

# Appropriations Committee

Senator David Gowan, Chairperson



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# APPROPRIATIONS COMMITTEE

## LEGISLATION ENACTED

budget stabilization fund; deposits (S.B. 1091) – Chapter 54

Raises the statutory cap on the Budget Stabilization Fund year-end balance from 7 percent to 10 percent of the fiscal year's state General Fund revenue.

state lease-purchase agreements; payoff (S.B. 1215) – Chapter 277

Appropriates \$190,000,000 from the state General Fund in FY 2020 to the Arizona Department of Administration (ADOA) to retire the June 2010 leaseback issuance in which the Legislature authorized the ADOA to enter into sale-leaseback agreements for existing state-owned facilities.

Colorado River drought contingency amendments (S.B. 1227/H.B. 2545) – Chapter 1 E

[SEE THE WATER & AGRICULTURE COMMITTEE.](#)

behavioral health; foster children (S.B. 1246) – Chapter 305

[SEE THE HEALTH & HUMAN SERVICES COMMITTEE.](#)

nuclear management fund; appropriation; assessment (H.B. 2004) – Chapter 24 E

An emergency measure effective March 22, 2019, that appropriates \$2,549,792 in FY 2020 and \$2,576,291 in FY 2021 from the Nuclear Emergency Management Fund to the Department of Emergency and Military Affairs, Department of Health Services, and Arizona Department of Agriculture and outlines allocations for personnel and programs. Provides the biennial appropriation and assessment for the support of the state response plan for commercial nuclear emergencies.

~~clean elections; enforcement; early contributions~~ (NOW: virtual training simulators; location) (H.B. 2076) – Chapter 283

Transfers the authority to use appropriated monies for a virtual training simulator from the Yuma County Sheriff's Office to the Glendale Regional Training Academy. Allows the Department of Public Safety to allow the delivery of virtual firing ranges, virtual training simulators and related software before sufficient monies are available from the Peace Officer Training Equipment Fund if allowed by the equipment vendor.

appropriations; named claimants ([H.B. 2495](#)) – Chapter 231

Retroactive to June 1, 2019, appropriates \$306,210.37 from the state General Fund and \$298,624.19 from other funds to various state agencies in FY 2019 to pay past claims.

electronic records; state library ([H.B. 2501](#)) – Chapter 275

[SEE THE GOVERNMENT COMMITTEE.](#)

public debt; refinance; JCCR review ([H.B. 2598](#)) – Chapter 132

Beginning January 1, 2020, requires the Arizona Department of Administration to submit any proposal to enter into a lease-purchase agreement or to issue a revenue bond to refund any *tax-exempt deficit financing agreement* to the Joint Committee on Capital Review for review.

funds; repeal ([H.B. 2695](#)) – Chapter 79

Repeals various funds and transfers any unexpended and unencumbered monies to the state General Fund. Requires the Arizona Department of Administration to delete the repealed funds from the state’s financial accounting system by January 1, 2020.

**FY 2019-2020 BUDGET PACKAGE**

general appropriations act; 2019-2020. ([H.B. 2747/S.B. 1548](#)) – Chapter 263

The FY 2020 budget includes spending in the total amount of \$11.85 billion, a cash balance of \$64 million and a structural balance of \$309 million. The adopted budget includes ongoing revenues of \$11.1 billion and one-time revenues of \$816 million.

The budget includes FY 2020 (unless otherwise stated) one-time additional state General Fund (GF) spending as follows:

	State GF \$ (in Millions)*
Arizona Department of Education (ADE) – District/Charter Additional Assistance Acceleration	67.8
ADE – Gifted Education	1.0
ADE – High-Quality Teacher Scholarships (until FY 2022)	0.4
ADE – Mingus Unified Consolidation Costs	0.05
ADE – Yuma Elementary School Construction	0.8
Arizona Department of Environmental Quality (ADEQ) – Maricopa County Dust Suppression Pilot Program	0.2

	State GF \$ (in Millions)*
Arizona Department of Juvenile Corrections (ADJC) – Maricopa/Pima County Cost Sharing Offset	8.5
Arizona Department of Administration (ADOA) – Sierra Vista Public Safety Communications	0.3
Arizona Health Care Cost Containment System (AHCCCS) – North Country Graduate Medical Education	0.75
Arizona Commerce Authority (ACA) – Rural Broadband Grants	3.0
Arizona Commission on the Arts	2.0
Arizona Commission on the Arts – Nonprofit Theater Capital Support	0.2
Auditor General – Career Technical Education District Study	0.4
Arizona Department of Agriculture (AZDA) – Mariposa Port of Entry Cold Inspection Facility	0.7
Community College (CC) – Maricopa (MCCCD) and Pima (PCC) Science, Technology, Engineering and Mathematics Funding	2.0
CC – MCCCD Health Care Specialty Expansion	5.8
CC – PCC Aviation Center	15.0
CC – Rural Funding	14.2
Department of Child Safety (DCS) – Automation	5.1
Department of Emergency and Military Affairs (DEMA) – West Valley Readiness Center	3.9
Department of Economic Security (DES) – Caregiver Grants	1.0
Department of Health Services (DHS) – Benson and Northern Cochise Hospitals	1.5
DHS – Loan Repayment Program	0.75
DHS – Primary Care Clinic	0.7
DHS – Rural Hospital Prenatal Equipment	1.0
DHS – Vulnerable Caregiver Workshops	0.25
Department of Public Safety (DPS) – Highway Patrol Vehicle Replacement	4.0
DPS – Interoperability Project	1.5
Department of Forestry and Fire Management (DFFM) – Fire Training Center	1.0
DFFM – Mount Lemon Fire District Water Line	0.75
DFFM – Non-Native Vegetation Eradication	1.0
Arizona Department of Housing – Housing Trust Fund (HTF)	15.0

	State GF \$ (in Millions)*
Judiciary – Superior Court Corrections Officer Retirement Plan Increase	2.4
Other – June 2010 Sale/Leaseback Payoff ( <a href="#">S.B. 1215</a> )	190.0
Other – Health Insurance Trust Fund (HITF) – State Agencies	8.4
Other – HITF – Universities	2.1
Other – Named Claimants ( <a href="#">H.B. 2495</a> ) (supplemental in 2019)	0.3
Other – Rainy Day Deposit	271.1
Other – Rainy Day Deposit (supplemental in 2019)	271.1
Other – Road Infrastructure	95.3
Arizona Department of Gaming – County Fair Racing Promotion	0.7
School Facilities Board (SFB) – Advance Funding for New School Construction	16.0
SFB – Building Renewal Funding	62.8
SFB – Final New School Construction	10.6
Universities – Arizona State University (ASU)	18.9
Universities – Northern Arizona University (NAU)	6.7
Universities – University of Arizona (UA)	9.4
Arizona Department of Water Resources (ADWR) – Additional Infrastructure Projects	20.0
ADWR – Digitization/Case Management System	0.5
ADWR – Water Protection Fund Deposit	0.5

*\*Figures are rounded.*

The budget also includes ongoing additional state GF spending as follows:

	State GF \$ (in Millions)*
ADE – Juvenile Detention Education Programs	0.7
ADE – Results-Based Funding	30.0
ADE – School Resource Officers/Counselors Program	20.0
ADJC – Repeal of Rural County Cost Sharing	2.8
ADC – Health Care Monitoring Staff	1.0
ADC – Inmate Health Care	30.9
AHCCCS – Additional Arizona Long-Term Care System (ALTCS) Funding	7.0
AHCCCS – Elderly Long-Term Care	4.8
AHCCCS – Graduate Medical Education	3.0
AHCCCS – KidsCare	1.6

	State GF \$ (in Millions)*
Arizona House of Representatives	2.5
Arizona Office of Tourism – Marketing Funding	1.1
Arizona State Senate	3.2
AZDA – Agriculture Lab Relocation	0.4
AZDA – Dairy Inspector Salary Increase	0.1
State Board for Charter Schools (SBCS) – Additional full-time equivalent positions (FTEs)	0.4
ACA – New Trade Offices	0.5
CC – Diné College Remedial Education	1.0
CC – Formula Change	0.2
Counties – Rural Elected Officials' Retirement Plan Assistance	3.0
DCS – Kinship Stipend	2.4
DEMA – National Guard Tuition Reimbursement	1.0
Arizona Department of Veterans' Services (ADVS) – Veteran Suicide Prevention	1.6
DES – Additional Developmental Disability (DD) Funding	13.0
DES – Case Management Funding	1.9
DES – DD Cap Rate Increase	6.7
DES – Fund Proposition 206 (2016) Costs	13.0
DPS – Loop 202 South Mountain Freeway Patrol (30 FTEs)	6.4
DPS – Maricopa Night Highway Patrol (6 FTEs)	1.5
DPS – Southern Arizona Highway Patrol (12 FTEs)	3.0
DFFM – Hazardous Vegetation Removal	1.0
DFFM – Non-Native Vegetation Eradication	1.0
Governor's Office – Foster Youth Education	1.5
Governor's Office of Strategic Planning and Budgeting (OSPB)	0.7
Joint Legislative Budget Committee (JLBC)	0.3
Judiciary – Court of Appeals – General Operating Costs	0.2
Judiciary – Judicial Nominating Commissions	0.1
Judiciary – Superior Court – Adult Probation Growth	0.2
Judiciary – Superior Court – Health/Dental Cost Adjustment	0.1
Judiciary – Superior Court – Probation Salary	1.0
Legislative Council	0.5
Other – Information Technology Pro Rata Adjustments	1.1

	State GF \$ (in Millions)*
Other – Pay Raise – ADJC	3.2
Other – Pay Raise – ADC	40.6
Other – Pay Raise – Attorney General (AG)	0.1
Other – Pay Raise – AZDA	0.1
Other – Pay Raise – DCS	5.5
Other – Pay Raise – DHS	2.8
Other – Pay Raise – Department of Insurance (DOI)	0.1
Other – Pay Raise – DPS	21.5
Other – Public Safety Personnel Retirement System (PSPRS) Retirement Adjustments	4.1
Other – Risk Management Adjustments	2.3
Arizona Commission on Postsecondary Education – Internal IT System	0.1
PSPRS – Prescott Fire District Deposit	1.0
Secretary of State (SOS) – Election Services	0.1
SOS – IT Staff (2 FTEs)	0.2
SOS – Uniform Law Commission	0.1
Universities – Arizona Board of Regents (ABOR) – Adaptive Athletics	0.2
Universities – ABOR – Washington Center Internships	0.3
Universities – ABOR – Arizona Teachers Academy	15.0
Universities – NAU – Biomedical Research Funding	3.0
Universities – NAU – Freedom School Funding	0.5
Universities – UA – Health Sciences Center	8.0
Superior Courts – Special Water Master	0.6

*\*Figures are rounded.*

The budget also contains certain changes to other funds as follows:

	Other Fund \$ (in Millions)*	
	One-Time	Ongoing
ADEQ – Nogales Wastewater	2.6	
ADEQ – Water Quality Assurance Revolving Fund	15.0	
Arizona Department of Transportation (ADOT) – I-17 Expansion	40.0	
Arizona State Parks and Trails – Arizona Trail	0.3	
DES – Child Care Block Grant		48.0

	Other Fund \$ (in Millions)*	
	One-Time	Ongoing
DHS – Alzheimer's Disease Research	2.0	
DPS – Peace Officer Standards and Training Board Funding	1.0	
Forestry – Firefighting Loan Adjustment – Budget Stabilization Fund	20.0	

\*Figures are rounded.

### Major Footnote Changes

The budget includes the following major footnote additions, deletions or modifications. This list does not include footnotes pertaining to one-time reports, appropriations or footnote changes conforming to enacted policy.

#### **Arizona Department of Administration (ADOA)**

- Limits the subsidy that the ADOA may provide for public transit opportunities to 50 percent.
- Restricts the amount that the ADOA may charge for enterprise email and calendar to \$10.42 per user per month.
- Requires the ADOA to distribute monies from the Public Safety Regional Communications appropriation to the City of Sierra Vista for infrastructure maintenance at the Southeastern Arizona Communications Center.

#### **ADOA – Automation Projects Fund (APF)**

- Extends the date that the FY 2017 appropriations for the ADOA e-procurement system replacement project and the Arizona Department of Corrections (ADC) inmate information management system replacement lapse through FY 2020.

#### **Arizona Health Care Cost Containment System (AHCCCS)**

- Specifies that AHCCCS distributions of supplemental payments for graduate medical education programs to hospitals are based on county population.

#### **Attorney General (AG)**

- Requires the AG to submit a report by March 1, 2020, to the Legislature and the Governor's Office on the distribution of the Peace Officer Equipment Grants.
- Requires the AG to submit a report for Joint Legislative Budget Committee (JLBC) review on the expenditure plan for the Arizona Peace Officer Memorial Fund.
- Requires the AG, within 10 days of receiving a complaint of a violation of using school resources to influence an election, to submit a copy of the complaint to the Governor and the Legislature.



### **Department of Child Safety (DCS)**

- Requires DCS to submit a report by January 2, 2020, to the JLBC on DCS efforts to implement the federal Family First Prevention Services Act.
- Requires DCS to provide the Kinship Stipend to all unlicensed kinship caregivers without requiring the caregiver to file an application.
- Requires, before DCS spends monies to replace the Child Support Information Technology System, the Arizona Strategic Enterprise Technology Office to submit an expenditure plan including the project cost and timeline.

### **Community Colleges**

- Requires the Diné College Board of Regents to submit a report, by October 15, 2020, to the Governor, Legislature and Secretary of State that details the course completion rate for students that receive remedial education during the 2019-2020 school year.

### **Arizona Department of Corrections (ADC)**

- Requires ADC to submit an expenditure plan for JLBC review before spending monies on non-personal services or employee-related expenditures.
- Requires ADC to submit a report on quarterly benchmarks for correctional officer staffing to the JLBC.
- Requires ADC to submit an expenditure report for JLBC review before spending any monies to replace the Adult Inmate Management System.
- Requires ADC to report inmate health care performance measures to the JLBC by August 1, 2019, and February 1, 2020.

### **Board of Cosmetology**

- Exempts the FY 2018 \$34,200 appropriation to the Board of Cosmetology from the Board of Cosmetology Fund from lapsing until June 30, 2023.

### **Department of Economic Security (DES)**

- Requires DES to engage stakeholders before implementing provider rate increases.

### **Department of Health Services (DHS)**

- Requires the FY 2020 appropriation for Alzheimer's disease research to be distributed through a grant to a nonprofit that has been headquartered in Arizona for at least 10 years and has participating member institutions that conduct research and provide education.

### **Judiciary**

- Requires the Administrative Office of the Courts to submit a report, by November 1, 2019, for JLBC review on the county-approved salary adjustments provided to probation officers.

### **Arizona State Parks and Trails**

- Specifies that the appropriation for the Arizona Trail is for the employment of youth conservation corps members to maintain the trail and requires the Arizona State Parks Board to submit an expenditure plan for JLBC review.

### **Department of Public Safety (DPS)**

- Requires DPS to submit an expenditure plan for the peace officer training equipment line item to the JLBC prior to making any expenditures in FY 2020.

### **School Facilities Board (SFB)**

- Specifies that the amount appropriated for new school facilities must be used only for facilities and land costs for school districts that received SFB final approval by September 1, 2019.

### **State Treasurer**

- Requires the State Treasurer to report to the JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB), by June 30, 2020, on its current fiscal year and estimated fiscal year expenditures of interest earnings spent for its banking service contract, external investment management agreement and administrative and information technology costs.
- Requires the State Treasurer to report to the JLBC, within 30 days after the award of a request for proposals for its general ledger software system replacement, on the total cost of development and ongoing annual operating costs.

### **Universities**

- Requires the Arizona Board of Regents (ABOR) to distribute the appropriated monies for adaptive athletics to universities to maintain and operate an intercollegiate adaptive athletics program and requires the monies to only be spent with matching funds.
- Requires ABOR to equally distribute the appropriated monies for the Washington D.C. Internships Center to the three state universities to provide student internships in Washington D.C. in partnership with a third party.
- States that it is the Legislature's intent that the \$8,000,000 appropriated to the UA Phoenix medical campus be used to expand the medical program and provide tuition waivers.

### **Arizona Department of Veterans' Services (ADVS)**

- Requires ADVS to distribute the suicide prevention appropriation of \$1,225,500 to a nonprofit veterans' services organization that provides services related to reducing suicides among Arizona's military and veteran population.
- Requires ADVS to distribute the veterans' trauma treatment services appropriation of \$450,000 to provide grants to contractors who provide trauma treatment services training to specified licensed health care professionals.

capital outlay; appropriations; 2019-2020. ([H.B. 2748/S.B. 1549](#)) – Chapter 264

**Building Renewal** – Appropriates the following amounts in FY 2020 to the following agencies from the specified funds for major maintenance and repair activities for state buildings:

Agency	Fund Source	Amount
Arizona Department of Administration (ADOA)	Capital Outlay Stabilization Fund	\$17,000,000
Arizona Department of Corrections (ADC)	ADC Building Renewal Fund	\$6,864,300
Arizona Game and Fish Department (AZGFD)	AZGFD Fund	\$1,043,700
Arizona State Lottery Commission	State Lottery Fund	\$134,100
Arizona Department of Transportation (ADOT)	State Highway Fund	\$13,000,000
	State Aviation Fund	\$281,700

**ADOA** – Continues to allow the ADOA to allocate up to \$275,000 of its appropriation to personal services and employee-related expenditures for up to five full-time equivalent positions each fiscal year until the building renewal projects are completed. Prohibits the ADOA from spending other appropriated monies for personal services, employee-related expenditures or maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review (JCCR).

**Capital Projects** – Appropriates the following amounts in FY 2020 to the following agencies from the specified funds for capital projects:

Agency	Purpose	Fund	Amount
ADOA	Replacement of air handler units at the House of Representatives (House) and Senate buildings	Legislative, Executive and Judicial Public Buildings Land Fund	\$1,000,000
ADOA	Distribution to the City of Kingman for Interstate 40 interchanges	State General Fund	\$20,000,000
ADOA	Replacement of elevators at the House, Senate and Executive Tower buildings	Legislative, Executive and Judicial Public Buildings Land Fund	\$4,100,000
ADOA	Distribution to the City of Globe for the repair or replacement of the Jesse Haynes Road Bridge	State General Fund	\$2,810,000

<b>Agency</b>	<b>Purpose</b>	<b>Fund</b>	<b>Amount</b>
ADOA	Distribution to the City of Mesa for the construction of a State Route 24 Bridge	State General Fund	\$6,500,000
ADOA	Distribution to the Greater Nogales Santa Cruz County Port Authority for a cold inspection facility at the Mariposa Port of Entry	State General Fund	\$700,000
Department of Emergency and Military Affairs	Construction of a readiness center	State General Fund	\$3,875,000
Arizona Exposition and State Fair Board	Capital improvements	Arizona Exposition and State Fair Fund	\$1,300,000
Arizona Exposition and State Fair Board	Building repairs on the 1938 Works Progress Administration Civic Building on the state fair grounds	Arizona Exposition and State Fair Fund	\$400,000
AZGFD	Dam maintenance	Capital Improvement Fund	\$150,000
AZGFD	Property maintenance	Capital Improvement Fund	\$300,000
AZGFD	Hatchery maintenance	Capital Improvement Fund	\$400,000
Arizona State Parks Board (ASPB)	Demolition and replacement of the existing pedestrian bridge at the Tonto Natural Bridge State Park	State Parks Revenue Fund	\$1,250,000
Arizona Pioneers' Home	Capital improvements	Miners' Hospital for Miners with Disabilities Land Fund	\$414,000
Department of Public Safety (DPS)	Construction of a radio communications tower near the Loop 202 freeway extension	Board of Fingerprinting Fund	\$309,000

<b>Agency</b>	<b>Purpose</b>	<b>Fund</b>	<b>Amount</b>
DPS	Remote housing replacement	Board of Fingerprinting Fund	\$2,400,000
ADOT	Construction of new maintenance buildings in Seligman and Williams	State Highway Fund	\$2,300,000
ADOT	Construction of new maintenance facilities in Wickenburg	State Highway Fund	\$4,600,000
ADOT	Expansion of I-17 between Anthem and Black Canyon City	State Highway Fund	(FY 2020) \$40,000,000
			(FY 2021) \$45,000,000
			(FY 2022) \$45,000,000
ADOT	Conducting a study on the widening of Interstate 10 between Phoenix and Casa Grande	State General Fund	\$10,000,000
ADOT	Deposit in the State Aviation Fund to plan, construct, develop and improve county, city and town airports	State General Fund	\$10,000,000
ADOT	Expansion of the U.S. Route 95 between Yuma and the Yuma Proving Ground	State General Fund	\$28,000,000
ADOT	Construction and maintenance projects for city and town streets and highways	State General Fund	\$18,000,000
ADOT	Planning and construction of state highways	State Highway Fund	\$393,432,000
ADOT	Planning and construction of state, county, city and town airports	State Aviation Fund	\$33,120,000

**ADOT** – Requires ADOT to distribute at least \$1,000,000 of the FY 2020 \$10,000,000 appropriation to the State Aviation Fund to the Ernest A. Love Airport in Prescott. Requires ADOT, by November 1, 2019, to report on its actual prior year, estimated current year and upcoming budget year highway construction expenses from all fund sources to the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting.

**Miscellaneous** – Reverts remaining unexpended monies from the following appropriations to the fund from which the monies were appropriated: 1) on June 30, 2020, the \$4,000,000 appropriation made by [Laws 2017, Chapter 306](#) to the Arizona State Parks Board (ASPB) for the Rockin' River Ranch; 2) on June 30, 2020, the \$1,300,000 appropriation made by Laws 2017, Chapter 306 to the ASPB for capital improvements; 3) on June 30, 2021, \$10,000,000 appropriation made by [Laws 2018, Chapter 277](#) to the ADOA to renovate state-owned buildings; and 4) on June 30, 2021, all FY 2020 appropriations, unless otherwise specified. Requires the JCCR to review the scope, purpose and estimated cost of new capital projects with an estimated cost of more than \$250,000.

K-12 education; budget reconciliation; 2019-2020. ([H.B. 2749/S.B. 1551](#)) – Chapter 265

Makes the following statutory and session law changes relating to K-12 education necessary to reconcile the FY 2020 state budget:

**Basic State Aid** – Increases transportation funding levels and the charter additional assistance (CAA) amounts for standard inflation. The base level is increased by 4.8 percent in FY 2020 for standard inflation and teacher salaries for a per-pupil increase from \$3,960.07 to \$4,150.43. Reduces the \$257,469,900 District Additional Assistance suspension to \$128,734,900 and the \$13,628,800 CAA suspension to \$6,814,400.

**School Safety Program** – Expands the School Safety Program to support the costs of placing school counselors and social workers on school campuses. School district and charter school program proposals must include outlined information relating to safety needs and implementation plans. The Arizona Department of Education (ADE) must review and administer program proposals and review the effectiveness of all approved proposals. A school district or charter school with an approved three-year program may annually submit a modified spending plan.

**Results-Based Funding** – Continues to require ADE to distribute monies from the Results-Based Funding Fund (Fund) in FY 2020 to schools performing in the top 13 percent, rather than the top 10 percent, on the statewide assessment at an amount based on the number of enrolled pupils eligible for the Free and Reduced-Price Lunch (FRPL) Program.

Expands Results-Based Funding eligibility in FY 2020 by awarding \$225 per student count to each school district or charter school: 1) in which at least 60 percent of enrolled pupils are eligible for the FRPL Program; and 2) that performed within the top 13.1 percent to 27 percent of schools on the statewide assessment in spring 2018.

Awards \$400 per student count for each alternative high school: 1) in which at least 60 percent of enrolled pupils are eligible for the FRPL Program; and 2) that performed in the top 27 percent of schools on the statewide assessment in spring 2018, rather than based upon an “A” letter grade designation. Modifies permissible expenditures of Fund monies and establishes reporting requirements. A school's determination of FRPL students or other poverty indicators is based upon those students who are eligible to be included in a school's student count.

***School Facilities Board (SFB)*** – Requires the SFB to fund the construction of additional space if needed within the next two school years, rather than during the current school year. The SFB may hold a school district request if the additional space will not be needed within the next two years, rather than during the current school year. Permits the SFB to decline a portion of the funding if a portion of the additional square footage is unnecessary based upon revised enrollment projections.

Requires the SFB to use a school district's projected 100-day average daily membership (ADM) for the current school year, rather than the most recent 40-day ADM, to determine whether a school building meets minimum square footage requirements. Within 30 days of transferring monies to the Emergency Deficiencies Correction Fund, the SFB must report the amount and source of the transfer to the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. Modifies deadlines relating to a school district's capital plan for new construction or land and SFB distribution of monies for additional square footage.

***Arizona Industry Credentials Incentive Program (AICIP)*** – Establishes the AICIP to provide \$1,000 incentive awards, starting in FY 2021, to school districts, charter schools and career technical education districts (CTEDs) for each high school graduate obtaining a qualifying certification, credential or license through a career technical education (CTE) course or program. Outlines requirements for incentive awards and restrictions for school districts, charter schools and CTEDs for award monies.

Subject to review and approval by the State Board of Education, directs ADE to: 1) establish an online application and reporting process with audit procedures; and 2) submit an annual report by February 1 to outlined entities summarizing information from the prior fiscal year. Establishes the Arizona Industry Credentials Incentive Fund, administered by ADE, consisting of appropriated monies.

ADE must annually convene, by February 1, a Quality Skills Commission to review and publish a CTE industry credentials list consisting of AICIP-qualifying certificates, credentials and licenses. The Office of Economic Opportunity must annually provide, by September 1, an in-demand education list to ADE identifying and ranking top occupations that address a critical statewide, regional or local economic need. By October 1, ADE must annually conform the in-demand education list to the CTE industry credentials list of approved CTE programs.

***Juvenile Detention Centers*** – Increases the base amount for a county's juvenile detention center education fund to support a county juvenile detention center's education program, from \$20,000 to \$100,000, and directs any excess monies to supplement classroom spending. Increases the variable per-child amount for an education program from \$15 per day to \$25 per day.

***Concurrent Coursework*** – Specifies that a concurrently enrolled student generates ADM for classes at a community college or university at a rate of one-eighth ADM for every three credits, rather than based on the combined hours the student is enrolled in at the district or charter school and at the community college or university.

***College Credit by Examination Incentive Program (CCEIP)*** – Retroactive to July 1, 2018, requires ADE to annually distribute CCEIP monies by March 1, and allows school districts and charter schools to appeal the allocation of monies by August 1. ADE may withhold up to \$10,000 of appropriated CCEIP monies to address appeals.

***High-Quality Teacher Professional Development Pilot Program (Pilot Program)*** – Extends the Pilot Program to July 1, 2023, and delays the repeal of the statutory authorization to July 2, 2025. ADE may retain up to three percent of appropriated Pilot Program monies to offset administrative costs.

***Small School Weight*** – Requires ADE, through FY 2020, to allocate the full amount of the small school weight to qualifying charter schools not sponsored by the State Board for Charter Schools (SBCS) and to restore any previously withheld monies. ADE may not seek repayment of monies allocated in prior fiscal years. ADE must provide charter schools not sponsored by the SBCS with 67 percent of the small school weight in FY 2021 and 33 percent of the small school weight in FY 2022.

***General Budget Limit Increases*** – Increases the budget limits in FY 2020 for the Duncan Unified School District by \$300,000 and for the Blue Elementary School District by \$46,000. The school districts must use the budget increases for capital items and must fund the increases using prior-year carryforward monies, rather than by increasing primary or secondary property tax rates.

***Miscellaneous*** – Sets a county's state equalization assistance property tax rate for the current fiscal year at the lesser of the statutory rate or the rate that would have generated the amount needed to fund total equalization assistance for the county's school districts in the prior fiscal year. Directs ADE to contract with a third-party administrator to assist in the financial administration of empowerment scholarship accounts. Asserts that monies in the American Civics Education Fund are continuously appropriated, rather than subject to legislative appropriation. The Board of the Arizona State Schools for the Deaf and the Blind may use Enterprise Fund monies for costs outside of facility operations.

higher education; budget reconciliation; 2019-2020. ([H.B. 2750/S.B. 1552](#)) – Chapter 266

Makes the following statutory and session law changes relating to higher education necessary to reconcile the FY 2020 state budget:

***Community Colleges*** – Prohibits a community college district from: 1) compensating an employee for work the employee performs on behalf of an elected employee representative organization; or 2) providing more favorable terms of employment to an employee because the employee belongs to an elected employee representative organization. Funds FY 2020 community college district science, technical, engineering and mathematics programs, workforce programs and operating expenses as specified in the [General Appropriations Act](#).

***Universities*** – Requires universities to transfer 20 percent of a licensure, royalty or property agreement's cumulative net income exceeding \$1,000,000, less amounts deposited in previous years, to the Arizona Financial Aid Trust Fund (AFAT), rather than deposit outlined percentages of agreement monies in the state General Fund based on the commencement date and type of



agreement. Caps the fiscal year amount each university must transfer for deposit into the AFAT at the amount appropriated to that university for research infrastructure projects and capital infrastructure. Removes the statutory requirement that Arizona State University distribute gross net income from outlined patents and detail the distribution and expenditures in an audited annual report.

Requires universities to retain all operating budget revenues, rather than remit the monies to the State Treasurer, and deposit tuition and fees in their respective tuition and fees subaccounts. Continues to allow the Legislature to appropriate less than a two-to-one match to student registration surcharges deposited in the AFAT.

***Arizona Teachers Academy (Academy)*** – Expands the Academy to include: 1) community college postbaccalaureate programs leading to teacher certification; and 2) Arizona public school teachers seeking national board certification. The required teaching commitment of a teacher seeking national board certification is one additional year after completing the national board certification program's requirements. Extends Academy eligibility to nonresident students.

Replaces the university tuition and fees waiver with a scholarship, after all other financial aid, of a set amount that varies based on the participant's classification. An institution may not charge students for any difference between the scholarship and tuition and fee costs. Adds accelerated models for specializations in special education and critical needs areas and requires noneducation Academy students to complete at least one teacher preparation course. Adds to and modifies administrative duties of the Arizona Board of Regents related to the Academy.

Establishes the Arizona Teachers Academy Fund (Academy Fund) consisting of legislative appropriations for distribution to eligible postsecondary institutions for outlined uses. Academy Fund monies are continuously appropriated and exempt from lapsing. Eligible institutions may use Academy Fund monies remaining at the end of each fiscal year for Academy costs in the next fiscal year. By August 1 of each fiscal year, the Academy's appropriation must be reduced by the amount of monies remaining in the Academy Fund at the end of the prior fiscal year.

budget procedures; budget reconciliation; 2019-2020. (H.B. 2751/S.B. 1550) – Chapter 267

Makes the following statutory and session law changes to budget procedures necessary to reconcile the FY 2020 state budget:

Establishes the County Contributions to the Voter Registration System Fund, administered by the Secretary of State, consisting of monies transferred from counties to develop and administer the statewide database of voter registration information. Allows a political party to opt out of participating in the 2020 presidential preference election by submitting a written notice to the Secretary of State.

Requires the Arizona Department of Administration (ADOA) and the Arizona Department of Transportation (ADOT) to submit a joint report to the Joint Legislative Budget Committee in 2019 and 2020 regarding transitioning the state motor vehicle fleet from the ADOA to ADOT. Establishes the Motor Vehicle Pool Consolidation Fund consisting of monies transferred from the

Motor Vehicle Pool Revolving Fund to reimburse ADOT for the costs of implementing an intergovernmental agreement with the ADOA to operate the state motor vehicle fleet.

Retroactive to July 1, 2019, increases the pro rata share contributed by budget units to the Information Technology Fund from 0.30 percent to 0.43 percent of total payroll. Increases the square-footage rental rates for state-owned buildings from \$16.08 to \$17.87 for office space and from \$5.79 to \$6.43 for storage space in FY 2020. Requires approval by the Governor's Office of Strategic Planning and Budgeting for specified transfers and obligations of an authorized appropriation by state agencies and budget units.

criminal justice; budget reconciliation; 2019-2020. (H.B. 2752/S.B. 1557) – Chapter 268

Makes the following statutory and session law changes relating to criminal justice necessary to reconcile the FY 2020 state budget:

***Department of Public Safety (DPS)*** – Eliminates the highway safety fee on July 1, 2021, and repeals the requirement that the highway safety fee fully fund 110 percent of the highway patrol budget.

Continues to allow DPS to: 1) draw from specified funds for capital expenditures and operating expenses; 2) use monies from the Highway Patrol Fund for the Pharmaceutical Diversion and Drug Theft Task Force; and 3) use monies from the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount (GIITEM Subaccount) for costs related to increases in the Public Safety Personnel Retirement System employer contribution rate. Continues to require DPS to submit the GIITEM Subaccount's entire expenditure plan to the Joint Legislative Budget Committee for review before expenditures can be made. Continues to allocate \$400,000 from the GIITEM Fund to the Pima County Sheriff's Office after the initial \$500,000 allocation to the Pinal County Sheriff's Office.

***Attorney General (AG)*** – Prohibits the AG from using monies from the Anti-Racketeering Revolving Fund to pay salaries for more than 16 full-time equivalent positions. Increases the non-appropriated expenditure authority of the Consumer Remediation Subaccount from \$3,500,000 to \$4,000,000. Transfers unexpended monies in the Colorado River Land Claims Revolving Fund to the state General Fund.

***Arizona Department of Corrections (ADC)*** – Allows correctional officers, through January 1, 2022, and on timely application to the court, to be excused from jury duty and continues to require a specific reporting format for ADC budget requests.

***Arizona Department of Juvenile Corrections*** – Suspends the committed youth confinement cost sharing fee for FY 2020 and statutorily eliminates the fee for counties with a population of 500,000 persons or less.

***Department of Emergency and Military Affairs (DEMA)*** – Extends, through FY 2020, authorization for DEMA to use \$1,250,000 from the Military Installation Fund to construct a readiness center and exempts the appropriation from lapsing until June 30, 2020.

environment; appropriation; 2019-2020. ([H.B. 2753/S.B. 1556](#)) – Chapter 269

Makes the following statutory and session law changes relating to the environment necessary to reconcile the FY 2020 state budget:

***Department of Forestry and Fire Management (DFFM)*** – Increases, from \$10,000,000 to \$20,000,000, the maximum amount of unreimbursed claims that may be outstanding from the Budget Stabilization Fund for payment of claims certified by the State Forester as valid for federal reimbursement.

Establishes the Nonnative Vegetation Species Eradication Fund, administered by the DFFM, to provide grants to qualified parties for nonnative vegetation invasive species eradication projects and prescribes procedures and requirements for qualifying projects. The DFFM must annually report total expenditures and project details by September 1 to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting.

***Arizona Department of Agriculture*** – Allows a range livestock brand of the same design or figure of a previously recorded brand to be rerecorded if the brand was issued on or before August 2, 2017, without protest.

***Arizona Department of Environmental Quality (ADEQ)*** – Appropriates the following to the Water Quality Assurance Revolving Fund (WQARF) in FY 2020: 1) \$2,800,000 from the Emissions Inspection Fund; 2) \$2,600,000 from the Air Quality Fund; 3) \$5,000,000 from the Underground Storage Tank Revolving Fund; 4) \$1,000,000 from the Permit Administration Fund; and 5) \$2,152,000 from the Recycling Fund. Expresses the Legislature's intent that the amounts appropriated to WQARF be supplemented by \$2,000,000 of monies directly deposited in WQARF.

Authorizes ADEQ to use up to \$6,531,000 in FY 2020 from the Underground Storage Tank Revolving Fund for administrative costs and remediating sewage discharge issues in border areas of Arizona. Allows monies in the Emissions Inspection Fund to be used for air quality travel reduction programs and monies in the Permit Administration Fund to be used for staff support of the Oil and Gas Conservation Commission. ADEQ must charge the same fees in FY 2020 that were charged in FY 2019 for vehicle emissions tests conducted in the Phoenix metropolitan area. ADEQ is exempt from rulemaking requirements, until July 1, 2020, to set emissions fees.

***Arizona Department of Water Resources (ADWR)*** – Continues to allow up to \$336,000 from the Water Protection Fund to be used for ADWR administrative costs, and continues to allow the Director of ADWR to increase water resources fees service up to \$100,200 in FY 2020. ADWR is exempt from rulemaking requirements to set water resources service fees until July 1, 2020.

***Arizona State Parks Board (ASPB)*** – Authorizes the ASPB to use up to \$692,100 from the ASPB portion of the Off-Highway Vehicle Recreation Fund in FY 2020 for repairs, maintenance and development of the Arizona portion of the Great Western Trail.

***Arizona Navigable Stream Adjudication Commission (ANSAC)*** – Continues to allow monies appropriated to ANSAC from the Arizona Water Banking Fund to be used to pay legal fees in FY 2020.

health; budget reconciliation; 2019-2020. ([H.B. 2754/S.B.1553](#)) – Chapter 270

Makes the following statutory and session law changes relating to health and welfare necessary to implement the FY 2020 state budget:

***Department of Health Services (DHS)*** – Authorizes DHS to use Disease Control Research Fund monies for acquired immune deficiency syndrome reporting and surveillance. Authorizes DHS to use monies in the Health Research Account of the Tobacco Tax and Health Care Fund for Alzheimer's disease research and other health research purposes. Continues to allow DHS to increase fees for Bureau of Radiation Control (BRC) services and continues to exempt DHS from related rulemaking requirements until July 1, 2020. DHS must deposit fees collected for BRC services into the Health Services Licensing Fund. Continues to allow monies in the Health Services Lottery Monies Fund to be used for purposes specified in the [General Appropriations Act](#). Limits the requirement that DHS allow a person who is employed by a health care institution that provides behavioral health services, is not a licensed behavioral health professional and is at least 18 years old to provide behavioral health and other related services to outpatient behavioral health services.

***Department of Economic Security (DES)*** – Beginning January 1, 2020, establishes the Family Caregiver Grant Program (Program) and prescribes Program eligibility criteria and related requirements. Program grants are limited to: 1) an amount equal to 50 percent of the applicant's qualifying expenses during the calendar year; 2) \$1,000 per qualifying family member; and 3) an aggregate \$500,000 in any calendar year. Grant recipients may not apply for a subsequent grant for three consecutive years. Requires grant applications to include questions that help determine whether the grants delayed or prevented a qualifying family member from entering a long-term care or assisted living facility. Allows DES to use the Governor's Advisory Council on Aging to provide input on the Program. Establishes the Family Caregiver Grant Program Fund (Fund) to be administered by DES. Requires DES to include Fund expenditures and outlined information in the DES annual report to the Legislature. Repeals the Program and Fund on July 1, 2023.

***Behavioral Health Residential Facilities (BHRFs)*** – Directs DHS to license secure BHRFs to provide secure 24-hour, on-site supportive treatment and supervision by staff with behavioral health training for individuals who: 1) have been determined to be seriously mentally ill; 2) are chronically resistant to treatment; and 3) are placed in a BHRF by a court order. Each community residential treatment system must include a secure BHRF program and each BHRF is limited to 16 beds. Allows the court to approve and order placement in a licensed secure BHRF if the patient meets prescribed criteria. Outlines criteria for a court to determine, as established by clear and convincing evidence, that a person is chronically resistant to treatment. A person's placement in a licensed secure BHRF must be part of the person's court-approved treatment plan and the court order must confirm that the placement is the least restrictive environment to ensure compliance with the person's treatment plan. Placement in a secure BHRF for treatment is not a period of inpatient treatment.

***Arizona Health Care Cost Containment System (AHCCCS)*** – Allows monies in the Seriously Mentally Ill Housing Trust Fund (SMI HTF) to be spent on rental assistance for individuals who have been determined to be seriously mentally ill, if approved by AHCCCS. AHCCCS must report the number of individuals who benefitted from rental assistance in the

annual SMI HTF legislative report. Permits AHCCCS to continue risk contingency rate settings for all managed care organizations (MCOs) and funding for all MCO administrative funding levels imposed in contract year 2010-2011 for contract year 2019-2020. Continues to require AHCCCS, by December 31, 2019, to transfer to each county any portion necessary for compliance with the federal Patient Protection and Affordable Care Act.

Requires AHCCCS to issue a report, by January 31, 2022, that measures outcomes over a 12-month period of individuals who have been determined to be seriously mentally ill who reside in secure BHRFs pursuant to a court order. The report must include an analysis of costs and effectiveness of the services provided in secure BHRFs and other outlined information. AHCCCS may contract with a third-party to collect the data and compile the report.

Replaces the requirement that AHCCCS immediately stop processing KidsCare applications if the state's federal assistance percentage is less than 100 percent with permissive authority for the Director of AHCCCS to stop processing KidsCare applications if federal and state appropriations for KidsCare are determined insufficient.

Makes permanent the requirement that AHCCCS and DHS submit an annual joint report on hospital charge master transparency by January 2. Makes permanent the requirement that AHCCCS submit an annual report to the Director of the Joint Legislative Budget Committee (JLBC), by January 2, on the availability of inpatient psychiatric treatment for individuals who receive services from regional behavioral health authorities.

Outlines FY 2020 county contributions for the Acute Long-Term Care System (ALTCS). Directs the State Treasurer to collect the difference between the total contribution and a county's share of the state's actual contribution, if the overall cost for ALTCS exceeds the amount in the [General Appropriations Act](#). The Director of AHCCCS must notify the State Treasurer of the counties' share of the state's actual contribution and report the amount to the Director of the JLBC. Directs the State Treasurer to: 1) withhold from any monies payable to a county from available state funding sources, excluding the Arizona Highway User Revenue Fund, an amount necessary to fulfill that county's contribution requirement; and 2) deposit the withheld amounts and amounts paid by counties into the ALTCS Fund.

Outlines FY 2020 county acute care contributions and actions the State Treasurer may take if a county does not provide the prescribed acute care contribution. Requires payment equal to one-twelfth of the total amount for county acute care contributions to be made to the State Treasurer by the fifth day of each month and requires the State Treasurer, on request from the Director of AHCCCS, to require up to three months payment in advance. The State Treasurer must deposit the amounts paid or withheld into the AHCCCS Fund and ALTCS Fund. Outlines actions the Director of AHCCCS may take if payments exceed the amount required to meet the costs incurred by AHCCCS for the hospitalization and medical care of eligible persons.

Outlines FY 2020 disproportionate share hospital payments and required actions for AHCCCS when claims are filed with the federal government and federal financial participation is received. Continues to require AHCCCS to assist in determining the amount of qualifying

disproportionate share hospital expenditures. Maintains reporting requirements and distribution procedures of received federal matching funds in FY 2020.

***Miscellaneous*** – Makes permanent the requirement that a city, town or county, rather than the state, pay the costs of inpatient, in-custody competency restoration treatment for defendants who are unable to pay the cost of their treatment. Continues to exclude county contributions for the specified competency restoration treatment and Proposition 204 administrative costs from county expenditure limitations.

human services; budget reconciliation; 2019-2020. ([H.B. 2755/S.B. 1554](#)) – Chapter 271

Makes the following statutory and session law changes relating to human services necessary to implement the FY 2020 state budget:

***Department of Child Safety (DCS)*** – Requires the Arizona Early Childhood Development and Health Board and DCS to submit a joint annual report to the Joint Legislative Budget Committee, by February 1, on collaborative efforts to address child welfare issues.

***Department of Economic Security (DES)*** – Increases, from \$25 to \$35, the annual fee for Title IV-D services to conform with federal law and increases the threshold of services received for the fee to apply from \$500 to \$550 annually. Removes the requirement that the Legislature annually adjust the previous fiscal year's appropriation for DES services for persons with developmental disabilities whose costs exceed the current cost-effective study rate. DES must reduce the maximum income eligibility levels for child care assistance to manage within available and appropriated monies. Continues to allow DES to use appropriated monies in the Special Administration Fund in FY 2020 for domestic violence prevention and cost-effectiveness study client services. Continues to require DES to screen and test recipients of Temporary Assistance for Needy Families Cash Assistance for illegal drug use, and deems recipients who test positive ineligible to receive benefits for one year.

***Housing Trust Fund (HTF)*** – Allows the Arizona Department of Housing to spend HTF monies for facility construction and renovation and housing assistance to individuals determined to be seriously mentally ill (SMI) who are chronically resistant to treatment. The HTF annual report must include the number of individuals who benefit from SMI housing assistance.

revenue; budget reconciliation; 2019-2020. ([H.B. 2756/S.B. 1555](#)) – Chapter 272

Makes the following statutory and session law changes relating to general revenues necessary to reconcile the FY 2020 state budget:

Requires state agencies to include a cost estimate associated with local minimum wages exceeding the statewide minimum wage in agency budget submissions. The Legislature may allocate an amount to be collected from political subdivisions to reimburse the state for cost increases resulting from a local minimum wage that exceeds the statewide minimum wage.



Retroactive to January 1, 2019, expands the definition of *multistate service providers* to include a taxpayer with more than 2,000 employees in Arizona that derives more than 85 percent of its sales from support services provided to a regionally-accredited institution of higher education for the purpose of allocating corporate income tax.

Requires a licensed escrow agent to annually file an information return of sales for real property located in Arizona with the Arizona Department of Revenue (ADOR) and requires ADOR to annually report the estimated revenue collected from capital gains taxes owed by nonresidents that is attributed to the information return of sales requirement.

Includes revenue provisions from previous years, including continuing county flexibility language and local cost sharing for funding of ADOR related to the centralized collection of transaction privilege tax.

tax provisions; omnibus. (H.B. 2757/S.B. 1546) – Chapter 273

[SEE THE FINANCE COMMITTEE.](#)