

**ARIZONA SENATE  
REPUBLICANS**

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# **Senate Republican Budget Framework**

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**55TH LEGISLATURE  
FIRST REGULAR SESSION**



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# Introduction

The Arizona state budget remains a bright spot during the ongoing pandemic. Thanks to over a decade of conservative budgeting and the passage of a ‘current services’ budget in FY 2021, the economic fallout associated with the coronavirus did not result in a state revenue shortfall. In fact, the exact opposite is true - the latest projection by the nonpartisan Joint Legislative Budget Committee is that the State will have a \$2 billion surplus for the next fiscal year, FY 2022.

Given the significant size of the surplus, the Senate Republican framework proposes returning money to the citizens of Arizona through reduced taxes, investing in infrastructure, paying down debt, and investing in the people serving in state government, particularly public safety.

Furthermore, and in addition to new and significant investments in critical areas of government, Senate Republicans will also advance reforms that provide more legislative oversight into the distribution of federal funds. The ability of the Executive to distribute billions in federal aid without legislative oversight is anathema to representative government and to the role of the Legislature as the appropriator in the Constitution.







# The Economy and Taxes

The coronavirus and subsequent policy responses caused major disruption to both the United States' economy and Arizona's economy. During the initial response to coronavirus in the first half of 2020, US Gross Domestic Product (GDP) declined by 31% and trillions of dollars were wiped out from the stock market. However, as both the country and Arizona began to live with the virus, both the United States' economy and Arizona's economy have rebounded. National GDP in the third quarter of 2020 grew by 33% and the stock market has once again achieved record levels. Arizona employment is already at 97% of the total jobs that existed one year ago prior to COVID.

The relative strength of the Arizona economy can be seen in state revenue growth. Year-to-date revenue growth is 8.7% after adjusting for the income tax deferral that pushed revenues from FY 2020 to FY 2021. This is far higher than the average long-term trend growth and signals that there is positive underlying economic activity happening in the State.

This strong growth is not expected to decline in the near term, as people continue to move here. Arizona was the second fastest growing state in 2020 according to the US Census Bureau. This continues a long-term trend of individuals fleeing high tax states such as California, Illinois, and New York to seek opportunity and advancement in Arizona.

Given this strong revenue growth, the nonpartisan Joint Legislative Budget Committee is estimating a total surplus of \$2 billion with between \$300-\$400 million available for new ongoing investments and up to \$1.6 billion available for new one-time investments. The Senate Republican framework dedicates \$335 million for new ongoing investments, including tax reductions, and \$1.45 billion in new one-time investments.

Senate Republicans believe that one of the key priorities for investment is in the taxpayers themselves. Wealth is best left with citizens and not the government. Citizens can invest in productive enterprises to promote job creation and generate new revenues. With an estimated \$2 billion surplus, taxpayers should receive the benefit from good economic conditions. The Senate Republican framework sets aside \$450 million in tax reductions with \$200 million (or 60%) of new, ongoing investments dedicated toward ongoing tax changes and \$250 million for other one-time tax changes.





# Public Safety

Providing for the safety of the public is a core constitutional function of government. Calls to indiscriminately reduce police budgets around the country rely on the flawed premise that somehow better outcomes will be derived by not providing the tools, training, and manpower that enable public safety workers to better do their jobs. The Senate Republican framework does not reduce the budget for public safety. Instead, it invests heavily in the people and equipment necessary to keep officers safe while doing their jobs.



***Public Safety Compensation*** - The Senate Republican framework includes \$63.6 million to fund salary increases for correctional officers at the Arizona Department of Corrections (ADC), the Department of Juvenile Corrections (DJC), and sworn troopers and civilians 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.

- \$30.8 million for a 5% increase for Correctional Officers
- \$23.6 million for a 10% increase for DPS troopers and civilians
- \$5.4 million for an 11% pay increase to all Step 1 caseworkers and a 5% increase to all other DCS caseworkers
- \$2.2 million to fund additional overtime for DPS Troopers
- \$1.6 million for a 5% increase for Juvenile Correctional Officers





***Officer Safety*** - In addition to funding the people serving in these roles, the Senate Republican framework also adds \$85.3 million to prioritize the equipment needs of public safety officers:

- \$49.2 million to replace the northern loop of the microwave backbone, which is used by DPS and other first responders to communicate
- \$18 million to replace radios at the Arizona Department of Corrections (ADC)
- \$8 million to replace radios at the Department of Public Safety (DPS)
- \$3.9 million to give each correctional officer at ADC stab-proof vests
- \$3.0 million to give each DPS trooper a vest and each unit a shield to address active shooter situations
- \$3.0 million to begin renovations on a new DPS training academy
- \$220,500 to purchase networking equipment to utilize DEMA's inventory of drones and its reconnaissance plane in public safety emergencies like forest fires

***Department of Public Safety Recruitment and Training*** - The Senate Budget framework includes \$400,000 for a dedicated recruitment budget to attract additional officer candidates.

***Corrections Retention*** – Job retention at the ADC has been particularly problematic as the correctional officer vacancy rate through October 2020 was 15.3%. While the vacancy rate has fallen since its peak at 19.9% in October of 2019, there are still correctional facilities with significant vacancies. Increasing salaries will help attract and retain correctional officers, but there must also be additional career opportunities to incentivize retention of good employees. The Senate Republican framework funds \$1.6 million for the creation of a corporal classification at the ADC to act as mid-level supervisors, creating a new position between the correctional officers and sergeants within the correctional officer series.

***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 makes it less likely that people will use or return to drugs upon release. Prior research shows that inmates who received substance abuse services were 31% less likely to recidivate compared to those who did not. The Senate Republican framework provides \$1.6 million to expand substance abuse services for additional inmates.



***Firefighting Resources*** - Fires are a continual threat in Arizona and it is the responsibility of our state government to ensure that sufficient resources exist to train personnel and fight fires. The Senate Republican framework adds \$3.9 million to combat fires on state trust lands and unincorporated private land.

***Cyber Task Force*** - The Department of Emergency and Military Affairs (DEMA) has expertise and assets that are being underutilized. The Senate Republican framework adds \$495,200 to fund an active duty cyber task force at DEMA.

***Probation Officer Salary Deficits*** - Probation provides an alternative to incarceration and reduces the cost to the prison system. Funding for probation is split between the State and counties. As counties increase salaries for probation officers, the Courts have asked that the State provide a similar increase to county funded probation officer positions. Declining civil traffic fines have reduced available funding for salaries for juvenile and adult probation officers and the Courts have utilized one-time funds to retain officers. The Senate Republican framework provides \$4.3 million to fund probation officer salary deficits from FY 2019 and FY 2020, as well as projected increases for juvenile and adult probation officers for FY 2021 and FY 2022. Since the framework prefunds future increases, any additional salary increases that result in a state cost will be funded by the counties.

***Expansion of Dependency Alternative Program*** - Currently, Maricopa and Pima County offer the Dependency Alternative Program (DAP) as another option for families to avoid prolonged child dependency cases that arise from the child welfare system. The Courts report that through the DAP program, the typical child dependency case lasts an average of 22 days, instead of the typical timeline of 134 days without this program. The Senate Republican framework provides \$221,000 for additional staff and other program costs to expand the DAP program to the remaining 13 counties.

***Attorney General Litigation*** - The Arizona Attorney General's Office provides a vital role in protecting the public and the interests of the State. The Senate Republican framework supports the public safety mission of the Office of the Attorney General by providing \$4.9 million to expand the existing federal unit, fund expert witness and outside counsel costs, expand the major fraud unit, and allow for retention incentives for staff attorneys.



# GOOD GOVERNMENT INVESTMENTS



**Infrastructure** - Arizona is the second fastest growing state in the nation. Investing in the State's infrastructure keeps the flow of people and goods moving efficiently, allowing the State to keep up with rapid population growth and an expanding economy. The Senate Republican framework allocates \$200 million for infrastructure projects throughout the State.

**Pension Debt** - In 2016, Arizona passed reforms to the State public safety pension system that reduced total liabilities. While those changes are still taking effect and will return dividends in the long run, the reality remains that Arizona still must fund the liabilities promised to the State's public safety workers.

As of June 30, 2020, state government's share of the unfunded pension liabilities in the public safety pension system was over \$2 billion. While this amount is too great to pay off in one installment, the Senate Republican framework dedicates \$300 million to reduce the unfunded liability by one-third in the Department of Public Safety's Public Safety Personnel Retirement System account. With this significant installment, the State is expected to realize \$32.4 million in reduced employer costs at DPS and Senate Republicans propose using that amount to continue to pay-down the unfunded liabilities held by DPS.



***Unemployment Protection*** - The Unemployment Trust Fund pays unemployment benefits for Arizonans who find themselves out of work. With unemployment levels reaching all-time highs last year, the balance of the fund has declined substantially from approximately \$1 billion to \$72 million as of January 16, 2021. During the Great Recession the fund went below zero, forcing Arizona to borrow from the federal government to keep unemployment benefits flowing. To pay back the federal government, the State, in conjunction with the business community, passed a special assessment on businesses so that they would not only be paying unemployment to make the fund healthy again but also repaying the federal loan. This double-taxation is damaging to small businesses, which are the bedrock of the economy and of recovery. To prevent any borrowing to pay unemployment benefits, the Senate Republican framework sets aside \$200 million to make sure this does not happen.

***State Employee Increases*** - Senate Republicans fundamentally believe in smaller and more efficient government. Since 2008, Republicans have reduced the size of the state personnel system by nearly 4,959 people, or 15%, while the state population grew by about 14.4% over the same time period. The reduction in state government translates into approximately \$333 million in ongoing savings each year to taxpayers.

State government functions best with individuals who are engaged in their work and compensated adequately for their jobs and performance. The 2019 Workforce Report issued by the Department of Administration found that state employee salaries were 21.6% below market in 2019. Competing with the private sector will only get more difficult as companies that have relocated to Arizona continue to search for the best and brightest.

The Senate Republican framework funds a 5% general salary adjustment for state employees. This salary adjustment will help compensate those individuals who have stuck with the State and absorbed additional roles in the recession.

***County Litigation Reimbursement*** - The Arizona Department of Revenue (DOR) assesses the value of pipelines in Arizona. These values are then used by counties and taxing districts (including schools) for levying taxes. DOR recently lost a case on appeals that significantly reduced the value of one pipeline going back to tax years 2016 and 2017. Since the value in tax year 2016 was reduced, the value of each subsequent tax year was also reduced. This reduction resulted in large refunds being repaid by the counties and the local taxing districts that rely on these values for property tax. The Senate Republican framework includes \$16.1 million to hold these taxing districts harmless. This amount is the unreimbursed portion of the refund, as school districts can already apply for a recalculation of their state aid, which partially offsets the refund amount.



***Pinal County Irrigation Projects*** - Following the passage of the Drought Contingency Plan, the FY 2020 budget set aside \$20 million as a temporary loan to help farmers in Pinal County begin construction on irrigation wells. The intent of the funding was to provide a bridge to irrigation districts that would ultimately receive federal funding to pay back the use of state monies in FY 2022. To date, those irrigation districts have not received the federal monies and so the Senate Republican framework proposes to extend the repayment date and require repayment of state monies only if federal monies are secured.

***Rural Broadband*** - In FY 2020, Senate Republicans supported a budget that provided \$3 million to partner with service providers to expand broadband access to 36,000 new customers in rural Arizona and help local governments plan for additional broadband. The Senate Republican framework funds the program at \$2 million to expand access to broadband in rural Arizona.

***E-Commerce Compliance*** - In 2019, Senate Republicans passed a significant tax reform measure. One aspect of that brought parity with the taxation between in state and out-of-state businesses when selling products online to Arizonans. The Senate Republican framework includes \$854,900 to fund the E-Commerce Compliance and Outreach Team to assist out-of-state businesses to 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 (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 generating \$1.47 billion in economic activity. The Senate Republican framework invests in fish hatchery redevelopment by adding \$2.6 million to renovate and repair the six fish hatcheries maintained by Game and Fish.

***State Veterinarian*** - Horse racing deaths in Arizona are 3.41 per 1000 starts higher than the national average of 1.61. To ensure the safety of the animals involved in live horse-racing gaming, the Senate Republican framework includes \$175,000 to fund a veterinarian and veterinarian assistant to conduct 100% of the pre-race examinations at Arizona live racing tracks.

***State Parks Operational and Capital Costs*** - The beauty of Arizona's landscape is a treasure for its residents as well as the millions of out-of-state visitors who travel to Arizona to see its natural wonders. Through the collection of park fees, the State Parks system has successfully maintained a self-funded financial model for its operational and capital costs to ensure the Parks are well-sustained. The Senate Republican framework provides appropriation authority of \$3.5 million from the Parks Revenue Fund for operational costs as well as capital costs at the Rockin' River, Deadhorse, and Red Rock parks.



***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. The Senate Republican framework adds \$67 million in FY 2022 to fully complete the restoration of 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.

***Federal Aid*** - On June 24, 2020, Governor Ducey announced \$200 million in funding from the Coronavirus Aid, Relief and Economic Security Act (CARES) and \$69 million from the Governor's Emergency Education Relief Fund (GEER) for public schools. On July 23, 2020, Governor Ducey allocated an additional \$170 million in CARES Act monies, for a total of \$370 million.



The \$ 370 million allocated from the CARES Act was purposed to maintain budget continuity and offset declining enrollment in public schools by funding up to 98 % of a school' s enrollment base in the prior year, as well as the 5% funding gap for distance learner students ( see next section).

<b>CARES ACT 1 Education Federal Funding</b>	
<i>Higher Education</i>	<i>\$304 million</i>
<i>Title 1 K-12</i>	<i>\$277 million</i>
<i>CARES Act</i>	<i>\$370 million</i>
<i>GEER Fund</i>	<i>\$69 million</i>
<i>Total</i>	<i>\$1.02 billion</i>

<b>CARES ACT 1 Governor's Emergency Education Relief Fund (GEER)</b>	
<i>Broadband Expansion (I-17 &amp; I-10)</i>	<i>\$40 million</i>
<i>Academic Interventions in High-Need Schools</i>	<i>\$20 million</i>
<i>Innovation micro-grants to A, B and C Schools</i>	<i>\$1 million</i>
<i>Beat the Odds Academy (principal academy)</i>	<i>\$700,000</i>
<i>ASDB vehicles (home-based services 0-3 years)</i>	<i>\$1 million</i>
<i>Teach for America (tutoring)</i>	<i>\$500,000</i>
<i>Arizona Teachers Academy</i>	<i>\$6 million</i>
<i>Total</i>	<i>\$69.2 million</i>

In December 2020, Arizona public schools received \$ 1.1 billion from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (Act). Of this amount, 90 % of the funds were allocated directly to public schools based on their Title 1 student population. The remaining 10 % was allocated to the Superintendent of Public Instruction for statewide initiatives and administration of the federal funds. The Governor received \$ 85.3 million, of which \$ 54.9 million is earmarked for private school grants and the remaining \$ 30.9 million can be expended at the Governor' s discretion. This Act also provided \$ 490 million for institutions of higher learning.

***Funding Distance Learning Students at 100%*** - Prior to school year 2020-2021, the school funding formula did not recognize synchronous or distance learning (online with teacher-led instruction) for the purposes of calculating enrollment, or average daily membership (ADM). Many public schools did not open for in-person instruction on their regularly scheduled date due to state-mandated delay-of-school opening (EO- 2020-41) but provided distance learning until the delay was lifted. Throughout the school year, some schools opened in a hybrid model (in-person & distance learning) and others used the synchronous model exclusively. Students who did not attend in- person were funded at 95% (as our current online schools are funded) by authority of EO-2020-44. Subsequently, Governor Ducey allocated funds from the CARES Act through EO-2020-51 to support declining enrollment and the 5% gap funding for distance. However, the funding was insufficient to cover the 5% gap funding for all public schools.

The Senate Republican framework proposes a temporary, one-year policy change for school year 2020-2021 to allow all distance learning students to be funded at 100%. Currently, the estimate for this change is \$250 million in FY2021. However, it is expected that beginning in late February/early March, most public-school students will return to in-person instruction. This will likely decrease the fiscal impact of this policy change but will not be eliminated as some parents may elect to continue distance learning for their children.

***School Building Renewal Projects*** - School buildings and school grounds greatly impact the overall health and safety of students, staff and visitors. The Senate Republican framework adds \$91 million to continue the total building renewal funding at the FY 2021 level of \$108 million. As a condition of additional funding for school facilities, Senate Republicans propose transferring the responsibilities of providing grants to the Department of Administration for better oversight.

***Dyslexia Screening Implementation*** - 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 Committee recommended \$300,000 for three positions to address the implementation of statewide teacher professional development and early literacy professional development to teachers across the State. The Senate Republican framework funds this recommendation.

***Financial System IT Project*** - In FY 2022, the Senate Republican framework funds \$3 million for the second year of a three-year project to fully replace the financial system used by the Arizona Department of Education to collect financial information from public schools and make billions of dollars of payment to school districts and charter schools. Integrity is vital to ensuring the public transparency and accuracy of billions in expenditures of taxpayer dollars.





# Higher Education & Workforce Development

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***Adult Education Programs*** - In FY 2021, the state received approximately \$15 million through the federal Workforce Innovation and Opportunity Act (WIOA) to provide academic instruction and career skills to adult learners. In order to fully realize the entirety of federal dollars, Arizona is required to provide a 25% match for these federal programs. A significant portion of these funds are passed through from the Arizona Department of Education to community colleges in the State, including Central Arizona College, Cochise College, Coconino Community College, Northland Pioneer College, Pima Community College, Rio Salado College and Yavapai College. The Senate Republican framework provides \$364,000 to comply with the 25% match to receive an additional \$1.1 million in funding for adult learners.

# Health and Human Services

***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 to maintain access and care for these vulnerable populations.

In FY 2022, the Senate Republican framework adds \$22.5 million for provider rate increases in the long-term care system, of which \$15 million funds DD and \$7.5 million funds EPD. Combined, these new resources will improve provider reimbursement rates and maintain access for members who depend on the long-term care system.

***Protecting and Caring for 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 rate increases for AAA, ensuring that these groups continue to provide services to seniors in their homes.





***Long-Term Care Facility Inspectors*** - The Department of Health Services (DHS) is responsible for investigating complaints at long-term care facilities licensed and surveyed by the Agency. Due to a growing number of complaints over the last few years and understaffing at the Agency, complaint response times have not been timely. The Senate Republican framework adds \$1 million for an additional 13 FTEs, including investigators and surveyors at DHS, allowing for more timely completion of investigations.

***Newborn Screening Program*** - Currently, the Newborn Screening Program tests for 29 rare and serious disorders and oversight for hearing and oximetry screening. When these disorders are detected early enough, they can prevent death or permanent disability. DHS reports that the program has aging equipment and annual contract increases for testing supplies. The Senate Republican framework increases the appropriation authority from the Newborn Screening Fund by \$256,000 to replace aging equipment and fund increased testing supply costs. Senate Republicans also support adding two additional tests to the screening panel and restructuring the fee to better account for the cost of the program.

***Expand High Risk Perinatal Program*** - The High Risk Perinatal Program at DHS provides advanced medical care at intensive care centers for critically ill newborns who are born in rural hospitals and for in-home healthcare visits from a community health nurse to monitor the child's progress after they leave the hospital. During the Great Recession, the High-Risk Perinatal Program limited the program to the sickest of infants and does not currently serve high-risk newborns suffering from Neonatal Abstinence Syndrome (NAS). The Senate Republican framework adds \$250,000 for an additional 1,000 community health nurse visits per year to provide services to all newborns who are born with NAS.

***Nursing Care Institution Projects*** - DHS annually receives funding through the Nursing Care Institution Resident Protection Revolving Fund (NCIRPR Fund) for projects that assist and protect residents of nursing care institutions. Projects must be approved through the Centers for Medicare and Medicaid Services. DHS has several approved projects but lacks the appropriation authority to expend from the NCIRPR Fund. The Senate Republican framework includes an increase of appropriation authority of \$66,000 to cover these previously approved projects.

***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*** - Federal childcare assistance payments provide a subsidy to working class parents for childcare, encouraging participation in the workforce. With additional federal funds received by the State, the Senate Republican framework supports the allocation of \$16.3 million from the Child Care Development Fund to continue the suspension of the waitlist through June 2022 and to fund the number of paid absences from three to five.

The Senate Republican framework also acknowledges that there may be a need for additional appropriations in FY 2021. While the framework does not include a specific amount, Senate Republicans will work with the Executive to keep childcare providers open for business in Arizona.



***Constructing a new Veterans' Home and Maintaining State's Veterans Homes*** - Arizona has more than 500,000 veterans with slightly over half (52%) over the age of sixty-five. To care for our veterans, the State has veterans' homes in Phoenix and Tucson and is currently building new veterans' homes in Flagstaff and Yuma. The Senate Republican framework provides \$25 million to fund the state match of the cost to construct a new veterans home in northwest Arizona and \$6.5 million for operational and maintenance issues at the existing nursing homes.

***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.



***Supporting Homeless Programs*** – The Arizona Health Care Cost Containment System (AHCCCS) currently manages \$30 million in funding for housing programs with just one person. Recognizing the need for additional staffing at AHCCCS to support housing initiatives, particularly those with mental health issues, the Senate Republican framework permits AHCCCS to use \$200,000 from the Seriously Mentally Ill Housing Trust Fund to add two additional staff.



### Senate Republican Framework FY 2020 - FY 2023 General Fund Balance Sheet

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b>Revenues</b>				
<i>Ongoing Revenues</i>				
Baseline Revenues	\$13,321,390,400	\$13,264,774,500	\$13,848,405,600	\$14,448,918,800
Urban Revenue Sharing	(828,492,900)	(756,391,100)	(948,581,500)	(907,536,900)
<b>Senate Republican Framework</b>	<b>0</b>	<b>(200,336,000)</b>	<b>(200,336,000)</b>	<b>(200,336,000)</b>
Net Ongoing Revenues	\$12,492,897,500	\$12,308,047,400	\$12,699,488,100	\$13,341,045,900
<i>One-time Revenues</i>				
Balance Forward	\$372,457,000	\$1,010,402,000	\$233,075,000	\$221,578,800
Baseline Other One-time	16,700,000	36,700,000	16,700,000	16,700,000
<b>Senate Republican Framework</b>	<b>0</b>	<b>(270,000,000)</b>	<b>0</b>	<b>0</b>
Subtotal One-time Revenues	\$389,157,000	\$777,102,000	\$249,775,000	\$238,278,800
<b>Total Revenues</b>	<b>\$12,882,054,500</b>	<b>\$13,085,149,400</b>	<b>\$12,949,263,100</b>	<b>\$13,579,324,700</b>
<b>Expenditures</b>				
<i>Ongoing Expenditures</i>				
Ongoing Baseline	\$11,374,755,900	\$12,104,255,300	\$12,546,627,900	\$12,903,813,700
<b>Senate Republican Framework</b>	<b>0</b>	<b>134,653,900</b>	<b>134,653,900</b>	<b>134,653,900</b>
Subtotal Ongoing Expenditures	\$11,374,755,900	\$12,238,909,200	\$12,681,281,800	\$13,038,467,600
<i>One-time Expenditures</i>				
One-time Baseline	(\$269,203,400)	\$202,067,400	\$46,402,500	\$37,427,000
<b>Senate Republican Framework</b>	<b>766,100,000</b>	<b>411,097,800</b>	<b>0</b>	<b>0</b>
Subtotal One-time Expenditures	\$496,896,600	\$613,165,200	\$46,402,500	\$37,427,000
<b>Total Expenditures</b>	<b>\$11,871,652,500</b>	<b>\$12,852,074,400</b>	<b>\$12,727,684,300</b>	<b>\$13,075,894,600</b>
<b>Ending Balance</b>	<b>\$1,010,402,000</b>	<b>\$233,075,000</b>	<b>\$221,578,800</b>	<b>\$503,430,100</b>
<b>Structural Balance</b>	<b>\$1,118,141,600</b>	<b>\$69,138,200</b>	<b>\$18,206,300</b>	<b>\$302,578,300</b>

**Senate Republican Framework - Summary of General Fund Investments**

	<u>\$ Amount (Millions)</u>
<b><u>Ongoing</u></b>	
Ongoing Tax Reductions	\$200
State Employee Compensation	94
-\$31M for ADC Correctional Officers (5%), \$24M for DPS troopers (10%) and \$2.2M for overtime, \$5.4M for DCS Caseworkers (5%), \$4.3M for Probation Officers (2.5%), \$1.6M for DJC Correctional Officers (5%), \$25.5M for all other state employees (5%)	
Provider Rates	24
-\$15M for DES Developmentally Disabled, \$7.5M for AHCCCS Elderly and Physically Disabled, \$1M for Area Agencies on Aging	
Other Ongoing	17
<b>Subtotal Ongoing</b>	<hr/> \$335
<b><u>One-time</u></b>	
Pension Debt Payment	\$300
-Reduce unfunded liability in DPS' PSPRS account; generates \$32M in annual savings	
One-time Tax Reductions	250
Fund Distance Learning at 100%	250
Highway and Road Projects	200
Unemployment Protection Deposit	200
School Facilities Board - Building Renewal Grants	91
Public Safety and Corrections Equipment	85
-\$49M to replace the microwave backbone,\$18M for radios at ADC, \$8M for radios at DPS, \$4M for stab proof vests at ADC, \$3M for DPS active shooter equipment, \$3M for a new DPS training academy	
Other One-time	71
<b>Subtotal One-times</b>	<hr/> \$1,447
<b>Total Resources</b>	<hr/> <hr/> \$1,782



General Fund Appropriation Changes by Major Area of Government

	FY 2021			FY 2022		
	<u>JLBC Baseline</u>	<u>Senate Republican Framework</u>	<u>Total</u>	<u>JLBC Baseline</u>	<u>Senate Republican Framework</u>	<u>Total</u>
<b><i>K-12</i></b>						
Education, Dept. of	\$5,599,591,900	\$250,000,000	\$5,849,591,900	\$5,838,170,300	\$8,664,000	\$5,846,834,300
School Facilities Board	235,235,700		235,235,700	161,226,500	90,832,100	252,058,600
Charter School Board	2,152,100		2,152,100	2,152,100	0	2,152,100
Education, Board of	1,334,300		1,334,300	1,334,300	0	1,334,300
Subtotal Education	\$5,838,314,000	\$250,000,000	\$6,088,314,000	\$6,002,883,200	\$99,496,100	\$6,102,379,300
						0.2%
<b><i>Public Safety</i></b>						
Corrections, Dept. of	\$1,205,396,200		\$1,205,396,200	\$1,205,396,200	\$55,884,800	\$1,261,281,000
Public Safety, Dept. of	91,138,000		91,138,000	251,847,300	89,393,300	341,240,600
Juvenile Corrections	30,616,200		30,616,200	30,616,200	10,082,600	40,698,800
Forestry	13,399,600		13,399,600	13,399,600	0	13,399,600
Emergency & Military Affairs	12,373,000		12,373,000	12,373,000	715,700	13,088,700
Subtotal Public Safety	\$1,352,923,000		\$1,352,923,000	\$1,513,632,300	\$156,076,400	\$1,669,708,700
						23.4%
<b><i>Health and Welfare</i></b>						
AHCCCS	\$1,951,981,100		\$1,951,981,100	\$2,175,273,400	\$7,500,000	\$2,182,773,400
Economic Security	812,054,300		812,054,300	901,142,500	16,000,000	917,142,500
Child Safety	387,893,000		387,893,000	387,893,000	5,401,000	393,294,000
Health Services	95,897,900		95,897,900	95,897,900	3,250,000	99,147,900
Veterans	7,983,500		7,983,500	7,983,500	25,000,000	32,983,500
Subtotal Health and Welfare	\$3,255,809,800		\$3,255,809,800	\$3,568,190,300	\$57,151,000	\$3,625,341,300
						11.3%
<b><i>Higher Education</i></b>						
Universities	\$741,621,900		\$741,621,900	\$742,117,500	\$0	\$742,117,500
Community Colleges	64,895,400		64,895,400	66,725,600	0	66,725,600
Post-Ed Commission	1,680,900		1,680,900	1,680,900	0	1,680,900
Subtotal Higher Ed	\$808,198,200		\$808,198,200	\$810,524,000	\$0	\$810,524,000
						0.3%
<b><i>Other Government</i></b>						
	(\$149,692,500)	\$516,100,000	\$366,407,500	\$411,092,900	\$233,028,200	\$644,121,100
						75.8%
<b>Total Spending</b>	<b>\$11,105,552,500</b>	<b>\$766,100,000</b>	<b>\$11,871,652,500</b>	<b>\$12,306,322,700</b>	<b>\$545,751,700</b>	<b>\$12,852,074,400</b>
						8.3%

## Senate Republican Framework Detail (General Fund + Other Fund)

\$ in  
MillionsRevenue Changes

1	Ongoing Tax changes	(200.0)
2	One-time Tax changes	(250.0)
3	Treasurer Operations (PCI Compliance Officer + Compensation)	(0.3)
4	Water - Irrigation Districts	(20.0)

Ongoing Issues

5	AHCCCS - 2.0 Housing Program Staff (SMI-HTF)	OF - 0.2
6	AHCCCS - Elderly and Physically Disabled Provider Rates	7.5
7	Attorney General - New Attorneys in Federalism Unit (CPCF)	OF - 0.4
8	Attorney General - Expand Major Fraud Unit (CPCF)	OF - 1.3
9	Child Safety - Caseworker Salaries	5.4
10	Corrections - Expand Substance Abuse Services	1.6
11	Corrections - Correctional Officers	30.8
12	Corrections - New Corporal Classification	1.6
13	Economic Security - Developmental Disability Provider Rates	15.0
14	Economic Security - Area Agencies on Agency Provider Rates	1.0
15	Education - Maintain State Match for Adult Education Programs	0.4
16	Education - 3.0 FTE Dyslexia Screening Staff	0.3
17	DEMA - Cyber Task Force	0.5
18	Forestry - Ongoing Fire Suppression Funding (TLMF)	OF - 3.9
19	Gaming - State Veterinarian and Veterinarian Assistant (RRF)	OF - 0.2
20	Health Services - Long-term Care Licensing Inspectors	1.0
21	Health Services - High risk Perinatal - Additional visits	0.3
22	Health Services - Replace Newborn Screening Equipment (NSF)	OF - 0.3
23	Health Services - Nursing Care Institution Projects (NCIF)	OF - 0.1
24	Health Services - Alzheimer's Research	2.0
25	Judiciary - Supreme - Dependency Alternative Program	0.2
26	Judiciary - Supreme - Court Appointed Advocates (CASA)	OF - 0.5
27	Judiciary - Superior - Probation Officer Salaries Funding Deficit	4.3
28	Juvenile Corrections - Youth Correctional Officers	1.6
29	Juvenile Corrections - Maricopa/Pima Offset	8.5
30	Ombudsman - Additional FTE & Operating Costs	0.2
31	Parks - Parks Operational Costs (SPRF)	OF - 1.0
32	Public Safety - Overtime Budget	2.2
33	Public Safety - Recruitment	0.4
34	Public Safety - Trooper and Civilian Pay	23.6
35	Revenue - E-Commerce Compliance and Outreach	0.9
36	Veterans - Homes Operational Expansion (SVHTF)	OF - 5.5
37	Other - General Salary Increase	25.5
38	<b>Subtotal Ongoing</b>	<b>134.7</b>



**Senate Republican Framework Detail (General Fund + Other Fund)**

	<u>One-time Issues</u>	
39	Attorney General - Attorney Stipends (CPCF)	OF - 2.0
40	Attorney General - Expert Witness and Litigation Costs (CPCF)	OF - 1.2
41	Child Safety - Child Care Development Funding (CCDF)	OF - 2.3
42	Commerce - Rural Broadband Grants	2.0
43	Corrections - Replace stab-proof vests	3.9
44	Corrections - Radios	18.0
45	Economic Security - Child Care Development Funding (CCDF)	OF - 14.0
46	Education - Replace Education Finance System	3.0
47	Education - Extraordinary Needs Deposit	5.0
48	Education - Fund Distance Learning at 100%	250.0
49	DEMA - Integrated Awareness Network Equipment	0.2
50	DEQ - Water Quality Assurance Revolving Fund (UST)	OF - 5.0
51	Game and Fish - Statewide Fish Hatcheries (G&F)	OF - 2.6
52	Parks - Construction, Maintenance, and Exit Lease (SPRF)	OF - 2.5
53	Public Safety - Microwave backbone replacement	49.2
54	Public Safety - Radio Replacement	8.0
55	Public Safety - Active Shooter Equipment	3.0
56	Public Safety - New DPS Training Academy	3.0
57	School Facilities - Building Renewal Grants	90.8
58	Veterans - Homes Maintenance (SVHTF)	OF - 1.0
59	Veterans - New NW Veterans Home	25.0
60	Other - Highway/Road Projects	200.0
61	Other - Pension Payment	300.0
62	Other - Transwestern	16.1
63	Other - Unemployment Protection	200.0
64	<b>Subtotal One-times</b>	<b>1,177.2</b>
65	<b>Total Expenditures</b>	<b>1,311.9</b>
66	<b>Grand Total Resources Used (Tax Changes + Expenditures)</b>	
67	Total Ongoing	335.0
68	Total One-time	1,447.2
69	<b>Grand Total All Resources</b>	<b>1,782.2</b>

## Senate Republican Framework Detail by Year (General Fund + Other Fund)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b><u>Revenue Changes</u></b>				
1 Ongoing Tax changes		(200.0)	(200.0)	(200.0)
2 One-time Tax changes		(250.0)		
3 Treasurer Operations (PCI Compliance Officer + Compensation)		(0.3)	(0.3)	(0.3)
4 Water - Irrigation Districts		(20.0)		
<b><u>Ongoing Issues</u></b>				
5 AHCCCS - 2.0 Housing Program Staff (SMI-HTF)		OF - 0.2	OF - 0.2	OF - 0.2
6 AHCCCS - Elderly and Physically Disabled Provider Rates		7.5	7.5	7.5
7 Attorney General - New Attorneys in Federalism Unit (CPCF)		OF - 0.4	OF - 0.4	OF - 0.4
8 Attorney General - Expand Major Fraud Unit (CPCF)		OF - 1.3	OF - 1.3	OF - 1.3
9 Child Safety - Caseworker Salaries		5.4	5.4	5.4
10 Corrections - Expand Substance Abuse Services		1.6	1.6	1.6
11 Corrections - Correctional Officers		30.8	30.8	30.8
12 Corrections - New Corporal Classification		1.6	1.6	1.6
13 Economic Security - Developmental Disability Provider Rates		15.0	15.0	15.0
14 Economic Security - Area Agencies on Agency Provider Rates		1.0	1.0	1.0
15 Education - Maintain State Match for Adult Education programs		0.4	0.4	0.4
16 Education - 3.0 FTE Dyslexia Screening Staff		0.3	0.3	0.3
17 DEMA - Cyber Task Force		0.5	0.5	0.5
18 Forestry - Ongoing Fire Suppression Funding (TLMF)		OF - 3.9	OF - 3.9	OF - 3.9
19 Gaming - State Veterinarian and Veterinarian Assistant (RRF)		OF - 0.2	OF - 0.2	OF - 0.2
20 Health Services - Long-term Care Licensing Inspectors		1.0	1.0	1.0
21 Health Services - High risk Perinatal - Additional visits		0.3	0.3	0.3
22 Health Services - Replace Newborn Screening Equipment (NSF)		OF - 0.3	OF - 0.3	OF - 0.3
23 Health Services - Nursing Care Institution Projects (NCIF)		OF - 0.1	OF - 0.1	OF - 0.1
24 Health Services - Alzheimer's Research		2.0	2.0	2.0



Senate Republican Framework Detail by Year (General Fund + Other Fund)

25	Judiciary - Supreme - Dependency Alternative Program	0.2	0.2	0.2
26	Judiciary - Supreme - Court Appointed Advocates (CASA)	OF - 0.5	OF - 0.5	OF - 0.5
27	Judiciary - Superior - Probation Officer Salaries Funding Deficit	4.3	4.3	4.3
28	Juvenile Corrections - Youth Correctional Officers	1.6	1.6	1.6
29	Juvenile Corrections - Maricopa/Pima Offset	8.5	8.5	8.5
30	Ombudsman - Additional FTE & Operating Costs	0.2	0.2	0.2
31	Parks - Parks Operational Costs (SPRF)	OF - 1.0	OF - 1.0	OF - 1.0
32	Public Safety - Overtime budget	2.2	2.2	2.2
33	Public Safety - Recruitment	0.4	0.4	0.4
34	Public Safety - Trooper and Civilian Pay	23.6	23.6	23.6
35	Revenue - E-Commerce Compliance and Outreach	0.9	0.9	0.9
36	Veterans - Homes Operational Expansion (SVHTF)	OF - 5.5	OF - 5.5	OF - 5.5
37	Other - General Salary Increase	25.5	25.5	25.5
38	<b>Subtotal Ongoing</b>	<b>134.7</b>	<b>134.7</b>	<b>134.7</b>

One-time Issues

39	Attorney General - Attorney Stipends (CPCF)	OF - 2.0		
40	Attorney General - Expert Witness and Litigation Costs (CPCF)	OF - 1.2		
41	Child Safety - Child Care Development Funding (CCDF)	OF - 2.3		
42	Commerce - Rural Broadband Grants	2.0		
43	Corrections - Replace stab-proof vests	3.9		
44	Corrections - Radios	18.0		
45	Economic Security - Child Care Development Funding (CCDF)	OF - 14.0		
46	Education - Replace Education Finance System	3.0		
47	Education - Extraordinary Needs Deposit	5.0		
48	Education - Fund Distance at 100%		250.0	
49	DEMA - Integrated Awareness Network Equipment	0.2		
50	DEQ - Water Quality Assurance Revolving Fund (UST)	OF - 5.0		
51	Game and Fish - Statewide Fish Hatcheries (G&F)	OF - 2.6		

Senate Republican Framework Detail by Year (General Fund + Other Fund)

52	Parks - Construction, Maintenance, and Exit Lease (SPRF)	OF - 2.5			
53	Public Safety - Microwave backbone replacement	49.2			
54	Public Safety - Radio Replacement	8.0			
55	Public Safety - Active Shooter Equipment	3.0			
56	Public Safety - New DPS Training Academy	3.0			
57	School Facilities - Building Renewal Grants	90.8			
58	Veterans - Homes Maintenance (SVHTF)	OF - 1.0			
59	Veterans - New NW Veterans Home	25.0			
60	Other - Highway/Road Projects	200.0			
61	Other - Pension Payment	300.0			
62	Other - Transwestern	16.1			
63	Other - Unemployment Protection	200.0			
64	<b>Subtotal One-times</b>	<b>766.1</b>	<b>411.1</b>	<b>0.0</b>	<b>0.0</b>
65	<b>Total Expenditures</b>	<b>766.1</b>	<b>545.8</b>	<b>134.7</b>	<b>134.7</b>
66	<b>Grand Total Resources Used</b>				
67	Total Ongoing	0.0	335.0	335.0	335.0
68	Total One-time	766.1	681.1		
69	<b>Grand Total All Resources</b>	<b>766.1</b>	<b>1,016.1</b>	<b>335.0</b>	<b>335.0</b>



JANUARY 2021

# SENATE REPUBLICAN BUDGET FRAMEWORK

*55TH LEGISLATURE FIRST  
REGULAR SESSION*



**ARIZONA STATE SENATE  
REPUBLICAN CAUCUS**