

The halls of the legislature buzzed with activity this week, as new and returning legislators started the work of the new session. The week began with Governor Ducey's State of the State address and concluded with the release of the Governor's budget proposal – bookends that will shape the debate and goals of the coming months. Legislators had bipartisan praise for the priorities outlined in the speech on Monday, though Democrats expressed concern that the details of the budget proposal do not go far enough in funding education. Republican leaders in the House and Senate expressed cautious optimism and said they look forward to learning more about the Governor's proposal. House and Senate budget committees will meet Tuesday morning for a full briefing on the Governor's proposal.

The Governor's budget follows the goals outlined in his State of the State speech, providing additional details on how he believes his proposals should be funded. The proposal does not raise taxes, and includes a policy change that aligns the personal exemption with inflation – an estimated total tax reduction of \$2.8 million for Arizonans.

The budget totals \$9.79 billion in spending – an increase over the \$9.64 billion budget last year. It proposes a total of \$176.7 million in new initiatives, more than half of which is one-time spending. Major priorities are listed below; [click here](#) for full details on the Governor's proposal:

- Education

The budget includes a number of initiatives, most of which were outlined in the Governor's speech:

- \$13.6 million this year for a 2% raise to all Arizona public school teachers. The investment would continue to phase in over five years for a total of \$68 million each year once it is fully implemented.
- \$6.4 million for a signing bonus of \$1,000 to new teachers in school districts and charter schools that have at least 60% of students eligible for free or reduced-price lunches.
- \$250,000 to double the total amount available for the Math, Science, and Special Education Teacher Loan Forgiveness Program.
- \$10 million for full-day kindergarten at schools where at least 90% of students are eligible for free or reduced-price lunches. (This is estimated to be \$1,244 per student this year.) The amount would double to \$20 million (and \$2,488 per student) beginning in the following fiscal year.
- \$38 million for results-based funding. Schools with AzMerit scores in the top 10% of students that passed will receive the funding, which will be distributed as follows: \$400 per student in schools with high poverty (at least 60% of students at free or reduced-price lunches) and \$225 per student for higher income schools (less than 60% of students at free or reduced-price lunches).
- \$20 million in one-time funding for districts negatively impacted by enrollment declines of more than 2% under current-year funding calculations.
- \$17 million for building renewal through the School Facilities Board.

- \$5 million in state funds to match federal resources for a total of \$10 million to expand broadband to high-need, rural, and tribal schools.
- \$1 million for JTED completion grants available for students who have graduated from high school.
- \$100,000 for a Jobs for Arizona's Graduates program that reduces school dropouts, and \$114,700 for a FAFSA completion initiative to incentivize college retention.
- \$1.1 million for new staff at the Arizona Department of Education who will work on the state's K-12 academic standards.
- \$250,000 for school leadership training.
- \$200,000 for a computer science coding initiative.
- \$800,000 for early childhood services and home visits through the Arizona School for the Deaf and Blind's birth-to-three program.

The proposal also includes \$7 million for general operating expenditures of the state universities, and outlines a plan for a total of \$1 billion to be directed into university research facilities and programs, and deferred maintenance on existing buildings. In addition, the budget includes \$15 million from the state general fund for a one-time appropriation to the universities.

- Criminal Justice

The budget designates \$1.2 million to process and test all backlog in sexual assault kits.

It focuses on recidivism reduction by appropriating \$400,000 to six substance abuse counselors to prisoners, and \$100,000 for a re-entry planner to work with inmates before they are released.

- Health and Welfare

The budget restores TANF benefits from one year to two years. To qualify for the second year of funding, recipients must be in full compliance with work search and training requirements, and school-age children must meet a 90% school attendance record.

The proposal also includes \$2 million for an Early Intervention Program at the Department of Economic Security, which provides evaluations to children three and under who may have developmental delays. It also appropriates \$700,000 to continue home and community-based services to the elderly. It continues \$2 million in funding for adult protective services at the Department of Economic Security, and another \$1 million to continue enhancing per-worker caseload balances.

It designates \$220,900 for programs at AHCCCS to prevent opioid abuse, and appropriates \$1.5 million to AHCCCS for emergency dental benefit coverage for adults in AHCCCS programs.

The budget would authorize the Department of Health Services to access \$500,000 only if a health emergency – like a Zika outbreak – required it. It uses a designated fund to increase the funding to the Student Loan Repayment Program by \$650,000 to offer debt forgiveness for medical practitioners in areas where there is a shortage. An additional \$200,000 for the program would be earned from federal grants. With the additional funding, the state could apply for up to \$1 million in additional funds for the Program.

The proposal would also designate a total of \$60 million (\$30 million from the state general fund and \$30 million from other funds) to boost the Health Insurance Trust Fund that supports Arizona’s self-insured medical claims for state employees.

- Child Safety

The proposal designates \$4.2 million for adoption services, \$1 million to provide financial assistance for grandparents and families that take in foster children, and \$400,000 for court-appointed special advocates support.

- Water, Land, and Fire Safety

The budget includes \$1.5 million to support a fire crew of individuals that have been released from state prisons. It also appropriates \$269,900 to the Department of Forestry and Fire Management for a fire marshal and fire communications equipment.

It designates \$2.9 million to the Department of Water Resources for additional personnel and the Arizona drought contingency plan. It directs additional resources in to the State Land Department to re-assess federal water permits, contract for research on the land, and digitize the State Trust Land sales process.

- Parks

The budget recommends a policy change that allows the State Parks Department more flexibility and authority over its funds, so it can invest in and expand parks in rural Arizona.

- Technology

The proposal continues investments in key technological upgrades, including:

- \$17.8 million to replace data systems at the Department of Child Safety and the Department of Revenue.
- \$4.8 million to upgrade cyber security defenses for the State of Arizona.

The proposal adds limited additional spending in the second half of this current fiscal year, including \$7.7 million to meet the costs of the recently approved minimum wage increase, \$19.8 million to fill the gap in the property tax cap change the legislature recently enacted – thereby preventing a negative impact to local governments – and \$8 million in one-time funding for the Department of Child Safety.

Coming Soon...

The legislature is closed on Monday for the Martin Luther King, Jr. Day holiday, but will resume a full schedule of committees on Tuesday. [Click here](#) for additional details.

Legislators have introduced more than 400 bills thus far, and many more are expected. A list of bills of interest will be provided early next week.

Session Deadlines

January 12	House limit of seven bills per member begins
January 30	Last day for Senate bill introductions
February 10	Last Day for House bill introductions
February 17	Last day for consideration of bills in the first legislative chamber
March 24	Last day for consideration of bills in the second legislative chamber
April 14	Last day for conference committees
April 18	100 th day of session
April 22	Statutory last day of session (may be extended by legislative leaders)