

FY 2012 BUDGET RECONCILIATION BILL PROVISIONS

The Baseline would include the enactment of statutory changes associated with its funding amount. The following provisions would be grouped by subject into Budget Reconciliation Bills (BRBs).

Statewide

1. As session law, continue to require the Governor's Office of Economic Recovery to report on the use of American Recovery and Reinvestment Act (ARRA) funds by October 1. Allow the reports to be transmitted electronically by posting them on the state's stimulus tracking website.
2. As session law, continue to require unrestricted Federal Funds, excluding ARRA funds, to be deposited in the General Fund for the payment of essential government services.
3. As session law, continue to allow agencies to implement a furlough (in addition to those required by FY 2011 budget legislation) for FY 2012 and direct the Arizona Department of Administration (ADOA) to prescribe implementation procedures. Also, exempt ADOA from rulemaking requirements for the purpose of prescribing procedures.
4. As session law, notwithstanding A.R.S. § 35-121 to permit annual budgets for all departments.
5. As session law, continue to specify that any non-lapsing monies appropriated from the General Fund that remain unexpended or unencumbered at the close of FY 2012 shall be counted as part of the closing balance.
6. As session law, change the FY 2012 Capital Outlay Stabilization Fund (COSF) rental rate charged by ADOA from \$21.02/square foot to \$15.08/square foot for office space and from \$7.62/square foot to \$5.47/square foot for storage space.

Arizona Department of Administration

7. As session law, continue to prohibit implementation of a differentiated health insurance premium in FY 2012 based on the integrated or non-integrated status of the provider.

Office of Administrative Hearings

8. As session law, continue to suspend the requirement that the office hear appealed actions and contested cases within 60 days of the filing.

Arizona Department of Agriculture

9. As session law, permit the director, upon recommendation from the Agricultural Advisory Council, to continue to increase fees in FY 2012. The bill includes an intent clause that limits additional revenues up to \$561,000.

AHCCCS

10. As session law, set county Arizona Long Term Care System (ALTCS) contributions at \$251,732,900.
11. As session law, continue to permit Arizona Health Care Cost Containment (AHCCCS) to expend Federal Funds made available by local or tribal spending unless the spending would reduce the enhanced federal matching rate under the federal stimulus or cause the administration to exceed any limitations of federal spending.
12. As session law, continue to prohibit increases in institutional and non-institutional provider rates in the contract year beginning October 1, 2011. Allow AHCCCS to reduce institutional and non-institutional rates up to 5% in contract year beginning October 1, 2011.
13. As session law, establish FY 2012 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, and private qualifying disproportionate share hospitals.
14. As session law, set the County Acute Care contribution at \$48,605,300. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.
15. As session law, require the collection of \$2,646,200 in the Disproportionate Uncompensated Care pool contributions from counties other than Maricopa. Exclude these contributions from county expenditure limitations.
16. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.
17. As session law in the General Appropriation Act, continue to defer \$344,201,700 in capitation payments for FY 2012 until FY 2013. Appropriate \$344,344,800 in FY 2013 for these deferred payments, including interest. Allow AHCCCS to pay the health plans no later than July 31, 2012.
18. As session law, continue to exclude the AHCCCS from the ambulance provider rates set by the Department of Health Services (DHS).
19. As session law, continue the FY 2010 risk contingency rate reduction for all managed care organizations. Continue to impose a reduction on funding for all managed care organizations administrative funding levels.
20. As session law, exempt AHCCCS from rulemaking requirements for determining eligibility necessary to implement a program within the available appropriation.
21. As session law, continue to state that it is the intent of the Legislature that AHCCCS comply with the Federal False

Claims Act, achieve the maximum savings as possible under the federal act, and continue to consider best available technologies to consider fraud.

Department of Commerce

22. As session law, continue to allow the department to use the Lottery Fund, Bond Fund and Commerce and Economic Development Fund for operating.

Arizona Community Colleges

23. As session law, continue to suspend capital outlay funding for FY 2012.
24. As session law, continue to notwithstanding the 20% cap to the community college districts' ability to use capital outlay monies for operating.
25. As session law, notwithstanding the operating and equalization state aid formulas in FY 2012, and specify that the appropriations for operating and equalization state aid shall be as provided in the General Appropriation Act.

Registrar of Contractors

26. As session law, continue to allow 14% of prior fiscal year revenues from the Residential Contractors' Recovery Fund to be used for employee and contracted services, equipment, and for operational costs, rather than 10% of the fund balance.

State Department of Corrections

27. As session law, continue to require the department to report actual FY 2011, estimated FY 2012, and requested FY 2013 expenditures as delineated in the prior year when the department submits its FY 2013 budget request pursuant to A.R.S. § 35-113.

Department of Economic Security

28. As session law, continue to require recipients of Temporary Assistance for Needy Families (TANF) Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security (DES) has reasonable cause to believe that the recipient uses illegal drugs.
29. As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require DES to report to JLBC within 15 days of any change in levels.
30. As session law in the General Appropriation Act, continue the FY 2011 \$42,000,000 payment deferral to providers from FY 2012 to FY 2013.

Department of Education

31. As permanent law, increase by 0.9% the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school "Additional Assistance amounts prescribed in A.R.S. § 15-185B4.
32. As permanent law, maintain at \$3,267.72 for FY 2012 the per pupil "base level" amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2011).
33. As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2012 at a percentage that would freeze statewide JTED costs at the prior year level.
34. As session law, continue to set the maximum base level increase for Career Ladder districts at 5.0% rather than 5.5% and limit the program only to teachers who participated in the prior year.
35. As session law, continue to suspend new funding for the early graduation program, but continue to fund existing students with available fund balances.
36. As session law, continue to suspend the "Actual Utilities Cost" funding formula in A.R.S. § 15-910.04 and related reporting requirements currently prescribed in A.R.S. § 15-910.03.
37. As session law, continue to permit school districts to use Soft Capital funding for FY 2012 for any operating or capital expenditures.
38. As session law, continue to suspend the annual AIMS Intervention and Dropout Prevention performance audit for FY 2012.
39. As session law, continue to allow school districts and charter schools to charge tuition for full day Kindergarten (FDK) in FY 2012 if they decide not to provide free FDK in FY 2012.
40. As session law, continue the \$(165,120,700) Soft Capital reduction required for FY 2011 by Laws 2010, 7th Special Session, Chapter 8. As session law, continue to exempt school districts with fewer than 600 K-8 and districts with fewer than 600 high school pupils from 50% of the Soft Capital reductions that they otherwise would receive for FY 2012. As session law, continue to reduce Soft Capital funding to school districts that do not receive state aid for FY 2012 by the amount that would be reduced if they did qualify for state aid for FY 2012. As session law, continue to specify that, to the extent possible, the Soft Capital reductions shall be taken against administrative costs rather than classroom instruction.

41. As session law, continue to reduce charter school Additional Assistance funding by an amount specified in the General Appropriation Act (\$10,000,000) for FY 2012 only below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4.
42. As session law in the General Appropriation Act, continue to defer \$952,627,700 in Basic State Aid payments for FY 2012 until FY 2013. Appropriate \$952,627,700 in FY 2013 for these deferred Basic State Aid payments. Allow the State Board of Education to make the rollover payment no later than August 29, 2012.
43. As session law in the General Appropriation Act, continue to require school districts to include in the FY 2012 revenue estimates that they use for computing their FY 2012 tax rates the rollover monies that they will receive for FY 2012 in July or August 2012.

Department of Emergency and Military Affairs

44. As session law, continue to amend Laws 2004, Chapter 235, Section 14 to reduce the Military Installation Fund deposit by \$(2,800,000) in FY 2012.
45. As session law, continue the \$(1,100,000) reduction to the Governor's Emergency Fund deposit in FY 2012.

Department of Environmental Quality

46. As session law, continue to suspend the Underground Storage Tank Revolving Fund Assurance Account administrative cap for FY 2012 to allow the department to utilize up to \$6,531,000 for program operating costs.
47. As session law, allow the department to increase fees in FY 2012. The bill adds an intent clause that limits additional revenues to \$5,779,100.
48. As session law, limit the General Fund appropriation to the Water Quality Assurance Revolving Fund to \$7,000,000 in FY 2012.

Board of Executive Clemency

49. As session law, continue to limit members of the Board of Executive Clemency, excluding the Chairman, from working more than 30 hours per week and restrict them from being eligible for paid leave or any other benefits provided to state employees.

Department of Health Services

50. As session law, continue to require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2012. Allows counties to use any source of county revenue to make the transfers.
51. As session law, continue to require counties to pay 25% of the cost of treatment and confinement for sexually violent persons. Allows counties to use any source of county revenue to make the transfers and exempts county contributions from county expenditure limitations.

Department of Insurance

52. As session law, continue to notwithstanding the requirement for the Department of Insurance to recover at least 95% but not more than 110% of the department's appropriated budget.
53. As session law, amend Laws 2009, 1st Regular Session, Chapter 1 to make the appropriation of \$4,659,666 to the Arizona Property and Casualty Insurance Guaranty Fund and \$5,204,466 to the Life and Disability Guaranty Fund in each of fiscal years 2012-2014 contingent upon the \$13,991,900 and \$15,620,200 transfers from those funds to the General Fund authorized by Laws 2009, 1st Special Session, Chapter 1 occurring.

Judiciary

54. As session law, continue to suspend the reporting requirements for the Annual Juvenile Intensive Probation Report, the Community Punishment Program Report, the Emancipation of Minors Report, the Annual Drug Treatment and Education Fund Report, the Annual Lengthy Trial Fund Report, the Annual Child Support Committee Report, and the Annual Domestic Relations Committee Report.
55. As session law, suspend A.R.S. § 12-270, which requires the Legislature to annually appropriate 40% of any cost savings related to a reduction in probation revocations, to be deposited in the Adult Probation Services Fund of each county if there is a reduction in the percentage of supervised probationers who are convicted of new felony offenses.
56. As session law, continue to suspend county non-supplanting requirements associated with funding for probation services, criminal case processing, and alternative dispute resolution programs and require the counties to report on reductions in county funding as a result of the elimination of the non-supplanting provisions.
57. As session law, suspend the requirement of 50% reimbursement to counties for grand jury expenses and for state-funded representation of indigent defendants in first-time capital post conviction relief proceedings.

Board of Medical Student Loans

58. As session law, continue to suspend the requirement that at least 50% of loan monies be apportioned for students attending private medical schools retroactive to June 30, 2011.

Arizona State Parks Board

59. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.
60. As session law, continue to allow State Parks Enhancement Fund monies to be used for the operation of state parks as appropriated by the Legislature or for capital needs as approved by the Joint Committee on Capital Review in FY 2012.
61. As session law, allow the use of Law Enforcement Boating Safety Fund monies for Parks Board operations and \$500,000 for law enforcement grants in Mohave and La Paz Counties in FY 2012.

Department of Public Safety

62. As session law, continue to suspend the schedule established by A.R.S. § 28-6537 and A.R.S. § 28-6993 governing the level of Highway User Revenue Fund and State Highway Fund revenues available to fund the Department of Public Safety's Highway Patrol costs.
63. As session law, continue to reduce the Laws 2007, Chapter 261 advance appropriation of \$3,520,000 from the DNA Identification System Fund to \$980,000 in FY 2012. These monies were originally appropriated to fund the operating costs of expanded testing provisions and the design and construction of an expanded crime lab in Phoenix.

School Facilities Board

64. As session law, continue to prohibit the School Facilities Board (SFB) from authorizing or awarding funding for the design or construction of any new school facility or for school site acquisition. Continue to require school districts to submit capital plans during FY 2012 and permit SFB to review and award new school facilities, subject to future appropriations.
65. As session law, continue to suspend the Building Renewal Fund formula for FY 2012.

Department of Transportation

66. As permanent law, continue to require that the amount of Vehicle License Tax collected from the 5-year registration option, which is over and above what would have been collected had the vehicles been registered for 2 years, be deposited into the General Fund.

State Treasurer

67. As session law, continue to fund the state share of Justice of the Peace salaries at 19.25% in FY 2012.

Universities

68. As session law, continue to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into Arizona Financial Aid Trust.
69. As session law in the General Appropriation Act, continue the FY 2011 \$200,000,000 universitywide payment deferral to the universities from FY 2012 to FY 2013.

Department of Water Resources

70. As session law, continue to suspend the statutory \$5,000,000 transfer from the General Fund to the Water Protection Fund in FY 2012.
71. As session law, allow the department to increase fees in FY 2012. The bill adds an intent clause that limits additional revenues to \$5,662,900 and requires a specific fee plan be developed for legislative consideration by April 1, 2011.

Revenues

72. As session law, continue the FY 2011 fee raising authority for the Department of Health Services, the Radiation Regulatory Agency, the State Land Department, and the Office of Pest Management. The bill exempts recreation fees from the fee raising authority granted the State Land Department. The bill adds an intent clause that limits additional revenues to \$600,000 each for the Department of Health Services and the State Land Department, \$500,000 for the Radiation Regulatory Agency, and \$525,000 for the Office of Pest Management.
73. As session law, require Maricopa County to transfer \$28,600,000 and Pima County to transfer \$6,000,000 into the General Fund, for a total transfer of \$34,600,000. Exempt these contributions from county expenditure limitations. Allows counties to use any source of county revenue to make the transfers.