

APPROPRIATIONS SUBCOMMITTEE ON EDUCATION Committee Report

Subcommittee on Education consisted of the following membership:

- Chairman Jill Norgaard
- Vice-Chairman Heather Carter
- Representative Lela Alston

Over the course of the 53rd legislature's 1st Regular Session, the Appropriation Subcommittee on Education met on 5 occasions. The intent of the Committee was to review various state agency/department budgets, including both the Executive recommendations and Joint Legislative Budget Committee (JLBC) Baseline. The agenda for each meeting is located in the Appendices as item A. The JLBC presentations reviewed by the Subcommittee are hyperlinked below to the correlating title.

- **January 18**
 - Community Colleges [JLBC Staff Presentation](#)
 - Schools for the Deaf and the Blind [JLBC Staff Presentation](#)
 - State Board of Education [JLBC Staff Presentation](#)
- **January 25**
 - Proposition 206 Issues
- **February 1**
 - Corporation Commission [JLBC Staff Presentation](#)
 - Charter Schools Board [JLBC Staff Presentation](#)
 - Postsecondary Education Commission [JLBC Staff Presentation](#)
- **February 8**
 - School Facilities Board [JLBC Staff Presentation](#)
 - Office of Tourism [JLBC Staff Presentation](#)
 - Arizona Commerce Authority [JLBC Staff Presentation](#)
- **February 15**
 - Department of Administration [JLBC Staff Presentation](#)
 - ADE IT Issues [JLBC Staff Presentation](#)

CHAIRMAN'S RECOMMENDATIONS

The Legislature dedicates a large portion of the annual budget to education and has focused considerable attention on responsibly increasing our investment to meet the educational needs of our diverse student population (K-12, Higher Ed). For Arizona to continue to rise as a prosperous, strong, and fiscally responsible state, it is imperative that the Legislature engage in a close examination of the state's education budget. The objective of the Appropriations Subcommittee on Education is to examine the state's overall education spending. This report is a broad stroke and the first step of the larger budget process that will include the House Committee on Appropriations, the full House of Representatives, the Senate and the Governor's Office. Through this process, additional initiatives will be reviewed and deliberated to create the full 2018 education budget for this Legislative Session. I recognize there are ongoing conversations regarding education finance reform, education policy issues and tax policy, which fit into a larger discussion regarding the overall state budget. In addition, I am aware that there are decisions that may be made at the federal level that we need to take into consideration, as they may impact the state's budget.

Community Colleges

The JLBC Baseline adds \$1,255,200 for Community College Equalization Aid for the Cochise, Graham and Navajo Community College Districts in accordance with the statutory funding formula. Property values in these three districts have declined, which qualifies them for additional state assistance. The Executive adds \$413,700 above the JLBC Baseline based on a different technical estimate of the funding formula requirement.

- **RECOMMENDATION: Maintain the JLBC Baseline.**

Schools for the Deaf and the Blind

The Executive recommends \$800,000 in additional funds to increase home visits under the Schools for the Deaf and Blind Birth to Three program.

- **RECOMMENDATION: Maintain the JLBC Baseline.**

State Board of Education

The Executive recommends \$50,000 in one time legal fees and \$48,800 for an inter-service agreement with the Attorney General's Office to correct a fund transfer from the State Board of Education (SBE) to the Arizona Department of Education (ADE) as part of the transfer of the Teacher Investigation Unit.

- **RECOMMENDATION: Authorize the \$48,800 that should be offset by a corresponding reduction to the ADE's budget, and otherwise maintain the JLBC Baseline. In addition, I recommend authorizing an additional FTE as requested by the SBE.**

Proposition 206

Based on testimony in committee, without increased funding from the state public schools will be forced to reduce staff or cut programs in order to comply with Prop 206. As discussed by presenters, a survey of Arizona school districts indicated the cost to implement this initiative from January 1, 2017 to July 1, 2017 is approximately \$11.5 million, but the full impact of the proposition will not be known until schools adopt budgets for next year. This amount does not include the financial and administrative burden of implementing the required sick leave provision for substitute teachers, and LEAs expressed great confusion about how to comply with this component of the Proposition.

School district officials and charter schools alike anticipate significant cost increases as many service contracts will increase in price to abide by the law.

- **RECOMMENDATION: The Committee on Appropriations must evaluate the unanticipated costs and unintended consequences of Prop 206, both this year and ongoing.**

Corporation Commission

The Corporation Commission typically generates monies for the General Fund. In FY2018, it is requesting \$243,200 in funds other than the General Fund for parity pay for securities investigators.

- **RECOMMENDATION: Maintain the JLBC Baseline.**

Charter Schools Board

The Charter Schools Board did not request additional monies above the JLBC Baseline.

- **RECOMMENDATION: Maintain the JLBC Baseline.**

Postsecondary Education Commission

The Executive recommends \$114,700 for the Postsecondary Education Commission's Free Application for Federal Aid (FAFSA) Completion Initiative and \$250,000 for its Math, Science, and Special Education (MSSE) Teacher Loan Forgiveness Program.

RECOMMENDATION: Maintain the JLBC Baseline.

School Facilities Board

The School Facilities Board (SFB) has needed additional building renewal funding above the base appropriation for the last three years. The request for FY2018 is \$17.2 million. The SFB last month also authorized new construction and land purchases totaling about \$62 million in FY2018, which were not included in last year's state budget.

- **RECOMMENDATION: We must determine how we want to fund the immediate need, but we should also consider a long-term strategy for funding school capital needs in order to prevent these unexpected budget conditions in the future.**

Office of Tourism

- **RECOMMENDATION: Maintain the JLBC Baseline. There may be an opportunity to coordinate with the Arizona Commerce Authority (ACA) to eliminate any overlap in mission and activities.**

Arizona Commerce Authority

- **RECOMMENDATION: Maintain the JLBC Baseline. There may be an opportunity to coordinate with the Office of Tourism to eliminate any overlap in mission and activities. I also hope that the ACA works closely with both our K-12 and postsecondary education communities to identify opportunities to collaborate on statewide initiatives.**

Department of Administration

The Executive proposes a \$60 million one-time deposit in the Health Insurance Trust Fund (HITF) consisting of \$30 million from the General Fund and \$30 million from other funds. In addition, the Executive recommends a transfer of \$84,600 from the Office of Economic Opportunity.

- **RECOMMENDATION: Recognizing the changing federal landscape surrounding healthcare costs and that the deposit in the HITF may not be a one-time effort, I recommend we maintain the JLBC Baseline as we wait for more certainty regarding the Affordable Care Act (ACA) and take a deeper look into the HITF's solvency. Additionally, we need to continue conversations reviewing the Arizona Department of Administration's technology request to ensure we are not duplicating technology initiatives and existing software contracts.**

Department of Financial Institutions

The Executive recommends \$250,500 and three FTE positions from the Financial Services Fund to increase the Department of Financial Institutions' (DFI) supervision of state-chartered financial institutions as well as a \$1.5 million fund shift.

- **RECOMMENDATION: Authorize the DFI fund shift totaling \$1.5 million and otherwise maintain the JLBC Baseline.**

Education Data System

The Arizona Department of Education's (ADE) data system is an ongoing project that has cost \$53 million in total and is projected by the agency to cost \$19 million for the next three years for development. The request in FY 2018 was for \$17.6 million to cover ongoing development and maintenance activities. The Executive did not recommend funds for development or maintenance of the system.

- **RECOMMENDATION: We need a functioning data system, immediately, to help make data informed policy decisions. This has continued to be a point of discussion as the Legislature has adopted major policy changes related to school finance. Funds are required to maintain a data system of this importance, but I also recommend the Committee on Appropriations continue to discuss this topic and determine the appropriate amount of funding to meet our policy goals and timeframes for the remaining work.**

Proposition 301

- **RECOMMENDATION: Recognizing that there is an immediate need to engage in a robust discussion regarding the impending sunset of Prop 301, I recommend we consider this as an opportunity to not only address its extension but use it as an opportunity to address school finance problems that have plagued the state for decades. As an overarching focus of the conversation, we should examine first what we want our education system to do and then look at how best to fund that system, which may involve conversations beyond Prop 301.**

Higher Education

- **RECOMMENDATION: The Appropriations Subcommittee on Education only looked at two higher education components of the budget (those addressed above), and we look forward to continued**

conversation in the full Committee on Appropriations where Executive recommendations will be reviewed in light of the JLBC Baseline report.

In conclusion, to continue to improve educational opportunities and success for Arizona, the Appropriations Subcommittee on Education recommends consolidating individual initiatives and focusing the financial resources toward a sustainable formula funding plan.

Minority Report:

1. The Minority Report (Appendix B)
2. A one-page summary of the funding and policy recommendation (Appendix C)
3. An Excel spreadsheet with the Democratic funding package in context with the overall JLBC Baseline. This was adapted from the JLBC Baseline and assumes agency General Fund spending at that level for FY2018. (Appendix D).

APPENDIX A

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-third Legislature - First Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

DATE Wednesday, January 18, 2017 ROOM HHR 4 TIME 9:00 A.M.

Members:

Ms. Alston

Mrs. Carter, Vice-Chairman

Mrs. Norgaard, Chairman

Budget Presentations by Joint Legislative Budget Committee Staff and State Agencies:

- Community Colleges
- School for the Deaf and Blind
- State Board of Education

TG
1/12/17

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-third Legislature - First Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

DATE Wednesday, January 25, 2017

ROOM HHR 4

TIME 9:00 A.M.

Members:

Ms. Alston

Mrs. Carter, Vice-Chairman

Mrs. Norgaard, Chairman

1. Presentations on the Impact and Cost of Proposition 206 on Schools
 - Chuck Essigs: Arizona Association of School Business Officials (AASBO)
 - Chris Kotterman: Arizona School Boards Association (ASBA)
 - Dr. Paul Tighe: Superintendent: Saddle Mountain Unified District
 - Dr. Lynn Robershotte: Founder and Superintendent: Edu-Prize
 - Heidi Mitchell, M.Ed.: Chief Executive Officer: Reid Traditional Schools

2. Public Testimony

TG
~~1/19/17~~

1/23/17

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-third Legislature - First Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

DATE Wednesday, February 1, 2017

ROOM HHR 4

TIME 9:00 A.M.

Members:

Ms. Alston

Mrs. Carter, Vice-Chairman

Mrs. Norgaard, Chairman

Budget Presentations from Joint Legislative Budget Committee Staff and State Agencies

- Corporation Commission
- Charter Schools Board
- Postsecondary Education Commission

TG
1/26/17

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-third Legislature - First Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

DATE Wednesday, February 8, 2017 ROOM HHR 4 TIME 9:00 A.M.

Members:

Ms. Alston Mrs. Carter, Vice-Chairman Mrs. Norgaard, Chairman
Mr. Shooter, Ex-officio

Budget Presentations by Joint Legislative Budget Committee Staff and State Agencies

- Arizona Commerce Authority
- School Facilities Board
- Office of Tourism
- Department of Financial Institutions
- Department of Real Estate

TG
2/2/17

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-third Legislature - First Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

DATE Wednesday, February 15, 2017 ROOM HHR 4 TIME 9:30 A.M. NOTE TIME
CHANGE
~~9:00 A.M.~~

Members:

Ms. Alston Mrs. Carter, Vice-Chairman Mrs. Norgaard, Chairman
Mr. Shooter, Ex-Officio

Budget Presentations by Joint Legislative Budget Committee Staff and State Agencies

- Department of Administration
- Department of Education Information Technology Issues

TG
2/9/17

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APPENDIX B

Sub Appropriations Committees Minority Report

House of Representatives Democratic Caucus FY 2018 Budget Priorities

February 20, 2016

Democrats are working together to build a state reflective of community values. Our vision for Arizona is inclusive, prosperous and fiscally responsible. We continue to champion opportunity, equity and fairness. As representatives of the people, Democrats are committed to investing in policies that will improve our quality of life now, while promoting a stronger, more sustainable future.

These values shape our budget priorities. Democrats will support programs and policies that bring money into our state and create a solid foundation for Arizonans. These changes start by focusing on education, jobs, health care and building a better future. The funding priorities Democrats recommend for fiscal year 2018 are above and beyond the Baseline budget because our constituents demand and expect state government that invests in people, supports families and business, and establishes a framework for Arizona to prosper.

Education:

Investing in public education, including K-12 schools and universities, is critical to changing the trajectory of the state. Democrats will prioritize efforts to reduce class sizes, correct the teacher shortage problem and develop long-term solutions that will get our schools the resources they need.

The first step in achieving these goals is providing our classroom teachers an immediate four percent salary increase starting in FY 2018. We recognize the Executive's FY 2018 budget provides a raise for teachers, but the immediate impact is negligible – a mere .4 percent increase in the first year does little to address inadequate pay and alarming turnover rates.

In order to properly invest in our educators, this session Democrats introduced a package of bills. Taken together or individually, we recommend the Majority strongly consider these items in order to move our K-12 education system forward.

HB 2487: lottery distributions; teacher salary increases

- Directs \$50 million in general fund lottery revenues to a newly created teacher salary increases fund administered by the Department of Education for the sole purpose of providing salary increases to teachers employed by school districts and charter schools.

HB 2488: appropriation; credit enhancement fund shift; teacher salary increases

- Appropriates \$50 million from the general fund in FY18 to the teacher salary increases fund and also transfers the already available \$24 million balance in the public school credit enhancement fund to the teacher salary increases fund.

HB 2441: aggregate STO credit cap; freeze

- Freezes the aggregate corporate school tuition organization tax credit cap at the FY17 level and requires an annual estimate of the dollar amount of tax revenues that would have been lost had the cap been allowed to increase by 20 percent a year.
- Includes a legislative intent clause describing the cost savings achieved by freezing the growth in the cap, and directing the increased funding for teacher salary increases.
- Appropriates the following amounts from the general fund to the teacher salary increase fund:
 - o In FY18, \$12.4 million
 - o In FY19, \$27.3 million
 - o In FY20, \$45.1 million

HB 2424: mitigation monies; school bus fleets

- Requires the funding received from the Volkswagen Emissions Settlement to be used for the purpose of purchasing or repowering school buses in the K-12 education system.
- Directs the Departments of Administration, Education and Environmental Quality to work with the Attorney General to prepare a proposed plan for distributing the settlement monies to school districts according to the transportation needs of the school districts.

HB 2184: at-risk youth; college readiness

- Designates \$100,000 for the Department of Education for distribution to school districts and charter schools that participate in the college career readiness program for at-risk youth.

Democrats support renewing Prop. 301 before 2021 and increasing the sales tax dedicated to public education to a full one cent. This would result in an additional \$430 million annually in funding for K-12 education. This money could be used to recruit and retain teachers and fund schools. This is a matter of putting resources behind our priorities, which is why Democrats propose the following:

HB 2263: education excise tax rates

- Renews Prop 301 at a full cent sales tax.

HCR 2008: education finance; excise tax rates

- Sends a referendum to the voters to renew Prop 301 at a full cent sales tax.

Health Care and Human Services:

Democrats will defend the progress made in Arizonans' access to health care – including access to behavioral and women's health care. We will protect Medicaid expansion and KidsCare so that thousands of Arizonans will keep access to health care and will continue to benefit from the millions of dollars that will be brought into the state.

Democrats will also work to restore Temporary Assistance for Needy Families (TANF). Cuts to TANF left 1,200 families—and their 2,100 children—with less money to put food on the table and with fewer resources to get the job training and skills needed to move them out of poverty and prevent crisis.

Restoring TANF benefits to 24 months will strengthen a social safety net that is good for the entire state. We propose:

HB 2266: cash assistance; lifetime limit

- Restores TANF benefits eligibility to 24 months.

Democrats will continue to reform and strengthen human services. Helping families and keeping kids safe is vital to planning a stronger future. Democrats are committed to this goal and propose the following:

HB 2519: appropriation; child care subsidy program

- Appropriates \$8 million to the Department of Economic Security for the childcare subsidy program.

HB 2505: appropriation; adult protective services

- Appropriates \$3 million to the Department of Economic Security for adult protective services.

HB 2455: appropriation; untested sexual assault kits

- Appropriates \$1.2 million to the Department of Public Safety for the purpose of eliminating the backlog of untested sexual assault kits.

HB 2342: veterans' services; benefit counselors; appropriation

- Appropriates \$500,000 to the Department of Veterans' Services to hire additional benefits counselors to assist veterans.

Public Safety, Infrastructure and Resources:

Currently, an average of \$24,000 is spent annually to house a prisoner in Arizona. Only \$4,500 in state funding is spent on average to educate a K-12 student and just \$5,300 is spent on resident students in higher education. Sentencing and correction reform efforts would save the state money and give more to universities and community colleges. We should invest in education, not incarceration. This would require additional reforms, and House Democrats propose the following:

HB 2428: prisoners; earned release credits

- Revises the earned release credits that an inmate may receive as follows:
 - 1 day for every 6 days served if the defendant is sentenced to prison for a serious offense or violent or aggravated felony.
 - 1 day for every 3 served if the defendant is sentenced to prison for every other offense.

HB 2503: criminal justice commission; membership; report

- Expands the Criminal Justice Commission to include one public defender from a large county, one public defender from a small county, one crime victim advocate, and one former prison inmate who advocates for prisoners' rights.
- Directs the Criminal Justice Commission to conduct a comprehensive review of the state's sentencing and corrections data and submit a report to the legislature regarding its findings.

HB 2502: joint select commission on correction

- Reinstates the Joint Select Committee on Corrections to provide legislative oversight on the Department of Corrections.

Democrats have long supported common-sense ideas for getting people back to work. Recovery from the recession has been a slow process here, and we are still struggling. At the same time, the state's critical infrastructure including roads and bridges are falling into disrepair. About \$800 million from the Highway User Revenue Fund (HURF) has been swept since 2009, affecting the state's ability to maintain highways. We propose protecting HURF now and restoring funding cuts incrementally. This is why we support:

HB 2425: appropriation; highway user revenue fund

- Appropriates \$30 million from the general fund in FY18 to the HURF.

The election process in Arizona should be robust, accessible and secure. To protect our democracy, we support:

HB 2273: appropriation; elections and database security

- Appropriates \$2 million from the general fund in FY18 to the Secretary of State for providing grants to counties for elections systems security improvements and security improvements for voter registration databases.

Our state will be a place where people can live, study, work and play for generations. To ensure our future is better, we must protect our forests, air, water and cultural heritage. That requires us to be responsible stewards of our state's resources, both natural and financial. We will promote ideas and policies that protect our environment and resources.

Tax reform is a part of good stewardship of state resources. This is what the people of Arizona have said they expect from their representatives, and that is what Democrats will deliver. We propose:

HB 2383: state finance review; task force

- Establishes a citizens' finance review task force that includes members of the Legislature, Arizona Board of Regents, state agencies, business leaders, community stakeholders and economists.
- Directs the task force to perform an analysis of state revenues, effect of tax credits and tax exemptions on economic development, and report to state leaders a plan for sustainable and equitable revenues that meet the responsibilities of state government.

HB 2038: tax credits; exemptions; sunset repeal

- Requires any new tax exemption or tax credit enacted by the Legislature to include within its enabling legislation a specific repeal date.
- Establishes the repeal date must be no later than the 8th full calendar year following the date the tax exemption or credit is enacted.
- Requires any new individual or corporate income tax credit enacted by the Legislature to include a specific review year for the Joint Legislative Income Tax Credit Review Committee to review the credit.
- Specifies the review year must not be later than the 8th full calendar year following the date the credit is enacted.
- Requires the credit to include a specific repeal date for the credit after the review year, and a purpose clause that explains the rationale and objective of the credit.
- Requires the Joint Legislative Income Tax Credit Review Committee to consider whether the credit has led to quantifiable job creation (in addition to other factors) in evaluating the tax credit in order to determine whether the credit should be amended, retained, or allowed to be repealed.

Our state is fighting to recover from policies that have jeopardized our future. Our schools are suffering, infrastructure is declining, families are facing crisis and our access to health care is under constant threat. The House Democrats' budget priorities reflect our dedication to prioritize people over politics, and we will continue to build a future that is equitable and fair.

APPENDIX C

FY 18 Minority Budget Policy Recommendations

FY18 Budget Policy Options (\$ in M)		Reform Measures		
One-Time Funds Available	\$114.1	Criminal Justice Reform	No Cost	
Ongoing Funds Available	\$46	Direct the ACJC Study	No Cost	
Freeze the Corporate STO Credit	\$12.4	Reinstate the JSCC	No Cost	
One-Time BHS Savings	\$35	Establish Finance Review Task Force	No Cost	
Credit Enhancement Transfer	\$23.9	Legislative Review of Tax Credits & Exemptions	No Cost	
TOTAL	\$231.4			
Spending – Priorities		Other (\$ in M)		
\$136M = 4% Raise	Lottery GF Revenue to Teachers*	\$50	Prop 301 Renewal (cent)	Additional \$430-\$450/yr.
	One-Time Appropriation to Teachers	\$50	VW Settlement for buses	\$48
	Credit Enhancement to Teachers	\$23.9		
	STO Freeze Savings to Teachers	\$12.4		
	One-Time for HURF Local Share	\$30		
	DES - Childcare Subsidies	\$8		
	DES – TANF Restore to 24 months	\$4		
	DES - Adult Protective Services	\$3		
	DPS - Testing Sexual Assault Kits	\$1.2		
	Elections Systems and Database Security	\$2		
	DVS - Veteran’s Benefit Counselors	\$5		
	Jobs for Arizona Graduates	\$.1		
	One-time - JLBC Baseline	\$1		
	Ending Balance	\$45.2	Budget policy recommendations are above JLBC Baseline *Denotes ongoing spending Cash Balance cushion for supplementals, agency priorities and unexpected costs	

APPENDIX D

FY 2018 MINORITY BUDGET LIST OF GENERAL FUND CHANGES

Prepared by:
House
Democratic
Staff

Appendix D

	FY 2017 GF <u>1/</u> Current	FY 2018 Baseline <u>2/</u> Above FY 17	FY 2018 GF JLBC Baseline	FY 2018 GF Minority Changes	FY 2018 GF w/ Changes
OPERATING SPENDING CHANGES					
DOA - Arizona Department of Administration	10,264,500		10,264,500		10,264,500
APF - Automation Projects Fund/ADOA	14,881,600		5,000,000		5,000,000
APF - Remove ADE Automation (One-time)		(7,300,000)			
APF - Fund DCS Automation @ \$5 M		418,400			
APF - Remove DOA Procurement (One-time)		(3,000,000)			
OAH - Office of Administrative Hearings	860,500		860,500		860,500
AAM - Commission of African-American Affairs	125,000		125,000		125,000
AGR - Department of Agriculture	9,162,700		9,162,700		9,162,700
AXS - AHCCCS	1,750,941,400		1,794,980,300		1,794,980,300
AXS - Formula Changes		44,038,900			
ATT - Attorney General	24,664,800		24,664,800		24,664,800
CHA - State Board for Charter Schools	1,185,200		1,185,200		1,185,200

DCS - Department of Child Safety	379,179,400			379,179,400	379,179,400
ACA - Arizona Commerce Authority	21,800,000			21,800,000	21,800,000
CCO - Arizona Community Colleges	54,312,700			54,970,400	54,970,400
CCO - Formula Changes			657,700		
COR - Corporation Commission	2,611,600			611,600	611,600
COR - Remove One-time Automation Funding			(2,000,000)		
ADC - Department of Corrections	1,046,682,600			1,053,665,200	1,053,665,200
ADC - Annualize 1,000 Medium Security Beds			7,090,800		
ADC - Remove One-time Equipment Costs			(108,200)		
CF - County Funding	14,000,500			6,000,500	6,000,500
CF - Remove One-time Additional County Distribution			(8,000,000)		
SDB - Arizona State Schools for the Deaf and the Blind	21,378,100			21,378,100	21,378,100
OEC - Office of Economic Opportunity	1,068,700			484,100	484,100
OEC - Remove One-time Small Water Systems Fund Deposit			(500,000)		
OEC - Remove One-time Regulatory Cost Model Funding			(84,600)		
DES - Department of Economic Security	530,124,400			548,428,900	563,428,900
DES - DD Caseload/Inflation Funding			18,644,500		
DES - Remove One-time Domestic Violence Shelter Funding			(100,000)		

DES - Remove One-time ABLE Account Funding		(240,000)			
DES - Childcare Subsidies				8,000,000	
DES - Restore TANF to 24 months				4,000,000	
DES - Adult Protective Services				3,000,000	
BOE - State Board of Education	1,094,000		1,094,000		1,094,000
ADE - Arizona Department of Education	4,069,375,800		4,148,687,800		4,285,087,800
ADE - Base Adjustment		4,857,400			
ADE - Enrollment Growth		87,526,600			
ADE - Higher Average Cost Per Pupil		21,000,000			
ADE - Inflation		79,519,800			
ADE - New Construction		(58,082,100)			
ADE - Homeowner's Rebate		6,852,200			
ADE - Land Trust Distribution		(16,032,700)			
ADE - Eliminate Multi-Site Charters Small School Weight		(18,100,000)			
ADE - Eliminate JTED Funding For HS Graduates		(1,800,000)			
ADE - District Sponsored Charter Phase-Out		(1,148,000)			
ADE - Eliminate Current Year Funding		(31,000,000)			
ADE - Empowerment Scholarship Accounts		818,800			
ADE - Eliminate One-time Geographic Literacy Funding		(100,000)			
ADE - AP Testing Incentives		5,000,000			
ADE - General Fund Lottery Revenue for Teacher Salaries				50,000,000	
ADE - One-Time Appropriation for Teacher Salaries				50,000,000	
ADE - Credit Enhancement Fund Shift for Teacher Salaries				23,900,000	
ADE - Corporate STO Freeze Savings for Teacher Salaries				12,400,000	

ADE - Jobs for Arizona Graduates				100,000	
EMA - Department of Emergency & Military Affairs	12,619,500		12,619,500		12,619,500
DEQ - Department of Environmental Quality	2,823,600		2,823,600		2,823,600
OEO - Governor's Office of Equal Opportunity	189,100		189,100		189,100
EQU - State Board of Equalization	643,000		643,000		643,000
EXE - Board of Executive Clemency	952,600		952,600		952,600
DFI - Dept of Financial Institutions	2,978,200		2,978,200		2,978,200
FOR - Department of Forestry and Fire Management	10,442,800		10,120,300		10,120,300
FOR - Remove One-time Fire Management Software Costs		(20,000)			
FOR - Eliminate One-time Inmate Fire Crew Carriers Funding		(190,000)			
FOR - Eliminate One-time Wildland Fire Engines Funding		(112,500)			
GAM - Department of Gaming	1,979,500		1,779,500		1,779,500
GAM - Eliminate One-time Breeder's Award Fund Deposit		(200,000)			
GOV - Office of the Governor	6,849,900		8,349,900		8,349,900
GOV - Foster Youth Education Success Program (One-time)		1,500,000			
OSP - Gov's Office of Strategic Planning & Budgeting	1,994,000		1,994,000		1,994,000

DHS - Department of Health Services	86,551,700			86,551,700	86,551,700
AZH - Arizona Historical Society	2,722,900			2,722,900	2,722,900
PAZ - Prescott Historical Society	824,500			824,500	824,500
DOH - Department of Housing	811,400			811,400	811,400
IND - Independent Redistricting Commission	1,115,300			1,115,300	1,115,300
INS - Department of Insurance	5,824,300			5,824,300	5,824,300
SPA - Judiciary - Supreme Court	19,219,500			18,716,500	18,716,500
SPA - 2 New Supreme Court Justices			425,400		
SPA - 1.5% Judicial Pay Raise			20,300		
SPA - IT Funding (One-time)			(948,700)		
COA - Judiciary - Court of Appeals	14,280,400			14,342,100	14,342,100
COA - 1.5% Judicial Pay Raise			61,700		
SUP - Judiciary - Superior Court	79,517,800			76,628,800	76,628,800
SUP - Remove One-time Dependency Surge Funding			(3,000,000)		
SUP - 1.5% Judicial Pay Raise			111,000		
DJC - Department of Juvenile Corrections	24,180,400			24,180,400	24,180,400
LAN - State Land Department	12,491,400			12,715,900	12,715,900
LAN - CAP Fees			224,500		

Legislature					
AUD - Auditor General	18,066,500			17,866,500	17,866,500
AUD - Remove One-time Audit Funding			(200,000)		
HOU - House of Representatives	13,201,500			13,201,500	13,201,500
JLBC - Joint Legislative Budget Committee	2,488,300			2,488,300	2,488,300
LEG - Legislative Council	8,215,400			8,215,400	8,215,400
SEN - Senate	9,408,500			9,408,500	9,408,500
MIN - State Mine Inspector	1,212,500			1,212,500	1,212,500
NAV - Arizona Navigable Steam Adjudication Comm.	124,000			124,000	124,000
POS - Commission for Postsecondary Education	1,396,800			1,396,800	1,396,800
DPS - Department of Public Safety	121,195,700			106,095,700	107,295,700
DPS - Remove One-time Sexual Assault Kit Testing Funding			(500,000)		
DPS - Remove One-time Border Strike Task Force Funding			(14,600,000)		
DPS - Sexual Assault Kit Testing to eliminate the backlog				1,200,000	
PSP - Public Safety Personnel Retirement System	6,000,000			6,000,000	6,000,000
RAD - Radiation Regulatory Agency	1,563,100			1,563,100	1,563,100
REA - State Real Estate Department	2,994,900			2,994,900	2,994,900

REV - Department of Revenue	31,998,300		29,998,300		29,998,300
REV - Remove One-time Military Withholding Refunds		(2,000,000)			
SFB - School Facilities Board	228,094,400		212,174,900		212,174,900
SFB - New School Construction (Site Conditions)		1,000,000			
SFB - New School Construction (Benson USD)		(1,174,600)			
SFB - Lease-Purchase Changes		(244,900)			
SFB - Remove One-time Credit Enhancement Funding		(500,000)			
SFB - Remove One-time Building Renewal Grants		(15,000,000)			
SOS - Secretary of State	14,969,200		11,584,700		13,584,700
SOS - Remove Elections Services Funding		(3,384,500)			
SOS - Elections Systems and Database Security				2,000,000	
TAX - State Board of Tax Appeals	266,600		266,600		266,600
TOU - Office of Tourism	7,112,000		7,112,000		7,112,000
DOT - Department of Transportation	50,400		50,400		50,400
TRE - State Treasurer	1,205,100		1,205,100		1,205,100
OTR - Governor's Office on Tribal Relations	57,500		57,500		57,500
UNI - Universities					
UNI - Arizona Board of Regents	21,928,400		21,928,400		21,928,400
UNI - ASU - Tempe/DPC	253,651,900		248,942,600		248,942,600
UNI - Refinance Adjustment		2,290,700			

UNI - Remove One-time Additional Resources			(7,000,000)		
UNI - ASU - East Campus	22,523,100			22,523,100	22,523,100
UNI - ASU - West Campus	29,222,600			29,222,600	29,222,600
UNI - Northern Arizona University	105,227,000			102,876,700	102,876,700
UNI - Refinance Adjustment			1,649,700		
UNI - Remove One-time Additional Resources			(4,000,000)		
UNI - UA - Main Campus	197,059,600			189,330,500	189,330,500
UNI - Refinance Adjustment			270,900		
UNI - Remove One-time Additional Resources			(8,000,000)		
UNI - UA - Health Sciences Center	68,859,800			68,859,800	68,859,800
VSC - Department of Veterans' Services	6,054,100			6,054,100	6,554,100
VSC - Veterans' Benefit Counselors				500,000	
WAT - Department of Water Resources	13,012,600			12,762,600	12,762,600
WAT - Remove One-time Water Protection Fund Deposit			(250,000)		
OTH - Other					
OTH - FY 17 Supplemental/Ex-Appropriation	17,305,700		(17,305,700)	0	0
OTH - Debt Service Payments	84,117,400		(2,300)	84,115,100	84,115,100
OTH - Civic Center Debt Service	20,449,000		2,050,000	22,499,000	22,499,000
OTH - Rio Nuevo Distribution	10,000,000			10,000,000	10,000,000
OTH - Administrative Adjustments	100,000,000			100,000,000	100,000,000
OTH - Revertments	(140,000,000)		20,000,000	(120,000,000)	(120,000,000)

TOTAL - OPERATING SPENDING CHANGES	9,521,757,200		79,800,500	9,601,557,700	155,100,000	9,756,657,700
CAPITAL SPENDING						
ADOA Building Renewal	8,000,000		(8,000,000)	0		0
Veterans Home - Flagstaff	10,000,000		(10,000,000)	0		0
Transportation Funding	86,500,000		(86,500,000)	0		0
HURF - Hold Local Share Harmless				0	30,000,000	30,000,000
TOTAL - CAPITAL SPENDING	104,500,000		(104,500,000)	0	30,000,000	30,000,000
TOTAL - ALL SPENDING	9,626,257,200		(24,699,500)	9,601,557,700	185,100,000	9,786,657,700
REVENUE CHANGES						
Ongoing Revenue						
REV - Ongoing Revenue	9,377,013,700		269,434,700	9,646,448,400		9,646,448,400
REV - Freeze the Corporate STO Credit	0			0	12,400,000	12,400,000
One-Time Revenue						
REV - Beginning Balance	284,015,000		(169,881,900)	114,133,100		114,133,100
REV - AHCCCS Behavioral Health Transfer					35,000,000	35,000,000
REV - Credit Enhancement Fund Shift for Teacher Salaries					23,900,000	23,900,000
REV - ADOA - Health Insurance Trust Fund Transfer	78,900,000		(78,900,000)	0		0
REV - ADOA - Automation Operations Fund Transfer	461,600		(461,600)	0		0
TOTAL - REVENUE CHANGES <u>3/</u>	9,740,390,300		20,191,200	9,760,581,500	71,300,000	9,831,881,500
ENDING BALANCE	114,133,100		44,890,700	159,023,800	(113,800,000)	45,223,800

- 1/ Represents original FY 2017 agency appropriations adjusted for revisions in the Universities.
- 2/ Represents FY 2018 Baseline cost above FY 2017 estimate.
- 3/ Represents all revenue changes, including fund transfers.

