

State of Arizona
House of Representatives
Forty-first Legislature
First Regular Session
1993
CHAPTER 252

H.B. **2332**

AN ACT

AMENDING SECTIONS 35-101, 35-113, 35-114, 35-115, 41-562 AND 41-1272, ; AMENDING TITLE 35, CHAPTER 1, ARTICLE 2, , BY ADDING SECTION 35-121; AMENDING TITLE 41, CHAPTER 27, ARTICLE 1, , BY ADDING SECTION 41-2958; AMENDING SECTION 41-3000.07, ; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, , BY ADDING SECTION 41-3003.01; RELATING TO THE STATE BUDGET.

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

Section 1. Section 35-101, , is amended to read:

35-101. Definitions In this chapter, unless the context otherwise requires:

1. "Allotment" means the allocation of an appropriation or other fund source over a full fiscal year within a budget program, class or subclass.

2. "Budget class" means one of the kinds of expenditure denoting a class of services or commodities purchased or properties acquired as specified in the classification of expenditures prescribed by the director of the department of administration for use in expenditure accounting, in making budget estimates and in the budget reports and budgets.

3. "Budget estimates" means statements with accompanying explanations, as provided by this chapter, in which a budget unit states its financial requirements and requests appropriations.

4. "Budget program" means functions and activities of a budget unit or within a budget unit that are preplanned to fulfill a definite objective.

5. "Budget unit" means ~~a~~ ANY department, commission, board, institution or other agency of the state organization receiving, expending or disbursing state funds or incurring obligations against the state. **BUDGET UNIT INCLUDES THE MAJOR BUDGET UNITS.**

6. "Claim" means a demand against the state for payment for either:

(a) Goods delivered or, in the case of highway construction, goods or facilities to be delivered by the federal government.

(b) Services performed.

7. "Encumbrance" means an obligation in the form of a purchase order, contract or other commitment which is chargeable to an appropriation or other authorized fund source and for which a part of such fund source is reserved.

It ceases to be an encumbrance when paid or canceled.

8. "MAJOR BUDGET UNITS" MEANS THE FOLLOWING AGENCIES:

(a) THE DEPARTMENT OF EDUCATION.

(b) THE ARIZONA BOARD OF REGENTS, ARIZONA STATE UNIVERSITY, ARIZONA STATE UNIVERSITY-WEST, THE UNIVERSITY OF ARIZONA AND NORTHERN ARIZONA UNIVERSITY.

(c) THE DEPARTMENT OF ECONOMIC SECURITY.

(d) THE STATE DEPARTMENT OF CORRECTIONS.

(e) THE DEPARTMENT OF YOUTH TREATMENT AND REHABILITATION.

(f) THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

- (g)THE DEPARTMENT OF HEALTH SERVICES.
- (h)THE DEPARTMENT OF PUBLIC SAFETY.
- (i)THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES.
- (j)THE JUDICIARY, INCLUDING THE SUPREME COURT, THE COURT OF APPEALS, THE SUPERIOR COURT, THE COMMISSIONS ON APPELLATE AND TRIAL COURT APPOINTMENTS AND THE COMMISSION ON JUDICIAL CONDUCT.
- (k)THE DEPARTMENT OF ADMINISTRATION.
- (l)THE ARIZONA STATE LOTTERY COMMISSION.
- (m)THE DEPARTMENT OF ENVIRONMENTAL QUALITY.
- (n)THE DEPARTMENT OF TRANSPORTATION.

~~8-9.~~"Prepayment" means the payment of a claim before receiving the goods or services.

Sec. 2. Section 35-113, , is amended to read:

35-113.Submission of budget estimates

The head of each MAJOR budget unit, EVERY YEAR, AND THE HEAD OF OTHER BUDGET UNITS, EVERY TWO YEARS, not later than September 1 ~~each year,~~ or at a later date not to exceed ~~forty five~~ THIRTY days after September 1 if approved by the director of the ~~department of administration~~ OFFICE OF STRATEGIC PLANNING AND BUDGETING, shall submit to the governor, ~~in duplicate~~ WITH FIVE COPIES, estimates of the financial requirements and of receipts of ~~each~~ THE budget unit ~~for the next fiscal year,~~ on the forms and in the manner prescribed by the governor with such explanatory data as may be required, together with such additional information as the head of the budget unit desires to submit.

The estimate so submitted shall bear THE approval of the head officer of the budget unit. THE GOVERNOR MAY REQUIRE BUDGET UNITS OTHER THAN THE MAJOR BUDGET UNITS TO SUBMIT BUDGET ESTIMATES MORE OFTEN THAN EVERY TWO YEARS.

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Sec. 3. Section 35-114, , is amended to read:

35-114.Continuous financial planning; submission of tentative budget report; appropriations estimate report

A.The governor shall have in continuous process of preparation and revision a tentative budget report for the next ensuing year for which a budget report is required to be prepared. Upon receipt of the estimates of the several budget units the governor shall check the estimates with information available to him, and shall make such further inquiries and investigations and recommend changes in the tentative budget report as he deems warranted.

B.THE OFFICE OF STRATEGIC PLANNING AND BUDGETING IN CONSULTATION WITH THE JOINT LEGISLATIVE BUDGET COMMITTEE STAFF SHALL DETERMINE AND REPORT TO THE GOVERNOR AND THE LEGISLATURE AN ESTIMATE OF APPROPRIATIONS SUBJECT TO THE LIMIT IMPOSED BY ARTICLE IX, SECTION 17, CONSTITUTION OF ARIZONA. THE REPORT SHALL BE PUBLISHED BY:

- 1.FEBRUARY 15 OF EACH YEAR FOR THE CURRENT FISCAL YEAR AND TO REFLECT THE BUDGET RECOMMENDATIONS OF THE GOVERNOR FOR THE ENSUING FISCAL YEAR.
- 2.NOVEMBER 1 OF EACH YEAR TO REFLECT THE TOTAL AMOUNT APPROPRIATED FOR THE CURRENT AND PRECEDING FISCAL YEARS.

Sec. 4. Section 35-115, , is amended to read:

35-115.Contents of annual budget report

Each annual budget report shall include the following:

- 1.Summary statements of the financial condition of the state, to include:
 - (a)A consolidated balance sheet showing all current assets and liabilities of the state as at the close of the fiscal year last concluded.

(b) Summary statements of the actual income and expenditures of the fiscal year last concluded.

(c) Similar summary statements of estimated fund balances for the current fiscal year.

2. Schedules showing actual income from each source for the preceding fiscal year and the estimated income of the current fiscal year and of the ensuing fiscal year. The statements of income and estimated income shall be itemized by source, by budget units and sources, and by funds and shall show separately revenue from nonrevenue, all detailed by sources.

3. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units, budget programs and budget classes, showing the expenditures for the fiscal year last concluded, and the estimated expenditures for the current year, and the request of each budget unit and the governor's recommendations for appropriations for the ensuing fiscal year, all distributed according to budget programs and budget classes.

In connection with each expenditure involving construction projects to be completed in one or more fiscal years, there shall be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. The state capital improvement plan and the governor's recommendations concerning the plan shall be incorporated into the annual budget report.

4. A summary statement for each fund of the cash resources estimated to be available at the beginning of the next fiscal year and the estimated cash receipts for the ensuing fiscal year, as compared with the total recommended amounts for appropriations for all budget programs and budget classes for the ensuing fiscal year, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of receipts from any proposed additional revenues.

5. FOR THE 1996-1997 FISCAL YEAR AND THEREAFTER, DELINEATION, BY BUDGET UNIT, OF REQUESTED EXPENDITURES FOR ADMINISTRATIVE COSTS, INCLUDING ADMINISTRATIVE PERSONNEL SALARIES AND EMPLOYEE RELATED EXPENSES AND DIRECT, INDIRECT AND SHARED COSTS FOR ADMINISTRATIVE OFFICE SPACE, EQUIPMENT, SUPPLIES AND OVERHEAD. FOR PURPOSES OF THIS PARAGRAPH, "ADMINISTRATIVE" MEANS ANY SUPPORTIVE ACTIVITY RELATING TO MANAGEMENT, SUPERVISION, BUDGET OR EXECUTION OF THE AFFAIRS OF THE BUDGET UNIT AS DISTINGUISHED FROM ACTIVITIES RELATING TO ITS PRIMARY DIRECT SERVICE FUNCTIONS. THE PROCESS OF DELINEATION AND DETERMINATION OF WHAT CONSTITUTES ADMINISTRATIVE COSTS FOR EACH BUDGET UNIT SHALL BE DEVELOPED BY THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING IN CONSULTATION WITH THE DIRECTOR AND STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE.

6. FOR THE 1996-1997 FISCAL YEAR AND THEREAFTER, A SUMMARY ON ONE PAGE OR LESS PROVIDING SELECTED PRODUCTIVITY MEASURES OR INDICATORS OF THE BUDGET UNIT FOR THE PREVIOUS FISCAL YEAR AND THE BUDGET YEAR. THE PRODUCTIVITY MEASURES MAY BE EXPRESSED AS SERVICE LEVEL MEASURES ON A UNIT COST BASIS AND SHALL BE ESTABLISHED BY THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING IN CONSULTATION WITH THE DIRECTOR AND STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE.

Sec. `#.Title 35, chapter 1, article 2, , is amended by adding section 35-121, to read: 35-121.[Format of appropriations](#)

THE FORMAT OF THE APPROPRIATIONS FOR THE SUPPORT AND MAINTENANCE OF STATE DEPARTMENTS AND INSTITUTIONS SHALL BE AS FOLLOWS:

1.EACH YEAR THE LEGISLATURE SHALL APPROPRIATE MONIES TO THE MAJOR BUDGET UNITS FOR ONE FISCAL YEAR.

2.EVERY OTHER YEAR THE LEGISLATURE SHALL APPROPRIATE MONIES TO THE OTHER BUDGET UNITS FOR TWO FISCAL YEARS, ITEMIZED SEPARATELY FOR EACH FISCAL YEAR.

Sec. 5. Section 41-562, , is amended to read:

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41-562.Powers and duties of the commission; definition

A.The economic estimates commission shall determine and report to the legislature prior to January 15 of each year the following:

1.The estimated total personal income in Arizona for the next fiscal year.

2.The estimated total personal income in Arizona for the current fiscal year.

3.The estimated percentage change per capita of estimated total personal income in Arizona for the next fiscal year.

4.The estimated per capita personal income in Arizona for the current fiscal year.

5.The estimated average weekly wages in Arizona for the next fiscal year.

6.The estimated average weekly wages in Arizona for the current fiscal year.

~~C~~.B.Other state agencies shall assist the economic estimates commission in furnishing available data and information necessary for development of the required estimates. In no event shall the commission authorize an independent study or employ consultants in the performance of its duties.

~~D~~.C.The economic estimates commission shall determine and publish prior to ~~October 1~~ **NOVEMBER 15** of each year the maximum dollar amount which is **EXPECTED TO BE** available for legislative appropriation from state tax revenues pursuant to ~~section 17 of~~ article IX, **SECTION 17** of the constitution for the succeeding fiscal year. The dollar amount available for appropriation from state tax revenues shall be computed by multiplying together the appropriation percentage limitation for the succeeding fiscal year and the estimated total personal income of the state of Arizona for the succeeding fiscal year.

~~B~~.D.For the purposes of this section, "total personal income" means the dollar amount that will be reported as total income received by persons in the state of Arizona by the United States department of commerce or its successor agency.

Sec. 6. Section 41-1272, , is amended to read:

41-1272.Powers and duties; finances

A.The joint legislative budget committee shall:

1.Ascertain facts and make recommendations to the legislature relating to the state budget, revenues and expenditures of the state, future fiscal needs, the organization and functions of state agencies or **THEIR** divisions and such other matters incident to the above functions as may be provided for by rules ~~and regulations~~ of the joint legislative budget committee.

2.Implement a system of fiscal notes to apply to those bills introduced in the legislature that have a fiscal impact. These fiscal notes shall also reflect the fiscal impact of legislation on cities, counties and all other political subdivisions of the state.

3.Implement a system of fiscal notes for any rule as defined by section 41-1001 which has a fiscal impact.

4. IN CONSULTATION WITH THE OFFICE OF STRATEGIC PLANNING AND BUDGETING, DETERMINE AND REPORT TO THE GOVERNOR AND THE LEGISLATURE AN ESTIMATE OF APPROPRIATIONS SUBJECT TO THE LIMIT IMPOSED BY ARTICLE IX, SECTION 17, CONSTITUTION OF ARIZONA. THE REPORT SHALL BE PUBLISHED BY:

(a) FEBRUARY 15 OF EACH YEAR FOR THE CURRENT FISCAL YEAR AND TO REFLECT THE BUDGET RECOMMENDATIONS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR THE ENSUING FISCAL YEAR.

(b) NOVEMBER 1 OF EACH YEAR TO REFLECT THE TOTAL AMOUNT APPROPRIATED FOR THE PRECEDING AND CURRENT FISCAL YEARS.

~~4.5. Promulgate ADOPT rules and regulations.~~

B. The joint legislative budget committee may:

1. Make studies, conduct inquiries ~~AND~~ investigations and hold hearings.

2. Meet and conduct its business any place within the state during the sessions of the legislature or any recess of the legislature and in the period when the legislature is not in session.

3. Establish subcommittees from the membership of the legislature and assign to such subcommittee any study, inquiry, investigation or hearing with the right to call witnesses which the joint legislative budget committee has authority to undertake.

C. The joint legislative budget committee shall have the powers conferred by law upon legislative committees.

D. Members of the joint legislative budget committee shall be reimbursed by their respective houses in the same manner as is provided by law for a member of the legislature who attends a duly called meeting of a standing committee.

Sec. 7. Title 41, chapter 27, article 1, , is amended by adding section 41-2958, to read:

41-2958. Modified audits of certain agencies

AT LEAST EVERY TEN YEARS THE JOINT LEGISLATIVE AUDIT COMMITTEE SHALL CONDUCT A REVIEW OF THE FOLLOWING AGENCIES AND PROGRAMS ACCORDING TO THE FOLLOWING SCHEDULE USING THE FACTORS THAT ARE DEEMED NECESSARY AND THAT ARE LISTED IN SECTION 41-2954, SUBSECTION D:

1. BY JULY 1, 1996 FOR THE DEPARTMENT OF EDUCATION INCLUDING THE PROGRAMS AND ACTIVITIES ADMINISTERED, PRESCRIBED OR REGULATED BY THE DEPARTMENT.

2. BY JULY 1, 1997 FOR THE PROGRAMS AND COMMISSIONS ESTABLISHED BY THE LEGISLATURE WITHIN THE JUDICIARY.

3. BY JULY 1, 1998 FOR ARIZONA STATE UNIVERSITY, ARIZONA STATE UNIVERSITY WEST CAMPUS, THE UNIVERSITY OF ARIZONA AND NORTHERN ARIZONA UNIVERSITY. FOR PURPOSES OF THIS PARAGRAPH, THE COMMITTEE MAY COMBINE THE REVIEW FOR ALL OF THE UNIVERSITIES INTO ONE OR MORE REVIEWS AND REPORTS.

Sec. 8. Section 41-3000.07, , is amended to read:

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41-3000.07. Department of health services; termination July 1, 2000

A. The department of health services terminates on July 1, 2000.

B. THE PROVISIONS OF title 36 ~~IS~~ RELATING TO THE DEPARTMENT OF HEALTH SERVICES ARE repealed on January 1, 2001.

Sec. 9. Title 41, chapter 27, article 2, , is amended by adding section 41-3003.01, to read:

41-3003.01. Arizona health care cost containment system; termination July 1, 2003

A. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM TERMINATES ON JULY 1, 2003.

B. TITLE 36, CHAPTER 29 IS REPEALED ON JANUARY 1, 2004.

Sec. `#.State government program list: program authorization review: recommendations; legislation; funding; budget unit responsibility

A. Notwithstanding any other law, the office of strategic planning and budgeting shall develop and prepare, and update each year, a list of separately identifiable programs that are performed or overseen by state government. The list shall include all programs within each budget unit as well as all programs that are administered jointly by two or more budget units. The list shall include a description of the program with the mission statement, goals and objectives of the program. The evaluation criteria required by subsection C, paragraph 1 shall be included when they are available. The list shall also include an identification of the budget unit or units, offices, departments or divisions responsible for administration of the program, the current fiscal year budget, appropriation and other funding for the program and the budget request for the next fiscal year.

B. The office of strategic planning and budgeting shall submit the list and updates to the director of the joint legislative budget committee for review and modification. The joint legislative budget committee staff, with recommendations from the auditor general and the office of strategic planning and budgeting, shall meet with the joint legislative budget committee to develop and introduce legislation listing which programs are subject to program authorization review each year for the next four fiscal years. The legislature may also review other programs not listed in the schedule for that fiscal year. In conjunction with the budgetary hearings, the appropriate legislative committees shall consider the programs recommended for authorization review and may continue, modify or eliminate funding for those programs.

C. Consistent with instructions issued by the governor, and to aid in the development of the program authorization review required by this section, the administrative head of each budget unit who is responsible for administering one or more budget programs is responsible for developing:

1. A strategic plan for the budget unit. At a minimum, the plan shall extend for three years and shall contain a mission statement and goals, objectives and evaluation criteria for each budget program. The evaluation criteria shall be stated in terms that are consistent with a program's goals and objectives and that emphasize results.
2. Management information to evaluate the success or failure of each budget program in achieving its goals and objectives.

Sec. 10. Applicability

The provisions of section 35-113, , as amended by this act, apply to budget submissions for fiscal year 1995-1996.

Sec. 11. Delayed repeal

Section 11 of this act is repealed from and after June 30, 1998. s

Approved by the Governor April 22, 1993.

Filed in the Office of the Secretary of State April 23, 1993.