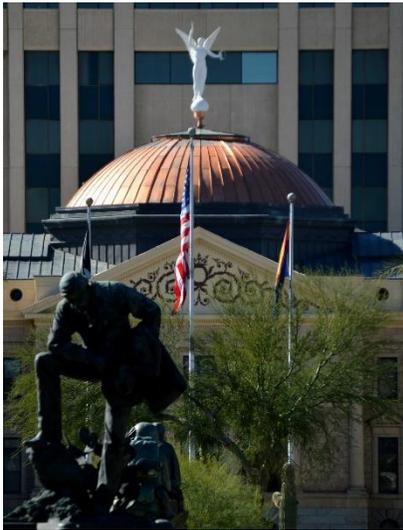


As the 17th week of the 2017 legislative session comes to an end, it appears the session itself may also wrap up soon. Legislative leaders reached a budget agreement with the Governor early this week, and spent the week negotiating with members of the Republican caucus to obtain the votes needed to pass the proposal.



Legislators focused almost entirely on the budget through the long days and late nights at the Capitol, but did advance a small number of other bills. Those included two proposals aimed at expanding workers' compensation [coverage](#) for firefighter cancer and cardiac conditions that passed the Senate, and the creation of a [professional development pilot program for teachers](#) that unanimously passed the House.

A wide variety of bills had reached Governor Ducey's desk before a budget was introduced, and he signed more than 20 new laws. They included the creation of an [alternate teacher certification](#) method for individuals with subject knowledge, an allowance for children in foster care to [purchase car insurance](#), a new authority for the use of [electronic billboards](#), protections against [abuse by moving companies](#), and a new [Drug Overdose Fatality Review Team](#) to help study ways to reduce deaths related to opioid overdose in Arizona.

Legislators worked through the night on Thursday to approve the budget largely along party lines, and adjourned as the sun rose this morning. The House and Senate will convene again on Monday to finalize debate and action on fewer than 100 remaining bills that are eligible to be considered before the session closes.

Budget Update

The approved state budget totals \$9.8 billion in spending for fiscal year 2018— an increase over the \$9.6 billion budget last year. It includes a 1.9% increase in state spending, and predicts a 4.3% increase in state revenues in the coming year.

It includes some targeted tax cuts that will [align a personal income tax exemption with inflation](#), and provide an [income tax credit](#) to reimburse eligible costs for those who need to retrofit a business to comply with the Americans with Disabilities Act.

For full details on the budget, [click here](#). Major priorities include:

- Education

The budget has a total increase of more than \$150 million in new education initiatives, including:

- \$34 million this year for a 1.06% raise to all Arizona public school teachers (Unlike the Governor's proposal, which would have phased in the raise over five years, the legislative budget will implement a raise of 2% within two years.)
- \$37.6 million for results-based funding, distributed based on the percentage of free and reduced lunch students and AzMERIT scores
- \$17.2 million in one-time funding for building renewal through the School Facilities Board, \$64.9 million for new school construction, and \$38 million in one-time funding for new previously-approved school facilities
- \$8 million in early literacy funding
- \$2.6 million from state funds for assistance to schools that primarily serve homeless or special needs pupils and schools in rural areas outside of Maricopa and Pima counties
- \$3 million in state funds to match federal resources for a broadband to high-need, rural, and tribal schools
- \$1 million for JTED completion grants available for students who have graduated from high school (continues to fund large JTEDs at 95.5%)
- \$500,000 for school resource officers
- \$100,000 in one-time funding for geographic literacy programs
- \$100,000 for a Jobs for Arizona Graduates program that reduces school dropouts
- \$250,000 for school leadership training
- \$200,000 for a computer science coding initiative

The budget also includes \$15 million from the state general fund for a one-time appropriation to the universities, and commits to \$27 million a year (in fiscal years 2019 – 2043) to provide funding for university infrastructure.

It includes Governor Ducey's goal of a teacher education program that will offer free tuition to any of the state's public universities, in exchange for teaching in an Arizona public school once the educator has their degree.

- Criminal Justice and the Judiciary

The budget includes \$1.5 million for growth in inmate health care, and \$500,000 for recidivism reduction initiatives for prisoners.

It provides \$149,000 for staff at the court of appeals, and \$500,000 for probation caseloads. \$75,000 is allotted for court-ordered removals, and Pima County receives \$250,000 for a drug treatment alternative to prison program.

It reduces funding from the [Gang and Immigration Intelligence Team Enforcement Mission](#) (GIITEM) for Maricopa County by \$1.6 million. Democrats protested the change, which they said was caused by Sheriff Paul Penzone's victory over former Sheriff Joe Arpaio in the election; Republicans disagreed, saying the funding was better used to help Pima County and reduce the backlog of rape kits in the state.

- Proposition 206

The budget includes \$9.7 million for a provider rate increase through AHCCCS to partially cover costs associated with the voter-approved minimum wage increase. The Department of Economic Security (DES) receives \$33 million in fiscal year 2018, and \$8.1 million in the current fiscal year. Providers and advocates for people with disabilities had [called for additional resources](#) to meet the increased costs from Prop. 206. Instead, the budget requires AHCCCS to submit a report by February 2018 outlining the impact of Prop. 206 implementation on the adequacy of the provider network for ALTCS enrollees, and provides \$200,000 to cover the costs of the study.

- Health and Welfare

Though the Governor called for a restoration of two-year benefits under the Temporary Assistance for Needy Families (TANF) program, the budget does not extend the benefit. It remains at a limit of one year.

It directs DHS to [apply for federal Title 10 funding](#) - a change that some hope will put the state in charge of distributing family planning resources instead of the non-profit entity that currently does so.

The budget also adds a new trigger to funding for the KidsCare program. If federal funding drops below 100% of program costs, new enrollment in the state program will immediately be frozen. (Existing law allows the AHCCCS director to stop enrollment if federal funding drops below 100%.)

The budget includes:

- \$2 million for an Early Intervention Program at DES, which provides evaluations to children three and under who may have developmental delays
- \$2 million in continued funding for adult protective services at DES
- \$2 million for one-time funding to room and board cost increases for individuals with developmental disabilities in DES programs

- \$221,000 for programs at AHCCCS to prevent opioid abuse
- \$1.5 million to AHCCCS for emergency dental benefit coverage for adults in AHCCCS programs
- \$130,000 to include adult occupational therapy in AHCCCS services
- \$183,000 for renal transplant drugs
- \$2.1 million for Alzheimer's disease research

It authorizes DHS to access \$500,000 only if a health emergency – like a Zika outbreak – requires it.

And it permits DES to use up to \$25 million from the state's Rainy Day Fund for reimbursable grants – funding which must be repaid when the grant funding is received.

- Child Safety

The budget provides less funding for new child safety initiatives than the Governor originally proposed, but does include \$1 million for financial assistance to grandparents and other family members that take in foster children and \$2 million for adoption services.

It also includes reporting requirements, and benchmarks and guidance for Department of Child Safety caseload goals.

Healthcare Update

While the Arizona legislature focused on a spending plan, the U.S. House of Representatives rushed to approve [a repeal of the Affordable Care Act](#) before Congress adjourned its session. House Republicans and the President [rejoiced](#) in the passage, while Democrats protested the bill and the fact that the vote occurred before a non-partisan assessment of the proposal could be created. The bill now moves to the [U.S. Senate](#).

Governor Ducey, who has consistently advocated for state flexibility in any changes to federal healthcare policies, [told reporters](#) that the House is “the first step in this process, not the last.” He committed to working with Arizona Senators Flake and McCain to “ensure the bill is improved in a way that addresses Arizona's concerns and still achieves the ultimate goal, which is repealing Obamacare and restoring insurance markets that function so Arizona can have access to high-quality and affordable health care.”

On the Bright Side...

AHCCCS received \$24 million in federal dollars to help provide treatment that can [reduce opioid addiction](#).