

FY 2024 BUDGET RECONCILIATION BILL PROVISIONS

The Baseline includes 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, continues to require unrestricted Federal Funds to be deposited in the General Fund for the payment of essential government services.
2. As session law, continues to notwithstanding the requirements for any deposit to or any withdrawals from the Budget Stabilization Fund (BSF) through FY 2026. Also, notwithstanding the 10% BSF cap for FY 2024.
3. As session law, continues to set the FY 2024 Capital Outlay Stabilization Fund (COSF) rental rate charged by the Arizona Department of Administration (ADOA) at \$17.87/square foot for rentable office space and \$6.43/square foot for rentable storage space.

Arizona Department of Agriculture

4. As session law, continues the fee raising authority and an exemption relating to establishing fees for the Arizona Department of Agriculture in FY 2024, including legislative intent that limits additional revenues to \$357,000.

AHCCCS

Rates and Services

5. As session law, continues the FY 2010 risk contingency rate reduction for all managed care organizations. Continues to impose a reduction on funding for all managed care organizations administrative funding levels.

Counties

6. As session law, continues to exclude Proposition 204 administration costs from county expenditure limitations.
7. As session law, set the FY 2024 County Acute Care contribution at \$43,733,700.
8. As session law, continues to require AHCCCS to transfer any excess monies back to the counties by December 31, 2024, if the counties' proportion of state match exceeds the proportion allowed in order to comply with the Federal Affordable Care Act.
9. As session law, set the FY 2024 county Arizona Long Term Care System (ALTCS) contributions at \$366,205,400.

Hospitals

10. As session law, continues to establish FY 2024 disproportionate share (DSH) distributions to the Maricopa Special Healthcare District (MIHS), the Arizona State Hospital, private qualifying disproportionate share hospitals, and Yuma Regional Medical Center. The MIHS distribution would remain at \$113,818,500 in FY 2024.
11. As session law, continues to require AHCCCS to give priority to rural hospitals in Pool 5 distribution, and allow MIHS to be eligible for Pool 5 allocations, as well as permit local jurisdictions to provide additional local match for Pool 5 distributions.
12. As session law, continues to establish priority for payments to private hospitals via the DSH-Voluntary program in FY 2024 according to county population size. Hospitals in rural counties (i.e., excluding Maricopa, Pima, and Pinal) have first priority; hospitals in Pinal County have second priority; and hospitals in Maricopa and Pima Counties have third priority.

Available Funding

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

Arizona Community Colleges

14. As session law, continues to suspend the Operating State Aid funding at levels specified in the General Appropriation Act, which effectively means suspending the formula in FY 2024 for only Maricopa and Pima Counties.
15. As session law, continues to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriation Act, which effectively means suspending the inflation adjustment in FY 2024 for all community college districts.

Counties and Cities & Towns

16. As session law, continues to allow counties with a population of less than 250,000 according to the 2020 Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2024, up to

\$1,250,000 of county revenue for each county. Continues to require 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, 2023.

Department of Economic Security

17. As session law, continues 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 suspicion the recipient uses illegal drugs.

Department of Education

Formula Requirements

18. As permanent law, increases 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 2.0% for standard inflation.
19. As permanent law, allocates \$13,000,000 to increase Group B weight in Basic State Aid formula for children eligible for the federal Free-and Reduced Price Lunch (FRPL) program as part of the enacted FY 2023 budget's 3-year plan.
20. As permanent law, allocates \$23,122,000 to increase District Additional Assistance (DAA) per pupil formula allocations as part of the enacted FY 2023 budget's 3-year plan.
21. As permanent law, allocates \$5,878,000 to increase Charter Additional Assistance (CAA) per pupil formula allocations as part of the enacted FY 2023 budget's 3-year plan.
22. As permanent law, updates the Qualifying Tax Rate cited in A.R.S. § 41-1276 to reflect the Truth in Taxation rates established for FY 2024.

Results-Based Funding

23. As session law, continues to notwithstanding A.R.S. § 15-249.08 to fund Results-Based Funding in FY 2024 as follows:
 - \$225 per pupil to schools with statewide assessment scores in the top 13% statewide
 - \$225 per pupil to schools with statewide assessment scores between the top 13% and 27% among schools with at least 60% FRPL-eligibility
 - \$400 per pupil to schools with statewide assessment scores in the top 13% among schools with at least 60% FRPL-eligibility
 - \$400 per pupil for alternative schools in the top 27% among schools with at least 60% FRPL-eligibility.

Other

24. As session law, continues stating that it is the intent of the Legislature and Governor that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support and instructional support as defined by the Auditor General.

Department of Environmental Quality

25. As session law, continues to allow the department to utilize up to \$6,531,000 from the UST Fund in FY 2024 for department administrative expenses and for sewage remediation.
26. As session law, continues notwithstanding the \$18,000,000 annual funding level for the Water Quality Assurance Revolving Fund (WQARF) and limiting the General Fund transfer to \$15,000,000.
27. As session law, continues to charge fees that are not greater than the FY 2023 level of vehicle emissions inspection fees in FY 2024.

Department of Gaming

28. As session law, continues to set the Racing Wagering Assessment at 0.5% in FY 2024 only.

Department of Health Services

29. As session law, continues to exempt county expenditures on Restoration to Competency treatment at the Arizona State Hospital from county expenditure limitations.
30. As session law, continues to notwithstanding A.R.S. § 5-572 and A.R.S. § 36-108.01 to allow the Health Services Lottery monies to be used for homeless pregnant women services.

Arizona Navigable Stream Adjudication Commission

31. As session law, continues to allow use of the Water Banking Fund for the commission's legal obligations.

Department of Revenue

32. As session law, stipulates legislative intent that the fees charged to local governments for the Integrated Tax IT Project not exceed \$6,597,200 in FY 2024. Includes provisions that stipulate that the fee charged to local governments be allocated to counties, cities, towns, councils of governments, and regional transportation authorities with a population of more than 800,000. This allocation is to be proportionate to the share of revenues distributed to them 2 fiscal years prior to the current fiscal year. Provides that population is the basis for determining the apportioning of fees among counties as well as among cities and towns.
33. As session law, stipulates legislative intent that the amount transferred in FY 2024 to the Integrated Tax Project Fund from the 0.6% educational sales tax shall not exceed \$800,000 and the 16% recreational marijuana tax shall not exceed \$178,100.

Secretary of State

34. As session law, notwithstanding the requirement of A.R.S. § 16-250 that counties receive a reimbursement rate of \$1.25 for each active registered voter for the Presidential Preference Election costs. This would allow the Legislature to determine the level of reimbursement for the 2024 Presidential Preference Election.

Department of Transportation

35. As permanent law, on or before July 31 each year, requires the department to submit an annual report to the Joint Legislative Budget Committee on the progress in improving Motor Vehicle Division wait times and vehicle registration renewal by mail turnaround times for the prior fiscal year in a format similar to prior years.
36. As permanent law, on or before February 1 each year, requires the Arizona Strategic Enterprise Technology office submit, on behalf of the Department of Transportation, an annual progress report to the Joint Legislative Budget Committee Staff. The annual report shall provide updated plans for spending the department dedicated portion of the authorized third-party electronic service partner's fee retention on the motor vehicle modernization project in the current fiscal year.
37. As permanent law, on or before August 1 each year, requires the department to report to the Director of the Joint Legislative Budget Committee the state's share of fees retained by the Service Arizona vendor in the prior fiscal year. The report shall include the amount spent by the Service Arizona vendor on behalf of this state in the prior fiscal year and a list of the projects funded with those monies.

Universities

38. As session law, continues 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 Water Resources

39. As session law, continues 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 2024.