

COMMITTEE ON APPROPRIATIONS

Representative John Kavanagh, Chairman
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* Strike-Everything Amendment
 [E] Emergency Clause
 [P 105] Proposition 105 Clause
 [P 108] Proposition 108 Clause
 [LIV] Line Item Veto
 [W/O] Without Emergency Clause
 [W/S] Without Signature

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HB 2620 – Chapter 39 – appropriations; named claimants

Appropriates \$193,632.27 from the GF to ADOA for the payment of outstanding claims made against certain state agencies.

HB 2674 – Chapter 160 – tobacco settlement agreement

Makes changes to statutes governing taxation and commerce in order to increase Arizona's compliance under the Master Settlement Agreement. Codifies certain provisions of the Arizona Administrative Procedures, expands the permissible exchange of confidential information between DOR and the AG, updates definitions, outlines distributor licensure requirements and procedures, provides a process by which distributors may receive refunds and rebates, adjusts requirements regarding cigarette tax stamps, and addresses administrative procedures governing certification and IGAs between DOR and Indian tribes.

HB 2703 – Chapter 18 [LIV] – 2014-2015; general appropriations.

Makes GF and OF appropriations and transfers for FY 2015 for the operation of state government as well as various budget revisions and supplemental appropriations for FY 2014.

HB 2705 – Chapter 11 – health; welfare; budget reconciliation; 2014-2015.

Makes statutory and session law changes related to health and welfare in order to implement the FY 2015 state budget.

AHCCCS

- Requires, on or before October 1, 2014 and annually thereafter, AHCCCS to report to the Legislature, JLBC, and OSPB on the change in uncompensated hospital costs and profitability during the previous FY.
- Mandates AHCCCS to report, on or before August 1, 2014 and annually thereafter, to the Legislature, JLBC and OSPB on the amount each hospital contributed for the hospital assessment in the previous FY and the amount of estimated payments each hospital received from the coverage funded by the assessment.
- Includes insulin pumps as a covered service for AHCCCS members who are least 21 years of age.
- Provides that all monies in the Long-term Care System Fund that are unexpended and unencumbered at the end of the FY revert to the GF on or before June 30 of the FY.
- Allows AHCCCS to continue the risk contingency rate setting at funding levels that were imposed for the contract year beginning October 1, 2010 for all managed care organizations for the contract year beginning October 1, 2014 and ending September 30, 2015.
- Allows AHCCCS to participate in any Special Disability Workload 1115 Demonstration Waiver offered by CMS and states that credits must be used in the FY the credits are made available to fund the state share of any medical assistance expenditures that qualify for federal financial participation under the Medicaid program. AHCCCS must report the receipt of any credits to JLBC by December 31, 2014 and June 30, 2015.
- Requires AHCCCS, on or before December 1, 2014, to report to JLBC and OSPB on the use of emergency departments for nonemergency purposes by AHCCCS enrollees.
- Declares the intent of the Legislature for FY 2015 that AHCCCS implement a program within the available appropriation.

- States that it is the intent of the Legislature that AHCCCS comply with the federal False Claims Act and maximize savings in AHCCCS programs.
- Stipulates that it is the intent of the Legislature that AHCCCS capitation rate increases not exceed 3% in FYs 2015, 2016 and 2017.

Counties

- Sets the county ALTCS contributions for FY 2015 at \$245,196,200.
- Specifies that if the overall cost for the ALTCS line item exceeds the amount in the General Appropriations Act for FY 2015, the state treasurer must collect from the counties the difference of the amount specified and the counties' share of the state's actual contribution.
- Requires AHCCCS to transfer to the counties such portion as may be necessary to comply with the Patient Protection and Affordable Care Act regarding the counties' proportional share of the state's contribution on or before December 31, 2015 for FY 2015.
- Sets the County Acute Care Contribution at \$47,553,700 for FY 2015 and states that it is the intent of the Legislature that the Maricopa County contribution be reduced to reflect changes in the GDP price deflator.
- Sets the amount of \$2,646,200 to be collected from the counties, other than Maricopa County, for the county contribution for hospitalization and medical care services administered by AHCCCS. Specifies that the county contributions are excluded from the county expenditure limitations.
- Continues to exclude Proposition 204 administration costs from the county expenditure limitations.

DHS

- States that, on or before October 1, 2014, the directors of JLBC and OSPB must agree to the content and format of a revenue and expenditure report of the DHS IGA/County Contributions Fund and requires DHS, beginning November 1, 2014, to report annually to JLBC on the revenues, expenditures, and ending balances from the previous, current and subsequent FYs.
- Requires the annual Behavioral Health Expenditure Report to include client income.
- States that DHS may determine the percentage of the costs to be reimbursed by the county for the treatment of sexually violent persons. States that it is the intent of the Legislature that DHS not increase the percentage rate of the county share of costs in FY 2015 relative to FY 2014.
- Requires a city or county to reimburse DHS for 100% of the costs of inpatient competency restoration treatment for FY 2015 and excludes county contributions from the county expenditure limitations.
- Allows DHS to use monies in the Health Research Account in an amount specified in the General Appropriations Act for FY 2015 for Alzheimer's disease research.
- Declares that it is the intent of the Legislature that DHS may increase behavioral health service provider rates by up to 2% above the September 30, 2014 rates beginning on October 1, 2014.

DES

- Allows DES, for FY 2015, to reduce income eligibility levels for child care assistance to manage within appropriated and available monies, and requires DES to notify JLBC of any changes in income eligibility levels within 15 days after implementing the change.

- States that, for FY 2015, DES must screen and test each adult recipient eligible for TANF cash benefits whom DES has reasonable cause to believe engages in the use of controlled substances. Any recipient who tests positive for a controlled substance that is not prescribed by a health care provider is not eligible to receive benefits for a period of one year.

Hospitals

- Allows local governments, tribal governments, and universities to contribute state match monies for DHS payments in FY 2015.
- Establishes the following DHS payments for FY 2015:
 - Maricopa County Special Health Care District - \$89,877,700
 - Arizona State Hospital - \$28,474,900
 - Private qualifying DHS hospitals - \$9,284,800

AHCCCS and DHS

- Requires the directors of AHCCCS and DHS to jointly submit a report on hospital charge master transparency to the governor and the Legislature, and to provide a copy to the SOS.

Miscellaneous

- Requires the OAG, on or before March 15, 2015, to provide a report to the governor, the Legislature, JLBC, and OSPB which contains the following information:
 - The rate of substantiated cases of child abuse or neglect for other states compared to Arizona's rate of substantiated cases of child abuse or neglect, based on the ratio of the total number of children in each state to the number of substantiated cases of child abuse or neglect.
 - The average number of reports of child abuse or neglect for other states over the past five years compared to Arizona's number of reports of child abuse or neglect over the same time period.
 - The number of states with a child safety organization similar to the Office of Child Welfare Investigations, including a description of how other states with state-level child safety law enforcement organizations avoid redundancies among child safety caseworkers, child safety law enforcement, and local law enforcement when investigating allegations of criminal abuse.
- Requires the Early Childhood Development and Health Board and DES to jointly report to JLBC on their collaborative efforts to address child welfare issues of common concern.
 - The report must include information about the level of coordination among DES, the Early Childhood Development and Health Board, and community groups to promote the well-being of children and families that are identified in reports of abuse or neglect.
 - The joint report must be submitted on or before February 1, 2015 for the prior year.

HB 2706 – Chapter 12 – criminal justice; budget reconciliation; 2014-2015.

Makes statutory and session law changes related to criminal justice in order to implement the FY 2015 state budget.

DPS

- Establishes the Concealed Weapons Permit Fund (Fund).
 - Directs DPS to administer the Fund.
 - Specifies that initial and renewal application fees for concealed weapons permits shall be deposited in the Fund.
 - Directs DPS to use monies in the Fund to administer the concealed weapons permit process and all matters related to concealed weapons pursuant to A.R.S. § 13-3112.
 - Specifies that the Fund is subject to legislative appropriation and is exempt from lapsing.

- Requires DPS to submit the GITEM Border Security and Law Enforcement subaccount's entire expenditure plan to JLBC for review prior to spending any money appropriated to the subaccount by the General Appropriations Act for FY 2015.
- Continues the suspension of statutory caps and transfers of HURF monies available to fund DPS highway patrol costs in FY 2015.
- Allows DPS to use monies in the State Aid to Indigent Defense Fund for operating expenses.

ADC

- Requires ADC to report actual FY 2014, estimated FY 2015, and requested FY 2016 expenditures in the same structure and detail as the prior FY when ADC submits its FY 2016 budget request.
- Permits ADC to use monies from either of the following funds for operating expenses in FY 2015:
 - Transition Program Fund
 - ADC Interagency Service Agreement Fund
- Permits ADC to award a contract for the remaining male medium security prison beds under the 2012 Request for Proposal, upon legislative authorization.

Judiciary

- Requires the state to pay a portion, rather than 50%, of the fees incurred by the county out of monies appropriated to the Arizona Supreme Court for legal representation of indigent capital defendants in state post-conviction relief proceedings.
 - The amount may not exceed the amount appropriated in the General Appropriations Act for FY 2015 together with additional amounts appropriated by any special legislative appropriation for indigent capital defense.
- Limits the total amount that may be spent in a FY for state grand jury costs and expenses to the amount appropriated in the General Appropriations Act for FY 2015 together with additional amounts appropriated by any special legislative appropriation for state grand jury costs and expenses.
- Suspends county non-supplanting requirements related to funding for probation services, criminal case processing, and alternative dispute resolution programs.
 - Requires the Arizona Supreme Court to submit a report to JLBC identifying any decrease in county funding related to these suspended provisions, including the reasons for the decrease.

AG

- Permits the AG to use monies in the State Aid to Indigent Defense Fund for activities related to capital post-conviction prosecution.

HB 2707 – Chapter 13 – environment; budget reconciliation; 2014-2015.

Makes statutory and session law changes related to the environment in order to implement the FY 2015 state budget.

Yarnell Hill Memorial (Memorial)

- Authorizes ASPB to establish the Yarnell Hill Memorial State Park subject to the following conditions:
 - The Yarnell Hill Memorial Site Board (Board) recommends that ASPB purchase the land for the Memorial site.
 - ASPB purchases the Memorial site pursuant to statute.
 - The Board approves the design and construction of the memorial.

- The Board secures permissions for persons to visit the Memorial.
- Stipulates that ASPB may enter into an IGA with the county in which the park is located for the maintenance and preservation of the Memorial and access road.
- Appropriates \$500,000 from the GF in FY 2014 to ASPB for the purpose of purchasing the Memorial site. Any amounts not used for the purchase must revert to the GF.

Yarnell Hill Memorial Site Board (Board)

- Establishes the Board and designates the following members:
 - The director of ASPB or the director's designee, who must serve as the chairperson of the Board.
 - The state forester or the state forester's designee.
 - Two representatives from the county in which the Yarnell Hill Fire occurred, who are appointed by the President of the Senate.
 - A representative from the largest city by population in the county in which the Yarnell Hill Fire occurred, who is appointed by the President of the Senate.
 - A representative from the fire department in the largest city by population in the county in which the Yarnell Hill Fire occurred, who is appointed by the Speaker of the House of Representatives.
 - A representative from the Yarnell Fire District, who is appointed by the Speaker of the House of Representatives.
 - A representative from the Yarnell Chamber of Commerce, who is appointed by the Speaker of the House of Representatives.
 - A surviving member of the Granite Mountain Hotshot Crew or a relative of a member who lost his life fighting the Yarnell Hill Fire, who is appointed by the Speaker of the House of Representatives.
 - A relative of a member of the Granite Mountain Hotshot Crew who lost his life fighting the Yarnell Hill Fire, who is appointed by the Speaker of the House of Representatives.
 - A representative of a nonprofit organization in this state that supports public safety, who is appointed by the President of the Senate.
 - A representative of a recognized association representing public firefighters, who is appointed by the Speaker of the House of Representatives.
 - A representative of the Arizona arts community or a person with substantial memorial design experience, who is appointed by the President of the Senate.
 - One member of the House of Representatives who represents the district in which the Yarnell Hill Fire occurred, who is appointed by the Speaker of the House of Representatives as an advisory member.
 - One member of the Senate who represents the district in which the Yarnell Hill Fire occurred, who is appointed by the President of the Senate as an advisory member.
- Stipulates that Board members are eligible to receive reimbursement for expenses, except for the director of ASPB, the state forester, and the legislative members from the House of Representatives and Senate.
- Requires the Board to:
 - Determine whether to establish a memorial dedicated to the members of the Granite Mountain Hotshot Crew who lost their lives fighting the Yarnell Hill Fire and if the Board determines that the site should be memorialized, the Board must establish the Memorial and approve the design and construction.
 - Determine whether ASPB or a private party should purchase the land for the site.
 - Work with interested parties to design and construct the Memorial.
 - Plan for and secure the necessary permissions for individuals to visit the Memorial.

- Seek to minimize the use of GF monies for the purchase, maintenance, and preservation of the Memorial.
 - Plan for the maintenance and preservation of the Memorial.
 - Solicit private monetary donations or public monies for deposit in the Yarnell Hill Memorial Fund.
 - Submit a report on the progress of the Memorial to the governor, the President of the Senate, and the Speaker of the House of Representatives on or before December 31, 2015 and provide a copy to the SOS.
- Contains a delayed repeal date for the Board of January 1, 2017.

Yarnell Hill Memorial Fund (Fund)

- Establishes the Fund, consisting of legislative appropriations and donations.
 - The Board must administer the Fund.
 - On notice from the Board, the state treasurer must invest and divest monies in the Fund, and monies earned from investment must be credited to the Fund.
 - The monies in the Fund are exempt from lapsing.
 - The monies and any additional donations to the Fund must be used for the purpose of purchasing land for the Memorial, maintaining and preserving the Memorial and access road, and reimbursement of the Board members' travel expenses.
- Authorizes ASPB to administer the Fund beginning January 1, 2017.

DWR

- Authorizes the Arizona Water Protection Fund Commission to grant DWR up to \$336,000 of the unobligated balance in the Arizona Water Protection Fund to pay for department administrative costs.
- Authorizes DWR to increase fees for services for FY 2015.
 - States legislative intent limiting revenue generated from fees to \$100,200 and requires fee revenues to be deposited in the Water Resources Fund.
 - Exempts DWR from rule making for the purpose of establishing fees until July 1, 2015.

ASPB

- Authorizes ASPB to spend up to \$692,100 from its portion of the Off-Highway Vehicle Recreation Fund in FY 2015 for agency operating costs.

DEQ

- Suspends the statutory administrative cap on the UST Revolving Fund Assurance Account (Account) in FY 2015 to allow DEQ to transfer a combined total of \$6,531,000 from the Account and the Regulated Substance Fund for DEQ administrative expenses.
- Reduces the annual GF statutory appropriation of \$15,000,000 to \$7,000,000 to the Water Quality Assurance Revolving Fund for FY 2015.
- Adds session law that allows DEQ to use up to \$1.8 million from the Emissions Inspection Fund for the safe drinking water program.

Arizona Navigable Stream Adjudication Commission (ANSAC)

- Authorizes \$80,000 from the Risk Management Revolving Fund to be used for ANSAC's unpaid obligations related to legal fees in FY 2015.

ASLD

- Increases the maximum amount ASLD may include in its annual budget request for Natural Resource Conservation Districts from \$30,000 to \$40,000.

HB 2708 – Chapter 14 – budget procedure; 2014-2015.

Makes statutory and session law changes related to budget procedures in order to implement the FY 2015 state budget.

- Requires the PSPRS Board of Trustees (Board) to include the following items in the comprehensive annual financial report submitted to the governor and the Legislature:
 - An estimate of the aggregate PSPRS employer contribution rate for the next 10 FYs.
 - An estimate of the employer contribution rates for the next 10 FYs for the following employers within PSPRS:
 - DLLC
 - DPS
 - Northern Arizona University
 - The University of Arizona
 - Arizona State University
 - G&F
 - The Department of Law
 - DEMA
 - ASPB
 - An estimate of the aggregate CORP employer contribution rate for the next 10 FYs.
 - An estimate of the employer contributions rates for the next 10 FYs for the following employers within CORP:
 - ADC
 - DPS
 - The Judiciary
 - ADJC
- Removes references to repealed statutes relating to Board procurement.
- Requires ADOA to require a budget unit to contract with an independent third party for review of and guidance on the technology approach, scope, estimated cost, timeline for completion, and overall feasibility of an information technology project that exceeds \$5 million prior to making recommendations to the Information Technology Authorization Committee.
- States that any unrestricted federal monies received by the state during FY 2015 must be deposited into the GF and used for the payment of essential governmental services.
- Sets COSF rental rates for state-owned buildings at \$13.08 per square foot for office space and \$4.74 per square foot for storage space in FY 2015.
- Extends appropriations made to all budget units in FY 2015 to FYs 2016 and 2017, rather than limiting the appropriations to one year.
- Allows the governor to submit a budget for only FY 2016 within five days after the 2015 regular legislative session commences.
- Permits a budget unit to submit a budget estimate for only FY 2016 in calendar year 2014.
- Exempts \$4,132,000 of the \$28,638,000 appropriated to ADOA in FY 2014 from lapsing for the purpose of paying contingency costs related to the replacement of the Arizona Financial Information System.
- Stipulates that lottery ticket sales commissions in the amount of \$25,836,400 earned from January 1, 2013 through June 30, 2013 may only be paid from the SLF FY 2013 ending balance.
- Allows ADOA to use monies appropriated for building renewal for FY 2015 for building demolition.

- Specifies that after providing 30 days' notice and an opportunity to demonstrate compliance with the financial responsibility requirement, the director of DEQ may issue a *stop use order* and affix a *stop use tag* on all fill pipes of UST.
- Repeals the transfer of monies in excess of \$60 million from the UST Assurance Account (Assurance Account) to the SHF on January 1, 2015.
- Removes exemptions to the reporting deadline of July 1, 2006, for eligibility for Assurance Account coverage.
- Specifies that DEQ is not required to take any action on an application for coverage, reimbursement or payment from the Assurance Account or on application for preapproval until a new revised UST corrective action program is effective.
- Provides a legislative intent clause that specifies that monies in the Assurance Account will fund a new and revised UST corrective action program and the existing UST leak prevention program. The new program must:
 - Require DEQ to use Assurance Account monies to conduct a baseline assessment of all existing USTs to determine whether they are leaking and perform any corrective action necessary in consultation with the owner/operator.
 - Direct DEQ to use Assurance Account monies to remove USTs at the request of the owner/operator.
 - Require all owners and operators who use private insurance to meet financial responsibility requirements to obtain a standard policy to be developed by DEQ in cooperation with DOI and insurance carriers.
 - Authorize DEQ to prohibit delivery of fuel to any UST that does not meet the requirements of the new program and to establish reasonable deductibles to be paid by owners and operators to defray the costs for the baseline assessments, corrective actions, and tank removals.

HB 2709 – Chapter 15 – capital outlay; 2014-2015.

Appropriates funds for FY 2015 to applicable agencies for maintenance, repair, building renewal, and preventative maintenance of state buildings.

Building Renewal

- Appropriates the following amounts for major maintenance and repair activities for state buildings in FY 2015:
 - **ADOA**
 - \$9,000,000 from the GF
 - \$9,000,000 from COSF
 - **ABOR**
 - \$3,000,000 from the GF
 - **ADC**
 - \$3,000,000 from the GF
 - \$5,464,300 from the ADC Building Renewal Fund
 - **ASLC**
 - \$97,400 from the SLF
 - **ADOT**
 - \$3,191,900 from the SHF
 - \$204,900 from the State Aviation Fund

Capital Projects

Department	Project	Fund Sources	Amount
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DPS	Microwave Communications System	Arizona Highway Patrol Fund	\$2,000,000
Total (DPS)			\$2,000,000
ASPB	Capital Improvements	State Parks Revenue Fund	\$1,500,000
Total (ASPB)			\$1,500,000
Arizona Exposition and State Fair Board	Capital Improvements	Arizona Exposition and State Fair Fund	\$1,000,000
Total (AESFB)			\$1,000,000
DVS	Yuma Veterans' Home Facility	GF	\$9,200,000
Total (DVS)			\$9,200,000
ADOT	Statewide Highway Construction	SHF	\$208,899,000
	Airport Planning and Development	State Aviation Fund	\$20,012,300
	De-icer Buildings	SHF	\$2,280,000
	Vehicle Wash Systems	SHF	\$3,000,000
Total (ADOT)			\$234,191,300

REPORTING REQUIREMENTS

ADOA

- Requires ADOA to report on the status of project specific FTE positions for capital projects in its annual capital budget request.

ABOR

- Mandates ABOR to require each university to create a major maintenance and repair account for deposit of amounts appropriated to the university by ABOR.

ADC

- Directs ADC to report monthly to JLBC on the status of building renewal projects and prohibits ADC from using any of the funds appropriated for this purpose on personal services or overhead expenses relating to project management.

ADOT

- Requires ADOT to report the prior year, estimated current year, and upcoming budget year highway construction expenses from all sources to JCCR by November 1, 2014 and adds a requirement for ADOT to provide the report format to JLBC and OSPB.

- Mandates that ADOT report capital outlay information for FYs 2014, 2015, and 2016 to JLBC and OSPB.
- Requires ADOT to report its estimated outstanding debt principal balance at the end of FY 2016 and the estimated debt service payment amount for FY 2016 to JLBC and OSPB.
 - Specifies that the report must include SHF statewide construction bonds; HURF; Maricopa Association of Governments and Pima Association of Governments controlled access bonds; Maricopa Regional Area Road Fund bonds; and grant anticipation notes.
 - States that the report must be comparable to the information provided in the FY 2015 appropriations report.

Miscellaneous

- Allows ADOA to allocate FTE positions authorized for specific projects to other projects provided that the funding is cost allocated and requires ADOA to report on any FTE position reallocations to JCCR by December 31, 2014.
- Stipulates that the monies appropriated for capital outlay may not be used for personal services or employee-related expenditures of state employees, excluding services provided as part of the inmate construction program for correctional facilities.
- States that unless otherwise specified, the appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full FY without an expenditure or an encumbrance.
- Requires JCCR to examine the scope, purpose, and estimated cost of any new capital project that has an estimated cost of more than \$250,000.

HB 2711 – Chapter 16 – higher education; budget reconciliation; 2014-2015.

Makes statutory and session law changes related to postsecondary education in order to implement the FY 2015 state budget.

Community Colleges

- As session law, stipulates that state aid for science, technology, English, math, and workforce programs for FY 2015 is as specified in the General Appropriations Act for FY 2015, which allocates funds to each community college district as follows:
 - \$1,236,700 to Cochise
 - \$426,900 to Coconino
 - \$142,800 to Gila
 - \$640,500 to Graham
 - \$1,400,000 to Maricopa
 - \$593,700 to Mohave
 - \$375,400 to Navajo
 - \$600,000 to Pima
 - \$1,009,300 to Pinal
 - \$45,400 to Santa Cruz
 - \$802,900 to Yavapai
 - \$882,500 to Yuma/La Paz

School District Sponsored Charter Schools

- Adds, to SB 1488, that FY 2015 incremental funding for charter schools that began initial operations or converted from a district school after June 30, 2013, but before July 1, 2014 must be as specified in the 2013-2014 district sponsored charter school conversion line item in the General Appropriations Act for FY 2015.
 - Contains a conditional enactment clause stating that this provision only becomes effective if SB 1488 and the General Appropriations Act for FY 2015 become law.

- Requires ADE to compute K-12 equalization funding for students that, in FY 2015, attended a charter school that converted to a charter school or began operations as a new charter school in FY 2014 as if those students had attended school district non-charter schools in FY 2015 and further requires ADE to adjust student counts and budget limits accordingly for FY 2016.
- Stipulates that, beginning in FY 2015, the ADM of students in a school district charter school in a school district may not exceed, by more than 20%, the ADM for all students who attended school district charter schools in the district in FY 2013.

Miscellaneous

- As session law, suspends the requirement that the Legislature provide a 2:1 match for every dollar of student registration fees deposited into the Arizona Financial Aid Trust Fund. *This provision has been suspended since FY 2009.*
- Funds JTEDs with more than 2,000 students at 95.5% of the amount that would otherwise be provided by law for FY 2015.

SB 1159 – Chapter 1 – supplemental appropriation; legislators; subpoenas; representation

Appropriates \$100,000 in supplemental funding to the Legislature in FY 2014 to provide legal representation to current and former members who are subject to a subpoena or other request in a civil action for the production of documents related to the member's status as a current or former member of the Legislature.

SB 1219 – Chapter 2 – supplemental appropriation; navigable stream commission

Appropriates \$150,000 from the GF in FY 2014 to the Arizona Navigable Stream Adjudication Commission for legal expenses of the commission.

SB 1220 – Chapter 3 – independent redistricting commission; supplemental appropriation

Appropriates \$1,462,701 in supplemental funding from the GF in FY 2014 to AIRC for operating expenses.

SB 1224 – Chapter 4 – supplemental appropriations; child safety positions

Appropriates \$5,748,000 in GF monies, \$1,111,300 in expenditure authority supplemental funding, and 192 FTEs to DES in FY 2014 for child safety and family services staff.

SB 1487 – Chapter 9 – revenue; budget reconciliation; 2014-2015

Makes statutory and session law changes related to state revenues in order to implement the FY 2015 state budget.

- Establishes a payment schedule that provides a subdivider the option to pay half of the Central Arizona Groundwater Replenishment District (CAGR) activation fee before a public report is issued and pay the second half no later than one year after the public report is issued.
 - States that the first installment of payment of the activation fee is sufficient for notice of intent to subdivide.
 - Becomes effective on January 1, 2015.
- Exempts the following agencies from rulemaking requirements relating to increasing fees for FY 2015, with the legislative intent that the generated revenue does not exceed the corresponding amount:
 - ADR - \$2,600,000
 - Radiation Regulatory Agency - \$561,000

- Exempts ADAG from rule making relating to the continuation of FY 2014 fees for FY 2015, with the legislative intent that the generated revenue does not exceed:
 - \$218,000 to the GF
 - \$113,000 to the Pesticide Trust Fund
 - \$26,000 to the Dangerous Plants, Pests, and Diseases Trust Fund
- Prohibits the director of DOI from revising fees or assessments in FY 2015 in order to meet the statutory requirement that DOI recover between 95% and 110% of its appropriated budget.
- Allows DFI to use the Financial Services Fund for general operating expenditures.
- Allows the superintendent of DFI to use monies from the DFI Receivership Revolving Fund for an electronic licensing system, with the legislative intent that such expenditures do not exceed \$850,000 through FY 2015.
- Allows counties with a population of less than 200,000 persons, according to the 2010 census, to use any source of county revenue to meet its fiscal obligations in FY 2015 with the stipulation that the county report the specific source and amount of revenues the county intends to use to JLBC by October 1, 2014.
- Appropriates \$1 million from interest income from the Budget Stabilization Fund to the Arizona Commission on the Arts for FY 2015.
- Requires, prior to HURF distribution, ADOT to allocate and the state treasurer to distribute \$30 million in FY 2015, \$30 million in FY 2016, and \$60 million in FY 2017, used only to cover direct costs of construction and maintenance of roads and bridges, as follows:
 - 33.231% to counties
 - 48.097% to cities and towns
 - 5.247% to cities and towns with a population of 300,000 or more persons
 - 13.425% to counties with a population above 800,000 persons
- Allows CPS or its successor agency to direct complaints to the ombudsman-citizens' aide (Aide).
 - Requires the Aide to process complaints, but allows the Aide to refer the matter to a superior court judge after investigating the complaint.
 - Contains a delayed repeal date of July 1, 2016.

SB 1488 – Chapter 17 [LIV] – K-12 education; budget reconciliation; 2014-2015

Makes statutory and session law changes related to K-12 education in order to implement the FY 2015 state budget.

School Funding

- As permanent law, increases the school district Transportation Support Level per route mile formula by 1.4%.
- As permanent law, increases the Base Level amount for FY 2015 by 1.4% from \$3,326.54 to \$3,373.11 per student.
- Directs ADE to reduce the amount of Basic State Aid (BSA) by \$238,985,500 that otherwise would be apportioned to school districts for FY 2015 for District Additional Assistance and requires these school district budget limits to be reduced accordingly. For school districts that are not eligible to receive BSA funding, ADE must reduce District Additional Assistance by the amount that it would be reduced if the district was eligible for BSA funding.
- Caps the sum of District Additional Assistance reductions in FY 2015 for school districts with less than 1,100 students at \$5 million.

Charter Additional Assistance

- As permanent law, increases Charter Additional Assistance by 1.4% to the following amounts:
 - For students in preschool programs for children with disabilities and grades K-8 - \$1,707.77
 - For students in grades 9-12 - \$1,990.38
- As session law, requires ADE to reduce the amount of Charter Additional Assistance per student amount by \$15,656,000 that otherwise would be apportioned to charter schools and school districts for FY 2015. The reduction must be made on a proportional basis based on the Charter Additional Assistance funding that each charter school would have received minus the prescribed reduction. Reduces Charter Additional Assistance for FY 2015 for a school district that is not eligible to receive BSA funding for FY 2015 by the amount that it would have been reduced by if the district was eligible for BSA and requires the school district's budget limits to be reduced accordingly.

Charter Conversion

- As permanent law, prohibits a school district governing board, SBCS, SBE, a university, a community college district, or a group of community college districts from granting a charter to a school district governing board for a new charter school that begins initial operations after June 30, 2013 or for the conversion of an existing district public school to a charter school that begins initial operations after June 30, 2013.
 - Applies retroactively to July 1, 2013.
- As session law, allows district sponsored charter schools that began operations in FY 2014 to continue to be sponsored and operated by the district only through FY 2015.
- As session law, stipulates that the repayment of the total received Charter Additional Assistance does not apply to a charter school that is required to convert back to a district public school due to this act.
- As session law, requires FY 2015 incremental funding for charter schools that began initial operations or converted from a district school after June 30, 2013, but before July 1, 2014, to be as specified in the 2013-2014 district sponsored charter school conversion line item in the General Appropriations Act for FY 2015. *This provision is added by HB 2711.*

Student Success Funding

- Removes the budgeting requirements and eligibility limitations on receiving monies from the Performance Incentive Fund.
- As permanent law, renames the Performance Incentive Fund to the Student Success Fund (Fund).
- Allows other monies designated for Student Success Funding (SSF) to be deposited into the Fund.
- Requires each eligible school district and charter school to establish a local level student success fund to receive allocations from the Fund.
- As session law, establishes the SSF formula for FY 2015 which allocates monies in relation to a school district or charter school's achievement profile, improvement category, and high school graduation number.
- Directs ADE to distribute SSF monies to eligible school districts and charter holders from the Fund.

- Instructs eligible school districts and charter holders that receive SSF monies to submit a report to ADE on the expenditure of the SSF monies by October 15, 2015.
 - Directs ADE to prescribe the format of the report.
 - Requires ADE to prominently post on their website the following SSF information for FY 2015 by school for each eligible school district and charter school:
 - The per pupil amounts for SSF.
 - The total amount of SSF.
 - Exempts SSF from the Revenue Control Limit.
 - Defines *below-average improvement* as a below-average measurement of academic gain for students that is used to calculate school achievement profiles.
 - Defines *strong improvement* as an above-average measurement of academic gain for students that is used to calculate school achievement profiles and that is below a determination of superior improvement.
 - Defines *superior improvement* as a measurement of academic gain within or equal to the top 17% for students that is used to calculate school achievement profiles.
 - Defines *eligible school district or charter holder* as a school district or charter school that provides instruction in at least one subject and grade in which students participate in the state assessment adopted by SBE.
 - Excludes school districts and charter holders that only provide K-2 instruction and JTEDs.
 - Defines *eligible score* as the following:
 - The current score in math or reading according to the state assessment awarded to a student in grades 3 and 10.
 - The previous score in math or reading according to the state assessment awarded to a student in grades 4 through 8.
 - Defines *high school graduates* as the most current number of students who completed the minimum course of study and competency requirements established by SBE.
 - Defines *tested grades* as grades 3 through 8 and grade 10.
 - Defines *untested grades* as kindergarten programs and grades 1, 2, 9 and 11.
- K-6 Technology-Based Language Development and Literacy Intervention Pilot Program***
- As permanent law, instructs SBE to develop a two-year pilot program for K-6 technology-based language development and literacy intervention.
 - Requires SBE to develop application procedures and selection criteria for school districts and charter schools voluntarily deciding to participate in the pilot program.
 - Instructs SBE to submit a request for proposals to educational technology providers for the delivery of language development and literacy software for K-6 English Language Learner students enrolled in participating schools.
 - Requires SBE to establish the format of the application, application procedures and selection criteria for technology providers.
 - Directs SBE to award a contract to one educational technology provider and distribute all appropriated monies to the selected provider.
 - Requires the developed software to differentiate instruction for each pupil and meet the following requirements:

- Include individualized instruction in the five strands of literacy: phonics, phonemic awareness, vocabulary, comprehension, and fluency.
 - Have components created for and aligned to the Arizona College and Career-Ready Standards.
 - Correlate to the Arizona English Language Proficiency Standards.
 - Contain internal assessments, checkpoints, tracking, and reports for teachers, administrators, and parents.
 - Be used to address varied learner needs and assist teachers in tracking pupil growth toward curricular goals.
 - Have tools and off-line resources that enable teachers to more effectively meet the individual needs of each pupil.
 - Provide immediate feedback to pupils and automatic remediation, when necessary.
 - Provide scaffolding through illustrations, front-loaded vocabulary, audio support, interactive glossary words, instructional feedback, strategic questions, and adaptive content that provides extra practice as needed.
 - Include grade appropriate digital books with literature and informational text.
 - Allow pupils to practice reading on the computer by recording readings and comparing readings to the reading model.
 - Provide implicit and explicit instruction.
 - Teach listening and reading comprehension, including intertextual comprehension, to prepare students for the Arizona College and Career-Ready Standards.
 - Teach pupils academic vocabulary using real and virtual experience and visuals to introduce vocabulary related to core content areas.
 - Provide additional language development activities for pupils requiring assistance.
 - Teach basic interpersonal communicative skills and cognitive academic language proficiency and assess a pupils understanding.
- Requires the educational technology provider to have experience with large statewide implementations and the ability to support a statewide level of implementation.
 - Directs the educational technology provider to submit annual evidence of pupil progress.
 - Instructs JLBC to annually review the results of the software.
 - Requires SBE to submit a progress report to JLBC by September 15, 2015.
 - Requires SBE to submit a report regarding the delivery of the software to the Speaker of the House of Representatives, the President of the Senate, and the governor and to provide a copy to the SOS by September 15, 2016.
 - Directs information on the number of school districts, charter schools, and pupils that participated in the intervention to be included in the annual report.
 - Requires the report to include a recommendation of whether the Legislature should expand the pilot program as a permanent statewide program.
 - Establishes the Technology-Based Language Development and Literacy Intervention Fund (Fund) consisting of appropriated and transferred monies.
 - Directs ADE to administer the Fund.
 - Determines monies in the Fund to be subject to legislative appropriation and exempt from lapsing.
 - Requires monies in the Fund to be used for the pilot program.

- As session law, directs the Commission for Postsecondary Education to transfer \$546,800 from the Commission on Postsecondary Education IGA/ISA Fund to the Fund by August 1, 2014.
- As session law, requires ADE to transfer \$53,200 in GF monies funding from the ADE Accountability and Achievement Testing Program to the Fund by August 1, 2014.
- As session law, appropriates \$300,000 from the Fund to SBE in FYs 2015 and 2016 to provide payment to the educational technology provider selected by SBE.
- Repeals the pilot program on January 1, 2018.

SFB

- As permanent law, directs SFB to annually electronically report to JCCR the amount necessary to fulfill deficiencies corrections and new school facilities requirements for the following three FYs rather than the following two FYs.
 - Instructs SFB to use the most recent ADM data available in developing the amounts necessary for the report.
 - Requires ADE to make the most recent ADM data for the following three FYs on request from SFB.
- As permanent law, requires a school district to reimburse SFB an agreed upon amount for deposit into the Building Renewal Grant Fund (BRGF) if SFB or a court determines that the school district received monies from the BRGF that must be reimbursed due to legal action from improper construction by a hired contractor.
- As permanent law, directs SFB to use the most recent ADM data available when approving or revising enrollment projections for the distribution of monies from the New School Facilities Fund.
 - Requires ADE to provide the most recent ADM data on request from SFB.

School Emergency Pilot Program (Program)

- As session law, indicates that the \$3,646,400 appropriation to ADE for the School Safety Program for FY 2015 includes \$100,000 for a pilot program on school emergency readiness.
- Requires school districts to submit applications to ADE to participate in the Program by September 30, 2014 and directs ADE to select three school districts to participate by November 30, 2014.
- Prohibits participating school districts from collectively consisting of more than 31 individual school sites.
- Stipulates that the school districts must consist of:
 - One school district located in a county with a population of less than 100,000 people
 - One school district located in a county with a population between 100,000 and 800,000 people
 - One school district located in a county with a population of 800,000 people or more
- Requires participating school districts to be provided a readiness and emergency management program that incorporates the following:
 - Education specific emergency management software that complies with the National Emergency Information Management System. All plans and critical emergency readiness information must be accessible both online and off-line through mobile device apps.
 - Training of teachers and administrators in the readiness and emergency management program.

- The development, implementation, and maintenance of a comprehensive crisis for the school districts and their teachers and administrators.
- Directs ADE to submit a report that summarizes the results of the Program to the governor, the President of the Senate, and the Speaker of the House of Representatives and to provide a copy to the SOS by November 1, 2015.

Education Learning and Accountability Fund

- As session law, requires each community college district and university under the jurisdiction of ABOR to transmit \$6 per full-time student equivalent to ADE for deposit in the Education Learning and Accountability Fund.

Joint Committee on Broadband Expansion and Education Technology (Committee)

- As session law, establishes the Committee consisting of the following members:
 - Three members of the Arizona House of Representatives, two of whom are appointed by the Speaker of the House of Representatives and one appointed by the House of Representatives Minority Leader.
 - Three members of the Arizona Senate, two of whom are appointed by the President of the Senate and one appointed by the Senate Minority Leader.
 - The state chief information officer or their designee.
 - The superintendent of public instruction or their designee.
 - Two members representing an internet services provider or telecommunications organization with a presence in the state, one of whom is appointed by the Speaker of the House of Representatives and the other by the President of the Senate.
 - Two representatives from school districts, one of whom is from a school district in a county with less than 400,000 persons and is appointed by the President of the Senate and the other appointed by the Speaker of the House of Representatives.
 - A parent of a child enrolled in the Free and Reduced Lunch Program in a school district or charter school, appointed by the governor.
- Directs the Speaker of the House of Representatives and the President of the Senate to each select a co-chair of the Committee.
- Requires ADE, ADOR, and the Legislature to provide staff services and support for the Committee.
- Prohibits Committee members from receiving compensation or reimbursement of expenses.
- Charges the Committee with reviewing the extent of available information on the following:
 - The availability of high-speed internet access within the state, particularly in rural areas.
 - The technological needs of school districts and charter schools, including infrastructure, internet connectivity, data security, and information technology personnel.
 - Federal programs relating to internet accessibility, including E-Rate, and availability and access to federal monies, especially for rural districts.
 - The development of high-speed internet access in other states, including model governance structures.
 - Current contracts for carrier services and telecommunications and the potential to incentivize the expansion of internet access.
- Directs the Committee to submit a report of its preliminary findings to the governor, the President of the Senate, the Speaker of the House of Representatives, JLBC, and the Information Technology Authorization Committee (ITAC) by December 1, 2014.
- Instructs the Committee to submit a report including recommendations to increase internet access to underserved populations, including best practices, funding sources, and a model

governance structure to the governor, the President of the Senate, the Speaker of the House of Representatives, JLBC, and ITAC and to provide a copy to the SOS by December 1, 2015.

- Repeals the Committee on January 1, 2017.