State of Arizona
Senate
Fifty-third Legislature
First Regular Session
2017

CHAPTER 305

SENATE BILL 1522

AN ACT

AMENDING LAWS 2014, CHAPTER 14, SECTION 9, AS AMENDED BY LAWS 2015, CHAPTER 8, SECTION 3 AND LAWS 2016, CHAPTER 117, SECTION 1; AMENDING LAWS 2016, CHAPTER 117, SECTION 130; AMENDING LAWS 2016, CHAPTER 117, SECTION 156; AMENDING LAWS 2016, CHAPTER 117, SECTION 164; APPROPRIATING MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Laws 2014, chapter 14, section 9, as amended by Laws 2015, chapter 8, section 3 and Laws 2016, chapter 117, section 1, is amended to read:

Sec. 9. **Department of administration; Arizona financial information system; replacement; exemption**

Of the $28,638,000 appropriated to the department of administration in fiscal year 2013-2014 by Laws 2013, first special session, chapter 1, section 115, subsection A, the sum of $4,132,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations for fiscal years 2014-2015, 2015-2016, 2016-2017 AND 2017-2018 for the purpose of paying contingency costs related to the replacement of the Arizona financial information system. Of this amount, $212,000 for rent and $817,000 for private third-party consultant oversight are not subject to review by the joint legislative budget committee. Subject to review by the joint legislative budget committee, the remaining $3,103,000 shall be used for the replacement of the **state's e-procurement system CHILDREN'S INFORMATION LIBRARY AND DATA SOURCE SYSTEM AT THE DEPARTMENT OF CHILD SAFETY.**

Sec. 2. Laws 2016, chapter 117, section 130 is amended to read:

Sec. 130. **Automation projects fund; appropriations; exemption; fiscal year 2016-2017; allocation; e-procurement**

A. The sum of **$12,000,000 $9,000,000** is appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2016-2017 to the department of administration for the replacement of the state's e-procurement system. It is the intent of the legislature that the cost of replacing the state's e-procurement system be distributed proportionately among other funds.

B. The amount of $3,000,000 is appropriated from the state general fund in fiscal year 2016-2017 for deposit into the automation projects fund established by section 41-714, Arizona Revised Statutes, FOR IMPLEMENTING UPGRADES TO THE CHILDREN'S INFORMATION LIBRARY AND DATA SOURCE SYSTEM AT THE DEPARTMENT OF CHILD SAFETY. THIS AMOUNT IS EXEMPT FROM THE PROVISIONS OF SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO LAPSING OF APPROPRIATIONS FOR FISCAL YEAR 2017-2018.

C. The amount of $9,000,000 is appropriated from other funds in fiscal year 2016-2017 for deposit into the automation projects fund established by section 41-714, Arizona Revised Statutes. The joint legislative budget committee staff shall determine the proportional amount to be transferred from each appropriated and nonappropriated fund source.

D. For all fund sources that are not the state general fund, the joint legislative budget committee staff shall determine and the department of administration shall allocate to each agency or department an amount for the cost of replacing the state's e-procurement system. The
joint legislative budget committee staff shall also determine and the
department of administration shall allocate adjustments, as necessary, in
appropriations and expenditure authority to allow for the cost of
replacing the state's e-procurement system.

Sec. 3. Laws 2016, chapter 117, section 156 is amended to read:
Sec. 156. Fund balance transfers; fiscal years 2016-2017 and
2017-2018
A. Notwithstanding any other law, on or before June 30, 2017, the
following amounts from the following sources are transferred to the state
general fund for the purposes of providing adequate support and
maintenance for agencies of this state:
1. Judiciary - supreme court:
   Alternative dispute resolution fund - $300,000
   Arizona lengthy trial fund - $300,000
   Court appointed special advocate fund - $500,000
2. Judiciary - superior court:
   Drug treatment and education fund - $250,000
   Juvenile probation services fund - $3,650,000
3. Department of administration:
   Automation operations fund - $461,600
B. Notwithstanding any other law, on or before June 30, 2018, the
following amounts from the following sources are transferred to the state
general fund for the purposes of providing adequate support and
maintenance for agencies of this state:
1. Judiciary - supreme court:
   Alternative dispute resolution fund - $300,000
   Arizona lengthy trial fund - $200,000
   Court appointed special advocate fund - $400,000
2. Judiciary - superior court:
   Drug treatment and education fund - $250,000
   Juvenile probation services fund - $1,850,000
Sec. 4. Laws 2016, chapter 117, section 164 is amended to read:
Sec. 164. Department of law; general agency counsel charges;
fiscal year 2016-2017
The department of administration shall allocate to each agency or
department not exempt pursuant to section 41-191.09, Arizona Revised
Statutes, the following amounts for general agency counsel provided by the
department of law:
1. Department of administration $127,700
2. Office of administrative hearings $ 3,000
  Arizona department of agriculture $ 4,200
3. Arizona arts commission $ 3,100
5. Automobile theft authority $ 1,400
6. Citizens clean elections commission $ 2,700
7. State department of corrections $ 2,000
8. Arizona criminal justice commission $ 8,700
9. Arizona state schools for the deaf and the blind $100,200
10. Commission for the deaf and the hard of hearing $ 4,100
11. Arizona early childhood development and health board $ 47,100
12. Department of education $132,000
13. Department of emergency and military affairs $ 30,000
14. Department of environmental quality $135,600
15. Arizona exposition and state fair board $ 20,900
16. Department of financial institutions $ 1,900
17. State forester $ 13,400
18. Department of gaming $ 37,300
19. Arizona geological survey $ 6,800
20. Department of health services $170,000
21. Arizona historical society $ 700
22. Arizona department of housing $ 19,300
23. Department of insurance $ 10,500
24. Department of juvenile corrections $ 9,400
25. State land department $ 2,100
26. Department of liquor licenses and control $ 11,400
27. Arizona state lottery commission $ 24,800
28. Arizona state parks board $ 45,800
29. State personnel board $ 600
30. Arizona pioneers' home $ 12,100
31. Commission for postsecondary education $ 1,800
32. Department of public safety $677,400
33. Radiation regulatory agency $ 3,800
34. Arizona state retirement system $ 69,100
35. Department of revenue $ 4,900
36. Department of state - secretary of state $ 1,800
37. State treasurer $ 9,200
38. Department of veterans' services $ 52,700

Sec. 5. Subject to applicable laws, the sums or sources of revenue set forth in this act are appropriated for the fiscal years indicated and only from the funding sources listed for the purposes and objects specified. If monies from funding sources in this act are unavailable, no other funding source may be used.
Sec. 6. ARIZONA STATE BOARD OF ACCOUNTANCY

2017-18

FTE positions 14.0

Lump sum appropriation $ 2,024,400

Fund sources:

Board of accountancy fund $ 2,024,400

Sec. 7. ACUPUNCTURE BOARD OF EXAMINERS

2017-18

FTE positions 1.0

Operating lump sum appropriation $ 172,300

Annual leave payout $ 13,200

Total appropriation – acupuncture board of examiners $ 185,500

Fund sources:

Acupuncture board of examiners fund $ 185,500

Sec. 8. DEPARTMENT OF ADMINISTRATION

2017-18

FTE positions 535.1

Operating lump sum appropriation $ 91,365,300

Utilities 8,275,600

Arizona financial information system 9,406,300

Risk management administrative expenses 8,747,200

Risk management losses and premiums 42,530,300

Workers’ compensation losses and premiums 31,830,300

Statewide information security and privacy office 870,900

State surplus property sales proceeds 1,810,000

Southwest defense contracts 25,000

Government transformation office 2,000,000

Office of grants and federal resources 375,900

Total appropriation – department of administration $197,236,800

Fund sources:

State general fund $ 10,264,500

Administration – AFIS II collections fund 375,900
Air quality fund 927,300
Arizona financial information system collections fund 9,406,300
Automation operations fund 23,937,600
Capital outlay stabilization fund 18,069,600
Corrections fund 570,400
Federal surplus materials revolving fund 464,500
Information technology fund 2,936,000
Motor vehicle pool revolving fund 10,151,300
Personnel division fund 12,857,900
Risk management revolving fund 90,875,000
Special employee health insurance trust fund 5,256,100
Special services revolving fund 809,900
State surplus materials revolving fund 2,947,000
State web portal fund 5,542,400
Telecommunications fund 1,845,100

The amount appropriated for southwest defense contracts shall be distributed to a nonprofit organization that advocates for the preservation and enhancement of critical defense missions and assets in the southwest United States.

The appropriation from the automation operations fund established by section 41-711, Arizona Revised Statutes, is an estimate representing all monies, including balance forward, revenues and transfers during fiscal year 2017-2018. These monies are appropriated to the department of administration for the purposes established in section 41-711, Arizona Revised Statutes. The appropriation is adjusted as necessary to reflect monies credited to the automation operations fund for automation operation center projects. Before the expenditure of any automation operations fund monies in excess of $23,937,600 in fiscal year 2017-2018, the department of administration shall report the intended use of monies to the joint legislative budget committee.

The amounts appropriated for the state employee public transportation service subsidy shall be used for up to a fifty percent subsidy of charges payable for public transportation service expenses as provided in section 41-710.01, Arizona Revised Statutes, of nonuniversity state employees in a vehicle emissions control area as defined in section 49-541, Arizona Revised Statutes, of a county with a population of more than four hundred thousand persons.
It is the intent of the legislature that the department not replace vehicles until they have an average of 80,000 miles or more. On or before August 1, 2017, the department shall submit a report for review by the joint legislative budget committee on the maintenance savings achieved by replacing vehicles that have an average of 80,000 miles or more.

All state surplus materials revolving fund monies received by the department of administration in excess of $2,947,000 in fiscal year 2017-2018 are appropriated to the department. Before the expenditure of state surplus materials revolving fund monies in excess of $2,947,000 in fiscal year 2017-2018, the department of administration shall report the intended use of monies to the joint legislative budget committee.

On or before October 1, 2017, the department shall submit a report for review by the joint legislative budget committee of the expenditures to date and progress of implementation for any monies received from the state and local implementation grant program associated with the national public safety broadband network initiative. The joint legislative budget committee may require the department to submit more frequent reports as necessary for further review.

Sec. 9. OFFICE OF ADMINISTRATIVE HEARINGS

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Lump sum appropriation</td>
</tr>
</tbody>
</table>

Fund sources:

| State general fund | $ 860,500 |

Sec. 10. ARIZONA COMMISSION OF AFRICAN-AMERICAN AFFAIRS

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Lump sum appropriation</td>
</tr>
</tbody>
</table>

Fund sources:

| State general fund | $ 125,000 |

Sec. 11. ARIZONA DEPARTMENT OF AGRICULTURE

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
</tr>
<tr>
<td>Agricultural employment relations board</td>
</tr>
<tr>
<td>Animal damage control</td>
</tr>
<tr>
<td>Red imported fire ant control</td>
</tr>
<tr>
<td>Agricultural consulting and training</td>
</tr>
<tr>
<td>Total appropriation - Arizona department of agriculture</td>
</tr>
</tbody>
</table>

Fund sources:

| State general fund | $ 9,049,300 |
| Air quality fund | 1,434,400 |
Sec. 12. ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
<td>2,326.3</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
<td>$95,720,900</td>
</tr>
<tr>
<td>DES eligibility</td>
<td>88,874,500</td>
</tr>
<tr>
<td>Proposition 204 - AHCCCS administration</td>
<td>12,760,600</td>
</tr>
<tr>
<td>Proposition 204 - DES eligibility</td>
<td>44,358,700</td>
</tr>
<tr>
<td>Medical services</td>
<td></td>
</tr>
<tr>
<td>Traditional medicaid services</td>
<td>4,037,329,200</td>
</tr>
<tr>
<td>Proposition 204 services</td>
<td>2,911,986,200</td>
</tr>
<tr>
<td>Adult expansion services</td>
<td>484,329,900</td>
</tr>
<tr>
<td>Children's rehabilitative services</td>
<td>270,673,900</td>
</tr>
<tr>
<td>KidsCare services</td>
<td>111,961,100</td>
</tr>
<tr>
<td>ALTCS services</td>
<td>1,544,082,800</td>
</tr>
<tr>
<td>Behavioral health services</td>
<td></td>
</tr>
<tr>
<td>Medicaid behavioral health - traditional services</td>
<td>1,015,591,300</td>
</tr>
<tr>
<td>Medicaid behavioral health - proposition 204 services</td>
<td>649,608,300</td>
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<tr>
<td>Medicaid behavioral health - adult expansion services</td>
<td>77,403,100</td>
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<tr>
<td>Medicaid behavioral health - comprehensive medical and dental program</td>
<td>217,719,100</td>
</tr>
<tr>
<td>Crisis services</td>
<td>16,391,300</td>
</tr>
<tr>
<td>Nonmedicaid seriously mentally ill services</td>
<td>78,846,900</td>
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<tr>
<td>Supported housing</td>
<td>5,324,800</td>
</tr>
<tr>
<td>Hospital payments</td>
<td></td>
</tr>
<tr>
<td>Disproportionate share payments</td>
<td>5,087,100</td>
</tr>
<tr>
<td>Disproportionate share payments - voluntary match</td>
<td>0</td>
</tr>
<tr>
<td>Rural hospitals</td>
<td>22,650,000</td>
</tr>
<tr>
<td>Graduate medical education</td>
<td>265,729,800</td>
</tr>
<tr>
<td>Safety net care pool</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Total appropriation and expenditure</td>
<td>$12,031,429,500</td>
</tr>
<tr>
<td>Fund sources:</td>
<td></td>
</tr>
<tr>
<td>State general fund</td>
<td>$1,774,761,000</td>
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<tr>
<td>Budget neutrality compliance fund</td>
<td>3,655,300</td>
</tr>
</tbody>
</table>
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Children's health insurance program fund 117,681,000
Prescription drug rebate fund - state 145,490,300
Substance abuse services fund 2,250,200
Tobacco products tax fund - emergency health services account 19,244,300
Tobacco tax and health care fund - medically needy account 72,998,200
Expenditure authority 9,895,349,200

Operating budget
The amounts appropriated for the DES eligibility line item shall be used for intergovernmental agreements with the department of economic security for the purpose of eligibility determination and other functions. The state general fund share may be used for eligibility determination for other programs administered by the division of benefits and medical eligibility based on the results of the Arizona random moment sampling survey.

The amounts included in the proposition 204 - AHCCCS administration, proposition 204 - DES eligibility, proposition 204 services and medicaid behavioral health - proposition 204 services line items include all available sources of funding consistent with section 36-2901.01, subsection B, Arizona Revised Statutes.

Medical services and behavioral health services
Before making fee-for-service program or rate changes that pertain to fee-for-service rate categories, the Arizona health care cost containment system administration shall report its expenditure plan for review by the joint legislative budget committee.

The Arizona health care cost containment system administration shall report to the joint legislative budget committee on or before March 1, 2018 on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum may not be more than two percent. Before implementation of any changes in capitation rates, the Arizona health care cost containment system administration shall report its expenditure plan for review by the joint legislative budget committee. Before the administration implements any change in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the administration shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal impact analysis demonstrates that this change will result in additional state costs of $500,000 or more for any
fiscal year, the administration shall submit the policy change for review
by the joint legislative budget committee.

It is the intent of the legislature that the percentage attributable
to administration and profit for the regional behavioral health
authorities be nine percent of the overall capitation rate.

The Arizona health care cost containment system administration shall
transfer up to $1,200,000 from the traditional medicaid services line item
for fiscal year 2017-2018 to the attorney general for costs associated
with tobacco settlement litigation.

The Arizona health care cost containment system administration shall
transfer $436,000 from the traditional medicaid services line item for
fiscal year 2017-2018 to the department of revenue for enforcement costs
associated with the March 13, 2013 master settlement agreement with
tobacco companies.

The Arizona health care cost containment system administration shall
transfer $1,200,000 from the nonmedicaid seriously mentally ill services
line item for fiscal year 2017-2018 to the department of health services
for the costs of prescription medications for persons with a serious
mental illness at the Arizona state hospital.

On or before December 31, 2017, and June 30, 2018, the Arizona
health care cost containment system administration shall report to the
joint legislative budget committee on the progress in implementing the
Arnold v. Sarn lawsuit settlement. The report shall include at a minimum
the administration's progress toward meeting all criteria specified in the
2014 joint stipulation, including the development and estimated cost of
additional behavioral health service capacity in Maricopa county for
supported housing services for 1,200 class members, supported employment
services for 750 class members, eight assertive community treatment teams
and consumer operated services for 1,500 class members. The
administration shall also report by fund source the amounts it plans to
use to pay for expanded services.

Long-term care

Any federal monies that the Arizona health care cost containment
system administration passes through to the department of economic
security for use in long-term administration care for persons with
developmental disabilities do not count against the long-term care
expenditure authority above.

Pursuant to section 11-292, subsection B, Arizona Revised Statutes,
the county portion of the fiscal year 2017-2018 nonfederal costs of
providing long-term care system services is $264,673,200. This amount is
included in the expenditure authority fund source.

Any supplemental payments received in excess of $108,974,800 for
nursing facilities that serve Arizona long-term care system medicaid
patients in fiscal year 2017-2018, including any federal matching monies,
by the Arizona health care cost containment system administration are
appropriated to the administration in fiscal year 2017-2018. Before the
expenditure of these increased monies, the administration shall notify the
joint legislative budget committee and the governor's office of strategic
planning and budgeting of the amount of monies that will be expended under
this provision. These payments are included in the expenditure authority
fund source.

Payments to hospitals
The $5,087,100 appropriation for disproportionate share payments for
fiscal year 2017-2018 made pursuant to section 36-2903.01, subsection O,
Arizona Revised Statutes, includes $4,202,300 for the Maricopa county
health care district and $884,800 for private qualifying disproportionate
share hospitals.

Any monies received for disproportionate share hospital payments
from political subdivisions of this state, tribal governments and any
university under the jurisdiction of the Arizona board of regents, and any
federal monies used to match those payments, in fiscal year 2017-2018 by
the Arizona health care cost containment system administration in excess
of $0 are appropriated to the administration in fiscal year 2017-2018.
Before the expenditure of these increased monies, the administration shall
notify the joint legislative budget committee and the governor's office of
strategic planning and budgeting of the amount of monies that will be
expended under this provision.

The expenditure authority fund source includes voluntary payments
made from political subdivisions for payments to hospitals that operate a
graduate medical education program or treat low-income patients. The
political subdivision portions of the fiscal year 2017-2018 costs of
graduate medical education, disproportionate share payments - voluntary
match and safety net care pool line items are included in the expenditure
authority fund source.

Any monies for graduate medical education received in fiscal year
2017-2018, including any federal matching monies, by the Arizona health
care cost containment system administration in excess of $265,729,800 are
appropriated to the administration in fiscal year 2017-2018. Before the
expenditure of these increased monies, the administration shall notify the
joint legislative budget committee and the governor's office of strategic
planning and budgeting of the amount of monies that will be expended under
this provision.

Any monies received in excess of $75,000,000 for the safety net care
pool by the Arizona health care cost containment system administration in
fiscal year 2017-2018, including any federal matching monies, are
appropriated to the administration in fiscal year 2017-2018. Before the
expenditure of these increased monies, the administration shall notify the
joint legislative budget committee and the governor's office of strategic
planning and budgeting of the amount of monies that will be expended under
this provision.
Other

On or before January 5, 2018, the Arizona health care cost containment system administration shall report to the director of the joint legislative budget committee the total amount of medicaid reconciliation payments and penalties received on or before that date since July 1, 2017. On June 30, 2018, the administration shall report the same information for all of fiscal year 2017-2018.

The nonappropriated portion of the prescription drug rebate fund established by section 36-2930, Arizona Revised Statutes, is included in the federal portion of the expenditure authority fund source.

Sec. 13. BOARD OF ATHLETIC TRAINING

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE positions</th>
<th>Lump sum appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>1.5</td>
<td>$119,100</td>
</tr>
</tbody>
</table>

Fund sources:

- Athletic training fund $119,100

Sec. 14. ATTORNEY GENERAL - DEPARTMENT OF LAW

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE positions</th>
<th>Operating lump sum appropriation</th>
<th>Capital postconviction prosecution</th>
<th>Internet crimes against children enforcement</th>
<th>Federalism unit</th>
<th>Risk management interagency service agreement</th>
<th>State grand jury</th>
<th>Southern Arizona law enforcement</th>
<th>Tobacco enforcement</th>
<th>Victims' rights</th>
<th>Total appropriation - attorney general - department of law</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>580.7</td>
<td>$53,503,500</td>
<td>$795,700</td>
<td>$1,250,000</td>
<td>$995,600</td>
<td>$9,406,700</td>
<td>$180,100</td>
<td>$1,193,000</td>
<td>$816,000</td>
<td>$3,758,900</td>
<td>$71,899,500</td>
</tr>
</tbody>
</table>

Fund sources:

- State general fund $26,079,800
- Antitrust enforcement revolving fund $244,300
- Attorney general legal services cost allocation fund $2,080,400
- Collection enforcement revolving fund $6,845,200
- Consumer protection-consumer fraud revolving fund $6,275,700
- Interagency service agreements fund $16,308,500
Internet crimes against children

<table>
<thead>
<tr>
<th>fund</th>
<th>amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>enforcement fund</td>
<td>900,000</td>
</tr>
<tr>
<td>Risk management revolving fund</td>
<td>9,406,700</td>
</tr>
<tr>
<td>Victims' rights fund</td>
<td>3,758,900</td>
</tr>
</tbody>
</table>

All monies appropriated to the attorney general legal services line item in the department of child safety budget do not count toward the attorney general's interagency service agreements fund appropriation in fiscal year 2017-2018.

The sum of $1,500,000 in fiscal year 2018-2019 and the sum of $1,500,000 in fiscal year 2019-2020 are appropriated from the state general fund to the attorney general for operating expenses of the criminal division.

On or before June 1, 2017, the department shall submit an expenditure plan for the fiscal year 2017-2018 internet crimes against children enforcement line item for review by the joint legislative budget committee.

The $900,000 appropriation from the internet crimes against children enforcement fund and the $350,000 appropriation from the state general fund for the internet crimes against children enforcement line item are continuing appropriations and are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, through June 30, 2019.

Sec. 15. AUTOMOBILE THEFT AUTHORITY

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile theft authority fund</td>
<td>5,295,500</td>
</tr>
</tbody>
</table>

The automobile theft authority shall submit a report to the joint legislative budget committee before expending any monies for the reimbursable programs line item. The agency shall show sufficient monies collected to cover the expenses indicated in the report.

Local grants shall be awarded with consideration given to areas with greater automobile theft problems and shall be used to combat economic automobile theft operations.

The automobile theft authority shall pay seventy-five percent of the personal services and employee-related expenses for city, town and county sworn officers who participate in the Arizona vehicle theft task force.
Sec. 16. BOARD OF BARBERS

FTE positions 4.0
Lump sum appropriation $341,800
Fund sources:
Board of barbers fund $341,800

Sec. 17. BOARD OF BEHAVIORAL HEALTH EXAMINERS

FTE positions 17.0
Lump sum appropriation $1,759,100
Fund sources:
Board of behavioral health examiners fund $1,759,100

Sec. 18. STATE BOARD FOR CHARTER SCHOOLS

FTE positions 14.0
Lump sum appropriation $1,185,200
Fund sources:
State general fund $1,185,200

Sec. 19. DEPARTMENT OF CHILD SAFETY

FTE positions 3,193.1
Operating lump sum appropriation $109,997,300
Additional operating resources
Caseworkers 99,617,700
New case aides 3,060,600
Attorney general legal services 25,416,800
General counsel 155,500
Inspections bureau 2,470,100
Litigation expenses 2,471,200
Office of child welfare investigations 9,611,100
Overtime pay 8,370,000
Records retention staff 592,900
Retention pay 1,707,000
Training resources 9,150,000
Out-of-home placements
Adoption services 245,498,100
Emergency and residential placement 98,900,100
Foster care placement 59,595,500
Foster home recruitment, study and supervision 32,753,600
Kinship stipends 2,000,000
Independent living maintenance 4,660,000
Permanent guardianship subsidy 12,516,900
Support services

- DCS child care subsidy: $48,159,400
- In-home mitigation: $28,988,100
- Preventive services: $15,148,300
- Out-of-home support services: $154,518,900

Total appropriation and expenditure authority - department of child safety: $975,359,100

Fund sources:
- State general fund: $379,479,400
- Federal child care and development fund block grant: $27,000,000
- Federal temporary assistance for needy families block grant: $149,472,700
- Child abuse prevention fund: $1,459,300
- Children and family services training program fund: $207,100
- Risk management revolving fund: $2,471,200
- Child safety expenditure authority: $415,269,400

Additional operating resources

The department of child safety shall provide training to any new child safety FTE positions before assigning any client caseload duties to any of these employees.

It is the intent of the legislature that the department of child safety use its funding to achieve a one hundred percent investigation rate.

The department of child safety shall submit an expenditure plan for review by the joint legislative budget committee before expending any monies in the retention pay line item. It is the intent of the legislature that monies in the retention pay line item be transferred to the department's operating budget in fiscal year 2018-2019.

Out-of-home placements

Of the amounts appropriated for out-of-home support services, emergency and residential placement and foster care placement, the department of child safety may transfer up to ten percent of the total amount of federal temporary assistance for needy families block grant monies appropriated to the department of economic security and the department of child safety to the social services block grant for use in the following line items in the department of child safety: out-of-home support services, emergency and residential placement and foster care placement. Before transferring federal temporary assistance for needy families block grant monies to the social services block grant, the department of child safety shall report the proposed amount of the transfer to the director of the joint legislative budget committee. This report may be in the form of an expenditure plan that is submitted at the
The amount appropriated for kinship stipends shall be used for a stipend of seventy-five dollars per month for a relative caretaker, including a grandparent, any level of great-grandparent or any nongrandparent relative, or a caretaker of fictive kinship, if a dependent child is placed in the care of a relative caretaker or caretaker of fictive kinship pursuant to department guidelines. To be eligible for the stipend, the caretaker's income may not exceed two hundred percent of the federal poverty guidelines. Before changing the eligibility for the program or the amount of the stipend, the department shall submit a report for review by the joint legislative budget committee detailing the proposed changes.

Support services

It is the intent of the legislature that the amount appropriated for the preventive services and in-home mitigation line items be used for families whose children are at risk of out-of-home placement due to abuse, neglect or dependency and that the amount appropriated for the out-of-home support services line item be used for children in out-of-home placements.

Departmentwide

The department of child safety shall forward to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee a monthly report comparing total expenditures for the month and year-to-date as compared to prior-year totals on or before the thirtieth of the following month. The report shall include a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

All expenditures made by the department of child safety for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in department of child safety line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure.

For the purposes of this section, "backlog case":

1. Means any nonactive case for which documentation has not been entered in the child welfare automated system for at least sixty days and for which services have not been authorized for at least sixty days and any case that has had an investigation, has been referred to another unit and has had no contact for at least sixty days.

2. Includes any case for which the investigation has been open without any documentation or contact for at least sixty days, any case involving in-home services for which there has been no contact or services authorized for at least sixty days and any case involving foster care in which there has been no contact or any documentation entered in the child welfare automated system for at least sixty days.
For the purposes of this section, "open report" means a report that is under investigation or awaiting closure by a supervisor.

On or before September 30, 2017, and on or before the last day of every calendar quarter through June 30, 2018, the department of child safety shall present a report for review by the joint legislative budget committee on the progress made in increasing the number of filled FTE positions, meeting the caseload standard and reducing the number of backlog cases and out-of-home children. The report shall include the number of backlog cases, the number of open reports, the number of out-of-home children and the caseworker workload on March 31, 2016 in comparison to the latest quarter. The report shall provide the number of backlog cases by disposition, including the number of backlog cases in the investigation phase, the number of backlog cases associated with out-of-home placements and the number of backlog cases associated with in-home cases.

To determine the caseworker workload, the department shall report the number of case-carrying caseworkers at each field office and the number of investigations, in-home cases and out-of-home children assigned to each field office.

The quarterly report shall provide the same information on the total number of filled FTE positions as is required by the monthly hiring report.

For backlog cases, the department's quarterly benchmark is 1,000 cases as of June 30, 2017 and thereafter.

For open reports, the department's benchmark is to have fewer than 8,000 open reports as of June 30, 2017 and thereafter. The open reports benchmark represents the average number of incoming reports for each two month period beginning March 1, 2016 through February 28, 2017.

For out-of-home children, the department's benchmark is to reduce the number of children in out-of-home care by an average of an additional 2.0 percent every quarter with respect to the out-of-home care population as of December 31, 2016. It is the intent of the legislature that the cumulative reduction in the out-of-home care population as compared to the population as of December 31, 2016 be 11.4 percent, or at or below 15,191 children, on or before June 30, 2018.

If the department of child safety has not submitted the quarterly report within thirty days after the last day of the calendar quarter, the director of the joint legislative budget committee shall inform the general accounting office of the department of administration, which shall withhold two percent of the department's operating lump sum quarterly budget allocation until the quarterly report is submitted.

Beginning on the seventh day of the month following the effective date of this act and on the seventh day of each month thereafter through June 30, 2018, the department of child safety shall issue to the governor, the chairpersons of the house of representatives appropriations and
judiciary and public safety committees and the senate appropriations and
health and human services committees and the directors of the joint
legislative budget committee and the governor's office of strategic
planning and budgeting a report on new hires and separations. The report
shall include the total number of FTE positions funded and the total
number of FTE positions filled on the last day of each month. The
department shall also delineate new hires and separations by case-carrying
caseworkers, hotline staff, caseworkers-in-training, assistant program
managers, unit supervisors, case aides, office of child welfare
investigations staff and administrative staff by function.

The amount appropriated for any line item may not be transferred to
another line item or the operating budget unless the transfer is reviewed
by the joint legislative budget committee.

Child safety expenditure authority includes all department funding
sources excluding the state general fund, the federal child care and
development fund block grant, the federal temporary assistance for needy
families block grant, the child abuse prevention fund and the children and
family services training program fund.

On or before September 15, 2017 and March 15, 2018, the department
of child safety shall submit a report for review by the joint legislative
budget committee on the department's progress in implementing
recommendations included in the Moss-Adams audit.

Sec. 20. STATE BOARD OF CHIROPRACTIC EXAMINERS

| FTE positions | 5.0 |
| Lump sum appropriation | $ 451,100 |

Fund sources:
- Board of chiropractic examiners fund $ 451,100

Sec. 21. ARIZONA COMMUNITY COLLEGES

Equalization aid
- Cochise $ 5,210,200
- Graham 15,028,600
- Navajo 6,672,100

Total - equalization aid $ 26,910,900

Operating state aid
- Cochise $ 4,589,600
- Coconino 1,731,100
- Gila 298,400
- Graham 2,288,300
- Mohave 1,195,500
- Navajo 1,649,000
- Pinal 1,621,400
<table>
<thead>
<tr>
<th>County</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Cruz</td>
<td>96,800</td>
</tr>
<tr>
<td>Yavapai</td>
<td>639,400</td>
</tr>
<tr>
<td>Yuma/La Paz</td>
<td>2,622,100</td>
</tr>
<tr>
<td><strong>Total - operating state aid</strong></td>
<td><strong>$16,731,600</strong></td>
</tr>
<tr>
<td><strong>STEM and workforce programs state aid</strong></td>
<td></td>
</tr>
<tr>
<td>Cochise</td>
<td>$986,400</td>
</tr>
<tr>
<td>Coconino</td>
<td>409,000</td>
</tr>
<tr>
<td>Gila</td>
<td>136,500</td>
</tr>
<tr>
<td>Graham</td>
<td>609,000</td>
</tr>
<tr>
<td>Mohave</td>
<td>462,500</td>
</tr>
<tr>
<td>Navajo</td>
<td>369,100</td>
</tr>
<tr>
<td>Pinal</td>
<td>96,500</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>67,000</td>
</tr>
<tr>
<td>Yavapai</td>
<td>717,000</td>
</tr>
<tr>
<td>Yuma/La Paz</td>
<td>845,500</td>
</tr>
<tr>
<td><strong>Total - STEM and workforce programs state aid</strong></td>
<td><strong>$4,698,500</strong></td>
</tr>
<tr>
<td>Rural county reimbursement subsidy</td>
<td>$1,273,800</td>
</tr>
<tr>
<td>Additional Gila workforce development aid</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total appropriation - Arizona community colleges</strong></td>
<td><strong>$49,864,800</strong></td>
</tr>
</tbody>
</table>

**Fund sources:**
- State general fund $49,864,800

Of the $1,273,800 appropriated to the rural county reimbursement subsidy line item, Apache county receives $699,300 and Greenlee county receives $574,500.

Sec. 22. **REGISTRAR OF CONTRACTORS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Positions</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>105.6</td>
<td>$12,165,400</td>
</tr>
</tbody>
</table>

**Fund sources:**
- Registrar of contractors fund $12,165,400

Any transfer to or from the amount appropriated for the office of administrative hearings costs line item requires review by the joint legislative budget committee.
Sec. 23. CORPORATION COMMISSION

2017-18

| FTE positions | 300.9 |
| Operating lump sum appropriation | $ 26,159,900 |
| Corporation filings, same-day service | 397,300 |
| Utilities audits, studies, investigations and hearings | 380,000* |
| **Total appropriation - corporation commission** | **$ 26,937,200** |

Fund sources:

| State general fund | $ 611,600 |
| Arizona arts trust fund | 49,900 |
| Investment management regulatory and enforcement fund | 708,900 |
| Public access fund | 6,558,800 |
| Securities regulatory and enforcement fund | 4,909,600 |
| Utility regulation revolving fund | 14,098,400 |

The $397,300 appropriated from the public access fund for the corporation filings, same-day service line item reverts to the public access fund established by section 10-122.01, Arizona Revised Statutes, at the end of fiscal year 2017-2018 if the commission has not established a same-day service pursuant to section 10-122, Arizona Revised Statutes.

Sec. 24. STATE DEPARTMENT OF CORRECTIONS

2017-18

| FTE positions | 9,541.0 |
| Operating lump sum appropriation | $ 788,985,200 |
| Private prison per diem | 169,220,200 |
| Inmate health care contracted services | 148,811,700 |
| **Total appropriation - state department of corrections** | **$1,107,017,100** |

Fund sources:

| State general fund | $1,055,469,400 |
| State education fund for correctional education | 669,500 |
| Alcohol abuse treatment fund | 555,500 |
| Penitentiary land fund | 2,062,500 |
| State charitable, penal and reformatory institutions land fund | 2,661,500 |
| Corrections fund | 30,312,300 |
Before placing any inmates in out-of-state provisional beds, the department shall place inmates in all available prison beds in facilities that are located in this state and that house Arizona inmates, unless the out-of-state provisional beds are of a comparable security level and price.

The state department of corrections shall forward to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee a monthly report comparing department expenditures for the month and year-to-date as compared to prior-year expenditures on or before the thirtieth of the following month. The report shall be in the same format as the prior fiscal year and include an estimate of potential shortfalls, potential surpluses that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

On or before August 1, 2017, the state department of corrections shall provide a report on bed capacity to the joint legislative budget committee for its review. The report shall reflect the bed capacity for each security classification by gender at each state-run and private institution, divided by rated and total beds. The report shall include bed capacity data for June 30, 2016 and June 30, 2017 and the projected capacity for June 30, 2018, as well as the reasons for any change within that time period. Within the total bed count, the department shall provide the number of temporary and special use beds. If the department develops a plan after its August 1 report to close state-operated prison rated beds or cancel or not renew contracts for privately operated prison beds, the state department of corrections shall submit a bed plan detailing the proposed bed closures for review by the joint legislative budget committee before implementing these changes.

One hundred percent of land earnings and interest from the penitentiary land fund shall be distributed to the state department of corrections in compliance with the enabling act and the Constitution of Arizona to be used for the support of state penal institutions.

Of the amount appropriated for the private prison per diem line item, $17,463,300 shall be used for the purpose of making a debt service payment on the financing agreement authorized by Laws 2016, chapter 119, section 24.
Twenty-five percent of land earnings and interest from the state charitable, penal and reformatory institutions land fund shall be distributed to the state department of corrections in compliance with the enabling act and the Constitution of Arizona to be used for the support of state penal institutions.

Before the expenditure of any state education fund for correctional education monies in excess of $669,500, the state department of corrections shall report the intended use of the monies to the director of the joint legislative budget committee.

Before implementing any changes in per diem rates for inmate health care contracted services, the state department of corrections shall submit its expenditure plan for review by the joint legislative budget committee.

Sec. 25. BOARD OF COSMETOLOGY

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
</tr>
<tr>
<td>Annual leave payout</td>
</tr>
<tr>
<td>Total appropriation - board of cosmetology</td>
</tr>
<tr>
<td>Fund sources:</td>
</tr>
<tr>
<td>Board of cosmetology fund</td>
</tr>
</tbody>
</table>

Sec. 26. ARIZONA CRIMINAL JUSTICE COMMISSION

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
</tr>
<tr>
<td>State aid to county attorneys</td>
</tr>
<tr>
<td>Victim compensation and assistance</td>
</tr>
<tr>
<td>Total appropriation - Arizona criminal justice commission</td>
</tr>
<tr>
<td>Fund sources:</td>
</tr>
<tr>
<td>Criminal justice enhancement fund</td>
</tr>
<tr>
<td>Resource center fund</td>
</tr>
<tr>
<td>State aid to county attorneys fund</td>
</tr>
<tr>
<td>Victim compensation and assistance fund</td>
</tr>
</tbody>
</table>

All victim compensation and assistance monies received by the Arizona criminal justice commission in excess of $4,220,600 in fiscal year 2017-2018 are appropriated to the crime victims program. Before the expenditure of any victim compensation and assistance fund monies in excess of $4,220,600 in fiscal year 2017-2018, the Arizona criminal justice commission shall report the intended use of the monies to the joint legislative budget committee.
All monies received by the Arizona criminal justice commission in excess of $973,700 in fiscal year 2017-2018 from the state aid to county attorneys fund established by section 11-539, Arizona Revised Statutes, are appropriated to the state aid to county attorneys program. Before the expenditure of any state aid to county attorneys fund monies in excess of $973,700, the Arizona criminal justice commission shall report the intended use of the monies to the joint legislative budget committee.

Sec. 27. ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND

2017-18

FTE positions 541.2
Administration/statewide $ 4,010,600
Phoenix day school for the deaf 9,477,700
Tucson campus 13,502,500
Regional cooperatives 1,001,400
Preschool/outreach programs 4,325,600
School bus replacement 738,000
Voucher fund adjustment 161,200

Total appropriation – Arizona state schools for the deaf and the blind $ 33,217,000

Fund sources:
State general fund $ 21,378,100
Schools for the deaf and the blind fund 11,838,900

Before the expenditure of any schools for the deaf and the blind fund monies in excess of $11,838,900 in fiscal year 2017-2018, the Arizona state schools for the deaf and the blind shall report to the joint legislative budget committee the intended use of the monies.

Sec. 28. COMMISSION FOR THE DEAF AND THE HARD OF HEARING

2017-18

FTE positions 16.0
Operating lump sum appropriation $ 4,412,300
Support services for the deaf-blind 192,000

Total appropriation – commission for the deaf and the hard of hearing $ 4,604,300

Fund sources:
Telecommunication fund for the deaf $ 4,604,300

Sec. 29. STATE BOARD OF DENTAL EXAMINERS

2017-18

FTE positions 11.0
Lump sum appropriation $ 1,214,500

Fund sources:
Dental board fund $ 1,214,500
### Sec. 30. OFFICE OF ECONOMIC OPPORTUNITY

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0</td>
<td></td>
</tr>
</tbody>
</table>

**Lump sum appropriation** $484,100

**Fund sources:**
- **State general fund** $484,100

### Sec. 31. DEPARTMENT OF ECONOMIC SECURITY

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,289.4</td>
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</table>

**Operating lump sum appropriation** $159,260,800

**Administration**
- Attorney general legal services $10,996,600

**Aging and adult services**
- Adult services $9,431,900
- Community and emergency services $3,724,000
- Coordinated homeless services $2,522,600
- Domestic violence prevention $14,003,700

**Benefits and medical eligibility**
- Temporary assistance for needy families - cash benefits $27,736,400
- Coordinated hunger services $1,754,600
- Tribal pass-through funding $4,680,300

**Child support enforcement**
- County participation $8,740,200

**Developmental disabilities**
- DDD operating lump sum $23,693,000
- DDD premium tax payment $27,628,800
- Case management - medicaid $59,019,700
- Home and community based services - medicaid $1,130,889,100
- Institutional services - medicaid $24,111,000
- Medical services - medicaid $176,495,500
- Arizona training program at Coolidge - medicaid $15,735,100
- Medicare clawback payments $4,043,000
- Case management - state-only $3,893,700
- Home and community based services - state-only $20,028,000
- State-funded long-term care services $26,559,600
### Employment and rehabilitation services

<table>
<thead>
<tr>
<th>Service</th>
<th>Appropriation</th>
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</thead>
<tbody>
<tr>
<td>JOBS</td>
<td>11,005,600</td>
</tr>
<tr>
<td>Child care subsidy</td>
<td>98,396,600</td>
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<tr>
<td>Independent living rehabilitation services</td>
<td>1,289,400</td>
</tr>
<tr>
<td>Rehabilitation services</td>
<td>7,249,100</td>
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<tr>
<td>Workforce investment act services</td>
<td>53,654,600</td>
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</table>

**Total appropriation and expenditure authority - department of economic security**: $1,926,542,900

### Fund sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>State general fund</td>
<td>$ 573,736,000</td>
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<tr>
<td>Federal child care and development fund block grant</td>
<td>107,773,600</td>
</tr>
<tr>
<td>Federal temporary assistance for needy families block grant</td>
<td>72,964,700</td>
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<tr>
<td>Long-term care system fund</td>
<td>26,559,600</td>
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<tr>
<td>Public assistance collections fund</td>
<td>421,900</td>
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<tr>
<td>Special administration fund</td>
<td>2,928,700</td>
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<tr>
<td>Spinal and head injuries trust fund</td>
<td>2,323,700</td>
</tr>
<tr>
<td>Statewide cost allocation plan fund</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Child support enforcement administration fund</td>
<td>16,632,600</td>
</tr>
<tr>
<td>Domestic violence services fund</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Workforce investment act grant</td>
<td>56,040,200</td>
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<tr>
<td>Child support enforcement administration fund expenditure authority</td>
<td>42,299,500</td>
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<tr>
<td>Health services lottery monies fund</td>
<td>2,800,000</td>
</tr>
<tr>
<td>Developmental disabilities medicaid expenditure authority</td>
<td>1,017,062,400</td>
</tr>
</tbody>
</table>

### Aging and adult services

All domestic violence services fund monies in excess of $4,000,000 received by the department of economic security are appropriated for the domestic violence prevention line item. Before the expenditure of these increased monies, the department of economic security shall report the intended use of monies in excess of $4,000,000 to the joint legislative budget committee.
The department of economic security shall report to the joint legislative budget committee on the amount of state and federal monies available statewide for domestic violence funding on or before December 15, 2017. The report shall include, at a minimum, the amount of monies available and the state fiscal agent receiving those monies.

Benefits and medical eligibility

The operating lump sum appropriation may be expended on Arizona health care cost containment system eligibility determinations based on the results of the Arizona random moment sampling survey.

Child support enforcement

All state shares of retained earnings, fees and federal incentives in excess of $16,632,600 received by the division of child support enforcement are appropriated for operating expenditures. New FTE positions may be authorized with the increased funding. Before the expenditure of these increased monies, the department of economic security shall report the intended use of the monies to the joint legislative budget committee.

Developmental disabilities

The department shall report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee any new placement into a state-owned ICF-IID or the Arizona training program at the Coolidge campus in fiscal year 2017-2018 and the reason this placement, rather than a placement into a privately run facility for persons with developmental disabilities, was deemed as the most appropriate placement. The department shall also report if no new placements were made. The department shall make this report available on or before July 15, 2018.

The department shall report to the joint legislative budget committee on or before March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum may not be more than two percent. Before implementation of any changes in capitation rates for the long-term care system, the department shall submit a report for review by the joint legislative budget committee. Before the department implements any change in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal impact analysis demonstrates that this change will result in additional state costs of $500,000 or more for any fiscal year, the department shall submit the policy change for review by the joint legislative budget committee.
Before implementation of any developmental disabilities or long-term care statewide provider rate adjustments that are not already specifically authorized by the legislature, court mandates or changes to federal law, the department shall submit a report for review by the joint legislative budget committee that includes, at a minimum, the estimated cost of the provider rate adjustment and the ongoing source of funding for the adjustment, if applicable.

Before transferring any monies in or out of the case management - medicaid, case management - state-only, and DDD operating lump sum line items, the department of economic security shall submit a report for review by the joint legislative budget committee.

The department shall submit an expenditure plan to the joint legislative budget committee for review of any new division of developmental disabilities salary adjustments not previously reviewed by the joint legislative budget committee.

The department shall report to the joint legislative budget committee on or before August 1, 2017 the number of filled positions for case managers and non-case managers in the division of developmental disabilities as of June 30, 2017. The department shall submit an expenditure plan of its staffing levels for review by the joint legislative budget committee if the department plans on hiring staff for non-case manager, non-case aide, non-case unit supervisor and non-case section manager positions above the staffing level indicated in the August 1, 2017 report.

Employment and rehabilitation services

It is the intent of the legislature that the combined number of children in child care assistance authorized pursuant to section 46-803, subsections D and F, Arizona Revised Statutes, be maintained throughout the year at a minimum of 8,500 children. The department shall prioritize child care assistance for families that qualify for assistance pursuant to section 46-803, subsection F, Arizona Revised Statutes, on the waiting lists established pursuant to section 46-803, subsection I, Arizona Revised Statutes.

All workforce investment act grant monies that are received by this state in excess of $56,040,200 are appropriated to the workforce investment act services line item. Before the expenditure of these increased monies, the department of economic security shall report the intended use of monies in excess of $56,040,200 to the joint legislative budget committee.

Departmentwide

The above appropriations are in addition to monies granted to the state by the federal government for the same purposes but are deemed to include the sums deposited in the state treasury to the credit of the department of economic security pursuant to section 42-5029, Arizona Revised Statutes.
The department of economic security shall forward to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee a monthly report comparing total expenditures for the month and year-to-date as compared to prior-year totals on or before the thirtieth of the following month. The report shall include an estimate of potential shortfalls in entitlement programs and potential federal and other monies, such as the statewide assessment for indirect costs, and any projected surplus in state-supported programs that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

Sec. 32. STATE BOARD OF EDUCATION

2017-18

FTE positions 6.0
Lump sum appropriation $ 1,142,800

Fund sources:
State general fund $ 1,142,800

Sec. 33. SUPERINTENDENT OF PUBLIC INSTRUCTION

2017-18

FTE positions 171.9
Operating lump sum appropriation $ 12,868,800

Fund sources:
State general fund $ 8,856,300
Teacher certification fund 514,600
Department of education empowerment scholarship account fund 797,900
Department of education professional development revolving fund 2,700,000

The operating lump sum appropriation includes $683,900 and 8.5 FTE positions for average daily membership auditing and $200,000 and 2 FTE positions for information technology security services.

The amount appropriated for the department's operating budget includes $500,000 for technical assistance and state level administration of the K-3 reading program established pursuant to section 15-211, Arizona Revised Statutes.

Basic state aid $2,900,114,200

Fund sources:
State general fund $2,664,770,700
Permanent state school fund 235,343,500
The above appropriation provides basic state support to school districts for maintenance and operations funding as provided by section 15-973, Arizona Revised Statutes, and includes an estimated $235,343,500 in expendable income derived from the permanent state school fund and from state trust lands pursuant to section 37-521, subsection B, Arizona Revised Statutes, for fiscal year 2017-2018.

Monies derived from the permanent state school fund and any other nonstate general fund revenue source that is dedicated to fund basic state aid shall be expended, whenever possible, before the expenditure of state general fund monies.

Except as required by section 37-521, Arizona Revised Statutes, all monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, income from the investment of permanent state school funds as prescribed by the enabling act and the Constitution of Arizona and all monies received by the superintendent of public instruction from whatever source, except monies received pursuant to sections 15-237 and 15-531, Arizona Revised Statutes, when paid into the state treasury are appropriated for apportionment to the various counties in accordance with law. An expenditure may not be made except as specifically authorized above.

Additional teacher salary increase $ 34,000,000

Each school district or charter school shall use its allocation from this line item only to increase the salary of each teacher who taught at an Arizona school district or charter school during the 2016-2017 school year and who teaches at the school district or charter school during the 2017-2018 school year by 1.06 percent in fiscal year 2017-2018. The 1.06 percent salary increase that a school district or charter school provides to each eligible teacher from this line item shall be in addition to any other salary increase that the school district or charter school would have provided to the teacher for the 2017-2018 school year apart from this line item. The 1.06 percent salary increase shall supplement and not supplant any salary increase that the school district or charter school would have provided to the teacher for the 2017-2018 school year apart from this line item.

The department of education shall use the appropriated amount to provide school districts and charter schools with funding for additional teacher salary increases for fiscal year 2017-2018.

On or before December 1, 2017, the department shall allocate to each school district and charter school in this state the amount of funding needed to increase by 1.06 percent the salary of each teacher who teaches at the school district or charter school during the 2017-2018 school year and who taught at an Arizona school district or charter school during the 2016-2017 school year, including the amount of funding needed to pay the employer share of related increases in employee-related expenses for the Arizona state retirement system or other employee retirement systems and
the federal insurance contributions act. The employer share of employee-related retirement system expenses for a teacher not participating in the Arizona state retirement system may not exceed expenses for a teacher participating in the Arizona state retirement system. The 1.06 percent salary increase for each eligible teacher shall be computed by the school district or charter school based on the teacher's teaching salary for the 2016-2017 school year. The department shall add the amount computed for each school district and charter school pursuant to this paragraph to the base support level that otherwise would be computed for the school district or charter school for fiscal year 2017-2018 pursuant to section 15-943 or 15-943.02, Arizona Revised Statutes.

The members of a school district governing board or a charter school governing body shall conduct a separate vote regarding the allocation of monies that it receives from this line item. It also shall notify teachers of the scheduled date and time of action of the board or body for this issue and shall transmit a notice of public hearing to the department of education for posting on the department's website at least ten days before the hearing. If the school district or charter school maintains a website, the school district or charter school shall post on its website the notice of the public hearing.

The members of the governing board of a school district or the governing body of a charter school shall attest on the page of the school district's or charter school's fiscal year 2017-2018 budget that the members sign that the budget adopted by the school district or charter school for fiscal year 2017-2018 meets the requirements of this line item. This attestation shall also pertain to the following information provided by the school district or charter school regarding teachers who taught at an Arizona school district or charter school during the 2016-2017 school year and who teach at the school district or charter school during the 2017-2018 school year: the number of teachers, the total amount of teacher salaries for the 2016-2017 school year, the total amount of teacher salaries for the 2017-2018 school year apart from this line item, the total of the employer share of related increases in employee-related expenses for required contributions to employee retirement systems and the federal insurance contributions act and the total amount of funding needed to increase by 1.06 percent the salary of each teacher who teaches at the school district or charter school during the 2017-2018 school year and who taught at an Arizona school district or charter school during the 2016-2017 school year.

A school district or charter school shall submit to the department of education the school district's or charter school's adopted budget. The department shall distribute funding for additional teacher salary increases for fiscal year 2017-2018 based on the adopted budget. This calculation is subject to the independent annual audit of the school
district or charter school pursuant to section 15-914, Arizona Revised Statutes. Any audit findings regarding the miscalculation of this line item shall be reported to the department of education and are subject to a budget correction pursuant to section 15-915, Arizona Revised Statutes.

Monies that a school district receives from this line item shall be included in the school district's general budget limit for the maintenance and operation fund for fiscal year 2017-2018 pursuant to section 15-947, Arizona Revised Statutes. Monies that a joint technical education district receives from this line item shall be included in the joint technical education district's general budget limit for the maintenance and operation fund for fiscal year 2017-2018 pursuant to section 15-947.01, Arizona Revised Statutes.

The legislature and governor intend for this appropriation to result in an increase in the compensation of Arizona's public schoolteachers for fiscal year 2017-2018 and intend to include funding for an additional 1.06 percent teacher salary increase in fiscal year 2018-2019. Appropriations for teacher salary increases in fiscal year 2018-2019 shall be distributed in the same manner as distributions for fiscal year 2017-2018.

For the purposes of this footnote, "teacher" means a person who was eligible to be included in the year-end full-time equivalent teacher count of a school district or charter school for the 2016-2017 school year in the annual financial report of a school district or charter school for fiscal year 2016-2017 and who teaches at a school district or charter school during the 2017-2018 school year. Teacher does not include purchased services personnel or substitute teachers.

Results-based funding $ 37,600,000

Additional state aid -
  homeowner's rebate 386,215,500

Special education fund 32,242,100

Accountability and achievement testing 16,420,800

Fund sources:
  State general fund $ 9,420,800
  Proposition 301 fund 7,000,000

Before making any changes to the achievement testing program that will increase program costs, the department of education and the state board of education shall submit the estimated fiscal impact of those changes to the joint legislative budget committee for review.
<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult education</td>
<td>$4,498,200</td>
</tr>
<tr>
<td>Alternative teacher development program</td>
<td>500,000</td>
</tr>
<tr>
<td>Arizona structured English immersion fund</td>
<td>4,960,400</td>
</tr>
<tr>
<td>College credit by examination incentive program</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Early literacy</td>
<td>8,000,000</td>
</tr>
<tr>
<td>The English learner administration</td>
<td>6,495,000</td>
</tr>
</tbody>
</table>

The department of education shall use the appropriated amount to provide English language acquisition services for the purposes of section 15-756.07, Arizona Revised Statutes, and for the costs of providing English language proficiency assessments, scoring and ancillary materials as prescribed by the department of education to school districts and charter schools for the purposes of title 15, chapter 7, article 3.1, Arizona Revised Statutes. The department of education may use a portion of the appropriated amount to hire staff or contract with a third party to carry out the purposes of section 15-756.07, Arizona Revised Statutes. Notwithstanding section 41-192, Arizona Revised Statutes, the superintendent of public instruction also may use a portion of the appropriated amount to contract with one or more private attorneys to provide legal services in connection with the case of Flores v. State of Arizona, No. CIV 92-596-TUC-RCC.

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic literacy</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

The department of education shall use the appropriated onetime amount to issue a grant to a statewide geographic alliance for the purpose of strengthening geographic literacy in this state. The appropriated amount is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>JTED completion grants</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

Monies appropriated for joint technical education district completion grants are intended to help fund program completion for students who complete at least fifty percent of a joint technical education program before graduating from high school and who successfully complete the joint technical education district program after graduating from high school. The department of education shall develop application procedures for the joint technical education district completion grant program. The procedures shall award grant funding only after an eligible student has successfully completed a joint technical education district program.

If the appropriated amount is insufficient to fund all grant requests from joint technical education districts, the department of education shall reduce grant amounts on a proportional basis in order to cap total statewide allocations at $1,000,000.
The appropriated amount is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

The department of education shall distribute the appropriated amount to joint technical education districts with fewer than two thousand average daily membership pupils for soft capital and equipment expenses. The appropriated amount shall be allocated on a pro rata basis based on the average daily membership of eligible joint technical education districts.

School safety program $ 4,145,600
State block grant for vocational education $ 11,576,300
Teacher certification $ 1,828,100

Fund sources:
Teacher certification fund $ 1,828,100
Tribal college dual enrollment program $ 250,000

Fund sources:
Tribal college dual enrollment program fund $ 250,000

Total appropriation - superintendent of public instruction $3,494,129,400

Fund sources:
State general fund $3,245,695,300
Proposition 301 fund 7,000,000
Permanent state school fund 235,343,500
Teacher certification fund 2,342,700
Tribal college dual enrollment program fund 250,000
Department of education empowerment scholarship account fund 797,900
Department of education professional development revolving fund 2,700,000

After review by the joint legislative budget committee, in fiscal year 2017-2018, the department may use a portion of its fiscal year 2017-2018 state general fund appropriations for basic state aid or additional state aid to fund a shortfall in funding for basic state aid or additional state aid, if any, that occurred in fiscal year 2016-2017.

The department shall provide an updated report on its budget status every three months for the first half of each fiscal year and every month thereafter to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees, the director of the joint legislative budget committee and the director of the governor's office of
strategic planning and budgeting. Each report shall include, at a minimum, the department's current funding surplus or shortfall projections for basic state aid and other major formula-based programs and is due thirty days after the end of the applicable reporting period.

Within fifteen days after each apportionment of state aid that occurs pursuant to section 15-973, subsection B, Arizona Revised Statutes, the department shall post on its website the amount of state aid apportioned to each recipient and the underlying data.

Sec. 34. DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS

2017-18

| FTE positions | 63.1 |
| FTE positions | 63.1 |
| Administration | $1,818,000 |
| Emergency management | 725,200 |
| Military affairs | 3,021,000 |
| Matching funds | 1,540,900 |

Total appropriation - department of emergency and military affairs $7,105,100

Fund sources:

State general fund $7,105,100

The department of emergency and military affairs appropriation includes $1,700,000 for service contracts. This amount is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all fiscal year 2017-2018 monies remaining unexpended and unencumbered on December 31, 2018 revert to the state general fund.

Sec. 35. DEPARTMENT OF ENVIRONMENTAL QUALITY

2017-18

| FTE positions | 322.0 |
| FTE positions | 322.0 |
| Operating lump sum appropriation | $46,290,400 |
| Safe drinking water program | $1,800,000 |
| Emissions control contractor payment | 21,119,500 |

Total appropriation - department of environmental quality $69,209,900

Fund sources:

Air quality fund $5,361,400

Emergency response fund 132,800

Emissions inspection fund 26,570,500

Hazardous waste management fund 1,734,600

Indirect cost recovery fund 13,375,200

Permit administration fund 7,114,100

Recycling fund 1,352,900
Safe drinking water program fund 1,800,000
Solid waste fee fund 1,239,000
Underground storage tank revolving fund 22,000
Water quality fee fund 10,507,400

Before the expenditure of any monies from the safe drinking water program line item, the department of environmental quality shall submit an expenditure plan for review by the joint legislative budget committee.

Pursuant to section 49-282, Arizona Revised Statutes, the department of environmental quality shall submit a fiscal year 2018-2019 budget for the water quality assurance revolving fund before September 1, 2017, for review by the senate and house of representatives appropriations committees.

The department of environmental quality shall report annually on the progress of WQARF activities, including emergency response, priority site remediation, cost recovery activity, revenue and expenditure activity and other WQARF-funded program activity. The department shall submit the fiscal year 2017-2018 report to the joint legislative budget committee on or before September 1, 2017. This report shall also include a budget for the WQARF program that is developed in consultation with the WQARF advisory board. This budget shall specify the monies budgeted for each listed site during fiscal year 2017-2018. In addition, the department and the advisory board shall prepare and submit to the joint legislative budget committee, on or before October 1, 2017, a report in a table format summarizing the current progress on remediation of each listed site on the WQARF registry. The table shall include the stage of remediation for each site at the end of fiscal year 2016-2017, indicate whether the current stage of remediation is anticipated to be completed in fiscal year 2017-2018 and indicate the anticipated stage of remediation at each listed site at the end of fiscal year 2017-2018, assuming fiscal year 2017-2018 funding levels. The department and advisory board may include other relevant information about the listed sites in the table.

All permit administration fund monies received by the department of environmental quality in excess of $10,827,400 in fiscal year 2017-2018 are appropriated to the department. Before the expenditure of permit administration fund monies in excess of $10,827,400 in fiscal year 2017-2018, the department of environmental quality shall report the intended use of the monies to the joint legislative budget committee.

All indirect cost recovery fund monies received by the department of environmental quality in excess of $13,375,200 in fiscal year 2017-2018 are appropriated to the department. Before the expenditure of indirect cost recovery fund monies in excess of $13,375,200 in fiscal year 2017-2018, the department of environmental quality shall report the intended use of the monies to the joint legislative budget committee.
Sec. 36. GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY

FTE positions: 4.0
Lump sum appropriation: $189,100

Fund sources:
State general fund: $189,100

Sec. 37. STATE BOARD OF EQUALIZATION

FTE positions: 7.0
Lump sum appropriation: $643,000

Fund sources:
State general fund: $643,000

Sec. 38. BOARD OF EXECUTIVE CLEMENCY

FTE positions: 14.0
Lump sum appropriation: $952,600

Fund sources:
State general fund: $952,600

The board of executive clemency shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on or before November 1, 2017 on the total number and types of cases the board reviewed in fiscal year 2016-2017.

Sec. 39. ARIZONA EXPOSITION AND STATE FAIR BOARD

FTE positions: 184.0
Lump sum appropriation: $12,113,300

Fund sources:
Arizona exposition and state fair fund: $12,113,300

Sec. 40. DEPARTMENT OF FINANCIAL INSTITUTIONS

FTE positions: 69.1
Operating lump sum appropriation: $4,681,700
Real estate appraisal: $815,100

Total appropriation - department of financial institutions: $5,496,800

Fund sources:
State general fund: $1,478,200
Board of appraisal fund: $815,100
Financial services fund: $3,203,500

The department of financial institutions shall assess and set fees to ensure that monies deposited in the state general fund will equal or exceed the department's expenditure from the state general fund.
Sec. 41. ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT 2017-18

FTE positions 88.0
Operating lump sum appropriation $3,124,300
Environmental county grants 250,000
Inmate firefighting crews 686,200
Postrelease firefighting crews 1,465,100
Fire suppression 1,065,000
State fire marshal 742,600
State fire school 172,100
Hazardous vegetation removal 1,350,000
Total appropriation – Arizona department of forestry and fire management $8,855,300

Fund sources:
State general fund $8,855,300

The appropriation for the hazardous vegetation removal line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, through June 30, 2019.

Sec. 42. STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS 2017-18

FTE positions 4.0
Lump sum appropriation $373,300

Fund sources:
Board of funeral directors' and embalmers' fund $373,300

Sec. 43. ARIZONA GAME AND FISH DEPARTMENT 2017-18

FTE positions 273.5
Operating lump sum appropriation $41,773,300
Game and fish trucks 485,700
Watercraft safety equipment 701,000
Watercraft grants 1,000,000
Total appropriation - Arizona game and fish department $43,960,000

Fund sources:
Capital improvement fund $1,001,200
Game and fish fund 36,800,100
Wildlife endowment fund 16,200
Watercraft licensing fund 5,796,700
Game, non-game, fish and endangered species fund 345,800
Sec. 44. DEPARTMENT OF GAMING

2017-18

FTE positions 155.8

Operating lump sum appropriation $ 8,295,500
Additional operating expenses 768,400
Casino operations certification 2,081,800
County fairs livestock and agriculture promotion 1,779,500
Division of racing 1,886,000
Problem gambling 2,287,000

Total appropriation – department of gaming $ 17,098,200

Fund sources:
State general fund $ 1,779,500
Tribal-state compact fund 2,081,800
Arizona benefits fund 11,050,900
State lottery fund 300,000
Racing regulation fund 1,886,000

The department of gaming shall report to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting on or before December 1, 2017 on the expected amount and purpose of expenditures from the additional operating expenses line item for fiscal year 2017-2018. The report shall include the projected line item detail.

The amount appropriated to the county fairs livestock and agriculture promotion line item is for deposit in the county fairs livestock and agriculture promotion fund established by section 5-113, Arizona Revised Statutes, and to be administered by the office of the governor.

Sec. 45. OFFICE OF THE GOVERNOR

2017-18

Lump sum appropriation $ 6,849,900*

Fund sources:
State general fund $ 6,849,900

Included in the lump sum appropriation of $6,849,900 for fiscal year 2017-2018 is $10,000 for the purchase of mementos and items for visiting officials.

Sec. 46. GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING

2017-18

FTE positions 22.0

Lump sum appropriation $ 1,994,000*

Fund sources:
State general fund $ 1,994,000
Sec. 47. DEPARTMENT OF HEALTH SERVICES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lump sum appropriation</td>
<td>$46,603,200</td>
</tr>
<tr>
<td>FTE positions</td>
<td>1,065.5</td>
</tr>
<tr>
<td>Public health/family health</td>
<td></td>
</tr>
<tr>
<td>Adult cystic fibrosis care</td>
<td>105,200</td>
</tr>
<tr>
<td>AIDS reporting and surveillance</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Alzheimer's disease research</td>
<td>2,125,000</td>
</tr>
<tr>
<td>Breast and cervical cancer and bone density screening</td>
<td>1,369,400</td>
</tr>
<tr>
<td>County tuberculosis provider care</td>
<td>590,700</td>
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<tr>
<td>Emergency medical services local allocation</td>
<td>442,000</td>
</tr>
<tr>
<td>Folic acid program</td>
<td>400,000</td>
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<tr>
<td>High-risk perinatal services</td>
<td>2,543,400</td>
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<tr>
<td>Newborn screening program</td>
<td>7,210,300</td>
</tr>
<tr>
<td>Nonrenal disease management</td>
<td>198,000</td>
</tr>
<tr>
<td>Nursing care special projects</td>
<td>100,000</td>
</tr>
<tr>
<td>Poison control centers funding</td>
<td>990,000</td>
</tr>
<tr>
<td>Renal dental care and nutrition supplements</td>
<td>300,000</td>
</tr>
<tr>
<td>Renal transplant drugs</td>
<td>183,000</td>
</tr>
<tr>
<td>State loan repayment program</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Arizona state hospital</td>
<td></td>
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<tr>
<td>Arizona state hospital - operating</td>
<td>60,805,600</td>
</tr>
<tr>
<td>Arizona state hospital - restoration to competency</td>
<td>900,000</td>
</tr>
<tr>
<td>Arizona state hospital - sexually violent persons</td>
<td>9,639,100</td>
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<tr>
<td>Total appropriation - department of health services</td>
<td>$136,504,900</td>
</tr>
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</table>

Fund sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>State general fund</td>
<td>$86,734,700</td>
</tr>
<tr>
<td>Arizona state hospital fund</td>
<td>6,762,000</td>
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<tr>
<td>Arizona state hospital land fund</td>
<td>970,000</td>
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<tr>
<td>Capital outlay stabilization fund</td>
<td>1,559,900</td>
</tr>
<tr>
<td>Child fatality review fund</td>
<td>94,700</td>
</tr>
<tr>
<td>DHS indirect cost fund</td>
<td>9,546,100</td>
</tr>
</tbody>
</table>
Emergency medical services operating fund 5,707,900
Environmental laboratory licensure revolving fund 924,200
Federal child care and development fund block grant 872,300
Health services licensing fund 9,232,300
Newborn screening program fund 7,643,100
Nursing care institution resident protection revolving fund 138,200
Tobacco tax and health care fund - health research account 2,000,000
Tobacco tax and health care fund - medically needy account 700,000
Vital records electronic systems fund 3,619,500

Public health/family health
The department of health services may use up to four percent of the amount appropriated for nonrenal disease management for the administrative costs to implement the program.
Of the $2,125,000 for Alzheimer's disease research, $2,000,000 is from the tobacco tax and health care fund - health research account established by section 36-773, Arizona Revised Statutes.

Arizona state hospital
In addition to the appropriation for the department of health services, earnings on state lands and interest on the investment of the permanent state land funds are appropriated to the Arizona state hospital in compliance with the enabling act and the Constitution of Arizona.

Departmentwide
The department of health services shall electronically forward to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee a monthly report comparing total expenditures for the month and year-to-date as compared to prior-year totals on or before the thirtieth of the following month. The report shall include an estimate of potential shortfalls in programs, potential federal and other monies, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.
1 | **Sec. 48. ARIZONA HISTORICAL SOCIETY** | 2017-18 |
---|---|---|
2 | FTE positions | 50.9 |
3 | Operating lump sum appropriation | $2,114,100 |
4 | Field services and grants | 66,000 |
5 | Papago park museum | 542,800 |
6 | **Total appropriation - Arizona historical society** | $2,722,900 |
7 | **Fund sources:** |  |
8 | State general fund | $2,722,900 |

1 | **Sec. 49. PRESCOTT HISTORICAL SOCIETY** |  |
---|---|---|
2 | FTE positions | 13.0 |
3 | Lump sum appropriation | $824,500 |
4 | **Fund sources:** |  |
5 | State general fund | $824,500 |

1 | **Sec. 50. BOARD OF HOMEOPATHIC AND INTEGRATED MEDICINE EXAMINERS** |  |
---|---|---|
2 | FTE positions | 1.0 |
3 | Lump sum appropriation | $87,300 |
4 | **Fund sources:** |  |
5 | Board of homeopathic and integrated medicine examiners' fund | $87,300 |

1 | **Sec. 51. ARIZONA DEPARTMENT OF HOUSING** |  |
---|---|---|
2 | FTE positions | 20.0 |
3 | Lump sum appropriation | $1,129,900 |
4 | **Fund sources:** |  |
5 | State general fund | $811,400 |
6 | Housing trust fund | 318,500 |

1 | **Sec. 52. INDUSTRIAL COMMISSION OF ARIZONA** |  |
---|---|---|
2 | FTE positions | 235.6 |
3 | Lump sum appropriation | $19,881,300 |
4 | **Fund sources:** |  |
5 | Administrative fund | $19,881,300 |

1 | **Sec. 53. DEPARTMENT OF INSURANCE** |  |
---|---|---|
2 | FTE positions | 72.3 |
3 | Lump sum appropriation | $5,824,300 |
4 | **Fund sources:** |  |
5 | State general fund | $5,824,300 |
 Sec. 54. ARIZONA JUDICIARY

 Supreme court

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
<td>183.0</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
<td>$13,861,100</td>
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<tr>
<td>Automation</td>
<td>19,977,700</td>
</tr>
<tr>
<td>County reimbursements</td>
<td>187,900</td>
</tr>
<tr>
<td>Court appointed special advocate</td>
<td>3,262,900</td>
</tr>
<tr>
<td>Domestic relations</td>
<td>613,400</td>
</tr>
<tr>
<td>State foster care review board</td>
<td>3,178,500</td>
</tr>
<tr>
<td>Commission on judicial conduct</td>
<td>498,600</td>
</tr>
<tr>
<td>Judicial nominations and performance review</td>
<td>409,100</td>
</tr>
<tr>
<td>Model court</td>
<td>437,600</td>
</tr>
<tr>
<td>State aid</td>
<td>5,648,500</td>
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<tr>
<td>Total appropriation - supreme court</td>
<td>$48,075,300</td>
</tr>
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Fund sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>State general fund</td>
<td>$18,716,500</td>
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<tr>
<td>Confidential intermediary and fiduciary fund</td>
<td>488,900</td>
</tr>
<tr>
<td>Court appointed special advocate fund</td>
<td>3,343,200</td>
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<tr>
<td>Criminal justice enhancement fund</td>
<td>4,365,200</td>
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<tr>
<td>Defensive driving school fund</td>
<td>4,198,500</td>
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<tr>
<td>Judicial collection enhancement fund</td>
<td>14,017,900</td>
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<tr>
<td>State aid to the courts fund</td>
<td>2,945,100</td>
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</tbody>
</table>

On or before September 1, 2017, the supreme court shall report to the joint legislative budget committee on current and future automation projects coordinated by the administrative office of the courts. The report shall include a list of court automation projects receiving or anticipated to receive state monies in the current or next two fiscal years as well as a description of each project, the number of FTE positions, the entities involved and the goals and anticipated results for each automation project. The report shall be submitted in one summary document. The report shall indicate each project's total multiyear cost by fund source and budget line item, including any prior-year, current-year and future-year expenditures.

Automation expenses of the judiciary shall be funded only from the automation line item. Monies in the operating lump sum appropriation or other line items intended for automation purposes shall be transferred to the automation line item before expenditure.
Included in the operating lump sum appropriation for the supreme court is $1,000 for the purchase of mementos and items for visiting officials.

Of the $187,900 appropriated for county reimbursements, state grand jury is limited to $97,900 and capital postconviction relief is limited to $90,000.

Court of appeals

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>Division one $</th>
<th>Division two $</th>
<th>Total appropriation – court of appeals $</th>
</tr>
</thead>
<tbody>
<tr>
<td>136.8</td>
<td>10,155,900</td>
<td>4,422,200</td>
<td>14,578,100</td>
</tr>
</tbody>
</table>

Fund sources:

- State general fund $14,578,100

Of the 136.8 FTE positions for fiscal year 2017-2018, 98.3 FTE positions are for division one and 38.5 FTE positions are for division two.

Superior court

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>Operating lump sum appropriation $</th>
<th>Judges' compensation</th>
<th>Centralized service payments</th>
<th>Adult standard probation</th>
<th>Adult intensive probation</th>
<th>Community punishment</th>
<th>Court-ordered removals</th>
<th>Interstate compact</th>
<th>Drug court</th>
</tr>
</thead>
<tbody>
<tr>
<td>137.5</td>
<td>4,212,400</td>
<td>8,399,500</td>
<td>3,458,000</td>
<td>17,666,600</td>
<td>10,565,100</td>
<td>2,310,300</td>
<td>75,000</td>
<td>427,500</td>
<td>993,600</td>
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<tr>
<td>28</td>
<td>Juvenile standard probation</td>
<td>3,610,400</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>29</td>
<td>Juvenile intensive probation</td>
<td>5,352,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>30</td>
<td>Juvenile treatment services</td>
<td>19,960,900</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>31</td>
<td>Juvenile family counseling</td>
<td>500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>32</td>
<td>Juvenile crime reduction</td>
<td>3,308,000</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>33</td>
<td>Juvenile diversion consequences</td>
<td>8,157,800</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Special water master</td>
<td>190,700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total appropriation - superior court $89,187,800

Fund sources:

- State general fund $77,234,500
- Criminal justice enhancement fund $5,435,200
- Drug treatment and education fund $502,900
- Judicial collection enhancement fund $6,015,200
Operating budget
All expenditures made by the administrative office of the courts for
the administration of superior court line items shall be funded only from
the superior court operating budget. Monies in superior court line items
intended for this purpose shall be transferred to the superior court
operating budget before expenditure.

Judges
Of the 137.5 FTE positions, 82 FTE positions represent superior
court judges in counties with a population of less than two million
persons. One-half of those judges' salaries are provided by state general
fund appropriations pursuant to section 12-128, Arizona Revised Statutes.
This FTE position clarification does not limit the counties' ability to
add judges pursuant to section 12-121, Arizona Revised Statutes.

All monies in the judges' compensation line item shall be used to
pay for the fifty percent state share of superior court judges' salaries,
elected officials' retirement plan costs and related state benefit costs
for judges in counties with a population of less than two million persons.
Monies in the operating lump sum appropriation or other line items
intended for this purpose shall be transferred to the judges' compensation
line item before expenditure.

Probation
Monies appropriated to juvenile treatment services and juvenile
diversion consequences shall be deposited in the juvenile probation
services fund established by section 8-322, Arizona Revised Statutes.

Receipt of state probation monies by the counties is contingent on
the county maintenance of fiscal year 2003-2004 expenditure levels for
each probation program. State probation monies are not intended to
supplant county dollars for probation programs.

On or before November 1, 2017, the administrative office of the
courts shall report to the joint legislative budget committee the fiscal
year 2016-2017 actual, fiscal year 2017-2018 estimated and fiscal year
2018-2019 requested amounts for each of the following:

1. On a county-by-county basis, the number of authorized and filled
case carrying probation positions and non-case carrying probation
positions, distinguishing between adult standard, adult intensive,
juvenile standard and juvenile intensive. The report shall indicate the
level of state probation funding, other state funding, county funding and
probation surcharge funding, for those positions.

2. Total receipts and expenditures by county and fund source for
the adult standard, adult intensive, juvenile standard and juvenile
intensive probation line items, including the amount of personal services
spent from each revenue source of each account.
3. The amount of monies from the adult standard, adult intensive, juvenile standard and juvenile intensive probation line items that the office does not distribute as direct aid to counties. The report shall delineate how the office spends these monies that are not distributed as direct aid to counties.

All centralized service payments made by the administrative office of the courts on behalf of counties shall be funded only from the centralized service payments line item. Centralized service payments include only training, motor vehicle payments, CORP review board funding, LEARN funding, research, operational reviews and GPS vendor payments. This footnote does not apply to treatment or counseling services payments made from the juvenile treatment services and juvenile diversion consequences line items. Monies in the operating lump sum appropriation or other line items intended for centralized service payments shall be transferred to the centralized service payments line item before expenditure.

All monies in the adult standard probation, adult intensive probation, interstate compact, juvenile standard probation and juvenile intensive probation line items shall be used only as pass-through monies to county probation departments. Monies in the operating lump sum appropriation or other line items intended as pass-through for the purpose of administering a county probation program shall be transferred to the appropriate probation line item before expenditure.

On or before February 1, 2018, the administrative office of the courts shall report to the joint legislative budget committee on county-approved salary adjustments provided to probation officers since the last report on September 30, 2016. The report shall include, for each county, the:

1. Approved percentage salary increase by year.
2. Net increase in the amount allocated to each probation department by the administrative office of the courts for each applicable year.
3. Average number of probation officers by applicable year.
4. Average salary of probation officers for each applicable year.

Sec. 55. DEPARTMENT OF JUVENILE CORRECTIONS

FTE positions 738.5
Lump sum appropriation $35,571,400
Fund sources:
  State general fund $19,180,400
  Department of juvenile corrections
  local cost sharing fund 11,260,000
State charitable, penal and reformatory institutions
land fund 3,011,300
Criminal justice enhancement fund 531,300
State education fund for committed youth 1,588,200

Twenty-five percent of land earnings and interest from the state charitable, penal and reformatory institutions land fund shall be distributed to the department of juvenile corrections, in compliance with section 25 of the enabling act and the Constitution of Arizona, to be used for the support of state juvenile institutions and reformatories.

Sec. 56. STATE LAND DEPARTMENT

<table>
<thead>
<tr>
<th>2017-18 FTE positions</th>
<th>129.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lump sum appropriation</td>
<td>$15,148,600</td>
</tr>
<tr>
<td>Natural resource conservation districts</td>
<td>650,000</td>
</tr>
<tr>
<td>CAP user fees</td>
<td>994,400</td>
</tr>
<tr>
<td>Due diligence fund</td>
<td>500,000</td>
</tr>
<tr>
<td>Professional service contracts</td>
<td>250,000</td>
</tr>
<tr>
<td>Reassessment of federal permits</td>
<td>750,000</td>
</tr>
<tr>
<td>Right-of-way digitization</td>
<td>450,000</td>
</tr>
<tr>
<td>Streambed navigability litigation</td>
<td>220,000</td>
</tr>
<tr>
<td>Survey assets</td>
<td>500,000</td>
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<tr>
<td>Workflow digitization</td>
<td>500,000</td>
</tr>
<tr>
<td>Total appropriation - state land department</td>
<td>$19,963,000</td>
</tr>
<tr>
<td>Fund sources:</td>
<td></td>
</tr>
<tr>
<td>State general fund</td>
<td>$12,715,900</td>
</tr>
<tr>
<td>Environmental special plate fund</td>
<td>260,600</td>
</tr>
<tr>
<td>Due diligence fund</td>
<td>500,000</td>
</tr>
<tr>
<td>Trust land management fund</td>
<td>6,486,500</td>
</tr>
</tbody>
</table>

The appropriation includes $994,400 for central Arizona project user fees in fiscal year 2017-2018. For fiscal year 2017-2018, from municipalities that assume their allocation of central Arizona project water for every dollar received as reimbursement to the state for past central Arizona water conservation district payments, one dollar reverts to the state general fund in the year that the reimbursement is collected.

Of the amount appropriated for natural resource conservation districts in fiscal year 2017-2018, $30,000 shall be used to provide grants to natural resource conservation district environmental education centers.
Sec. 57. LEGISLATURE

Senate

- Lump sum appropriation $ 9,408,500*

- Fund sources:
  - State general fund $ 9,408,500

- Included in the lump sum appropriation of $9,408,500 for fiscal year 2017-2018 is $1,000 for the purchase of mementos and items for visiting officials.

House of representatives

- Lump sum appropriation $ 13,201,500*

- Fund sources:
  - State general fund $ 13,201,500

- Included in the lump sum appropriation of $13,201,500 for fiscal year 2017-2018 is $1,000 for the purchase of mementos and items for visiting officials.

Legislative council

- FTE positions 49.0

- Operating lump sum appropriation $ 7,392,500

- Ombudsman-citizens aide office $ 822,900

- Total appropriation – legislative council $ 8,215,400*

- Fund sources:
  - State general fund $ 8,215,400

- Dues for the council of state governments may be expended only on an affirmative vote of the legislative council.

- It is the intent of the legislature that the ombudsman-citizens aide prioritize the investigation and processing of complaints relating to the department of child safety.

Joint legislative budget committee

- FTE positions 29.0

- Lump sum appropriation $ 2,488,300*

- Fund sources:
  - State general fund $ 2,488,300

Auditor general

- FTE positions 188.8

- Lump sum appropriation $ 18,439,000*

- Fund sources:
  - State general fund $ 18,439,000

- Included in the lump sum appropriation is funding to pay state rent at the statewide rate.

- The sum of $680,000 and 6 FTE positions are appropriated from the state general fund in fiscal year 2018-2019 to the auditor general for operating expenditures.
Sec. 58. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

2017-18

FTE positions 45.2

Lump sum appropriation $ 3,007,400

Fund sources:

- Liquor licenses fund $ 3,007,400

Sec. 59. ARIZONA STATE LOTTERY COMMISSION

2017-18

FTE positions 98.8

Operating lump sum appropriation $ 8,353,700

Advertising 15,500,000

Total appropriation - Arizona state lottery commission $ 23,853,700

Fund source:

- State lottery fund $ 23,853,700

An amount equal to twenty percent of tab ticket sales is appropriated for payment of sales commissions to charitable organizations. This amount is currently estimated to be $1,468,700 in fiscal year 2017-2018.

An amount equal to 3.05 percent of actual instant ticket sales is appropriated for the printing of instant tickets or for contractual obligations concerning instant ticket distribution. This amount is currently estimated to be $19,894,400 in fiscal year 2017-2018.

An amount equal to a percentage of actual online game sales as determined by contract is appropriated for payment of online vendor fees. This amount is currently estimated to be $10,019,000, or 4.256 percent of actual online ticket sales, in fiscal year 2017-2018.

An amount equal to 6.5 percent of gross lottery game sales, minus tab tickets, is appropriated for payment of sales commissions to ticket retailers. An additional amount not to exceed 0.5 percent of gross lottery game sales is appropriated for payment of sales commissions to ticket retailers. The combined amount is currently estimated to be 6.7 percent of total ticket sales, or $59,080,300, in fiscal year 2017-2018.

Sec. 60. BOARD OF MASSAGE THERAPY

2017-18

FTE positions 5.0

Lump sum appropriation $ 461,100

Fund sources:

- Board of massage therapy fund $ 461,100

Sec. 61. ARIZONA MEDICAL BOARD

2017-18

FTE positions 61.5

Lump sum appropriation $ 6,784,000

Fund sources:

- Arizona medical board fund $ 6,784,000
The Arizona medical board may use up to seven percent of the Arizona medical board fund balance remaining at the end of each fiscal year for a performance based incentive program the following fiscal year based on the program established pursuant to section 38-618, Arizona Revised Statutes.

Sec. 62. STATE MINE INSPECTOR

2017-18

FTE positions 14.0
Operating lump sum appropriation $ 1,017,800
Abandoned mines 194,700
Aggregate mining land reclamation 112,900
Total appropriation - state mine inspector $ 1,325,400

Fund sources:
State general fund $ 1,212,500
Aggregate mining reclamation fund 112,900

All aggregate mining reclamation fund monies received by the state mine inspector in excess of $112,900 in fiscal year 2017-2018 are appropriated to the aggregate mining land reclamation line item. Before the expenditure of any aggregate mining reclamation fund monies in excess of $112,900 in fiscal year 2017-2018, the state mine inspector shall report the intended use of the monies to the joint legislative budget committee.

Sec. 63. NATUROPATHIC PHYSICIANS MEDICAL BOARD

2017-18

FTE positions 2.0
Lump sum appropriation $ 180,200

Fund sources:
Naturopathic physicians medical board fund $ 180,200

Sec. 64. ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION

2017-18

FTE positions 2.0
Lump sum appropriation $ 324,000

Fund sources:
State general fund $ 124,000
Arizona water banking fund 200,000

Sec. 65. ARIZONA STATE BOARD OF NURSING

2017-18

FTE positions 42.2
Operating lump sum appropriation $ 4,268,100
Certified nursing assistant credentialing program 536,700
Total appropriation - Arizona state board of nursing $ 4,804,800

Fund sources:
Board of nursing fund $ 4,804,800
Sec. 66. BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS AND ASSISTED LIVING FACILITY MANAGERS

FTE positions: 6.0
Lump sum appropriation: $421,400

Fund sources:
Nursing care institution
administrators' licensing and
assisted living facility
managers' certification fund: $421,400

Sec. 67. BOARD OF OCCUPATIONAL THERAPY EXAMINERS

FTE positions: 1.5
Lump sum appropriation: $180,700

Fund sources:
Occupational therapy fund: $180,700

Sec. 68. STATE BOARD OF DISPENSING OPTICIANS

FTE positions: 1.0
Lump sum appropriation: $140,000

Fund sources:
Board of dispensing opticians fund: $140,000

Sec. 69. STATE BOARD OF OPTOMETRY

FTE positions: 2.0
Lump sum appropriation: $220,100

Fund sources:
Board of optometry fund: $220,100

Sec. 70. ARIZONA BOARD OF OSTEOPATHIC EXAMINERS IN MEDICINE AND SURGERY

FTE positions: 7.2
Lump sum appropriation: $905,500

Fund sources:
Arizona board of osteopathic
examiners in medicine
and surgery fund: $905,500

Sec. 71. ARIZONA STATE PARKS BOARD

FTE positions: 163.0
Operating lump sum appropriation: $12,027,800
Kartchner caverns state park: $2,226,300

Total appropriation - Arizona state parks board: $14,254,100

Fund sources:
State parks revenue fund: $14,254,100
All other operating expenditures include $26,000 from the state parks revenue fund for Fool Hollow state park revenue sharing. If receipts to Fool Hollow exceed $260,000 in fiscal year 2017-2018, an additional ten percent of this increase of Fool Hollow receipts is appropriated from the state parks revenue fund established by section 41-511.21, Arizona Revised Statutes, to meet the revenue sharing agreement with the city of Show Low and the United States forest service.

Sec. 72.  STATE PERSONNEL BOARD

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Lump sum appropriation</td>
</tr>
</tbody>
</table>

Fund sources:
- Personnel division fund – personnel board subaccount | $ 375,300 |

Sec. 73.  ARIZONA STATE BOARD OF PHARMACY

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
</tr>
<tr>
<td>Annual leave payout</td>
</tr>
<tr>
<td>Prescriber report card</td>
</tr>
<tr>
<td>Total appropriation – Arizona state board of pharmacy</td>
</tr>
</tbody>
</table>

Fund sources:
- Arizona state board of pharmacy fund | $ 2,262,700 |

Sec. 74.  BOARD OF PHYSICAL THERAPY

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Lump sum appropriation</td>
</tr>
</tbody>
</table>

Fund sources:
- Board of physical therapy fund | $ 441,200 |

Sec. 75.  ARIZONA PIONEERS' HOME

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
</tr>
<tr>
<td>Prescription drugs</td>
</tr>
<tr>
<td>Total appropriation – Arizona pioneers' home</td>
</tr>
</tbody>
</table>

Fund sources:
- Miners' hospital for miners with disabilities land fund | $ 2,028,900 |
- State charitable fund | 4,463,700 |

Earnings on state lands and interest on the investment of the permanent land funds are appropriated for the Arizona pioneers' home and the state hospital for miners with disabilities in compliance with the enabling act and the Constitution of Arizona.
Sec. 76.  STATE BOARD OF PODIATRY EXAMINERS

FTE positions 1.0
Lump sum appropriation $148,400

Fund sources:
Podiatry fund $148,400

Sec. 77.  COMMISSION FOR POSTSECONDARY EDUCATION

FTE positions 5.0
Operating lump sum appropriation $183,600
Leveraging educational assistance partnership (LEAP) $2,319,500
Arizona college and career guide $21,300
Math and science teacher initiative $426,000
Arizona minority educational policy analysis center $100,000
Twelve plus partnership $130,500

Total appropriation - commission for postsecondary education $3,180,900

Fund sources:
State general fund $1,646,800
Postsecondary education fund $1,534,100

In order to be eligible to receive state matching monies under the leveraging educational assistance partnership for grants to students, each participating institution, public or private, shall provide an amount of institutional matching monies that equals the amount of monies provided by the state to the institution for the leveraging educational assistance partnership. Administrative expenses incurred by the commission for postsecondary education shall be paid from institutional matching monies and may not exceed twelve percent of the monies in fiscal year 2017-2018.

Any unencumbered balance remaining in the postsecondary education fund established by section 15-1853, Arizona Revised Statutes, on June 30, 2017, and all grant monies and other revenues received by the commission for postsecondary education, when paid into the state treasury, are appropriated for the specific purposes designated by line items and for additional responsibilities prescribed in sections 15-1851 and 15-1852, Arizona Revised Statutes.

The appropriations for the Arizona college and career guide, Arizona minority educational policy analysis center and twelve plus partnership are estimates representing all monies distributed to these programs, including balance forward, revenue and transfers, during fiscal year 2017-2018. The appropriations shall be adjusted as necessary to reflect actual final monies credited to the postsecondary education fund.
Sec. 78. STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION 2017-18

FTE positions 4.0
Operating lump sum appropriation $ 396,100
Annual leave payout 20,800
Total appropriation - state board for private postsecondary education $ 416,900

Fund sources:
Board for private postsecondary education fund $ 416,900

Sec. 79. STATE BOARD OF PSYCHOLOGIST EXAMINERS 2017-18

FTE positions 4.0
Lump sum appropriation $ 475,400

Fund sources:
Board of psychologist examiners fund $ 475,400

Sec. 80. DEPARTMENT OF PUBLIC SAFETY 2017-18

FTE positions 1,945.7
Operating lump sum appropriation $236,766,300
ACTIC 1,450,000
Border strike task force ongoing 7,003,200
Border strike task force local support 1,261,700
Camera IT infrastructure 500,000
Trooper vehicle in-car cameras 500,000
Civil air patrol 150,000
GIITEM 22,069,500
GIITEM subaccount 2,390,000
Motor vehicle fuel 5,454,600
Public safety equipment 2,890,000
Sexual assault kit testing 1,200,000

Total appropriation - department of public safety $281,635,300

Fund sources:
State general fund $108,654,600
Arizona highway user revenue fund 99,398,700
State highway fund 7,580,900
Arizona highway patrol fund 24,992,800
State aid to indigent defense fund 700,000
Criminal justice enhancement fund 2,873,400
Of the $22,069,500 appropriated to the GIITEM line item, $10,356,900 shall be used for one hundred department of public safety GIITEM personnel. The additional staff shall include at least fifty sworn department of public safety positions to be used for immigration enforcement and border security and fifty department of public safety positions to assist GIITEM in various efforts, including:

1. Strict enforcement of all federal laws relating to illegal aliens and arresting illegal aliens.
2. Responding to or assisting any county sheriff or attorney in investigating complaints of employment of illegal aliens.
4. Taking strict enforcement action.

Any change in the GIITEM mission or allocation of monies shall be approved by the joint legislative budget committee. The department shall submit an expenditure plan to the joint legislative budget committee for review before expending any monies not identified in the department's previous expenditure plans.

Of the $22,069,500 appropriated to the GIITEM line item, only $1,403,400 is deposited in the GIITEM fund established by section 41-1724, Arizona Revised Statutes, and is appropriated for the purposes of that section. The $1,403,400 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations. It
is the intent of the legislature that this allocation will be restored to
the fiscal year 2016-2017 level of $2,603,400 in fiscal year 2018-2019.
This state recognizes that states have inherent authority to arrest a
person for any immigration violation.
Any monies remaining in the department of public safety joint
account on June 30, 2018 revert to the funds from which they were
appropriated. The reverted monies shall be returned in direct proportion
to the amounts appropriated.
Before the expenditure of any monies appropriated in fiscal year
2017-2018 in the border strike task force local support line item, the
department shall submit an expenditure plan for this line item to the
joint legislative budget committee for review.
Of the $1,261,700 appropriated for the border strike task force
local support line item, $761,700 shall be used to fund local law
enforcement officer positions within the border strike task force. Any
city, town, county or other entity that enters into an agreement with the
department to participate in the border strike task force shall provide at
least twenty-five percent of the cost of the services, and the department
shall provide not more than seventy-five percent of personal services and
employee-related expenditures for each agreement or contract. The
department may fund all capital-related equipment.
Of the $1,261,700 appropriated for the border strike task force
local support line item, $500,000 shall be used for grants to cities,
towns or counties for costs associated with the prosecution and
imprisonment of individuals charged with drug trafficking, human
smuggling, illegal immigration and other border-related crimes.
The $1,200,000 appropriated for sexual assault kit testing in fiscal
year 2017-2018 is exempt from the provisions of section 35-190, Arizona
Revised Statutes, relating to lapsing of appropriations through June
30, 2019.
Sec. 81. RADIATION REGULATORY AGENCY

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.0</td>
<td>$ 1,621,500</td>
</tr>
</tbody>
</table>

Fund sources:
- State general fund $ 773,400
- State radiologic technologist certification fund $ 271,600
- Radiation regulatory fee fund $ 576,500

Sec. 82. STATE REAL ESTATE DEPARTMENT

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>2017-18</th>
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<tbody>
<tr>
<td>37.0</td>
<td>$ 2,994,900</td>
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</tbody>
</table>

Fund sources:
- State general fund $ 2,994,900
Sec. 83. RESIDENTIAL UTILITY CONSUMER OFFICE

FTE positions 11.0

Operating lump sum appropriation $ 1,186,400
Professional witnesses $ 145,000*

Total appropriation - residential utility consumer office $ 1,331,400

Fund sources:
Residential utility consumer office revolving fund $ 1,331,400

Sec. 84. BOARD OF RESPIRATORY CARE EXAMINERS

FTE positions 4.0

Operating lump sum appropriation $ 300,300
Temporary caseload increase $ 19,500

Total appropriation - board of respiratory care examiners $ 319,800

Fund sources:
Board of respiratory care examiners fund $ 319,800

Sec. 85. ARIZONA STATE RETIREMENT SYSTEM

FTE positions 250.9

Lump sum appropriation $ 24,884,200

Fund sources:
Arizona state retirement system administration account $ 22,384,200
Long-term disability trust fund administration account $ 2,500,000

Sec. 86. DEPARTMENT OF REVENUE

FTE positions 880.8

Operating lump sum appropriation $ 63,446,800
BRITS operational support $ 7,497,500
Unclaimed property administration and audit $ 1,218,500
TPT simplification $ 970,400
Income tax fraud prevention $ 3,150,000

Total appropriation - department of revenue $ 76,283,200

Fund sources:
State general fund $ 29,998,300
Department of revenue administrative fund $ 45,158,700

- 55 -
Department of revenue empowerment scholarship account fund 50,000
Liability setoff program revolving fund 397,900
Tobacco tax and health care fund 678,300
If the total value of properties retained by unclaimed property contract auditors exceeds $1,218,500, the excess amount is transferred from the state general fund to the department of revenue administrative fund established by section 42-1116.01, Arizona Revised Statutes, and appropriated to the department for contract auditor fees.

The department shall report the department’s general fund revenue enforcement goals for fiscal year 2017-2018 to the joint legislative budget committee on or before September 30, 2017. The department shall provide an annual progress report to the joint legislative budget committee as to the effectiveness of the department's overall enforcement and collections program for fiscal year 2017-2018 on or before September 30, 2018. The reports shall include a comparison of projected and actual general fund revenue enforcement collections for fiscal year 2017-2018, including the amount of projected and actual enforcement collections for all tax types.

The department may not transfer any monies to or from the income tax fraud prevention line item without prior review by the joint legislative budget committee.

On or before November 1, 2017, the department shall report the results of private fraud prevention investigation services during fiscal year 2016-2017 to the joint legislative budget committee. The report shall include the total number of fraudulent returns prevented and the total dollar amount of fraudulent returns prevented during fiscal year 2016-2017.

Sec. 87. SCHOOL FACILITIES BOARD

FTE positions 17.0
Operating lump sum appropriation $ 1,666,700
New school facilities debt service 169,761,700
Building renewal grants 16,667,900
New school facilities 63,929,800
Total appropriation - school facilities board $252,026,100

Fund sources:
State general fund $252,026,100

Pursuant to section 35-142.01, Arizona Revised Statutes, any reimbursement received by or allocated to the school facilities board under the federal qualified school construction bond program in fiscal year 2017-2018 shall be deposited in or revert to the state general fund.
At least thirty days before any monies are transferred out of the new school facilities debt service line item, the school facilities board shall report the proposed transfer to the director of the joint legislative budget committee.

Pursuant to section 15-2041, Arizona Revised Statutes, the amount appropriated for new school facilities shall be used only for facilities and land costs that are for school districts that received final approval from the school facilities board between March 2, 2016 and March 1, 2017.

Sec. 88. DEPARTMENT OF STATE - SECRETARY OF STATE

<table>
<thead>
<tr>
<th>2017-18</th>
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<tbody>
<tr>
<td>FTE positions</td>
</tr>
<tr>
<td>Operating lump sum appropriation</td>
</tr>
<tr>
<td>Help America vote act</td>
</tr>
<tr>
<td>Library grants-in-aid</td>
</tr>
<tr>
<td>Statewide radio reading service for the blind</td>
</tr>
<tr>
<td>Total appropriation - department of state - secretary of state</td>
</tr>
</tbody>
</table>

Fund sources:

<table>
<thead>
<tr>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>State general fund</td>
</tr>
<tr>
<td>Election systems improvement fund</td>
</tr>
<tr>
<td>Records services fund</td>
</tr>
</tbody>
</table>

The secretary of state shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on or before December 31, 2017 the actual amount and purpose of expenditures from the election systems improvement fund established by section 41-129, Arizona Revised Statutes, in fiscal year 2016-2017 and the expected amount and purpose of expenditures from the fund for fiscal year 2017-2018.

The fiscal year 2017-2018 appropriation from the election systems improvement fund for the help America vote act is available for use pursuant to section 35-143.01, subsection C, Arizona Revised Statutes, and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, until June 30, 2019.

In expending the monies appropriated in this section for the statewide voter registration system, the secretary of state shall prescribe the manner in which counties must submit data as required by section 16-168, Arizona Revised Statutes.

Included in the operating lump sum appropriation of $12,076,700 for fiscal year 2017-2018 is $5,000 for the purchase of mementos and items for visiting officials.
Sec. 89.  STATE BOARD OF TAX APPEALS

<table>
<thead>
<tr>
<th>2017-18</th>
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<tbody>
<tr>
<td>FTE positions</td>
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<tr>
<td>Lump sum appropriation</td>
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<tr>
<td>Fund sources:</td>
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<tr>
<td>State general fund</td>
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Sec. 90.  STATE BOARD OF TECHNICAL REGISTRATION

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<tr>
<th>2017-18</th>
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<tr>
<td>FTE positions</td>
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<tr>
<td>Lump sum appropriation</td>
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<tr>
<td>Fund sources:</td>
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<tr>
<td>Technical registration fund</td>
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Sec. 91.  OFFICE OF TOURISM

<table>
<thead>
<tr>
<th>2017-18</th>
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<tr>
<td>FTE positions</td>
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<tr>
<td>Tourism fund deposit</td>
</tr>
<tr>
<td>Fund sources:</td>
</tr>
<tr>
<td>State general fund</td>
</tr>
</tbody>
</table>

Sec. 92.  DEPARTMENT OF TRANSPORTATION

<table>
<thead>
<tr>
<th>2017-18</th>
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<tbody>
<tr>
<td>FTE positions</td>
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<tr>
<td>Operating lump sum appropriation</td>
</tr>
<tr>
<td>Attorney general legal services</td>
</tr>
<tr>
<td>Highway maintenance</td>
</tr>
<tr>
<td>Vehicles and heavy equipment</td>
</tr>
<tr>
<td>Fraud investigation</td>
</tr>
<tr>
<td>New third-party funding</td>
</tr>
<tr>
<td>Statewide drainage structures</td>
</tr>
<tr>
<td>Phoenix area freeway lighting</td>
</tr>
<tr>
<td>Driver safety and livestock control</td>
</tr>
<tr>
<td>Grand Canyon airport projects</td>
</tr>
<tr>
<td>Flagstaff building equipment</td>
</tr>
<tr>
<td>Total appropriation - department of transportation</td>
</tr>
</tbody>
</table>

| Fund sources:   |
| State general fund | $50,400 |
| Air quality fund | $161,700 |
| Driving under the influence abatement fund | $152,200 |
| Arizona highway user revenue fund | $649,700 |
| Highway damage recovery account | $3,000,000 |
Motor vehicle liability
insurance enforcement fund 1,308,700

Safety enforcement and
transportation infrastructure
fund - department of
transportation subaccount 1,868,300

State aviation fund 2,081,800
State highway fund 356,923,100
Transportation department
equipment fund 18,474,600

Vehicle inspection and certificate
of title enforcement fund 1,450,200

Motor vehicle division

It is the intent of the legislature that the department not include any administrative overhead expenditures in duplicate driver license fees charged to the public.

The department of transportation shall submit an annual report to the joint legislative budget committee on progress in improving motor vehicle division wait times and vehicle registration renewal by mail turnaround times in a format similar to prior years. The report is due on or before July 31, 2018 for fiscal year 2017-2018.

The department of transportation shall contract with an independent third-party consultant for the duration of the motor vehicle division legacy system replacement project. On or before February 1, 2018, the independent third-party consultant shall submit an annual progress report for review by the joint legislative budget committee. The annual report shall evaluate and assess the project's success in meeting and incorporating the tenets of the project investment justification, including the goals and objectives, technology approach, deliverables and outcomes, project scope and timeline. The report shall also address any potential project deficiencies as well as the incorporation of the auditor general's April 2015 recommendations.

On or before July 31, 2017, the department shall report to the director of the joint legislative budget committee on the cost to link local governments, state agencies and other users with the new motor vehicle division automated system.

On or before August 1, 2017, the department shall report to the director of the joint legislative budget committee on the state's share of fees retained by the service Arizona vendor in the prior fiscal year. The report shall also include the amount spent by the service Arizona vendor on behalf of this state in the prior fiscal year, as well as a list of the projects funded with those monies.
Other

Of the total amount appropriated, $146,021,700 in fiscal year 2017-2018 for highway maintenance is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to their fund of origin, either the state highway fund established by section 28-6991, Arizona Revised Statutes, or the safety enforcement and transportation infrastructure fund - department of transportation subaccount established by section 28-6547, Arizona Revised Statutes, on August 31, 2018.

Of the total amount appropriated, the department of transportation shall pay $15,981,300 in fiscal year 2017-2018 from all funds to the department of administration for its risk management payment.

All expenditures made by the department of transportation for attorney general legal services shall be funded only from the attorney general legal services line item. Monies in department of transportation line items intended for this purpose shall be transferred to the attorney general legal services line item before expenditure.

In accordance with section 35-142.01, Arizona Revised Statutes, reimbursements for monies expended from the highway maintenance line item may not be credited to the account out of which the expenditure was incurred. The department shall deposit all reimbursements for monies expended from the highway maintenance line item in the highway damage recovery account established by section 28-6994, Arizona Revised Statutes.

Sec. 93. STATE TREASURER

FTE positions 31.4

Operating lump sum appropriation $ 3,159,300

Justice of the peace salaries 1,205,100

Law enforcement/boating safety fund grants 2,183,800

Total appropriation - state treasurer $ 6,548,200

Fund sources:

State general fund $ 1,205,100

Law enforcement and boating safety fund 2,183,800

State treasurer empowerment scholarship account fund 304,400

State treasurer's operating fund 2,559,300

State treasurer's management fund 295,600
Sec. 94. GOVERNOR'S OFFICE ON TRIBAL RELATIONS

FTE positions 3.0  
Lump sum appropriation $ 57,500  
Fund sources:  
State general fund $ 57,500

Sec. 95. ARIZONA BOARD OF REGENTS

FTE positions 25.9  
Operating lump sum appropriation $ 2,352,500  
Arizona teachers incentive program 90,000  
Arizona transfer articulation support system 213,700  
Western interstate commission office 145,000  
WICHE student subsidies 4,086,000  
Total appropriation - Arizona board of regents $ 6,887,200  
Fund sources:  
State general fund $ 6,887,200  
Within ten days after the acceptance of the universities' semiannual all funds budget reports, the Arizona board of regents shall submit an expenditure plan for review to the joint legislative budget committee. The expenditure plan shall include any tuition revenue amounts that are greater than the appropriated amounts and all retained tuition and fee revenue expenditures for the current fiscal year. The additional revenue expenditure plan shall provide as much detail as the university budget requests. The plan shall include the total revenue and expenditure amounts from all tuition and student fee revenues, including base tuition, differential tuition, program fees, course fees, summer session fees, and other miscellaneous and mandatory student fee revenues that have previously been excluded from university reported tuition and fee revenues.  
When determining any statewide adjustments, the joint legislative budget committee staff shall use the overall allocation of state general fund and appropriated tuition monies for each university in determining that university's specific adjustment.

Sec. 96. ARIZONA STATE UNIVERSITY – TEMPE AND DOWNTOWN PHOENIX CAMPUSES

FTE positions 6,862.9  
Operating lump sum appropriation $680,466,100  
Biomedical informatics 3,509,900
<table>
<thead>
<tr>
<th>Line</th>
<th>Text</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>School of civic and economic thought and leadership</td>
</tr>
<tr>
<td>2</td>
<td>Arizona financial aid trust</td>
</tr>
<tr>
<td>3</td>
<td>Downtown Phoenix campus</td>
</tr>
<tr>
<td>4</td>
<td>Total appropriation - Arizona state university - Tempe and downtown Phoenix campuses</td>
</tr>
<tr>
<td>5</td>
<td><strong>Fund sources:</strong></td>
</tr>
<tr>
<td>6</td>
<td>State general fund</td>
</tr>
<tr>
<td>7</td>
<td>University collections fund</td>
</tr>
</tbody>
</table>

The state general fund appropriation may not be used for alumni association funding or contracts with individuals or entities for lobbying services.

The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research.

Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper.

The appropriated monies may not be used by the Arizona state university college of law legal clinic for any lawsuits involving inmates of the state department of corrections in which the state is the adverse party.

The appropriated amount for the school of civic and economic thought and leadership line item shall be used to operate a single stand-alone academic entity within Arizona state university. The appropriated amount may not supplant any existing state funding or private or external donations to the existing centers or to the school. The appropriated monies and all private and external donations to the school shall be used only for the direct operation of the school and may not be used for indirect costs of the university. The school shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate education committee and the house of representatives education committee and the director of the joint legislative budget committee on or before October 2, 2017. The report shall include at least the following for the school:

1. The total amount of funding received from all sources.
2. A description of faculty positions and courses offered.
3. The total undergraduate and graduate student enrollment.
4. Significant community events, initiatives or publications.

The chairpersons of the senate education committee and the house of representatives education committee may request the director of the school to appear before the committees to report on the school's annual achievements.
Any unencumbered balances remaining in the university collections fund on June 30, 2017 and all collections received by the university during the fiscal year, when paid into the state treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement.

Sec. 97. ARIZONA STATE UNIVERSITY - EAST CAMPUS 2017-18

FTE positions 435.9
Operating lump sum appropriation $ 64,074,700
TRIF lease-purchase payment 2,000,000
Total appropriation - Arizona state university - east campus $ 66,074,700

Fund sources:
State general fund $ 21,771,400
University collections fund 42,303,300
Technology and research initiative fund 2,000,000

The state general fund appropriation may not be used for alumni association funding or contracts with individuals or entities for lobbying services.

The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research.

Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper.

Any unencumbered balances remaining in the university collections fund on June 30, 2017 and all collections received by the university during the fiscal year, when paid into the state treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement.

Sec. 98. ARIZONA STATE UNIVERSITY - WEST CAMPUS 2017-18

FTE positions 513.0
Operating lump sum appropriation $ 73,604,000
TRIF lease-purchase payment 1,600,000
Total appropriation - Arizona state university - west campus $ 75,204,000
S.B. 1522

Fund sources:

State general fund $29,413,500
University collections fund 44,190,500
Technology and research initiative fund 1,600,000

The state general fund appropriation may not be used for alumni association funding or contracts with individuals or entities for lobbying services.

The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research.

Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper.

Any unencumbered balances remaining in the university collections fund on June 30, 2017 and all collections received by the university during the fiscal year, when paid into the state treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement.

Sec. 99. NORTHERN ARIZONA UNIVERSITY

FTE positions 2,260.7
Operating lump sum appropriation $236,995,600
NAU - Yuma 3,067,300
Arizona financial aid trust 1,326,000
Teacher training 2,290,600

Total appropriation – Northern Arizona university $243,679,500

Fund sources:

State general fund $96,396,200
University collections fund 147,283,300

The state general fund appropriation may not be used for alumni association funding or contracts with individuals or entities for lobbying services.

The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research.

Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper.

The appropriated amount for the teacher training line item shall be distributed to the Arizona K-12 center for program implementation and mentor training for the Arizona mentor teacher program prescribed by the state board of education.
Any unencumbered balances remaining in the university collections fund on June 30, 2017 and all collections received by the university during the fiscal year, when paid into the state treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement.

Sec. 100. UNIVERSITY OF ARIZONA

2017-18

Main campus

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>6,009.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lump sum appropriation</td>
<td>$514,849,100</td>
</tr>
<tr>
<td>Agriculture</td>
<td>39,580,600</td>
</tr>
<tr>
<td>Arizona cooperative extension</td>
<td>16,158,100</td>
</tr>
<tr>
<td>Center for the philosophy of freedom</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Sierra Vista campus</td>
<td>7,911,200</td>
</tr>
<tr>
<td>Arizona financial aid trust</td>
<td>2,729,400</td>
</tr>
<tr>
<td>Mining, mineral and natural resources educational museum</td>
<td>428,300</td>
</tr>
<tr>
<td>Total - main campus</td>
<td>$584,156,700</td>
</tr>
</tbody>
</table>

Fund sources:

| State general fund | $179,015,600 |
| University collections fund | 405,141,100 |

Health sciences center

<table>
<thead>
<tr>
<th>FTE positions</th>
<th>1,157.3</th>
</tr>
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<tbody>
<tr>
<td>Operating lump sum appropriation</td>
<td>$72,266,900</td>
</tr>
<tr>
<td>Clinical rural rotation</td>
<td>353,400</td>
</tr>
<tr>
<td>Clinical teaching support</td>
<td>8,587,000</td>
</tr>
<tr>
<td>Liver research institute</td>
<td>440,100</td>
</tr>
<tr>
<td>Phoenix medical campus</td>
<td>33,034,800</td>
</tr>
<tr>
<td>Telemedicine network</td>
<td>1,669,000</td>
</tr>
<tr>
<td>Total - health sciences center</td>
<td>$116,351,200</td>
</tr>
</tbody>
</table>

Fund sources:

| State general fund | $68,859,800 |
| University collections fund | 47,491,400 |

Total appropriation - university of Arizona | $700,507,900 |

Fund sources:

| State general fund | $247,875,400 |
| University collections fund | 452,632,500 |

The state general fund appropriation may not be used for alumni association funding or contracts with individuals or entities for lobbying services.
The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper.

The appropriated amount for the center for the philosophy of freedom line item may not supplant any existing state funding or private or external donations to the center or the philosophy department of the university of Arizona. The appropriated monies and all private and external donations to the center shall be used only for the direct operation of the center and may not be used for indirect costs of the university. The center shall submit a report to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate education committee and the house of representatives education committee and the director of the joint legislative budget committee on or before October 2, 2017. The report shall include at least the following for the center:

1. The total amount of funding received from all sources.
2. A description of faculty positions and courses offered.
3. The total undergraduate and graduate student participation.
4. Significant community events, initiatives or publications.

The chairpersons of the senate education committee and the house of representatives education committee may request the director of the center to appear before the committees to report on the center's annual achievements.

Any unencumbered balances remaining in the university collections fund on June 30, 2017 and all collections received by the university during the fiscal year, when paid into the state treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement.

Sec. 101. DEPARTMENT OF VETERANS' SERVICES

| 2017-18 |
|-----------------|-----------------|
| FTE positions   | 512.3           |
| Operating lump sum appropriation | $ 2,308,800 |
| Arizona state veterans' homes     | 35,147,600    |
| Arizona state veterans' cemeteries | 924,200     |
| Veterans' benefit counseling       | 2,821,100     |
| Total appropriation - department of veterans' services | $ 41,201,700 |
Fund sources:
- State general fund $6,054,100
- State home for veterans trust fund $35,147,600

Sec. 102. ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

2017-18

FTE positions 6.0
Lump sum appropriation $584,800

Fund sources:
- Veterinary medical examining board fund $584,800

Sec. 103. DEPARTMENT OF WATER RESOURCES

2017-18

FTE positions 139.0
Operating lump sum appropriation $9,558,200
Adjudication support $1,724,800
Arizona water protection fund deposit $250,000
Assured and adequate water supply administration $1,977,000
Rural water studies $1,164,500
Conservation and drought program $406,900
Automated groundwater monitoring $408,700
Lower Colorado river litigation expenses $500,000*

Total appropriation - department of water resources $15,990,100

Fund sources:
- State general fund $13,871,000
- Water resources fund $641,400
- Assured and adequate water supply administration fund $266,300
- Arizona water banking fund $1,211,400

Monies in the assured and adequate water supply administration line item may be used only for the exclusive purposes prescribed in sections 45-108 and 45-576 through 45-579, Arizona Revised Statutes. The department of water resources may not transfer any monies into or out of the assured and adequate water supply administration line item.

It is the intent of the legislature that monies in the rural water studies line item be spent only to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside this state's active management areas and not be made available for other department operating expenditures.
Monies in the adjudication support line item may be used only for the exclusive purposes prescribed in section 45-256 and section 45-257, subsection B, paragraph 4, Arizona Revised Statutes. The department of water resources may not transfer any monies into or out of the adjudication support line item.

The department of water resources may not transfer any monies from the lower Colorado river litigation expenses line item without prior review by the joint legislative budget committee.

Fiscal Year 2016-2017 Appropriation Adjustments

Sec. 104. Department of administration; risk management revolving fund; supplemental appropriation; fiscal year 2016-2017; review

A. In addition to any other appropriations made in fiscal year 2016-2017, the sum of $3,218,200 is appropriated from the risk management revolving fund established by section 41-622, Arizona Revised Statutes, in fiscal year 2016-2017 to the department of administration for the following purposes:

1. To pay disallowed costs relating to excess retained earnings.
2. To pay disallowed costs relating to the statewide information technology charges.
3. For fund transfers in fiscal year 2015-2016.

B. It is the intent of the legislature that the department of administration not enter into any agreements to pay for any federal reimbursements related to excess balances in the special employee health insurance trust fund established by section 38-654, Arizona Revised Statutes, unless the proposed agreements have been reviewed by the joint legislative budget committee.

Sec. 105. Department of administration; agency relocation costs; exemption

The appropriation of $576,800 made by Laws 2016, chapter 117, section 163 from other funds in fiscal year 2016-2017 for onetime relocation costs for state agencies is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations until June 30, 2018. The joint legislative budget committee staff shall determine and the department of administration shall allocate to each agency or department an amount for relocation costs.

Sec. 106. Arizona health care cost containment system administration; supplemental appropriations; fiscal year 2016-2017

A. In addition to any other appropriations made in fiscal year 2016-2017, the appropriation to the Arizona health care cost containment system administration is increased by $63,225,800 from the children's health insurance program fund established by section 36-2995, Arizona Revised Statutes, in fiscal year 2016-2017.
B. In addition to any other appropriations made in fiscal year 2016-2017, the sum of $66,454,800 is increased from the Arizona health care cost containment system administration appropriation from the expenditure authority in fiscal year 2016-2017. The total includes the following changes by fund:

1. $70,854,300 decrease from federal medicaid authority.
2. $137,309,100 increase from the prescription drug rebate fund - in lieu of federal funds established by section 36-2930, Arizona Revised Statutes.

Sec. 107. Department of child safety; backlog privatization; exemption; fiscal years 2015-2016 and 2016-2017

The sum of $2,700,000 appropriated to the department of child safety in fiscal year 2015-2016 by Laws 2016, chapter 117, section 113 for backlog privatization and the sum of $2,700,000 appropriated to the department of child safety in fiscal year 2016-2017 by Laws 2016, chapter 117, section 24 for backlog privatization are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations until June 30, 2018.

Sec. 108. Department of economic security; supplemental appropriations; fiscal year 2016-2017

A. In addition to the appropriation made by Laws 2016, chapter 117, section 35, the sum of $7,720,800 from the state general fund and the sum of $17,739,200 from developmental disabilities medicaid expenditure authority are appropriated in fiscal year 2016-2017 to the department of economic security for division of developmental disabilities service provider rate cost increases resulting from the enactment of proposition 206, election of November 8, 2016.

B. In addition to the appropriation made by Laws 2016, chapter 117, section 35, the sum of $427,000 is appropriated from the state general fund in fiscal year 2016-2017 to the department of economic security for division of developmental disabilities state-only home and community based services provider rate cost increases resulting from the enactment of proposition 206, election of November 8, 2016.

Sec. 109. Department of economic security; loans; reimbursement; fiscal year 2016-2017

The department of economic security may use up to $25,000,000 from the budget stabilization fund established by section 35-144, Arizona Revised Statutes, for the purpose of providing funding for reimbursement grants. Notwithstanding any other law, this appropriation must be fully reimbursed on or before September 1, 2017 and must be reimbursed in full as part of the closing process for fiscal year 2016-2017. The appropriation may not be used for additional programmatic expenditures.
Sec. 110. **Superintendent of public instruction; supplemental appropriation; fiscal year 2016-2017**

In addition to any other appropriations made in fiscal year 2016-2017, the sum of $17,081,200 is appropriated from the state general fund in fiscal year 2016-2017 to the superintendent of public instruction for additional formula costs.

Sec. 111. **State land department; supplemental appropriations; fiscal year 2016-2017; exemption**

A. In addition to any other appropriations made in fiscal year 2016-2017, the following sums are appropriated in fiscal year 2016-2017 to the state land department for the following purposes:

1. $224,500 from the state general fund for a CAP user fee adjustment.
2. $225,000 from the trust land management fund established by section 37-527, Arizona Revised Statutes, for legal services.

B. The appropriation in subsection A, paragraph 2 of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, through June 30, 2018.

**Fiscal Year 2017-2018 Appropriations**

Sec. 112. **Department of administration; counties; appropriations; allocations**

A. The sum of $5,500,500 is appropriated from the state general fund in fiscal year 2017-2018 to the department of administration for distribution to counties for maintenance of essential county services. The department of administration shall allocate the appropriation equally among all counties with a population of less than two hundred thousand persons according to the 2010 United States decennial census.

B. The sum of $500,000 is appropriated from the state general fund in fiscal year 2017-2018 to the department of administration for distribution to a county with a population of more than thirty thousand persons and less than forty thousand persons according to the 2010 United States decennial census for maintenance of essential county services.

C. The sum of $1,650,150 is appropriated from the state general fund in fiscal year 2017-2018 to the department of administration for an onetime distribution to counties for maintenance of essential county services. The department of administration shall allocate the appropriation equally among all counties with a population of more than two hundred thousand persons and less than nine hundred thousand persons according to the 2010 United States decennial census.

D. The sum of $8,000,000 is appropriated from the state general fund in fiscal year 2017-2018 to the department of administration for an onetime distribution to counties for maintenance of essential county services. The department of administration shall allocate this amount as follows:
Sec. 113. Report; proposition 206; provider network adequacy analysis; appropriation

A. On or before February 1, 2018, the Arizona health care cost containment system administration shall submit a report to the governor, the president of the senate, the speaker of the house of representatives, the director of the governor's office of strategic planning and budgeting and the director of the joint legislative budget committee on the impact of provider cost increases resulting from the enactment of proposition 206, election of November 8, 2016, on the adequacy of the provider network for enrollees in the Arizona long-term care system established by section 36-2932, Arizona Revised Statutes. The analysis of the provider network adequacy shall be delineated by geographic service area. The report shall include recommendations on how this state may address any deficiencies in provider network adequacy identified in the analysis.

B. The sum of $200,000 is appropriated from the prescription drug rebate fund established by section 36-2930, Arizona Revised Statutes, in fiscal year 2017-2018 to the Arizona health care cost containment system administration to complete the provider network adequacy analysis described in subsection A of this section.

Sec. 114. Arizona arts trust fund; appropriation; fiscal year 2017-2018

The sum of $1,500,000 is appropriated from the monies earned from investment of monies in the budget stabilization fund established by section 35-144, Arizona Revised Statutes, in fiscal year 2017-2018 to the Arizona arts trust fund established by section 41-983.01, Arizona Revised Statutes.
Sec. 115. Automation projects fund; appropriations; fiscal year 2017-2018; quarterly report

Appropriations

A. The following amounts and 15.0 FTE positions are appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2017-2018 to the department of administration for the following statewide automation and information technology projects:

1. $1,500,000 for project management of statewide automation and information technology projects.
2. $500,000 for a feasibility study to replace the human resource information system.
3. $3,405,100 for improving and maintaining network and security infrastructure.
4. $7,303,500 for enhancing statewide data security.
5. $500,000 for projects related to e-government.

B. The following amounts are appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2017-2018 to the department of administration for the following automation and information technology projects:

1. $595,500 to implement a statewide e-licensing system.
2. $3,200,000 to implement e-licensing projects at the department of environmental quality.
3. $1,017,400 to implement upgrades to the claims processing system operated by the industrial commission of Arizona.
4. $3,497,400 to implement updates to the information technology system operated by the Arizona state lottery commission.
5. $2,500,000 to update the microwave backbone statewide communication system at the department of public safety.
6. $2,343,000 to implement updates to the criminal justice information system operated by the department of public safety.
7. $7,300,000 for implementing, upgrading and maintaining the education learning and accountability system established pursuant to section 15-249, Arizona Revised Statutes.
8. $11,000,000 for implementing upgrades to the information technology infrastructure at the department of revenue.
9. $11,100,000 for implementing upgrades to the children's information library and data source system at the department of child safety.

C. Monies appropriated for projects at each state agency from the automation projects fund established by section 41-714, Arizona Revised Statutes, may not be used for projects at any other state agency. In addition to the initial review of expenditures from the automation projects fund by the joint legislative budget committee, pursuant to section 41-714, Arizona Revised Statutes, a state agency may not
reallocate monies between projects within the agency without review by the
joint legislative budget committee.

Quarterly Report

D. The department of administration shall submit to the joint
legislative budget committee, within thirty days after the last day of
each calendar quarter, a quarterly report on the implementation of
projects described in this section, including the projects' expenditures
to date, deliverables, timeline for completion and current status.

Nonlapsing

E. For the funding for projects at the department of
administration, the state department of corrections, the department of
child safety, the department of economic security and the department of
education, any remaining balances on June 30, 2017 in the automation
projects fund established by section 41-714, Arizona Revised Statutes,
from monies appropriated in fiscal year 2016-2017 are appropriated to the
department of administration in fiscal year 2017-2018 for the same
purposes specified in fiscal year 2016-2017. The department of
administration shall report in its quarterly report to the joint
legislative budget committee any fiscal year 2017-2018 expenditure of
remaining balances from fiscal year 2016-2017 from the automation projects
fund.

F. For the funding for the department of revenue enterprise tax
system replacement assessment, any remaining balances on June 30, 2017 in
the automation projects fund established by section 41-714, Arizona
Revised Statutes, from monies appropriated in fiscal year 2016-2017 for
the enterprise tax system replacement assessment revert to the liability
setoff program revolving fund established by section 42-1122, Arizona
Revised Statutes.

G. For the funding for the department of environmental quality's
e-licensing projects, any remaining balances on June 30, 2017 in the
automation projects fund established by section 41-714, Arizona Revised
Statutes, from monies appropriated in fiscal year 2015-2016 for the
e-licensing projects at the department of environmental quality are
appropriated to the department of administration in fiscal year 2017-2018
for the same purposes specified in fiscal year 2015-2016. The department
of administration shall report in its quarterly report to the joint
legislative budget committee any fiscal year 2017-2018 expenditure of
remaining balances from fiscal year 2015-2016 from the automation projects
fund.

H. For the funding for the department of economic security's
information technology security project, any remaining balances on June
30, 2017 in the automation projects fund established by section 41-714,
Arizona Revised Statutes, from monies appropriated in fiscal year
2015-2016 for the information technology security project at the
department of economic security are appropriated to the department of
administration in fiscal year 2017-2018 for the same purposes specified in fiscal year 2015-2016. The department of administration shall report in its quarterly report to the joint legislative budget committee any fiscal year 2017-2018 expenditure of remaining balances from fiscal year 2015-2016 from the automation projects fund.

I. The amount appropriated for implementing projects that comply with state and federal security information technology standards at the department of economic security by Laws 2015, chapter 8, section 126 and Laws 2016, chapter 117, section 129 may not be used for an assessment to replace any information technology system at the department. On or before December 2, 2017, the department of economic security shall submit a report for review to the joint legislative budget committee on the status of the department’s information technology security system.

J. For the funding for the department of child safety’s replacement of the children’s information library and data source system project, any remaining balances on June 30, 2017 in the automation projects fund established by section 41-714, Arizona Revised Statutes, from monies appropriated in fiscal year 2014-2015 for the replacement of the children’s information and data source system project at the department of child safety are appropriated to the department of administration in fiscal year 2017-2018 for the same purposes specified in fiscal year 2014-2015. The department of administration shall report in its quarterly report to the joint legislative budget committee any fiscal year 2017-2018 expenditure of remaining balances from fiscal year 2014-2015 from the automation projects fund.

K. The $2,500,000 appropriated for an update of the microwave backbone statewide communication system at the department of public safety is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations through June 30, 2019.

Sec. 116. Arizona commerce authority; allocation

Pursuant to section 43-409, Arizona Revised Statutes, $21,500,000 of the state general fund withholding tax revenues is allocated in fiscal year 2017-2018 to the Arizona commerce authority, of which $10,000,000 is credited to the Arizona commerce authority fund established by section 41-1506, Arizona Revised Statutes, and $11,500,000 is credited to the Arizona competes fund established by section 41-1545.01, Arizona Revised Statutes.

Sec. 117. Arizona commerce authority; appropriation; fiscal year 2017-2018

The sum of $300,000 is appropriated from the state general fund in fiscal year 2017-2018 to the Arizona commerce authority for the purpose of operating a trade office in Mexico City.
Sec. 118. **Department of economic security; appropriation; provider costs; fiscal year 2017-2018**

The sums of $10,000,000 from the state general fund and $23,036,000 from developmental disabilities medicaid expenditure authority are appropriated in fiscal year 2017-2018 to the department of economic security for onetime assistance to address developmental disabilities provider cost increases resulting from the enactment of proposition 206, election of November 8, 2016.

Sec. 119. **Department of economic security; appropriation; room and board; fiscal year 2017-2018**

The sum of $2,000,000 is appropriated from the state general fund in fiscal year 2017-2018 to the department of economic security for a onetime increase for state-only room and board expenses funded by the division of developmental disabilities.

Sec. 120. **Broadband expansion fund; appropriation; fiscal year 2017-2018**

The sum of $3,000,000 is appropriated from the automation projects fund established by section 41-714, Arizona Revised Statutes, in fiscal year 2017-2018 to the broadband expansion fund established by section 15-249.07, Arizona Revised Statutes, for broadband expansion projects.

Sec. 121. **Department of education empowerment scholarship account fund; operating expenses; review; fiscal year 2017-2018**

A. In addition to any other appropriations made in fiscal year 2017-2018, the sum of $400,000 is appropriated from the department of education empowerment scholarship account fund established by section 15-2402, Arizona Revised Statutes, in fiscal year 2017-2018 to the department of education for the department's costs in administering empowerment scholarship accounts.

B. Before spending the monies appropriated by this section, the department shall submit an expenditure report for review by the joint legislative budget committee.

Sec. 122. **Computer science initiative; appropriation; fiscal year 2017-2018**

The sum of $200,000 in onetime funding is appropriated from the state general fund in fiscal year 2017-2018 to the office of the governor for a computer science initiative. The initiative shall develop new academic standards for computer science, including coding, and professional development opportunities for all teachers to help incorporate computer science into their teaching and learning strategies.

Sec. 123. **Rural assistance; appropriation; fiscal year 2017-2018; definition**

A. The sum of $2,600,000 in onetime funding is appropriated from the monies earned from investment of monies in the budget stabilization fund established by section 35-144, Arizona Revised Statutes, in fiscal year 2017-2018 to the department of economic security to fund the state’s rural assistance program.
year 2017-2018 to the superintendent of public instruction for rural assistance. The appropriated amount shall be distributed on a pro rata basis based on average daily membership counts from the 2016-2017 school year to school districts and charter schools that are located in a county with a population of less than five hundred thousand persons according to the 2010 United States decennial census, except that a school district or charter school that primarily serves homeless or special needs pupils shall qualify for rural assistance funding regardless of the county in which it is located.

B. For the purposes of this section, "primarily serves homeless or special needs pupils" means that at least eighty percent of the pupils at the school district or charter school are homeless or qualify for a special education group B weight pursuant to section 15-943, paragraph 2, subdivision (b), Arizona Revised Statutes.

Sec. 124. Jobs for Arizona graduates program; appropriation; fiscal year 2017-2018

The sum of $100,000 is appropriated from the state general fund in fiscal year 2017-2018 to the superintendent of public instruction for distribution to a nonprofit organization for a jobs for Arizona graduates program.

Sec. 125. School leadership training; appropriation; fiscal year 2017-2018; report

A. The sum of $250,000 in onetime funding is appropriated from the state general fund in fiscal year 2017-2018 to the office of the governor for school leadership training. The office of the governor shall allocate the appropriated amount to a public-private partnership to train school leaders in effective management strategies and expand the cadre of training coaches and facilitators.

B. On or before November 1, 2018, the office of the governor shall submit to the president of the senate and the speaker of the house of representatives a report that summarizes the results of school leadership training, including the number of school leaders trained and the amount of matching monies received from nonstate sources. The office of the governor shall provide a copy of this report to the secretary of state.

Sec. 126. Department of gaming; appropriation; Arizona breeders award; fiscal year 2017-2018

The sum of $250,000 is appropriated from the racing regulation fund established by section 5-113.01, Arizona Revised Statutes, in fiscal year 2017-2018 to the department of gaming for deposit in the Arizona breeders' award fund established by section 5-113, Arizona Revised Statutes.

Sec. 127. Department of health services; appropriation; public health emergencies; deposit; fiscal year 2017-2018

The sum of $500,000 is appropriated from the emergency medical services operating fund established by section 36-2218, Arizona Revised Statutes, in fiscal year 2017-2018 to the department of health services for deposit in the public health emergencies fund established by section 36-2218, Arizona Revised Statutes, in fiscal year 2017-2018.
Statutes, in fiscal year 2017-2018 for a onetime deposit in the public
health emergencies fund established by section 36-122, Arizona Revised
Statutes, for the purpose of funding public health emergencies in this
state. The department of health services shall use the monies only on a
declaration of a public health emergency by the governor.

Sec. 128. Administrative office of the courts; appropriation;
drug treatment; exemption; fiscal year 2017-2018

The sum of $250,000 is appropriated from the health services lottery
monies fund established by section 36-108.01, Arizona Revised Statutes, in
fiscal year 2017-2018 to the administrative office of the courts for
distribution to a county with a population of more than five hundred
thousand persons and less than one million persons according to the 2010
United States decennial census. The county shall use the monies for a
drug treatment alternative to prison program. The appropriation is exempt
from the provisions of section 35-190, Arizona Revised Statutes, relating
to lapsing of appropriations through June 30, 2019.

Sec. 129. Auditor general; appropriation; fiscal year
2017-2018

Notwithstanding any other law, the sum of $200,000 is appropriated
from the Arizona water banking fund established by section 45-2425,
Arizona Revised Statutes, in fiscal year 2017-2018 to the auditor general
for a special audit of the central Arizona water conservation district.
The auditor general shall complete the special audit on or before December

Sec. 130. School facilities board; onetime building renewal
grants; fiscal year 2017-2018

The sum of $17,167,900 is appropriated from the state general fund
in fiscal year 2017-2018 to the school facilities board for building
renewal grants.

Sec. 131. Universities; appropriation; fiscal year 2017-2018;
report; review

A. The sum of $15,000,000 is appropriated from the state general
fund in fiscal year 2017-2018 to Arizona state university, northern
Arizona university and the university of Arizona for capital improvements
or operating expenditures in the following amounts:

1. Arizona state university $7,639,500
2. Northern Arizona university $3,202,800
3. University of Arizona $4,157,700

B. $1,000,000 of the amount appropriated to Arizona state
university pursuant to subsection A, paragraph 1 of this section shall be
used for operating expenditures of the school of civic and economic
thought and leadership. This amount must supplement and not supplant any
existing state funding or private or external donations to the school.
The appropriated monies and all private and external donations to the
school shall be used only for the direct operation of the school and may not be used for indirect costs of the university.

C. $1,000,000 of the amount appropriated to the university of Arizona pursuant to subsection A, paragraph 3 of this section shall be used for operating expenditures of the center for the philosophy of freedom. This amount must supplement and not supplant any existing state funding or private or external donations to the center. The appropriated monies and all private and external donations to the center shall be used only for the direct operation of the center and may not be used for indirect costs of the university.

D. On or before August 1, 2017, each university shall report the intended use of the monies to the joint legislative budget committee.

E. Before any expenditure of the monies appropriated in subsection A of this section for capital improvements, each university shall submit the scope, purpose and estimated cost of the capital improvements for review by the joint committee on capital review pursuant to section 41-1252, Arizona Revised Statutes.

Sec. 132. Department of water resources; appropriations; contributions to Lake Mead conservation efforts; exemption

A. The sum of $2,000,000 is appropriated from the state general fund in each of fiscal years 2017-2018, 2018-2019 and 2019-2020 to the department of water resources to use for this state's financial contributions to efforts by Arizona's Colorado River water users to conserve water in Lake Mead to reduce the likelihood of lake elevations dropping to levels that could result in reductions to Arizona's Colorado River allocation.

B. The appropriations made in subsection A of this section are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 133. Appropriations; debt service payments; state buildings

A. The sum of $60,103,600 is appropriated from the state general fund in fiscal year 2017-2018 to the department of administration for the purpose of making a debt service payment on the sale and leaseback of state buildings authorized by Laws 2009, third special session, chapter 6, section 32.

B. The sum of $24,011,500 is appropriated from the state general fund in fiscal year 2017-2018 to the department of administration for the purpose of making a debt service payment on the sale and leaseback of state buildings authorized by Laws 2010, sixth special session, chapter 4, section 2.
Sec. 134. **Phoenix convention center; allocation**

Pursuant to section 9-602, Arizona Revised Statutes, $22,499,000 of state general fund revenue is allocated in fiscal year 2017-2018 to the Arizona convention center development fund established by section 9-601, Arizona Revised Statutes.

Sec. 135. **Rio Nuevo multipurpose facility district; estimated distribution; fiscal year 2017-2018**

Pursuant to section 42-5031, Arizona Revised Statutes, a portion of the state transaction privilege tax revenues will be distributed to a multipurpose facility district. The Rio Nuevo multipurpose facility district is estimated to receive $10,000,000 in fiscal year 2017-2018. The actual amount of the distribution will be made pursuant to section 42-5031, Arizona Revised Statutes.

**Fiscal Year 2018-2019 Appropriations**

Sec. 136. **Superintendent of public instruction; appropriation; fiscal year 2018-2019**

In addition to any other appropriations made in fiscal year 2018-2019, the sum of $12,000,000 is appropriated from the state general fund in fiscal year 2018-2019 to the superintendent of public instruction for early literacy.

Sec. 137. **New school facilities fund; appropriation; fiscal year 2018-2019**

The sum of $37,989,800 is appropriated from the state general fund in fiscal year 2018-2019 for a onetime deposit in the new school facilities fund established by section 15-2041, Arizona Revised Statutes. The school facilities board shall use the monies only for facilities that will be constructed for school districts that received final approval from the school facilities board between March 2, 2016 and March 1, 2017.

**Fiscal Year 2016-2017 Fund Balance Transfers**

Sec. 138. **Fund balance transfers; fiscal year 2016-2017; state general fund**

Notwithstanding any other law, on or before June 30, 2017, the following amounts from the following sources are transferred to the state general fund for the purpose of providing adequate support and maintenance for agencies of this state:

1. Arizona health care cost containment system:
   Prescription drug rebate fund - state - $30,000,000
2. Department of health services:
   Behavioral health services fund - $35,000,000

Sec. 139. **Department of economic security; capitation payments; transfer**

On or before June 30, 2017, the department of economic security shall transfer $24,052,425 from the department long-term care system fund established pursuant to section 36-2953, Arizona Revised Statutes, to the state general fund pursuant to section 36-2953, subsection H, Arizona
Revised Statutes. The transaction shall be recorded as revenue for fiscal year 2016-2017.

Sec. 140. Fund balance transfer; indirect cost fund; fiscal year 2016-2017

Notwithstanding any other law, on or before June 30, 2017, the sum of $3,800,000 is transferred from the department of health services indirect cost fund established by section 36-108, Arizona Revised Statutes, to the Arizona state hospital fund established by section 36-545.08, Arizona Revised Statutes.

Fiscal Year 2017-2018 Fund Balance Transfers

Sec. 141. Appropriations; fund balance transfers; fiscal year 2017-2018; automation projects fund

A. The amount of $7,300,000 is appropriated from the state general fund in fiscal year 2017-2018 for deposit in the automation projects fund established by section 41-714, Arizona Revised Statutes, for upgrading and maintaining the education learning and accountability system at the department of education.

B. The amount of $5,000,000 is appropriated from the state general fund in fiscal year 2017-2018 for deposit in the automation projects fund established by section 41-714, Arizona Revised Statutes, for upgrading the children's information library and data source system at the department of child safety. It is the intent of the legislature that an additional $6,103,000 be available for the project as appropriated in this act.

C. Notwithstanding any other law, the following amounts are transferred from the following sources in fiscal year 2017-2018 for deposit in the automation projects fund established by section 41-714, Arizona Revised Statutes:

1. $1,500,000 from the automation operations fund established by section 41-714, Arizona Revised Statutes, for project management of statewide automation and information technology projects.

2. $3,405,100 from the automation operations fund established by section 41-714, Arizona Revised Statutes, for improving and maintaining network and security infrastructure.

3. For enhancing statewide data security:
   (a) $1,797,900 from the automation operations fund established by section 41-714, Arizona Revised Statutes.
   (b) $5,065,600 from the state web portal fund established by section 18-421, Arizona Revised Statutes.
   (c) $440,000 from the risk management revolving fund established by section 41-622, Arizona Revised Statutes.

4. $500,000 from the state information technology fund established by section 18-401, Arizona Revised Statutes, for projects related to e-government.
5. For the development of a statewide e-licensing system:
   (a) $45,900 from the acupuncture board of examiners fund established by section 32-3905, Arizona Revised Statutes.
   (b) $45,900 from the athletic training fund established by section 32-4105, Arizona Revised Statutes.
   (c) $40,000 from the board of barbers fund established by section 32-305, Arizona Revised Statutes.
   (d) $27,500 from the board of funeral directors' and embalmers' fund established by section 32-1308, Arizona Revised Statutes.
   (e) $45,900 from the occupational therapy fund established by section 32-3405, Arizona Revised Statutes.
   (f) $27,500 from the board of dispensing opticians fund established by section 32-1686, Arizona Revised Statutes.
   (g) $45,900 from the board of optometry fund established by section 32-1705, Arizona Revised Statutes.
   (h) $27,500 from the nursing care institution administrators' licensing and assisted living facility managers' certification fund established by section 36-446.08, Arizona Revised Statutes.
   (i) $45,900 from the board of physical therapy fund established by section 32-2004, Arizona Revised Statutes.
   (j) $27,500 from the podiatry fund established by section 32-806, Arizona Revised Statutes.
   (k) $80,200 from the board for private postsecondary education fund established by section 32-3004, Arizona Revised Statutes.
   (l) $91,700 from the board of psychologist examiners fund established by section 32-2065, Arizona Revised Statutes.
   (m) $44,100 from the board of respiratory care examiners fund established by section 32-3505, Arizona Revised Statutes.

6. $3,200,000 from the underground storage tank revolving fund established by section 49-1015, Arizona Revised Statutes, for e-licensing projects at the department of environmental quality.

7. $1,017,400 from the administrative fund established by section 23-1081, Arizona Revised Statutes, to implement updates to the claims processing system operated by the industrial commission.

8. $3,497,400 from the state lottery fund established by section 5-571, Arizona Revised Statutes, to implement updates to the information technology system operated by the Arizona state lottery commission.

9. For information technology projects at the department of public safety:
   (a) $1,000,000 from the public safety equipment fund established by section 41-1723, Arizona Revised Statutes.
   (b) $2,500,000 from the concealed weapons permit fund established by section 41-1722, Arizona Revised Statutes.
   (c) $1,343,000 from the fingerprint clearance card fund established by section 41-1758.06, Arizona Revised Statutes.
10. For information technology infrastructure upgrades at the department of revenue:
   (a) $4,000,000 from the liability setoff revolving fund established by section 42-1122, Arizona Revised Statutes.
   (b) $4,000,000 from the department of revenue administrative fund established by section 42-1116.01, Arizona Revised Statutes.

D. It is the intent of the legislature that $3,000,000 be made available from the balance of the automation projects fund, established by section 41-714, Arizona Revised Statutes, for information technology infrastructure projects at the department of revenue.

Sec. 142. Department of law; transfer; financial services settlements; fiscal year 2017-2018

Notwithstanding any other law, on or before June 30, 2018, the attorney general shall direct a total of $8,172,728 received pursuant to the consent judgments in the Moody's Corporation, Moody's Investor Service, Inc. and Moody's Analytics, Inc. settlements to the state general fund to compensate this state for costs resulting from the alleged unlawful conduct of the defendants.

Sec. 143. Department of corrections building renewal fund; transfer; Arizona correctional industries revolving fund; fiscal year 2017-2018

Notwithstanding any other law, the sum of $1,450,000 is transferred from the Arizona correctional industries revolving fund established by section 41-1624, Arizona Revised Statutes, in fiscal year 2017-2018 to the department of corrections building renewal fund established by section 41-797, Arizona Revised Statutes.

Sec. 144. Fund balance transfer; health services lottery monies fund; fiscal year 2017-2018

Notwithstanding any other law, the sum of $1,300,000 is transferred from the health services lottery monies fund established by section 36-108.01, Arizona Revised Statutes, in fiscal year 2017-2018 to the Arizona state hospital fund established by section 36-545.08, Arizona Revised Statutes.

Payment Deferrals

Sec. 145. Reduction in school district state aid apportionment in fiscal year 2017-2018; appropriations in fiscal year 2018-2019

A. In addition to any other appropriation reductions made in fiscal year 2017-2018, notwithstanding any other law, the department of education shall defer until after June 30, 2018 but not later than July 12, 2018 $930,727,700 of the basic state aid and additional state aid payment that otherwise would be apportioned to school districts during fiscal year 2017-2018 pursuant to section 15-973, Arizona Revised Statutes. The funding deferral required by this subsection does not apply to charter schools or to school districts with a student count of less than six
hundred pupils, and the department of education shall make the deferral by reducing the apportionment of state aid for each month in the fiscal year by the same amount.

B. In addition to any other appropriations made in fiscal year 2018-2019, the sum of $930,727,700 is appropriated from the state general fund in fiscal year 2018-2019 to the department of education and the superintendent of public instruction for basic state aid and additional state aid entitlement for fiscal year 2018-2019. This appropriation shall be disbursed after June 30, 2018 but not later than July 12, 2018 to the several counties for the school districts in each county in amounts equal to the reductions in apportionment of basic state aid and additional state aid that are required pursuant to subsection A of this section for fiscal year 2017-2018.

C. School districts shall include in the revenue estimates they use for computing their tax rates for fiscal year 2017-2018 the monies they will receive pursuant to subsection B of this section.

Statewide Adjustments

Sec. 146. Appropriation; operating adjustments

Employer health insurance contributions $ 50,000,000

Fund sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State general fund</td>
<td>$ 25,000,000</td>
</tr>
<tr>
<td>Other funds</td>
<td>$ 25,000,000</td>
</tr>
</tbody>
</table>

Employer health insurance contributions

The amount appropriated is for a onetime employer contribution rate adjustment for employee health insurance in fiscal year 2017-2018. The joint legislative budget committee staff shall determine and the department of administration shall allocate to each agency or department an amount for the health insurance contribution adjustment. The joint legislative budget committee staff shall also determine and the department of administration shall allocate adjustments, as necessary, in expenditure authority to implement the increase in employer health insurance contribution rates. The joint legislative budget committee staff shall use the overall allocation of state general fund and appropriated tuition monies for each university in determining that university's specific adjustment.

Sec. 147. Appropriations; risk management premium adjustment

A. The following amounts are appropriated from the state general fund in fiscal year 2017-2018 to the following agencies for adjustments to risk management premiums:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of child safety</td>
<td>$(441,500)</td>
</tr>
<tr>
<td>State department of corrections</td>
<td>$ 106,200</td>
</tr>
<tr>
<td>Department of economic security</td>
<td>$ 179,800</td>
</tr>
<tr>
<td>Arizona historical society</td>
<td>$ 419,600</td>
</tr>
<tr>
<td>State land department</td>
<td>$(493,400)</td>
</tr>
</tbody>
</table>
6. Supreme court  $(198,100)
7. Court of appeals  $(27,800)
8. Superior court  $(50,800)
9. Arizona state university - Tempe  $ 732,500
10. Northern Arizona university  $ 60,400
11. University of Arizona  $(286,900)

B. The sum of $137,000 in onetime funding is appropriated from the legislative, executive and judicial public buildings land fund established by section 37-525, Arizona Revised Statutes, in fiscal year 2017-2018 to the supreme court for adjustments to risk management premiums. It is the intent of the legislature to find a different fund source for this allocation on an ongoing basis in the fiscal year 2018-2019 budget.

Sec. 148. Appropriations; Arizona financial information system adjustment

The following amounts are appropriated from the state general fund in fiscal year 2017-2018 to the following agencies for adjustments to Arizona financial information system charges:

1. Attorney general  $ (96,300)
2. AHCCCS  $ 106,300
3. Department of child safety  $ 336,900
4. State department of corrections  $(270,600)
5. Department of education  $(19,500)
6. Department of economic security  $(364,400)
7. Department of health services  $(83,900)
8. Department of insurance  $(17,900)
9. Department of juvenile corrections  $(24,700)
10. Supreme court  $(37,000)
11. Department of revenue  $ 509,400
12. Secretary of state  $(21,500)
13. Department of water resources  $(16,800)

Sec. 149. Department of law; general agency counsel charges; fiscal year 2017-2018

The department of administration shall allocate to each agency or department not exempt pursuant to section 41-191.09, Arizona Revised Statutes, the following amounts for general agency counsel provided by the department of law:

1. Department of administration  $127,700
2. Office of administrative hearings  $ 3,000
3. Arizona arts commission  $ 3,100
4. Automobile theft authority  $ 1,400
5. Citizens clean elections commission  $ 2,700
6. State department of corrections  $ 2,000
7. Arizona criminal justice commission  $ 8,700
8. Arizona state schools for the deaf and the blind  $100,200
9. Commission for the deaf and the hard of hearing $ 4,100
10. Arizona early childhood development and health board $ 47,100
11. Department of education $132,000
12. Department of emergency and military affairs $ 30,000
13. Department of environmental quality $135,600
14. Arizona exposition and state fair board $ 20,900
15. Arizona department of financial institutions $ 1,900
16. Department of forestry and fire management $ 13,400
17. Department of gaming $ 37,300
18. Department of health services $170,000
19. Arizona historical society $ 700
20. Arizona department of housing $ 19,300
21. Department of insurance $ 10,500
22. Department of juvenile corrections $ 9,400
23. State land department $ 2,100
24. Department of liquor licenses and control $ 11,400
25. Arizona state lottery commission $ 24,800
26. Arizona state parks board $ 45,800
27. State personnel board $ 600
28. Arizona pioneers' home $ 12,100
29. Commission for postsecondary education $ 1,800
30. Department of public safety $677,400
31. Radiation regulatory agency $ 3,800
32. Arizona state retirement system $ 69,100
33. Department of revenue $ 4,900
34. Department of state - secretary of state $ 1,800
35. State treasurer $ 9,200
36. Department of veterans' services $ 52,700

Other Provisions

Sec. 150. Legislative intent; expenditure reporting
It is the intent of the legislature that all departments, agencies and budget units receiving appropriations under the terms of this act continue to report actual, estimated and requested expenditures by budget programs and budget classes in a format that is similar to the budget programs and budget classes used for budgetary purposes in prior years. A different format may be used if deemed necessary to implement section 35-113, Arizona Revised Statutes, agreed to by the director of the joint legislative budget committee and incorporated into the budget preparation instructions adopted by the governor's office of strategic planning and budgeting pursuant to section 35-112, Arizona Revised Statutes.

Sec. 151. FTE positions; reporting; definition
Full-time equivalent (FTE) positions contained in this act are subject to appropriation. The director of the department of administration shall account for the use of all appropriated and
nonappropriated FTE positions, excluding those in the universities. The 
director of the department of administration shall submit the fiscal year 
2017-2018 report on or before October 1, 2018 to the director of the joint 
legislative budget committee. The reports shall compare the level of 
appropriated FTE usage in each fiscal year to the appropriated level. For 
the purposes of this section, "FTE positions" means the total number of 
hours worked, including both regular and overtime hours as well as hours 
taken as leave, divided by the number of hours in a work year. The 
director of the department of administration shall notify the director of 
a budget unit if the budget unit's appropriated FTE usage has exceeded its 
number of appropriated FTE positions. The universities shall each report 
to the director of the joint legislative budget committee in a manner 
comparable to the department of administration reporting.

Sec. 152. Filled FTE positions; reporting

On or before October 1, 2017, each agency, including the judiciary 
and universities, shall submit a report to the director of the joint 
legislative budget committee on the number of filled appropriated and 
nonappropriated FTE positions, by fund source, as of September 1, 2017.

Sec. 153. Transfer of spending authority

The department of administration shall report monthly to the 
director of the joint legislative budget committee on any transfers of 
spending authority made pursuant to section 35-173, subsection C, Arizona 
Revised Statutes, during the prior month.

Sec. 154. Interim reporting requirements

A. State general fund revenue for fiscal year 2016-2017, including 
a beginning balance of $284,015,000 and other onetime revenues, is 
forecasted to be $9,805,400,000.

B. State general fund revenue for fiscal year 2017-2018, including 
onetime revenues, is forecasted to be $9,855,300,000.

C. State general fund revenue for fiscal year 2018-2019, including 
onetime revenues, is forecasted to be $10,066,700,000. State general fund 
expenditures for fiscal year 2018-2019 are forecasted to be 
$10,008,300,000.

D. State general fund revenue for fiscal year 2019-2020, including 
onetime revenues, is forecasted to be $10,523,000,000. State general fund 
expenditures for fiscal year 2019-2020 are forecasted to be 
$10,365,300,000.

E. The executive branch shall provide to the joint legislative 
budget committee a preliminary estimate of the fiscal year 2016-2017 state 
general fund ending balance on or before September 15, 2017. The estimate 
shall include projections of total revenues, total expenditures and ending 
balance. The department of administration shall continue to provide the 
final report for the fiscal year in its annual financial report pursuant 
to section 35-131, Arizona Revised Statutes.
Based on the information provided by the executive branch, the staff of the joint legislative budget committee shall report to the joint legislative budget committee on or before October 15, 2017 as to whether the fiscal year 2017-2018 revenues and ending balance are expected to change by more than $50,000,000 from the budgeted projections. The joint legislative budget committee staff may make technical adjustments to the revenue and expenditure estimates in this section to reflect other bills enacted into law. The executive branch may also provide its own estimates to the joint legislative budget committee on or before October 15, 2017.

Sec. 155. Definition

For the purposes of this act, "**" means this appropriation is a continuing appropriation and is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 156. Definition

For the purposes of this act, "expenditure authority" means that the fund sources are continuously appropriated monies that are included in the individual line items of appropriations.

Sec. 157. Definition

For the purposes of this act, "review by the joint legislative budget committee" means a review by a vote of a majority of a quorum of the members.

APPROVED BY THE GOVERNOR MAY 12, 2017.