

FY 2007
JLBC Summary

January 2006

JLBC

INDEX

Page No.

Summary

FY 2007 JLBC Baseline	1
Statement of General Fund Revenues and Expenditures with One-time Financing Sources	3
FY 2007 JLBC Highlights	4

Budget Numbers by Agency

FY 2007 General Fund Summary by Agency	9
FY 2007 Other Appropriated Funds Summary by Agency	11
FY 2006 and FY 2007 Supplementals	18
Summary of Federal and Other Non-Appropriated Fund Expenditures for Fiscal Years 2005, 2006 and 2007	19
State Personnel Summary by Full-Time Equivalent (FTE) Positions for Fiscal Years 2006 and 2007	29

Specific Spending Changes By Agency

General Fund - Detailed List of FY 2007 Changes Above/(Below) FY 2006 by Agency	31
Other Funds - Detailed List of FY 2007 Changes Above/(Below) FY 2006 by Agency	37

Budget Reconciliation Bill Provisions

FY 2007 Budget Reconciliation Bill Provisions	43
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Strategic Program Area Reviews

Strategic Program Area Review (SPAR) Summaries	49
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Revenue Forecast

General Fund Revenue	51
Budget Stabilization Fund	55

FY 2007 - FY 2009 Projections

Long-Term General Fund Estimates	57
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SUMMARY

FY 2007 JLBC BASELINE

The JLBC is providing General Fund baseline revenue and spending estimates. The revenue projections reflect a consensus economic forecast while the spending estimates represent funding formula requirements and other obligations. The JLBC baseline is designed to serve as a starting point for discussions on the FY 2007 budget.

FY 2006

As a first step in developing a FY 2007 budget, the enacted FY 2006 budget has been re-estimated. The General Fund balance being carried forward from FY 2005 to FY 2006 had originally been anticipated to be \$329 million. Due to strong revenue growth at the end of FY 2005, the FY 2005 ending balance is \$639 million.

During the first 6 months of FY 2006, General Fund revenue growth has continued to exceed expectations. The JLBC Staff now forecasts that the state will collect an added \$741 million in new General Fund revenues above the enacted FY 2006 budget. Total FY 2006 General Fund revenues are projected to be \$9.30 billion.

The original FY 2006 budget requires the extra revenue growth to be deposited into the state's budget reserve, otherwise known as the Budget Stabilization Fund (BSF). *See Budget Stabilization Fund section on page 55 for more information.* After accounting for the 7% cap on BSF deposits, \$440 million will be deposited into the fund. In combination with the prior year balance, the total FY 2006 BSF balance is estimated to be \$606 million.

In terms of spending, ADE is expected to exceed its enacted budget due to higher-than-expected caseloads. The revised FY 2006 budget sets aside \$32 million for these supplemental expenses.

The original FY 2006 budget had a projected FY 2006 year-end General Fund balance of \$32 million. After adjusting for higher revenue and supplementals, the year-end balance is now forecast to be \$610 million. The BSF balance of \$606 million is over and above the General Fund balance.

FY 2007 Baseline Revenues

A FY 2007 General Fund baseline revenue estimate was developed using a consensus forecasting process. This consensus averages the results of the following 4 forecasts:

- The projections of the Finance Advisory Committee (FAC), an independent 15 member group of public and private sector economists,
- The University of Arizona Economic and Business Research (EBR) General Fund baseline model,

- EBR's conservative forecast model, and
- The JLBC Staff forecast.

This four-sector consensus forecast yields a FY 2007 growth rate of 7.0%. This rate represents underlying growth in state revenues, excluding urban revenue sharing and one-time monies. Overall, the projected increase in on-going FY 2007 General Fund revenues is \$497 million, which would result in General Fund revenue of \$9.14 billion.

In combination with the \$610 million in one-time monies remaining from FY 2006, total General Fund revenues in FY 2007 would equal \$9.75 billion. *See the General Fund Revenue section on page 51 for more information.*

FY 2007 Baseline Spending

Statutory funding formulas and other obligations are expected to generate the following new FY 2007 General Fund costs:

- Department of Education: \$225 million;
- School Facilities Board: \$21 million;
- Health and Welfare programs: \$255 million;
- Prison operating expenses: \$38 million;
- Higher Education formulas: \$15 million; and
- State Employer Retirement and Health Insurance expenses: \$49 million.

These issues are discussed in the Individual Agency Detail section of the *JLBC Book I*.

The JLBC baseline also sets aside \$30 million for *Flores* litigation legislation. During the 2005 Legislative Session, the Legislature approved HB 2718 to address the *Flores* litigation on English Learner funding, but it was vetoed by the Governor. This issue will again be addressed in separate legislation outside of the General Appropriation Act for FY 2007. The \$30 million set-aside is comparable to the funding amount approved in last year's legislation.

The JLBC FY 2007 baseline budget would increase total permanent spending by \$604 million, or 7.4%, to a level of \$8.78 billion.

The budget also includes adjustments in certain one-time expenditures. The major changes are:

- The Ladewig lawsuit settlement payment would increase from \$58 million in FY 2006 to its final payment of \$99 million in FY 2007.
- The General Fund deposit to the state's budget reserve, the Budget Stabilization Fund, would decline from \$440 million in FY 2006 to \$10 million in FY 2007.

When adjusting for these one-time expenses, total FY 2007 General Fund baseline spending would equal \$8.90 billion. This amount represents an increase of \$214 million, or 2.5% over FY 2006.

Available Resources

Given forecasted revenues of \$9.75 billion and a formula spending level of \$8.90 billion, the starting point for FY 2007 budget discussions is an \$850 million balance.

The JLBC recommends reserving this amount for legislative initiatives, including:

- Tax Relief
- State Employee Pay
- Border Enforcement
- Truth in Budgeting (repayment of fund sweeps and shifts, rollover)
- New Capital Projects
- Education Reform, and
- Ending Balance

Structural Balance

A budget can also be viewed from the perspective of its structural surplus or shortfall. This concept represents the difference between on-going revenues and expenditures. The state can have a structural shortfall but have a balanced budget through the use of one-time revenue and/or expenditure savings.

Prior to the legislative initiatives, the FY 2007 JLBC baseline has a structural surplus of approximately \$368 million. To prevent the budget from incurring a structural shortfall, the JLBC recommends that no more than \$368 million of the \$850 million in legislative initiatives be allocated to permanent revenue or spending changes.

Annual and Biennial Budgets

The state has both an annual and biennial budget process. Under state law, the annual budget process is limited to 16 large agencies, while the remainder of the state's 117 budget units have a 2-year appropriation cycle. Due to a variety of factors, however, more medium-sized agencies had their budgets reviewed annually during the past budget cycle. For the 2nd Regular Session of the 47th Legislature, the JLBC is recommending 1-year budgets for 41 agencies; the remaining agencies received both FY 2006 and FY 2007 budgets last year.

Other Funds

Besides the General Fund, the state has dedicated special revenue funds. Only a portion of these monies is subject to legislative appropriation. The JLBC recommends a FY 2007 Other Fund appropriated spending level of \$2.72 billion, or 1.8%, above FY 2006.

The level of FY 2007 non-appropriated state funds is expected to be \$5.58 billion, while non-appropriated federal funds are forecasted to be \$7.75 billion. When all appropriated and non-appropriated fund sources are combined, total state spending would be \$25.0 billion in FY 2007.

Other Information

This Summary volume also includes sections with information on the following topics:

- A Narrative Summary of Highlights
- Number of State Employees
- Statutory provisions associated with enacting a FY 2007 budget
- Strategic Program Area Reviews (SPARs), and
- Long-term General Fund projections.

In addition, *JLBC Book I* provides line item detail on individual agencies. *A JLBC Book II* will be published shortly and will include detailed comparisons with the Executive Budget proposal.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
WITH ONE-TIME FINANCING SOURCES**

	FY 2006 Estimate ^{1/}	FY 2007 JLBC
REVENUES		
On-going Revenues	\$9,084,056,100	\$9,720,707,700
Enacted Revenue Adjustments	6,362,000	12,362,000
Enacted Tax Law Changes	(18,050,000)	(37,230,000)
Urban Revenue Sharing	<u>(425,228,900)</u>	<u>(551,315,800)</u>
Revised On-going Revenues	8,647,139,200	9,144,523,900
One-time Revenues		
Balance Forward	638,989,000	610,152,600
Corporate Consolidated Returns	0	(4,000,000)
New FY 2006 Fund Transfers	<u>10,000,000</u>	<u>0</u>
Subtotal One-time Revenues	648,989,000	606,152,600
Total Revenues	\$9,296,128,200	\$9,750,676,500
EXPENDITURES		
Operating Budget Appropriations	8,194,258,600	8,799,992,400
FY 06 Supplementals	31,669,300	0
Flores Litigation	0	29,610,000
Maximizing Federal Fund Savings	(25,000,000)	(25,000,000)
Administrative Adjustments	23,000,000	23,000,000
Revertments	<u>(51,169,300)</u>	<u>(51,169,300)</u>
Subtotal Permanent Expenditures	8,172,758,600	8,776,433,100
One-time Expenditures		
SFB Deficiencies Corrections	20,000,000	0
SFB Payment Holiday	(22,005,100)	0
Capital Outlay	17,150,000	15,000,000
Ladewig Litigation Payments	58,300,000	99,200,000
Budget Stabilization Fund Deposits	<u>439,772,100</u>	<u>9,597,000</u>
Subtotal One-time Expenditures	513,217,000	123,797,000
Total Expenditures	\$8,685,975,600	\$8,900,230,100
NET AVAILABLE RESOURCES ^{2/}	\$610,152,600	\$850,446,400
Legislative Initiatives: On-going		Up to 368,090,800 ^{3/}
Legislative Initiatives: One-time		At least 481,355,600 ^{3/}
Ending Balance	\$610,152,600	\$1,000,000
Structural Balance ^{4/}	\$474,380,600	\$0 ^{5/}
		368,090,800 ^{6/}

^{1/} Reflects current status of FY 2006, including updated revenues.

^{2/} Revenues less expenditures.

^{3/} JLBC recommends allocating up to \$368.1 million of the net available resources to on-going initiatives and at least \$481.4 million to one-time initiatives, so as to avoid a structural shortfall.

^{4/} The structural balance in this calculation reflects the difference between permanent on-going revenues and permanent expenditures. The structural balance will depend on the allocation of legislative initiatives.

^{5/} If \$368.1 million of the \$850 million in net available FY 2007 resources is allocated to on-going initiatives.

^{6/} If none of the \$850 million in net available FY 2007 resources is allocated to on-going initiatives.

FY 2007 JLBC HIGHLIGHTS

General Fund Baseline Revenues

- The FY 2007 General Fund revenue forecast is \$9.75 billion. This amount includes \$606 million in one-time revenues. Based on a consensus forecast, FY 2007 permanent base revenues are projected to increase 7.0% over the current FY 2006 forecast. FY 2006 permanent revenues would increase by 12.3% above FY 2005. (*Page 51 – JLBC Summary*)
- Urban Revenue Sharing distributions, based on income tax collections 2 years prior, would be \$551 million in FY 2007. This amount is \$126 million, or 30% greater than the FY 2006 distribution of \$425 million due to extraordinarily high income tax collections by the state during FY 2005.

General Fund Baseline Spending

- The FY 2007 General Fund JLBC baseline spending would total \$8.90 billion. Of this amount, \$8.78 billion represents on-going spending and another \$124 million reflects one-time adjustments. This spending reflects funding formula requirements and other obligations.
- FY 2007 baseline General Fund spending would grow by \$214 million above FY 2006, an increase of 2.5%. Excluding one-time items in both years, permanent spending would grow by \$604 million, or 7.4%.
- The entire state budget, including both appropriated and non-appropriated funds, is projected to be \$25 billion.

Legislative Initiatives

- After adjusting for baseline General Fund revenues and spending, there would be \$850 million in available resources for legislative initiatives, including: Tax Relief, State Employee Pay, Border Enforcement, Truth in Budgeting, New Capital Projects, Education Reform, and Ending Balance.

Structural Balance

- The structural balance is the difference between permanent revenues and permanent spending. The state can have a balanced budget, but a structural shortfall, if it uses one-time revenues and/or one-time spending reductions in its budget plan.
- As enacted in May 2005, the original FY 2006 budget had a structural shortfall of \$(258) million. Due to strong revenue growth, the FY 2006 budget is now expected to have a \$474 million structural surplus.
- Prior to legislative initiatives, the FY 2007 baseline budget is currently forecasted to have a \$368 million structural surplus. To avoid a structural shortfall, the JLBC recommends that the permanent revenue or spending portion of the legislative initiatives not exceed \$368 million.

Budget Stabilization Fund

- In FY 2005, \$156 million was deposited into the state's Budget Stabilization Fund. Prior to this time, the fund was essentially depleted.
- In FY 2006, the Fund will receive any excess General Fund revenues above the enacted budget forecast for FY 2006. The Fund is also capped at 7% of General Fund revenues, which equals \$606 million. Excess revenues will be sufficient to fill the Fund to its capped level.
- In FY 2007, the 7% cap increases to \$640 million. The JLBC recommends funding at this level through a combination of \$24 million in interest earnings and \$10 million in a General Fund appropriation. (*Page 55 – JLBC Summary*)

Education

Department of Education (*Page 132 – JLBC Book I*)

- Direct state assistance to the operations and maintenance of K-12 schools would grow by \$225 million, or 6.9%.
- Based on a consensus forecast, the K-12 baseline would fund 1,030,000 students, an increase of 32,400 from the prior year.
- The budget contains an across-the-board 2.0% inflation adjustment in state assistance.
- Full day kindergarten programs would continue to serve schools with more than 80% low income students at a cost of \$38 million.
- The JLBC recommends setting aside \$30 million for *Flores* legislation, comparable to the amount vetoed by the Governor at the end of the 2005 Regular Session.
- The baseline includes a \$32 million FY 2006 supplemental due to higher-than-expected student counts.

School Facilities Board (Page 287 – *JLBC Book I*)

- The JLBC baseline provides \$250 million in cash for new schools in FY 2007, the same level as in FY 2006. This will fund 22 new school projects that will house 22,000 students along with the continuation of 27 projects approved in prior years.
- School facility building renewal funding spending would increase by \$16 million to fund fully a revised formula of \$86 million.

Universities (Page 319 – *JLBC Book I*)

- The Universities' General Fund spending would grow by \$7 million, or 0.9%. The Universities' \$850 million spending level would fund 106,300 students in FY 2007.
- As required by Laws 2005, Chapter 330, the budget includes deductions to eliminate funding for students who have over 155 credit hours.
- The JLBC adds funding to restore 32 WICHE student subsidies. This program subsidizes students in certain medical fields not offered by the Universities.
- The JLBC recommends enhanced legislative oversight of key University issues:
 - ⇒ Require report on operational and capital plans for ASU Downtown Campus.
 - ⇒ As part of \$7 million in second year Phoenix Medical Campus funding, require progress report in addressing rural residencies and access to clinical rotations.
 - ⇒ Measure number of classes taught by professors, which is currently less than 50%.
 - ⇒ Require JLBC review of tuition expenditures and JCCR review of indirect debt financing.

Community Colleges (Page 65 – *JLBC Book I*)

- Community College General Fund spending would grow by \$7 million, or 4.8%, to fund 100% of the statutory funding formula.
- This baseline increase would fund an additional 4,200 full time equivalent students and bring total enrollment to 120,000.

Health and Welfare

AHCCCS (Page 23 – *JLBC Book I*)

- AHCCCS' General Fund spending would increase by \$172 million, or 16.6%, to a level of \$1.2 billion. Of this amount, \$155 million is for caseload and inflation increases in Title 19 indigent health care services. Another \$17 million is to offset an expected decrease in Arizona's share of Tobacco Settlement monies. AHCCCS is expected to save approximately \$(5) million due to the new Medicare Part D prescription drug program.
- Based on a consensus forecast model, AHCCCS caseload is projected to increase by 3.6%. Total caseload is estimated to be 1,159,300 by June 2007. Health care provider payments would increase by an average of 6% for inflation.
- The KidsCare Parents program would expire as required by statute.

Department of Health Services (Page 185 – *JLBC Book I*)

- DHS funding would increase by \$50 million, or 10.6%. Of this amount, \$47 million is for Title 19 increases in the department's Behavioral Health and Children's Rehabilitative Services programs. Caseloads are projected to increase by 3.6% while capitation rates would grow 7%. The JLBC also recommends:
 - ⇒ \$3.9 million from the General Fund to backfill expenditures from the Arizona State Hospital Fund (\$1.6M), the Poison Control Fund (\$2.2M) and the Arizona Medical Board Fund (\$0.1M).
 - ⇒ \$2.2 million from the Newborn Screening Program Fund for an increase in the number of newborn screenings performed from 8 to 29.
 - ⇒ \$500,000 from the Vital Records Fund to operate the Vital Records Program.
- DHS has a projected FY 2006 shortfall of \$(10) million due to having implemented behavioral rate adjustments not authorized by the Legislature. As a result, the JLBC does not recommend funding for this shortfall.

Department of Economic Security (Page 89 – *JLBC Book I*)

- DES funding would increase by \$32 million, or 5.1%. This amount includes:
 - ⇒ \$21 million for 993, or 6.5%, new clients in the Title 19 Developmental Disabilities Long Term Care program. Total caseload would equal 18,683.
 - ⇒ \$11 million for caseload growth in Permanent Guardianship and Adoption Services and the second year of a 2-year 25% increase in Foster Care and Adoption Subsidy rates.
 - ⇒ \$(7) million reduction from the federal TANF Block Grant due to welfare caseload declines.
 - ⇒ Level funding of Child Care assistance which may generate a 3,100-person waiting list, depending on how implementation of 2005 statutory changes affects caseloads.

- To ensure that DES increases its permanency efforts for CPS children, the JLBC recommends: 1) adding performance measures to track DES' progress in reducing its reliance on expensive congregate short term placements, and 2) prior JLBC approval of any funding transfers for these programs.
- Due to the elimination of one-time surpluses, the TANF federal block grant may be overcommitted by \$11 million and federal Child Care funds may be overcommitted by \$14 million in FY 2007. Changes in TANF and Child Care caseloads may affect these shortfall estimates.

Capitation Adjustments

- The Title 19 managed care rate setting process has been used to implement policy expansions not approved by the Legislature.
- As a result, the JLBC recommends limiting Title 19 capitation changes to inflation and utilization adjustments. Any other adjustments, such as discretionary policy changes, would require prior Legislative approval.

Autism Funding

- JLBC recommends \$3 million in Tobacco Tax funding for autism services.

Federal Funding

- Congress is considering funding changes in several federal programs. The U.S. Senate has approved these revisions and the House of Representatives will consider them upon reconvening.
- Given that Congressional action is not final, the JLBC has not attempted to address these issues in its funding estimates.
- For Title 19 Medicaid, Congress is considering offering more flexibility on benefit packages and recipient cost-sharing as well as increased verification requirements.
- Work requirements for the TANF program would be strengthened, which may lead to state penalties if these new targets are not met.
- Federal cost sharing for the Child Support and Foster Care programs may decline. The estimated cost of the Child Support shift is \$4 million.
- Federal Child Care funding would increase.

Criminal Justice

Department of Corrections (*Page 75 – JLBC Book I*)

- ADC funding would increase by \$35 million, or 5.0%. This amount includes:
 - ⇒ \$16 million for the replacement of one-time federal monies.
 - ⇒ \$4 million for inmate population growth.
 - ⇒ \$15 million for 1,000 previously-authorized private beds that will open in FY 2007.
- The JLBC baseline funds 100 net new inmates per month and a FY 2007 year-end inmate population of 35,192.
- ADC is expected to have a 3,000 bed shortfall by the end of FY 2007. To address this issue, the JLBC recommends a total of 3,000 new private beds open in FY 2008. The JLBC would review the relevant RFPs.
- The JLBC also recommends privatizing the women's prison at Perryville. ADC has failed to follow the Legislature's intent to privatize the female prison population since 2002. Further inaction would result in the reversion of new inmate growth funding.
- To enhance ADC accountability, the budget structure would separately delineate all state-run prison complexes, along with private, provisional and county beds.

Department of Juvenile Corrections (*Page 234 – JLBC Book I*)

- DJC funding would increase by \$3.3 million, or 4.7%, including:
 - ⇒ \$1.3 million for secure care population growth. These monies would fund an additional 48 beds for a total of 671 beds.
 - ⇒ \$2.3 million due to a reduction of State Trust Land revenue.
 - ⇒ \$495,000 of one-time funding to complete suicide renovations related to federal civil rights audit.

Department of Public Safety (*Page 267 – JLBC Book I*)

- DPS funding would increase by \$699,700 General Fund and \$6.9 million Other Funds, including:
 - ⇒ \$2.8 million from the Parity Compensation Fund to provide the Highway Patrol with an average \$1,700 (3.1%) salary increase.
 - ⇒ \$4.8 million from HURF to fund 46 additional Highway Patrol-related staff.
- The JLBC recommends enhanced oversight of DPS spending, given their failure to add 25 new Highway Patrol sworn personnel funded by the Legislature in FY 2006.

Judiciary (Page 218 – JLBC Book I)

- Judiciary funding would increase by \$2.7 million, or 2.3%, for enacted judges' salary adjustments, 3 new Superior Court judgeships and new drug court support.

Other

Attorney General (Page 52 – JLBC Book I)

- The JLBC recommends a General Fund decrease of \$(6) million and a corresponding increase of Other Funds as part of the cost allocation shift enacted last year.

Capital Outlay (Page 365 – JLBC Book I)

- The Legislature has already approved \$15 million in FY 2007 to complete construction of a new state Archives and History building.

Department of Environmental Quality (Page 162 – JLBC Book I)

- State funding of the clean-up of chemically contaminated sites, the Water Quality Assurance Revolving Fund (WQARF), would remain at the FY 2006 level of \$11 million.

Ladewig Litigation (Page 281 – JLBC Book I)

- The JLBC recommendation allocates \$99 million for the final year of the *Ladewig v. State of Arizona* settlement. The \$99 million should decrease with the Department of Revenue's revised cost estimate, expected by February 2006.

Secretary of State (Page 293 – JLBC Book I)

- Secretary of State funding would increase by \$3 million to finance the 2006 state primary and general elections.

Department of Transportation (Page 300 – JLBC Book I)

- The JLBC recommends enhanced Legislative oversight to address the growing problem of wait times at the Motor Vehicle Division (MVD):
 - ⇒ Require JLBC approval before transferring any funds into or out of MVD.
 - ⇒ Require ADOT report to JLBC on where funding for MVD counter clerks was shifted. Despite no cuts in funding, MVD counter staff has declined from 866 in FY 2003 to 680 in FY 2006.
 - ⇒ Expand annual MVD customer wait time report to reflect length of entire visit and to measure the number of customers who left without completing their transaction.

Department of Water Resources (Page 356 – JLBC Book I)

- The JLBC recommends shifting \$1.7 million from the General Fund to the newly-enacted Assured and Adequate Water Supply Fund.

FTE Positions (Page 29 – JLBC Summary)

- The JLBC baseline would fund an increase of 245 Full Time Equivalent (FTE) Positions. This 0.5% increase would bring total appropriated FTEs to 50,334.

State Employee Retirement and Insurance (Page vi – JLBC Book I)

- The JLBC baseline includes \$25 million from the General Fund for a 12% increase in the cost of state employee health insurance.
- The JLBC baseline includes \$24 million from the General Fund for increases in the state employer share of employee retirement costs. Arizona State Retirement System employer and employee rates will each increase by 1.7%.

Performance Measures

- Numerous agencies do not measure some aspect of their performance, as required in the General Appropriation Act. Agencies would be required to report the reasons for this failure as part of their FY 2008 budget request.

BUDGET NUMBERS BY AGENCY

FY 2007 GENERAL FUND SUMMARY BY AGENCY

	FY 2006 Estimate	1/ FY 2007 JLBC	FY 2007 JLBC - FY 2006
<u>BUDGET UNITS</u>			
Administration, AZ Department of	\$24,761,500	\$24,781,600	\$20,100
Administrative Hearings, Office of	1,137,200	1,104,200 *	(33,000)
Agriculture, AZ Department of	10,561,600	10,224,300 *	(337,300)
AHCCCS	1,035,090,900	1,207,331,400	172,240,500
Arts, Arizona Commission on the	3,837,100	3,818,200 *	(18,900)
Attorney General - Department of Law	25,037,500	18,996,500	(6,041,000)
Charter Schools, State Board for	734,100	712,700 *	(21,400)
Commerce, Department of	11,450,100	11,450,100	0
Community Colleges, Arizona	154,075,700	161,536,600	7,460,900
Corporation Commission	5,133,000	5,133,000	0
Corrections, State Department of	697,612,400	732,681,700	35,069,300
Criminal Justice Commission, Arizona	1,302,000	1,302,000 *	0
Deaf and the Blind, Schools for the	16,173,300	18,014,700	1,841,400
Economic Security, Department of	630,214,300	662,048,000	31,833,700
Education, Department of	3,342,529,300	3,567,247,100	224,717,800
Emergency & Military Affairs, Dept of	13,839,000	13,358,300	(480,700)
Environmental Quality, Department of	24,347,000	24,347,000	0
Equal Opportunity, Governor's Office of	227,200	220,900 *	(6,300)
Equalization, State Board of	584,500	584,500	0
Executive Clemency, Board of	985,300	956,700 *	(28,600)
Financial Institutions, State Department of	3,264,400	3,309,400	45,000
Fire, Building and Life Safety, Department of	3,373,500	3,278,400 *	(95,100)
Geological Survey, Arizona	815,700	796,700 *	(19,000)
Governor, Office of the	6,288,600	6,288,600	0
Gov's Ofc of Strategic Planning & Budgeting	2,075,400	2,075,400	0
Health Services, Department of	476,823,200	527,277,400	50,454,200
Historical Society, Arizona	4,063,200	3,979,500 *	(83,700)
Historical Society, Prescott	664,200	639,100 *	(25,100)
Indian Affairs, AZ Commission of	210,000	205,100 *	(4,900)
Insurance, Department of	6,561,400	6,347,700 *	(213,700)
Judiciary			
Supreme Court	12,650,000	13,086,000	436,000
Court of Appeals	12,099,500	12,445,200	345,700
Superior Court	92,791,700	94,727,600	1,935,900
SUBTOTAL - Judiciary	117,541,200	120,258,800	2,717,600
Juvenile Corrections, Department of	69,801,300	73,108,900	3,307,600
Land Department, State	22,821,700	21,493,900	(1,327,800)
Law Enforcement Merit System Council	71,500	66,600 *	(4,900)
Legislature			
Auditor General	12,949,300	12,949,300	0
House of Representatives	12,399,900	12,399,900	0
Joint Legislative Budget Committee	2,775,000	2,775,000	0
Legislative Council	5,144,300	5,144,300	0
Library, Archives & Public Records, AZ State	7,058,100	7,058,100	0
Senate	8,109,800	8,109,800	0
SUBTOTAL - Legislature	48,436,400	48,436,400	0
Liquor Licenses & Control, Department of	4,134,500	4,063,700 *	(70,800)
Medical Student Loans, Board of	1,500,000	1,500,000	0
Mine Inspector, State	1,148,100	1,116,200 *	(31,900)
Mines & Mineral Resources, Department of	807,500	794,800 *	(12,700)
Navigable Stream Adjudication Commission	164,800	164,800	0
Nursing, State Board of	162,700	161,400 *	(1,300)
Occupational Safety & Health Review Board	0		0
Parks Board, Arizona State	22,447,600	22,380,500 *	(67,100)
Personnel Board	343,800	338,300 *	(5,500)
Pioneers' Home, AZ	0	800,100 **	800,100
Postsecondary Education, Commission for	1,391,700	1,620,800	229,100
Public Safety, Department of	44,582,100	45,281,800	699,700
Racing, Arizona Department of	2,568,800	2,499,500 *	(69,300)
Radiation Regulatory Agency	1,661,300	1,625,800 *	(35,500)
Rangers' Pensions, Arizona	12,800	13,000 *	200

	FY 2006 Estimate	FY 2007 JLBC	FY 2007 JLBC - FY 2006
Real Estate Department, State	3,658,300	3,529,500 *	(128,800)
Revenue, Department of	64,582,800	64,582,800	0
School Facilities Board	392,586,200	413,663,100	21,076,900
Secretary of State	3,072,200	6,293,900	3,221,700
Tax Appeals, State Board of	285,800	277,900 *	(7,900)
Tourism, Office of	13,203,500	14,986,000	1,782,500
Transportation, Department of	74,700	74,700	0
Treasurer, State	5,391,900	5,565,400	173,500
Uniform State Laws, Commission on Universities	52,300	52,300 *	0
Arizona State University - Main Campus	300,964,900	307,682,900	6,718,000
Arizona State University - East Campus	15,394,700	17,199,100	1,804,400
Arizona State University - West Campus	44,032,000	44,935,700	903,700
Northern Arizona University	122,336,800	121,593,000	(743,800)
Board of Regents	9,105,200	9,776,800	671,600
University of Arizona - Main Campus	288,100,100	285,765,300	(2,334,800)
University of Arizona - Health Sciences Center	63,208,600	63,422,700	214,100
SUBTOTAL - Universities	843,142,300	850,375,500	7,233,200
Veterans' Services, Department of	2,336,300	2,259,000 *	(77,300)
Water Resources, Department of	18,796,600	17,096,600	(1,700,000)
Weights and Measures, Department of	1,573,400	1,509,400	(64,000)
Unallocated FY 06 Employee Pay	126,800	0	(126,800)
State Employer Health Insurance	0	25,000,000	25,000,000
State Employer Retirement	0	23,558,400	23,558,400
Biennial Annualizations	0	1,500,000	1,500,000
Attorney General Cost Allocation	0	3,895,800	3,895,800
OPERATING BUDGET TOTAL	8,192,253,500	8,799,992,400	607,738,900
FY 2006 Supplementals	31,669,300	0	(31,669,300)
Ladewig Litigation	58,300,000	99,200,000	40,900,000
Flores Set-Aside	0	29,610,000	29,610,000
Budget Stabilization Deposits	439,772,100	9,597,000	(430,175,100)
Capital	17,150,000	15,000,000	(2,150,000)
Maximize Federal Funds	(25,000,000)	(25,000,000)	0
Administrative Adjustments	23,000,000	23,000,000	0
Revertments	(51,169,300)	(51,169,300)	0
GRAND TOTAL	\$8,685,975,600	\$8,900,230,100	\$214,254,500

1/ Does not include proposed supplementals in individual agencies.

* Already enacted.

** Already enacted plus proposed supplemental.

FY 2007 OTHER APPROPRIATED FUNDS SUMMARY BY AGENCY

	FY 2006 Estimate	1/ FY 2007 JLBC	FY 2007 JLBC - FY 2006
<u>BUDGET UNITS</u>			
Accountancy, State Board of			
Board of Accountancy Fund	\$2,201,200	\$2,154,600 *	(\$46,600)
Acupuncture Board of Examiners			
Acupuncture Board of Examiners Fund	100,600	97,600 *	(3,000)
Administration, AZ Department of			
Air Quality Fund	574,100	575,100	1,000
Automation Operations Fund	23,710,900	22,967,900	(743,000)
Capital Outlay Stabilization Fund	11,026,500	11,029,200	2,700
Corrections Fund	667,300	669,700	2,400
Motor Vehicle Pool Revolving Fund	11,655,100	11,655,100	0
Personnel Division Fund	15,034,000	16,282,900	1,248,900
Risk Management Revolving Fund	83,649,300	88,086,000	4,436,700
Special Employee Health Insurance Trust Fund	4,920,300	4,924,100	3,800
State Surplus Materials Revolving Fund and Federal Surplus Materials Revolving Fund	4,555,800	4,555,800	0
Telecommunications Fund	2,169,000	2,170,400	1,400
Watercraft Licensing Fund	800,000	796,000	(4,000)
Total - AZ Department of Administration	158,762,300	163,712,200	4,949,900
Administrative Hearings, Office of			
AHCCCS Donations Fund	14,100	13,900 *	(200)
Registrar of Contractors Fund	0	900,500 **	900,500
Total - Office of Administrative Hearings	14,100	914,400 **	900,300
Agriculture, AZ Department of			
Aquaculture Fund	9,200	9,200 *	0
Egg Inspection Fund	670,700	646,200 *	(24,500)
Citrus, Fruit and Vegetable Revolving Fund	955,700	920,700 *	(35,000)
Commercial Feed Fund	276,900	270,200 *	(6,700)
Fertilizer Materials Fund	275,000	267,300 *	(7,700)
Livestock Custody Fund	79,400	79,400 *	0
Pesticide Fund	256,000	247,000 *	(9,000)
Agricultural Consulting and Training Fund	66,800	64,500 *	(2,300)
Dangerous Plants, Pests and Diseases Fund	21,400	21,400 *	0
Arizona Protected Native Plant Fund	168,400	162,100 *	(6,300)
Seed Law Fund	50,900	49,800 *	(1,100)
Total - AZ Department of Agriculture	2,830,400	2,737,800	(92,600)
AHCCCS			
Budget Neutrality Compliance Fund	2,395,400	2,531,900	136,500
Children's Health Insurance Program Fund	102,779,200	81,107,200	(21,672,000)
Healthcare Group Fund	3,602,000	3,602,000	0
Tobacco Products Tax Fund			
Emergency Health Services Account	27,922,900	28,680,000	757,100
Tobacco Tax and Health Care Fund			
Medically Needy Account	79,128,800	82,605,700	3,476,900
Total - AHCCCS	215,828,300	198,526,800	(17,301,500)
Appraisal, State Board of			
Board of Appraisal Fund	620,200	536,300 *	(83,900)
Attorney General - Department of Law			
Antitrust Enforcement Revolving Fund	208,200	208,200	0
Attorney Gen'l Legal Svcs Cost Allocation Fund	0	6,041,000	6,041,000
Collection Enforcement Revolving Fund	4,281,500	4,281,500	0
Consumer Fraud Revolving Fund	2,699,900	2,699,900	0
Interagency Service Agreements Fund	11,282,100	11,282,100	0
Risk Management Revolving Fund	8,621,500	8,621,500	0
Victims' Rights Fund	3,228,300	3,228,300	0
Total - Attorney General - Department of Law	30,321,500	36,362,500	6,041,000
Automobile Theft Authority			
Auto Theft Authority Fund	4,982,300	4,848,100 *	(134,200)
Barbers, Board of			
Board of Barbers Fund	238,200	274,600 **	36,400
Behavioral Health Examiners, Board of			

	FY 2006 Estimate	1/ FY 2007 JLBC	FY 2007 JLBC - FY 2006
Board of Behavioral Health Examiners Fund	1,402,600	1,259,800 *	(142,800)
Chiropractic Examiners, State Board of			
Board of Chiropractic Examiners Fund	477,600	462,700 *	(14,900)
Commerce, Department of			
Bond Fund	131,100	131,100	0
CEDC Fund	2,970,200	2,970,200	0
Oil Overcharge Fund	164,800	164,800	0
State Lottery Fund	257,000	257,000	0
Total - Department of Commerce	3,523,100	3,523,100	0
Contractors, Registrar of			
Registrar of Contractors Fund	9,890,600	8,730,800 **	(1,159,800)
Corporation Commission			
Arizona Arts Trust Fund	44,100	44,100	0
Investment Management Regulatory and Enforcement Fund	828,200	828,200	0
Pipeline Safety Revolving Fund	0	0	0
Public Access Fund	3,623,200	3,404,100	(219,100)
Securities Regulatory and Enforcement Fund	3,505,500	3,505,500	0
Utility Regulation Revolving Fund	12,078,200	12,175,900	97,700
Total - Corporation Commission	20,079,200	19,957,800	(121,400)
Corrections, State Department of			
Alcohol Abuse Treatment Fund	599,300	599,300	0
Corrections Fund	29,024,300	29,024,300	0
Penitentiary Land Fund	869,200	869,200	0
Prison Construction and Operations Fund	10,250,000	10,250,000	0
State Charitable, Penal and Reformatory Institutions Land Fund	2,070,000	570,000	(1,500,000)
State Education Fund for Correctional Education	1,528,900	1,528,900	0
Transition Office Fund	351,400	351,400	0
Transition Program Drug Treatment Fund	500,000	0	(500,000)
Total - State Department of Corrections	45,193,100	43,193,100	(2,000,000)
Cosmetology, Board of			
Board of Cosmetology Fund	1,613,200	1,510,000 *	(103,200)
Criminal Justice Commission, Arizona			
Criminal Justice Enhancement Fund	593,600	552,200 *	(41,400)
Victim Compensation and Assistance Fund	3,900,000	3,400,000 *	(500,000)
State Aid to County Attorneys Fund	847,800	877,500 *	29,700
State Aid to Indigent Defense Fund	805,000	833,200 *	28,200
Total - Arizona Criminal Justice Commission	6,146,400	5,662,900 *	(483,500)
Deaf and the Blind, AZ Schools for the			
Schools for the Deaf and the Blind Fund	13,816,900	13,816,900	0
Telecommunications Excise Tax Fund	991,400	0	(991,400)
Total - AZ Schools for the Deaf and the Blind	14,808,300	13,816,900	(991,400)
Deaf and the Hard of Hearing, Comm. for the			
Telecommunication Fund for the Deaf	5,315,400	5,279,700 *	(35,700)
Dental Examiners, State Board of			
Board of Dental Examiners Fund	1,042,000	947,200 *	(94,800)
Drug & Gang Prevention Resource Center			
Drug and Gang Prevention Resource Center Fund	274,800	266,600 *	(8,200)
Intergovernmental Agreements and Grants	297,200	280,000 *	(17,200)
Total - Drug & Gang Prevention Resource Center	572,000	546,600 *	(25,400)
Economic Security, Department of			
Child Abuse Prevention Fund	1,569,700	1,569,700	0
Child Support Enforcement Administration Fund	13,197,800	13,197,800	0
Children and Family Services Training Program Fund	209,600	209,600	0
Domestic Violence Shelter Fund	1,700,000	1,700,000	0
Federal Child Care and Development Fund Block Grant	116,188,100	116,188,100	0
Federal Reed Act Grant	0	0	0
Federal Temporary Assistance for Needy Families Block Grant	246,471,100	239,844,400	(6,626,700)
Long Term Care System Fund	24,431,900	21,887,600	(2,544,300)

	FY 2006 Estimate	1/ FY 2007 JLBC	FY 2007 JLBC - FY 2006
Public Assistance Collections Fund	473,000	473,000	0
Risk Management Fund	271,500	271,500	0
Special Administration Fund	2,158,500	2,158,500	0
Spinal and Head Injuries Trust Fund	2,508,300	2,508,300	0
Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	0
Utility Assistance Fund	500,000	500,000	0
Workforce Investment Act Grant	55,706,300	55,706,300	0
Total - Department of Economic Security	466,385,800	457,214,800	(9,171,000)
Education, Department of			
Permanent State School Fund	43,223,000	45,220,700	1,997,700
Proposition 301 Fund	7,000,000	7,000,000	0
Teacher Certification Fund	1,991,600	1,991,600	0
Total - Department of Education	52,214,600	54,212,300	1,997,700
Emergency & Military Affairs, Dept of			
Emergency Response Fund	132,700	132,700	0
Environmental Quality, Department of			
Air Permits Administration Fund	5,502,000	5,502,000	0
Air Quality - Clean Air Subaccount	500,000	0	(500,000)
Air Quality Fund	6,842,700	2,842,700	(4,000,000)
Emissions Inspection Fund	35,752,100	35,752,100	0
Hazardous Waste Management Fund	746,100	746,100	0
Indirect Cost Recovery Fund	12,120,400	12,163,900	43,500
Recycling Fund	2,138,800	2,138,800	0
Solid Waste Fee Fund	1,411,800	1,411,800	0
Underground Storage Tank Fund	22,000	22,000	0
Used Oil Fund	136,600	136,600	0
Water Quality Fee Fund	3,853,200	3,853,200	0
Total - Department of Environmental Quality	69,025,700	64,569,200	(4,456,500)
Exposition and State Fair Board, AZ			
Arizona Exposition and State Fair Fund	15,352,300	15,123,900 *	(228,400)
Funeral Directors and Embalmers, Board of			
Board of Funeral Directors & Embalmers Fund	313,700	304,900 *	(8,800)
Game and Fish Department, AZ			
Game and Fish Fund	24,597,900	24,409,300 **	(188,600)
Waterfowl Conservation Fund	43,400	43,400 *	0
Wildlife Endowment Fund	16,000	16,000 *	0
Watercraft Licensing Fund	2,248,300	2,983,200 **	734,900
Game, Nongame, Fish and Endangered Species Fund	309,500	300,200 *	(9,300)
Total - AZ Game and Fish Department	27,215,100	27,752,100 **	537,000
Gaming, Department of			
Tribal State Compact Fund	1,896,000	1,810,500 *	(85,500)
State Lottery Fund	300,000	300,000 *	0
Arizona Benefits Fund	9,512,800	9,512,800 *	0
Total - Department of Gaming	11,708,800	11,623,300 *	(85,500)
Government Information Tech. Agency			
Information Technology Fund	2,609,900	2,539,200 *	(70,700)
Health Services, Department of			
Arizona Medical Board Fund	100,000	0	(100,000)
Arizona State Hospital Fund	11,164,600	9,564,600	(1,600,000)
ASH Land Earnings Fund	350,000	350,000	0
Capital Outlay Stabilization Fund	1,576,100	1,576,100	0
Child Fatality Review Fund	100,000	100,000	0
Emergency Medical Services Operating Fund	5,015,900	5,015,900	0
Environmental Laboratory Licensure Revolving Fund	883,200	883,200	0
Federal Child Care and Development Fund Block Grant	750,100	750,100	0
Hearing and Speech Professionals Fund	302,300	302,300	0
Indirect Cost Fund	7,299,400	7,299,400	0
Newborn Screening Program Fund	3,719,300	5,958,700	2,239,400
Nursing Care Institution Resident Protection Fund	38,000	166,500	128,500
Poison Control Fund	2,200,000	0	(2,200,000)
Substance Abuse Services Fund	2,500,000	2,500,000	0
Tobacco Tax and Health Care Fund			

	FY 2006 Estimate	1/ FY 2007 JLBC	FY 2007 JLBC - FY 2006
Health Research Account	6,500,000	6,500,000	0
Tobacco Tax and Health Care Fund			
Medically Needy Account	33,824,800	30,624,800	(3,200,000)
Vital Records Electronic System Fund	0	500,000	500,000
Total - Department of Health Services	76,323,700	72,091,600	(4,232,100)
Historical Society, Arizona			
Capital Outlay Stabilization Fund	193,700	193,700 *	0
Homeopathic Medical Examiners, Board of			
Bd of Homeopathic Medical Examiners Fund	80,900	78,300 *	(2,600)
Housing, Department of			
Housing Trust Fund	686,800	654,200 *	(32,600)
Industrial Commission of AZ			
Industrial Commission Administrative Fund	17,739,900	17,204,000 *	(535,900)
Insurance, Department of			
Captive Insurance Regulatory & Supervision Fund	25,000	25,000 *	0
Judiciary - Supreme Court			
Confidential Intermediary and Fiduciary Fund	487,000	591,900	104,900
Court Appointed Special Advocate Fund	4,000,900	3,515,700	(485,200)
Criminal Justice Enhancement Fund	3,097,000	3,088,900	(8,100)
Defensive Driving School Fund	5,753,500	5,506,700	(246,800)
Judicial Collection Enhancement Fund	14,783,100	14,919,200	136,100
State Aid to the Courts Fund	2,445,100	2,450,500	5,400
Total - Supreme Court	30,566,600	30,072,900	(493,700)
Judiciary - Superior Court			
Criminal Justice Enhancement Fund	6,995,700	6,995,700	0
Drug Treatment and Education Fund	500,000	500,000	0
Total - Superior Court	7,495,700	7,495,700	0
SUBTOTAL - Judiciary	38,062,300	37,568,600	(493,700)
Juvenile Corrections, Department of			
Criminal Justice Enhancement Fund	585,300	585,300	0
State Charitable, Penal and Reformatory			
Institutions Land Fund	3,360,000	1,094,900	(2,265,100)
State Education Fund for Committed Youth	2,301,500	2,638,300	336,800
Total - Department of Juvenile Corrections	6,246,800	4,318,500	(1,928,300)
Land Department, State			
Environmental Special Plate Fund	266,100	266,100	0
ADOA Risk Management Fund	319,600	230,600	(89,000)
Total - State Land Department	585,700	496,700	(89,000)
Legislature			
Library, Archives & Public Records, AZ State			
Records Services Fund	626,700	626,700	0
Total - Legislature	626,700	626,700	0
Lottery Commission, AZ State			
State Lottery Fund	60,154,200	59,779,500 *	(374,700)
Medical Board, Arizona			
Arizona Medical Board Fund	5,324,300	5,169,600 *	(154,700)
Medical Student Loans, Board of			
Arizona Medical Board Fund	283,400	0	(283,400)
Medical Student Loan Fund	13,200	13,200	0
Total - Board of Medical Student Loans	296,600	13,200	(283,400)
Mine Inspector, State			
Aggregate Mining Reclamation Fund	195,000	0 *	(195,000)
Naturopathic Physician Examiners Board			
Naturopathic Physicians Board of Medical			
Examiners Fund	508,500	453,900 *	(54,600)
Nursing, State Board of			
Board of Nursing Fund	3,132,800	3,049,900 *	(82,900)
Nursing Care Institution Administrators Board			
Nursing Care Institution Administrators'			
Licensing & Assisted Living Facility			
Managers' Certification Fund	383,500	372,700 *	(10,800)
Occupational Therapy Examiners, Board of			
Occupational Therapy Fund	224,200	217,900 *	(6,300)
Opticians, State Board of Dispensing			
Board of Dispensing Opticians Fund	96,900	102,700	5,800
Optometry, State Board of			

	FY 2006 Estimate	1/	FY 2007 JLBC	FY 2007 JLBC - FY 2006
Board of Optometry Fund	196,100		177,600 *	(18,500)
Osteopathic Examiners, AZ Board of				
Board of Osteopathic Examiners Fund	664,400		602,000 *	(62,400)
Parks Board, Arizona State				
State Parks Enhancement Fund	10,868,600		10,505,800 *	(362,800)
Law Enforcement and Boating Safety Fund	1,092,700		1,092,700 *	0
Reservation Surcharge Fund	480,800		460,300 *	(20,500)
Total - Arizona State Parks Board	12,442,100		12,058,800 *	(383,300)
Pharmacy, AZ State Board of				
Board of Pharmacy Fund	1,525,700		1,414,100 *	(111,600)
Physical Therapy Examiners, Board of				
Board of Physical Therapy Fund	277,200		268,400 *	(8,800)
Pioneers' Home, AZ				
Miners' Hospital Fund	1,515,200		1,468,900 *	(46,300)
State Charitable Fund	4,353,900		3,422,300 **	(931,600)
Total - AZ Pioneers' Home	5,869,100		4,891,200 **	(977,900)
Podiatry Examiners, State Board of				
Podiatry Fund	114,800		110,900 *	(3,900)
Postsecondary Education, Commission for				
Postsecondary Education Fund	2,878,100		2,898,800	20,700
Private Postsecondary Education, Board for				
Board for Private Postsecondary Education Fund	290,400		289,500 *	(900)
Psychologist Examiners, State Board of				
Board of Psychologist Examiners Fund	356,300		351,700 *	(4,600)
Public Safety, Department of				
Arizona Deoxyribonucleic Acid Identification Fund	2,582,900		2,582,900	0
Arizona Highway Patrol Fund	19,817,600		19,745,700	(71,900)
Automated Fingerprint Identification Fund	2,449,400		3,257,200	807,800
Crime Laboratory Assessment Fund	4,473,100		4,974,100	501,000
Criminal Justice Enhancement Fund	2,600,100		2,980,100	380,000
Highway User Revenue Fund	63,189,100		66,180,600	2,991,500
Motorcycle Safety Fund	205,000		205,000	0
Parity Compensation Fund	0		2,768,100	2,768,100
Risk Management Fund	296,200		296,200	0
Safety Enforcement and Transportation Infrastructure Fund	1,352,100		1,352,100	0
Sex Offender Monitoring Fund	355,500		0	(355,500)
State Highway Fund	41,701,500		41,531,800	(169,700)
Total - Department of Public Safety	139,022,500		145,873,800	6,851,300
Racing, Arizona Department of				
County Fair Racing Fund	300,000		300,000 *	0
Racing Administration Fund	45,000		45,000 *	0
Total - Arizona Department of Racing	345,000		345,000 *	0
Radiation Regulatory Agency				
State Radiologic Technologist Certification Fund	254,900		247,300 *	(7,600)
Residential Utility Consumer Office				
Residential Utility Consumer Office Revolving Fund	1,206,200		1,175,100 *	(31,100)
Respiratory Care Examiners, Board of				
Board of Respiratory Care Examiners' Fund	194,500		189,000 *	(5,500)
Retirement System, Arizona State				
Long-Term Disability Administration Account	2,897,700		2,897,700	0
State Retirement System Administration Account	20,029,200		16,892,100	(3,137,100)
Total - Arizona State Retirement System	22,926,900		19,789,800	(3,137,100)
Revenue, Department of				
Tobacco Tax and Health Care Fund	469,800		469,800	0
Estate and Unclaimed Property Fund	1,526,000		3,379,000	1,853,000
Liability Setoff Fund	393,500		393,500	0
Total - Department of Revenue	2,389,300		4,242,300	1,853,000
Secretary of State				
Election Systems Improvement Fund	40,000,000		20,000,000	(20,000,000)
Professional Employer Organization Fund	0		162,400	162,400

	FY 2006 Estimate	1/ FY 2007 JLBC	FY 2007 JLBC - FY 2006
Total - Secretary of State	40,000,000	20,162,400	(19,837,600)
State Boards' Office			
Special Services Revolving Fund	177,300	172,100 *	(5,200)
Structural Pest Control Commission			
Structural Pest Control Commission Fund	1,991,300	1,925,700 *	(65,600)
Technical Registration, State Board of			
Technical Registration Fund	1,432,600	1,387,700 *	(44,900)
Transportation, Department of			
Air Quality Fund	61,500	61,500	0
Driving Under the Influence Abatement Fund	442,000	131,500	(310,500)
Highway User Revenue Fund	633,300	588,000	(45,300)
Motor Vehicle Liability Insurance Enforcement Fund	1,952,700	1,325,600	(627,100)
Safety Enforcement and Transportation Infrastructure Fund	2,143,500	2,743,500	600,000
State Aviation Fund	2,029,800	2,029,800	0
State Highway Fund	364,661,800	366,238,600	1,576,800
Transportation Department Equipment Fund	35,618,500	35,618,500	0
Vehicle Inspection & Title Enforcement Fund	1,468,600	1,348,600	(120,000)
Total - Department of Transportation	409,011,700	410,085,600	1,073,900
Universities			
Arizona State University - Main Campus			
University Collections Fund	196,172,700	204,742,800	8,570,100
Arizona State University - East Campus			
University Collections Fund	12,961,400	14,620,400	1,659,000
Technology and Research Initiative Fund	2,000,000	2,000,000	0
Total - Arizona State University - East Campus	14,961,400	16,620,400	1,659,000
Arizona State University - West Campus			
University Collections Fund	18,447,300	19,337,600	890,300
Technology and Research Initiative Fund	1,600,000	1,600,000	0
Total - Arizona State University - West Campus	20,047,300	20,937,600	890,300
Northern Arizona University			
University Collections Fund	39,544,000	39,544,000	0
University of Arizona - Main Campus			
University Collections Fund	108,131,300	108,378,100	246,800
University of Arizona - Health Sciences Center			
University Collections Fund	14,903,400	15,513,600	610,200
SUBTOTAL - Universities	393,760,100	405,736,500	11,976,400
Veterans' Services, Department of			
State Veterans' Conservatorship Fund	677,500	634,900 *	(42,600)
State Home for Veterans' Trust Fund	12,213,300	11,834,600 *	(378,700)
Total - Department of Veterans' Services	12,890,800	12,469,500 *	(421,300)
Veterinary Medical Examining Board			
Veterinary Medical Examining Board Fund	415,900	401,600 *	(14,300)
Water Resources, Department of			
Assured and Adequate Water Supply Admin Fund	0	2,000,000	2,000,000
Weights and Measures, Department of			
Air Quality Fund	1,324,300	1,369,400	45,100
Motor Vehicle Liability Insurance Enf. Fund	67,100	64,100	(3,000)
Total - Department of Weights and Measures	1,391,400	1,433,500	42,100
Unallocated FY 06 Employee Pay	2,448,100	0	(2,448,100)
Unallocated FY 06 Employer Retirement	1,357,700	0	(1,357,700)
State Employer Health Insurance	0	9,211,300	9,211,300
State Employer Retirement	0	12,717,800	12,717,800
Biennial Annualizations	0	4,900,000	4,900,000
OPERATING BUDGET TOTAL	\$2,437,639,100	\$2,428,473,600	(\$9,165,500)
FY 2006 Supplementals	0	0	0
Autism Set-Aside	0	3,000,000	3,000,000
Attorney General Legal Services Cost Allocation	0	1,142,000	1,142,000
GRAND TOTAL	\$2,437,639,100	\$2,432,615,600	(\$5,023,500)
Capital	236,718,100	291,144,700	54,426,600
TOTAL APPROPRIATED	\$2,674,357,200	\$2,723,760,300	\$49,403,100

<u>FY 2006</u> <u>Estimate</u>	1/	<u>FY 2007</u> <u>JLBC</u>	<u>FY 2007 JLBC -</u> <u>FY 2006</u>
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1/ Does not include proposed supplementals in individual agencies.

* Already enacted.

** Already enacted plus proposed supplemental.

FY 2006 AND FY 2007 SUPPLEMENTALS

General Fund	Change to Original '06 Budget	Change to Original '07 Budget ^{1/}
Arizona Department of Education	\$31,669,300	N/A
Arizona Pioneers' Home	0	800,100
General Fund - Total	\$31,669,300	\$800,100
Other Funds		
Office of Administrative Hearings	\$0	\$900,500
Board of Barbers	0	44,000
Registrar of Contractors	0	(869,500)
Arizona Game and Fish Department	0	1,974,600
Arizona Pioneers' Home	0	(800,100)
Other Funds - Total	\$0	\$1,249,500

1/ Represents biennial budget units that already have an enacted FY 2007 budget.

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
BUDGET UNITS			
Department of Administration (ADA)			
Administration - AFIS II Collections (4203)	1,545,500	1,738,600	1,738,600
Americans with Disabilities Act, Arizona Office for (2001)	210,100	173,000	173,000
Certificate of Participation (5005)	23,137,900	34,852,100	35,232,600
Construction Insurance (4219)	1,512,000	1,645,700	1,571,200
Consumer Loss Recovery (2469)	102,800	360,000	101,300
Co-Op State Purchasing Agreement (4213)	166,300	364,000	364,000
Department of Justice Grant (2002)	179,000	206,100	206,100
Electronic Commerce (2482)	0	0	0
Emergency Medical Services Operating (HSA2171)	99,700	0	0
Emergency Telecommunication Services Revolving (2176)	15,507,200	34,681,600	34,681,600
Employee Related Expenditures/Benefits Admin (ITA3035)	29,072,900	31,600,000	31,600,000
Federal Grants (NA)	0	0	0
IGA & ISA Fund (2500)	6,835,900	3,140,300	3,140,300
Management Services Division Plan Deposits (3196)	0	0	0
Privatized Lease to Own (5010)	10,269,100	10,518,500	10,518,500
Retiree Accumulated Sick Leave (YYA3200)	9,717,600	10,737,900	11,802,300
Special Employee Health Insurance Trust (ITA3015)	480,143,000	519,470,800	519,470,800
Special Events (2503)	15,200	10,000	10,000
Special Services Revolving (4208)	1,829,600	1,780,300	1,780,300
State Employee Suggestion Program Award (3190)	1,900	0	0
State Employee Travel Reduction (2261)	552,400	668,200	668,200
State Traffic and Parking Control (2453)	14,500	6,400	6,400
Statewide Donation (2025)	9,300	1,010,000	10,000
Department of Administration - Subtotal	<u>\$580,921,900</u>	<u>\$652,963,500</u>	<u>\$653,075,200</u>
Office of Administrative Hearings (HGA)			
IGA and ISA (2500)	\$1,401,800	\$1,396,500	\$527,000
Arizona Department of Agriculture (AHA)			
Administrative Support (2436)	28,000	31,700	31,700
Beef Council (2083)	583,200	643,300	643,300
Citrus Research Council (2299)	82,900	55,000	55,000
Commodity Promotion (2458)	2,700	1,900	1,900
Cotton Research and Protection Council Abatement (2013)	1,167,300	1,000,000	1,065,000
Designated (3011)	953,000	1,114,800	1,037,100
Equine Inspection (2489)	15,000	16,000	16,000
Federal (2000)	2,554,100	3,693,700	1,757,300
Federal-State Inspection, Arizona (2113)	2,567,500	3,394,600	3,394,600
Grain Research, Arizona (2201)	116,200	130,300	130,300
Iceberg Lettuce Research Council (2259)	101,400	95,000	95,000
Indirect Cost Recovery (9000)	196,100	302,200	282,200
Interagency Service Agreement (2500)	0	0	0
Livestock and Crop Conservation (2378)	81,700	2,000,000	2,000,000
Wine Promotional, Arizona (2205)	0	0	0
Arizona Department of Agriculture - Subtotal	<u>\$8,449,100</u>	<u>\$12,478,500</u>	<u>\$10,509,400</u>
AHCCCS (HCA)			
County Contributions (2120/2223)	279,570,000	281,373,800	313,915,300
Employee Recognition (2025)	35,500	35,500	35,500
Federal Funds (2120/2223)	3,154,596,800	3,328,454,500	3,579,242,000
Federal - Medicaid Direct Services (2120)	72,346,800	80,823,600	81,839,300
Federal Grants (2000)	372,400	0	0
Healthcare Group (3197)	31,922,900	62,509,200	62,509,200
Intergovernmental Service (2438)	7,360,400	9,045,200	9,045,200
Proposition 202 - Trauma & Emergency Services (2494)	15,781,500	16,400,000	16,400,000
Third Party Collections (3791/3019)	0	194,700	194,700
Tobacco Litigation Settlement, Arizona (TRA2561)	43,494,700	89,553,200	72,553,200
Tobacco Products Tax Fund - Proposition 204 Protection Account	60,650,900	58,638,000	60,228,000
Tobacco Tax & Health Care - Medically Needy Account (1306)	140,200	100,000	100,000
Tobacco Tax & Health Care - Premium Sharing Demonstration Project (2151)	11,800	0	0
AHCCCS - Subtotal	<u>\$3,666,283,900</u>	<u>\$3,927,127,700</u>	<u>\$4,196,062,400</u>
AZ Commission on the Arts (HUA)			
Arts Endowment Expendable Trust (3106)	167,100	309,000	345,000

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Arts Special Revenues (2116)	1,382,400	1,387,000	1,367,500
Arts Trust, Arizona (3014)	1,528,900	1,570,100	1,570,100
AZ Commission on the Arts - Subtotal	<u>\$3,078,400</u>	<u>\$3,266,100</u>	<u>\$3,282,600</u>
Attorney General - Department of Law (AGA)			
Anti-Racketeering Revolving (2131)	12,564,500	12,570,000	12,570,000
Attorney General Expendable Trust (3102)	0	0	0
CJEF Distribution to County Attorneys (2068)	3,614,000	3,690,000	3,690,000
Colorado River Land Claims Revolving (2430)	0	0	0
Court-Ordered Trust (3180)	1,240,800	1,240,000	1,240,000
Criminal Case Processing (2461)	37,800	77,000	77,000
Federal Funds (2117)	5,813,300	5,980,900	5,848,400
Intergovernmental Agreements (2500)	15,800	20,600	20,600
Motor Carrier Safety Revolving (2380)	800	800	800
Prosecuting Attorneys' Advisory Council Training (2057)	1,234,800	1,230,000	1,230,000
Street Gang Enforcement Revolving (1022)	105,200	105,100	105,100
Victim Witness (2228)	51,400	51,400	51,400
Attorney General - Department of Law - Subtotal	<u>\$24,678,400</u>	<u>\$24,965,800</u>	<u>\$24,833,300</u>
Automobile Theft Authority (ATA)			
Federal Grants (2000)	\$0	\$0	\$0
Citizens Clean Election Commission			
Citizens Clean Election Fund (NA)	\$7,591,000	\$6,372,400	\$16,304,800
Department of Commerce (EPA)			
Commerce and Economic Development Commission (2245)	583,900	1,306,600	1,306,600
CEDC Local Communities (2498)	1,170,300	224,000	224,000
Community Workshops (2149)	358,900	412,500	412,500
Donations (3189)	467,300	490,000	490,000
Federal Grants (2000)	4,990,000	4,813,800	4,813,800
Greater AZ Development Authority Revolving (2311)	484,000	494,000	494,000
IGA/ISA (9500)	296,700	331,100	331,100
Indirect Cost Recovery (9000)	181,300	200,000	200,000
Job Training (1237)	9,319,000	17,444,500	17,444,500
Military Installation (1010)	0	0	0
Nursing Education Demonstration Project (2514)	0	0	0
Oil Overcharge (3171)	518,100	569,300	569,300
Recycling (2289)	124,000	96,000	96,000
Department of Commerce - Subtotal	<u>\$18,493,500</u>	<u>\$26,381,800</u>	<u>\$26,381,800</u>
Arizona Community Colleges (CMA)			
Tribal Assistance (NA)	516,600	535,400	547,300
Workforce Development Accounts (varies by account)	13,998,100	16,154,700	17,296,800
Arizona Community Colleges - Subtotal	<u>\$14,514,700</u>	<u>\$16,690,100</u>	<u>\$17,844,100</u>
State Compensation Fund (TRA)			
State Compensation Fund (9002)	\$477,600,000	\$468,500,000	\$476,700,000
Registrar of Contractors (RGA)			
Residential Contractors' Recovery (3155)	\$5,755,400	\$6,028,200	\$6,028,200
Corporation Commission (CCA)			
Federal (2000)	185,900	350,700	350,700
Public Access - Money on Deposit Account (2334)	0	0	0
Statewide Donations (ADA2025)	0	54,500	54,500
Utility Siting (2076)	70,900	0	0
Corporation Commission - Subtotal	<u>\$256,800</u>	<u>\$405,200</u>	<u>\$405,200</u>
State Department of Corrections (DCA)			
Correctional Industries Revolving, Arizona (4002)	25,758,100	29,014,000	29,014,000
Criminal Justice Enhancement (2035)	4,530,000	4,756,500	4,756,500
Corrections Donations (3147)	5,000	0	0
Drug Treatment and Education Revolving (2277)	3,469,000	3,596,100	3,596,100
Federal (2000)	29,862,800	30,170,200	30,170,200
Indirect Cost Recovery (9000)	2,642,600	685,600	685,600
Interagency Service Agreement (2500)	187,100	1,483,200	1,483,200
Penitentiary Land (3140)	0	0	0
Risk Management Insurance Reimbursement (3748)	3,760,000	225,000	225,000
Special Services (3187)	4,400,800	4,053,100	4,053,100
State Charitable, Penal, and Reformatory Institutions Land (3141)	28,800	0	0
Statewide Employee Recognition Gifts/Donations (2449)	0	0	0
State Department of Corrections - Subtotal	<u>\$74,644,200</u>	<u>\$73,983,700</u>	<u>\$73,983,700</u>
Arizona Criminal Justice Commission (JCA)			
Driving Under the Influence Abatement (2422)	290,600	2,695,000	2,133,000

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007**

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Drug & Gang Enforcement Account (2134)	2,315,100	6,712,500	9,215,100
Federal Grants (2000)	12,804,400	12,752,000	10,427,900
Resource Center (2280)	266,600	274,800	274,800
Arizona Criminal Justice Commission - Subtotal	<u>\$15,676,700</u>	<u>\$22,434,300</u>	<u>\$22,050,800</u>
Arizona State Schools for the Deaf and the Blind (SDA)			
Enterprise (4222)	131,100	125,700	125,700
Federal Grants (2000)	2,205,500	3,084,600	2,333,100
Instructional Improvement (2492)	36,800	362,800	362,800
Non-Federal Grants (2011)	2,256,700	1,780,500	1,780,500
Regional Cooperatives (4221)	12,728,200	14,451,200	15,751,700
State Schools for the Deaf & the Blind Classroom Site, AZ (2486)	1,191,200	1,605,500	1,605,500
Trust (3148)	127,000	151,000	151,000
Arizona State Schools for the Deaf and the Blind - Subtotal	<u>\$18,676,500</u>	<u>\$21,561,300</u>	<u>\$22,110,300</u>
Commission for the Deaf and the Hard of Hearing (DFA)			
Federal Grants (2000)	0	0	0
Private Grants (2423)	10,000	21,800	0
Commission for the Deaf & the Hard of Hearing - Subtotal	<u>\$10,000</u>	<u>\$21,800</u>	<u>\$0</u>
Arizona Drug and Gang Prevention Resource Center (DPA)			
Federal Grants (NA)	1,148,900	1,337,400	1,337,400
Private Grants (NA)	77,000	57,400	57,400
AZ Drug and Gang Prevention Resource Center - Subtotal	<u>\$1,225,900</u>	<u>\$1,394,800</u>	<u>\$1,394,800</u>
Department of Economic Security (DEA)			
Capital Investment (2093)	0	0	0
Child Passenger Restraint (2192)	199,800	300,000	300,000
Child Protective Services Expedited Substance Abuse Treatment (2421)	0	0	0
Child Support Enforcement Administration (2091)	3,716,400	3,931,300	3,931,300
Community-Based Marriage and Communication Skills Program (2434)	0	0	0
DES Client Trust (3152)	1,740,600	1,784,200	1,784,200
Developmentally Disabled Client Services Trust (2019)	173,300	173,300	173,300
Economic Security Donations (3145)	50,700	58,200	58,200
Federal Grants (2000)	514,616,800	545,442,300	554,290,500
Homeless Trust (3026)	14,000	0	0
Industries for the Blind, Arizona (4003)	19,743,500	19,142,000	19,142,000
Joint Substance Abuse Treatment (2429)	0	0	0
Long Term Care System - Federal Matched (2225)	351,632,000	427,987,300	458,395,000
Mesa Land (3151)	0	0	0
Neighbors Helping Neighbors (2348)	28,800	40,000	40,000
Special Olympics Tax Refund (3207)	42,200	42,200	42,200
Tobacco Litigation Settlement (2468)	0	0	0
Tobacco Tax and Health Care (1306)	0	0	0
Unemployment Insurance Benefits (TRA9005)	240,691,000	275,000,000	275,000,000
Utility Assistance (3092)	533,500	1,253,400	1,253,400
Dept. of Economic Security - Subtotal	<u>\$1,133,182,600</u>	<u>\$1,275,154,200</u>	<u>\$1,314,410,100</u>
Department of Education (EDA)			
Academic Contest (1006)	0	0	0
Assistance for Education (2420)	0	74,400	74,400
Certificate of Participation (5005)	600,000	0	0
Charter Schools Stimulus (1007)	0	0	0
Classroom Site (2471)	296,182,500	391,792,000	390,647,400
Education Commodity (4210)	131,200	90,000	90,000
Education Donations (2025)	71,200	1,815,300	1,815,300
English Learner Classroom Personnel Bonus (2485)	0	0	0
Extraordinary Special Education Needs (2483)	0	0	0
Failing Schools Tutoring (2470)	382,500	2,806,300	2,806,300
Federal (2000)	797,803,400	862,034,500	862,034,500
Full-Day Kindergarten (2507)	0	0	0
Golden Rule Special Plate (NA)	0	0	0
IGA and ISA (250)	3,838,600	4,951,800	4,546,600
Instructional Improvement (2492)	32,876,400	34,477,600	34,477,600
Internal Services (4209)	12,472,600	5,823,700	5,823,700
Production Revolving (4211)	1,336,800	2,020,300	1,435,300
Proposition 301 - Non-Appropriated (NA)	76,112,500	107,139,400	94,805,100
Research Based Reading Instruction & Reading Instruction Training (2413)	0	0	0

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007**

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Special Education (1009)	0	0	0
Youth Farm Loan, Arizona (2136)	0	35,000	35,000
Department of Education - Subtotal	<u>\$1,221,807,700</u>	<u>\$1,413,060,300</u>	<u>\$1,398,591,200</u>
Department of Emergency & Military Affairs (MAA)			
Camp Navajo (2106)	7,551,600	8,143,300	8,263,400
Emergency Management Registration Fees (2087)	300	0	0
Federal Funds - Emergency (2000)	35,137,300	98,476,300	33,824,500
Federal Funds - Military (2000)	38,338,900	24,954,500	22,872,700
Freedom Academy (2104)	0	0	0
Morale, Welfare and Recreation (2124)	73,400	57,200	57,200
National Guard (2140)	225,000	210,000	210,000
National Guard Relief (NA)	0	0	0
Nuclear Emergency Management (AEA2138)	0	0	0
State Armory Property (2146)	420,200	90,000	90,000
Department of Emergency & Military Affairs - Subtotal	<u>\$81,746,700</u>	<u>\$131,931,300</u>	<u>\$65,317,800</u>
Department of Environmental Quality (EVA)			
Air Quality - Clean Air Subaccount (9599)	408,300	1,676,800	1,676,800
Brownfields Cleanup Revolving Loan (2456)	0	0	0
Clean Air Fund Balance, Arizona (2240)	3,186,500	0	0
Clean Air, Arizona (1238)	158,400	0	0
Clean Water Revolving (2254)	92,062,100	119,041,500	119,041,500
Donations (2449)	5,900	5,000	5,000
Drinking Water Revolving (2307)	34,842,300	59,261,600	59,261,600
Federal (2000)	17,774,900	19,220,000	19,227,900
Greenfields Program (2309)	0	0	0
IGA & ISA (2500)	1,399,600	1,475,000	1,475,000
Institutional and Engineering Control (4240)	0	0	0
Intergovernmental Agreements (2180)	0	0	0
Monitoring Assistance (2308)	670,400	649,500	649,500
Small Water Systems (2225)	0	0	0
Specific Site Judgment (3006)	61,400	140,000	140,000
Technical Appeals Program (3411)	0	0	0
UST - Area A Assurance Account (2271)	8,663,400	20,990,100	20,990,100
UST - Cleanup Municipalities (2271)	0	0	0
UST - Grant Account (2271)	0	0	0
UST - Municipal Tank Closure & Corrective Action Program Account (2271)	178,800	220,000	220,000
UST - Non-Maricopa County Assurance Account (2271)	11,412,800	19,396,300	19,396,300
UST - Regulatory Account (2271)	888,600	1,336,100	1,336,100
UST - Policy Commission (2271)	0	10,000	10,000
UST - Technical Appeals (2271)	0	11,900	11,900
Voluntary Lawn & Garden Equipment Emissions Reduction (2306)	0	0	0
Voluntary Remediation (2564)	271,100	358,100	358,100
Voluntary Vehicle Repair & Retrofit (2365)	672,300	1,045,900	1,045,900
Water Quality Assurance Revolving (2221)	10,293,600	8,595,500	8,595,500
Department of Environmental Quality - Subtotal	<u>\$182,950,400</u>	<u>\$253,433,300</u>	<u>\$253,441,200</u>
Equal Opportunity, Governor's Office of (AFA)			
Equal Employment & Economic Development (2000)	\$73,500	\$68,000	\$68,000
State Department of Financial Institutions (BDA)			
Escrow Recovery, Arizona (2341)	0	0	0
IGA and ISA Fund (2500)	88,900	175,900	175,900
Receivership Revolving (3023)	162,500	164,200	164,200
Revolving (2126)	666,100	856,000	856,000
State Department of Financial Institutions - Subtotal	<u>\$917,500</u>	<u>\$1,196,100</u>	<u>\$1,196,100</u>
Department of Fire, Building and Life Safety (MMA)			
Arson Detection Reward (2169)	5,400	5,400	5,400
Building and Fire Safety (2211)	110,500	110,500	108,900
Consumer Recovery (3090)	268,600	268,600	268,600
Manufactured Housing Cash Bond (3722)	0	0	0
Mobile Home Relocation (2237)	936,800	949,600	944,600
Department of Fire, Building and Life Safety - Subtotal	<u>\$1,321,300</u>	<u>\$1,334,100</u>	<u>\$1,327,500</u>
Arizona Game & Fish Department (GFA)			
Conservation Development (2062)	4,000	4,000	4,000
Federal (2000)	0	0	0
Firearms Safety and Ranges (2442)	0	0	0

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Game and Fish Big Game Permit (3712)	85,400	0	0
Game and Fish Federal Revolving (2028)	23,616,100	24,054,100	23,270,300
Heritage (2295)	16,650,800	10,634,600	11,314,400
Indirect Cost Recovery (9000)	1,906,400	1,835,800	1,835,800
Off Highway Vehicle Recreation (2253)	655,500	716,700	719,600
Publications Revolving (4007)	258,900	276,000	276,000
Trust (3111)	1,004,700	910,300	910,300
Wildlife Conservation (2497)	4,482,300	5,115,000	5,115,000
Wildlife Theft Prevention (2080)	180,500	212,100	212,100
Arizona Game & Fish Department - Subtotal	<u>\$48,844,600</u>	<u>\$43,758,600</u>	<u>\$43,657,500</u>
Arizona Geological Survey (GSA)			
Federal Grants (2000)	267,900	197,200	201,500
Geological Survey (3030)	331,100	243,500	243,500
Arizona Geological Survey - Subtotal	<u>\$599,000</u>	<u>\$440,700</u>	<u>\$445,000</u>
Office of the Governor (GVA)			
Arizona Fund (3021)	0	0	0
Border Governor's Conference (2026)	0	0	0
County Fairs Livestock & Agricultural Promotion (2037)	1,195,000	1,202,500	1,202,500
Energy Conservation, Arizona (3209)	0	0	0
Federal Grant (2000)	12,790,300	17,255,400	17,255,400
Governor's Arizona Promotional & Public Service (3207)	14,800	14,800	14,800
Governor's Domestic Violence Prevention (2025)	500	0	0
Governor's Endowment Partnership (3206)	600	500	500
Governor's Office for Children (3192)	0	0	0
Governor's Spirit of Excellence (3208)	0	0	0
Prevention of Child Abuse (2439)	634,900	634,900	634,900
Public Interest, Arizona (3016)	0	0	0
Office of the Governor - Subtotal	<u>\$14,636,100</u>	<u>\$19,108,100</u>	<u>\$19,108,100</u>
Department of Health Services (HSA)			
Agreements/IGA (2144/2500)	29,600,500	35,038,800	35,038,800
Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (NA)	0	0	0
Capital Outlay Stabilization (1600)	0	0	0
Children's Behavioral Health Tobacco Settlement (NA)	0	0	0
Disease Control Research (DIA2090)	749,700	2,664,300	2,664,300
Donations - DHS (3010/2025)	852,900	892,900	730,800
Donations - Statewide (2025)	37,200	25,300	25,300
Federal Grants (2000)	242,954,300	271,894,800	271,345,700
Federal Temporary Assistance for Needy Families (2007)	0	0	0
Indirect Cost Recovery (9000)	10,300	0	0
Internal Services (4202)	6,000	26,200	26,200
Medical Services Enhancement (MSEF) (TRA2186)	0	0	0
Medical Services Stabilization (3037)	845,500	0	0
Oral Health (2329)	23,100	243,800	243,800
Prescription Drug Advisory Council (3040)	0	0	0
Risk Assessment (2427)	21,000	100,000	100,000
Serious Mental Illness Services (2464)	1,091,800	0	0
Title XIX Services and County Contributions (2500)	547,631,700	610,762,100	670,811,200
Tobacco Litigation Settlement, AZ (NA)	46,809,500	0	0
Tobacco Tax & Health Care - Health Crisis Fund (2312)	579,300	1,000,000	1,000,000
Tobacco Tax & Health Care - Health Education Account (1308)	21,917,100	21,590,300	21,590,300
Tobacco Tax & Health Care - Health Research Fund (DSA2096)	3,896,700	4,648,100	4,648,100
Tobacco Tax & Health Care - Medically Needy Account (1306)	0	0	0
Vital Records Electronic Systems (3039)	577,300	2,457,100	0
Department of Health Services - Subtotal	<u>\$897,603,900</u>	<u>\$951,343,700</u>	<u>\$1,008,224,500</u>
Arizona Historical Society (HIA)			
Federal Grants (2000)	0	0	0
Permanent Arizona Historical Society Revolving (2900)	159,900	112,800	112,800
Preservation and Restoration (2125)	16,700	28,200	28,200
Private (9447)	606,900	309,700	309,700
Private Grants (9449)	10,600	6,600	6,600
Restricted (9448)	299,800	190,200	190,200
Trust (9450)	6,900	0	0

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Arizona Historical Society - Subtotal	\$1,100,800	\$647,500	\$647,500
Prescott Historical Society of Arizona (PAZ)			
Sharlot Hall Historical Society (9505)	\$814,400	\$920,800	\$845,700
Arizona Department of Housing (HDA)			
Federal Funds (2000)	61,764,000	63,617,800	65,384,100
Housing Program (9600)	3,488,200	3,643,400	3,804,900
Housing Trust (2235)	20,095,500	22,998,100	30,932,300
IGA & ISA Fund (2500)	973,700	2,862,500	3,410,100
Arizona Department of Housing - Subtotal	\$86,321,400	\$93,121,800	\$103,531,400
Arizona Commission of Indian Affairs (IAA)			
IGA and ISA (2500)	17,200	3,000	3,000
Arizona Indian Town Hall Fund (4014)	2,300	1,500	1,500
Publications (4013)	1,400	500	500
AZ Commission of Indian Affairs - Subtotal	\$20,900	\$5,000	\$5,000
Industrial Commission of Arizona (ICA)			
Federal Grants (2000)	3,693,600	4,729,000	5,987,700
Revolving (2002)	151,800	183,900	183,900
Special (9003)	40,303,900	76,036,300	54,796,300
Industrial Commission of Arizona- Subtotal	\$44,149,300	\$80,949,200	\$60,967,900
Department of Insurance (IDA)			
Assessment Fund for Voluntary Plans (2316)	139,600	164,800	164,800
Captive Insurance Regulatory/Supervision (2377)	144,200	317,300	357,300
Financial Surveillance (2473)	343,200	301,900	301,900
Health Care Appeals (2467)	114,200	111,300	111,300
Insurance Examiners' Revolving (2034)	3,826,300	5,784,400	5,784,400
Life and Disability Insurance Guaranty (2154)	2,350,000	2,503,900	2,503,900
Property and Casualty Insurance Guaranty, AZ (2114)	4,410,800	5,153,900	5,153,900
Receivership Liquidation (3104)	198,600	196,700	196,700
Department of Insurance - Subtotal	\$11,526,900	\$14,534,200	\$14,574,200
Judiciary - Supreme Court (SPA)			
Alternative Dispute Resolution (3245)	54,400	257,200	257,200
County Public Defender Training (3013)	700,500	700,500	700,500
Certified Reporters (2440)	108,500	121,700	121,700
Grants and Special Revenue (2084)	4,822,900	5,655,200	5,655,200
Lengthy Trial Fund, Arizona (2382)	133,600	167,000	167,000
Judiciary - Supreme Court - Subtotal	\$5,819,900	\$6,901,600	\$6,901,600
Judiciary - Superior Court (SPA)			
Community Punishment Program Fines (2119)	0	85,000	85,000
Drug Enforcement Account (2075)	2,726,500	2,318,300	2,318,300
Drug Treatment and Education (2277)	3,584,700	4,110,000	4,110,000
Grants and Special Revenue (2084)	1,311,900	1,135,400	1,135,400
Juvenile Delinquent Reduction (2193)	0	0	0
State Aid to Detention (2141)	190,000	142,700	142,700
Judiciary - Superior Court - Subtotal	\$7,813,100	\$7,791,400	\$7,791,400
Department of Juvenile Corrections (DJA)			
Corrections (2088)	0	0	0
Federal (2000)	3,428,400	4,123,200	4,123,200
IGA and ISA Fund (2500)	132,000	347,100	347,100
Indirect Cost Recovery (9000)	103,700	97,200	97,200
Instructional Improvement (2492)	0	0	0
Juvenile Corrections (3024)	86,700	99,300	99,300
State Education System for Committed Youth Classroom Site (2487)	162,600	160,400	160,400
Statewide Employee Recognition Gifts/Donations (2025)	1,600	0	0
Training Institute (2001)	0	0	0
Department of Juvenile Corrections - Subtotal	\$3,915,000	\$4,827,200	\$4,827,200
State Land Department (LDA)			
CAP Municipal & Industrial Repayment (2129)	0	136,900	0
Cooperative Forestry (2232)	6,346,700	6,680,700	4,809,100
Federal (2000)	4,100	9,800	9,800
Federal Reclamation Trust (2024)	0	4,000	4,000
Fire Suppression (2360)	6,821,400	11,357,200	3,586,400
Interagency Agreements (2212)	7,000	0	0
State Land Department (2451)	453,700	423,300	423,300
Military Airport Land Exchange (NA)	0	0	0
Resource Analysis Division Revolving (4009)	96,000	317,700	316,300

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Riparian Acquisition Trust (3201)	0	0	0
Universities Timber Land Account (3134)	0	0	0
State Land Department - Subtotal	<u>\$13,728,900</u>	<u>\$18,929,600</u>	<u>\$9,148,900</u>
Legislature - Auditor General (AUA)			
Audit Services Revolving (2242)	\$1,275,300	\$1,276,100	\$1,276,100
Legislature - Dept. of Library, Archives & Public Records (LAA)			
Federal Grants (2000)	2,841,300	3,041,200	3,041,200
Gift Shop Revolving (4008)	68,600	68,700	68,700
State Library (2115)	250,500	271,700	271,700
Legislature - Dept. of Library, Archives & Pub. Rcds - Subtotal	<u>\$3,160,400</u>	<u>\$3,381,600</u>	<u>\$3,381,600</u>
Department of Liquor Licenses and Control (LLA)			
Audit Surcharge (3010)	111,900	159,900	159,900
Enforcement Surcharge - Enforcement Unit (3012)	256,000	316,000	316,000
Enforcement Surcharge - Multiple Complaints (3011)	292,300	352,300	352,300
Federal Grants (2000)	469,400	280,300	0
Department of Liquor Licenses & Control - Subtotal	<u>\$1,129,600</u>	<u>\$1,108,500</u>	<u>\$828,200</u>
Arizona State Lottery Commission (LAO)			
State Lottery (2122)	\$223,800,000	\$238,800,000	\$249,600,000
Local Transportation Assistance (NA)	23,000,000	23,000,000	23,000,000
County Assistance (NA)	7,700,000	7,700,000	7,700,000
MassTransit (LTAF II) (NA)	5,000,000	6,900,000	7,900,000
Arizona State Lottery Commission - Subtotal	<u>259,500,000</u>	<u>276,400,000</u>	<u>288,200,000</u>
Board of Medical Student Loans (MSA)			
Medical Student Scholarship (2512)	\$0	\$0	\$0
State Mine Inspector (MIA)			
Abandoned Mines Safety (2408)	0	0	0
Federal Grants (2000)	307,700	296,000	285,500
State Mine Inspector - Subtotal	<u>\$307,700</u>	<u>\$296,000</u>	<u>\$285,500</u>
Department of Mines & Mineral Resources (MNA)			
Mines and Mineral Resources (3156)	\$171,900	\$110,200	\$110,200
State Board of Nursing (BNA)			
Nurse Aide Training & Registration (2000)	\$645,100	\$568,600	\$544,200
AZ Parents Commission on Drug Education & Prevention (PCA)			
Drug Treatment and Education (2277)	\$3,069,800	\$5,625,400	\$4,025,400
Arizona State Parks Board (PRA)			
Development Rights Retirement (NA)	0	0	0
Federal (2000)	2,419,200	3,858,200	3,796,500
Heritage (2296)	7,353,400	11,478,000	11,478,000
Land Conservation - Administration Account (2432)	156,200	400,000	400,000
Land Conservation - Donation Account (2432)	0	0	0
Land Conservation - Public Conservation Account (2432)	0	0	0
Off Highway Vehicle Recreation (2253)	717,200	2,000,000	2,000,000
Partnership (2448)	268,300	285,000	285,000
Publications and Souvenir Revolving (4010)	454,400	555,000	500,000
State Lake Improvement (2105)	5,113,900	8,780,500	8,780,500
State Parks Enhancement (2202)	448,200	427,300	427,300
State Parks Fund (3117)	230,600	225,000	225,000
Arizona State Parks Board - Subtotal	<u>\$17,161,400</u>	<u>\$28,009,000</u>	<u>\$27,892,300</u>
Arizona State Board of Pharmacy (PMA)			
Federal Grant (2000)	\$1,200	\$0	\$0
Arizona Pioneers' Home (PIA)			
IGA & ISA Fund (2500)	0	0	0
Pioneers' Home Fund (Cemetery Proceeds) (3144)	14,200	2,000	2,000
Pioneer's Home Fund (Donations) (3143)	27,000	5,000	5,000
Statewide Employee Recognition Gifts (2449)	8,200	8,000	8,000
Arizona Pioneers' Home - Subtotal	<u>\$49,400</u>	<u>\$15,000</u>	<u>\$15,000</u>
Commission for Postsecondary Education (PEA)			
Private Postsecondary Education Student Financial Assistance (2128)	0	0	0
Teachers Incentive Program, Arizona (2249)	0	0	0
Commission for Postsecondary Education - Subtotal	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Arizona Power Authority			
Hoover Uprating (NA)	26,008,500	27,438,700	27,617,600
Power Authority, Arizona (NA)	6,668,000	6,684,500	6,665,000
Arizona Power Authority - Subtotal	<u>\$32,676,500</u>	<u>\$34,123,200</u>	<u>\$34,282,600</u>
State Board for Private Postsecondary Education (PVA)			

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007**

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Student Tuition Recovery (3027)	\$235,300	\$118,700	\$122,500
Department of Public Safety (PSA)			
Anti-Racketeering Revolving (3123)	3,028,800	5,528,200	5,528,200
Conferences, Workshop, and Other Education (2700)	45,000	46,600	46,600
Criminal Justice Enhancement Pass Through (3702)	0	660,800	500,000
DPS Administration (2322)	1,033,700	1,635,000	1,635,000
DPS Licensing Fund (9590)	782,800	944,500	944,500
Driving Under the Influence Abatement (2422)	0	0	0
Federal Grants and Reimbursements (2000)	34,336,000	40,458,100	26,479,700
Fingerprint Clearance Card (2433)	2,157,800	2,477,000	2,477,000
Fingerprinting Fund, Board of (2435)	278,500	291,600	291,600
IGA and ISA Fund (2500)	7,865,300	9,487,400	10,221,000
Indirect Cost Recovery (9000)	837,200	1,071,000	1,071,000
Motor Carrier Safety Revolving (2380)	0	1,500	1,500
Peace Officers' Training (2049)	6,654,400	7,383,300	7,383,300
Records Processing (2278)	6,489,400	6,334,900	6,334,900
Statewide Donations (2020)	0	30,000	30,000
State Highway Work Zone Safety (2480)	0	103,700	31,000
Department of Public Safety - Subtotal	<u>\$63,508,900</u>	<u>\$76,453,600</u>	<u>\$62,975,300</u>
Public Safety Personnel Retirement System (NA)			
Fire Fighter Cancer Insurance Policy Program			
Administrative Expenses (NA)	25,800	30,000	32,000
Investment and Administrative Expenses (NA)	3,514,000	4,625,000	5,000,000
Public Safety Personnel Retirement System - Subtotal	<u>\$3,539,800</u>	<u>\$4,655,000</u>	<u>\$5,032,000</u>
Arizona Department of Racing (RCA)			
Breeders Award, Arizona (2206)	797,500	800,000	800,000
County Fairs Racing Betterment (2207)	861,000	800,000	800,000
Greyhound Adoption (2015)	3,100	5,100	5,100
Stallion Award, Arizona (2315)	30,600	40,000	40,000
Arizona Department of Racing - Subtotal	<u>\$1,692,200</u>	<u>\$1,645,100</u>	<u>\$1,645,100</u>
Radiation Regulatory Agency (AEA)			
Federal Grants (2000)	616,700	644,400	644,400
Nuclear Emergency Management (2138)	0	32,500	22,300
Radiation Regulatory Agency - Subtotal	<u>\$616,700</u>	<u>\$676,900</u>	<u>\$666,700</u>
State Real Estate Department (REA)			
Education Revolving (4011)	67,700	35,500	35,500
Recovery (3119)	206,300	209,600	209,300
State Real Estate Department - Subtotal	<u>\$274,000</u>	<u>\$245,100</u>	<u>\$244,800</u>
Arizona State Retirement System (RSA)			
Administration Account - Investment Expenses (1407)	\$187,880,800	\$187,880,800	\$187,880,800
Department of Revenue (RVA)			
Client County Equipment Capitalization (2457)	735,600	649,200	649,200
Escheated Estates (3745)	0	0	0
Estate and Unclaimed Property (1520)	0	0	0
Revenue Publications Revolving (2166)	123,100	135,500	135,500
Special Collections (2168)	0	0	0
Waste Tire (2356)	0	0	0
Department of Revenue - Subtotal	<u>\$858,700</u>	<u>\$784,700</u>	<u>\$784,700</u>
School Facilities Board (SFA)			
Building Renewal (2465)	0	0	0
Deficiencies Correction (2455)	19,576,300	0	0
Emergency Deficiencies Correction (2484)	454,800	7,500,000	1,000,000
Lease to Own Debt Service (2373)	1,456,700	0	0
New School Facilities (2460)	291,591,200	112,987,700	64,297,400
School Capital Equity (2273)	0	0	0
School Facilities Revenue Bond Debt Service (5010)	0	0	0
School Facilities Revenue Bond Proceeds (3325)	0	0	0
School Improvement Revenue Bond Debt Service (5020)	64,619,000	64,602,500	63,018,100
School Improvement Revenue Bond Proceeds (3335)	0	0	0
State Land Trust Bond Debt Service (5030)	25,947,300	25,431,400	25,433,800
State Land Trust Bond Proceeds (3339)	24,644,700	0	0
School Facilities Board - Subtotal	<u>\$428,290,000</u>	<u>\$210,521,600</u>	<u>\$153,749,300</u>
Secretary of State - Department of State (STA)			
Blue Book Revolving, Arizona (2006)	0	25,000	25,000
Data Processing Acquisition (2265)	61,800	202,100	160,000
Elections System Improvement (2357)	0	0	0

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Election Training (NA)	0	0	0
Health Care Directives Registry (2508)	31,000	80,600	80,600
Standing Political Committee Administrative (2426)	0	0	0
Secretary of State - Department of State - Subtotal	<u>\$92,800</u>	<u>\$307,700</u>	<u>\$265,600</u>
Structural Pest Control Commission (SBA)			
Federal Certification and Enforcement Grant (2000)	\$117,400	\$117,400	\$117,400
Office of Tourism (TOA)			
Tourism (2236)	\$7,831,300	\$9,544,200	\$10,174,000
Department of Transportation (DTA)			
Highways Magazine, Arizona (2031)	8,229,700	8,441,000	8,441,000
Aviation Federal Funds (2267)	2,274,000	4,550,000	4,050,000
Cash Deposits (2266)	101,900	101,900	101,900
Contract Counsel (4212)	0	0	0
ADOT Donations (3080)	0	0	0
Economic Strength Project (2244)	731,200	1,100,000	1,100,000
Federal Grants (2097)	465,731,900	427,342,000	441,815,500
Highway Expansion & Extension Loan Program (2417)	55,277,700	54,745,000	54,745,000
Local Agency Deposits (3701)	43,409,100	42,940,000	42,940,000
Maricopa Regional Area Road (2029)	297,657,400	328,407,600	328,407,600
Motor Carrier Safety Revolving (2380)	0	0	0
Rental Tax and Bond Deposit (3737)	0	0	0
Shared Location and Advertising Agreements Expense (2414)	15,100	30,000	30,000
Underground Storage Tank Revolving (3728)	0	0	0
Department of Transportation - Subtotal	<u>\$873,428,000</u>	<u>\$867,657,500</u>	<u>\$881,631,000</u>
Arizona Board of Regents (BRA)			
Federal (2000)	828,300	1,154,900	629,500
Nursing Education Demonstration Project (NA)	0	0	0
Regents Local (NA)	703,600	623,900	740,000
Technology and Research Initiative (2472)	3,235,800	2,474,000	1,400,000
Tobacco Litigation Settlement Fund, AZ (NA)	821,100	871,800	460,700
Trust Land (3131/3132/3134/3136)	1,615,800	1,834,600	1,666,000
Arizona Board of Regents - Subtotal	<u>\$7,204,600</u>	<u>\$6,959,200</u>	<u>\$4,896,200</u>
Arizona State University - Main Campus			
Auxiliary (NA)	91,330,000	96,809,800	100,682,200
Designated (NA)	206,119,200	251,228,400	261,277,500
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	128,803,800	141,684,200	155,852,700
Federal Indirect Cost Recovery (NA)	211,700	232,900	256,200
Indirect Cost Recovery (Non-Federal) (NA)	22,600	24,900	27,400
Loan (NA)	557,000	579,300	602,500
Restricted (Excluding Federal Funds) (NA)	68,235,000	75,058,500	82,564,500
Arizona State University - Main Campus - Subtotal	<u>\$495,279,300</u>	<u>\$565,618,000</u>	<u>\$601,263,000</u>
Arizona State University - East Campus			
Auxiliary (NA)	607,100	631,300	656,500
Designated (NA)	4,064,800	5,568,700	5,791,500
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	2,907,300	3,198,100	3,517,900
Federal Indirect Cost Recovery (NA)	4,400	4,800	5,300
Indirect Cost Recovery (Non-Federal) (NA)	2,400	3,300	3,600
Restricted (Excluding Federal Funds) (NA)	1,466,700	1,613,300	1,774,700
Arizona State University - East Campus - Subtotal	<u>\$9,052,700</u>	<u>\$11,019,500</u>	<u>\$11,749,500</u>
Arizona State University - West Campus			
Auxiliary (NA)	933,700	971,100	1,010,000
Designated (NA)	8,479,700	9,668,700	10,055,400
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	2,045,100	2,249,500	2,474,500
Federal Indirect Cost Recovery (NA)	1,900	2,100	2,300
Indirect Cost Recovery (Non-Federal) (NA)	500	600	700
Loan (NA)	0	0	0
Restricted (Excluding Federal Funds) (NA)	914,900	1,006,400	1,106,900
Arizona State University - West Campus - Subtotal	<u>\$12,375,800</u>	<u>\$13,898,400</u>	<u>\$14,649,800</u>
Northern Arizona University			
Auxiliary (NA)	43,066,300	48,019,200	48,019,200
Designated (NA)	31,067,400	49,368,300	49,368,300
Endowment and Life Income (NA)	0	0	0

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2005, 2006 and 2007

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Federal Grant (NA)	45,816,900	46,733,100	47,434,200
Federal Indirect Cost Recovery (NA)	918,000	936,300	950,400
Indirect Cost Recovery (Non-Federal) (NA)	393,600	401,500	407,500
Loan (NA)	432,800	350,000	350,000
Restricted (Excluding Federal Funds) (NA)	19,585,300	19,977,000	20,276,800
Northern Arizona University - Subtotal	<u>\$141,280,300</u>	<u>\$165,785,400</u>	<u>\$166,806,400</u>
University of Arizona - Main Campus			
Auxiliary (NA)	197,009,300	203,895,300	207,521,100
Designated (NA)	203,696,100	207,257,900	210,908,200
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	236,792,000	243,796,100	251,110,100
Loan (NA)	591,800	601,600	611,700
Restricted (Excluding Federal Funds) (NA)	93,492,100	92,645,900	91,644,600
University of Arizona - Main Campus - Subtotal	<u>\$731,581,300</u>	<u>\$748,196,800</u>	<u>\$761,795,700</u>
University of Arizona - Health Sciences Center			
Auxiliary (NA)	8,294,500	9,172,300	9,284,800
Designated (NA)	18,456,600	18,897,700	19,351,700
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	106,786,800	109,989,600	113,290,100
Restricted (Excluding Federal Funds) (NA)	47,389,600	47,602,400	47,778,200
Teratogen Information Program (NA)	64,500	45,100	60,000
University of Arizona - Health Sciences Ctr - Subtotal	<u>\$180,992,000</u>	<u>\$185,707,100</u>	<u>\$189,764,800</u>
Veterans' Services, Department of (VSA)			
Federal (2000)	401,700	375,200	384,700
Southern Arizona Veterans' Memorial Cemetery (2498)	131,500	121,500	121,500
Statewide Employee Recognition Gifts (2449)	4,200	4,500	4,500
Veterans' Cemetery (2482)	0	0	0
Veterans' Donations (2441)	456,500	314,500	314,500
Department of Veterans' Services - Subtotal	<u>\$993,900</u>	<u>\$815,700</u>	<u>\$825,200</u>
Department of Water Resources (WCA)			
Administrative (3025)	0	0	0
Augmentation and Conservation Assistance (2213)	2,098,300	1,159,900	1,159,900
Dam Repair (2218)	920,000	800,000	800,000
Federal Grants (2000)	534,700	773,400	381,500
Flood Warning System (1021)	400	0	0
General Adjudications (2191)	45,300	41,800	41,800
Indirect Cost Recovery (9000)	324,200	2,591,000	1,676,200
Interagency Service Agreement (2500)	35,300	60,000	60,000
Production and Copying (2411)	63,800	60,000	60,000
Publications and Mailings (2410)	21,400	20,000	20,000
Purchase and Retirement Fund (2474)	0	0	0
State Water Storage (2287)	3,648,600	15,700	0
Statewide Donations (WCA2025)	31,800	64,700	0
Water Banking, Arizona (2110)	35,594,600	35,600,700	35,600,700
Water Protection, Arizona (1302)	2,635,800	1,248,900	1,248,900
Water Quality, Arizona (2304)	584,900	628,200	628,200
Well Administration and Enforcement (2491)	474,300	802,200	802,200
Department of Water Resources - Subtotal	<u>\$47,013,400</u>	<u>\$43,866,500</u>	<u>\$42,479,400</u>
TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES	<u>\$12,191,439,600</u>	<u>\$13,038,816,900</u>	<u>\$13,326,881,700</u>
Total - Other Funds	5,247,103,600	5,591,280,100	5,575,704,600
Total - Federal Funds	6,944,336,000	7,447,536,800	7,751,177,100
TOTAL - FEDERAL AND OTHER NON-APPROPRIATEL EXPENDITURES	<u><u>\$12,191,439,600</u></u>	<u><u>\$13,038,816,900</u></u>	<u><u>\$13,326,881,700</u></u>

NA = No Fund Number

STATE PERSONNEL SUMMARY

By Full-Time Equivalent Positions for Fiscal Years 2006 and 2007 ^{1/}

	Fiscal Year 2006			Fiscal Year 2007		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
BUDGET UNITS						
Accountancy, State Board of	0.0	13.0	13.0	0.0	13.0	13.0
Acupuncture Board of Examiners	0.0	1.0	1.0	0.0	1.0	1.0
Administration, AZ Department of	301.3	559.4	860.7	301.3	559.4	860.7
Capital Outlay	0.0	5.0	5.0	0.0	5.0	5.0
Administrative Hearings, Office of 2/	15.0	8.5	23.5	15.0	8.5	23.5
Agriculture, AZ Department of	183.7	50.5	234.2	183.7	50.5	234.2
AHCCCS 3/	1,447.0	136.5	1,583.5	1,447.0	136.5	1,583.5
Appraisal, State Board of	0.0	4.5	4.5	0.0	4.5	4.5
Arts, Arizona Commission on the	11.5	0.0	11.5	11.5	0.0	11.5
Attorney General - Department of Law	277.2	342.7	619.9	277.2	342.7	619.9
Automobile Theft Authority	0.0	6.0	6.0	0.0	6.0	6.0
Barbers, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Behavioral Health Examiners, Board of	0.0	13.0	13.0	0.0	13.0	13.0
Charter Schools, State Board for	10.0	0.0	10.0	10.0	0.0	10.0
Chiropractic Examiners, State Board of	0.0	5.0	5.0	0.0	5.0	5.0
Commerce, Department of	56.9	18.0	74.9	56.9	18.0	74.9
Community Colleges, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Contractors, Registrar of	0.0	138.8	138.8	0.0	138.8	138.8
Corporation Commission	98.3	214.5	312.8	98.3	215.5	313.8
Corrections, State Department of	9,720.9	6.0	9,726.9	9,720.9	6.0	9,726.9
Cosmetology, Board of	0.0	24.5	24.5	0.0	24.5	24.5
Criminal Justice Commission, Arizona	0.0	7.0	7.0	0.0	7.0	7.0
Deaf and the Blind, AZ State Schools for the	284.4	302.8	587.2	303.0	284.2	587.2
Deaf and the Hard of Hearing, Commission for the	0.0	15.0	15.0	0.0	15.0	15.0
Dental Examiners, State Board of	0.0	10.0	10.0	0.0	10.0	10.0
Drug & Gang Prevention Resource Ctr.	0.0	6.3	6.3	0.0	6.3	6.3
Economic Security, Department of 4/ 5/	2,655.0	1,216.5	3,871.5	2,666.4	1,216.5	3,882.9
Education, Department of	171.9	43.0	214.9	166.9	60.0	226.9
Emergency & Military Affairs, Department of 6/	95.6	0.0	95.6	95.6	0.0	95.6
Environmental Quality, Department of	160.7	267.7	428.4	162.7	265.7	428.4
Equal Opportunity, Governor's Office of	4.0	0.0	4.0	4.0	0.0	4.0
Equalization, State Board of	7.0	0.0	7.0	7.0	0.0	7.0
Executive Clemency, Board of	16.0	0.0	16.0	16.0	0.0	16.0
Exposition and State Fair Board, AZ	0.0	186.0	186.0	0.0	186.0	186.0
Financial Institutions, State Department of	53.1	0.0	53.1	53.1	0.0	53.1
Fire, Building and Life Safety, Department of	52.0	0.0	52.0	52.0	0.0	52.0
Funeral Directors and Embalmers, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Game and Fish Department, AZ	0.0	274.5	274.5	0.0	274.5	274.5
Gaming, Department of	0.0	115.0	115.0	0.0	118.0	118.0
Geological Survey, Arizona	12.3	0.0	12.3	12.3	0.0	12.3
Government Information Technology Agency	0.0	21.0	21.0	0.0	21.0	21.0
Gov's Ofc. of Strategic Planning & Budgeting	26.0	0.0	26.0	26.0	0.0	26.0
Health Services, Department of 7/	1,484.2	170.2	1,654.4	1,484.2	177.2	1,661.4
Historical Society, Arizona	59.9	0.0	59.9	59.9	0.0	59.9
Historical Society, Prescott	16.0	0.0	16.0	16.0	0.0	16.0
Homeopathic Medical Examiners, Board of	0.0	1.0	1.0	0.0	1.0	1.0
Housing, Department of	0.0	9.0	9.0	0.0	9.0	9.0
Indian Affairs, AZ Commission of	3.0	0.0	3.0	3.0	0.0	3.0
Industrial Commission of AZ	0.0	285.0	285.0	0.0	285.0	285.0
Insurance, Department of	106.5	0.0	106.5	106.5	0.0	106.5
Judiciary						
Supreme Court	156.2	38.7	194.9	156.2	38.7	194.9
Court of Appeals	147.6	0.0	147.6	147.6	0.0	147.6
Superior Court	220.8	7.4	228.2	223.8	7.4	231.2
SUBTOTAL - Judiciary	524.6	46.1	570.7	527.6	46.1	573.7
Juvenile Corrections, Department of	1,095.7	68.0	1,163.7	1,125.7	68.0	1,193.7
Land Department, State	206.4	0.0	206.4	206.4	0.0	206.4
Law Enforcement Merit System Council	1.0	0.0	1.0	1.0	0.0	1.0
Legislature						
Auditor General	184.4	0.0	184.4	184.4	0.0	184.4
Joint Legislative Budget Committee	35.0	0.0	35.0	35.0	0.0	35.0
Legislative Council	47.8	0.0	47.8	47.8	0.0	47.8
Library, Archives and Public Records	106.8	8.0	114.8	106.8	8.0	114.8
SUBTOTAL - Legislature	374.0	8.0	382.0	374.0	8.0	382.0
Liquor Licenses & Control, Department of	42.2	0.0	42.2	42.2	0.0	42.2
Lottery Commission, AZ State	0.0	110.0	110.0	0.0	110.0	110.0
Medical Board, Arizona	0.0	58.5	58.5	0.0	58.5	58.5
Medical Student Loans, Board of	0.0	0.0	0.0	0.0	0.0	0.0
Mine Inspector, State	17.0	0.0	17.0	17.0	0.0	17.0
Mines & Mineral Resources, Department of	7.0	0.0	7.0	7.0	0.0	7.0
Naturopathic Physician Examiners Board	0.0	6.0	6.0	0.0	6.0	6.0
Navigable Stream Adjudication Commission	2.0	0.0	2.0	2.0	0.0	2.0
Nursing, State Board of	1.0	39.2	40.2	1.0	39.2	40.2
Nursing Care Institution Administrators Board	0.0	5.0	5.0	0.0	5.0	5.0
Occupational Safety & Health Review Board	0.0	0.0	0.0	0.0	0.0	0.0

	Fiscal Year 2006			Fiscal Year 2007		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Occupational Therapy Examiners, Board of	0.0	3.0	3.0	0.0	3.0	3.0
Opticians, State Board of Dispensing	0.0	1.0	1.0	0.0	1.0	1.0
Optometry, State Board of	0.0	2.0	2.0	0.0	2.0	2.0
Osteopathic Examiners, AZ Board of	0.0	5.5	5.5	0.0	5.5	5.5
Parks Board, Arizona State	29.0	220.3	249.3	29.0	220.3	249.3
Personnel Board	3.0	0.0	3.0	3.0	0.0	3.0
Pharmacy, AZ State Board of	0.0	17.0	17.0	0.0	17.0	17.0
Physical Therapy Examiners, Board of	0.0	3.0	3.0	0.0	3.0	3.0
Pioneers' Home, AZ	0.0	115.8	115.8	0.0	115.8	115.8
Podiatry Examiners, State Board of	0.0	1.0	1.0	0.0	1.0	1.0
Postsecondary Education, Commission for	0.0	5.0	5.0	0.0	5.0	5.0
Private Postsecondary Education, Board for	0.0	4.0	4.0	0.0	4.0	4.0
Psychologist Examiners, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Public Safety, Department of	460.5	1,441.3	1,901.8	468.5	1,493.3	1,961.8
Racing, Arizona Department of	41.0	5.5	46.5	41.0	5.5	46.5
Radiation Regulatory Agency 6/	24.0	5.0	29.0	24.0	5.0	29.0
Rangers' Pensions, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Department, State	65.4	0.0	65.4	65.4	0.0	65.4
Residential Utility Consumer Office	0.0	12.0	12.0	0.0	12.0	12.0
Respiratory Care Examiners, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Retirement System, Arizona State	0.0	221.0	221.0	0.0	231.0	231.0
Revenue, Department of	1,118.0	30.0	1,148.0	1,118.0	30.0	1,148.0
School Facilities Board	18.0	0.0	18.0	18.0	0.0	18.0
Secretary of State	42.3	0.0	42.3	46.3	2.0	48.3
State Boards' Office	0.0	2.0	2.0	0.0	2.0	2.0
Structural Pest Control Commission	0.0	33.0	33.0	0.0	33.0	33.0
Tax Appeals, State Board of	4.0	0.0	4.0	4.0	0.0	4.0
Technical Registration, State Board of	0.0	19.0	19.0	0.0	19.0	19.0
Tourism, Office of 8/	31.0	0.0	31.0	31.0	0.0	31.0
Transportation, Department of	2.0	4,647.0	4,649.0	2.0	4,647.0	4,649.0
Treasurer, State	33.4	0.0	33.4	33.4	0.0	33.4
Uniform State Laws, Commission on	0.0	0.0	0.0	0.0	0.0	0.0
Universities 9/						
Board of Regents, Arizona	27.9	0.0	27.9	27.9	0.0	27.9
Arizona State University - Main Campus	6,672.0	0.0	6,672.0	6,757.9	0.0	6,757.9
Arizona State University - East Campus	390.0	0.0	390.0	413.0	0.0	413.0
Arizona State University - West Campus	793.0	0.0	793.0	804.6	0.0	804.6
Northern Arizona University	2,083.8	0.0	2,083.8	2,074.9	0.0	2,074.9
University of Arizona - Main Campus	5,589.1	0.0	5,589.1	5,559.4	0.0	5,559.4
University of Arizona - Health Sciences Ctr.	892.0	0.0	892.0	910.6	0.0	910.6
SUBTOTAL - Universities	16,447.8	0.0	16,447.8	16,548.3	0.0	16,548.3
Veterans' Services, AZ Department of	58.3	241.0	299.3	58.3	241.0	299.3
Veterinary Medical Examining Board	0.0	5.5	5.5	0.0	5.5	5.5
Water Resources, Department of	198.7	0.0	198.7	186.7	12.0	198.7
Weights and Measures, Department of	23.4	15.0	38.4	23.4	16.0	39.4
TOTAL APPROPRIATED FUNDS	38,200.1	11,888.6	50,088.7	38,360.6	11,973.0	50,333.6

1/ FTE Positions shown for individual agencies include only those positions funded by appropriated funds. The detail for changes in FTE Positions that occurred between FY 2006 and FY 2007 can be found in the individual agency pages.

2/ The FTE Positions displayed in the Other Appropriated Funds column for FY 2006 include 8.5 FTE Positions that were not included in the FY 2006 budget. In FY 2006, these positions were included in non-appropriated funds and therefore were not displayed in the above table and the General Appropriation Act. In FY 2007, the JLBC recommends appropriating these FTE Positions. The FY 2006 amounts have been adjusted for comparability.

3/ Excludes 1,513.3 FTE Positions in FY 2006 and FY 2007 that are Federally funded (Title XIX funds).

4/ Excludes 1,737.4 FTE Positions in FY 2006 and 1,760.0 FTE Positions in FY 2007 funded by the Long Term Care System Fund and Federal Funds for Child Support Enforcement. FY 2006 numbers adjusted for comparability. See footnote #5.

5/ The JLBC recommendation for FY 2007 shifts 118.6 FTE Positions in the Arizona Training Program at Coolidge Special Line Item that were previously funded from the General Fund and Other Appropriated Funds to non-appropriated Federal Funds. The FY 2006 FTE Positions have been adjusted to account for this change in order to provide comparability with the FY 2007 amounts.

6/ Includes 4.5 General Fund (GF) FTE Positions in the Department of Emergency and Military Affairs and 4 GF FTE Positions in the Radiation Regulatory Agency for FY 2006 and FY 2007 appropriated by Laws 2005, Chapter 184.

7/ Excludes 81.1 FTE Positions in FY 2006 and FY 2007 that are Federally funded (Title XIX funds).

8/ The agency does not appear in the General Appropriation Act, therefore, the FTE Positions displayed are for informational purposes only.

9/ All university FTE Positions are attributed to the General Fund, although the universities fund these positions from Other Appropriated Funds, as well. The FY 2006 university amounts include 848.3 FTE Positions from Other Appropriated Funds above the appropriated FY 2006 amounts. A footnote in the FY 2006 General Appropriation Act appropriates any tuition receipts above the original appropriations to the universities. The same footnote is recommended for FY 2007.

SPECIFIC SPENDING CHANGES BY AGENCY

General Fund
Detailed List of FY 2007 Changes Above/(Below) FY 2006 by Agency

	FY 2006	JLBC GF ^{1/} FY 07 Changes	Pg.# ^{2/}	JLBC Comments
OPERATING SPENDING CHANGES ^{3/}				
DOA - Arizona Department of Administration	\$24,761,500			
DOA - Standard/Technical		20,100	10	
OAH - Office of Administrative Hearings	1,137,200			
OAH - Enacted Adjustment		(33,000) *		
AGR - Department of Agriculture	10,561,600			
AGR - Enacted Adjustment		(337,300) *		
AXS - AHCCCS	1,035,090,900			
AXS - Enrollment & Inflation Growth		155,240,500	24	
AXS - Tobacco Tax and Settlement Offsets		17,000,000	41	
AXS - KidsCare Parents Expiration			43	
AXS - Eligibility Privatization RFP			34	BRB
AXS - No Cap Rate Policy Changes			47	BRB
ART - Arizona Commission on the Arts	3,837,100			
ART - Enacted Adjustment		(18,900) *		
ATT - Attorney General	25,037,500			
ATT - ISA Cost Allocation to All Agencies		(6,041,000)	53	
CHA - State Board for Charter Schools	734,100			
CHA - Enacted Adjustment		(21,400) *		
COM - Department of Commerce	11,450,100			
COM - Standard/Technical		0	58	
CCO - Arizona Community Colleges	154,075,700			
CCO - Operating State Aid Formula		4,175,700	66	
CCO - Capital Outlay State Aid Formula		715,900	66	
CCO - Equalization Aid Formula		2,569,300	67	
COR - Corporation Commission	5,133,000			
COR - Standard/Technical		0	70	
DOC - Department of Corrections	697,612,400			
DOC - Partial Year Funding of New Prison Beds		15,276,600	78	
DOC - Population Growth		4,237,200	76	
DOC - Expiring Federal Funds		15,555,500	76	
DOC - New Special Lines - Complexes, Provisionals, County			78	
DOC - Private Prison RFPs - Women's Prison & 3,000 New Beds in '08			80	\$ penalty; '08 approp
DOC - Women's Prison Footnote			80	Eliminated in lieu of RFP
JUS - Arizona Criminal Justice Commission	1,302,000			
JUS - Enacted Adjustment		0 *		
SDB - AZ State Schools for the Deaf and the Blind	16,173,300			
SDB - Telecommunications Excise Tax Fund Shift		991,400	86	
SDB - School Bus Replacement		850,000	86	

	FY 2006	JLBC GF 1/ FY 07 Changes	Pg.# 2/	JLBC Comments
DES - Department of Economic Security	630,214,300			
DES - Standard/Technical		(153,900)	107	
DES - DEVELOPMENTAL DISABILITIES				
DES - DD Title 19 Long Term Care		20,871,600	106	
DES - Provider Adjustments			103	Reallocation of \$1,509,000
DES - CHILDREN YOUTH & FAMILIES				
DES - Foster Care/Adoption Rate		6,329,000	123	
DES - Adoption Services		2,149,000	124	
DES - Permanent Guardianship		2,713,000	124	
DES - Residential Drug Treatment		(75,000)	123	
DES - More CPS Performance Measures			121	
DES - JOBS/CHILD CARE				
DES - Child Care Wait List			129	3,100
ADE - Arizona Department of Education	3,342,529,300			
ADE - BASIC STATE AID				
ADE - Basic State Aid and Other Formula Growth		224,960,600	142	\$31,669,300 '06 Supp
ADE - Agency Information Factory		(532,800)	138	
ADE - Achievement Testing Caseload		290,000	151	
ADE - 17 Solution Team FTEs			152	Already Funded
ADE - Flores			133	\$29.6M Set Aside
EMA - Department of Emergency & Military Affairs	13,839,000			
EMA - Eliminate One-time Facility Funding		(500,000)	158	
EMA - Enacted Adjustment (NEMF)		19,300	158	
DEQ - Department of Environmental Quality	24,347,000			
DEQ - Eliminate Federal Backfill Footnote			167	
DEQ - AZPDES Litigation			167	Footnote/Line Item
OEO - Governor's Office of Equal Opportunity	227,200			
OEO - Enacted Adjustment		(6,300) *		
EQU - State Board of Equalization	584,500			
EQU - Standard/Technical		0	176	
EXE - Board of Executive Clemency	985,300			
EXE - Enacted Adjustment		(28,600) *		
BAN - State Dept of Financial Institutions	3,264,400			
BAN - Document Imaging		45,000	179	
BFS - Department of Fire, Building & Life Safety	3,373,500			
BFS - Enacted Adjustment		(95,100) *		
GEO - Arizona Geological Survey	815,700			
GEO - Enacted Adjustment		(19,000) *		
GOV - Office of the Governor	6,288,600			
GOV - Standard/Technical		0	181	
OSP - Gov's Office of Strategic Planning & Budgeting	2,075,400			
OSP - Standard/Technical		0	184	
DHS - Department of Health Services	476,823,200			
DHS - BEHAVIORAL HEALTH				
DHS - Title XIX Caseload		46,754,200	205/209	No '06 Supp
DHS - ASH Backfill		1,600,000	216	Continue Privatization BRB
DHS - No Cap Rate Policy Changes			213	BRB
DHS - SVP Switch to ASH Security			216	
DHS - PUBLIC HEALTH				
DHS - Eliminate One-Time Project		(200,000)	207	

	FY 2006	JLBC GF 1/ FY 07 Changes	2/ Pg.#	JLBC Comments
DHS - Dr. Loan Repayment - Fund Shift		100,000	200	
DHS - Backfill Poison Control Revenue		2,200,000	201	
AZH - Arizona Historical Society	4,063,200			
AZH - Enacted Adjustment		(83,700) *		
PAZ - Prescott Historical Society	664,200			
PAZ - Enacted Adjustment		(25,100) *		
CIA - Arizona Commission of Indian Affairs	210,000			
CIA - Enacted Adjustment		(4,900) *		
INS - Department of Insurance	6,561,400			
INS - Enacted Adjustment		(213,700) *		
SPA - Judiciary - Supreme Court	12,650,000			
SPA - Standard/Technical		(2,100)	219	
SPA - CASA Shortfall		102,000	220	
SPA - Rent Reallocation		290,700	219	
SPA - 07 Judges Pay (Enacted)		45,400	219	
SPA - FCRB Federal Reimbursements			222	Footnote
COA - Judiciary - Court of Appeals	12,099,500			
COA - Standard/Technical - Division I		(6,700)	226	
COA - Standard/Technical - Division II		41,500	226	
COA - Annualization of '06 FTEs		117,200	226	
COA - FY 07 Judges Pay (Enacted)		193,700	226	
SUP - Judiciary - Superior Court	92,791,700			
SUP - Standard/Technical		(32,700)	228	
SUP - FY 07 Judges Pay (Enacted)		702,500	228	
SUP - Drug Court (Enacted)		1,000,000	230	
SUP - 3 New Judgeships		266,100	228	
SUP - Probation Growth		0	228	
DJC - Department of Juvenile Corrections	69,801,300			
DJC - Eliminate One-time Funding		(763,500)	236	
DJC - Population Growth		1,311,000	235	
DJC - CRIPA		495,000	236	
DJC - Land Trust Offset		2,265,100	235	
LAN - State Land Department	22,821,700			
LAN - Standard/Technical				
LAN - Eliminate One-time Funding		(639,700)	241	
LAN - Eliminate One-time Fire Equipment		(272,700)	242	
LAN - Radio System Upgrade		96,000	242	
LAN - CAP Fee Reduction		(511,400)	242	
LEM - Law Enforcement Merit System Council	71,500			
LEM - Enacted Adjustment		(4,900) *		
Legislature				
AUD - Auditor General	12,949,300			
AUD - Standard/Technical		0	246	
HOU - House of Representatives	12,399,900			
HOU - Standard/Technical		0	248	
JLBC - Joint Legislative Budget Committee	2,775,000			
JLBC - Standard/Technical		0	249	
LEG - Legislative Council	5,144,300			

	FY 2006	JLBC GF ^{1/} FY 07 Changes	^{2/} Pg.#	JLBC Comments
LEG - Standard/Technical		0	250	
LIBR - AZ State Library, Archives & Public Records	7,058,100			
LIBR - Standard/Technical		0	252	
SEN - Senate	8,109,800			
SEN - Standard/Technical		0	255	
LIQ - Department of Liquor Licenses & Control	4,134,500			
LIQ - Enacted Adjustment		(70,800) *		
MSL - Board of Medical Student Loans	1,500,000			
MSL - Standard/Technical		0	256	Combine Grant/Loans?
MIN - State Mine Inspector	1,148,100			
MIN - Enacted Adjustment		(31,900) *		
MMR - Department of Mines & Mineral Resources	807,500			
MMR - Enacted Adjustment		(12,700) *		
NAV - AZ Navigable Steam Adjudication Commission	164,800			
NAV - Standard/Technical		0	259	
NUR - State Board of Nursing	162,700			
NUR - Enacted Adjustment		(1,300) *		
OSH - Occupational Safety & Health Review Board	0			
OSH - Enacted Adjustment		0 *		
SPB - Arizona State Parks Board	22,447,600			
SPB - Enacted Adjustment		(67,100) *		
PER - Personnel Board	343,800			
PER - Enacted Adjustment		(5,500) *		
PIO - Arizona Pioneers' Home	0			
PIO - Enacted Adjustment		0 *		
PIO - Fund Shift		800,100 **	378	
POS - Commission for Postsecondary Education	1,391,700			
POS - Private School Grants		229,100	265	
DPS - Department of Public Safety	44,582,100			
DPS - Sex Offender Compliance - 8 FTEs		699,700	268	
RAC - Arizona Department of Racing	2,568,800			
RAC - Enacted Adjustment		(69,300) *		
RAD - Radiation Regulatory Agency	1,661,300			
RAD - Enacted Adjustment		(35,500) *		
ARP - Arizona Rangers' Pensions	12,800			
ARP - Enacted Adjustment		200 *		
REA - State Real Estate Department	3,658,300			
REA - Enacted Adjustment		(128,800) *		
REV - Department of Revenue	64,582,800			
REV - BRITS Contract Oversight			283	BRB
SFB - School Facilities Board	392,586,200			
SFB - Deficiency Correction		(20,000,000)	290	
SFB - One-time Payment Holiday		23,590,100	289	

	FY 2006	JLBC GF 1/ FY 07 Changes	Pg.# 2/	JLBC Comments
SFB - Fund Lease-Purchase Payment		1,203,300	289	
SFB - Building Renewal Formula Changes		16,283,500	289	
SOS - Secretary of State	3,072,200			
SOS - State Elections		2,833,800	294	
SOS - High Speed Copier		200,000	294	
SOS - 2 Business Services FTEs		82,400	294	
SOS - 2 Election FTEs		105,500	294	
TAX - State Board of Tax Appeals	285,800			
TAX - Enacted Adjustment		(7,900) *		
TOU - Office of Tourism	13,203,500			
TOU - Formula Funding		1,782,500	298	
DOT - Department of Transportation	74,700			
DOT - Standard/Technical		0	300	
TRE - State Treasurer	5,391,900			
TRE - Justice of Peace Salaries		173,500	318	
USL - Commission on Uniform State Laws	52,300			
USL - Enacted Adjustment		0 *		
UNI - Universities				
UNI - Arizona Board of Regents	9,105,200			
UNI - No Tuition for Alumni Association			328	BRB
UNI - Professor Perf. Measure			320	
UNI - 32 WICHE Slots		671,600	321	
UNI - Review Local Retention Budget			330	BRB
UNI - Indirect Financing Review			322	BRB
UNI - ASU - Main Campus	300,964,900			
UNI - ASU Main 155 Credit Hour Cap		(3,657,800)	328	
UNI - ASU Main Enrollment Formula		10,375,800	327	
UNI - ASU Downtown Special Line			328	Transfer Review
UNI - ASU - East Campus	15,394,700			
UNI - ASU East 155 Credit Hour Cap		(234,900)	333	
UNI - ASU East Enrollment Formula		2,039,300	333	
UNI - ASU - West Campus	44,032,000			
UNI - ASU West 155 Credit Hour Cap		(186,100)	338	
UNI - ASU West Enrollment Formula		1,089,800	338	
UNI - Northern Arizona University	122,336,800			
UNI - NAU 155 Credit Hour Cap		(743,800)	343	
UNI - UA - Main Campus	288,100,100			
UNI - UA Main 155 Credit Hour Cap		(2,628,800)	348	
UNI - UA Main Enrollment Formula		294,000	348	
UNI - UA - Health Sciences Center	63,208,600			
UNI - UA - HSC 155 Credit Hour Cap		(514,000)	352	
UNI - UA - HSC Enrollment Formula		728,100	352	
UNI - Phoenix Medical Campus Special Line			354	Transfer Review
UNI - Clinical Rotations No Restrictions			354	BRB
UNI - Residency/Rotations Report			354	
VSC - Department of Veterans' Services	2,336,300			
VSC - Enacted Adjustment		(77,300) *		

	FY 2006	JLBC GF ^{1/} FY 07 Changes	Pg.# ^{2/}	JLBC Comments
WAT - Department of Water Resources	18,796,600			
WAT - Assured Fee Offset		(1,700,000)	357	
WAT - Water Protection Fund Deposit/Freeze			357	BRB
WEI - Department of Weights & Measures	1,573,400			
WEI - Standard/Technical		(64,000)	363	
OTH - Other				
OTH - FY 07 State Employee Health Insurance Increase	0	25,000,000	vi	
OTH - FY 07 Retirement Increase	0	23,558,400	vi	
OTH - Ladewig Litigation	58,300,000	40,900,000	283	
OTH - Budget Stabilization Fund	439,772,100	(430,175,100)	55	Summary Book
OTH - Unallocated '06 Employee Pay	126,800	(126,800)		
OTH - Biennial '06 Annualizations		1,500,000	viii	
OTH - FY 06 Supplementals	31,669,300	(31,669,300)	147	
OTH - Attorney General Cost Allocation		3,895,800	vi	
OTH - Maximize Federal Funds	(25,000,000)		ix	
OTH - Administrative Adjustments	23,000,000		ix	
OTH - Revertments	(51,169,300)		ix	
OTH - Agency Report if no Performance Measure			v	
OTH - Flores Set-Aside		29,610,000	133	
TOTAL - SPENDING CHANGES	\$8,668,825,600	\$216,404,500		
CAPITAL SPENDING CHANGES				
Library and Archives Building	15,000,000	0	369	\$15M in base
One-time Projects	2,150,000	(2,150,000)		
TOTAL - CAPITAL SPENDING CHANGES	\$17,150,000	(\$2,150,000)		

* Already enacted

** Already enacted plus proposed supplemental

^{1/} Represents JLBC Recommended Changes to FY 2006 budget.

^{2/} JLBC Book I - Individual Agency Detail volume - page reference unless otherwise noted.

Other Funds
Detailed List of FY 2007 Changes Above/(Below) FY 2006 by Agency

	FY 2006	JLBC OF ^{1/} FY 07 Changes	^{2/} Pg.#	JLBC Comments
OPERATING SPENDING CHANGES ^{3/}				
SBA - State Board of Accountancy	2,201,200			
SBA - Enacted Adjustment		(46,600) *		
ACU - Board of Acupuncture Examiners	100,600			
ACU - Enacted Adjustment		(3,000) *		
DOA - Arizona Department of Administration	158,762,300			
DOA - Standard/Technical		32,800		
DOA - Risk Mgmt Losses & Premiums		4,498,600	21	
DOA - Workers' Comp Losses & Premiums		(69,800)	21	
DOA - One-time Telecomm Equipment		(750,100)	17	
DOA - HRIS COP Payment		1,238,400	14	
OAH - Office of Administrative Hearings	14,100			
OAH - Enacted Adjustment		(200) *		
OAH - Registrar of Contractors		900,500 **	377	Switch from ROC
AGR - Department of Agriculture	2,830,400			
AGR - Enacted Adjustment		(92,600) *		
AXS - AHCCCS	215,828,300			
AXS - Tobacco Tax - Medically Needy		3,476,900	39	
AXS - Tobacco Tax - Emergency Services		757,100	42	
AXS - KidsCare Caseload and Capitation Rate Growth		9,641,000	43	
AXS - Expiration of KidsCare Parents		(29,745,300)	43	
AXS - BNCF Statutory Adjustment		136,500	33	
AXS - Eliminate KidsCare Parents - Admin		(1,486,900)	33	
AXS - KidsCare FMAP Adjustment		(80,800)	33	
APP - State Board of Appraisal	620,200			
APP - Enacted Adjustment		(83,900) *		
ATT - Attorney General	30,321,500			
ATT - ISA Cost Allocation		6,041,000	53	
ATT - Continue CERF Funding for Operating		0	55	BRB
ATA - Automobile Theft Authority	4,982,300			
ATA - Enacted Adjustment		(134,200) *		
BAR - Board of Barbers	238,200			
BAR - Enacted Adjustment		(7,600) *		
BAR - Supplemental for Increased Inspections		44,000 **	377	
BHE - Board of Behavioral Health Examiners	1,402,600			
BHE - Enacted Adjustment		(142,800) *		
BCE - State Board of Chiropractic Examiners	477,600			
BCE - Enacted Adjustment		(14,900) *		
COM - Department of Commerce	3,523,100			
COM - Standard/Technical		0	58	
ROC - Registrar of Contractors	9,890,600			
ROC - Enacted Adjustment		(290,300) *		
ROC - OAH Hearings - Move to OAH		(869,500) **	377	
COR - Corporation Commission	20,079,200			
COR - One-time Equipment Reduction		(224,100)	72	

	FY 2006	JLBC OF 1/ FY 07 Changes	2/ Pg.#	JLBC Comments
COR - Staffing for Processing Delays			71	Continue \$547K in one-time funding in FY 07
COR - Engineering Staffing		102,700	71	1 FTE for Utilities Div
DOC - Department of Corrections	45,193,100			
DOC - One-time Equipment		(1,500,000)	76	
DOC - Transition Program Drug Fund		(500,000)	76	
COS - Board of Cosmetology	1,613,200			
COS - Enacted Adjustment		(103,200)*		
JUS - Arizona Criminal Justice Commission	6,146,400			
JUS - Enacted Adjustment		(483,500)*		
SDB - AZ State Schools for the Deaf and the Blind	14,808,300			
SDB - Telecomm Excise Tax Fund Shift		(991,400)	86	
HEA - Commission for the Deaf & the Hard of Hearing	5,315,400			
HEA - Enacted Adjustment		(35,700)*		
DEN - Board of Dental Examiners	1,042,000			
DEN - Enacted Adjustment		(94,800)*		
PRC - Drug & Gang Prevention Resource Center	572,000			
PRC - Enacted Adjustment		(25,400)*		
DES - Department of Economic Security	466,385,800			
DES - TANF Caseload Decline		(6,626,700)	112	
DES - Coolidge Eligibility Fund Transfer		(2,544,300)	103	
ADE - Arizona Department of Education	52,214,600			
ADE - Endowment Earnings		1,997,700	144	
EMA - Department of Emergency & Military Affairs	132,700			
EMA - Standard/Technical		0	157	
DEQ - Department of Environmental Quality	69,025,700			
DEQ - Standard/Technical		43,500	163	
DEQ - School Bus/Air Quality Grants		(4,000,000)	165	
DEQ - In Lieu Fee Expiration		(500,000)	163	
COL - Arizona Exposition and State Fair Board	15,352,300			
COL - Enacted Adjustment		(228,400)*		
EMB - Board of Funeral Directors and Embalmers	313,700			
EMB - Enacted Adjustment		(8,800)*		
FIS - Arizona Game and Fish Department	27,215,100			
FIS - Enacted Adjustment		(1,437,600)*		
FIS - Lower Colorado Agreement		350,000**	377	
FIS - Watercraft DUI		160,000**	378	Footnote on Expend. Plan
FIS - Watercraft Safety Education		290,000**	378	
FIS - Salaries		1,100,000**	378	
FIS - Fuel		74,600**	378	
GAM - Department of Gaming	11,708,800			
GAM - Enacted Adjustment		(85,500)*		
GTA - Government Information Technology Agency	2,609,900			
GTA - Enacted Adjustment		(70,700)*		
DHS - Department of Health Services	76,323,700			

	FY 2006	JLBC OF ^{1/} FY 07 Changes	^{2/} Pg.#	JLBC Comments
DHS - Poison Control Fund Revenue Alignment		(2,200,000)	201	
DHS - Eliminate One-time Alzheimer's Funding		(3,000,000)	201	Tobacco Tax
DHS - Newborn Screening Additional Tests		2,239,400	206	
DHS - Nursing Care Incentive Grants		128,500	196	
DHS - Licensure Backlog \$		(200,000)	195	Non-lapsing
DHS - Dr. Loan Repayment Fund Shift		(100,000)	200	
DHS - ASH Backfill		(1,600,000)	216	
DHS - Vital Records Operating		500,000	202	Approp; Reduce Fees
AZH - Arizona Historical Society	193,700			
AZH - Enacted Adjustment		0 *		
HOM - Board of Homeopathic Medical Examiners	80,900			
HOM - Enacted Adjustment		(2,600) *		
HOU - Department of Housing	686,800			
HOU - Enacted Adjustment		(32,600) *		
IND - Industrial Commission	17,739,900			
IND - Enacted Adjustment		(535,900) *		
INS - Department of Insurance	25,000			
IND - Enacted Adjustment		0 *		
SPA - Judiciary - Supreme Court	30,566,600			
SPA - Rent Reallocation		(391,700)	219	
SPA - CASA Fund Shift		(102,000)	220	
SUP - Judiciary - Superior Court	7,495,700			
SUP - Standard/Technical SLI		0	227	
DJC - Department of Juvenile Corrections	6,246,800			
DJC - State Juvenile Education System Adjustment		336,800	235	
DJC - Fund Shift		(2,265,100)	235	
LAN - State Land Department	585,700			
LAN - Wineglass Ranch Dam Safety		(319,600)	241	
LAN - Dam Repair		230,600	241	Risk Mgmt
LIBR - AZ State Library, Archives & Public Records	626,700			
LIBR - Standard/Technical		0	252	
LOT - Arizona State Lottery Commission	60,154,200			
LOT - Enacted Adjustment		(374,700) *		
MED - Arizona Medical Board	5,324,300			
MED - Enacted Adjustment		(154,700) *		
MSL - Board of Medical Student Loans	296,600			
MSL - Medical Student Loan Funding		(283,400)	256	
MIN - State Mine Inspector	195,000			
MIN - Enacted Adjustment		(195,000) *		
NAT - Naturopathic Physician Examiners Board	508,500			
NAT - Enacted Adjustment		(54,600) *		
NUR - State Board of Nursing	3,132,800			
NUR - Enacted Adjustment		(82,900) *		
NCI - Nursing Care Inst. Administrators Board	383,500			
NCI - Enacted Adjustment		(10,800) *		

	FY 2006	JLBC OF ^{1/} FY 07 Changes	^{2/} Pg.#	JLBC Comments
OCC - Board of Occupational Therapy Examiners	224,200			
OCC - Enacted Adjustment		(6,300) *		
DIS - State Board of Dispensing Opticians	96,900			
DIS - Standard/Technical		0		
DIS - Salary		5,800	261	
OPT - State Board of Optometry	196,100			
OPT - Enacted Adjustment		(18,500) *		
OST - Arizona Board of Osteopathic Examiners	664,400			
OST - Enacted Adjustment		(62,400) *		
SPB - Arizona State Parks Board	12,442,100			
SPB - Enacted Adjustment		(383,300) *		
PHA - Arizona State Board of Pharmacy	1,525,700			
PHA - Enacted Adjustment		(111,600) *		
PHY - Board of Physical Therapy Examiners	277,200			
PHY - Enacted Adjustment		(8,800) *		
PIO - Arizona Pioneers' Home	5,869,100			
PIO - Enacted Adjustment		(177,800) *		
PIO - Funding Shift		(800,100) **	378	
POD - State Board of Podiatry Examiners	114,800			
POD - Enacted Adjustment		(3,900) *		
POS - Commission for Postsecondary Education	2,878,100			
POS - College Savings Program Increase		20,700	264	No Marketing
PRI - Board for Private Postsecondary Education	290,400			
PRI - Enacted Adjustment		(900) *		
PSY - State Board of Psychologist Examiners	356,300			
PSY - Enacted Adjustment		(4,600) *		
DPS - Department of Public Safety	139,022,500			
DPS - Eliminate One-time Equipment		(1,728,800)	269	
DPS - Sworn Pay Adjustment		2,768,100	271	\$1,700 per position
DPS - Highway Patrol Vehicles			269	\$6,780,000 (base)
DPS - Helicopters		12,100	269	Add new lease-purchase
DPS - Fingerprint Equipment		807,800	269	
DPS - Mobile Data Computers		(339,400)	269	
DPS - Crime Lab Staff - 11 FTEs		881,000	268	Monthly Report
DPS - Sex Offender Fund Shift (5) FTEs		(355,500)	268	
DPS - Highway Patrol - 46 FTEs		4,806,000	270	Monthly Report; Intent statement on filling '06
DPS - Highway Patrol Transfers - JLBC Approval			272	Footnote
RAC - Arizona Department of Racing	345,000			
RAC - Enacted Adjustment		0 *		
RAD - Radiation Regulatory Agency	254,900			
RAD - Enacted Adjustment		(7,600) *		
RUC - Residential Utility Consumer Office	1,206,200			
RUC - Enacted Adjustment		(31,100) *		

	FY 2006	JLBC OF ^{1/} FY 07 Changes	^{2/} Pg.#	JLBC Comments
RES - Board of Respiratory Care Examiners	194,500			
RES - Enacted Adjustment		(5,500) *		
RET - Arizona State Retirement System	22,926,900			
RET - Retirement Staffing		495,800		
RET - One-Time Costs		(3,632,900)	279	
REV - Department of Revenue	2,389,300			
REV - Unclaimed Property		1,770,000	283	Footnote
REV - Imaging Project		83,000	282	
SOS - Secretary of State	40,000,000			
SOS - HAVA Appropriation		(20,000,000)	295	
SOS - Professional Employers		162,400	294	
SBO - State Boards' Office	177,300			
SBO - Enacted Adjustment		(5,200) *		
PES - Structural Pest Control Commission	1,991,300			
PES - Enacted Adjustment		(65,600) *		
TEC - State Board of Technical Registration	1,432,600			
TEC - Enacted Adjustment		(44,900) *		
DOT - Department of Transportation	409,011,700			
DOT - One-Time Costs		(422,800)	301	
DOT - Certified Ignition Interlock Devices		(310,500)	313	
DOT - Third Party Drivers Licenses		(45,300)	313	
DOT - SETIF - MVLIE Funding Shift		0	312	
DOT - Phone System		(410,100)	306	
DOT - Highway Maintenance Workload - New Miles		1,762,600	309	
DOT - New Comprehensive MVD Computer Plan		500,000	312	PIJ Approval
DOT - MVD Transfers - JLBC Review			314	Footnote
DOT - MVD Wait Times			315	Change Definition
DOT - MVD Clerk Reduction Report			314	
UNI - Universities				
UNI - ASU - Main Campus	196,172,700			
UNI - Enrollment Growth		8,570,100	327	
UNI - ASU - East Campus	14,961,400			
UNI - Enrollment Growth		1,659,000	327	
UNI - ASU - West Campus	20,047,300			
UNI - Enrollment Growth		890,300	338	
UNI - Northern Arizona University	39,544,000			
UNI - Enrollment Growth		0	343	
UNI - UA - Main Campus	108,131,300			
UNI - Enrollment Growth		246,800	348	
UNI - UA - Health Sciences Center	14,903,400			
UNI - Enrollment Growth		610,200	352	
VSC - Department of Veterans' Services	12,890,800			
VSC - Enacted Adjustment		(421,300) *		
VME - Veterinary Medical Examining Board	415,900			
VME - Enacted Adjustment		(14,300) *		
WAT - Department of Water Resources	0			

	FY 2006	JLBC OF ^{1/} FY 07 Changes	^{2/} Pg.#	JLBC Comments
WAT - Assured and Adequate Water Supply		2,000,000	357	
WEI - Department of Weights & Measures	1,391,400			
WEI - Standard/Technical		(3,000)	363	
WEI - Vapor Recovery Inspection FTE		45,100	363	
OTH - Other				
OTH - Unallocated FY 06 Increase	3,805,800	(3,805,800)		
OTH - Biennial '06 Annualizations		4,900,000	viii	
OTH - FY 07 Retirement	0	12,717,800	vi	
OTH - FY 07 Health Insurance	0	9,211,300	vi	
OTH - Attorney General Cost Allocation		1,142,000	vi	
OTH - Autism Set-Aside		3,000,000		Tob Tax
TOTAL - OPERATING SPENDING CHANGES	\$2,437,639,100	(\$5,023,500)		
CAPITAL SPENDING CHANGES				
<u>Building Renewal</u>				
Arizona Department of Administration		3,400,000	368	13%
ADOA - Third Party Assessment			370	JLBC RFP Review
Arizona Exposition and State Fair Board		1,508,400	368	100%
Game & Fish Department		430,800	368	100%
Arizona Lottery Commission		53,600	368	100%
Arizona Department of Transportation		3,702,900	371	
<u>New Projects</u>				
Game & Fish Flood Warning System		350,000	369	
Game & Fish Black Canyon Dam Modifications		300,000	369	
Game & Fish Shooting Range Access Improvements		200,000	369	
Game & Fish Migratory Waterfowl Habitat		100,000	369	
Game & Fish Cluff Ranch Pond Access Improvements		50,000	370	
Game & Fish Yuma Storage		35,000	369	
Game & Fish Yuma Security System		30,000	369	
Game & Fish House Rock Surfacing		25,000	369	
Game & Fish Statewide Preventative Maintenance		15,000	369	
Game & Fish Yuma Headquarters Fence		10,000	370	
Game & Fish Flagstaff Parking Gate		10,000	369	
ADOT Surprise MVD Service Center Land Acquisition		2,736,200	371	\$6.7 M in FY 08 to build
ADOT Build 4 De-Icer Materials Storage Buildings		1,478,000	371	
ADOT Install 6 Asphalt Storage Tanks/Basins		1,587,600	372	
ADOT Statewide Highway Construction		84,592,000	372	
ADOT Controlled Access Highways		101,561,000	372	
ADOT Debt Service		65,805,000	372	
ADOT Airport Planning & Development		23,164,200	372	
TOTAL - CAPITAL SPENDING CHANGES		\$291,144,700		

* Already enacted

** Already enacted plus proposed supplemental

^{1/} Represents JLBC Recommended Changes to FY 2006 budget.

^{2/} JLBC Book I - Individual Agency Detail volume - page reference.

BUDGET RECONCILIATION BILL PROVISIONS

FY 2007 BUDGET RECONCILIATION BILL PROVISIONS

The JLBC recommends the enactment of statutory changes associated with its funding recommendations. The following provisions will be grouped by subject into Budget Reconciliation Bills (BRB's).

AHCCCS

Capitation Rate Adjustments

- As permanent law, limit annual capitation rate adjustments to utilization and inflation, unless otherwise approved by the full legislature.

County Acute Care Contributions

- As session law, set the County Acute Care contribution at \$59,222,500. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.

County ALTCS Contributions

- As session law, set county ALTCS contributions at \$252,046,600.

Disproportionate Share Hospitals (DSH) Withholding

- As session law, establish FY 2007 withholding amounts from counties, and adjust county expenditure limit calculations.

Disproportionate Share Uncompensated Care (DUC) Pool

- As session law, continue the use of a total of \$2,646,200 of DUC pool contributions in AHCCCS for all counties other than Maricopa.

Eligibility Privatization

- As session law, require AHCCCS to issue a request for proposals (RFP) for privatizing the eligibility determination process. Require JLBC review of RFP before issuance.

Redetermination

- As session law, continue redetermination period of 6 months for Temporary Assistance for Needy Families Cash Benefit clients age 21 or older. Require AHCCCS to report to President of the Senate, Speaker of the House, and the Joint Legislative Budget Committee by February 10, 2007 on the results of the redetermination change.

Budget Neutrality Compliance Fund

- As permanent law, amend A.R.S. § 11-292 for technical correction to percentage amounts.

Attorney General

Collection Enforcement Revolving Fund

- As session law, continue to allow use of the Collection Enforcement Revolving Fund for operating expenses in FY 2007.

Legal Services Cost Allocation

- As permanent law, amend A.R.S. § 41-191.09 to exclude the Department of Economic Security, the Arizona Health Care Cost Containment System, the Superior Court, and the Arizona Department of Administration Risk Management Fund from the pro rata charge.
- As permanent law, amend A.R.S. § 41-191.09 to apply the pro rata charge to the General Fund payroll as well as Other Appropriated and Non-Appropriated payrolls.
- As permanent law, amend A.R.S. § 41-191.09 to increase the pro rata charge from 0.33% to 0.62%.

Department of Corrections

Budget Structure

- As session law, require the Department of Corrections to report actual FY 2006, estimated FY 2007, and requested FY 2008 expenditures by prison complex, community corrections, private prisons, central administration, and special lines items as delineated in the FY 2007 General Appropriation Act when the department submits the FY 2008 budget request pursuant to A.R.S. § 35-133.

ASPC – Perryville Privatization

- As session law, require the department to issue a request for proposals (RFP) and to execute a contract to privatize the operation of the Perryville prison complex for the female inmate population by March 31, 2007. Require JLBC review of the RFP prior to release and of the contract prior award.
- As session law, require \$4,237,200 from the department's FY 2007 budget for inmate population growth to revert to the General Fund if the contract is not executed.

Private Bed Contract

- As session law, require the department to issue a request for proposals (RFP) and to execute a contract for 3,000 privately operated beds by March 31, 2007. Require JLBC review of the RFP prior to release and of the contract prior award.
- As session law, appropriate \$11,193,000 from the General Fund in FY 2008 for the private beds to become operational beginning in April 2008 if the contract is executed by March 31, 2007.

- As session law, require \$4,237,200 from the department's FY 2007 budget for inmate population growth to revert to the General Fund if the contract is not executed.

Arizona State Schools for the Deaf and the Blind

Telecommunication Excise Tax

- As permanent law, eliminate ASDB share of the Telecommunications Excise Tax revenues and provide funding from the General Fund. The Telecommunications Excise Tax revenues will be redistributed to the Commission for the Deaf and the Hard of Hearing.
- As permanent law, eliminate ASDB Telecommunications Excise Tax Fund.

Commission for the Deaf and the Hard of Hearing

Telecommunication Excise Tax

- As permanent law, redistribute ASDB and DHS shares of the Telecommunications Excise Tax revenues to the Commission for the Deaf and the Hard of Hearing (Telecommunication Fund for the Deaf). Lost revenues to ASDB and DHS will be funded from the General Fund.

Department of Economic Security

Adoption Services Family Preservation Projects

- As session law, amend the FY 2006 General Appropriation Act to remove the non-lapsing provision of the appropriation to the Adoptions Services-Family Preservation Projects line item.

Capitation Rate Adjustments

- As permanent law, limit annual capitation rate adjustments to utilization and inflation, unless otherwise approved by the full legislature.

Child Care Income Eligibility

- As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require report to JLBC within 15 days of change in levels.

Arizona Department of Education

2% Inflation Adjustment

- As permanent law, increase by 2% the formula funding "base level" in A.R.S. § 15-901(B2), the charter school "additional assistance" amounts per pupil in A.R.S. § 15-185(B4) and the transportation funding amounts per route mile in A.R.S. § 15-945(A5).

Desegregation Cap

- As session law, continue through FY 2007 a "soft cap" that allows desegregation expenditures to increase for enrollment growth and inflation.

Joint Technological Education Districts (JTED's)

- As session law, continue to prohibit formation of new JTEDs or joining of existing JTEDs by additional school districts.
- As session law, continue to cap state aid to an individual JTED at the greater of its FY 2005 state aid or double its Qualifying Tax Rate revenues for the current year.
- As session law, cap JTED tax rates for FY 2007 at the FY 2005 level.

K-12 Rollover

- As session law, defer until July 1, 2007 \$191 million of the Basic State Aid and Additional State Aid (Homeowner's Rebate) payment that school districts otherwise would receive on June 15, 2007, and appropriate \$191 million for July 2007.

Rapid Decline Formula

- As session law, continue to fund Rapid Decline at 50% for FY 2007.

Shorter School Year

- As session law, continue to allow a shorter than 36-week school year using longer days.

Tax Rates

- As session law, specify the official K-12 QTR and County Equalization Tax Rates for FY 2007, as adjusted for compliance with the Truth in Taxation law (A.R.S. § 41-1276) and the business property tax changes instituted by Laws 2005, Chapter 302.

Department of Environmental Quality

General Fund Transfer to WQARF

- As session law, set the FY 2007 corporate income tax transfer to WQARF at \$11,000,000.

Underground Storage Tank Fund

- As session law, continue to set administrative cap at \$6,031,000 in FY 2007.

Department of Health Services

Capitation Rate Adjustments

- As permanent law, limit annual capitation rate adjustments to utilization and inflation, unless otherwise approved by the full legislature.

Licensure

- As session law, convert FY 2006 \$200,000 appropriation from the Tobacco Tax and Health Care Fund - Medically Needy Account for assurance and licensure from lapsing to non-lapsing.
- As session law, require the department to report by June 30, 2007 on the status of backlogs in health care facilities licensures.

Privatization of the Arizona State Hospital

- As session law, continue to permit DHS to privatize the State Hospital. Require DHS to report to the Joint Legislative Budget Committee by July 1, 2007 on whether DHS intends to privatize the state hospital.

Restoration to Competency Cost Sharing

- As session law, continue to require Maricopa and Pima Counties to pay 86% of cost of restoration to competency treatment in FY 2007. The cost-sharing for all other counties remains at 50%.

Suicide Prevention Program

- As permanent law, eliminate the Suicide Prevention Program. This program has not received funding since FY 2002.

Telecommunication Excise Tax/Poison Control Fund

- As permanent law, eliminate DHS share of the Telecommunications Excise Tax revenues that are deposited into the Poison Control Fund, and provide funding from the General Fund. The Telecommunications Excise Tax revenues will be redistributed to the Commission for the Deaf and the Hard of Hearing.
- As permanent law, eliminate Poison Control Fund.

Vital Records Electronic Systems Fund

- As permanent law, structure fees for birth and death certificates so that the distribution to the General Fund remains the same and the distribution to the Vital Records Electronic Systems Fund is reduced (from \$765,000 to \$500,000 annually).
- As permanent law, convert the Vital Records Electronic Systems Fund to an appropriated fund.

Judiciary

Maricopa County Probation

- As session law, continue to suspend adult probation officer caseload ratios for Maricopa County in FY 2007.
- As session law, continue to require Maricopa County to fund Adult Probation in FY 2007 without state assistance. Require Maricopa County to report on performance measures. Increase Maricopa County expenditure limit to reflect additional probation costs.
- As session law, continue to allow Maricopa County to retain the revenue it collects from the \$5 probation surcharge currently assessed on civil and criminal traffic violations.

Pima County Probation

- As session law, continue provision from prior 4 years requiring Pima County to reimburse \$1,381,900 for the county share of Adult and Juvenile Probation costs in FY 2007.

Arizona State Lottery Commission

Powerball Profit Transfer to the General Fund

- As session law, require the Arizona Lottery to return 31.6% of Powerball sales and redirect Local Transportation Assistance Fund deposits to the General Fund until the General Fund receives at least \$37 million in FY 2007.

Board of Medical Student Loans

Loan and Scholarship Programs

- Consider retaining distinct Medical Student Loan and Medical Student Scholarship programs, or combining into 1 program.

Department of Public Safety

Redirect CJEF Revenues

- As session law, continue to redirect 9% of CJEF revenues, formerly deposited into the General Fund, to DPS to fund the department's crime lab operations in FY 2007.

HURF/State Highway Fund

- As session law, continue to suspend the schedule established by A.R.S. § 28-6537 and A.R.S. § 28-6993 governing the level of HURF and State Highway Fund revenues available to fund DPS' Highway Patrol costs and remove the spending cap in FY 2007.

Arizona State Retirement System

Information Technology Appropriation Lapsing Extension

- As session law, amend FY 2004, FY 2005, and FY 2006 General Appropriation Acts to extend the lapsing date of the Information Technology Plan appropriations from June 30, 2006 to June 30, 2007. Retroactive to June 30, 2006.

Department of Revenue

Business Reengineering/Integrated Tax System (BRITS)

- As session law, require legislative authorization prior to executing any BRITS contract extensions or modifications.

Ladewig v. State Settlement

- As session law, allocate \$99.2 million from General Fund for the Ladewig v. State of Arizona settlement and allow \$2.6 million to be used for administrative costs in FY 2007 subsequent to JLBC review.
- Revert unclaimed refunds to General Fund.

School Facilities Board

Building Renewal Formula

- As permanent law starting in FY 2007, change the building renewal formula to better reflect actual building system maintenance costs: 1) Limit the age of a building to 30 years; 2) Eliminate separate funding formula for portable buildings; 3) Use square foot per student requirements from minimum adequacy guidelines rather than from new construction guidelines and 4) Use "replacement cost" per square foot rather than new construction cost per square foot in the formula.

Lease-to-Own Authority

- As permanent law, repeal board authority to enter into lease-to-own agreements to finance new school construction costs.

Arizona Sports and Tourism Authority

Eliminate General Fund Backfill

- As permanent law, amend statute to eliminate the provision that automatically transfers monies from the General Fund to the AZSTA when the NFL income tax is below the calculated minimum.

State Treasurer

Justice of the Peace Salaries

- As session law, fund state share of Justice of the Peace (JP) salaries at 38.5% in FY 2007.

Arizona Department of Transportation

Customer Wait Time Report

- As session law, expand annual MVD customer wait time report to include 1) total wait time from arrival (including time to get numbered ticket) 2) number of customers who leave without completing transaction, and 3) average turnaround time from previous fiscal year to renew vehicle registration by mail.

Universities/Board of Regents

Alumni Association Funding

- As permanent law, prohibit the use of any tuition collections for alumni associations.

Enrollment Count Dates

- As session law, require ABOR to report to JLBC and OSPB by December 1, 2006 and April 15, 2007 with comparisons between the 21st and 45th day of the fall and spring semesters.

Indirect Debt Financing

- As permanent law, require JCCR review of capital projects that are not directly financed by a university but that are taken into account by credit rating agencies when determining the university credit rating. Also require these projects to be included in the Capital Improvement Plans.

Local Retention (Non-Appropriated Tuition Collections) Review

- As permanent law, require university budget requests to include standard detailed format for each program supported by locally retained tuition and fee collections, and require JLBC review of local retention budgets.

ASU-Main

Downtown Phoenix Campus Plan Review

- As session law, require ABOR and ASU to submit for JLBC review by October 1, 2006 detailed operational and capital plans for the development of the downtown campus.

University of Arizona*Clinical Rotations*

- As permanent law, continue to prohibit medical schools in the state from restricting their associated hospitals from offering clinical rotations to any qualified medical student.

Department of Water Resources*Water Protection Fund*

- As session law, continue to suspend the requirement for a \$5 million General Fund appropriation to the Water Protection Fund in FY 2007.

Other*Federal Funds*

- As session law, require unrestricted federal funds received between May 1, 2006 and June 30, 2007 to be deposited in the General Fund for the payment of essential government services. Retroactive to April 30, 2006.

STRATEGIC PROGRAM AREA REVIEWS

STRATEGIC PROGRAM AREA REVIEW (SPAR) SUMMARIES

Summary

A.R.S. § 41-1275 establishes the Strategic Program Area Review (SPAR) process. The SPARs provide an opportunity for the Governor and the Legislature to evaluate the effectiveness and efficiency of programs crossing state agency lines. These reviews by JLBC Staff and the Governor’s Office of Strategic Planning and Budgeting (OSPB) are a permanent part of the biennial budget process and result in decisions to retain, eliminate, or modify particular programs. *Table 1* lists the programs and agencies participating in this year’s SPAR process.

Table 1

Programs Subject to SPAR

<u>Program Area</u>	<u>Agencies</u>
Homeland Security	Office of Homeland Security Department of Health Services
Ports of Entry	AZ Department of Transportation Arizona Department of Agriculture Department of Public Safety
University Financial Assistance	Arizona Board of Regents Northern Arizona University University of Arizona Arizona State University
Workforce Development	Department of Economic Security Department of Commerce Community Colleges Arizona Department of Education Governor’s Council on Workforce Policy

A.R.S. § 41-1275 establishes the process for the Legislature to review the SPARs. The President of the Senate and the Speaker of the House of Representatives are required to assign these SPARs to the Appropriations Committees and may additionally assign the SPARs to an appropriate standing committee. The assigned standing committees or the Appropriations Committees shall hold at least 1 public hearing to receive public input and to develop recommendations whether to retain, eliminate, or modify the program subject to the SPAR process.

Homeland Security

JLBC Key Findings and Recommendations

- ◆ *The Office of Homeland Security (OHS) and Department of Health Services (DHS) should be required by statute to submit a homeland security expenditure report annually to the Legislature.*

- ◆ *The Legislature should consider the creation of a legislative homeland security committee. The committee and report would help address lack of accountability to the Legislature.*
- ◆ *The annual report would include performance measure information. OHS does not currently use any performance measures to monitor the success of the office.*

The state’s Office of Homeland Security (OHS) and Department of Health Services (DHS) distribute 3 of the largest federal homeland security sets of grants within Arizona, totaling nearly \$70 million in FY 2005.

Established by the Governor, OHS divides local jurisdictions within the state into 5 Regional Advisory Councils (RACs). Allocations to each RAC are made by OHS based on a regional baseline and risk assessment formula developed by OHS. Each RAC prioritizes annual funding requests submitted by jurisdictions within the region, then recommends which projects are to be funded based on this evaluation.

DHS’ Bureau of Emergency Preparedness and Response administers its 2 federal grants. The Bureau is responsible for preparedness and planning, electronic disease surveillance, the Arizona Health Alert Network, risk communication and public information, and education and preparedness training. The Bureau also assists the readiness of the hospital and health care community to deal with bioterrorism and other health emergencies.

Ports of Entry

JLBC Key Findings and Recommendations

- ◆ *ADOT should fill their existing approved port FTE Positions, before requesting any more port staff. In FY 2006, ADOT filled just 128 of 162 authorized FTE Positions.*
- ◆ *ADOT and the Department of Agriculture (ADA) could do more to foster a spirit of cooperation.*
- ◆ *ADOT, ADA, and DPS should co-write a 5-Year Strategic Plan and annually jointly update it.*
- ◆ *ADOT’s collection of performance measurement data has improved since the Ports’ 2000 SPAR.*

The primary purpose of these ports is to ensure that commercial vehicles are in compliance with the state’s weight, licensing, permit, and tax laws as administered by the Motor Vehicle Division of the Arizona Department of Transportation. The Arizona Department of Agriculture (ADA) also uses the ports to screen trucks and their cargo to intercept agricultural pests, weeds, and livestock diseases. The Department of Public Safety (DPS)

maintains a field presence at some ports to perform commercial vehicle safety enforcement.

The ADOT POE activities are funded through legislative appropriations from the State Highway Fund, the Safety Enforcement and Transportation Infrastructure Fund (SETIF), and non-appropriated Federal Funds. ADA services are paid from the State General Fund and other funds. About a quarter of the full-time equivalent ADA positions are supported through a contract with the State of California to support the program's inspections at the Duncan POE and enables the Department to maintain 24/7 operations at San Simon and Sanders. DPS supports its enforcement through appropriations from the State Highway Fund, SETIF, and Federal Funds. In FY 2005, the expenditures for the ports of entry were approximately \$10.1 million. In FY 2006, the ports of entry budget is \$11.4 million.

University Financial Assistance

JLBC Key Findings and Recommendations

- ◆ *The total cost of Arizona University System attendance increased by around \$1,200 between FY 2003 and FY 2004.*
- ◆ *Under 50% of undergraduate students graduate with debt, although the percentage of those students with debt increased in FY 2004.*
- ◆ *Federal and state tax incentives partially reduce student need.*
- ◆ *Financial aid data compiled by ABOR are insufficient for state policy purposes. JLBC Staff and OSPB should work with ABOR to expand the current Student Financial Aid Report and to ensure more timely reporting.*

The state's 3 universities distributed more than \$806 million of financial aid to students in FY 2004. The administration of financial aid is governed by federal law, the Arizona Constitution and statutes, and Arizona Board of Regents (ABOR) policy. The majority of this financial aid came from federal sources (\$442 million) and the universities themselves (\$285 million); nearly half was distributed as loans (\$392 million), with grants totaling another \$277 million. Tax incentives such as the federal Hope Tax Credit are not included in these totals.

Workforce Development

JLBC Key Findings and Recommendations

- ◆ *Coordination among agencies and partners depends not only on the program, but also on the location within the state.*
- ◆ *The Governor's Council on Workforce Policy should coordinate and publish annually a statewide workforce development budget and strategic plan.*
- ◆ *In the budget and strategic plan, emphasis should be put on developing performance measures that are both specific to the state and outcome based. These measures should be used to help guide funding decisions.*

The Workforce Development Program encompasses 3 state agencies: Arizona Department of Economic Security (DES), Arizona Department of Commerce (ADOC), and Arizona Department of Education (ADE). The agency directors are members of the Governor's Council on Workforce Policy (GCWP). In addition, Arizona's Community College system offers a wide variety of workforce development programs.

Besides the federal Workforce Investment Act, there are other workforce development programs such as the Jobs Program, Unemployment Insurance, Vocational Rehabilitation (VR), Veterans Employment and Disabled Veterans Outreach Programs, the Migrant Seasonal Farmworker Program, Food Stamp Employment and Training Program, Senior Community Service Employment Program (Title V), and the Trade Adjustment Assistance Program.

REVENUE FORECAST

GENERAL FUND REVENUE

FY 2006

FY 2006 General Fund total resources are projected to be \$9.30 billion. This amount consists of \$8.66 billion of FY 2006 revenue plus a \$639.0 million balance forward from FY 2005. As indicated in *Table 1* below, the revised FY 2006 revenue estimate is \$740.8 million higher than the estimate from the FY 2006 budget enacted in the spring of 2005.

Table 1

FY 2006 Revenue Forecast (\$ in Millions)

Adopted FY 2006 Revenue Estimate	\$7,916.3
Revised Revenue Forecast	740.8
Revised FY 2006 Revenue Estimate	\$8,657.1

The revised FY 2006 estimate assumes an increase of 12.3% in ongoing revenues (excluding Urban Revenue Sharing) compared to the prior year. Based on November numbers, year-to-date ongoing revenues are \$265 million above the original budget forecast.

As described below in the FY 2007 section, the JLBC Staff has used a consensus forecasting process to develop its FY 2007 General Fund revenue estimates. The JLBC Staff used the forecast consensus as a guide in its FY 2006 revenue projection, but did not adhere strictly to these rates. With 5 months of the fiscal year completed as of this writing, the FY 2006 estimates rely as heavily on year-to-date actual data as it does on a forecast projection. The JLBC Staff forecast incorporates the latest year-to-date information, while the other forecast components have 1 to 2 months less of actual data. *Table 2* below provides the FY 2006 consensus estimates and the rates used by the JLBC Staff in its forecast.

Table 2

FY 2006 Quartile Forecast Percentages

	FAC	UA Low	UA Base	JLBC ^{1/}	Avg.
Sales Tax	12.2%	8.9%	9.3%	13.5%	11.0%
Individual Income Tax ^{2/}	13.1%	15.3%	14.4%	13.1%	14.2%
Corporate Income Tax	16.6%	19.8%	25.7%	15.8%	19.5%

^{1/} JLBC estimate used in FY 2006 revenue estimate.

^{2/} Percentage increases do not include \$76 million withholding adjustment in the second half of FY 2005.

The individual revenue detail for FY 2006 is found in *Table 5* at the end of this section.

The FY 2006 General Fund total resource estimate of \$9.30 billion includes permanent revenues of \$8.65 billion and one-time revenues of \$649.0 million. FY 2006 one-time revenues include a balance forward from FY 2005 of \$639.0 million, and a \$10.0 million transfer of in-lieu vehicle inspection fees to the General Fund.

FY 2007

Projected FY 2007 General Fund total resources are \$9.75 billion. This amount includes \$9.14 billion of FY 2007 revenues plus a balance forward amount of \$610.2 million from FY 2006. Total projected resources are 4.9% greater than FY 2006, including the balance forward from the previous fiscal year, and one-time revenues in FY 2006. Adjusting for these one-time revenue sources, ongoing revenues are expected to increase by 7.0% over FY 2006 collections (excluding Urban Revenue Sharing).

The JLBC FY 2007 estimate growth rates for the “Big 3” revenue categories (sales tax, individual income tax and corporate income tax) were developed through a consensus process. The JLBC revenue estimate is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast of December 19, 2005. This independent panel consists of 15 public and private sector economists that meets 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund baseline model. The model is a simultaneous-equation model consisting of over 100 equations which are updated on an ongoing basis to accommodate changes in the economy. The model uses over 200 variables related to Arizona’s economy, and is updated quarterly.
- EBR’s conservative forecast model, and
- JLBC Staff projections.

The growth rates from each sector of the forecast are detailed in *Table 3* below.

Table 3**FY 2007 Quartile Forecast Percentages**

	<u>FAC</u>	UA <u>Low</u>	UA <u>Base</u>	<u>JLBC</u>	<u>Avg</u> ^{1/}
Sales Tax	7.8%	4.2%	6.0%	7.2%	6.3%
Individual Income Tax	9.2%	7.0%	8.5%	7.5%	8.1%
Corporate Income Tax	8.2%	1.7%	15.0%	8.1%	8.3%

^{1/} Consensus average used in FY 2007 revenue estimate.

The FY 2007 forecast for the remaining revenue categories, which constitute about 6% of the total, was based on JLBC Staff estimates. Following is a discussion of several of these categories, as well as the impact of enacted tax law changes.

Estate Tax – Federal legislation enacted in FY 2002 phased out the federal estate tax over a period of years, and also reduced the states’ death tax credit by 25% a year beginning in FY 2002. The final year of the phase out was FY 2005. The FY 2006 estimate represents the anticipated final estate tax collections on estates which began settlement in the previous fiscal year, and carried over into FY 2006. The FY 2007 estimate represents anticipated residual collections from estate tax extensions filed in FY 2006.

Fee Increases – The \$12.4 million in fee increases included in the FY 2007 revenue estimate consists of 2 components. Laws 2005, Chapter 284 required the issuance of additional liquor licenses each year from FY 2006 through 2010 according to a formula based on county size. It is estimated that this will result in the issuance of 40 new licenses of each type (bar, beer and wine bar, and liquor store) each year, with a resulting increase in liquor license fees of approximately \$5.4 million per year.

In addition, Laws 2005, Chapter 307 established additional assessments to individuals found guilty of operating boats, vehicles or aircraft while intoxicated. The estimated impact of this assessment in FY 2007 is approximately \$7.0 million.

Tax Law Changes – The net FY 2007 impact of tax law changes enacted in 2005 is estimated to be \$(37.2) million. These changes include:

- Elimination of “Marriage Penalty” – Laws 2005, Chapter 334 provided that certain tax credits for married filers will become twice that of single filers. Included are the credits for contributions to charitable organizations, contributions to qualifying school tuition organizations, and contributions to public school extracurricular activities. This provision was phased in over 2 years, beginning in FY 2006. The FY 2007 impact is estimated to be \$(12.8) million.

- Standard Deduction Indexing – Laws 2005, Chapter 334 required the standard deduction for individual income tax filers to be indexed for annual cost of living changes. The estimated FY 2007 impact of this provision is \$(4.8) million.
- Military Active Duty Pay – Laws 2005, Chapter 303 exempts military active duty pay from individual income tax during tax year 2006. The estimated FY 2007 impact of this provision is \$(10.3) million.
- Motion Picture Production Tax Incentives – Laws 2005, Chapter 317 provided sales tax exemptions and individual and corporate income tax credits to encourage motion picture production in the state. The credit was capped at \$30 million in 2006, increasing by \$10 million per year to \$70 million in 2010. The estimated FY 2007 impact of these provisions is \$(9.2) million.

Urban Revenue Sharing – A portion of state individual and corporate income tax collections is shared with incorporated cities and towns within the state through Urban Revenue Sharing. The distribution is based on collections 2 years prior. The FY 2007 distribution of \$551.3 million is \$126.1 million or almost 30% greater than the FY 2006 distribution of \$425.2 million due to extraordinarily high income tax collections by the state during FY 2005.

FY 2006 In-Lieu Fee Transfer – The FY 2006 enacted budget included a \$10.0 million transfer of in-lieu vehicle inspection fees to the General Fund. This was a one-time transfer, and is not included in the FY 2007 revenue forecast.

Corporate Consolidated Credit – Legislation enacted in 1994 provided a tax credit totaling \$115 million for certain consolidated returns, which was to be spread over 10 years. In the 11th year, the Department of Revenue is required to refund any unused credit. The FY 2007 impact of this legislation is estimated to be \$(4.0) million. In FY 2008, which is the final, or 11th year, the impact is estimated to be \$(55.5) million.

The individual revenue detail for FY 2007 is found in *Table 5* at the end of this section.

Ladewig Settlement

See the Department of Revenue section in the FY 2007 *JLBC Book I* on page 283 for a discussion of the Ladewig Settlement.

Lottery Forecast

The JLBC Staff forecasts an increase in overall Lottery sales for FY 2006 and FY 2007. For FY 2006, total Lottery sales are forecast to be \$430.4 million. For FY 2007, the JLBC Staff forecasts Lottery sales of \$446.0 million.

The largest contributors to the FY 2006 forecasted increase are the instant ticket games, which posted a 15.1% compound annual growth rate over the last 5 years. The JLBC Staff forecasts continued growth in instant ticket sales over the next 2 years fueled by growth in the retailer base and population.

However, the rapid growth in instant ticket sales has been offset somewhat by the relatively modest 5.1% compound annual increase in state-only on-line game sales during the same period. The JLBC Staff forecasts slow growth in state-only on-line game sales as players are drawn to instant ticket games and the potential of large jackpots offered by Powerball.

Due to the reduced frequency of large jackpots, the multi-state Powerball game had a (19.8)% decline in sales in FY 2005 from the record level reported in FY 2004. While it remains very uncertain when large jackpots will accumulate, the forecast calls for a 19.3% increase in FY 2006 followed by 2.2% growth in FY 2007.

The General Fund's projected share of Lottery profits includes \$37.0 million from Powerball sales in both FY 2006 and FY 2007 (see JLBC Recommended Statutory Changes).

After other statutory fund distributions have been made, the General Fund is forecast to receive an additional \$7.9 million in FY 2006 and \$10.6 million in FY 2007 in proceeds from the sales of other Lottery games.

One risk to the forecast is the potential impact on Lottery sales by the expansion of Native American gaming. Voters approved Proposition 204 in the November 2002 General Election, which provides for additional slot machines and table games such as blackjack in Native American casinos. It is possible that current Lottery players will substitute casino gaming for playing the Lottery, but the extent of the substitution effect cannot be measured.

The JLBC Staff forecast of Lottery profits for FY 2006 and FY 2007 applies the FY 2005 percent return to the state for each individual game. In FY 2005, the Lottery returned a total of 28.6% of all ticket sales.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends requiring the Arizona Lottery to return 31.6% of Powerball sales, and return the first \$37.0 million of Powerball sales to the General Fund. Of this amount, \$6.0 million would have been otherwise deposited into the Mass Transit portion of the Local Area Transportation Fund. The recommended rate maintains the return at this amount from FY 2006 as provided by Laws 2005, Chapter 288. The Lottery revenue distribution table below includes this return from Powerball in both FY 2006 and FY 2007.

Table 4				
Forecast of Lottery Revenue Distribution				
(\$ in Millions)				
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Sales:				
Instant Sales	\$183.2	\$219.7	\$238.5	\$250.5
On-Line Sales	183.3	177.9	191.9	195.5
Total Sales	\$366.5	\$397.6	\$430.4	\$446.0
<i>Less:</i>				
Operating Budget	\$58.2	\$62.1	\$68.5	\$69.1
Prizes ^{1/}	204.9	223.8	238.8	249.6
Net Profit ^{2/}	\$103.4	\$111.7	\$123.1	\$127.3
Profit Transfers:				
Local Transportation Assistance Fund	\$23.0	\$23.0	\$23.0	\$23.0
County Assistance Fund	7.7	7.7	7.7	7.7
Heritage Fund	20.0	20.0	20.0	20.0
Economic Development	2.7	2.9	3.2	3.3
Mass Transit (LTAF II)	13.5	5.0	6.9	7.9
Health and Welfare Programs	3.7	17.0	17.4	17.8
General Fund	32.8	36.1	44.9	47.6
Total Transfer	\$103.4	\$111.7	\$123.1	\$127.3

^{1/} Prizes are estimated by subtracting net profit and operating budget expenditures from total Lottery sales.
^{2/} To derive the profit transfer amounts, we applied the actual FY 2005 rate of return for each game to the current forecast.

Table 5

GENERAL FUND REVENUE FORECAST - FY 2006 & FY 2007

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2005	FORECAST FY 2006	% CHANGE ACTUAL	\$ CHANGE ACTUAL	FORECAST FY 2007	% CHANGE FORECAST	\$ CHANGE FORECAST	
Taxes:								
Sales and Use	3,661,168.6	4,155,401.4	13.5%	494,232.8	4,417,191.7	6.3%	261,790.3	
Income								
-Individual	2,897,579.1	3,277,886.3	13.1%	380,307.2	3,543,395.1	8.1%	265,508.8	
-Corporate	701,859.3	812,747.8	15.8%	110,888.5	880,205.9	8.3%	67,458.1	
Property	25,245.6	23,000.0	-8.9%	(2,245.6)	23,000.0	0.0%	0.0	
Luxury	64,446.1	66,000.0	2.4%	1,553.9	67,500.0	2.3%	1,500.0	
Insurance Premium	358,752.4	372,089.5	3.7%	13,337.1	399,356.2	7.3%	27,266.7	
Estate	31,236.1	15,000.0	-52.0%	(16,236.1)	200.0	-98.7%	(14,800.0)	
Other Taxes	2,580.2	720.0	-72.1%	(1,860.2)	781.5	8.5%	61.5	
Sub-Total - Taxes	7,742,867.4	8,722,845.0	12.7%	979,977.6	9,331,630.4	7.0%	608,785.4	
Other Non-Tax Revenues:								
Lottery	36,061.8	44,865.0	24.4%	8,803.2	47,565.0	6.0%	2,700.0	
Licenses, Fees and Permits	29,493.4	31,137.6	5.6%	1,644.2	32,550.0	4.5%	1,412.4	
Interest	29,879.3	50,000.0	67.3%	20,120.7	55,000.0	10.0%	5,000.0	
Sales and Services	48,963.1	52,167.0	6.5%	3,203.9	54,775.0	5.0%	2,608.0	
Other Miscellaneous	54,577.4	51,300.0	-6.0%	(3,277.4)	44,165.0	-13.9%	(7,135.0)	
Transfers and Reimbursements	37,985.0	39,900.0	5.0%	1,915.0	41,895.0	5.0%	1,995.0	
Disproportionate Share Revenue	112,005.9	91,841.5	-18.0%	(20,164.4)	113,127.3	23.2%	21,285.8	
Sub-Total - Non-Tax	348,965.9	361,211.1	3.5%	12,245.2	389,077.3	7.7%	27,866.2	
Subtotal	8,091,833.3	9,084,056.1	12.3%	992,222.8	9,720,707.7	7.0%	636,651.6	
Fee Increases	0.0	6,362.0	N/A	6,362.0	12,362.0	94.3%	6,000.0	
Tax Law Changes	0.0	(18,050.0)	N/A	(18,050.0)	(37,230.0)	106.3%	(19,180.0)	
Subtotal w/Tax Law Changes	8,091,833.3	9,072,368.1	12.1%	980,534.8	9,695,839.7	6.9%	623,471.6	
Urban Revenue Sharing (URS)	(373,074.6)	(425,228.9)	14.0%	(52,154.3)	(551,315.8)	29.7%	(126,086.9)	
Subtotal w/Tax Law Changes/URS	7,718,758.7	8,647,139.2	12.0%	928,380.5	9,144,523.9	5.8%	497,384.7	
One-Time Financing Sources:								
Balance Forward	360,388.9	638,989.0	77.3%	278,600.1	610,152.6	-4.5%	(28,836.4)	
Judicial Enhancement	2,122.4	0.0	-100.0%	(2,122.4)	0.0	N/A	0.0	
Budget Balancing Transfers	35,234.5	0.0	-100.0%	(35,234.5)	0.0	N/A	0.0	
VLT Transfer	118,000.0	0.0	-100.0%	(118,000.0)	0.0	N/A	0.0	
FY 2005 Withholding Adjustment	76,000.0	0.0	-100.0%	(76,000.0)	0.0	N/A	0.0	
FY 2006 In-Lieu Fee Transfer	0.0	10,000.0	N/A	10,000.0	0.0	-100.0%	(10,000.0)	
Corporate Consolidated Credit	0.0	0.0	N/A	0.0	(4,000.0)	N/A	(4,000.0)	
Sub-Total - One-Time Financing Sources	591,745.8	648,989.0	9.7%	57,243.2	606,152.6	-6.6%	(42,836.4)	
Total Adjusted Revenue	8,310,504.5	9,296,128.2	11.9%	985,623.7	9,750,676.5	4.9%	454,548.3	

BUDGET STABILIZATION FUND

Background

The Budget Stabilization Fund (BSF) for Arizona was enacted in 1990 (A.R.S. § 35-144). The fund is administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. The BSF is designed to set revenue aside during times of above-trend economic growth and to utilize this revenue during times of below-trend growth.

The Formula

The determination of the amount to be appropriated to (deposit) or transferred out (withdrawal) of the BSF is made using a formula based upon total annual Arizona personal income (excluding transfer payments) and adjusted for inflation.

The Budget Recommendation documents of the JLBC and the Governor are to include estimates of the amounts to be appropriated to or transferred from the BSF for the upcoming budget year. The final determination of the amount to be appropriated or transferred is based on calculations from the Arizona Economic Estimates Commission (EEC). This final calculation is not made until June 1 of the budget year. The EEC determines the annual growth rate of inflation-adjusted total state personal income, the trend growth rate over the past 7 years, and the calculated appropriation to or transfer from the BSF. The EEC calculations however, do not result in any automatic deposits or withdrawals, as they must be authorized by legislative action.

Key features of the BSF can be summarized as follows:

- The deposit into or withdrawal from the BSF for a given fiscal year is determined by comparing the annual growth rate of inflation adjusted Arizona Personal Income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of inflation adjusted AZPI for the most recent 7 years.
- Adjusted personal income in the BSF formula is defined as total Arizona personal income less transfer payments, adjusted by the gross domestic product price deflator index.
- If the annual growth rate exceeds the trend growth rate, the excess multiplied by General Fund revenue of the prior fiscal year would equal the amount to be deposited into the BSF.
- If the annual growth rate of Arizona personal income is both less than 2% and less than the trend growth rate, the deficiency when multiplied by the General Fund revenue of the prior year would equal the amount to be withdrawn from the BSF. This 2% floor

avoids withdrawing monies from the BSF when economic conditions are slowing but there is not a recession.

- By a two-thirds majority, the Legislature, with the concurrence of the Governor, can decrease a deposit or increase a withdrawal.
- The BSF's total balance cannot be larger than 7.0% of the current year's General Fund revenues.
- In addition to the fixed income investments available to the Treasurer, the 1998 Legislature allowed the Treasurer to invest up to 25% of the BSF in equity securities (Laws 1998, Chapter 266).

Alternative Uses

Laws 2000, 7th Special Session, Chapter 1 required that the refund payments for alternative fuel vehicle tax credits and Consumer Loss Recovery Fund liabilities would be funded by the Budget Stabilization Fund up to \$200 million. Between FY 2001 and FY 2005, an amount of \$118.8 million was paid from the BSF for alternative fuel costs. It is estimated that total costs will be about \$122 million. For this reason, about \$3.2 million remains in reserve.

Deposits/Withdrawals

In FY 2005, Arizona real adjusted personal income grew by 5.53%, with a trend growth rate of 4.68%. Since annual income growth was 0.85% above the trend, the BSF formula recommended a deposit of \$56.8 million. However, the Legislature did not authorize such a deposit.

Pursuant to Laws 2004, Chapter 275, 3 separate deposits to the BSF were made in FY 2005, for a total of \$156.5 million. These deposits were additional appropriations to the BSF "triggered" when General Fund revenues exceeded certain enacted revenue targets. The FY 2004 General Fund revenue surplus resulted in the first BSF deposit of \$22.8 million in FY 2005. The revenue surplus for the first 4 months of FY 2005 resulted in the second BSF deposit of \$67.6 million, while the revenue surplus for the following 2-month period triggered the third and final FY 2005 BSF deposit of \$66.1 million.

The FY 2006 General Appropriation Act included 3 conditional appropriations (or "triggers") to the BSF in FY 2006. The first trigger provided that any amount of FY 2005 General Fund revenues in excess of the budgeted forecast in the final months of the fiscal year would be deposited into the BSF. This provision was vetoed by the Governor. The second trigger would deposit all excess General Fund revenues collected in the first half of FY 2006, while the third trigger would deposit all excess revenues in the second half of FY 2006.

Total FY 2006 excess revenues are projected to be \$740.8 million, of which about \$300 million will be collected in the first half of the fiscal year and the remaining \$440.8 million in the second half.

Under statute, the fund balance cannot exceed 7% of current year General Fund revenues, which for FY 2006 equates to \$606.0 million (7% of \$8.66 billion). Given a FY 2006 beginning balance of \$160.8 million plus \$5.4 million in interest earnings, the net deposit of excess FY 2006 revenues to reach \$606.0 million would be an estimated \$439.8 million. Of that amount, \$300 million would be deposited after the first half of FY 2006 and \$139.8 million after the second half. Of total excess revenues of \$740.8 million, \$439.8 million would be deposited into the BSF and \$301.0 million would remain in the General Fund.

In FY 2006, real adjusted annual income is projected to grow by 5.41% compared to a trend growth rate of 4.13%. Since annual income growth is expected to be 1.28% above the trend, the BSF formula would suggest a FY 2006 deposit of \$101.8 million compared to the projected \$439.8 million deposit.

In FY 2007, annual income growth is projected to be 2.19% above the trend, which means that the formula would suggest a FY 2007 BSF deposit of \$189.6 million. The maximum fund balance for FY 2007 is projected to be \$639.8 million (7% of \$9.14 billion), but since the beginning balance is \$606.0 million, the maximum deposit would be limited to \$33.8 million, of which \$24.2 million would come from interest earnings. The JLBC recommends that the remaining \$9.6 million be appropriated from the General Fund into the BSF.

Table 1

**Budget Stabilization Fund
(\$ in Thousands)**

	Actual FY 2004	Actual FY 2005	Estimate FY 2006	Estimate FY 2007
General Fund Revenues				
Adjusted Revenues	\$6,882,328.3	\$7,950,117.6	\$8,657,139.2	\$9,140,523.9
Statutory Limit of Revenues	7.00%	7.00%	7.00%	7.00%
Maximum Balance	481,763.0	556,508.2	605,999.7	639,836.7
Arizona Personal Income in Prior CY				
Real Adjusted Annual Income Growth	1.98%	5.53%	5.41%	6.54%
7-Year Average Income Growth	4.70%	4.68%	4.13%	4.35%
Annual Difference	-2.72%	0.85%	1.28%	2.19%
BSF Transactions				
Beginning BSF Balance	13,765.7	13,524.8	160,834.5	605,999.7
BSF Formula Recommendation	(169,505.0)	56,813.9	101,761.5	189,591.3
Actual Transfer In				
Conditional Appropriations - L'04, Ch. 275 ^{1/}	0.0	156,490.5	0.0	0.0
Conditional Appropriation - L'05, Ch. 286, Part 1 ^{2/}	0.0	0.0	300,000.0	0.0
Conditional Appropriation - L'05, Ch. 286, Part 2 ^{3/}	0.0	0.0	139,772.1 ^{4/}	0.0
Proposed Transfer In	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>9,597.0</u>
SUBTOTAL	0.0	156,490.5	439,772.1	9,597.0
Actual Transfer Out				
Payment of Alternative Fuel Credits ^{5/}	(643.2)	(1,485.6)	(3,200.0)	0.0
BSF Transfer to GF - L'04, Ch. 275 ^{6/}	<u>0.0</u>	<u>(8,000.0)</u>	<u>0.0</u>	<u>0.0</u>
SUBTOTAL	(643.2)	(9,485.6)	(3,200.0)	0.0
Balance	13,122.5	160,529.7	597,406.6	615,596.8
Interest Earnings & Equity Gains/Losses	402.3	304.8	8,593.2	24,239.9
Ending BSF Balance	\$13,524.8	\$160,834.5	\$605,999.7	\$639,836.7
Percent of Revenues	0.2%	2.0%	7.0%	7.0%

^{1/} Actual FY 2004 and FY 2005 revenues were above budget forecasts and for this reason triggered 3 separate FY 2005 appropriations to the BSF that totaled \$156.5 million.
^{2/} If actual revenues exceed the budget forecast for the first 6 months of FY 2006, the total amount of such excess revenues will be appropriated to the BSF.
^{3/} If actual revenues for all of FY 2006 exceed the budget forecast, the total amount of such excess revenues, minus any amount appropriated under footnote ^{2/}, will be appropriated to the BSF.
^{4/} This amount would not be deposited until a final determination of FY 2006 revenues is made in July 2006 (FY 2007).
^{5/} The alternative fuel credit payout of BSF money was \$(118.8) million between FY 2001 and FY 2005. It is estimated that the ultimate total could be \$(122) million. \$3.2 million remains in reserve.
^{6/} The alternative fuel credit payout was originally estimated to be \$130 million. This estimate was later reduced to \$122 million. As a result, \$8 million was transferred from the BSF to the General Fund in FY 2005.

FY 2007 - FY 2009 PROJECTIONS

LONG-TERM GENERAL FUND ESTIMATES

The JLBC Staff has developed General Fund baseline estimates through FY 2009 to assist the Legislature in evaluating the state's long-run fiscal condition. Given the multiple years involved in these calculations, long-run estimates are especially sensitive to small percent changes in revenue and spending growth. For example, a 1% change in the growth rate of either revenue or spending in FY 2007 through FY 2009 would change the ending balance calculations by almost \$600 million. As a result, the following projections are subject to considerable change.

Baseline Revenues

The JLBC baseline revenue estimates are based on a consensus forecasting process. As with FY 2007 revenues, the long-run estimates are based on the average of 4 different forecasts. This process is described in more detail in the *General Fund Revenue* section.

The projected overall General Fund growth is 5.2% in FY 2008 and 6.0% in FY 2009. *Table 1* includes the individual forecast components. These estimates are relatively cautious compared to typical revenue gains in Arizona during an economic expansion. While potentially cautious, these estimates also do not reflect a recession during the forecast period. If a recession were to occur, the growth rates could be overstated. In general, economic forecasts become more conservative further out in the future.

Table 1

Consensus Forecast Percentages

	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>
<u>FY 2008</u>					
Sales Tax Individual	5.8%	3.0%	5.2%	6.0%	5.0%
Income Tax Corporate	6.8%	4.8%	7.8%	7.0%	6.6%
Income Tax Total	4.3%	(10.1)%	3.7%	6.4%	1.1%
					5.2%
<u>FY 2009</u>					
Sales Tax Individual	6.6%	4.3%	5.8%	6.0%	5.7%
Income Tax Corporate	8.1%	6.5%	8.4%	7.0%	7.5%
Income Tax Total	6.0%	(6.4)%	0.9%	3.0%	0.9%
					6.0%

The FY 2008 and FY 2009 estimate includes a one-time adjustment for the payment of tax refunds associated with corporate consolidated returns. Laws 1994, Chapter 41 permitted a corporation to file an amended return back to 1986 to reflect a consolidated return rather than separately filing for its various related entities. Any refunds generated by these amended returns, which have not offset existing liability, are to be paid back by FY 2008. The projected one-time refund cost is \$4 million in FY 2007 and \$55 million in FY 2008.

Laws 2003, Chapter 266 requires the state to contribute to the expansion and renovation of the Phoenix Civic Plaza. The state's obligation for this project is to pay the debt service on \$300 million of construction bonds, beginning with \$5 million the first year after construction is completed. This obligation increases over a period of years to a maximum of \$30 million per year. It is currently anticipated that this first \$5 million payment will occur in FY 2009, which has been reflected as a reduction in revenues.

The projected level of General Fund revenue is \$9.51 billion in FY 2008 and \$10.07 billion in FY 2009. These estimates assume that any prior year shortfall is eliminated before the beginning of the following fiscal year.

Baseline Spending

The long-term General Fund expenditures reflect the requirements of existing statutory funding formulas and other obligations. Excluding one-time items, permanent baseline spending is projected to increase 7.5% in FY 2008 and 5.7% in FY 2009. In addition to normal rates of statutory formula growth, the long-term projections include:

- An additional \$25 million each year for state employer health insurance expenses.
- A \$35 million increase in FY 2008 for the first General Fund debt service payment on university technology infrastructure projects, as required by Laws 2003, Chapter 267.
- \$100 million in added School Facilities Board new construction costs in FY 2008. The Board will no longer have one-time fund balances to supplement its construction budget, as will occur in FY 2007.
- \$56 million in FY 2009 to annualize funding for 3,000 new private prison beds that would open in FY 2008.

Overall spending, including one-time adjustments, would be \$9.44 billion in FY 2008 and \$9.99 billion in FY 2009. These estimates may be conservative as they do not include numerous potential discretionary funding increases. *See page 60 for the projected spending levels of major agencies.*

Available Resources/Legislative Initiatives

Given forecasted revenues of \$9.75 billion and a formula spending level of \$8.90 billion for FY 2007, the starting point for FY 2007 budget discussion is a \$850 million balance. The FY 2007 JLBC budget reserves this amount for legislative initiatives, including:

- Tax Relief
- State Employee Pay
- Border Enforcement
- Truth in Budgeting (repayment of fund sweeps and shifts, rollover)
- New Capital Projects
- Education Reform, and
- Ending Balance

Prior to the legislative initiatives, the FY 2007 JLBC budget has a structural surplus of approximately \$368 million. To prevent the FY 2007 budget from incurring a structural shortfall, the JLBC recommends that no more than \$368 million of the \$850 million in legislative initiatives be allocated to permanent revenue or spending changes. If all of the \$850 million is dedicated to one-time initiatives, the FY 2007 budget would have a structural surplus of \$368 million.

Ending Balance and Structural Balance

The projected FY 2008 and FY 2009 ending balances are a product of both baseline revenue and spending projections for those 2 years as well as legislative decisions in allocating the \$850 million in available FY 2007 resources. If the \$850 million is not set aside for budget reserves, the FY 2008 General Fund ending balance would have a projected shortfall of \$(297) million after accounting for baseline revenue and spending projections. By the end of FY 2009, the shortfall would decline slightly to \$(287) million. These projected shortfalls would decline dollar-for-dollar to the extent that the \$850 million is reserved for the ending balance. *See page 59 for a Statement of General Fund Revenues and Expenditures.*

The structural balance, the amount by which permanent revenues differs from permanent spending, is even more dependent on FY 2007

allocation decisions. As noted above, the JLBC recommends no more than \$368 million of the \$850 million be devoted to permanent initiatives. At that level, there would be a structural shortfall of \$(242) million in FY 2008 and \$(273) million in FY 2009.

From the opposite perspective, there would be a structural surplus of \$126 million in FY 2008 and \$95 million in FY 2009 if all of the \$850 million is allocated for one-time purposes.

As noted above, a 1% change in growth rates between FY 2007 and FY 2009 would change these estimates by almost \$600 million.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
WITH ONE-TIME FINANCING SOURCES**

	<u>FY 2006</u> <u>Estimate</u> ^{1/}	<u>FY 2007</u> <u>JLBC</u>	<u>FY 2008</u> <u>JLBC Forecast</u>	<u>FY 2009</u> <u>JLBC Forecast</u>
REVENUES				
On-going Revenues	\$9,084,056,100	\$9,720,707,700	10,216,463,800	10,804,018,700
Enacted Revenue Adjustments	6,362,000	12,362,000	12,362,000	12,362,000
Enacted Tax Law Changes	(18,050,000)	(37,230,000)	(62,552,000)	(95,165,000)
Urban Revenue Sharing	(425,228,900)	(551,315,800)	(604,793,400)	(648,943,300)
Revised On-going Revenues	<u>8,647,139,200</u>	<u>9,144,523,900</u>	<u>9,561,480,400</u>	<u>10,072,272,400</u>
One-time Revenues				
Balance Forward	638,989,000	610,152,600	1,000,000	0
Corporate Consolidated Returns	0	(4,000,000)	(55,500,000)	0
New FY 2006 Fund Transfers	10,000,000	0	0	0
Subtotal One-time Revenues	<u>648,989,000</u>	<u>606,152,600</u>	<u>(54,500,000)</u>	<u>0</u>
Total Revenues	\$9,296,128,200	\$9,750,676,500	\$9,506,980,400	\$10,072,272,400
EXPENDITURES				
Operating Budget Appropriations	8,194,258,600	8,799,992,400	9,458,570,700	10,000,649,300
FY 06 Supplementals	31,669,300	0	0	0
Flores Litigation	0	29,610,000	29,610,000	29,610,000
Maximizing Federal Fund Savings	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
Administrative Adjustments	23,000,000	23,000,000	23,000,000	23,000,000
Reversions	(51,169,300)	(51,169,300)	(51,169,300)	(51,169,300)
Subtotal Permanent Expenditures	<u>8,172,758,600</u>	<u>8,776,433,100</u>	<u>9,435,011,400</u>	<u>9,977,090,000</u>
One-time Expenditures				
SFB Deficiencies Corrections	20,000,000	0	0	0
SFB Payment Holiday	(22,005,100)	0	0	0
Capital Outlay	17,150,000	15,000,000	0	0
Ladewig Litigation Payments	58,300,000	99,200,000	0	0
Budget Stabilization Fund Deposits	439,772,100	9,597,000	1,268,100	14,354,600
Subtotal One-time Expenditures	<u>513,217,000</u>	<u>123,797,000</u>	<u>1,268,100</u>	<u>14,354,600</u>
Total Expenditures	\$8,685,975,600	\$8,900,230,100	\$9,436,279,500	\$9,991,444,600
NET AVAILABLE RESOURCES ^{2/}	\$610,152,600	\$850,446,400		
Legislative Initiatives: On-going		Up to 368,090,800 ^{3/}	368,090,800	368,090,800
Legislative Initiatives: One-time		At least 481,355,600 ^{3/}	0	0
Ending Balance	\$610,152,600	\$1,000,000	(\$297,389,900)	(\$287,263,000)
Structural Balance ^{4/}	\$474,380,600	\$0 ^{5/}	(\$241,621,800) ^{5/}	(\$272,908,400) ^{5/}
		368,090,800 ^{6/}	126,469,000 ^{6/}	95,182,400 ^{6/}

^{1/} Reflects current status of FY 2006, including updated revenues.

^{2/} Revenues less expenditures.

^{3/} JLBC recommends allocating up to \$368.1 million of the net available resources to on-going initiatives and at least \$481.4 million to one-time initiatives, so as to avoid a structural shortfall.

^{4/} The structural balance in this calculation reflects the difference between permanent on-going revenues and permanent expenditures. The structural balance will depend on the allocation of legislative initiatives.

^{5/} If \$368.1 million of the \$850 million in net available FY 2007 resources is allocated to on-going initiatives.

^{6/} If none of the \$850 million in net available FY 2007 resources is allocated to on-going initiatives.

MAJOR BUDGET UNITS

<u>EXPENDITURES</u>	<u>FY 2006</u> <u>Estimate</u>	<u>FY 2007</u> <u>JLBC</u>	<u>\$ Above FY 06</u>	<u>FY 2008</u> <u>JLBC Forecast</u>	<u>\$ Above FY 07</u>	<u>FY 2009</u> <u>JLBC Forecast</u>	<u>\$ Above FY 08</u>
Operating Budget							
-- Department of Administration	24,761,500	24,781,600	20,100	24,781,600	0	24,781,600	0
-- AHCCCS	1,035,090,900	1,207,331,400	172,240,500	1,357,331,400	150,000,000	1,477,331,400	120,000,000
-- Attorney General	25,037,500	18,996,500	(6,041,000)	18,996,500	0	18,996,500	0
-- Department of Commerce	11,450,100	11,450,100	0	11,450,100	0	11,450,100	0
-- Community Colleges	154,075,700	161,536,600	7,460,900	171,536,600	10,000,000	181,536,600	10,000,000
-- Department of Corrections	697,612,400	732,681,700	35,069,300	755,282,800	22,601,100	815,854,000	60,571,200
-- Department of Economic Security	630,214,300	662,048,000	31,833,700	689,388,000	27,340,000	719,621,800	30,233,800
-- Department of Education	3,342,529,300	3,567,247,100	224,717,800	3,795,513,000	228,265,900	4,039,572,300	244,059,300
-- Department of Environmental Quality	24,347,000	24,347,000	0	24,347,000	0	24,347,000	0
-- Department of Health Services	476,823,200	527,277,400	50,454,200	559,968,600	32,691,200	583,207,300	23,238,700
-- Judiciary	117,541,200	120,258,800	2,717,600	121,200,400	941,600	121,200,400	0
-- Department of Juvenile Corrections	69,801,300	73,108,900	3,307,600	73,108,900	0	73,108,900	0
-- State Land Department	22,821,700	21,493,900	(1,327,800)	21,493,900	0	21,493,900	0
-- State Parks Board	22,447,600	22,380,500	(67,100)	22,380,500	0	22,380,500	0
-- Department of Public Safety	44,582,100	45,281,800	699,700	45,281,800	0	45,281,800	0
-- Department of Revenue	64,582,800	64,582,800	0	64,582,800	0	64,582,800	0
-- School Facilities Board	394,591,300	413,663,100	19,071,800	524,707,400	111,044,300	537,163,400	12,456,000
-- Office of Tourism	13,203,500	14,986,000	1,782,500	15,855,200	869,200	16,774,800	919,600
-- Universities	843,142,300	850,375,500	7,233,200	900,200,500	49,825,000	915,800,500	15,600,000
-- Department of Water Resources	18,796,600	17,096,600	(1,700,000)	17,096,600	0	17,096,600	0
-- All Other Budgets	160,679,500	165,112,900	4,433,400	165,112,900	0	165,112,900	0
-- FY 06 Pay Adjustments	126,800	0	(126,800)	0	0	0	0
-- Biennial Pay Adjustments	0	1,500,000	1,500,000	1,500,000	0	1,500,000	0
-- Attorney General Cost Allocation	0	3,895,800	3,895,800	3,895,800	0	3,895,800	0
-- State Employee Health Insurance	0	25,000,000	25,000,000	50,000,000	25,000,000	75,000,000	25,000,000
-- State Employer Retirement Increase	0	23,558,400	23,558,400	23,558,400	0	23,558,400	0
Total - Operating Budget	\$8,194,258,600	\$8,799,992,400	\$605,733,800	\$9,458,570,700	658,578,300	\$10,000,649,300	542,078,600
-- FY 06 Supplementals	31,669,300	0	(31,669,300)	0	0	0	0
-- Capital Outlay	17,150,000	15,000,000	(2,150,000)	0	(15,000,000)	0	0
-- Ladewig Set-aside	58,300,000	99,200,000	40,900,000	0	(99,200,000)	0	0
-- Flores Set-aside	0	29,610,000	29,610,000	29,610,000	0	29,610,000	0
-- Budget Stabilization Fund	439,772,100	9,597,000	(430,175,100)	1,268,100	(8,328,900)	14,354,600	13,086,500
-- Maximizing Federal Funds	(25,000,000)	(25,000,000)	0	(25,000,000)	0	(25,000,000)	0
-- Administrative Adjustments	23,000,000	23,000,000	0	23,000,000	0	23,000,000	0
-- Revertments	(51,169,300)	(51,169,300)	0	(51,169,300)	0	(51,169,300)	0
-- SFB Payment Holiday	(22,005,100)	0	22,005,100	0	0	0	0
-- SFB Deficiencies Corrections	20,000,000	0	(20,000,000)	0	0	0	0
Total Spending	\$8,685,975,600	\$8,900,230,100	\$214,254,500	\$9,436,279,500	536,049,400	\$9,991,444,600	555,165,100

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