

FY 2013 BUDGET RECONCILIATION BILLS (BRBs)

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FY 2013 BUDGET RECONCILIATION BILLS (BRB) PROVISIONS

STATE BUDGET PROCEDURES - CHAPTER 296 (SB 1525)

Statewide	Section
1. As session law, continue to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services.	7
2. As session law, notwithstanding A.R.S. § 35-121 to permit annual budgets for all departments.	10
3. As session law, change the FY 2013 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration (ADOA) from \$15.08/square foot to \$13.82/square foot for office space and from \$5.47/square foot to \$5.01/square foot for storage space.	8
4. As session law, notwithstanding A.R.S. § 41-792.01 to require agencies to pay rent for state-owned space based on the budgeted amounts. Includes an intent statement that rental payment calculations in FY 2014 be based on rentable square footage if there is no General Fund impact.	8
5. As permanent law, conform JLBC building status to other legislative buildings.	1,2,4,5
6. As permanent law, exempt the Arizona State Schools for the Deaf and the Blind and the Arizona Historical Society's Papago Park Museum from paying COSF rent to ADOA.	1-3, 11
7. As session law, repeal the FY 2012 provision requiring that any unexpended non-lapsing General Fund monies at the close of FY 2012 be counted as part of the General Fund balance. Provision is retroactive to June 29, 2012. Elimination of this accounting mechanism would have a projected one-time cost of \$29,910,200 in FY 2012.	6
8. As session law, require all Executive Branch agencies to submit a 5-year strategic plan with their regularly scheduled FY 2014 budget request.	9

CRIMINAL JUSTICE - CHAPTER 302 (SB 1531)

Attorney General - Department of Law

9. As session law, continue to raise the non-lapsing cap for the Collections Enforcement Fund from \$100,000 to \$500,000.	23
10. As permanent law, eliminate the Attorney General (AG) Pro Rata charge. Allow the AG to bill agencies up to a total of \$1,906,400 from non-General Fund and non-Federal Fund sources for legal services costs.	6

Capital Postconviction Public Defender Office

11. As permanent law, eliminate the Capital Postconviction Public Defender Office, returning the responsibility to the counties.	1, 2, 6, 12, 13, 24
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State Department of Corrections

12. As permanent law, repeal the requirement scheduled to begin in July 2012 that counties pay for the incarceration of prisoners sentenced to less than 1 year at ADC or to incarcerate them in county facilities.	14, 28
13. As permanent law, eliminate the requirement for a quality and cost review of private prison contracts.	8
14. As permanent law, merge the Transition Services Fund into the Transition Program Fund.	3-5, 26
15. As session law, repeal the requirement from the FY 2010 budget that the department issue and award a Request for Proposals (RFP) for 5,000 private beds.	15
16. As session law, require the department to award contracts by September 1, 2012 for up to 500 male medium-security beds to open on January 1, 2014 and up to 500 additional male medium-security beds to open on January 1, 2015 from the 2,000-bed RFP issued by the department on February 2, 2012. Permit department to award contracts for remainder of 2,000 beds only with legislative authorization.	27
17. As session law, continue to require the department to report actual FY 2012, estimated FY 2013, and requested FY 2014 expenditures as delineated in the prior year when the department submits its FY 2014 budget request pursuant to A.R.S. § 35-113.	16
18. As session law, continue to allow 2 ADC special funds to be used for general operations.	17

19. As permanent law, transfer administration of the Department of Corrections Building Renewal Fund from the ADOA Director to the ADC Director 7

Board of Executive Clemency

20. As session law, specify that members of the Board of Executive Clemency, excluding the Chairman, are paid on an hourly basis and restrict them from being eligible for paid leave or any other benefits provided to state employees. 18

Judiciary

21. 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 Child Support Committee Report, and the Annual Domestic Relations Committee Report. 20
22. 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. 21
23. As session law, continue to 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 and reimburse only the amount provided in the General Appropriation Act. 22

Department of Public Safety

24. As permanent law, allow monies in the Public Safety Equipment Fund from any source to be used to purchase vehicles. 9
25. As permanent law, allow monies in the Crime Lab Operations Fund to be used for any department operations. 11
26. As permanent law, clarify that all GIITEM subaccount monies are to be distributed to local law enforcement agencies. 10
27. As session law, continue to suspend the schedule established by A.R.S. § 28-6537 governing the level of Highway User Revenue Fund (HURF) revenues available to fund DPS's Highway Patrol costs. 19
28. As session law, after July 1, 2012 deposit any monies remaining in the Photo Enforcement Fund and any new revenues in the General Fund. 25

ENVIRONMENT - CHAPTER 303 (SB 1532)

Arizona Department of Agriculture

29. As session law, permit the Director, upon recommendation from the Agricultural Advisory Council, to continue to allow special fee authority in FY 2013. The bill includes an intent clause that limits additional revenues up to \$218,000 to the General Fund, \$113,000 to the Pesticide Trust Fund and \$26,000 to the Dangerous Plants, Pests and Diseases Trust Fund. 15

Department of Environmental Quality

30. As session law, allow the department to utilize up to \$6,531,000 from a combination of the Underground Storage Tank (UST) Fund and the Regulated Substance Fund in FY 2013 for department administrative expenses. 14
31. As session law, continue to decrease the General Fund appropriation to the Water Quality Assurance Revolving Fund from \$15,000,000 to \$7,000,000. 18
32. As session law, require the department to transfer all permits relating to the ownership and operation of a wastewater plant to the applicable city or town. 12
33. As session law, allow \$1,800,000 of the department's Emissions Inspection Fund monies to be spent on the Safe Drinking Water Program in FY 2013. 9
34. As session law, require the State Agency Fee Commission to review the department's Vehicle Emissions Inspection fees and include a recommendation on a fee reduction and other fund uses in the December 31, 2012 report to the Governor, Speaker, and President. 20

State Land Department

35. As session law, allow the State Land Commissioner before June 30, 2013 to grant an additional extension of up to 5 years for payment of certificates of purchase for state trust land auctioned between January 1, 2004 and December 31, 2007. 11

Arizona Navigable Stream Adjudication Commission

36. As session law, continue to allow up to \$80,000 from the Risk Management Revolving Fund to be spent for the commission's unpaid legal obligations. 17

Arizona State Parks Board

37. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs. 13
38. As permanent law, eliminate the State Parks Enhancement Fund, the Reservation Surcharge Revolving Fund, and the Publications and Souvenir Revolving Fund, and consolidate their revenue sources into a new appropriated State Parks Revenue Fund. Specifies monies in the fund shall not be used in a manner inconsistent with deed or lease restrictions. 1-7, 19

Department of Water Resources

39. As permanent law, repeal the municipality special fee authority. As session law, continue to allow the department non-municipality special fee authority, including an intent clause that limits additional revenue up to \$100,200. 8, 16
40. As session law, allow the department's Water Protection Fund Commission to spend up to \$336,000 on administrative functions out of their unobligated balances in FY 2013. 10

GOVERNMENT - CHAPTER 298 (SB 1527)**Statewide**

41. As permanent law, remove the November 1 biennial reporting requirement that JLBC report on eliminating state funds and converting more funds to appropriated status and replace with annual report by December 1 from JLBC on statutorily deleted and newly created funds and funds that changed appropriated status from the prior fiscal year. 2
42. As permanent law, establish the Automation Projects Fund which consists of monies appropriated by the Legislature. (The General Appropriation Act appropriates \$16,800,000 from the General Fund and \$11,300,000 from other state funds to the Automation Projects Fund in FY 2013 and a total of \$63,000,000 from the General Fund in FY 2014 through FY 2016.) Monies in the fund shall be used to implement information technology improvements, upon review of JLBC. 1

Office of Administrative Hearings

43. As session law, continue to suspend the requirement that the office hear appealed actions and contested cases within 60 days of the filing. 4

Department of Emergency and Military Affairs

44. As session law, continue the \$(1,100,000) reduction to the Governor's Emergency Fund deposit in FY 2013. 1

HEALTH AND WELFARE - CHAPTER 299 (SB 1528)**Arizona Department of Administration**

45. As session law, continue to prohibit implementation of a differentiated health insurance premium in FY 2013 based on the integrated or non-integrated status of the provider. 12
46. As session law, clarify that ADOA must submit a dental self-insurance plan to the JLBC for review prior to switching to self-insurance. 30

AHCCCS

Rates and Services

47. As session law, continue to set AHCCCS ambulance reimbursement rates at 68.59% of the Department of Health Services (DHS) approved rates from October 1, 2012 to September 30, 2013. 18
48. As permanent law, eliminate requirement that AHCCCS reimburse ambulance providers in proportion to DHS-set rates. 3
49. 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. 21
50. As session law, allow AHCCCS not to adjust outpatient hospital fee schedules by inflation in the contract year beginning October 1, 2012. 19
51. As session law, allow AHCCCS to continue the 5% reduction in payments for institutional and noninstitutional services in the contract year beginning October 1, 2012. 20
52. As session law, state that it is the intent of the Legislature that AHCCCS not increase capitation rates more than 3% in FY 2014 and FY 2015. 35
53. As session law, state that it is the intent of the Legislature that AHCCCS revise its rules to eliminate adjustments to outpatient hospital fee schedule rates by any inflation index. 34
54. As permanent law, expand AHCCCS coverage to all women under age 65 with an income at or below 250% of the federal poverty level who are diagnosed with breast or cervical cancer by a provider recognized by Well Women Healthcheck program. 4
55. As session law, require AHCCCS to monitor contractor compliance and performance requirements in the provision of covered dental services to eligible members. 31

Counties

56. As session law, set FY 2013 county Arizona Long Term Care System (ALTCs) contributions at \$243,220,500. 9
57. As session law, set the County Acute Care contribution at \$48,225,500. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328. 15
58. As session law, require AHCCCS to transfer any excess monies back to the counties by December 31, 2013 if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act. 14
59. 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
60. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations. 17

Hospitals

61. As session law, establish FY 2013 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center. 13
62. As session law, continue to permit local governments, tribal governments, and universities to contribute state match monies for disproportionate share hospital payments in FY 2013. 13
63. As session law, require AHCCCS to deposit \$8,541,400 into DES' Long Term Care System Fund if Maricopa County Hospital District certifies more than \$55,507,900 for disproportionate share hospital expenses in FY 2012. Retroactive to May 31, 2012. 6
64. As session law, limit the disproportionate share payment attributed to Maricopa County Special Health District in FY 2012 and FY 2013 to \$89,877,700. 6, 13

Erroneous Payments

65. 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. 33
66. As session law, permit AHCCCS to recover erroneous Medicare payments made due to errors by the federal Social Security Administration. Subject to legislative appropriation, any credits received may be used to pay for the AHCCCS program in the year they are received. 22

Available Funding

67. As session law, continue to state that it is the intent of the Legislature that AHCCCS implement a program within its available funding. 32
68. As session law, repeal Section 34 of the FY 2012 Health BRB (Laws 2011, Chapter 31) which allows AHCCCS to notwithstanding any other law and exempts AHCCCS from rule making authority to implement a program within its available funding through the effective date of the act. Requires any 7, 8

	provisions enacted using the authority provided in section 34 of the FY 2012 Health BRB be permanently authorized by December 31, 2013 in order for the provisions to continue beyond that date.	
69.	As session law, authorize AHCCCS to apply for additional federal funding through January 1, 2014 for trauma centers, emergency departments, and rural hospitals. Provides a rule making exemption for this provision through October 1, 2012.	23
70.	As session law, exempt AHCCCS from rule making procedures through October 1, 2012 for the reimbursement methodology for community health centers prescription drug costs.	24
71.	As session law, exempt AHCCCS from rule making procedures through December 31, 2012 to revise AHCCCS ambulance provider rates.	25
<i>Reconciliation Payments</i>		
72.	As permanent law, require AHCCCS to deposit reconciliation payments or penalties against program contractors or health plans into the General Fund or the fund from which the appropriation was originally made. Prohibit these payments or penalties from being credited against future payments to the program contractor or health plan.	1

Department of Economic Security

73.	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
74.	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.	28
75.	As session law, allow use of Long Term Care System Fund for any DES operational or programmatic expenses in FY 2013.	27

Department of Health Services

76.	As session law, continue to require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2013. Allows counties to use any source of county revenue to make the transfers.	11
77.	As session law, continue to require counties to pay 50% of the cost of treatment and confinement for sexually violent persons. Allow counties to use any source of county revenue to make the transfers and exempt county contributions from county expenditure limitations.	10
78.	As permanent law, require DHS to deposit reconciliation payments or penalties against program contractors or health plans into the General Fund or the fund from which the appropriation was originally made. Prohibit these payments or penalties from being credited against future payments to the program contractor or health plan.	1
79.	As permanent law, require DHS to report annually on behavioral health demographics, utilization and expenditures beginning October 1, 2013. Require that the Directors of the JLBC and OSPB agree to the content of the report by August 1, 2012.	5
80.	As session law, notwithstanding A.R.S. § 36-773 to permit DHS to use Tobacco Tax and Health Care Fund - Health Research Account for Alzheimer's disease research.	26
81.	As permanent law, remove the \$40 cap for the second test administered by the Newborn Screening Program.	2

HIGHER EDUCATION - CHAPTER 301 (SB 1530)

Arizona Community Colleges

82.	As session law, continue to suspend capital outlay funding for FY 2013.	7
83.	As session law, continue to notwithstanding the 20% cap to the community college districts' ability to use capital outlay monies for operating.	8
84.	As permanent law, eliminate the requirement that community college districts present quarterly appropriated funding requests to the Department of Administration.	1
85.	As permanent law, allow provisional community college districts to receive Proposition 301 Workforce Development monies directly without having their shares flow through non-provisional districts.	2, 5
86.	As permanent law, limits tribal community college districts that are able to receive 10%, up to \$1,750,000, of Transaction Privilege Tax revenues to those in a tribe that enters into an initial compact with the Governor prior to September 1, 2012.	6

Universities

- 87. 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 (AFAT). 9
- 88. As permanent law, require the Arizona Board of Regents and the universities to adopt a performance funding model by July 1, 2012 and require the universities to base their annual budget requests on the adopted performance funding model. 3

Board of Medical Student Loans

- 89. As permanent law, transfer all Medical Student Loan Fund balances and revenues to the Primary Care Loan Repayment Program, which is administered by the Department of Health Services. 4

K-12 EDUCATION - CHAPTER 300 (SB I529)

Department of Education

Formula Requirements

- 90. As permanent law, increase by 2.0% 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. 1, 7
- 91. As permanent law, maintain at \$3,267.72 for FY 2013 the per pupil “base level” amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2012). 5

Funding Formula Changes

- 92. As session law, reduce school districts’ Soft Capital funding by \$158,120,700. (In FY 2012, Soft Capital funding was reduced by \$188,120,700, but \$30,000,000 of that reduction is being shifted to the Capital Outlay Revenue Limit (CORL) for FY 2013 because of declining Soft Capital formula totals.) As session law, reduce Soft Capital funding to school districts that do not receive state aid for FY 2013 by the amount that would be reduced if they did qualify for state aid for FY 2013. 13
- 93. As session law, reduce charter school Additional Assistance funding by \$15,656,000 below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4. This reduction is \$2,000,000 less than last year. 11
- 94. As session law, reduce school district’s CORL funding by \$80,864,800. (In FY 2012, CORL funding was reduced by \$63,864,800, but that amount is being increased by \$30,000,000 for FY 2013 in order to offset a corresponding decrease in the Soft Capital reduction for FY 2013, as described above. This adjustment was then adjusted downward by \$13,000,000 to increase state aid.) As session law, continue to reduce CORL funding to school districts that do not receive state aid for FY 2013 by the amount that would be reduced if they did qualify for state aid for FY 2013. 17
- 95. As session law, continue to cap total combined Soft Capital and CORL reductions for school districts with a student count of fewer than 1,100 pupils at \$5,000,000. 18
- 96. As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2013 at 91% of the formula requirement. 12

K-3 Reading

- 97. As permanent law, establish a K-3 reading program and new K-3 reading formula funding weight to improve the reading proficiency of pupils in grades K-3. Requires all school districts and charter schools to 1) submit a plan and data for their K-3 reading program to the State Board of Education annually by October 1, and 2) use monies generated by the new K-3 reading formula funding weight only on K-3 reading programs. Also requires school districts and charter schools with a letter grade of “C, D or F” or with more than 10% of their 3rd graders reading “far below” the 3rd grade level to receive State Board of Education approval of their program plan before receiving program funding. 2, 5, 6

Other

- 98. As session law, continue to suspend new funding for the Early Graduation program, but continue to fund existing students with available fund balances. 14
- 99. As session law, continue to require community colleges and universities to transfer \$6 per pupil to the Arizona Department of Education (ADE) by December 1, 2012 for deposit into the Education Learning and Accountability Fund. 19
- 100. As permanent law, make the Education Learning and Accountability Fund subject to appropriation only for non-state General Fund monies. 3
- 101. As permanent law, allow JTEDs to fund 8th grade pupils with monies generated by the 5¢ JTED Qualifying Tax Rate. 4

School Facilities Board

102. As permanent law, include district-owned space that is leased to another entity, including a district-sponsored charter school, in the total square footage used when computing whether a district has a space deficiency and whether it is entitled to New School Facilities Fund funding. 8, 10
103. As permanent law, prohibit a school district from using building renewal grant funding on any project in a building, or part of a building, that is being leased to another entity, including a district-sponsored charter school. 9
104. 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 in FY 2013. Continue to require school districts to submit capital plans annually in FY 2013 and permit SFB to review and award new school facilities, subject to future appropriations. Includes legislative intent to evaluate long-term funding for new school facilities on review of additional demographic and other information submitted in school district capital plans. 15
105. As session law, continue to suspend the Building Renewal Fund formula for FY 2013. 16

REVENUE - CHAPTER 297 (SB I526)**Registrar of Contractors**

106. 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. 27

Department of Insurance

107. As session law, continue to notwithstanding the provision that fees collected by the department fall between 95% and 110% of the department's appropriation. 28

Arizona State Lottery Commission

108. As permanent law, eliminate outdated references to a distribution to the Arizona Commerce Authority, conforming to the intent of the 2011 Jobs Bill (Laws 2011, 1st Special Session, Chapter 1). 3-5
109. As permanent law, reorganize the annual distribution of \$3,500,000 made from the Lottery Fund to the Arizona Competes Fund, so that the distribution occurs after the General Fund has received its statutory limit. 6
110. As permanent law, conform statutory references to new State Lottery Commission section numbers that become effective July 1, 2012. 7, 8, 10, 11, 13, 14, 17-22

Office of Pest Management

111. As session law, continue the FY 2012 fee raising authority in FY 2013 for the Office of Pest Management. The bill would add an intent clause that limits additional revenues to \$525,000. 24

Department of Racing

112. As permanent law, the Department of Racing is authorized to accept donations and grants for deposit into the Racing Regulation Fund. 2
113. As permanent law, deposit pari-mutuel taxes from wagering at horse and dog racing facilities into the Racing Regulation Fund instead of the General Fund. 1, 2
114. As session law, continue the FY 2012 rulemaking exemption relating to establishing fees for the Department of Racing until the end of FY 2013. 23

Radiation Regulatory Agency

115. As session law, continue the FY 2012 fee raising authority in FY 2013 for the Radiation Regulatory Agency. The bill would add an intent clause that limits additional revenues to \$561,000. 24

Department of Real Estate

116. As permanent law, allow the Department of Real Estate to set fees for licensing real estate school and instructors by rule. Exempts the department from rulemaking related to these fees in FY 2013. 12, 29

Office of Tourism

117. As permanent law, eliminate the Tourism Funding Formula in A.R.S. § 42-5029. Statute currently contains the formula, but specifies it is inactive until legislative authorization is given to reactivate the formula. 9, 15, 16

Revenues

118. As session law, notwithstanding the requirements for any deposit to or withdrawals from the Budget Stabilization Fund through FY 2015. 25
119. As session law, allow counties to use any source of county revenue to meet a county fiscal obligation for FY 2013. Requires counties using this authority to report to the Director of JLBC on the intended amount and sources of funds by October 1, 2012. 26