



**WHAT'S IN THE HOUSE AND SENATE BUDGET BILLS  
AND WHAT'S MISSING  
May 2, 2016**

(General Fund Dollars in Millions)

	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>
Beginning Balance	312.3	225.0	66.7	199.5
Ongoing Revenues	9,164.0	9,396.9	9,754.6	10,150.2
New Tax Cuts		<b>-26.0</b>	<b>-26.0</b>	<b>-26.0</b>
Other Revenues	264.0	50.5	0.5	0.5
Ongoing Expenditures	9,256.0	9,369.3	9,596.3	9,817.8
Other Expenditures	259.3	210.5	0	0
Ending Balance	225.0	66.7	199.4	506.3
Structural Balance	<b>-92.0</b>	<b>1.6</b>	<b>132.3</b>	<b>306.4</b>

**BIG PICTURE**

- The proposed budget has no restoration of KidsCare, no new investments in public school teachers or classroom textbooks or technology, no ongoing restoration of cuts to university education, no new funding for workforce development, no safety net to strengthen families and avoid future costs.
- The proposal **reduces state funding per student in public schools** (adjusted for inflation) – in opposition to the clarion calls from parents, community leaders and business CEOs around the state.
- \$26 million in additional permanent special interest tax cuts on top of 25 years of permanent and growing tax cuts; lost revenue will make it harder to develop sustainable funding for public schools.
- The major new investment in the budget is \$23 million for expansion of the Governor’s Border Strike Task Force.
- The budget uses one-time fund balances for \$96 million in one-time transportation projects and \$232 million to eliminate accounting gimmicks.
- For the Department of Child Safety, the proposal prioritizes prevention and in-home services to reduce the growth in foster care. It also includes new accountability measures so that resources are spent to strengthen child safety.

## K-12 EDUCATION

### Proposed

- Lower funding for 149 school districts with declining enrollments based on a formula change adopted during 2015 known as "current year funding." This cut could wipe out any funding additions from Prop 123 for these districts. -\$31 million
- One time deposit to the Classroom Site Fund. \$15.5 million  
one time
- Continued reductions for multi-site small charter school districts but \$1.2 million lower than originally proposed -\$5.3 million
- Continued phasing out of district-sponsored charter schools but \$574,000 lower than originally proposed -1.3 million
- Formula changes for student growth, inflation, cost per student, and property tax adjustments for new construction and homeowners rebate (\$172 million more in inflation funding will be provided by withdrawals from the State Land Trust if Prop 123 is adopted by voters). (The budget assumes passage of Prop 123 which would include \$224 million in FY 16 supplemental.) \$132.0 million
- One-time grants for maintenance and repair of school buildings \$15 million plus \$15  
million for FY 16
- Establish a pilot program to provide bonuses to schools for students who pass courses that earn them college credits. \$5.0 million in one-time  
funding
- Transfers the \$23.9 million to the Arizona Public School Credit Enhancement Program to back loans for capital projects to high performing schools. -
- Transaction costs for the Public School Credit Enhancement Program \$500,000 one-time  
funding
- Continued development of the Enhance the Arizona Education Learning and Accountability System which maintains student-level data for all public school students. \$1.9 million General Fund  
plus \$300,000 in other  
funds
- Restore funding for Joint Technological Education Districts (JTED) funding \$29 million
- Code writer pilot \$500,000 non-General  
Fund one-time funding
- Geographic literacy program \$100,000 one-time  
funding
- Cost of administering AzMerit and other mandated assessments \$4.6 million from non-  
General Fund dollars
- More Education Scholarship Account vouchers. \$700,000
- Continue deferral of \$930.7 million in payments to schools into the next fiscal year ("rollover")
- Makes changes to the formula that determines when a new school needs to be built, resulting in students spending more time in crowded classrooms -\$13.3 million

## **K-12 EDUCATION (continued)**

### **What's Missing**

- Long-term plan to replace acceleration of State Land Trust distributions and Prop 301 sales tax when they expire in 2025 and 2021, respectively. \$870 million
- Funding to improve teacher recruitment and retention; funding to address classroom crowding.
- Early childhood education and full day kindergarten \$237 million
- Ongoing building renewal funding for school building maintenance and repair \$260 million

## **CHILD SAFETY**

### **Proposed**

- Administrative resources to improve operations, such as contracting and data management. \$6.7 million
- No reduction to in-home social work services that can keep children safety at home and slow the growth in foster care. --
- Costs for placing children in shelters and group homes due to lack of family foster homes. Currently there is an unknown number of children sleeping in DCS offices. \$8.0 million
- Growth in the number of children placed in foster care including independent living. \$2.2 million
- Support services for children in foster care. \$12.5 million
- Increased child care costs \$2.0 million
- Flexible funding for the Department of Child Safety to improve response times to reports of child abuse and neglect and to address the backlog of cases with overtime, increased case aides, or strategic pay. \$2.5 million
- Ongoing funding to privatize elimination of the backlog \$2.7 million plus \$2.7 million FY 16 supplemental
- Funding to pay adoptive parents and permanent guardians for the ongoing special needs of children. \$6.1 million
- Additional funding for prevention services, such as the Healthy Families Program. \$5.0 million
- Continued replacement of the CHILDS data base system \$4.6 million
- Additional staff in the Attorney General's Office to decrease caseloads for the attorneys handling dependency cases for the Department of Child Safety and for defending lawsuits. \$5.0 million plus \$2.9 million non-General Fund FY 16 supplemental

## CHILD SAFETY (continued)

- Reduce General Fund costs by shifting \$15.2 million TANF block grant dollars from DES to DCS; allowing the agency to continue spending down \$4.2 million in remaining transition funds appropriated in 2014 when the new agency was created, and drawing down \$5.4 million more in federal matching funds for foster care. In addition, there is a \$4 million increase in General Fund that is offset by a \$4 million decrease in TANF dollars. -\$25 million
- Additional judges and staff to increase the courts' ability to reduce dependency case backlogs. \$3.0 million
- Allow the agency to continue spending funds appropriated in 2014 when the agency was created until those funds are exhausted -
- Additional services and staffing \$32.3 million  
FY 16 supplemental
- Eliminate the payment deferral \$11 million one-time  
(FY 16)
- Requires the agency to submit periodic reports about caseload standards, progress toward eliminating the backlog and reducing the number of children in foster care, and hiring activity; withholds funds if certain reports are not submitted timely.

### What's Missing

- Contingency plan to cover funding shortfalls if the number of children in foster care continues to grow more quickly or if the planned fund shifts to relieve the general fund don't work out.
- Strategies or funding to prevent family crisis and slow the growth of foster care: no increase in children participating in child care assistance; continued draining of TANF block grant funds for foster care rather than family support
- Funding or strategies to reduce caseloads or improve staff engagement with families to prevent repeat reports.
- No funding for increased costs to counties for legal representation of parents in dependency cases. \$1.8 million

## ECONOMIC SECURITY

### Proposed

- Caseload growth and increased client costs in the Division of Developmental Disabilities (DDD) \$27.8 million plus  
\$6.7 million FY 16  
supplemental
- DDD provider increase (1%) \$3.0 million
- DDD room and board \$600,000 non-General  
Fund one-time
- Restore preventative dental services for adults in the developmental disabilities program \$1.2 million

## **ECONOMIC SECURITY (continued)**

- Additional Adult Protective Services case workers \$2.0 million in non-General Fund dollars
- One-time funding for adult services \$700,000 in Lottery funds
- Reduce the waiting list in the vocational rehabilitation program \$2.0 million plus \$450,000 in non-General Fund dollars
- \$4 million decrease in General Fund that is offset by a \$4 million increase in TANF dollars. --
- Funds to support crisis response and transitional housing for domestic violence victims in Maricopa County and to support a family advocacy center in Yuma County. \$100,000 one-time
- Eliminates the payment deferral \$21.0 million one-time (FY 16)

### **What's Missing**

- More continuity and stronger education for young children through increased child care provider rates, which are 16 years out-of-date. Governor Ducey proposed increasing the rates to the 50th percentile of the 2004 market rate. \$6.4 million
- Funding to increase the number of qualified children who can participate in child care assistance while their parents go to work. Currently 5,600 children are on the waiting list.
- Reversal of the 12-month lifetime limit for TANF cash assistance recipients. \$4 million
- Rate adjustments for Arizona Early Intervention Program providers \$2.2 million
- Eliminate the duplicative Finger Imaging Requirement for SNAP participation **-\$856,200 savings**

## **AHCCCS**

### **Proposed**

- Transfer Behavioral Health Services from the Department of Health Services \$28.8 million for caseload growth in addition to the \$517 million transfer
- Adjustment for number of people enrolled in AHCCCS and changes in medical costs. **-\$441,600**
- Restore limited preventive dental services for the individuals enrolled in the long-term care program \$1.4 million
- Hiring freeze savings **-\$1.1 million**

### **What's Missing**

- Restoration of KidsCare affordable health coverage for children in low-income working families (no cost to the general fund - 100% federally funded) \$0

## **CORRECTIONS**

### **Proposed**

- Partial year funding to operate the 1,000 new prison beds coming on line in fiscal year 2017 \$17.1 million
- Increased costs for contracted inmate health care \$5.1 million plus \$5.2 million FY 16 supplemental
- Private prison monitoring \$0.5 million
- Expand eligibility for referrals to the transition program Funded with non-General Fund dollars
- Establish a community corrections center in Maricopa County that would provide community supervision, intervention, and reentry programs and add a re-entry planner. \$1.7 million plus \$200,000 in non-General Fund dollars
- Authorizes the Department of Corrections to proceed with adding 1,000 additional prison beds if the male inmate state daily population exceeds the population as of April 2016. Requires that the counties be given right of first refusal for 250 of the beds. Costs would be incurred in FY 18 and beyond Costs would occur in future fiscal years

### **What's Missing**

- Substance abuse treatment for individuals in prison and under community supervision \$665,100
- Additional sergeant positions in maximum security \$2.3 million

## **UNIVERSITIES**

### **Proposed**

- Increased general fund support from 34% of the cost per resident student to 34.6% \$8.2 million plus \$19 million in one-time funds
- Provide state funding to support the "economic freedom schools" established by the Koch brothers at ASU and U of A \$5 million
- Eliminate the payment deferral \$200 million one-time (FY 16)

### **What's Missing**

- Restoration of the full \$99 million in cuts made in fiscal year 2016. \$99 million
- Facility maintenance and operation \$19.2 million

## COMMUNITY COLLEGES

### Proposed

- Adjustments to formula funding which result in net reduction -\$267,700

### What's Missing

- Restoration of funding to the Maricopa and Pima community college districts which were defunded last year \$15 million

## HEALTH SERVICES

### Proposed

- State Hospital staffing, operations and contract funding to correct deficiencies \$1.5 million plus  
\$2.4million non-General  
Fund in FY 16
- Restoration to competency 5-year plan Study committee - no  
funding
- Non-Medicaid funding for the state hospital \$2.4 million from lottery  
funds designated for  
health services  
(FY 16 one-time)
- Newborn screening contracts \$400,000 non-General  
Fund dollars
- Transfer the Division of Behavioral Health Services to AHCCCS (\$517 million). Transfer

### What's Missing

- Funding for the loan repayment program for primary care providers in medically underserved areas. This program was expanded during the 2015 legislative session but, due to the lack of funding, the agency is not accepting applications.
- Dollars to replace the revenue shortfall in the Arizona State Hospital Fund \$4.6 million

## JUVENILE CORRECTIONS

### Proposed

- Reduction in operating costs due to fewer youth sentenced to the department; also \$700,000 in savings to counties -\$2.5 million
- Building renewal projects \$1.1 million non-General  
Fund
- County charges for operating costs of DJC. Down from \$12 million to  
\$11.3 million
- Funds to offset costs to counties \$8.0 million one-time

## **PUBLIC SAFETY**

### **Proposed**

- Expand the Border Strike Force Task Force \$8.1 million ongoing plus one-time \$14.6 million General Fund and \$4.0 million in other funds
- Clear the backlog of sexual assault kits \$500,000
- 3% pay increase for sworn and civilian Highway Patrol \$4.6 million plus \$246,700 non-General Fund
- Virtual law enforcement training \$2.1 million in non-General Fund dollars
- Civil air patrol \$150,000

## **SENATE**

### **Proposed**

- Unexplained increase \$1.25 million

## **COURTS**

### **Proposed**

- Addition of two new justices contingent upon passage of legislation to increase the number of supreme court justices from 5 to 7. \$500,000
- Pay raises for justices contingent upon passage of legislation to increase the number of supreme court justices from 5 to 7. \$100,000 a year in both FY 16 and FY 17
- Adult probation growth contingent upon passage of legislation to increase the number of supreme court justices from 5 to 7 \$1.0 million
- Extends the lapsing date for \$250,000 for the Maricopa County Drug Court from June 30, 2016, to June 30, 2017. --

## **REVENUE**

### **Proposed**

- Military withholding refund \$2.0 million

## **TRANSPORTATION**

### **Proposed**

- Capital projects (\$66 million state projects; \$30 million in local government projects) \$96.0 million (one time)



## **VETERANS HOME**

### Proposed

- Capital project \$10 million

## **FUND SWEEPS**

\$50.5 million in transfers into the General Fund, including:

- Alternative dispute resolution fund (courts) \$300,000
- Arizona length trial fund (courts) \$300,000
- Court-appointed special advocate fund (courts) \$500,000
- Drug treatment and education fund (courts) \$250,000
- Juvenile probation services fund (courts) \$4.7 million
- Automation operations fund (Dept. of Administration) \$461,600
- State employee health insurance trust fund \$4.1 million (FY 16)

Updated 4/29/16