

FY 2016 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, notwithstanding A.R.S. § 35-111 to permit the Governor to submit an annual budget for FY 2017.
2. As session law, notwithstanding A.R.S. § 35-113 to permit the head of each department to submit an annual budget for FY 2017.
3. As session law, continue to set the FY 2016 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration (ADOA) at \$13.08/square foot for rentable office space and \$4.74/square foot for rentable storage space.
4. As session law, continue to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services.
5. * As permanent law, require annual budget requests for all departments to specify the amount of FTE Positions and Personal Services by retirement system and fund source.
6. * As permanent law, require JLBC Staff to report on an annual retirement expenses budget, delineating the state's spending for the employer contribution. Departments would be required to submit the necessary information to the Joint Legislative Budget Committee.

Counties and Cities & Towns

7. As session law, continue to allow counties with a population below 200,000 in the 2010 decennial census to use any source of county revenue to meet a county fiscal obligation for FY 2016. Requires counties using this authority to report to the Director of the JLBC on the intended amount and sources of funds by October 1, 2015.
8. * As session law, modify the JLBC's reporting requirements relating to the fiscal impact of government property excise tax (GPLET) rates by requiring counties to provide the JLBC Staff with the information necessary to complete the report, eliminating a report section pertaining to the determination of the property tax levy per square foot, and permitting the JLBC Staff to sample leases to produce the report.
9. * As permanent law, add the JLBC Staff to the list of recipients of GPLET payment information produced by counties and currently reported to the Department of Revenue.

Arizona Department of Administration

10. ~~As session law, permit use of building renewal monies for building demolition in FY 2015.~~
11. * As permanent law, eliminate the annual electronic transaction reporting requirement pursuant to A.R.S. § 35-142.
12. * As session law, repeal the Working Capital Surplus Limitation associated with 2010 state buildings sale and lease-back. Require ADOA, in response to the Investment Yield Restriction, to report to JLBC on the investment yield amount and whether the department reduced the yield of investments or modified investments to meet the terms of the restriction.

Arizona Commission of African-American Affairs

13. * As permanent law, transfer the administration of the African-American Commission Fund from the Treasurer to the Arizona Commission of African-American Affairs.

Department of Agriculture

14. As session law, continue fee raising authority and an exemption relating to establishing fees for the Department of Agriculture in FY 2016. The bill continues an intent clause that limits additional revenues to \$357,000.

AHCCCS

Rates and Services

15. 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.
16. As session law, state that it is the intent of the Legislature that AHCCCS not increase capitation rates more than 3% in FY 2016, FY 2017 and FY 2018.

Counties

17. As session law, set FY 2016 county Arizona Long Term Care System (ALTCS) contributions at \$250,170,100.
18. As session law, set the County Acute Care contribution at \$47,233,500. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.

19. As session law, require AHCCCS to transfer any excess monies back to the counties by December 31, 2016 if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act.
20. 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.
21. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.

Hospitals

22. As session law, establish FY 2016 disproportionate share (DSH) distributions to the Maricopa Special Healthcare District, the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center.
23. ~~As session law, retroactively revise the FY 2014 DSH distribution to the Arizona State Hospital from \$26.7 million to \$28.5 million.~~

Erroneous Payments

24. ~~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.~~
25. 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

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

Reports

27. As session law, continue to require AHCCCS to submit a report by December 1, 2015 on utilization of emergency departments for non-emergency use by AHCCCS enrollees.
28. As session law, continue to require AHCCCS and DHS to submit a joint report by January 1, 2016 on hospital costs and charges.

Arizona Commission on the Arts

29. ~~As session law, appropriate \$1,000,000 of Budget Stabilization Fund interest income in FY 2015 to the continuously appropriated Arts Fund.~~

Attorney General - Department of Law

30. As session law, continue to permit the Attorney General to use State Aid to Indigent Defense Fund for capital postconviction prosecution activities in FY 2016.

Department of Child Safety

31. As session law, continue to require the department to report with the Early Childhood Development and Health Board on collaborative efforts on child welfare issues.
32. * As session law, require the Auditor General to evaluate the department's permanency practices, the effectiveness of a differential response system, and the department's foster home placement practices.

Arizona Community Colleges

33. As session law, continue to suspend Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs funding formula for FY 2016 and specify the funding in the General Appropriation Act.

State Department of Corrections

34. As session law, continue to permit the department to award contracts for remaining 1,000 beds from 2,000-bed Request for Proposals issued by the department on February 2, 2012 only with legislative authorization.
35. As session law, continue to require the department to report actual FY 2015, estimated FY 2016, and requested FY 2017 expenditures as delineated in the prior year when the department submits its FY 2017 budget request pursuant to A.R.S. § 35-113.
36. As session law, continue to allow the Transition Program Fund but not the Interagency Service Agreement Fund to be used for general operations.

Department of Economic Security

37. 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.

38. As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require DES to report to the JLBC within 15 days of any change in levels.
39. * As permanent law, require DES to transfer any FY 2015 equity balance from capitated payments in the Long Term Care System Fund to the General Fund by June 30, 2016. Require DES to report the transfer amount to JLBC.

Department of Education

40. As session law, continue to fund state aid for Joint Technical Education Districts (JTEDs) with more than 2,000 students at 95.5% of the formula requirement and reduce budget limits accordingly. Continues to fund smaller JTEDs at 100%.

Formula Requirements

41. As permanent law, increase the base level (A.R.S. § 15-901B2), the transportation funding levels (A.R.S. § 15-945A5) and the charter school “Additional Assistance” amounts (A.R.S. § 15-185B4) by 1.59% for standard inflation.

Funding Formula Changes

42. As session law, continue to reduce school districts’ Additional Assistance funding by \$238,985,500 and reduce budget limits accordingly. As session law, continue to reduce District Additional Assistance funding to school districts that do not receive state aid in FY 2016 by the amount that would be reduced if they did qualify for state aid for FY 2016 and reduce budget limits accordingly.
43. As session law, continue to reduce Charter Additional Assistance by \$15,656,000.
44. As session law, continue to reduce Charter Additional Assistance funding to school districts with charter schools that do not receive state aid by the amount that would be reduced under the continuing \$15,656,000 statewide Charter Additional Assistance suspension if they did qualify for state aid for FY 2016 and reduce budget limits accordingly.
45. As session law, continue to cap total District Additional Assistance reductions for school districts with fewer than 1,100 students at \$5,000,000.
46. ~~As session law, establish provisions for phase-out of charter school conversions.~~

Other

47. As session law, continue to require community colleges and universities to transfer \$6 per pupil to ADE by December 1, 2015 for deposit into the Education Learning and Accountability Fund.
48. As session law, continue to stipulate that \$100,000 of the \$3,646,400 School Safety Program appropriation for FY 2016 is to be used for a pilot program on school emergency readiness and establish requirements for the pilot program.
49. ~~As session law, establish K-12 Broadband Task Force of legislators, ASET director, Superintendent of Public Instructions and stakeholders. Task force required to report by December 2014 on available information and by December 2015 on recommendations on how to proceed.~~
50. As session law, continue for FY 2016 the distribution formula for the Student Success Funding program that was in effect for FY 2015.

Department of Environmental Quality

51. As session law, continue to 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 2016 for department administrative expenses.
52. 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.
53. ~~As session law, allow \$1.8 million of the department’s Emissions Inspection Fund monies to be spent on the Safe Drinking Water Program.~~
54. ~~As session law, establish procedures for Underground Storage Tank operations and funding.~~

Department of Financial Institutions

55. ~~As session law, extend the permission for the agency to spend up to \$850,000 from the Receivership Revolving Fund in FY 2014 for information technology upgrades into FY 2015.~~
56. As session law, continue to allow the Department of Financial Institutions to use the Financial Services Fund for general operating expenditures of the department.

Department of Health Services

57. As session law, revise language regarding counties’ cost of care of Sexually Violent Persons (SVP) at the Arizona State Hospital to clarify that all counties are required to pay 33% of their total SVP costs in FY 2016, which is comparable to the FY 2015 cost-sharing. Require counties to pay SVP costs throughout the entire commitment process, including pre-adjudication proceedings.
58. As session law, continue to require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2016. Allow counties to use any source of county revenue to make the transfers.

- 59. As session law, continue to 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.
- 60. * As permanent law, establish 4 separate funds that DHS must use for intergovernmental/interagency service agreements.
- 61. * As permanent law, delete a DHS homeland security allocation and reporting requirement pursuant to A.R.S. § 41-4255.
- 62. ~~As session law, require Directors of JLBC and OSPB to agree to content and format of a revenue and expenditure report for IGA/ISA Fund by August 1, 2014, and require DHS to report annually on revenues, expenditures, and ending balances from the fund in the previous, current, and subsequent fiscal year.~~
- 63. ~~As session law, state that it is the intent of the Legislature that DHS may increase behavioral health service provider rates up to 2% beginning on October 1, 2014.~~

Department of Insurance

- 64. As session law, continue to suspend the requirement that fees collected by the department be between 95% and 110% of the department's appropriation.
- 65. * As permanent law, require the Department of Insurance to report Insurance Premium Tax collection information periodically during the fiscal year to JLBC and OSPB.
- 66. * As permanent law, require the Department of Insurance to report Insurance Premium Tax credit information for a given fiscal year within 3 months of the end of a fiscal year.

Judiciary

- 67. 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.

Arizona Navigable Stream Adjudication Commission

- 68. 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

- 69. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.

Department of Public Safety

- 70. As session law, continue to require DPS to receive JLBC review of the expenditure plan for the GIITEM Subaccount FY 2016 appropriation prior to its expenditure.
- 71. 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' Highway Patrol costs.
- 72. As session law, continue to allow use of the State Aid to Indigent Defense Fund for Department of Public Safety operating expenses.

Department of Racing

- 73. ~~As session law, continue the FY 2013 rulemaking exemption relating to establishing fees for the Department of Racing until the end of FY 2015. The bill continues an intent clause that the fee adjustment is to raise \$2,600,000 in revenue.~~

Radiation Regulatory Agency

- 74. As session law, continue fee raising authority and an exemption relating to establishing fees for the Radiation Regulatory Agency in FY 2016. The bill continues an intent clause that limits additional revenues to \$561,000.

Revenues

- 75. * As session law, notwithstanding the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund in FY 2016.

School Facilities Board

- 76. * As permanent law, require the board to report annually to the JLBC by December 1 on all Class B bond approvals by school districts in that year.
- 77. * As session law, notwithstanding the School Facilities Board's awards for new construction in FY 2016, and instead require the School Facilities Board to construct the Benson Unified School District K-4 project to accommodate 84 students based on JLBC Staff enrollment projections.

State Treasurer

78. * As permanent law, transfer the administration of the African-American Commission Fund from the Treasurer to the Arizona Commission of African-American Affairs.

Universities

79. 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).

Department of Veterans' Services

80. * As permanent law, change the name of the Southern Arizona Veterans' Cemetery Trust Fund to the Arizona State Veterans' Cemetery Trust Fund. Monies deposited into this fund would be used to operate and maintain all 3 cemeteries in the state.

Department of Water Resources

81. 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 2016.

82. ~~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.~~

FY 2016 GENERAL APPROPRIATION ACT PROVISIONS

The Baseline would include the following provisions in the General Appropriation Act. These provisions would be in addition to the individual agency appropriations.

Arizona Department of Administration

83. As session law, provide the Department of Administration the FY 2016 appropriation authority to spend certain Automation Projects Fund remaining balances as of June 30, 2015 for the same respective purposes specified in FY 2015 after a report to JLBC.

Arizona Commerce Authority

84. 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 2016.

Department of Child Safety

85. As session law, continue the \$11,000,000 payment deferral to providers from FY 2016 to FY 2017. Appropriate \$11,000,000 in FY 2017 for these deferred payments.

Department of Economic Security

86. As session law, continue the \$21,000,000 payment deferral to providers from FY 2016 to FY 2017. Appropriate \$21,000,000 in FY 2017 for these deferred payments.

Department of Education

87. As session law, continue to defer \$930,727,700 in Basic State Aid payments from FY 2016 to FY 2017. Appropriate \$930,727,700 in FY 2017 for these deferred payments. Continue to exempt school districts with less than 600 students from the K-12 rollover. Allow the State Board of Education to make the rollover payment no later than July 12, 2016.

88. As session law, continue to require school districts to include in the FY 2016 revenue estimates that they use for computing their FY 2016 tax rates the rollover monies that they will receive for FY 2016 in July 2016.

Universities

89. As session law, continue the \$200,000,000 universitywide payment deferral to the universities from FY 2016 to FY 2017. Appropriate \$200,000,000 in FY 2017 for these deferred payments.

Debt Service

90. As session law, appropriate \$84,114,600 from the General Fund to the Arizona Department of Administration in FY 2016 for a debt service payment on the 2010 sale and lease-back of state buildings.

Revenues

91. As session law, continue to specify revenue and expenditure estimates for FY 2015, FY 2016, FY 2017, and FY 2018.
92. As session law, continue to require the Executive branch to provide JLBC preliminary estimates of FY 2015 ending balances by September 15, 2015. Require JLBC Staff to report to JLBC by October 15, 2015 as to whether FY 2016 revenues and ending balance are expected to change by more than \$50,000,000 from budgeted projections.

Statewide

93. As session law, continue to specify FY 2016 individual agency charges totaling \$1,809,500 for general agency counsel provided by the Attorney General.
94. 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.
95. As session law, continue to require ADOA to compile a report on Full-Time Equivalent (FTE) Position usage in FY 2016 in all agencies and provide it to the JLBC Director by October 1, 2016. The Department of Economic Security, Universities, and Department of Environmental Quality are exempt from the report but are required to report separately.
96. As session law, continue to require each agency to submit a report to the JLBC Director by October 1, 2015 on the number of filled appropriated and non-appropriated FTE Positions by fund source as of September 1, 2015.
97. 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

98. As session law, continue to define “*” as designating an appropriation exempt from lapsing.
99. As session law, continue to define “expenditure authority” as continuously appropriated monies included in individual line items of appropriations.
100. 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.