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September 8, 2016

The Honorable Douglas A. Ducey
Governor of Arizona
1700 W. Washington Street
Phoenix, Arizona 85007

Dear Governor Ducey:

On behalf of the County Supervisors Association of Arizona (CSA) and Arizona's fifteen counties, thank you for your support of county financial priorities included in the FY2016-2017 State Budget. As you and your team prepare the FY2017-2018 Executive budget proposal, we would greatly appreciate your consideration of including the following top county financial priorities in your budget recommendation:

Elimination of the mandated county payments to support the state operated and managed Arizona Department of Juvenile Corrections. Beginning in FY2016, and as a way to manage the state revenue shortfall, state law was changed to require these payments. In FY2017, the mandate will cost county taxpayers approximately \$11 million. Fundamentally, this policy violates good management principals by charging the county taxpayer for cost drivers controlled by the judiciary and the state and diverts scarce resources from other local priorities.

We are very grateful the enacted state budget contained an \$8 million appropriation to partially offset this impact in FY2017. We respectfully request that the FY2018 state budget provide full and permanent relief of this state liability. We also offer our collaboration if your administration wishes to evaluate opportunities for reform and efficiencies in the juvenile justice system that could generate cost savings to the state and county taxpayer, while improving results in the system.

Full Restoration of Highway User Revenue Funds (HURF). Since 2009, \$140.6 million of county HURF has been diverted to fund state obligations. We understand the financial context in which this was done, but it is important to recognize the profound and deleterious consequences this has had on local road building and maintenance.

Thank you for the temporary and partial restoration of these funds to local governments in FY2017, of which counties received \$10 million. As you know, investing in transportation infrastructure is critical for economic development, public safety and quality of life, and we are hopeful that you will support full restoration in the FY2018 state financial plan.

Please know that current state law contains several other problematic cost shifts to counties and policies that create financial burden on local county taxpayers. If resources permit, we would welcome an opportunity to address additional important county priorities. However, we recognize that you must balance many competing priorities in a limited resource environment. Accordingly, we believe it is incumbent on us to share with you our top financial priorities that, if addressed, will provide meaningful relief to all counties and will promote good government and proper stewardship of taxpayer resources.

Thank you very much for your consideration of our request and for your leadership of our Great State.

Sincerely,

Richard R. Searle

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