

FY 2014 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). New provisions in the Baseline are noted with an asterisk (*). Deleted BRB provisions are shown with strike-through text.

Statewide

1. As session law, continue to notwithstanding A.R.S. § 35-121 to permit annual budgets for all departments.
2. As session law, change the FY 2014 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration (ADOA) from \$13.82/square foot to \$13.08/square foot for office space and from \$5.01/square foot to \$4.74/square foot for storage space.
- ~~3. As session law, require all Executive Branch agencies to submit a 5-year strategic plan with their regularly scheduled FY 2013 budget request.~~
4. As session law, continue to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services.

Arizona Department of Administration

- ~~5. 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.~~

Office of Administrative Hearings

- ~~6. 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

7. As session law, permit the Director, upon recommendation from the Agricultural Advisory Council, to continue to allow special fee authority in FY 2014. 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.

Attorney General - Department of Law

8. As permanent law, raise the non-lapsing cap for the Collections Enforcement Fund from \$100,000 to \$500,000. This provision had previously been in session law.

AHCCCS

Rates and Services

9. 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.
10. As session law, state that it is the intent of the Legislature that AHCCCS not increase capitation rates more than 3% in FY 2015 and FY 2016.
11. As session law, continue to require AHCCCS to monitor contractor compliance and performance requirements in the provision of covered dental services to eligible members.
- *12. As permanent law, continue to provide coverage for 6 types of transplants which were restricted by Laws 2010, 7th Special Session, Chapter 10. Laws 2011, Chapter 31 effectively lifted the restriction but that provision is set to expire on December 31, 2013.
13. As permanent law, reset the inpatient hospital prospective per diem rates to the amounts payable for those services on October 1, 2011. This language partially replaces language in the FY 2013 budget allowing AHCCCS to continue a 5% reduction in payments for institutional and noninstitutional services in the contract year beginning October 1, 2012.
- ~~14. As session law, allow AHCCCS not to adjust outpatient hospital fee schedules by inflation in the contract year beginning October 1, 2012.~~

Counties

15. As session law, set FY 2014 county Arizona Long Term Care System (ALTCS) contributions at \$244,696,100.
16. As session law, set the County Acute Care contribution at \$47,851,000. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.
17. As session law, require AHCCCS to transfer any excess monies back to the counties by December 31, 2014 if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act.

18. As session law, continue to 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.

19. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.

Hospitals

20. As session law, establish FY 2014 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center.

21. As session law, continue to permit local governments, tribal governments, and universities to contribute state match monies for disproportionate share hospital payments in FY 2014.

~~22. 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.~~

Erroneous Payments

23. 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.

24. As session law, continue to 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.

Available Funding

25. As session law, continue to state that it is the intent of the Legislature that AHCCCS implement a program within its available appropriation.

Arizona Commerce Authority

*26. As permanent law, prohibit the Application Fees Fund from being compensated by the Arizona Competes Fund for the unpaid fees of incentive recipients.

Arizona Community Colleges

27. As session law, continue to suspend capital outlay funding for FY 2014.

Registrar of Contractors

28. 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

29. As session law, continue to permit the department to award contracts for remaining 1,000 beds from 2,000-bed Request for Proposal issued by the department on February 2, 2012 only with legislative authorization.

30. As session law, continue to require the department to report actual FY 2013, estimated FY 2014, and requested FY 2015 expenditures as delineated in the prior year when the department submits its FY 2015 budget request pursuant to A.R.S. § 35-113.

31. As session law, continue to allow 2 ADC special funds to be used for general operations.

Department of Economic Security

32. 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.

33. As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require DES to report to the Joint Legislative Budget Committee within 15 days of any change in levels.

34. As session law, continue to allow use of the Long Term Care System Fund for any DES operational or programmatic expenses in FY 2014.

Department of Education

Formula Requirements

35. As permanent law, increase the transportation funding levels (A.R.S. § 15-945A5) and the charter school "Additional Assistance" amounts (A.R.S. § 15-185B4) by 1.8%.

36. As permanent law, maintain at \$3,267.72 for FY 2014 the per pupil "base level" amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2013).

Funding Formula Changes

37. As session law, continue to reduce school districts' Soft Capital funding by \$158,120,700. As session law, reduce Soft Capital funding to school districts that do not receive state aid for FY 2014 by the amount that would be reduced if they did qualify for state aid for FY 2014.
38. As session law, continue to 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.
39. As session law, continue to reduce school district's CORL funding by \$80,864,800. As session law, continue to reduce CORL funding to school districts that do not receive state aid for FY 2014 by the amount that would be reduced if they did qualify for state aid for FY 2014.
40. 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.
41. As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2014 at 91% of the formula requirement.

Other

- *42. As permanent law, amend statutory language for computing state aid for accommodation schools to conform with current practice.
43. As permanent law, repeal the Early Graduation Scholarship program. This provision had previously been in session law since FY 2009.
- *44. As permanent law, require ADE to report by November 30 of each year the amount budgeted for school district budget overrides by district and type of override for the current fiscal year.
- ~~45. 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.~~

Department of Emergency and Military Affairs

46. As session law, continue the \$(1,100,000) reduction to the Governor's Emergency Fund deposit in FY 2014.

Department of Environmental Quality

47. 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 2014 for department administrative expenses.
48. 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.
- ~~49. 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.~~

Board of Executive Clemency

50. As permanent 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. This provision had previously been in session law.

Department of Health Services

51. As session law, continue to require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2014. Allow counties to use any source of county revenue to make the transfers.
52. 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.
53. 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.

Department of Insurance

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

Judiciary

- ~~55. 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.~~

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, 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.

Arizona Navigable Stream Adjudication Commission

58. 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.

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.

Office of Pest Management

60. As session law, continue fee raising authority in FY 2014 for the Office of Pest Management. The bill would add an intent clause that limits additional revenues to \$525,000.

Department of Public Safety

61. 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.

Department of Racing

62. As session law, continue the FY 2013 rulemaking exemption relating to establishing fees for the Department of Racing until the end of FY 2014.

Radiation Regulatory Agency

63. As session law, continue fee raising authority in FY 2014 for the Radiation Regulatory Agency. The bill would add an intent clause that limits additional revenues to \$561,000.

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 in FY 2014. Continue to require school districts to submit capital plans annually in FY 2014 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 2014.
- *66. As permanent law, require SFB to report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting by December 1 of each year the following information for each school district for the current fiscal year: the amount of outstanding principal on school district capital bonds, statutory bonding capacity, annual bond debt service, and a summary of the projects which were funded with the listed bond proceeds. Would require school districts to provide associated reports to SFB by September 15 to assist the agency in compiling the report.

Treasurer, State

- *67. As permanent law, require the counties that receive a portion of their Justice of the Peace compensation from the state to report to the Treasurer on the total and types of cases by category and the amount of earned Judicial Productivity Credits.

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 (AFAT).
- *69. As permanent law, require the Arizona Board of Regents (ABOR) to report projected outstanding lease-purchase and bond balances for the upcoming budget year to the Directors of the Joint Legislative Budget Committee Staff and the Governor's Office of Strategic Planning and Budgeting by November 1 of the current year.
- *70. As permanent law, modify ABOR's current student enrollment report (A.R.S. § 15-1626) to delineate between out-of-state and in-state full-time equivalent students (FTE).
- *71. As session law, require ABOR to report on whether their performance model can be used to determine the systemwide performance budget request.

Department of Veterans' Services

- *72. As permanent law, require the Department of Veterans' Services to submit an annual report on capital projects for which they have requested federal monies, the estimated construction start and end date, and the anticipated cost and fund source for ongoing operational costs.

Department of Water Resources

73. As session law, continue to allow the department's Water Protection Fund Commission to spend up to \$336,000 on administrative functions out of their unobligated balances in FY 2014.
74. 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.

Revenues

- ~~75. 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 the Joint Legislative Budget Committee on the intended amount and sources of funds by October 1, 2012.~~

GENERAL APPROPRIATIONS ACT PROVISIONS

Arizona Commerce Authority

76. As session law, in accordance with statute (A.R.S. § 43-409), continue to allocate \$31,500,000 of General Fund withholding tax revenue to the Authority in FY 2014.

Department of Economic Security

77. As session law, continue the \$35,000,000 payment deferral to providers from FY 2014 to FY 2015. Appropriate \$35,000,000 in FY 2015 for these deferred payments.

Department of Education

78. As session law, continue to defer \$952,627,700 in Basic State Aid payments for FY 2014 until FY 2015. Appropriate \$952,627,700 in FY 2015 for these deferred Basic State Aid payments. Allow the State Board of Education to make the rollover payment no later than August 29, 2014.
79. As session law, continue to require school districts to include in the FY 2014 revenue estimates that they use for computing their FY 2014 tax rates the rollover monies that they will receive for FY 2014 in July or August 2014.

Universities

80. As session law, continue the \$200,000,000 universitywide payment deferral to the universities from FY 2014 to FY 2015. Appropriate \$200,000,000 in FY 2015 for these deferred payments.

Debt Service

81. As session law, appropriate \$84,119,800 from the General Fund to the Arizona Department of Administration in FY 2014 for a debt service payment on the 2010 sale and lease-back of state buildings.

Revenues

82. As session law, continue to specify revenue and expenditure estimates for FY 2013, FY 2014, FY 2015, and FY 2016.
83. As session law, continue to require the Executive branch to provide JLBC preliminary estimates of FY 2013 ending balances by September 15, 2013. Require JLBC Staff to report to JLBC by October 15, 2013 as to whether FY 2014 revenues and ending balance are expected to change by more than \$50,000,000 from budgeted projections.

Statewide

84. As session law, appropriate \$67,800 from the General Fund and \$712,900 from Other Appropriated Funds in FY 2014 for state lease-purchase and rental rate adjustments. The JLBC Staff shall determine and ADOA shall allocate these amounts to individual agencies.
85. As session law, continue to specify FY 2014 individual agency charges totaling \$1,809,500 for general agency counsel provided by the Attorney General
86. As session law, continue to state legislative intent that all budget units receiving appropriations continue to report actual, estimated and requested expenditures in a format similar to prior years.
87. As session law, continue to require ADOA to compile a report on Full-Time Equivalent (FTE) Position usage in

FY 2014 in all agencies and provide it to the JLBC Director by October 1, 2014. The Department of Economic Security, Universities, and Department of Environmental Quality are exempt from the report but are required to report separately. The report would be expanded from prior years by including non-appropriated fund sources.

88. As session law, continue to require each agency to submit a report to the JLBC Director by October 1, 2013 on the number of filled FTE Positions by fund source as of September 1, 2013. The report would be expanded from prior years by including non-appropriated fund sources.
89. As session law, continue to require ADOA to report monthly to the JLBC Director on agency transfers of spending authority from one expenditure class to another or between programs.

General

90. As session law, continue to define “*” as designating an appropriation exempt from lapsing.
91. As session law, continue to define “expenditure authority” as continuously appropriated monies included in individual line items of appropriations.
92. As session law, continue to define “review by the Joint Legislative Budget Committee” as a review by a vote of a majority of a quorum of the members.