



Arizona Senate Republicans

FY 2021 BUDGET FRAMEWORK

**54th Legislature
Second Regular Session**

Senate Republican Budget Framework

Bolstered by strong economic indicators and the influx of new residents to our state, Arizona is reaping the financial advantages of a thriving economy. Due to a continued, optimistic economic outlook and the fiscal prudence of the Legislature post-Great Recession, the state is prepared to make long-term, targeted investments in high-priority policy initiatives, such as education, public safety and healthcare, that will positively impact the quality of life for the citizens of our state well into the future. The Senate Republican framework for the FY 2021 budget balances key investments in these core, essential functions of government with a strong sense of fiduciary responsibility to use taxpayer dollars judiciously and enact policies that further the economic momentum we are currently experiencing in the state.

The fiscal highlights of the FY 2021 Senate Republican framework include:



K-12 Education

A strong public education system is essential to securing the long-term economic prosperity of the citizens of Arizona. Arizona's public schools prepare our young citizens as they transition to workforce, through a high-quality pipeline of college or career opportunities into postsecondary education. Our students gain the knowledge and 21st century skills to compete in a global workforce as they enrich their lives with the exploration and discovery of new ideas.

In 2020, Senate Republicans pledged to further their commitment that Arizona have a public education system that provides access to every family in the state with high quality educational choices that meet the individualized needs of each child. Over the last two fiscal years, Senate Republicans have led on funding initiatives, including the multi-year restoration of recession-era cuts, a 20% teacher pay-raise and significant infusions of capital funding for new school construction and school building repair.

Senate Republicans also advanced key policy initiatives with a focus on strategies designed to address the national teacher shortage and the significant achievement gap in our rural and low-income communities. Along with additional formula funding, the FY 2021 Senate Republican framework includes policies and targeted investments that prioritize the social-emotional health of our youth and offer solutions to overcome the difficult life challenges which impact a child's ability to learn and reach their full potential.

The Senate Republican framework includes \$478 million in new formula funding for K-12 education, including net new baseline funding of \$151 million for inflation, enrollment growth, the final year implementation of the 20% teacher pay raise, and the construction of two new schools. Additionally, the Senate Republican framework includes \$327 million in new investments to K-12, including full restoration of Additional Assistance, school building renewal projects, special education, and school safety.

Full Restoration of Additional Assistance – In FY 2019, the Legislature committed to a five-year payback of recession-era reductions to the Additional Assistance funding formula for school districts and charter schools. In FY 2020, the enacted budget added \$136 million and with their FY 2021 framework, Senate Republicans add an additional \$203 million to fully restore Additional Assistance. These flexible dollars provide resources for public schools to utilize based on their priority needs, including capital, technology and other maintenance and operations obligations.

Building Renewal – School buildings and school grounds greatly impact the overall health and safety of students, staff, and visitors. In FY 2020, \$80 million was allocated for the School Facilities Board building renewal grant program for the repair of school districts' school building systems. In FY 2021, the Senate Republican framework includes \$6.6 million in supplemental funding for FY 2020. In addition, the framework increases by \$20 million the revised FY 2020 appropriation, for a total appropriation of \$108 million in FY 2021 which fully funds the School Facilities Board budget request for this program.

Teacher Pay – School year 2020-2021 marks the final year of the 20% by 2020 pay raise promised to Arizona's public-school teachers by the Legislature. The FY 2021 framework includes the final appropriation of \$175 million for the remaining 5% teacher pay increase. These dollars will be distributed through the per-pupil "Base Level" in the K-12 formula in the same manner as FY 2019 and FY 2020, ensuring these monies will be permanent, ongoing, and inflated.

Elimination of Teacher Certification Fees – A teacher's impact on the lives of his or her students is immeasurable. The role of the teacher encompasses not only the academic teaching and learning, but the social-emotional needs of our children. Important steps have been taken to meet the challenge of the teacher shortage, nationally and in the state, including teacher pay increases and the streamlining of teacher licensing requirements. However, the cost associated with licensure can be challenging for teachers, particularly our newest teachers recently matriculated from their teacher preparation programs.

Senate Republicans propose eliminating all licensing fees associated with teaching certificates and endorsements and the Senate Republican framework includes \$2.3 million from the General Fund to pay for the administrative costs of the Arizona Department of Education Teacher Certification Unit, which is currently funded through licensing fees.

School Safety – Feeling safe at school is essential for students to have an optimal learning experience. Research also confirms that students achieve higher academic outcomes, better attendance rates and fewer disciplinary issues when they are physically and emotionally safe.

Until last year, Arizona's school safety program consisted of school resource officers and juvenile probation officers. For the FY 2020 budget, Senate Republicans included \$20 million in additional funding for school counselors, social workers, and school resource officers, resulting in \$32 million in total funding for the school safety program. In December 2019, the Arizona Department of Education granted public schools funding for 148 new school counselors, 118 new social workers and 117 school resource officers/juvenile probation officers. The Senate Republican framework offers the following comprehensive school safety proposal:

- Create a safer school environment for students.
 - Authority to the State Board of Education to investigate all complaints of immoral or unprofessional conduct of non-certificated employees, in addition to their existing authority over certificated employees.
 - Eliminate direct electronic communication between school employees and students except through platforms owned, operated, or controlled by the public school.
 - Fund five additional investigators at the State Board of Education to address the increased caseload due to teacher discipline cases. Along with these new FTE positions, existing investigators at the Arizona Department of Education will transfer under the authority of the State Board of Education.
 - Update school discipline policies to ensure that the emphasis is on the safety of the school community, appropriate student interventions, and alternative educational opportunities.
 - Include \$15 million for school resource officers, school counselors, and social workers to draw down the "waitlist" of requests from public schools that did not receive funding with the \$32 million appropriated in FY 2020.
 - Require school resource officers to receive training in suicide awareness.
 - Codify the ability of law enforcement to use school facilities to complete administrative functions, including reporting, filing, and paperwork.
- Improve access to school-based behavioral health services.
 - Provide \$4.3 million to AHCCCS to fund behavioral health services provided in schools to uninsured/underinsured children.
 - Require a behavioral health adequacy study to determine the availability, delivery methods, best practices, and costs currently in practice in public schools.
 - Create a graduate level tuition scholarship program for prospective school counselors who agree to serve in public schools after graduation.

Empowerment Scholarship Account Program Administration – The Empowerment Scholarship Account (ESA) program provides parents with resources to pursue non-public school educational options for their children with disabilities, children attending D or F schools, military children, foster children and children who reside on an Indian reservation. Since FY 2017, the ESA program has increased from 3,360 students to more than 8,000 students in FY 2020, with awards totaling over \$100 million in FY 2020. Administrative funding for this program has not materially increased since FY 2018, although the enrollment has increased over 60%. Inadequate staffing has led to unreasonable call times for parents seeking information on the program and delayed application processing.

The Senate Republican framework adds \$1.0 million and 13 new employees to improve key administrative functions that assist prospective parents and current ESA parents to more effectively navigate the process of applying for and participating in the program with the following reforms:

- Eliminate the 5% administrative percentage in statute and appropriate dedicated funding in a separate budget line item to the Arizona Department of Education and the State Treasurer.
- Establish a dedicated call center with five new trained staff exclusively for the ESA program.
- Transition existing staff along with six new employees to a case management approach for reviewing and completing applications to allow a main point of contact for families participating in the ESA program.
- Fully implement ClassWallet by adding two accounting staff to ensure that transactions are approved in a timely manner and that there is an appropriate reconciliation of accounts.
- Conduct state-wide seminars and training for families, staff professional development, and outreach activities, particularly in rural and remote communities.

Special Education– The rising costs of special education services and the number of high-cost students often put significant strain on public schools, particularly those in small, rural or remote locations. The Extraordinary Special Needs Fund was created more than a decade ago but has not been funded. The Senate Republican framework includes \$5 million for the Extraordinary Special Needs Fund for public schools to apply for in order to fund special education students who require services that are financially prohibitive for schools to provide.

Senate Republicans recognize that the above action is a first step and that there will be continued discussion on the need to provide critical funding to public schools for children with disabilities and students who need targeted, meaningful instruction to match their unique learning needs.

Gifted Education – Laws 2019, Chapter 296 established the Study Committee on Special Education Weights and Funding for Gifted Pupils (Study Committee) to examine and make recommendations regarding special education weights and funding for gifted pupils. The Study Committee recommended \$1 million in ongoing funding for gifted education. While the FY 2020 budget included \$1 million in one-time funding for gifted education, the Senate Republican framework adds an additional \$1 million making the total funding of \$2 million an ongoing investment by incorporating the Study Committee's recommendation.

Dyslexia - Laws 2019, Chapter 198 (SB1318) established the Study Committee on Dyslexia Screening, Intervention and Funding for Pupils Identified as Having Indicators of Dyslexia (Committee). The legislation further requires ADE to develop a screening plan to identify students with indicators of dyslexia by July 1, 2020 and outlines requirements for teacher and administrator training related to dyslexia. Additionally, the law requires at least one kindergarten through grade three teacher in each district and charter school must receive dyslexia-related training by July 1, 2021. The Committee recommended new FTE positions to address the implementation of the new law and to provide early literacy professional development to teachers across the state. The Senate Republican framework adds two new employees at the Arizona Department of Education for this purpose.



Higher Education & Workforce Development

Community Colleges Workforce Programs - Community colleges serve a vital role in Arizona's economy as the largest provider of workforce training in the state. High-quality, workforce training programs are critical to the state's economic development efforts as they prepare individuals with the skills, certifications, and knowledge needed for high-demand employment sectors such as advanced manufacturing, information technology, allied health, and finance and banking. Currently, only rural community colleges receive full formula funding for their Science, Technology, Engineering and Math (STEM) and Workforce programs.

The Senate Republican framework fully restores \$11 million in STEM and Workforce formula funding to Maricopa and Pima Community Colleges and adds \$19 million for rural community college assistance for workforce programs. Funding for this program began in FY 2020 at \$14 million and was purposed by rural community colleges for a variety of workforce programs, including automotive technology, cyber security, construction trades, allied health, and marine technology.

Universities

Arizona's three public universities are key drivers in Arizona's diverse economy through research, knowledge acquisition, innovation, invention, and incubation of technologies and industries. As importantly, the University of Arizona, Arizona State University and Northern Arizona University prepare postsecondary students with the skills and specialized training needed to enter the workforce in the career of their choice. Recent data indicates that 70% of future livable wage jobs in Arizona will require some level of postsecondary attainment. Universities, in conjunction with their community college partners, create and enhance a wide option of pathways and expedited degree programs that are affordable and accessible for all level of learners.

The Senate Republican framework includes \$35 million to the three public universities to support these degree pathways as well as capital improvements and operational activities. This allocation maintains funding for the public universities from FY 2020 to FY 2021.



The Economy and Taxes

The economy continues to push forward strongly. Despite the threats of foreign trade wars and other economic pressures, national unemployment fell to 3.5%, the lowest it has been since May 1969. The stock market is at an all-time high, and year over year wage growth was robust, staying above 3% for most of the year.

Arizona continues to reap the benefits of this bolstering national economy and this is demonstrated not only through the state's economic data, but also through the strong rate of collections throughout the year. As of November 2019, General Fund revenue collections were 11.5% above

the prior year. Sales tax collections grew by 9.5% and have generally increased at a rate of 6% or more since the beginning of calendar year 2019, reflecting strong economic conditions. In total, through November 2019, revenues are 10.1% above the prior year and \$293.5 million above forecast. The state is not only well positioned to hit its current revenue forecast but will likely exceed it, significantly allowing for additional resources to be invested in high-priority areas.

Providing Tax Relief – Senate Republicans recognize that one of the key priorities for investment is in the taxpayers themselves. Wealth is best left with the people and not the government. The people can do the one thing government cannot – invest in productive enterprises to promote job creation and generate new revenues. With an estimated \$1 billion surplus, taxpayers should receive the benefit from good economic conditions. The Senate Republican framework sets aside \$(75) million for ongoing tax changes and \$(50) million for other one-time tax changes that will be further discussed during the legislative session.



Responsible Budgeting

Paying Down State Debt - By the end of FY 2020, there will be approximately \$1.2 billion in state agency debt with almost all of that supported from the General Fund. With a large surplus of one-time funds available, the FY 2021 Senate Republican framework retires \$80 million of state debt, freeing up an estimated \$(17.5) million in ongoing resources over the next five years.

Funding Pension Liabilities - As of June 30, 2019, state agencies (excluding universities) participating in the Public Safety Personnel Retirement System (PSPRS) had almost \$1 billion in unfunded liabilities. If not funded, this debt owed to current and future retirees will be ultimately borne by the taxpayer through higher taxes. The Senate Republican framework aims to pay down those liabilities, depositing \$50 million into the Department of Public Safety's PSPRS retirement account, resulting in an estimated annual savings of \$(5) million through a reduced contribution rate.

In addition to paying off unfunded liabilities, making the required contributions to the pension systems ensures that the benefits promised to existing and future retirees are available. The Senate Republican framework funds the retirement rate increase at both DPS and DOC for FY 2021, totaling approximately \$14 million.

Fixing Firefighting Claims Funding - Beginning in FY 2016, the Department of Forestry and Fire Management (DFFM) borrowed from the state's Budget Stabilization Fund (BSF) for federal wildland fire claims awaiting reimbursement from the federal government. The BSF monies are used to front the costs of fire-fighting at the local level.

The FY 2020 budget increased the amount DFFM can borrow from \$10 million to \$20 million. While the increase allows for additional and faster payment of local fire-fighting districts, it does so at the cost of the State Treasurer not being able to otherwise invest these monies. Additionally, in the event of an economic downturn, the BSF may be used to support state government, depleting the availability of cash to fight fires. The Senate Republican framework deposits \$20 million into

a newly created firefighting revolving fund to be dedicated towards these expenses on an ongoing basis.

County Cost Sharing Relief – In FY 2016, the state implemented cost-sharing on counties for sending children to the Department of Juvenile Corrections. However, this cost was never assessed, and counties received relief for this policy every year since. While the cost-sharing was permanently eliminated for rural counties in the FY 2020 budget, Maricopa and Pima Counties only received one-time relief. The Senate Republican framework includes \$8.5 million in one-time funding to offset the Juvenile Corrections cost-sharing for Maricopa and Pima counties.



Public Safety

Public safety is a core function of government. The Senate Republican framework builds off investments made in FY 2020 by investing in the courageous men and women who serve in these roles.

Public Safety Compensation - The Senate Republican framework includes \$52.7 million to fund salary increases for correctional officers at the Arizona Department of Corrections (ADC), the Department of Juvenile Corrections (DJC), and sworn troopers at the Department of Public Safety (DPS). These salary increases will not only attract new candidates, but also help retain employees once they are hired. To keep people safe, it is imperative that all three agencies retain employees who are experienced and motivated to take on more responsibility as their careers progress.

Prison Capital Needs (Locks Included) – ADC is annually required to calculate its building renewal needs for the 1,523 structures ADC maintains. The formula amount generates \$25 million annually to maintain the useful life of its buildings. However, currently it is only funded at \$6 million. As part of the agency's budget submission, ADC requested the full funding of its building renewal needs to address \$125 million in deferred maintenance in its building system, including locking systems, fire alarms, and heating, ventilation, and air-conditioning systems.

The Senate Republican framework adds \$30 million in ongoing funding for capital needs at ADC, bringing the total building renewal funding to \$36 million. For FY 2021, the additional amount will be set-aside to fund the current lock replacement projects and in future years will address ADC's annual needs and the backlog of deferred maintenance.

Corrections Retention - Retention at the ADC has been particularly problematic as vacancy rates through October 2019 were 19.9%, the highest in over a decade. While increasing salaries will help attract and retain correctional officers, there must be additional career opportunities to incentivize retention of good employees. The Senate Republican framework funds \$5.1 million for the creation of a corporal classification at ADC to act as a mid-level supervisor and \$1.2 million to expand the existing education stipend for correctional officers who want to improve their professional skills.

Recidivism Reduction Initiatives - Most people serving time in Arizona prisons will be released and become part of the social fabric. Preparing them to be successful upon release so that they are less likely to return to incarceration leads to lower costs for the state. Funding treatment programs that deal with substance abuse make it less likely that people will use drugs upon release. Additionally, training in programs that teach life skills and deal with behavioral issues can provide tools so that people can make better decisions when they are reintegrated back into society.

The Senate Republican framework adds \$7.2 million for recidivism reduction initiatives at ADC. Of this amount, \$5 million will be used to expand substance abuse services for inmates while the remaining \$2.2 million will go toward expanding education and reentry planning programs within ADC.

Trooper Safety – State Troopers are not adequately equipped to safely respond to incidents involving active shooters with rifles. To maintain the safety of State Troopers, the Senate Republican framework adds \$2.9 million in new safety equipment for all troopers.

Firefighting Resources - Fires are a continued threat in Arizona and it is the responsibility of state government to make sure that sufficient resources exist to train personnel and fight fires. The Senate Republican framework adds \$1.5 million to fire suppression funding, bringing the total fire suppression funding to \$5.5 million. Additionally, the framework adds \$103,000 to the State Firefighting School to enhance training for local fire districts.

Emergency and Military Affairs - The Department of Emergency and Military Affairs (DEMA) has expertise and assets that are being underutilized. The Senate Republican framework adds \$455,000 to fund an active duty cyber task force at DEMA and \$259,100 to purchase networking equipment to utilize DEMA's inventory of drones and its reconnaissance plane on public safety emergencies.

Firefighter Cancer – Discussions on strategies to address cancer rates among firefighters are underway that include whether annual cancer screenings should be increased among firefighters at ages established by medical professionals based on exposure and risk factors. In addition, Senate Republicans are reviewing proposals to improve statewide availability of equipment scientifically proven to minimize containment risk, including turnouts, hoods, gloves and washing machines or access to commercial laundry services. Other discussions are focused on potential funding sources for health care coverage. While this initial framework does not resolve the issue, Senate Republicans will continue to work throughout the legislative session to provide for and address these issues appropriately.



Health and Human Services

In the FY 2020 Budget, Senate Republicans made significant investments in the health and welfare of Arizona citizens. From funding the long-term care system to additional resources in housing for low-income and homeless persons, Senate Republicans provided opportunities for individuals to support themselves while protecting vulnerable populations in our communities.

The FY 2021 Senate Republican framework builds on those same goals through targeted investments for programs that protect our most vulnerable populations.

Long-term Care Funding - Developmentally Disabled (DD) and Elderly and Physically Disabled (EPD) providers continue to face fiscal pressures due to unmanageable increases in the state's minimum wage. Senate Republicans have responded to these fiscal constraints in prior years by investing millions to maintain quality access and care for these vulnerable populations.

In FY 2021, the Senate Republican framework adds \$22.5 million for provider rate increases in the long-term care system, the second year in a row that the system will receive significant and ongoing increases. Of this amount, \$15 million will fund DD provider rate increases, and \$7.5 million will fund EPD rate increases. Combined, these new resources will improve provider reimbursement rates, maintaining access for members who depend on the long-term care system.

Constructing a New Veterans' Home in Northwest Arizona - Arizona has more than 500,000 veterans, representing approximately 10% of the general population, which is at a higher rate than the national average. Most Arizona veterans are age 65 and older. To care for our veterans, the state has two veterans' homes in Phoenix and Tucson and is currently building two new veterans' homes in Flagstaff and Yuma. The Arizona Department of Veteran Services (ADVS), in prior years, has sought additional funding for a home in northwest Arizona to serve veterans in that region. The Senate Republican framework sets aside \$19 million to fund the state's 35% cost share of a new veterans' home in the northwest region, which will be matched by a 65% share from the federal government.

Adoption Subsidies - Adoption is a permanent placement option for children in the foster care system. In recent years, the state has seen the population of children adopted out of foster care increase as the out-of-home population has decreased. The Senate Republican framework sets aside \$16 million (\$8 million General Fund/\$8 million Federal Funds) for increased caseload of adoptions projected for FY 2021, as well as an increase to the daily adoption subsidy for developmentally disabled children.

Creating Opportunities for the Homeless - Observing a continued rise in the homeless population, the FY 2020 budget included \$15 million for affordable housing projects through the Housing Trust Fund. The FY 2021 Senate Republican framework further addresses the needs of homeless individuals by adding \$10 million for projects. This funding is in addition to the \$200 million the state currently spends on housing and homelessness each year.

Suicide Prevention Funding - Suicide was the eighth leading cause of death in Arizona in 2017. Arizona's suicide rate is 24% higher than the national average. Suicide affects people of all walks of life, but it is preventable. The Senate Republican framework dedicates an additional \$5 million to fund evidence-based, best practice strategies to reduce suicide in Arizona.

Alzheimer's Funding - Alzheimer's is the fifth leading cause of death in Arizona and affects approximately 140,000 people over the age of 65. Senate Republicans have consistently supported investments to incentivize research on the nature of the disease and potential cures. The Senate

Republican framework adds \$2 million for Alzheimer's research, the same level for Alzheimer's research as in FY 2020.

Caring and Protecting Vulnerable Adults – Area Agencies on Aging (AAA) provide home and community-based services to adults and assist in activities of daily living with the goal of keeping older adults in their homes. The Senate Republican framework adds \$1 million for provider increases for the AAAs, ensuring that these groups continue to provide services to seniors in their homes.

DHS Long-Term Care Facility Inspectors - In a recent audit, the Arizona Auditor General's Office found that the Department of Health Services (DHS) failed to timely investigate complaints at long-term care facilities licensed and surveyed by DHS. In their response to the Auditor General, DHS stated that additional resources are needed to timely investigate all complaints. The Senate Republican framework adds \$1 million in ongoing funding to expand the number of investigators and surveyors at DHS, allowing for more timely completion of investigations.

Adding Veterans' Benefits Counselors - The Department of Veterans' Services (DVS) currently has 30 veteran benefits counselors (VBCs) placed throughout the state. These VBCs help veterans apply for and receive the benefits that veterans are entitled to receive for their military service. The Senate Republican framework adds \$474,200 for six additional counselors to ensure better access to their services in rural Arizona.

Expanding the Court Appointed Special Advocate Program - The Court Appointed Special Advocate (CASA) program allows volunteers to support neglected children and children in foster care involved in court actions. Each county operates a CASA program that is administered by the Administrative Office of the Courts. The Senate Republican framework includes \$464,900 to expand the CASA program to recruit additional volunteers to serve more foster children.

Federal Child Care Funding – In prior-year budgets passed by Senate Republicans, the Arizona Department of Economic Security (DES) has increased child care assistance payments by nearly 30 percent. These dollars provide a subsidy to working class parents for childcare, encouraging participation in the workforce. With additional funding passed through the most recent federal spending bill, Senate Republicans will work with DES to identify sustainable uses of this additional federal funding with the goal of allowing parents the opportunity to work while their children receive quality child care.



Good Government Investments

Infrastructure – Arizona is becoming an incredibly popular destination for new residents, as more than 200 people a day are choosing to move to Arizona. Investing in the state's infrastructure keeps the flow of people and goods moving efficiently, allowing Arizona to keep up with rapid population growth and an expanding economy. The Senate Republican framework sets aside approximately \$95 million for infrastructure projects throughout the state in addition to the \$1 billion the state annually spends on infrastructure via the Department of Transportation's five-year

program. Senate Republicans have begun to identify a list of infrastructure needs and will communicate with local communities and state agencies about funding the most pressing projects.

E-Commerce Compliance - Last session, Senate Republicans passed a comprehensive tax package. One aspect of that package brought parity with the taxation between in-state and out-of-state businesses when selling products online to Arizonans. To ensure that Arizona serves as a leader in implementing the state's new e-commerce law, the Senate Republican framework includes \$1.3 million to fund an E-commerce team at the Department of Revenue, which will help out-of-state businesses comply with Arizona's law and help educate in-state businesses on their responsibilities for selling products online to customers in other states.

Renovating and Repairing Fish Hatcheries - The Department of Game and Fish maintains six fish hatcheries in Arizona, providing anglers with thousands of tons of fish a year for sport fishing. Hunting and fishing drives Arizonans, and out of state visitors, to rural Arizona. The Senate Republican framework invests in fish hatchery redevelopment by adding \$3 million to renovate and repair the Department's six fish hatcheries.

Senate Republican Framework - FY 2020 to FY 2023 Investments Above the Baseline

		\$ in millions				
		<u>Revenue Changes</u>				
		(\$75.0)	(\$75.0)	(\$75.0)	(\$75.0)	(\$75.0)
		(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
<u>Row</u>	<u>Ongoing Issues</u> ¹	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>Sen - 1/17</u>
3	Agriculture - Plant Services		\$1.0	\$1.0	\$1.0	\$1.0
4	AHCCCS - Elderly/Physically Disabled Provider Rate Increase (3%)		7.5	7.5	7.5	7.5
5	AHCCCS - Behavioral Health Services in Schools		4.3	4.3	4.3	4.3
6	Auto Theft Authority - Grant Funding Increase	OF - 1.5	OF - 1.5	OF - 1.5	OF - 1.5	OF - 1.5
7	Child Safety - Adoption Caseload Growth (OF - \$8M Match)		6.4	6.4	6.4	6.4
8	Child Safety - Developmental Disability Adoption Rate Increase		1.6	1.6	1.6	1.6
9	Community Colleges - STEM and Workforce Funding		30.0	30.0	30.0	30.0
10	Corrections - 8% Pay Raise (Include Other Retention Policies)		40.0	40.0	40.0	40.0
11	Corrections - CO Corporal/Supervisor Pay Raise		5.1	5.1	5.1	5.1
12	Corrections - CO Education Stipends		1.2	1.2	1.2	1.2
13	Corrections - Retirement Rate Increase		8.7	8.7	8.7	8.7
14	Corrections - Recidivism		7.2	7.2	7.2	7.2
15	Economic Security/Child Safety - Federal Child Care Funding		OF	OF	OF	OF
16	Economic Security - Developmental Disability Provider Rate Increase (3%)		15.0	15.0	15.0	15.0
17	Economic Security - Area Agency on Aging (Elder home care)		1.0	1.0	1.0	1.0
18	Education - School Safety		15.0	15.0	15.0	15.0
19	Education - ESA Administration	OF - 1.0	OF - 1.0	OF - 1.0	OF - 1.0	OF - 1.0
20	Education - Extraordinary Needs/Gifted/Dyslexia		7.2	7.2	7.2	7.2
21	Education - Eliminating Teacher Certification Fees		2.3	2.3	2.3	2.3
22	Education (Board of) - Certification Investigators		0.6	0.6	0.6	0.6
23	Emergency and Military Affairs - Joint Cyber Task Force		0.5	0.5	0.5	0.5
24	Environmental Quality - Water Quality Assurance Revolving Fund		OF	OF	OF	OF
25	Forestry - Fire Fighting School		0.1	0.1	0.1	0.1
26	Forestry - Fire Suppression		1.5	1.5	1.5	1.5
27	Gaming - Veterinarian & Vet Asst.		OF - 0.2	OF - 0.2	OF - 0.2	OF - 0.2
28	Health Services - Long-term Licensing Investigators/Surveyors		1.0	1.0	1.0	1.0
29	Health Services - Suicide Prevention		5.0	5.0	5.0	5.0
30	Judiciary - Continue CORP Funding (One-Time in FY 21)		1.9	1.9	1.9	1.9
31	Judiciary - Court Appointed Special Advocate	OF - 0.5	OF - 0.5	OF - 0.5	OF - 0.5	OF - 0.5
32	Juvenile Corrections - 8% Pay Raise		1.4	1.4	1.4	1.4
33	Ombudsman - Operating Costs/New Attorney		0.2	0.2	0.2	0.2
34	Public Safety - 5% Pay Raise	0.21	11.3	11.3	11.3	11.3
35	Public Safety - Retirement Rate Increase		5.3	5.3	5.3	5.3
36	Revenue - Wayfair Team		1.3	1.3	1.3	1.3

Senate Republican Framework - FY 2020 to FY 2023 Investments Above the Baseline

37	Universities - Counselor's Scholarship	1.0	1.0	1.0
38	Veterans - Benefits Counselors	0.5	0.5	0.5
39	Capital - Corrections - Building Renewal (FY 21 Locks Set Aside)	30.0	30.0	30.0
40	Other - Debt Payoff Savings (Assumes Series 2016 Debt Payoff)	(17.5)	(17.5)	(17.5)
41	Other - Pension Debt Payoff Savings (PSPRS)	0.0	(5.0)	(5.0)
42	Subtotal Ongoing	\$0.2	\$197.6	\$192.6
One-time Issues¹				
43	Education - DAA/CAA Acceleration (Fully Restore in FY 21)	\$135.0	\$68.0	\$203.0
44	Emergency and Military Affairs - Integrated Awareness Capacity	0.3		0.3
45	Firefighter Cancer	TBD		TBD
46	Firefighting Revolving Fund	20.0		20.0
47	Game & Fish - Fish Hatcheries			OF - 3.0
48	Health Services - Newborn Screening Program			OF - 0.3
49	Health Services - Alzheimer's Research			OF - 2.0
50	Homelessness Grants	10.0		10.0
51	Juvenile Corrections - Maricopa/Pima Offset (\$8.5 M)	8.5		8.5
52	Land - Superstition Vista Drainage Study	OF - 0.5		OF - 0.5
53	Private Postsecondary - Student Tuition Recovery	0.5		0.5
54	Public Safety - Trooper Safety	2.9		2.9
55	School Facilities - Building Renewal Funding (adds FY 19 Supplemental)	6.6	92.0	98.6
56	Sec of State - PPE (\$2.6 M Supplemental)	2.6		2.6
57	Universities - One-Time Operating Funding	35.0		35.0
58	Transportation Infrastructure (Capital)	OF - \$95 M		OF - \$95 M
59	Veterans Home (Capital)	19.0		19.0
60	Other - Debt (Series 2016 Debt Payoff)	80.0		80.0
61	Other - Pension Debt Payoff (PSPRS)	50.0		50.0
62	Other - Health Insurance Trust Fund	22.0		22.0
63	Subtotal One-time	\$9.2	\$475.2	\$552.4
64	Total Expenditures	\$9.4	\$672.8	\$745.0
Grand Total Resources Used (Tax Changes + Expenditures)				
65	Ongoing	\$0.2	\$272.6	\$267.6
67	One-time	9.2	525.2	602.4
68	Grand Total All Resources	\$9.4	\$797.8	\$870.0
Resources Remaining				
70	Ongoing (\$300M)			\$32.4
71	One-time (\$685M)			\$82.6

Senate Republican Framework - FY 2020 to FY 2023 Investments Above the Baseline

72	Funding by Categories (GF Only)				
73	K12 Education	\$252.1	\$93.1	\$25.1	\$326.7
74	Public Safety	124.0	112.3	112.3	124.0
75	Health & Welfare	71.3	42.3	42.3	71.3
76	Higher Education	66.5	31.0	31.0	66.5
77	Other Government	158.9	(18.1)	(18.1)	156.5
78	Total	\$672.8	\$260.6	\$192.6	\$745.0

Notes

/1 All spending issues are above the baseline and assume full formula funding and prior year commitments like the 5% teacher salary increases.

Senate Republican Framework - FY 2021 Changes by Area of Government (General Fund Only)

	FY 2021 New		FY 2021 Total		FY 2021 New		Total New FY		% Change
	Supp	Baseline	Baseline	Initiative	2021 Funding	FY 2021	FY 2021		
K12 Education ^{/1}	\$5,535.3	\$150.8	\$5,686.1	\$252.1	\$402.9	\$5,938.2	\$5,938.2	7.3%	
Public Safety ^{/2}	1,324.7	(19.6)	1,305.1	124.0	104.4	1,429.1	1,429.1	7.9%	
Health & Welfare ^{/3}	3,015.1	222.2	3,237.2	71.3	293.5	3,308.5	3,308.5	9.7%	
Higher Education ^{/4}	873.4	(68.3)	805.1	66.5	(1.8)	871.6	871.6	-0.2%	
Other Government	1,163.1	(662.7)	500.4	158.9	(503.8)	659.3	659.3	-43.3%	
Total	\$11,911.6	(\$377.6)	\$11,533.9	\$672.8	\$295.2	\$12,206.7	\$12,206.7	2.5%	

Notes

- ^{/1}Includes Department of Education, Board of Education, Charter Schools Board, and School Facilities Board.
- ^{/2}Includes Departments of Corrections, Juvenile Corrections, Public Safety, Emergency and Military Affairs, and Forestry.
- ^{/3}Includes AHCCCS, Economic Security, Child Services, Health Services, Housing, and Veterans.
- ^{/4}Includes Universities, Community Colleges, and Postsecondary Education Commission.

General Fund Appropriation Changes by Major Areas of Government

	A	B	C	D	E	F	G	H
	FY 2020	FY 2020	FY 2021	21 - 20	Senate	Total	Total	%
	Baseline	Baseline	Baseline	Baseline	Republican	Change	Change	Change
		w/ Supp		Change	framework	=D+E	=A+F	=G/B
K-12								
Education, Dept. of	5,200,184,900	5,200,184,900	5,538,467,400	338,282,500	159,500,000	497,782,500	5,657,967,400	9.6%
School Facilities Board	325,650,300	332,250,300	144,351,000	(181,299,300)	92,000,000	(89,299,300)	236,351,000	-28.9%
Charter School Board	1,714,500	1,714,500	2,107,300	392,800	0	392,800	2,107,300	22.9%
Education, Board of	1,158,900	1,158,900	1,158,900	0	600,000	600,000	1,758,900	51.8%
Subtotal Education	5,528,708,600	5,535,308,600	5,686,084,600	157,376,000	252,100,000	409,476,000	5,938,184,600	7.3%
Public Safety								
Corrections, Dept. of	1,167,111,300	1,167,111,300	1,167,111,300	0	92,200,000	92,200,000	1,259,311,300	7.9%
Public Safety, Dept. of	92,350,300	92,560,300	84,153,500	(8,196,800)	19,500,000	11,303,200	103,653,500	12.0%
Juvenile Corrections	36,926,500	36,926,500	28,475,600	(8,450,900)	9,900,000	1,449,100	38,375,600	3.9%
Forestry	15,917,400	15,917,400	13,167,400	(2,750,000)	1,600,000	(1,150,000)	14,767,400	-7.2%
Emergency & Military Affairs	12,201,600	12,201,600	12,201,600	0	800,000	800,000	13,001,600	6.6%
Subtotal Public Safety	1,324,507,100	1,324,717,100	1,305,109,400	(19,397,700)	124,000,000	104,602,300	1,429,109,400	7.9%
Health and Welfare								
AHCCCS	1,760,748,100	1,760,748,100	1,942,993,600	182,245,500	11,800,000	194,045,500	1,954,793,600	11.0%
Economic Security	749,708,200	749,708,200	808,448,100	58,739,900	16,000,000	74,739,900	824,448,100	10.0%
Child Safety	384,653,400	384,653,400	384,653,400	0	8,000,000	8,000,000	392,653,400	2.1%
Health Services	97,158,300	97,158,300	93,351,700	(3,806,600)	6,000,000	2,193,400	99,351,700	2.3%
Housing	15,000,000	15,000,000	0	(15,000,000)	10,000,000	(5,000,000)	10,000,000	-33.3%
Veterans	7,792,900	7,792,900	7,792,900	0	19,500,000	19,500,000	27,292,900	250.2%
Subtotal Health and Welfare	3,015,060,900	3,015,060,900	3,237,239,700	222,178,800	71,300,000	293,478,800	3,308,539,700	9.7%
Higher Education								
Universities	774,272,000	774,272,000	738,743,100	(35,528,900)	36,000,000	471,100	774,743,100	0.1%
Community Colleges	97,431,800	97,431,800	64,658,000	(32,773,800)	30,000,000	(2,773,800)	94,658,000	-2.8%
Post-Ed Commission	1,680,900	1,680,900	1,680,900	0	500,000	500,000	2,180,900	29.7%
Subtotal Higher Ed	873,384,700	873,384,700	805,082,000	(68,302,700)	66,500,000	(1,802,700)	871,582,000	-0.2%
Other Government								
Other Government	1,160,494,600	1,163,094,600	500,404,500	(660,090,100)	158,900,000	(501,190,100)	659,304,500	-43.3%
Total Spending	11,902,155,900	11,911,565,900	11,533,920,200	(368,235,700)	672,800,000	304,564,300	12,206,720,200	2.5%

Senate Republican Framework FY 2020 - FY 2023 Balance Sheet

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Revenues				
<i>Ongoing Revenues</i>				
Baseline Revenues	\$12,234,610,600	\$12,739,841,900	\$13,158,304,500	\$13,693,047,000
Urban Revenue Sharing	(737,573,600)	(828,492,900)	(846,621,100)	(885,172,100)
Senate Republican Framework	0	(75,000,000)	(75,000,000)	(75,000,000)
Net Ongoing Revenues	<u>\$11,497,037,000</u>	<u>\$11,836,349,000</u>	<u>\$12,236,683,400</u>	<u>\$12,732,874,900</u>
<i>One-time Revenues</i>				
Balance Forward	\$957,241,000	\$633,552,800	\$229,881,600	\$196,332,900
Baseline Other One-time	90,840,700	16,700,000	36,700,000	16,700,000
Senate Republican Framework	0	(50,000,000)	0	0
Subtotal One-time Revenues	<u>\$1,048,081,700</u>	<u>\$600,252,800</u>	<u>\$266,581,600</u>	<u>\$213,032,900</u>
Total Revenues	\$12,545,118,700	\$12,436,601,800	\$12,503,265,000	\$12,945,907,800
Expenditures				
<i>Ongoing Expenditures</i>				
Ongoing Baseline	\$10,839,888,900	\$11,409,324,800	\$11,943,684,600	\$12,292,419,400
Senate Republican Framework	210,000	197,600,000	192,600,000	192,600,000
Subtotal Ongoing Expenditures	<u>\$10,840,098,900</u>	<u>\$11,606,924,800</u>	<u>\$12,136,284,600</u>	<u>\$12,485,019,400</u>
<i>One-time Expenditures</i>				
One-time Baseline	\$1,062,267,000	\$124,595,400	\$102,647,500	\$76,876,700
Senate Republican Framework	9,200,000	475,200,000	68,000,000	0
Subtotal One-time Expenditures	<u>\$1,071,467,000</u>	<u>\$599,795,400</u>	<u>\$170,647,500</u>	<u>\$76,876,700</u>
Total Expenditures	\$11,911,565,900	\$12,206,720,200	\$12,306,932,100	\$12,561,896,100
Ending Balance	\$633,552,800	\$229,881,600	\$196,332,900	\$384,011,700
Structural Balance	\$656,938,100	\$229,424,200	\$100,398,800	\$247,855,500



Prepared by:
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