

REFERENCE TITLE: 2011-2012; state budget procedures

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SB 1614

Introduced by
Senators Biggs, Murphy, Pearce R, Pierce S: Antenori, Barto, Driggs,
Gould, Klein, Melvin, Nelson, Reagan, Shooter, Smith, Yarbrough (with
permission of Committee on Rules)

AN ACT

AMENDING TITLE 38, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 5;
AMENDING TITLE 41, CHAPTER 4, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING
SECTION 41-763.05; AMENDING LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 3,
SECTION 9; RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 38, chapter 4, Arizona Revised Statutes, is amended by adding article 5, to read:

ARTICLE 5. EMPLOYEE BENEFITS

38-671. Employee benefits; exclusion

ANY EMPLOYEE HIRED AFTER THE EFFECTIVE DATE OF THIS SECTION IS NOT ELIGIBLE FOR ANY STATE EMPLOYEE BENEFITS UNLESS THE EMPLOYEE IS REGULARLY SCHEDULED TO WORK AT LEAST FORTY HOURS PER WEEK FOR SIX MONTHS OR LONGER.

Sec. 2. Title 41, chapter 4, article 5, Arizona Revised Statutes, is amended by adding section 41-763.05, to read:

41-763.05. Required reduction in hours

AN AGENCY DIRECTOR MAY REQUIRE AGENCY COVERED EMPLOYEES TO WORK REDUCED HOURS IN ORDER TO COMPLY WITH ANY REDUCTION IN APPROPRIATIONS. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL PRESCRIBE PROCEDURES TO IMPLEMENT THESE REDUCTIONS.

Sec. 3. Laws 2010, seventh special session, chapter 3, section 9 is amended to read:

Sec. 9. Mandatory furloughs; 2009-2010; 2010-2011; terms; exceptions; definitions

A. In order to the implement the expenditure reductions for personnel expenses in the 2010-2011 general appropriations act, the joint legislative budget committee staff shall determine and the department of administration shall allocate to each state agency, department, board or commission an amount sufficient to implement the mandatory furloughs pursuant to this section. All monies from other appropriated funds and nonfederal nonappropriated funds that are reduced pursuant to this section shall be transferred to the state general fund. The joint legislative budget committee staff also shall determine and the department of administration shall allocate reductions, as necessary, in total expenditure authority resulting from the mandatory furloughs required by this section.

B. Unless otherwise exempted by this section, each state agency, department, board or commission, in addition to any other furlough program implemented by the agency, shall furlough employees as follows:

1. In fiscal year 2009-2010: One day
2. In fiscal year 2010-2011: ~~Six~~ FIVE days
- ~~3. In fiscal year 2011-2012: Six days~~

C. It is the intent of the legislature that the furlough days required by this section be taken no more than once a month and in a way that maximizes utility savings and minimizes customer inconvenience. The department of administration shall publish a list of the preferred furlough dates that best achieve these goals. These published dates shall be the presumptive furlough dates for all governmental units unless otherwise approved by the department of administration. Notwithstanding any other law, for fiscal years 2009-2010, ~~AND 2010-2011 and 2011-2012,~~ the furlough dates published by the department of administration shall authorize participating

1 state offices to be closed on those dates in order to meet the furlough
2 requirements of this section.

3 D. Employees who are subject to the furlough requirement of this
4 section shall be on leave without pay and are not eligible to use any form of
5 paid leave on a designated furlough day unless allowance for the use of paid
6 leave in any specific case is otherwise required by state or federal law.

7 E. On or before April 16, 2010, the department of administration shall
8 develop a list of governmental unit functions or services requiring
9 continuous operations throughout the entire week or workweek that would be
10 significantly and negatively affected by the implementation of a furlough
11 program due to either:

12 1. The critical nature of the services delivered, such as direct
13 public safety activities or direct care of patients, residents, inmates,
14 detainees or other similar service populations.

15 2. Other compelling demands for a governmental unit's functions or
16 services.

17 F. Employees whose services are determined to be essential pursuant to
18 subsection E to ensuring that functions or services are delivered safely and
19 effectively are exempt from the furlough requirements of this section. It is
20 the intent of the legislature to exempt from the furlough requirements of
21 this section only those employees considered absolutely essential for the
22 proper performance and oversight of these essential functions or services.

23 G. In lieu of mandatory furlough participation, the director of a
24 governmental unit may elect, on written approval of the director of the
25 department of administration, to reduce employee pay for personnel not
26 otherwise determined exempt pursuant to subsection F within the governmental
27 unit by amounts that, when totaled, equal the savings generated by the
28 furlough days otherwise required in this section. The director of the
29 department of administration may approve only those written requests in which
30 the director of the governmental unit establishes, to the satisfaction of the
31 director of the department of administration, that the governmental unit's
32 implementation of mandatory furlough days would not be in the best interests
33 of this state and that an equivalent pay reduction program is more
34 appropriate. The director of the department of administration may approve or
35 disapprove only written requests that fully substitute the required furlough
36 days with an equivalent salary rate and employee related expenditure
37 reduction. Governmental units shall submit written requests pursuant to this
38 subsection no later than April 16, 2010.

39 H. On or before April 30, 2010, the department of administration shall
40 report to the joint legislative budget committee those job classifications
41 and the numbers, by governmental unit, of employees that have been exempted
42 from the furlough program pursuant to this section. The department shall
43 provide report updates to the joint legislative budget committee whenever
44 changes are made to the exempted job classifications or the numbers, by
45 governmental unit, of exempted employees. The report shall also include any

1 written requests that were approved to fully substitute the required furlough
2 days with an equivalent salary rate and employee related expenditure
3 reduction pursuant to subsection G.

4 I. This section does not apply to:

5 1. Employees of universities under the jurisdiction of the Arizona
6 board of regents while the maintenance of effort provisions of the federal
7 education stabilization program are in effect, as required by the American
8 recovery and reinvestment act of 2009 (P.L. 111-5).

9 2. Employees of elected state officers.

10 J. For the purposes of this section:

11 1. "Employees of elected state officers" means employees of the house
12 of representatives, the senate, any budget unit that reports to the
13 legislature, the judiciary, the secretary of state, the state treasurer, the
14 attorney general, the corporation commission, the state mine inspector, the
15 Arizona board of regents and the superintendent of public instruction.

16 2. "Governmental unit" means all agencies, departments, boards and
17 commissions of this state unless otherwise exempt under this section.

18 Sec. 4. Federal stimulus funding; reporting; definitions

19 A. The governor has allocated the government services portion of the
20 fiscal stabilization fund from the American recovery and reinvestment act of
21 2009 (P.L. 111-5) to the following expenditure categories and subexpenditure
22 categories:

23 1. Education reform.

24 (a) Teach for America - \$2,000,000.

25 (b) Education information systems - \$3,000,000.

26 (c) Education innovation project - \$1,636,374.

27 Subtotal - Education reform - \$ 6,636,374.

28 2. Health care and children's programs.

29 (a) Department of health services community health - \$11,600,000.

30 (b) Department of health services Arizona state hospital - \$116,273.

31 (c) Department of economic security autism - \$2,297,824.

32 (d) Department of economic security developmentally disabled -
33 \$15,000,000.

34 (e) Department of economic security children's services - \$18,000,000.

35 (f) Department of economic security adoption services - \$2,500,000.

36 (g) Department of economic security child protective services -
37 \$5,500,000.

38 Subtotal - Health care and children's programs - \$55,014,097.

39 3. Public safety

40 (a) Department of corrections - \$50,000,000.

41 (b) Border security enhancement - \$10,000,000.

42 (c) Public safety stabilization - \$10,000,000.

43 (d) Supplemental public safety projects - \$6,545,494.

44 (e) Department of administration public safety project - \$1,700,000.

45 Subtotal - Public safety - \$78,245,494.

1 4. Innovation, technology and economic development.
2 (a) Commerce economic development - \$15,000,000.
3 (b) Commerce job training - \$12,000,000.
4 (c) Commerce jobs agenda - \$12,000,000.
5 (d) Arizona technology enhancement (department of administration) -
6 \$182,079.
7 Subtotal - Innovation, technology and economic development -
8 \$39,182,079.
9 5. Arizona county projects (including all categories) - \$4,007,797.
10 6. Office of economic recovery state fiscal stabilization fund costs -
11 \$2,000,000.
12 Total - Government services fiscal stabilization fund - \$185,085,841.
13 B. Within thirty days after the last day of each calendar quarter, the
14 governor's office of economic recovery shall provide a report to the joint
15 legislative budget committee outlining the allocation of monies to the
16 designated categories.
17 C. For the designated categories, the report shall include the amount
18 newly allocated and newly expended in the calendar quarter immediately
19 preceding the report date listed in subsection B and the total amount
20 allocated and expended to date by the following:
21 1. Each state agency that has received an allocation of monies.
22 2. Each individual grantee that has received an allocation of monies.
23 D. For the purposes of this section:
24 1. "Designated category" means an expenditure category or
25 subexpenditure category listed in subsection A as education information
26 systems, education innovation project, supplemental public safety projects,
27 department of administration public safety project, commerce economic
28 development, commerce job training, commerce jobs agenda or Arizona
29 technology enhancement (department of administration).
30 2. "State agency" means any department, office, agency, commission,
31 board or other instrumentality of state government.
32 Sec. 5. Unrestricted federal monies
33 Any unrestricted federal monies received from July 1, 2011 through June
34 30, 2012 shall be deposited in the state general fund. The monies shall be
35 used for the payment of essential governmental services.
36 Sec. 6. Rental rates; state-owned buildings; fiscal year
37 2011-2012
38 Notwithstanding section 41-792.01, subsection D, Arizona Revised
39 Statutes, the capital outlay stabilization fund rental rates for state-owned
40 buildings in fiscal year 2011-2012 shall decrease from \$21.02 per usable
41 square foot for office space to \$15.08 per usable square foot and from \$7.62
42 per usable square foot for storage space to \$5.47 per usable square foot.

1 Sec. 7. Annual budgets

2 Notwithstanding section 35-121, Arizona Revised Statutes, for fiscal
3 year 2011-2012, appropriations for all budget units may be limited to one
4 fiscal year.

5 Sec. 8. Calculation adjustments: fiscal year 2011-2012: closing
6 state general fund balance

7 Notwithstanding any other law, for the purposes of calculating the
8 state general fund balance at the close of fiscal year 2011-2012, any monies
9 that are appropriated from the state general fund that are exempt from
10 lapsing pursuant to section 35-190, Arizona Revised Statutes, and that remain
11 unexpended and unencumbered at the close of fiscal year 2011-2012 shall be
12 included in the closing balance as if the appropriations had lapsed or
13 otherwise reverted to the state general fund.

14 Sec. 9. Rule making exemption

15 The director of the department of administration is exempt from the
16 rule making requirements of title 41, chapter 6, Arizona Revised Statutes,
17 until July 1, 2012 for the purposes of prescribing the procedures required by
18 41-763.05, Arizona Revised Statutes, as added by this act.