | <i>As permanent law, the Trailer BRB allows members of an advisory committees appointed by the board to be compensated at the same per diem rate as the board (\$100 per day plus actual expenses).</i> | 13, 14 |
| 2. | <i>As permanent law, the Trailer BRB allows an accountant certified in another state and operating under a reciprocity agreement in Arizona to cancel their certificate in the same manner as a state certified accountant.</i> | 15 |

Arizona Department of Administration

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| 3. | As session law, repeal authority to enter into a 15-year \$7.5 million lease-purchase agreement for design and construction of a state emergency operations center. | 26 |
| 4. | As session law, require ADOA to rebid the existing telecommunications contract for implementation by September 30, 2009. | 38 |
| – | <i>The Trailer BRB deletes this provision from the bill.</i> | 32 |
| 5. | <i>As session law, the Trailer BRB requires ADOA to allow vendors to demonstrate Business Intelligence software. Requires ADOA to enter into a contract only if the vendors agree to receive payment through savings realized from the software. Requires ADOA to report annually to JLBC and JLAC on savings.</i> | 42 |

Office of Administrative Hearings

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| 6. | <i>As session law, the Trailer BRB suspends the requirement that the office hear appealed actions and contested cases within 60 day of the filing.</i> | 43 |
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Department of Commerce

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| 7. | As session law, amend Laws 2004, Chapter 235, Section 14 to reduce the Military Installation Fund deposit by \$(2,800,000) in FY 2010. | 28 |
| 8. | As session law, amend Laws 2007, Chapter 260, Section 6 to eliminate the FY 2010 \$25 million advance appropriation to the 21 st Century Fund. | 25 |
| 9. | <i>As session law, the Trailer BRB allow the department to use the Lottery Fund, Bond Fund and Commerce and Economic Development (CEDC) Fund for operating.</i> | 45 |

Corporation Commission

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| 10. | As session law, for FY 2010, change the timing of mutual fund notice filing fee deposits to the General Fund from continuously deposited to January and June. | 37 |
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Board of Cosmetology

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| 11. | <i>As permanent law, the Trailer BRB extends the deadline for aestheticians to become certified for laser use with the Radiation Regulatory Agency to October 1, 2010.</i> | 12, 16 |
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Department of Emergency & Military Affairs

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| 12. | As session law, reduce the aggregate amount of liabilities that may be incurred under any emergency declared by the Governor pursuant to A.R.S. § 35-192 from \$4.0 million to \$3.5 million. | 29 |
| – | <i>The Trailer BRB further reduces the amount to \$2.9 million.</i> | 28 |

Department of Insurance

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| 13. | As permanent law, allow the director to decide whether or not to require a private mortgage insurance company to cease transacting new business if the company fails to meet the minimum collateral to insured mortgage liability ratio. Under current law, a company failing to meet the ratio must cease transacting new business. | 7 |
| 14. | <i>As session law, the Trailer BRB allows the department to use up to \$100,000 from the Captive Insurance Regulatory and Supervision Fund for operating.</i> | 46 |

Department of Liquor Licenses and Control

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| 15. | <i>As permanent law, the Trailer BRB establishes the Liquor Licenses Fund, consisting of a portion of the fees collected for license applications and annual license renewals, as well as the proceeds from the liquor license lottery up to the amount appropriated from the fund for agency operations. Requires the reversion of any year-end balance over \$700,000 to the General Fund. As session law, allows an</i> | 3, 4, 44 |
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additional \$700,000 to be deposited in the fund in FY 2010.

Nursing Board

16. As permanent law, eliminate GF funding for fingerprinting, but continue to require each applicant for initial nursing assistant certification to submit a full set of fingerprints to the board for the purpose of obtaining a state and federal criminal records check. 9

Personnel Board

17. *As permanent law, the Trailer BRB increases the personnel pro rata charge from 1.07% to 1.10% of payroll and directs the increase to be deposited in a separate subaccount of the personnel division fund to be used for the operations of the Personnel Board.* 18, 51

Secretary of State

18. As permanent law, transfer the Arizona State Library, Archives and Public Records, including any existing funds or appropriations, from the Legislature to the Secretary of State, change the composition of the Library's oversight board and require the sale of the Secretary of State building located at 14 N. 18th Avenue. 14-22
40-41
- *The Trailer BRB deletes this provision from the bill.* 17, 19-
26, 34-
35
19. As session law, allow the Secretary of State to replace the existing phone system with a Voice over Internet protocol (VoIP) system, subject to Legislative appropriation. 39
20. As permanent law, require all new employees at the Secretary of State's office to be classified as exempt. 14, 39
- *The Trailer BRB deletes this provision from the bill.* 17, 33
21. As permanent law, allow the Secretary of State to publish the Landlord and Tenant Act online instead of hard copy. 11, 13
22. As permanent law, eliminate the prohibition on using state monies for the health care directives registry. 12

Office of Tourism

23. As session law, suspend the Tourism funding formula in A.R.S. § 42-5029. 30

Department of Transportation

24. As permanent law, change the cap for Aviation Fund grants from 10% of the fund balance to 10% of the average revenues for the previous 3 years. 8
25. *As session law, the Trailer BRB allows the Transportation Board to sell \$200 million of Board Funding Obligations to a financial institution if they are not purchased by the Treasurer. Requires prior review by the JCCR.* 41
26. *As session law, the Trailer BRB allows the director to transfer \$10,000,000 from a STAN subaccount to fund the Williams Gateway land acquisition project previously approved by the Transportation Board.* 48

Statewide

27. As permanent law, require proof of lawful presence in the United States to receive state and local public benefits, excluding licensure. The bill adds a list of acceptable documents to demonstrate lawful presence. If state or local administered federal program require proof of lawful presence, the same list of documents applies to the extent permitted by federal law. 1, 2
- *The Trailer BRB clarifies that these provisions do not apply if it would diminish the State's ability to receive American Recovery and Reinvestment Act (ARRA) stimulus monies. It also allows substitute documentation described in the Federal Deficit Reduction Act for tribal members, the elderly and the disabled. Also clarifies that this requirement does not apply to ASRS, PSPRS, CORP and EORP retirement benefits.* 1, 2
28. As session law, specify that any non-lapsing monies appropriated from the General Fund that remain unexpended or unencumbered at the close of FY 2010 shall be counted as part of the closing balance. 34
29. As session law, require agencies to report on use of American Recovery and Reinvestment Act (ARRA) Funds by October 1. 33
- *The Trailer BRB allows the reports to be transmitted electronically by posting them on the State's stimulus tracking website.* 31
30. As session law, continue to require unrestricted Federal Funds, excluding ARRA funds, to be deposited in the General Fund for the payment of essential government services. 35
31. As session law, allow agencies to implement a furlough for FY 2010 and directs ADOA to prescribe implementation procedures. Also, exempts ADOA from rule making requirements for the purpose of 36

prescribing procedures.

32. As permanent law, allow counties to implement furloughs for civil services employees to address budget shortfalls or structural imbalances without an appeals process. 6
33. ***As permanent law, the Trailer BRB allows county offices to institute a compressed work week.*** 9, 10
34. As session law, notwithstanding A.R.S. § 35-121 to permit annual budgets for all departments. 27
35. As session law, prohibit all state agencies from adopting rules that result in monetary or regulatory cost increases to other agencies, political subdivisions, or Arizona citizens in FY 2010. Exempts rules to comply with court orders, federal laws or constitutional requirements, to address imminent threats to public health or safety, or with specific authorization or requirement of the Legislature. 31
- ***The Trailer BRB adds exemptions for rules not covered by Title 41, Chapter 6, authorized by the Governor or needed to comply with the budget or receive ARRA monies. Requires that any exemption for agencies that report to the Governor be approved by the Governor.*** 29
36. As session law, prohibit the state from purchasing or renewing contracts including month to month contracts for cell phones or cell phone minutes except for staff directly involved in health or safety positions. All exceptions are to be reported to JCCR. 32
- ***The Trailer BRB changes the prohibition to a reporting requirement. The report is required by January 31 and includes detail on wireless equipment usage and cost, including the usage by health and safety positions.*** 30, 39
37. As permanent law, adopt reforms to local impact fees, including defining the necessary public services for which impact fees can be assessed, adding provisions that growth areas are to pay their proportionate share of impact fees, and adding new requirements for infrastructure improvement plans adopted by cities and towns. Additionally, a moratorium is established on the collection of impact fees through June 30, 2012. The bill also specifies that new or modified building codes do not apply to a residential or commercial building that was approved by a municipality before June 1, 2009, except if necessary to receive federal stimulus funding. The bill provides that through June 30, 2012, a voter approval is required to increase local construction sales tax rates. 3, 4, 5, 23, 44
- ***The Trailer BRB replaces the moratorium on the collection of impact fees with a 2-year cap on existing impact fees, and prohibits the adoption of new impact fees. It reduces the moratorium on building code changes from 3 to 2 years. Construction sales tax rates may not be increased for 2 years. These 2 year provisions begin on July 1, 2009, and extend through June 30, 2011. All other provisions are eliminated.*** 5-8, 11, 27, 37-38, 40, 47, 49-50
38. As permanent law, require a copy of a foreclosure notice to be sent to the tenants of rental properties. 10
39. As permanent law, change the composition of the board of directors for a special taxing district established under A.R.S. § 48, Chapter 36, by removing the 2 members of the Coconino County Board of Supervisors and replacing them with general public member the appointed Speaker of the House and President of the Senate. 24
40. As session law, require the State Land Commissioner to waive use restrictions on property near 40th Street and Union Hills, where there currently is the Maricopa Superior Court Northeast Justice Center and a golf course. 42
- ***The Trailer BRB deletes this provision from the bill.*** 36

**HOUSE AND SENATE HEALTH AND WELFARE BRB – SB II45
INCLUDING TRAILER BRB REVISIONS – HB 2650**

Arizona Department of Administration	<u>Section</u>
1. As permanent law, define eligible dependents for the state employee health insurance program as a spouse, a child under the age of 19, or a child under the age of 23 if a full-time student, beginning October 1, 2009.	14
2. As session law, continue to prohibit implementation of a differentiated health insurance premium in FY 2010 based on the integrated or non-integrated status of the provider, beginning October 1, 2009.	22
AHCCCS	
3. Eliminate the Temporary Medical Coverage Program.	9
4. As permanent law, eliminate the KidsCare Parents Program.	11
- <i>The Trailer BRB makes this effective October 1, 2009.</i>	8
5. As permanent law, reduce eligibility of the KidsCare Children program to families making less than 150% FPL for any new applicants.	10
- <i>The Trailer BRB deletes this provision from the bill.</i>	7
6. As permanent law, eliminate dentures as a covered service.	8
- <i>The Trailer BRB makes this retroactive to July 1, 2009.</i>	22
7. As session law, exclude AHCCCS from the ambulance provider rates set by DHS.	34
8. As session law, implement 5% reimbursement rates reduction. Stipulates that no individual rate may be reduced by more than 5%.	23
- <i>The Trailer BRB deletes this provision from the bill, prohibits increases in specific hospital rates in contract year beginning October 1, 2009, and allows AHCCCS to reduce noninstitutional rates by up to 5% in contract year beginning October 1, 2009.</i>	12
9. As session law, set county ALTCS contributions at \$190,467,500. Specifies that without the passage of the American Recovery and Reconciliation Act of 2009, county ALTCS contributions would have been \$262,889,400.	26
10. As session law, set the County Acute Care contribution at \$51,711,900. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.	25
11. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations, retroactive to June 30, 2004.	28
12. As session law, establish FY 2010 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, and private qualifying disproportionate share hospitals.	24
13. As session law, require the collection of \$2,646,200 in DUC pool contributions from counties other than Maricopa. Exclude these contributions from county expenditure limitations, retroactive to June 30, 2004.	27
14. As session law, change 50/50 split for revision of excess appropriations in ALTCS to 62.2% counties/37.8% state in FY 2009 and FY 2010 to ensure compliance with American Recovery and Reinvestment Act FMAP provisions. Specify that this is retroactive to June 30, 2009.	29
15. As session law, require AHCCCS to suspend the capitation payments to acute care plans in June for one month those which have at least 100,000 members and 15 days those plans which have less than 100,000 members.	31
- <i>As session law, the Trailer BRB changes the suspension for plans with less than 100,000 members to suspend 50% of the June capitation payments. Stipulates that the health plans shall receive 0.5% interest for the delayed payment.</i>	13
16. Require AHCCCS to submit a report by October 1, 2009 on hospital provider assessments.	32
17. Require AHCCCS to transfer Acute Care county savings due to the receipt of the enhanced FMAP in FY 2009 to counties by December 31, 2009.	33
18. As session law, permit AHCCCS to reduce by one level the thresholds beyond which patient costs are paid by reinsurance for the contract year 2010.	36
19. As session law, permit AHCCCS to reduce the risk contingency rate setting for all managed care organizations by 50% and impose a 5.88% reduction on funding for all managed care organizations administrative funding levels.	37
20. As session law, it is the intent of the legislature that AHCCCS comply with the Federal False Claims Act, achieve the maximum savings as possible under the federal act, and continue to consider best available technologies to consider fraud.	38

21. *The Trailer BRB adds session law permitting AHCCCS to expend federal funds made available by local or tribal spending unless the spending would reduced the enhanced federal matching rate under the federal stimulus or cause the administration to exceed any limitations of federal spending.* 16
22. *As session law, the Trailer BRB requires AHCCCS to transfer any county savings from the Proposition 204 – DES Eligibility line item in FY 2009 and FY 2010 back to the counties to conform with federal stimulus requirements.* 18
- Arizona Biomedical Research Commission**
23. Repeal the previously enacted appropriation for the Public Regenerative Tissue Repository. 19
- Department of Economic Security**
24. As session law, permit DES to reduce income eligibility levels for all child care programs. Require report to JLBC within 15 days of change in levels. 39
25. As session law, require recipients of TANF Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security has reasonable cause to believe that the recipient uses illegal drugs. 30
26. As permanent law, enact conforming changes associated with the elimination of the General Assistance program in Laws 2009, 1st Special Session, Chapter 1. 1, 2, 3, 5, 15, 16, 17, 18
- Department of Health Services**
27. As permanent law, requires 2 poison control centers to be maintained in Arizona. Eliminates requirement to issue an RFP to select one poison control center statewide. (Laws 2009, 1st Special Session, Chapter 1) 7, 20
28. As session law, continue to require Maricopa and Pima Counties and all cities to pay 86% and remaining counties 50% of cost of Restoration to Competency treatment in FY 2010. Allows counties to use any source of county revenue to make the transfers. 21
- *As session law, the Trailer BRB changes the payment requirement to 100% for all counties and cities. Exempts county contributions from county expenditure limitations.* 11
29. *The Trailer BRB adds session law requiring cities and counties to pay 25% of cost of treatment and confinement for sexually violent persons. Allows counties to use any source of county revenue to make the transfers and exempts county contributions from county expenditure limitations.* 15
30. As permanent law, define “indigent” for Seriously Mentally Ill as being below 100% of the Federal Poverty Level. 4, 6, 12, 13
- *The Trailer BRB deletes this provision from the bill.* 3, 4, 9, 10
31. As session law, require DHS when allocating available monies to behavioral health services to give priority to services such as assessment, crisis intervention, case management and screenings performed in hospital-based emergency departments and inpatient and outpatient and other settings. Specifies that behavioral health providers and division contractors are not liable for refusing to provide uncompensated or underfunded nonemergency, non-title XIX behavioral health services to persons who are not seriously mentally ill. 35
- *The Trailer BRB deletes the provision regarding priority services from the bill. It adds a new provision requiring DHS to provide a list of priority services for non-title XIX services on their website and provide 30 days notice before revising priorities. The Trailer BRB retains the language exempting providers and contractors from liability.* 14
32. *As permanent law, the Trailer BRB:* 1, 2, 5, 6
- *Establishes a new Health Services Licensing Fund;*
 - *Requires that DHS begin depositing monies from healthcare and child care facilities into the Health Services Licensing Fund beginning January 1, 2010;*
 - *Requires the Health Services Licensing Fund to transfer 10% of collected fees to the General Fund;*
 - *Allows the DHS Director to set licensing fees.*
33. *As session law, the Trailer BRB:* 17, 19, 20, 21
- *Appropriates \$4,493,400 from the Health Care Licensing Fund to DHS;*
 - *Establishes that it is the intent of the Legislature that the fees raised between January 1, 2010 and June 30, 2010 not exceed \$5 million;*
 - *Allows DHS to continue to charge existing fees until January 2010;*
 - *Provides emergency rulemaking authority for 18 months.*

**HOUSE AND SENATE HIGHER EDUCATION BRB – SB 1029
INCLUDING TRAILER BRB REVISIONS – HB 2649**

Arizona Community Colleges		<u>Section</u>
1.	As session law, suspend capital outlay funding for FY 2010.	15
2.	As session law, notwithstanding the operating state aid formula in FY 2010, and specify that the appropriation for operating state aid shall be as provided in the General Appropriation Act.	16
3.	As permanent law, beginning in FY 2011, eliminate the "hold harmless" provision that currently keeps a community college's operating state aid from decreasing when its enrollment declines. Also change the eligibility threshold for growth funding from the highest level after FY 2004 (current law) to any growth that exceeds the currently funded enrollment level.	4, 22
-	<i>The Trailer BRB changes the effective date from FY 2011 to FY 2010.</i>	7
4.	As permanent law, fund community college dual enrollment at 50%.	5
-	<i>The Trailer BRB changes the effective date from FY 2010 to FY 2011.</i>	10
5.	As permanent law, require community colleges to post their budgets on-line rather than in the newspaper.	3
6.	As session law, notwithstanding 20% cap to the community college districts' ability to use capital outlay monies for operating.	19
7.	As permanent law, delete duplicative report on number of students; change reporting dates for Proposition 301 Workforce report; eliminate requirement to report individual course data; and change reporting date for enrollment and eliminate course level data.	1, 2, 11, 13
8.	<i>The Trailer BRB adds a session law provision allowing organized community college districts that provide services to provisional districts to include the provisional districts' students in their expenditure limitation calculations for FY 2010 and FY 2011. The organized districts cannot use the provisional districts' student counts for state funding purposes.</i>	9
 Board of Medical Student Loans		
9.	As session law, notwithstanding the requirement in A.R.S. §15-1723(A) that at least 50% of loan monies be apportioned for students attending private medical schools retroactive to June 30, 2009.	18
 Commission for Postsecondary Education		
10.	As permanent law, restrict Leveraging Education Assistance Partnership (LEAP) grants to Arizona residents who demonstrate financial need and who are attending an approved Arizona university at least half-time. Previously in General Appropriation Act as footnote.	12
-	<i>The Trailer BRB makes a technical correction by moving this language into a separate section.</i>	3, 4
11.	<i>The K-12 Trailer BRB adds a new session law provision that authorizes the Commission for Postsecondary Education to seek federal and private funds in FY 2010 to help fund the program.</i>	
 Universities		
12.	As permanent law, require the Arizona Board of Regents (ABOR) and the Auditor General to develop a uniform accounting and reporting system.	7
13.	As permanent law, require both Arizona State (ASU) University East and West campuses to be separated as individual budget units. Require ASU Main to continue to provide administrative support for ASU East and ASU West campuses.	6
14.	As session law, suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into Arizona Financial Aid Trust (AFAT).	17
15.	As permanent law, require funding for enrollment growth be limited to Arizona residents.	9
16.	As permanent law, repeal \$632.3 million of ABOR's \$800 million lease-to-own and bond transactions authority. Repeal Laws 2008, Chapter 287, Section 39 requirement for funding construction at Phoenix biomedical campus.	10, 14
-	<i>The Trailer BRB allows ABOR to retain the \$800 million of lease-to-own and bond transactions authority including the construction of the Phoenix biomedical campus.</i>	2, 5
-	<i>The Trailer BRB restricts Lottery distributions in FY 2010 and FY 2011 into the University Capital Improvement Fund to the required debt service payments for \$167.7 million.</i>	2
-	<i>The Trailer BRB requires ABOR not to obligate the state for Lottery monies above those authorized in the bill or previously authorized in statute. This bill also prohibits any General Fund obligation.</i>	2
17.	As permanent law, make a technical change for the credit hour threshold requirement to conform to 2009 special session legislation, which changed the full-time equivalent student enrollment count from the 21st day of the fall semester to the 45th day of the fall and spring semesters.	7

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| 18. | As permanent law, require an annual report on paid invited speakers and associated costs. | 8 |
| - | <i>The Trailer BRB converts the reporting requirement into a session law provision for FY 2010 only, which would be due by March 31, 2010.</i> | 1, 8 |
| 19. | As session law, appropriate \$100 million in FY 2011 to the universities for the deferral of FY 2010 payments. | 20 |
| - | <i>The Trailer BRB moves the FY 2010 \$100 million deferral from the FY 2010 General Appropriation Act Bill into the Higher Education BRB. The provision also changes the payment dates for the deferral from August 1, 2010 and September 1, 2010 to no later than October 1, 2010.</i> | 6 |
| - | <i>The FY 2010 General Appropriation Act Trailer Bill amends Laws 2009, Chapter 5, Section 1 to clarify that the reduction of \$100 million in FY 2009 to the universities is a deferral, which will be paid in FY 2010.</i> | |

**HOUSE AND SENATE K-12 EDUCATION BRB - SB II87
INCLUDING TRAILER BRB REVISIONS – HB 2648**

Department of Education	<u>Section</u>
1. As permanent law, adjust the base level amount in A.R.S. § 15-901B2 to an amount that would maintain state Base Support Level (BSL) funding at the FY 2009 level, including \$(119) million in district formula reductions continued from the January 2009 Special Session.	30
2. As session law, reduce state aid funding for Soft Capital by \$(175) million statewide for FY 2010. Exempt school districts with fewer than 600 K-8 pupils from 50% of the K-8 Soft Capital reductions and districts with fewer than 600 high school pupils from 50% of the high school Soft Capital reductions that they otherwise would receive for FY 2010.	69
- <i>As session law, the Trailer BRB makes the \$(175) million reduction and related provisions effective beginning on 1/1/2010. The General Appropriation bill trailer includes language to appropriate monies to restore up to \$175 million if sufficient excess revenues are available by December 2009.</i>	18
3. As session law, reduce Soft Capital funding for school districts that do not receive state aid for FY 2010 by the amount that would be reduced if they did qualify for state aid for FY 2010.	69
4. As session law, specify that to the extent possible, the Soft Capital reductions shall be taken against administrative costs, rather than classroom instruction.	69
5. As permanent law, modify the charter school Additional Assistance per pupil funding amounts to levels that would result in a total net decrease in charter school formula funding for FY 2010 of \$(5) million below current law, including \$(4) million in charter formula reductions continued from the January 2009 Special Session.	5
- <i>The Trailer BRB reverses the \$(5) million permanent law provision and converts it into a session law provision for FY 2010 only. The General Appropriation bill trailer includes language to appropriate monies to restore up to \$5 million if sufficient excess revenues are available by December 2009.</i>	1, 26
6. As permanent law, increase by 2% the transportation funding amounts per route mile in A.R.S. § 15-945 and the charter school Additional Assistance per pupil funding amounts in A.R.S. § 15-185B4.	5, 38
- <i>As permanent law, the Trailer BRB expands this provision to also increase by 2% the per pupil base level in A.R.S. § 15-901B2 for FY 2010. As session law, the Trailer BRB reverses the new permanent law provision for FY 2010 only by instructing ADE to compute BSL funding for FY 2010 using a base level that does not include a 2% inflation adjustment. (Transportation and Additional Assistance funding still increase by 2% for FY 2010.)</i>	9, 25
7. As session law, continue to permit school districts to use Soft Capital funding for FY 2010 for any operating or capital expenditures.	70
8. As permanent law, amend the state aid payment schedule for school districts in A.R.S. § 15-973 in order to pay 1/12 th of the annual cost each month and make each payment on the first day of the following month, but with June payments on both 6/1 and 6/30. (Current law skips August and November payments, makes double payments in April and May, and makes all payments due on the 15 th of the month.)	41
- <i>As permanent law, the Trailer BRB clarifies that state aid payments are to be made on the first <u>business day of the month, plus last business day of June.</u></i>	11
9. As permanent law, amend the state aid payment schedule for charter schools in A.R.S. § 15-185B5 in order to match the new schedule for school districts. (Current law provides charters with 12 equal monthly payments on the 15 th of each month with no skipped or double payments.)	5
10. As session law, require ADE to apportion the newly required August state aid payment for FY 2010 in approximately equal amounts across months of the year that will remain after the general effective date of the act. (Otherwise the newly-mandated August payment would not be made.)	75
- <i>The Trailer BRB repeals this section and replaces it with similar language that incorporates new technical corrections.</i>	19, 23
11. As permanent law, cap ADM per pupil at 1.0 unless otherwise specified in law and apportion the 1.0 ADM based on the percentage of total time that a student is enrolled in or in attendance at the school district, charter school or Technology Assisted Project Based Instruction Program.	30
12. As permanent law, prohibit Basic State Aid funding for Early Kindergarten repeaters.	28
- <i>As permanent law, the Trailer BRB allows school districts and charter schools to charge tuition for Early Kindergarten repeaters.</i>	8
13. As session law, exempt current Kindergartners from the new prohibition on funding for Early Kindergarten repeaters.	87
14. As permanent law, repeal the Rapid Decline funding formula in A.R.S. § 15-942.	5, 37, 65
15. As session law, continue to fund state aid for JTEDs in FY 2010 at a percentage that would freeze statewide JTED costs at the prior year level.	63

16. As session law, continue to “hold harmless” a JTED if the adjustment factor otherwise would cause it to receive less state aid in FY 2010 than in FY 2009, apart from reductions due to changes in student counts, property values and other technical factors. 63
17. As permanent law, remove cap on number of district-sponsored TAPBI programs, but require new programs to be approved by the State Board of Education. 27
- ***As permanent law, the Trailer BRB replaces existing TAPBI language in SB 1187 with revised language for this and related TAPBI issues below.*** 7
18. As permanent law, remove cap on number of charter-sponsored TAPBI programs, but require charter board approval of new charter TAPBIs. 27
19. As permanent law, fund full-time TAPBI students at 95% of full formula amount for full-time students. 27
20. As permanent law, fund part-time TAPBI students at 85% of full formula amount for part-time students. 27
21. As permanent law, beginning July 1, 2010, require the State Board of Education and State Board for Charter Schools to develop annual reporting mechanisms for schools that participate in TAPBI. 27
22. As session law, stipulate TAPBI reporting requirements through July 31, 2010. 74
23. As permanent law, limit the TAPBI program to in-state students only. 27
24. As permanent law, require TAPBI programs to proctor the administration of required state standardized tests. 27
25. As permanent law, change the name of the TAPBI program to “Arizona Online Instruction.” 27
26. As session law, for FY 2010 set the maximum base level increase for Career Ladder districts at 5.0% rather than 5.5% and limit the program only to teachers who participated in the prior year. 86
27. As permanent law, repeal the new Teacher Performance Pay funding formula in A.R.S. § 15-977G3 enacted last year. 42
- ***The Trailer BRB deletes this provision from the bill, but provides no funding.*** 12
28. As session law, continue to defer \$602.6 million in Basic State Aid payments for FY 2010 until FY 2011. Appropriate \$602.6 million in FY 2011 for these deferred Basic State Aid payments and \$886,200 for related interest costs in FY 2011. 64
- ***As session law, the Trailer BRB allows the State Board of Education to make the currently-scheduled July 1, 2010 rollover payment of \$602.6 million after July 1, 2010, but no later than August 29, 2010, and makes related technical corrections.*** 16
29. As session law, continue to require school districts to include in the FY 2010 revenue estimates that they use for computing their FY 2010 tax rates the rollover monies that they will receive for FY 2010 in July 2010. 64
30. As permanent law, require county assessors to place assessed value on Government Property Lease Excise Tax (GPLET) properties and report those values to ADE. 59
31. As permanent law, require governmental entities to provide county assessors with a complete list of development agreements between it and its prime lessees for GPLET properties, plus related information. 58
32. As permanent law, instruct ADE to include the assessed valuation of properties subject to the Government Property Lease Excise Tax (GPLET) in the tax base that it uses when computing local share funding under the K-12 Basic State Aid formula. 40
33. As permanent law, eliminate Homeowner’s Rebate funding for Desegregation programs, Transportation Revenue Control Limit (TRCL) funding, and Career Ladder. 33, 36, 39
34. As permanent law, prohibit a school district from increasing its primary property tax rate if 1) at least half of the residential property in the district has a total combined primary property tax rate that exceeds the 1% cap in the State Constitution, and 2) the school district’s current primary property tax rate exceeds 150% of the K-12 Qualifying Tax Rate (QTR). 60
35. As permanent law, cap desegregation budgets at the prior year level. 33
36. As permanent law, continue to authorize the ADE or Auditor General to conduct financial, program, compliance or ADM audits of school districts and charter schools. 9
- ***As permanent law, the Trailer BRB deletes the reference to “program” audits for ADE, but not for the Auditor General.*** 2
37. As permanent law, allow a school district to spend Class B bond proceeds for furniture, equipment and technology if their useful life exceeds the duration of the bonds issued and require such bonds to mature within 5 years. 14, 43
38. ***As permanent law, the Trailer BRB requires school districts to issue bonds within 10 years of the date of approval by voters, versus 6 years under current law (corrects an engrossing error).*** 13
39. As permanent law, limit the early graduation program to students who graduate one year early. (Current law also allows participation by students who graduate one semester early.) 4
40. As session law, suspend new funding for the early graduation program for one year, but continue to fund existing students (including students who graduated one semester early) with available fund balances. 68, 89
- ***As session law, the Trailer BRB authorizes the Commission for Postsecondary Education to seek private,***

	<i>corporate and federal funds in FY 2010 to help fund the program.</i>	17
41.	As session law, suspend the new Excess Utilities funding formula in A.R.S. § 15-910.04 and Excess Utilities reporting requirements currently prescribed in A.R.S. § 15-910.03.	76
42.	As permanent law, require every school that offers Full Day Kindergarten (FDK) to also provide meaningful half-day instruction if there is sufficient demand for 1 full-size class.	23+
43.	As permanent law, permit each school district to establish its own deadline for notifying teachers of their employment status for the upcoming school year.	18, 19
44.	As permanent law, eliminate the requirement that a school district must notify its certificated teachers by May 15 of the prior year in order to implement a general salary reduction in the current year.	22
-	<i>As permanent law, the Trailer BRB also deletes statutory language that currently prohibits a governing board from reducing the salary of a certificated teacher who has been employed by the school district for more than 3 years unless the reduction is part of a general salary reduction and is applied equitably among all such teachers.</i>	6
45.	As permanent law, permit a school district or charter school to convert to a biennial audit cycle if its previous annual audit did not contain any negative findings, to the extent permitted by federal law.	34, 35
46.	As session law, suspend the annual AIMS Intervention and Dropout Prevention performance audit for FY 2010.	71
47.	As session law, suspend the biennial Special Education Cost Study for FY 2010 and FY 2011.	73
48.	As session law, permit Cave Creek Unified to use remaining bond proceeds from November 2000 election.	72
49.	As permanent law, permit school districts and charter schools to advertise on their websites and athletic facilities, but permit them to refuse advertising.	11
50.	As session law, permit the Santa Cruz Valley Union High School district to correct budget overexpenditures over a 5-year rather than 1 or 2-year period.	80
51.	As session law, permit the Blue Ridge Unified and Snowflake Unified School Districts to correct ADM overpayments over a 5-year rather than 1 or 2-year period.	82
52.	As permanent law, permit a school district or charter school that is required to repay monies as the result of an ADM audit conducted after the effective date of the act to repay them over a 5-year rather than 1 or 2-year period.	31
-	<i>The Trailer BRB deletes this provision from the bill.</i>	10
53.	As session law, permit the Red Mesa Unified school district to correct budget expenditures over a 5-year rather than 1 or 2-year period.	81
54.	As session law, establish for FY 2010 a separate Revenue Control Limit calculation for purposes of overrides that does not reflect the \$119 million in school district formula reductions from the 1 st Special Session.	84
55.	As session law, amend Laws 2009, Chapter 6 in order to include rollover monies in the calculation of school district cash balances and make a technical correction.	62
-	<i>As session law, the Trailer BRB changes from 10/15 to 11/2 (the first business day of November) the date on which ADE shall apportion monies to school districts to fund the portion of the \$300 million reduction from Laws 2009, Chapter 6 not covered by school district cash balances, and makes a technical correction.</i>	15
56.	As permanent law, permit all school districts to budget for a 15% M&O override, or for a 10% M&O override and a 5% special program override. (Currently all districts may budget for a 10% M&O override, but only districts with K-3 pupils may budget for an additional 5% K-3 override.)	12, 13, 44, 78,
-	<i>As permanent law, the Trailer BRB prescribes ballot language for the newly authorized override elections, and as session law it allows a school district governing board to cancel an override election previously scheduled for November 2009 no later than August 1, 2009.</i>	3, 20, 21
57.	As session law, allow school districts to conduct an override election in March 2010 for either 1) a 15% M&O override that would replace any previously approved M&O and K-3 overrides, 2) an additional 5% M&O or special program override if the voters authorized a 10% M&O override in November 2009, or 3) a 17% override for a common school district if an M&O override and K-3 override were still in effect on the effective date of the act.	79
58.	As permanent law, permit a school district governing board to establish a fund or trust account to fund postemployment benefits provided to employees and their spouses or dependents.	3, 47, 90
-	<i>As permanent law, the Trailer BRB makes a technical correction.</i>	14
59.	As permanent law, permit school districts to hire as superintendent or business manager a person without certification from the State Board of Education.	7, 16
60.	As permanent law, add non-certificated superintendents to the list of persons requiring fingerprinting as a condition of employment.	55, 56
61.	As permanent law, permit schools with < 4,000 ADM to do their own accounting, if qualified and approved.	35

62. As permanent law, reduce public school regulations regarding Intergovernmental Agreements (IGAs) (such as exempting IGAs and contracts between school districts from competitive bidding); due process for certificated teachers (such as reducing the number of days that a teacher has to correct inadequate classroom performance and reducing the number of days notice that a school district must give prior to dismissing a teacher or suspending them without pay); procurement practices and construction services; budgets, audits and reporting; school property; bullying, harassment, intimidation, and pupil disciplinary proceedings; and miscellaneous other items. 1, 2, 4, 5, 7, 8, 10, 11, 15, 20, 21, 24-26, 29, 32, 45, 46, 48, 52-54, 57
63. As permanent law, change the overexpenditure threshold at which a district must revise its budget at a public meeting to 1% of the relative budget limit or \$100,000, whichever is less (currently at flat rate of \$1,000). 32
64. As permanent law, prohibit the State Board of Education from requiring high school pupils to meet or exceed standards in subjects other than reading, writing and mathematics in order to graduate from high school. 24
65. As permanent law, require that any additional assessment for high school pupils that are adopted by the State Board of Education after the effective date of the act be designed to measure college and career readiness of pupils. 24
66. As permanent law, repeal the "Local Education Accountability Program," which allows individual schools within a school district to receive direct funding associated with teacher salaries, average daily membership and transportation, rather than being funded for those items through their school district. 51
67. As session law, establish a task force on assessment to measure college and career readiness. 77
68. As session law, repeal session law language that currently limits AIMS contracts to 1 year. 61
69. As permanent law, limit capital overrides to 10% of a school district's Revenue Control Limit (RCL). 12
70. As session law, allow a county school superintendent to suspend a transportation school district if there has been a student count of less than 100 pupils between the ages of 6 and 21 for three months during the school year. 83
71. As permanent law, prohibit school districts and charter schools from adopting policies that provide employment retention priority for teachers based on tenure or seniority. 6, 15,
- *As permanent law, the Trailer BRB also deletes statutory language that currently requires school districts to rehire certificated teachers who are dismissed for reasons of economy or efficiency in the order of their original employment.* 6
72. As permanent law, prohibit school districts from paying for association days. 17
- *The Trailer BRB repeals this section and replaces it with new language that prohibits school district employment contracts from including compensated days for professional association activities. (The prior language instead required teachers to reimburse districts for substitute teachers hired because of their participation in professional association activities.)* 4, 5
73. As permanent law, require Classroom Site Fund per pupil funding calculations to factor in prior year shortfalls or surpluses. 42
74. *As session law, the Trailer BRB allows school districts and charter schools to charge tuition for full day kindergarten (FDK) in FY 2010 if they decide not to provide free FDK in FY 2010 due to funding reductions prescribed by the act.* 24

School Facilities Board

75. As session law, suspend the Building Renewal formula for FY 2010. 66
76. As permanent law, count kindergarteners as half-time Average Daily Membership (ADM) pupils for purposes of determining minimum school facility adequacy requirements, thereby not requiring the School Facilities Board (SFB) to fund new classroom costs for Full-Day Kindergarten (FDK). 49
77. As session law, continue to prohibit SFB from authorizing or awarding funding for the design or construction of any new school facility, including FDK but excluding \$100 million in new bonding authority (see below), or for school site acquisitions. Continue to require school districts to submit capital plans during FY 2010, and permit SFB to review and award new school facilities, subject to future appropriations. 67
78. As permanent law, restrict SFB from providing new construction projects inflationary funding above the formula funding. 50
79. As session law, require the SFB to issue up to \$100 million of Qualified School Construction Bonds as authorized by the American Reinvestment and Recovery Act of 2009. Require the bonds to be issued by December 31, 2009, and limit the proceeds to be spent on new construction projects only. Require proceeds to first be given to school districts whose projected FY 2010 ADM exceeds the district-wide space capacity. 85
- *As session law, the Trailer BRB changes the deadline for bonds to be issued to December 1, 2010.* 22

HOUSE AND SENATE REVENUES BRB - SB 1036 INCLUDING TRAILER BRB REVISIONS – HB 2644

Arizona Department of Agriculture	<u>Section</u>
1. As session law, permit the Citrus, Fruit and Vegetable Advisory Council, the Agricultural Advisory Council, and the director to increase fees in FY 2010 and permit the Arizona Department of Agriculture to continue \$172,000 in FY 2009 fee increases in FY 2010.	40
2. As session law, require the Citrus, Fruit and Vegetable Advisory Council to provide 30 days advance notice of a public hearing for any proposed fee increases in FY 2010.	40
Registrar of Contractors	
3. As session law, allow 14% of prior fiscal year revenues from the Residential Contractor's Recovery Fund to be used for employee and contracted services, equipment, and for operational costs, rather than 10% of fund balance.	41
Corporation Commission	
4. <i>As permanent law, the Trailer BRB adds a provision that directs a portion of the fee for the annual report of domestic and foreign corporations, as appropriated by the Legislature, to the Public Access Fund for the Corporation Commission's operating expenditures. The fee is currently deposited in the General Fund.</i>	4,5
5. <i>As permanent law, the Trailer BRB adds a provision that gives the Corporation Commission the authority to adjust the annual registration fees for securities dealers and salesmen, and directs a portion of another from the General Fund to the Securities Regulation and Enforcement Fund.</i>	32,33,41
Department of Education	
6. As permanent law, repeal the State Equalization Tax Rate authorized in A.R.S. § 15-994.	6
- <i>This provision is moved from SB 1036 to the Trailer BRB.</i>	6,7
7. As permanent law, specify the official K-12 Qualifying Tax Rate (QTR) for FY 2010 at \$2.75 in compliance with the Truth in Taxation (A.R.S. § 41-1276).	10
- <i>This provision is moved from SB 1036 to the Trailer BRB.</i>	10,11
8. As session law, redirect \$95 million in local Vehicle License Tax collections to county treasurers for distribution to local school districts to help fund basic state aid costs. This amount includes \$53 million in county distributions and \$42 million in city distributions. Exempt these contributions from county expenditure limitations. Allows counties to use any source of county revenue to make the transfers.	44
- <i>As session law, the Trailer BRB modifies this provision by eliminating the county distribution portion of the distribution to local school districts, and providing that the \$22 million from city Vehicle License Tax be distributed to county treasurers for distribution to local school districts in the amount of \$3.7 million per month beginning January 2010. The General Appropriation Trailer bill includes language to appropriate monies to restore up to \$22 million if sufficient excess revenues are available by December 2009.</i>	35
9. As permanent law, use a 10% single assessment ratio for all voter-approved overrides and bond elections, authorized after June 30, 2009. The provisions apply to school districts, community college districts, cities, towns and counties, but exclude special taxing districts. The bill provides that the approved bonded indebtedness does not apply in computing the constitutional debt limitations for these jurisdictions.	22-28
- <i>As permanent law, the Trailer BRB as amended modifies this provision to use a 16% assessment ratio for secondary property tax purposes on Class 1 property for all voter-approved overrides and bond elections authorized after December 31, 2011.</i>	23-29
Government Information Technology Agency	
10. As permanent law, beginning in FY 2011, require all revenues from the State Web Portal be deposited in the State Web Portal Fund.	11
11. As session law, limit the operating expenses exempt from appropriation to no more than \$3 million in FY 2010.	42

Arizona Department of Housing

12. As permanent law, deposit unclaimed property proceeds in the General Fund rather than the Housing Trust Fund. 12
- *As permanent law, the Trailer BRB modifies this provision to provide that the first \$10.5 million in unclaimed property proceeds are to be deposited into the Housing Trust Fund, with the remainder deposited into the General Fund.* 12

Department of Insurance

13. As session law, notwithstanding the requirement for the Department of Insurance to recover at least 95% but not more than 110% of the department's appropriated budget. 38

Lottery Commission

14. As session law, reduce FY 2010 Lottery distributions to the County Assistance Fund by \$765,000, the Local Transportation Assistance Fund by \$2,300,000, and the Local Transportation Assistance Fund II (Mass Transit) by \$990,000. The total reduction is \$4,055,000. 39
15. As permanent law, repeal the State Land Department's Community Protection Initiative Fund and Department of Environmental Quality's Water Supply Development Fund Special Line Item from the list of recipients of State Lottery Fund monies. 5

State Board of Nursing

16. *As permanent law, the Trailer BRB changes the due date for professional and practical nurse license renewals from July 1 to April 1, changes the date on which an additional fee for late renewals is assessed from August 1 to May 1, and changes the license expiration date for late renewals from November 1 to August 1.* 8

Nursing Care Administrators

17. *As session law, the Trailer BRB allows the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers to increase its fees in FY 2010. The bill appropriates the revenue generated from the increased fees to the board, and includes an intent clause that limits additional revenues generated by the fee increases to \$85,000. The bill also exempts the board from rulemaking requirements for 1 year.* 38

Office of Pest Management

18. *As session law, the Trailer BRB allows the Office of Pest Management to increase its fees in FY 2010. The bill appropriates the revenue generated from the increased fees to the agency, and includes an intent clause that limits additional revenues generated by the fee increases to \$875,000. The bill also exempts the agency from rulemaking requirements for 1 year.* 39

Department of Racing

19. As permanent law, require pari-mutuel proceeds to be distributed to the General Fund rather than to Racing funds. The bill also appropriates General Fund monies to current Racing fund recipients to partially offset loss of pari-mutuel taxes. Makes Racing funds non-appropriated since they will now receive only General Fund monies. *See Department of Revenue unclaimed property provision for details on total appropriation redirected from both sources.* 4

Department of Revenue

20. As permanent law, require most unclaimed property proceeds to be distributed to the General Fund. The redirected monies are currently distributed to the Housing Trust Fund, Racing Funds, and the Department of Revenue. Appropriate \$4,595,500 to various Racing programs and \$2,963,200 to the Department of Revenue for administration and auditors. No funding is made available to Housing Trust Fund. The estimated \$173,100 to the Victims Compensation and Assistance Fund, \$26,300 to the Utility Assistance Fund, and \$11,200 to the Permanent School Fund would continue to be distributed as under current law. 31
- *As permanent law, the Trailer BRB modifies this provision to provide that the first \$10.5 million in unclaimed property proceeds are to be deposited into the Housing Trust Fund, and the next \$24.5 million goes to the Department of Revenue. Establishes the Department of Revenue Administrative Fund. Includes a retroactive clause to July 1, 2009.* 13,31
21. As permanent law, accelerate by 2 years the length of time for all property types to be presumed abandoned and therefore unclaimed (from 5 years to 3 years), revised the time period for travelers' checks from 14 years to 3 years and money orders from 6 to 3 years. 8, 30

22. As permanent law, transfer the function of tobacco tax enforcement from the Department of Revenue to the Department of Liquor Licenses and Control. 1, 2, 3, 9,13-21
 - *The Trailer BRB deletes this provision from the bill* 1-3,9, 14-22
23. As session law, shift \$662,800 of funding in the Department of Revenue from Tobacco Tax and Health Care Funds to the General Fund, and shift an equal amount of General Fund in the Arizona Health Care Cost Containment System to the Tobacco Tax and Health Care Fund. 43
 - *The Trailer BRB deletes this provision from the bill* 34
24. *As session law, the Trailer BRB continues the requirement for JLBC review of any BRITS contract extensions or modifications that increase the contractor's share of gain-sharing proceeds from state revenues during FY 2010. Retroactive to June 30, 2009.* 42
25. *As session law, the Trailer BRB adds a provision that the Department of Revenue may utilize up to \$2 million of General Fund revenues to pay BRITS operational support costs after JLBC review.* 42
 - *As session law, the Trailer BRB as amended adds a provision that if 12.5% of the dollar value of properties recovered by unclaimed property contract auditors exceeds \$1,770,000 in FY 2010, the excess amount will be transferred to the DOR Administrative Fund and appropriated to DOR for contract auditor fees.* 43

Arizona Department of Transportation

26. As permanent law, change A.R.S. § 28-3002(A)7 to remove the cap on fees for duplicate drivers licenses. 7
27. *As session law, the Trailer BRB adds a provision that the amount of Vehicle License Tax collected from the 5-year registration option which is over and above what would have been collected had the vehicles been registered for 2 years be deposited into the state General Fund.* 40

Revenues

28. As session law, repeal the fee raising authority, appropriations, and rule making exemptions pursuant to Laws 2008, Chapter 291, Section 12 for all entities except for Agriculture (see above). 37
 - *As session law, the Trailer BRB continues FY 2009 fee raising authority for the Department of Health Services, the Radiation Regulatory Agency, and the State Land Department for FY 2010. The bill exempts recreation fees from the fee raising authority granted the State Land Department. The bill adds an intent clause that limits additional revenues to \$600,000 each for the Department of Health Services and the State Land Department, and \$500,000 for the Radiation Regulatory Agency.* 37
29. As permanent law, the bill provides that no state funds may be used for operating expenses of the facility, nor for any costs that qualify for funding from the Arizona Convention Center Development Fund. The bill also provides for a performance audit of the district beginning in 2010. The bill specifies that the district's Board of Directors consist of 9 members, 5 to be appointed by the Governor, and 2 each to be appointed by the President of the Senate and the Speaker of the House. The bill provides that, until a notice to proceed is issued for a hotel and convention center, distributed funds may only be used for debt service on bonds issued before January 1, 2009, administrative expenses, contractual obligations incurred before June 1, 2009, and the design and construction of the hotel and convention center. The bill also requires the establishment of a web-site database reporting revenues and expenditures of the district, and requires the posting of annual financial reports on the web-site. 32-36, 47
30. As session law, authorize cities and towns to use local impact fees for General Fund purposes. The bill also provides that cities and towns may not increase impact fees in order to replace fees spent for General Fund purposes. 46
31. As session law, require Maricopa County to transfer \$24,168,400 and Pima County to transfer \$3,794,400 into the General Fund. Exempt these contributions from county expenditure limitations. Allows counties to use any source of county revenue to make the transfers. 45
 - *As session law, the Trailer BRB modifies the required transfers from Maricopa County and Pima County to \$19,014,600 and \$2,985,400 respectively, for a total transfer of \$22 million.* 36
32. As permanent law, repeal the June 30, 2011 sunset date for the school tuition organization corporate income tax credit. 29
33. *As permanent law, the Trailer BRB adds a provision that requires nonresident taxpayers to prorate their standard deduction based on Arizona income as a percent of total income.* 30

**HOUSE AND SENATE STATE PROPERTIES BRB – SB 1031
INCLUDING TRAILER BRB REVISIONS – HB 2646**

Section

Department of Administration/Department of Agriculture

- | | | |
|----|--|----------|
| 1. | As session law, require ADOA to sell the current Department of Agriculture Lab at 2422 W. Holly in Phoenix. Any proceeds from the sale shall be deposited into the General Fund. | 1 |
| - | <i>The Trailer BRB specifies that the sale of the property shall exclude the 2 trailers currently on the property.</i> | <i>1</i> |

Department of Public Safety

- | | | |
|----|--|----------|
| 2. | As session law, require Department of Public Safety (DPS) to sell one twin engine airplane. Any proceeds from the sale shall be deposited into the General Fund. | 2 |
| - | <i>The Trailer BRB deletes this provision from the bill.</i> | <i>2</i> |
| 3. | As session law, require DPS to sell one helicopter. Any proceeds from the sale shall be deposited into the General Fund. | 2 |
| - | <i>The Trailer BRB deletes this provision from the bill.</i> | <i>2</i> |

POTENTIAL EXCESS REVENUE LANGUAGE

JLBC and OSPB are required to project the level of FY 10 General Fund revenues by December 15, 2009. This amount would include regular FY 10 General Fund revenue collections and any voter-enacted sales tax increase. This amount would then be compared to the budgeted levels of FY 10 revenues.

If JLBC and OSPB determine that revenues are projected to exceed the budgeted levels, that “excess” amount would be distributed 50% to reducing the level of the sale/leaseback, up to \$217 million, and 50% to offsetting up to \$217 million of reductions which are effective January 1, 2010, proportionately amongst the following items:

- \$175 million for soft capital reduction,
- \$5 million for additional charter assistance reduction,
- \$22 million for shift of school costs to cities and towns, and
- \$15 million for Department of Economic Security lump sum reduction.

While this provision was not vetoed by the Governor, the \$217 million of spending reductions and the sale/leaseback provision were vetoed.

HOUSE AND SENATE MAJOR FOOTNOTE CHANGES – SB 1188 INCLUDING TRAILER BILL REVISIONS – HB 2643

AHCCCS

- Deletes the footnote allowing AHCCCS to expend funds for federally-matched hospice services to non-ALTCS members.
- Adds footnote prohibiting lump sum reduction from being taken against Rural Hospital Reimbursement line.
- Adds footnote stating intent of the Legislature that AHCCCS take its lump sum reduction against administrative functions and, to the extent possible, not against programmatic functions.

Automobile Theft Authority

- Adds footnote requiring Automobile Theft Authority Fund monies: 1) to be granted with consideration given to areas with greater automobile theft problems; and 2) to be used to combat economic auto theft operations.
- Adds footnote requiring the agency to pay 80% of personal services and employee related expenditures of city and county officers on the Auto Theft Task Force.
- *The Trailer Bill requires ATA to pay 75%, rather than 80%, of personal services and employee related expenditures of city and county officers on the task force.*

State Board for Charter Schools

- Deletes the footnote requiring a survey of parents of charter school pupils in FY 2009 and FY 2010, as long-term survey results are already available.

State Board of Chiropractic Examiners

- *The Trailer Bill adds a footnote requiring the board to submit a report to the JLBC on the FY 2009 ending balance and projected FY 2010 revenues and expenditures for the Board of Chiropractic Examiners Fund and states that it is the intent of the Legislature that the board have sufficient resources to continue its FY 2010 operating level through FY 2011.*

Department of Commerce

- Adds footnote permitting the department to use General Fund, Bond Fund, Commerce and Economic Development Commission Fund, and State Lottery Fund monies to administer programs that attract and retain jobs in this state and to pay for associated direct, indirect, and other costs.
- *The Trailer Bill deletes this footnote from the bill. Equivalent language has been added in the General Government BRB Trailer.*

Arizona Community Colleges

- Adds a footnote prohibiting appropriated community college monies from being used to implement the Centennial Scholars Program.

Department of Corrections

- Adds footnote stating that the department may contract with county jails for purposes of housing inmates committed to the department at a per diem rate that shall not exceed \$50.00.
- *The Trailer Bill deletes a footnote relating to a personnel reduction since that change has been converted to a lump sum reduction.*
- *The Trailer Bill adds a footnote stating that it is the intent of the Legislature that \$50,000,000 will be disbursed in FY 2010 from the federal State Fiscal Stabilization Fund to DOC for correctional officer personal services.*

Arizona Criminal Justice Commission

- Adds footnote allowing all State Aid to County Attorney Fund receipts received by the Arizona Criminal Justice Commission in excess of their appropriation to be appropriated to the State Aid to County Attorney Program upon JLBC review.
- Adds footnote allowing all State Aid to Indigent Defense Fund receipts received by the Arizona Criminal Justice Commission in excess of their appropriation to be appropriated to the State Aid to Indigent Defense Program upon JLBC review.

Department of Economic Security

- Deletes the footnote requiring the department to report on the activities of food distribution efforts funded through the Coordinated Hunger Special Line Item.
- Deletes the JOBS FTE footnote.
- Adds footnote prohibiting the department from having more welfare offices than in FY 2006.
- Adds footnote stating intent of the Legislature that DES take its lump sum reduction against administrative functions and, to the extent possible, not against programmatic functions.
- Adds footnote requiring DES to use a \$200,000 appropriation to contract with a third party to create a clearinghouse to distribute assistive technology to school districts.
- *The Trailer Bill adds footnotes stating that it is the intent of the Legislature that the following amounts will be disbursed in FY 2010 from the federal State Fiscal Stabilization Fund to DES for:*
 - *\$15,000,000 for state-only home and community based services, which offsets a General Fund reduction of the same amount*
 - *\$2,300,000 for children's autism intensive behavioral treatment services and for children's autism intensive early intervention services for toddlers, which offsets a General Fund reduction of the same amount*
 - *\$5,500,000 for child protective services*
 - *\$2,500,000 for adoption services caseload growth*
 - *\$18,000,000 for children's services*
- *The Governor line item vetoed these 5 footnotes.*

Department of Education

- Deletes the footnote requiring the State Board of Education to administer a parent satisfaction survey.

Department of Emergency and Military Affairs

- Adds footnote requiring the department to request permission from the U.S. Department of Defense for the National Guard to train on the Arizona-Mexico border.

Department of Environmental Quality

- *The Trailer Bill adds a footnote requiring the appropriation to the Indirect Cost Fund and the Air Permits Administration Fund to be adjusted as necessary to reflect actual final receipts credited to the fund and requires expenditure above the appropriation to be reviewed by JLBC.*

Department of Health Services

- Adds footnote stating intent of the Legislature that DHS take its lump sum reduction against administrative functions and, to the extent possible, not against programmatic functions.
- Adds footnote requiring DHS to distribute all Alzheimer's Disease Research monies to grantees by Sept. 30, 2009 and to prohibit the lump sum reduction from being taken against this line item.
- *The Trailer Bill adds a footnote stating that it is the intent of the Legislature that \$11,600,000 will be disbursed in FY 2010 from the federal State Fiscal Stabilization Fund to DHS for community health centers. This disbursement offsets a General Fund reduction of the same amount.*
- *The Governor line item vetoed this footnote.*

Department of Insurance

- *The Trailer Bill deletes the footnote stating that it is the intent of the Legislature that \$294,000 in FY 2010 will be for new agreements to prosecute fraud cases and will be funded by the department from revenues from fraud unit fees.*

Department of Juvenile Corrections

- *The Trailer Bill deletes the footnote requiring DJC to provide a travel stipend to all southwest regional juvenile correction complex staff whose residence is at least 20 miles from work.*

State Parks Board

- Adds footnote prohibiting agency from transferring monies from the Law Enforcement and Boating Safety Fund as a cash transfer to offset other fund transfers mandated by the Act.

Department of Public Safety

- Modifies the footnote that specifies \$10,000,000 is to be used for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM). This footnote will now allow the Department of Public Safety (DPS) to provide up to

80% of Personal Services and Employee Related Expenditures and all capital related equipment costs rather than 85% of all costs. The footnote now requires DPS to make a reasonable effort to enter into a 287g agreement rather than require an agreement. The footnote also permits funding to be used for any previously authorized allocations.

- ***The Trailer Bill changes the specified amount from \$10,000,000 to \$2,603,400.***
- Modifies the GIITEM footnote regarding the \$10,358,900 used for 100 DPS GIITEM personnel. The footnote adjusts language regarding how DPS personnel may be used and eliminates language relating to a 287g agreement.
- ***The Trailer Bill changes the specified amount from \$10,358,900 to \$9,400,900.***
- Adds a footnote requiring a quarterly report with photo radar enforcement information that would include the number of citations and notices of violations received, paid or referred to the courts as well as the number of cameras in operation. The report would also include the total amount of revenue generated and how that revenue was distributed.
- Adds a footnote stating that the intent of the Legislature is that the lump sum reductions not be taken against GIITEM or sworn personnel.
- ***The Trailer Bill modifies the footnote by removing GIITEM from being exempt from the reductions.***

Department of Racing

- Deletes the footnote requiring reporting on boxing related activities.
- ***The Trailer Bill adds a footnote stating that the amount appropriated to the County Fairs Livestock and Agricultural Promotion Line Item is for deposit in the County Fairs Livestock and Agricultural Promotion Fund.***

Department of Revenue

- ***The Trailer Bill adds a footnote stating that the \$3,000,000 appropriated from the General Fund for temporary collectors is to collect established debt and requiring DOR to report its results to the JLBC by January 31, 2010.***

Arizona Department of Transportation

- Adds footnote stating that it is the intent of the Legislature that the department not include any administrative overhead expenditures in duplicate drivers license fees charged to the public.
- ***The Trailer Bill adds a footnote stating that transfers to or from an operating budget or special line item as outlined in the FY 2010 Appropriations Report that equals or exceeds \$1,000,000 for FY 2010 must be reviewed by the JLBC. Transfers below \$1,000,000 are to be reported to JLBC Staff.***

Universities

- Adds a footnote prohibiting appropriated university monies from being used to implement the Centennial Scholars Program.
- Deletes the reporting requirement of the University of Arizona – Health Sciences Center for the Phoenix Medical Campus. The Phoenix Medical Campus has been operational since 2006 and the JLBC granted future operational and capital plans for the campus a favorable review in September 2005. Also deletes the related footnote that requires transfers to or from the Phoenix Medical Campus line item to receive prior review by the JLBC.
- Adds footnote requiring ABOR to allocate ASU lump sum reduction by campus.
- Adds footnote requiring ABOR allocation of the university lump sum reduction to not increase differences in per student funding among the universities.
- Adds a footnote requiring ABOR to defer funding to the universities in proportion to the state General Fund appropriation received by each university.
- ***The Trailer Bill deletes this footnote from the bill. Equivalent language has been added in the Higher Education BRB Trailer.***

Water Resources

- Deletes the footnote requiring the department to report the amount of fees collected by the Assured and Adequate Water Supply Program. The fund began collecting revenue in FY 2006.

Other

- Deletes footnotes that permit agencies to spend above the level of their Other Fund appropriations. The Legislature will need to review whether those additional funds may be needed to address the state's budget shortfall. These footnotes had applied to the following agencies and funds:

Department of Administration

- State Surplus Property Sales
- Telecommunications Fund Infrastructure Improvement Account

Attorney General

- Antitrust Enforcement Revolving Fund

Automobile Theft Authority

- Automobile Theft Authority Fund

Arizona Drug and Gang Prevention Resource Center

- Intergovernmental Agreements and Grants Fund

Department of Economic Security

- Child Support Enforcement Administration Fund
- Domestic Violence Shelter Fund
- Spinal and Head Injuries Trust Fund
- Workforce Investment Act Grant
- ***The Trailer Bill restores the footnotes for the Child Support Enforcement Administration Fund, the Domestic Violence Shelter Fund, and the Workforce Investment Act Grant.***

Department of Environmental Quality

- Air Permits Administration Fund
- ***See DEQ description above.***
- Indirect Cost Recovery Fund
- ***See DEQ description above.***
- Water Quality Fee Fund

Judiciary – Supreme Court

- Case Processing Assistance Fund
- Defensive Driving School Fund
- Judicial Collection Enhancement Fund

Judiciary – Superior Court

- Community Punishment Program
- Crime Reduction Fund
- Judicial Collection Enhancement Fund

Department of Juvenile Corrections

- State Education Fund

Legislature – Arizona State Library, Archives and Public Records

- Record Services Fund

**Governor Vetoes --
Allocation of Federal Stabilization Funds and Impact on State Agency Budgets**

	<u>6/30 Plan</u> <u>FY 2009</u>	<u>6/30 Plan</u> <u>FY 2010</u>
<u>K-12</u>		
GF Budget <u>1/</u>	4,226,080,400	4,226,080,400
GF Baseline Changes <u>2/</u>	0	(98,209,200)
GF Baseline Budget	4,226,080,400	4,127,871,200
BSA and ASA Reductions	0	(209,750,900) <u>3/</u>
Property Tax Shifts	0	(53,915,700) <u>3/</u>
VLТ Shift	0	(22,000,000) <u>3/</u>
ARRA Reduction <u>4/</u>	(250,000,000) <u>5/</u>	(222,114,000) <u>6/</u>
Revised GF Budget	3,976,080,400	3,620,090,600
Stabilization Fund/Backfill	250,000,000 <u>5/</u>	222,114,000 <u>7/</u>
Post-Stabilization Budget (GF + Fed. Funds)	4,226,080,400	3,842,204,600
Net Impact (Pre-Post Stabilization Funds)	0	(285,666,600)
Net Total Impact After Shifts	0	(209,750,900)
<u>Comm. Colleges</u>		
GF Budget <u>1/</u>	137,679,800	137,679,800
GF Baseline Changes	0	7,493,800
GF Baseline Budget	137,679,800	145,173,600
Reduction	0	(10,829,300)
Revised Budget	137,679,800	134,344,300
Restoration <u>1/</u>	28,671,000 <u>7/</u>	29,825,900 <u>7/</u>
Post-Stabilization Budget (GF + Fed. Funds)	166,350,800	164,170,200
Net Impact (Pre-Post Stabilization Funds)	28,671,000	26,490,400
<u>Universities</u>		
GF Budget <u>1/</u>	920,390,100	920,390,100
Reduction	0	(40,000,000) <u>6/</u>
ARRA Reduction <u>4/</u>	0	(10,000,000) <u>6/</u>
Revised Budget	920,390,100	870,390,100
Stabilization Fund/Backfill	0	10,000,000 <u>7/</u>
Restoration <u>8/</u>	154,138,300 <u>7/</u>	136,000,000 <u>7/</u>
Post-Stabilization Budget (GF + Fed. Funds)	1,074,528,400	1,016,390,100
Net Impact (Pre-Post Stabilization Funds)	154,138,300	96,000,000
<u>General Purpose</u>		
Dept. of Corrections ARRA Reduction <u>4/</u>	0	(50,000,000) <u>9/</u>
Dept. of Corrections Stabilization Fund/Backfill	0	50,000,000 <u>9/</u>
DHS ARRA Reduction (Community Health Centers) <u>4/</u>	0	(11,600,000)
DHS Stabilization Fund/Backfill	0	11,600,000 <u>7/</u>
DES ARRA Reduction (Autism and State-only DD) <u>4/</u>	0	(17,300,000)
DES Stabilization Fund/Backfill	0	17,300,000 <u>7/</u>
DES Restoration (CPS/Adoption/Children Services)	0	26,000,000 <u>7/</u>
Unallocated General Purpose Funds	0	80,185,800
Total Stabilization Funds Used	432,809,300	583,025,700

1/ The FY 2009 and FY 2010 budget estimates are from the Governor's Fiscal Stabilization Fund application and represent incurred obligations.

2/ Only includes baseline changes to Basic State Aid and Additional State Aid

3/ Line item veto of entire basic state aid/additional state aid appropriation

4/ American Recovery and Reinvestment Act reduction. These reductions are taken in addition to the other reductions listed above and are backfilled with Stabilization Fund monies. In total, these figures comprise the \$311,014,000 of Stabilization Fund savings listed in other budget documents.

5/ The \$(250) million reduction and the intent statement regarding the use of these federal funds to backfill this reduction were enacted as part of Laws 2009, Chapter 5.

6/ Line item veto of spending reduction

7/ Line item veto of intent statement regarding use of stabilization funds.

8/ These funds will be received at the end of FY 2009 and in the first half of FY 2010, and may be spent through FY 2011.

9/ Unlike other ARRA reductions and intent statements in HB 2643, this was not line item vetoed.