

FY 2012
Baseline Book

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JLBC

FY 2012
Baseline Book

Prepared By

THE STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE

1716 West Adams Street
Phoenix, Arizona 85007
Phone: (602) 926-5491
FAX: (602) 926-5416
E-mail: jlbcwebmaster@azleg.gov
JLBC Web site: <http://www.azleg.gov/jlbc.htm>

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SUMMARY

FY 2012 BASELINE

Overview

This document provides 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 Baseline does not represent a budget proposal. By providing an estimate of available resources after statutory requirements, the Baseline will provide guidance on the size of a projected budget shortfall. As such, the Baseline is only a starting point for discussion on the FY 2012 budget.

The Baseline calculations result in a budget shortfall estimate of \$(531) million in FY 2011 and \$(974) million in FY 2012.

FY 2011

The current estimated FY 2011 shortfall is \$(531) million. This is the result of \$(86) million from lower than forecasted revenues and \$(469) million from the failure of 2 ballot fund transfers at the November 2010 general election. These losses are offset by \$19 million in surplus funding from lower than expected health and welfare caseloads and \$5 million in technical adjustments.

The enacted FY 2011 budget was originally based on 5.1% base revenue growth, prior to tax law adjustments. The Baseline assumes the FY 2011 year-end revenue growth will be slightly adjusted to 5.2%, based on the JLBC Staff forecast. The base growth rate does not include the 1¢ sales tax proceeds approved by the voters in May 2010. Those collections have not generated as much as anticipated, which accounts for most of the \$(86) million forecasted revenue shortfall. Total FY 2011 General Fund revenues are projected to be \$7.91 billion.

The Baseline accounts for the failure of 2 ballot measures at the November 2010 general election. These measures would have transferred fund balances from the Early Childhood Development and Health Board and the Land Conservation Fund to the General Fund. These transfers were assumed to have received voter approval in the enacted FY 2011 budget and estimated to have provided a net \$469 million to the General Fund.

The Baseline includes \$19 million in FY 2011 surplus funding, which would be ex-appropriated from the Department of Economic Security (DES) and the Arizona Health Care Cost Containment System (AHCCCS). While the original budget would have had a shortfall based on the enhanced federal Medicaid match rate being less than assumed in the enacted budget, lower-than-expected

caseloads and new AHCCCS rate reductions more than offset this cost.

FY 2012 Baseline Revenues

A FY 2012 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 econometric forecasting baseline model of the University of Arizona's Economic and Business Research (EBR) Center,
- EBR's conservative forecast model, and
- The JLBC Staff forecast.

This four-sector consensus forecast yields a FY 2012 revenue increase of \$397 million, or 5.4%, reflecting the underlying base growth in state revenues, excluding urban revenue sharing, previously-enacted tax law changes, and one-time revenues.

Including all factors, state revenues are projected to increase from \$7.91 billion in FY 2011 to \$8.31 billion in FY 2012. Besides the \$397 million growth in base revenues, the state would:

- Gain \$50 million from a lower Urban Revenue Sharing distribution, which is based on 15% of income tax collections from 2 years prior. The decline from FY 2009 to FY 2010 in income tax collections will result in less money distributed to cities and towns than in FY 2011.
- Gain \$71 million from higher 1¢ sales tax collections.
- Lose a net of \$(105) million in one-time FY 2011 revenues, primarily the loss of fund transfers.
- Lose a net of \$(14) million for previously-enacted budget legislation.

(See the General Fund Revenue section for more information.)

FY 2012 Baseline Spending

Statutory funding formulas and other obligations are expected to generate \$842 million, or 10.0%, in new FY 2012 General Fund costs. Of the total change, \$876 million restores one-time Federal funding to support statutory funding formulas in K-12 and health and welfare programs. An additional \$80 million would cover a one-time payment for a 27th pay period required in FY 2012.

Overall state General Fund spending would equal \$9.28 billion. Besides the one-time expenditure increases, other

major components of spending changes include the following major expenditure areas:

- Health and Welfare programs: \$(171) million for lower-than-budgeted FY 2011 Medicaid caseload growth and provider rate reductions offset by 1.9% caseload growth in FY 2012;
- K-12: \$55 million for funding 1.4% student growth and inflation of 0.9% on a limited base, offset by 2.3% property growth and savings from the previously-enacted limitation of Homeowner's Rebate funding to statewide school taxes;
- Universities: \$(53) million for extending the performance pay/furlough reduction to the Universities, which were exempt in FY 2011;
- SFB Debt Service: \$97 million for restoring funding for a one-time \$60 million FY 2011 lease-purchase payment "holiday" and increases in other lease-purchase schedules; and
- Other Adjustments: \$(42) million, including \$(20) million from final Growing Smarter deposit pursuant to original initiative and \$(17) million from reduced lease-purchase payments on state buildings.

The Baseline includes a limited adjustment for K-12 inflation and no Medicaid rate adjustment and annualizes savings from a (5)% rate reduction to be implemented by AHCCCS effective April 1, 2011. If the full K-12 inflation rate had been applied along with a 5% Medicaid capitation increase, spending would have grown by \$152 million.

General Fund Shortfall

Given forecasted revenues of \$8.31 billion and a formula spending level of \$9.28 billion, the FY 2012 Baseline has a \$(974) million shortfall. If no permanent solutions are enacted in FY 2012, the estimated shortfall is near \$(612) million in FY 2013 and then grows to \$(1.12) billion in FY 2014 as the 1¢ sales tax expires. These 3-year estimates, however, are very sensitive to small percent changes in revenue and spending growth.

In addition, the shortfall estimates do not include over \$1 billion in funding formula costs that are suspended annually, but have not been permanently repealed. (*See Long-Term General Fund Estimates section for more information.*)

Beyond its cash balance, a budget is also evaluated by the difference between ongoing revenues and expenditures. This concept is known as the "structural" balance. Under the FY 2012 Baseline, ongoing spending exceeds ongoing revenues for a structural shortfall of \$(978) billion.

Annual and Biennial Budgets

The state has both an annual and biennial budget process. Under state law, the annual budget process is limited to 17

large agencies, while the rest of the state's 116 budget units have a 2-year appropriation cycle. In the first regular session of each legislative biennium, the Legislature typically adopts both annual and biennial budgets. Given the FY 2012 budget shortfall, the Baseline includes only FY 2012 funding for all budget units, regardless of whether they are annual or biennial budget units. The Baseline also includes FY 2011 supplementals and ex-appropriations for selected budget units.

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 Baseline includes a FY 2012 Other Fund appropriated spending level of \$3.06 billion, or 1.8% above FY 2011.

The level of FY 2012 non-appropriated state funds is expected to be \$6.38 billion, while non-appropriated Federal Funds are forecasted to be \$10.16 billion. When all appropriated and non-appropriated fund sources are combined, total FY 2012 state spending would be \$28.89 billion before action to reduce the General Fund shortfall.

The Baseline also includes \$85 million in fund transfers, a decrease of \$(111) million from the FY 2011 total. The decrease is the result of not continuing excess balance transfers as well as eliminating some "fund reductions and transfers" for funds whose ongoing revenues would not permit a General Fund transfer in FY 2012.

Other Information

Besides providing line item detail on individual agencies, this Baseline book also includes sections with information on the following topics:

- A narrative Summary of Baseline Assumptions;
- Detailed changes and overall totals by agency;
- FY 2011 Supplementals and Ex-Appropriations;
- Number of State Employees;
- Budget Reconciliation Bill provisions, which are statutory revisions associated with enacting a FY 2012 budget;
- Major Footnote Changes;
- Long-Term General Fund Estimates; and
- Technical Budget Assumptions.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES 1/
WITH ONE-TIME FINANCING SOURCES**

	FY 2011 Adjusted	FY 2012 Baseline
REVENUES		
Ongoing Revenues	\$7,347,096,300	\$7,744,223,800
Budget Legislation Changes <u>2/</u>		(16,230,200)
1¢ Sales Tax <u>3/</u>	814,756,300	886,024,500
County Contributions	34,600,000	34,600,000
Urban Revenue Sharing	(474,006,500)	(424,423,400)
Net On-going Revenues	\$7,722,446,100	\$8,224,194,700
One-time Financing Sources		
Balance Forward	(5,723,000)	
Budget Legislation Changes <u>4/</u>	(1,956,000)	
Fund Transfers <u>5/</u>	195,342,900	84,548,700
Subtotal One-time Revenues	\$187,663,900	\$84,548,700
Total Revenues	\$7,910,110,000	\$8,308,743,400
EXPENDITURES		
Operating Budget Appropriations	\$9,524,320,600	\$9,240,416,800
FY 2011 Ex-Appropriations <u>6/</u>	(19,249,100)	
Administrative Adjustments	78,000,000	73,388,300
Revertments <u>7/</u>	(112,905,100)	(111,256,400)
Subtotal Ongoing Expenditures	\$9,470,166,400	\$9,202,548,700
One-time Expenditures		
Capital Outlay	\$4,000,000	
Additional (27th) Pay Period		80,000,000
Temporary Federal Assistance	(973,385,200)	
SFB Debt Refinance	(60,000,000)	
Subtotal One-time Expenditures	(\$1,029,385,200)	\$80,000,000
Total Expenditures	\$8,440,781,200	\$9,282,548,700
Ending Balance <u>8/</u>	(\$530,671,200)	(\$973,805,300)
Structural Shortfall <u>9/</u>	(\$1,747,720,300)	(\$978,354,000)

1/ Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.

2/ See page 375 for details.

3/ On-going through FY 2013.

4/ See page 376 for details.

5/ See page S-19 for details.

6/ See page S-30 for details.

7/ Assumes that the level of continuing appropriations remains at the FY 2010 level of \$35.5 million through FY 2012.

8/ This calculation reflects the difference between total revenues and total expenditures.

9/ This calculation reflects the difference between ongoing revenues and expenditures.

SUMMARY OF FY 2012 BASELINE ASSUMPTIONS

- The Baseline provides an estimate of the General Fund shortfall for the current and upcoming budget year. The revenue projections reflect the consensus economic forecasts while the spending estimates represent funding formula requirements and other obligations.

General Fund Balances

- Given FY 2011 revenues of \$7.91 billion and spending of \$8.44 billion, the state has a projected current year shortfall of \$(531) million.
- In terms of FY 2012, the Baseline revenue estimate is \$8.31 billion, compared to Baseline spending of \$9.28 billion. The Baseline cash shortfall is \$(974) million.
- The state's fiscal condition is also evaluated by the comparison between the state's permanent ongoing revenues and permanent ongoing spending. The FY 2012 Baseline has a structural shortfall of \$(978) million.
- If no FY 2012 solutions are permanent, the state is projected to have a shortfall of \$(612) million in FY 2013 and \$(1.12) billion in FY 2014, the latter due to the expiration of the one-cent sales tax increase.

General Fund Revenues

- Based on the JLBC Staff forecast, FY 2011 base revenues are projected to increase by 5.2%, excluding tax law changes. Including one-time revenues, projected FY 2011 revenues are \$7.91 billion, which is \$(649) million below the enacted budget, largely due to the failure of the 2 budget related ballot propositions.
- FY 2012 General Fund revenues are projected to be \$8.31 billion. FY 2012 base revenues are projected to increase by 5.4%, excluding tax law changes.
- Urban Revenue Sharing (URS) distributions for FY 2012 will total \$424.4 million. By statute, URS is based on 15% of income tax collections 2 years prior. This amount is a reduction of \$(49.6) million compared to FY 2011, due to the substantial decline in income tax revenues.

General Fund Spending

- FY 2012 General Fund spending is projected to be \$9.28 billion.
- Spending would increase by \$841.8 million, or 10.0%, above the FY 2011 budget, largely due to the General Fund backfill of one-time federal assistance for statutory funding formulas. Excluding the one-time Federal Funds backfill, spending would decline by approximately \$(35) million, or (0.4)%.
- The entire state budget, including both appropriated and non-appropriated funds, is projected to be approximately \$29 billion.

Education

Department of Education

- ADE spending would increase by \$147.7 million, or 4.2%. Excluding Federal Funds backfill, the net increase in ADE spending would be \$54.9 million, or 1.5%. The \$147.7 million adjustment includes:
 - \$92.8 million to offset one-time federal assistance.
 - \$54.9 million for formula changes:
 - ⇒ \$109.8 million for an increase of 14,900 students, or 1.4%, for a total of 1,073,000.
 - ⇒ \$3.8 million for a 0.9% inflation adjustment for transportation and charter additional assistance. Prior to FY 2011, the State had inflated the per pupil "base level" as well. That adjustment would have cost another \$39.9 million.
 - ⇒ \$(35.7) million net decrease for 2.3% property growth.
 - ⇒ \$(70.5) million for savings from limiting the 40% subsidy of homeowner property taxes to statewide school taxes. This change was enacted last year.
 - ⇒ \$50.0 million for a projected prior year shortfall.

School Facilities Board

- SFB spending would increase by \$96.6 million, or 142.9%. The \$96.6 million adjustment includes:
 - ⇒ \$26.5 million to pay for increased debt service associated with past lease-purchase agreements.
 - ⇒ \$60.0 million to backfill one-time FY 2011 savings associated with refinancing SFB's outstanding debt.
 - ⇒ \$10.1 million to pay for debt service related to issuances made in FY 2010 and FY 2011.
- The Baseline assumes no new cash payments for construction in FY 2012.

Universities

- The Universities' General Fund spending would decrease by \$(52.9) million, or (5.9)%, due to the implementation of the statewide salary reduction/furlough as required by last year's budget legislation. The implementation for the Universities was delayed until FY 2012 due to the federal stimulus maintenance of effort requirements.
- University enrollment is projected to be 123,416 full-time equivalent students in FY 2012, representing a comparable increase of 4,217 in-state students, or 5.0% above FY 2011. University enrollment growth is not part of a statutorily-required formula and is not included in the Baseline. Enrollment growth would have cost \$28.4 million.

Community Colleges

- The Community College's General Fund spending would decrease by \$(2.1) million, or (1.6)% primarily due to statutory equalization aid formula decreases.
- Enrollment is projected to increase by 11,992 full-time equivalent students, or 9.7%, for a total enrollment of 135,789.

Health and Welfare

AHCCCS

- AHCCCS' General Fund spending would increase by \$437.3 million, or 31.9%. Excluding Federal Funds backfill, the AHCCCS budget would decrease by \$(144.3) million, or (10.5)%. The \$437.3 million includes:
 - ⇒ \$581.6 million for the backfill of one-time federal Medicaid match assistance.
 - ⇒ \$(57.1) million for FY 2011 caseload savings.
 - ⇒ \$(30.1) million for the continued utilization savings from the October 2010 capitation adjustment.
 - ⇒ \$(20.0) million for drug rebate savings.
 - ⇒ \$(62.2) million for the new 5% April 2011 provider rate adjustment.
 - ⇒ \$25.1 million for new FY 2012 caseload growth.
- Under current eligibility levels, total caseloads would be projected to increase 1.9% from June 2011 to June 2012. Total population would reach 1.41 million by June 2012.

Department of Health Services

- DHS' General Fund spending would increase by \$110.6 million, or 25.2%. Excluding one-time Federal Funds backfill, the DHS budget would decrease by \$(16.7) million, or (3.8)%. The \$110.6 million includes:
 - ⇒ \$127.3 million for the backfill of one-time federal Medicaid match assistance.
 - ⇒ \$5.0 million for new FY 2012 caseload growth.
 - ⇒ \$(14.3) million to reverse a shift of monies from Medicaid services to the agency's operating budget.
- Healthcare provider payments would not increase for inflation and utilization. A 5% adjustment would have otherwise cost \$21.8 million.
- Total number of individuals receiving Medicaid behavioral health services is projected to increase 2.3% from June 2011 to June 2012. The total served population would reach 129,000 by June 2012.

Department of Economic Security

- DES General Fund spending would increase by \$64.2 million, or 10.3%. Excluding one-time Federal Funds backfill, the DES Baseline would decrease by \$(10.4) million, or (1.7)%. The \$64.2 million includes:
 - ⇒ \$74.6 million for the backfill of one-time federal Medicaid match assistance.
 - ⇒ \$18.0 million for an increase of 1,202 new clients, or 5.0%, in the Medicaid Developmental Disabilities Long Term Care program. Total caseload would equal 25,244.
 - ⇒ \$(28.4) million for a Temporary Assistance for Needy Families (TANF) caseload decline of (27,160) recipients from the budgeted FY 2011 caseload of 70,000. Current caseload has already declined to 45,400.
- The Baseline includes no baseline increase for Developmental Disabilities provider payments due to inflation. A 5% adjustment for provider rate inflation would have otherwise cost \$16.1 million.

Criminal Justice

Department of Corrections

- ADC General Fund spending would decrease by \$(7.3) million, or (0.8)%. The Baseline includes:
 - ⇒ \$4.2 million to annualize the cost of 5,000 new state beds opened in FY 2011.
 - ⇒ \$(8.4) million from eliminating all remaining provisional beds in accordance with contract expiration dates.
 - ⇒ \$(3.2) million for lower than budgeted private prison contracted rates.
- The Baseline does not include funding for 5,000 private prison beds authorized by the FY 2010 budget as these beds are not expected to begin opening until FY 2013.
- The Baseline does not include funds for population growth or health care inflation. The Baseline assumes population growth of 27 inmates/month for a total of 34,158 prisoners in state beds.
- ADC is expected to have a 1,586 bed shortfall by June 2011 and 1,910 by June 2012.

Environment

Parks Board

- Parks General Fund spending would decline from \$20 million to \$0 to reflect the last deposit to the Land Conservation Fund required by the 1998 ballot proposition. Park operations are primarily funded from park fees.

Financing and Payment Deferral

- The Baseline includes \$287.8 million from the General Fund for debt and lease-purchase payments in FY 2012. This includes:
 - ⇒ \$49.1 million for the annual payment for the \$1.0 billion state building sale/lease-back issuance.
 - ⇒ \$78.6 million for traditional capital lease-purchase payments.
 - ⇒ \$160.1 million for outstanding SFB lease-purchase agreements.
 - ⇒ The Baseline also includes \$20.7 million in diverted General Fund lottery revenues to pay the debt service on the \$450 million of lottery revenue bonds issued in FY 2010.
- The Baseline includes no net change in existing payment deferrals. The Baseline defers \$1.31 billion in spending from FY 2012 to FY 2013, including:
 - ⇒ \$953 million of school district payments.
 - ⇒ \$200 million of payments to the University system.
 - ⇒ \$118 million of AHCCCS payments.
 - ⇒ \$42 million of DES payments.

State Employee Issues

FTE Positions

- The Baseline would fund an increase of 125.5 Full-Time Equivalent (FTE) Positions in FY 2012, including:
 - ⇒ 144 additional positions to open a new veteran's home.
 - ⇒ A decrease of (18.5) FTE Positions due to technical changes.
- These adjustments would bring total appropriated FTE Positions to 49,923.5.

Employee Pay and Salary Issues

- The Baseline includes \$80 million for an additional employee payday. There are 27 scheduled pay periods in FY 2012, as opposed to the 26 that typically occur in other fiscal years.
- The Baseline continues the 5% statewide salary reduction that was enacted in the FY 2011 budget. This salary reduction was implemented as follows:
 - ⇒ For all state agencies, excluding non-gubernatorial elected officials, a 2.75% pay reduction, along with 6 furlough days (which equate to approximately a 2.3% pay reduction).
 - ⇒ For the offices of non-gubernatorial elected officials, a 5% personnel expenses reduction to be achieved through the use of pay reductions, furloughs, and/or vacancy savings.
- The Baseline does not include a change in funding for the employer share of health insurance and retirement costs. Surplus health insurance funds are expected to be sufficient to cover any cost increase in the former item. State agencies would absorb the employer share of higher retirement costs.

FY 2012 GENERAL FUND SUMMARY BY AGENCY

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
<u>BUDGET UNITS</u>			
Administration, AZ Department of	\$17,734,300	\$17,308,400	(\$425,900)
Administrative Hearings, Office of	908,200	908,200	0
Agriculture, AZ Department of	8,434,300	8,434,300	0
AHCCCS	1,376,901,300	1,814,194,300	437,293,000
Arts, Arizona Commission on the	665,600	665,600	0
Attorney General - Department of Law	17,536,100 <u>1/</u>	17,536,100	0
Capital Postconviction Public Defender Ofc, State	635,800	635,800	0
Charter Schools, State Board for	802,600	802,600	0
Commerce, Department of	1,466,500 <u>1/</u>	1,466,500	0
Community Colleges, Arizona	135,344,300	133,240,500	(2,103,800)
Corporation Commission	622,200	622,200	0
Corrections, State Department of	948,692,900	941,409,300	(7,283,600)
Deaf and the Blind, Schools for the	22,045,400	22,045,400	0
Economic Security, Department of	594,103,900 <u>2/</u>	658,345,000	64,241,100
Education, Department of	3,491,223,400	3,638,968,400	147,745,000
Emergency & Military Affairs, Dept of	12,545,600 <u>1/</u>	11,616,100	(929,500)
Environmental Quality, Department of	7,000,000	7,000,000	0
Equal Opportunity, Governor's Office of	194,400	194,400	0
Equalization, State Board of	661,000	661,000	0
Executive Clemency, Board of	865,400	865,400	0
Financial Institutions, State Department of	2,903,100	2,903,100	0
Fire, Building and Life Safety, Department of	2,014,400	2,014,400	0
Forester, State	5,971,100	5,971,100	0
Geological Survey, Arizona	794,100	794,100	0
Government Information Tech. Agency	742,000	742,000	0
Governor, Office of the	6,960,900	6,960,900	0
Gov's Ofc of Strategic Planning & Budgeting	1,936,400	1,936,400	0
Health Services, Department of	438,939,000	549,529,900	110,590,900
Historical Society, Arizona	5,861,400	5,861,400	0
Historical Society, Prescott	673,700	673,700	0
Independent Redistricting Commission	500,000	500,000	0
Indian Affairs, AZ Commission of	63,100	63,100	0
Insurance, Department of	5,468,800	5,468,800	0
Judiciary			
Supreme Court	20,017,900	20,017,900	0
Court of Appeals	14,712,700	14,712,700	0
Superior Court	79,155,900	79,155,900	0
SUBTOTAL - Judiciary	113,886,500	113,886,500	0
Juvenile Corrections, Department of	57,008,100	57,008,100	0
Land Department, State	3,212,300	1,152,300	(2,060,000)
Law Enforcement Merit System Council	69,500	69,500	0
Legislature			
Auditor General	16,447,200	16,447,200	0
House of Representatives	12,864,900	12,864,900	0
Joint Legislative Budget Committee	2,496,700	2,496,700	0
Legislative Council	4,738,800	4,738,800	0
Senate	8,097,600	8,097,600	0
SUBTOTAL - Legislature	44,645,200	44,645,200	0
Liquor Licenses & Control, Department of	0	0	0
Medical Student Loans, Board of	402,900	402,900	0
Mine Inspector, State	1,127,600	1,125,900	(1,700)
Mines & Mineral Resources, Department of	226,100	226,100	0
Navigable Stream Adjudication Commission	133,500	133,500	0
Occupational Safety & Health Review Board	0	15,000	15,000
Parks Board, Arizona State	20,000,000	0	(20,000,000)
Pioneers' Home, AZ	1,570,900	1,570,900	0
Postsecondary Education, Commission for	1,220,800	1,396,800	176,000
Public Safety, Department of	43,070,300	43,070,300	0
Racing, Arizona Department of	3,863,600	3,863,600	0
Radiation Regulatory Agency	1,396,500	757,000	(639,500)

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
Rangers' Pensions, Arizona	14,200	0	(14,200)
Real Estate Department, State	2,987,300	2,987,300	0
Revenue, Department of	43,709,000	43,709,000	0
School Facilities Board	67,580,500	164,166,100	96,585,600
Secretary of State	13,301,800	13,301,800	0
Tax Appeals, State Board of	252,700	252,700	0
Tourism, Office of	0	0	0
Transportation, Department of	54,600	54,600	0
Treasurer, State	1,115,100	1,115,100	0
Universities			
Arizona State University - Tempe/DPC	326,349,100	326,349,100	0
Arizona State University - East Campus	25,101,300	25,101,300	0
Arizona State University - West Campus	43,935,700	43,935,700	0
Northern Arizona University	133,118,100	133,118,100	0
Board of Regents	17,135,400	16,959,400	(176,000)
University of Arizona - Main Campus	271,315,400	271,315,400	0
University of Arizona - Health Sciences Center	73,234,900	73,234,900	0
SUBTOTAL - Universities	890,189,900	890,013,900	(176,000)
Veterans' Services, Department of	5,392,700	7,246,100	1,853,400
Water Resources, Department of	7,052,900	7,052,900	0
Weights and Measures, Department of	1,197,800	1,197,800	0
OPERATING BUDGET TOTAL	8,435,893,500	9,260,759,300	824,865,800
FY 2011 Ex-Appropriations	(19,249,100)	0	19,249,100
University Salary Savings ^{3/}	0	(52,884,100)	(52,884,100)
Additional Pay Period ^{4/}	0	80,000,000	80,000,000
Psychologist Examiners Backfill	25,000	0	(25,000)
Sale/Lease-Back Payment ^{5/}	54,826,600	49,050,700	(5,775,900)
Unallocated FY 2011 Lease-Purchase Adjustments	190,300	0	(190,300)
Lease-Purchase and Rent Adjustments ^{6/}	0	(16,509,100)	(16,509,100)
Capital	4,000,000	0	(4,000,000)
Administrative Adjustments	78,000,000	73,388,300	(4,611,700)
Revertments	(112,905,100)	(111,256,400)	1,648,700
GRAND TOTAL	\$8,440,781,200	\$9,282,548,700	\$841,767,500

^{1/} Adjusted for Laws 2010, Chapter 208, which shifts the administration of the Military Installation Fund from the Department of Commerce to the Department of Emergency and Military Affairs beginning on January 1, 2011.

^{2/} Removes \$(40,000,000) appropriated in the General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1 (HB 2001)) since Proposition 302 failed in the November General Election.

^{3/} See page 314.

^{4/} See page 387.

^{5/} See page 368.

^{6/} See page 362.

FY 2012 OTHER APPROPRIATED FUNDS SUMMARY BY AGENCY

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
<u>BUDGET UNITS</u>			
Accountancy, State Board of			
Board of Accountancy Fund	\$1,884,000	\$1,884,000	\$0
Acupuncture Board of Examiners			
Acupuncture Board of Examiners Fund	126,400	126,400	0
Administration, AZ Department of			
Air Quality Fund	714,100	714,100	0
Automation Operations Fund	18,944,200	18,944,200	0
Capital Outlay Stabilization Fund	17,348,200	17,348,200	0
Corrections Fund	564,000	564,000	0
Motor Vehicle Pool Revolving Fund	10,515,200	10,515,200	0
Personnel Division Fund	13,975,100	13,975,100	0
Risk Management Revolving Fund	92,389,100	91,005,900	(1,383,200)
Special Employee Health Insurance Trust Fund	5,182,700	5,182,700	0
State Surplus Materials Revolving Fund and Federal Surplus Materials Revolving Fund	2,856,300	2,856,300	0
Telecommunications Fund	1,840,300	1,840,300	0
Total - AZ Department of Administration	<u>164,329,200</u>	<u>162,946,000</u>	<u>(1,383,200)</u>
Administrative Hearings, Office of			
Healthcare Group Fund	14,500	14,500	0
Agriculture, AZ Department of			
Aquaculture Fund	9,200	9,200	0
Citrus, Fruit and Vegetable Revolving Fund	1,030,600	1,030,600	0
Commercial Feed Fund	300,300	300,300	0
Dangerous Plants, Pests and Diseases Fund	100,000	100,000	0
Egg Inspection Fund	919,000	919,000	0
Fertilizer Materials Fund	303,800	303,800	0
Livestock Custody Fund	79,400	79,400	0
Pesticide Fund	385,500	385,500	0
Arizona Protected Native Plant Fund	199,700	199,700	0
Seed Law Fund	53,900	53,900	0
Total - AZ Department of Agriculture	<u>3,381,400</u>	<u>3,381,400</u>	<u>0</u>
AHCCCS			
Budget Neutrality Compliance Fund	3,117,300	3,161,100	43,800
Children's Health Insurance Program Fund	40,967,600	30,189,500	(10,778,100)
Healthcare Group Fund	5,183,700	3,537,600	(1,646,100)
Tobacco Products Tax Fund			
Emergency Health Services Account	19,222,900	19,222,900	0
Tobacco Tax and Health Care Fund			
Medically Needy Account	38,295,800	38,295,800	0
Total - AHCCCS	<u>106,787,300</u>	<u>94,406,900</u>	<u>(12,380,400)</u>
Appraisal, State Board of			
Board of Appraisal Fund	616,600	616,600	0
Athletic Training, Board of			
Athletic Training Fund	0	101,700	101,700
Attorney General - Department of Law			
Antitrust Enforcement Revolving Fund	242,600	242,600	0
Attorney Gen'l Legal Svcs Cost Allocation Fund	5,474,200	5,474,200	0
Collection Enforcement Revolving Fund	3,313,400	3,313,400	0
Consumer Protection-Consumer Fraud Rev. Fund	3,463,800	3,463,800	0
Interagency Service Agreements Fund	13,135,800	13,135,800	0
Risk Management Revolving Fund	8,850,400	8,850,400	0
Victims' Rights Fund	3,241,700	3,241,700	0
Total - Attorney General - Department of Law	<u>37,721,900</u>	<u>37,721,900</u>	<u>0</u>
Automobile Theft Authority			
Automobile Theft Authority Fund	5,134,800	5,134,800	0
Barbers, Board of			
Board of Barbers Fund	345,100	324,100	(21,000)
Biomedical Research Commission, Arizona			
Tobacco Tax and Health Care Fund			

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
Health Research Account	500,000	500,000	0
Behavioral Health Examiners, Board of			
Board of Behavioral Health Examiners Fund	1,437,700	1,437,700	0
Chiropractic Examiners, State Board of			
Board of Chiropractic Examiners Fund	442,400	442,400	0
Commerce, Department of			
CEDC Fund	3,759,300	3,759,300	0
Commerce Development Bond Fund	146,300	146,300	0
Oil Overcharge Fund	186,700	186,700	0
State Lottery Fund	265,100	265,100	0
Total - Department of Commerce	4,357,400	4,357,400	0
Contractors, Registrar of			
Registrar of Contractors Fund	12,181,000	12,181,000	0
Corporation Commission			
Arizona Arts Trust Fund	51,200	51,200	0
Investment Management Regulatory and Enforcement Fund	697,200	697,200	0
Public Access Fund	5,964,400	5,964,400	0
Securities Regulatory and Enforcement Fund	4,298,400	4,298,400	0
Utility Regulation Revolving Fund	13,135,500	13,135,500	0
Total - Corporation Commission	24,146,700	24,146,700	0
Corrections, State Department of			
Alcohol Abuse Treatment Fund	554,400	554,400	0
Corrections Fund	29,017,600	27,517,600	(1,500,000)
Penitentiary Land Fund	979,200	979,200	0
Prison Construction and Operations Fund	11,499,400	11,499,400	0
State Charitable, Penal and Reformatory Institutions Land Fund	360,000	360,000	0
State Education Fund for Correctional Education	508,400	508,400	0
Transition Program Fund	180,000	180,000	0
Transition Program Drug Treatment Fund	555,000	555,000	0
Total - State Department of Corrections	43,654,000	42,154,000	(1,500,000)
Cosmetology, Board of			
Board of Cosmetology Fund	1,739,800	1,739,800	0
Criminal Justice Commission, Arizona			
Criminal Justice Enhancement Fund	621,600	621,600	0
Drug and Gang Prevention Resource Center Fund	235,200	235,200	0
State Aid to County Attorneys Fund	973,600	973,600	0
State Aid to Indigent Defense Fund	700,300	700,300	0
Victim Compensation and Assistance Fund	3,792,500	3,792,500	0
Total - Arizona Criminal Justice Commission	6,323,200	6,323,200	0
Deaf and the Blind, AZ Schools for the			
Schools for the Deaf and the Blind Fund	14,729,500	12,729,500	(2,000,000)
Total - AZ Schools for the Deaf and the Blind	14,729,500	12,729,500	(2,000,000)
Deaf and the Hard of Hearing, Comm. for the			
Telecommunication Fund for the Deaf	3,972,400	3,972,400	0
Dental Examiners, State Board of			
Dental Board Fund	1,150,100	1,143,100	(7,000)
Drug & Gang Prevention Resource Center			
Drug and Gang Prevention Resource Center Fund	0	0	0
Intergovernmental Agreements and Grants	344,400	0	(344,400)
Total - Drug & Gang Prevention Resource Center	344,400	0	(344,400)
Economic Security, Department of			
Child Abuse Prevention Fund	1,459,800	1,459,800	0
Child Support Enforcement Administration Fund	16,785,200	16,785,200	0
Children and Family Services Training Program Fund	207,100	207,100	0
Domestic Violence Shelter Fund	2,220,000	2,220,000	0
Federal Child Care and Development Fund Block Grant	130,688,200	130,688,200	0
Federal Reed Act Grant	3,561,000	3,561,000	0
Federal Temporary Assistance for Needy			

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
Families Block Grant	225,060,600	225,060,600	0
Long Term Care System Fund	30,520,500	30,520,500	0
Public Assistance Collections Fund	431,700	431,700	0
Special Administration Fund	1,135,300	1,135,300	0
Spinal and Head Injuries Trust Fund	1,874,500	1,874,500	0
Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	0
Workforce Investment Act Grant	56,052,100	56,052,100	0
Total - Department of Economic Security	470,996,000	470,996,000	0
Education, Department of			
Permanent State School Fund	46,475,500	46,475,500	0
Proposition 301 Fund	7,000,000	7,000,000	0
Teacher Certification Fund	2,300,700	2,300,700	0
Total - Department of Education	55,776,200	55,776,200	0
Emergency & Military Affairs, Dept of			
Emergency Response Fund	132,700	132,700	0
Environmental Quality, Department of			
Air Permits Administration Fund	7,058,500	7,058,500	0
Air Quality Fund	5,386,500	5,386,500	0
Clean Water Revolving Fund	5,000,000	5,000,000	0
Emissions Inspection Fund	33,086,600	33,086,600	0
Hazardous Waste Management Fund	1,719,600	1,719,600	0
Indirect Cost Recovery Fund	13,200,000	13,200,000	0
Solid Waste Fee Fund	2,299,900	2,299,900	0
Underground Storage Tank Fund	22,000	22,000	0
Used Oil Fund	138,900	138,900	0
Water Quality Fee Fund	6,141,600	6,141,600	0
Total - Department of Environmental Quality	74,053,600	74,053,600	0
Exposition and State Fair Board, AZ			
Arizona Exposition and State Fair Fund	11,085,300	11,085,300	0
Financial Institutions, Department of			
Financial Services Fund	792,700	739,000	(53,700)
Forester, State			
State Parks Heritage Fund	0	0	0
Funeral Directors and Embalmers, Board of			
Board of Funeral Directors & Embalmers Fund	344,100	344,100	0
Game and Fish Department, AZ			
Game and Fish Fund	34,701,900	34,701,900	0
Game, Nongame, Fish and Endangered			
Species Fund	334,700	334,700	0
Watercraft Licensing Fund	4,660,600	4,660,600	0
Waterfowl Conservation Fund	43,400	43,400	0
Wildlife Endowment Fund	16,000	16,000	0
Total - AZ Game and Fish Department	39,756,600	39,756,600	0
Gaming, Department of			
Tribal-State Compact Fund	2,003,600	2,003,600	0
State Lottery Fund	300,000	300,000	0
Arizona Benefits Fund	9,935,500	9,596,500	(339,000)
Total - Department of Gaming	12,239,100	11,900,100	(339,000)
Government Information Tech. Agency			
Information Technology Fund	3,172,300	3,172,300	0
State Web Portal Fund	3,900,000	800,000	(3,100,000)
Total - Government Information Technology Agency	7,072,300	3,972,300	(3,100,000)
Health Services, Department of			
Arizona State Hospital Fund	11,159,500	11,159,500	0
ASH Land Earnings Fund	1,150,000	1,150,000	0
Health Services Licensing Fund	8,463,300	8,463,300	0
Capital Outlay Stabilization Fund	1,587,500	1,587,500	0
Child Fatality Review Fund	95,400	95,400	0
Emergency Medical Services Operating Fund	5,093,200	5,093,200	0
Environmental Laboratory Licensure			
Revolving Fund	924,000	924,000	0
Federal Child Care and Development Fund			
Block Grant	836,100	836,100	0
Hearing and Speech Professionals Fund	315,700	315,700	0
Indirect Cost Fund	7,746,700	7,746,700	0

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
Newborn Screening Program Fund	6,749,900	6,749,900	0
Nursing Care Institution Resident Protection Fund	38,000	38,000	0
Substance Abuse Services Fund	2,250,000	2,250,000	0
Tobacco Tax and Health Care Fund			
Health Research Account	0 <u>2/</u>	0	0
Tobacco Tax and Health Care Fund Medically Needy Account	35,167,000	35,167,000	0
Vital Records Electronic System Fund	426,400	426,400	0
Total - Department of Health Services	82,002,700	82,002,700	0
Historical Society, Arizona			
Capital Outlay Stabilization Fund	430,800	430,800	0
Homeopathic & Integrated Medicine Examiners, Bd of Bd of Homeopathic & Integrated Medicine Exmnr's Fund	116,900	106,600	(10,300)
Housing, Department of			
Housing Trust Fund	927,200	927,200	0
Total - Department of Housing	927,200	927,200	0
Industrial Commission of AZ			
Industrial Commission Administrative Fund	19,715,700	19,715,700	0
Judiciary - Supreme Court			
Confidential Intermediary and Fiduciary Fund	483,000	483,000	0
Court Appointed Special Advocate Fund	3,429,700	2,929,700	(500,000)
Criminal Justice Enhancement Fund	2,970,000	2,970,000	0
Defensive Driving School Fund	5,259,200	5,259,200	0
Judicial Collection Enhancement Fund	13,808,700	13,808,700	0
Photo Enforcement Fund	5,326,100	0	(5,326,100)
State Aid to the Courts Fund	2,944,800	2,944,800	0
Total - Supreme Court	34,221,500	28,395,400	(5,826,100)
Judiciary - Superior Court			
Criminal Justice Enhancement Fund	6,939,700	6,939,700	0
Judicial Collection Enhancement Fund	5,029,700	5,029,700	0
Drug Treatment and Education Fund	500,000	500,000	0
Total - Superior Court	12,469,400	12,469,400	0
SUBTOTAL - Judiciary	46,690,900	40,864,800	(5,826,100)
Juvenile Corrections, Department of			
Criminal Justice Enhancement Fund	534,600	534,600	0
State Charitable, Penal and Reformatory Institutions Land Fund	1,098,600	1,098,600	0
State Education Fund for Committed Youth	2,266,900	2,266,900	0
Total - Department of Juvenile Corrections	3,900,100	3,900,100	0
Land Department, State			
Due Diligence Fund	500,000	500,000	0
Environmental Special Plate Fund	260,000	260,000	0
Trust Land Management Fund	9,888,400	12,548,400	2,660,000
State Parks Heritage Fund	0	0	0
Total - State Land Department	10,648,400	13,308,400	2,660,000
Liquor Licenses & Control, Department of			
Liquor Licenses Fund	2,667,200	2,667,200	0
Lottery Commission, AZ State			
State Lottery Fund	81,950,900 <u>3/</u>	86,948,600	4,997,700
Medical Board, Arizona			
Arizona Medical Board Fund	5,771,100	5,771,100	0
Medical Student Loans, Board of			
Medical Student Loan Fund	29,000	20,200	(8,800)
Mine Inspector, State			
Aggregate Mining Reclamation Fund	111,500	111,500	0
Total - State Mine Inspector	111,500	111,500	0
Naturopathic Physicians Medical Board			
Naturopathic Physicians Medical Board Fund	595,100	595,100	0
Nursing, State Board of			
Board of Nursing Fund	4,074,400	4,074,400	0
Nursing Care Institution Administrators Board			
Nursing Care Institution Administrators' Licensing & Assisted Living Facility Managers' Certification Fund	373,200	373,200	0

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
Occupational Therapy Examiners, Board of Occupational Therapy Fund	261,700	160,000	(101,700)
Opticians, State Board of Dispensing Board of Dispensing Opticians Fund	128,000	128,000	0
Optometry, State Board of Board of Optometry Fund	199,200	199,200	0
Osteopathic Examiners, AZ Board of Board of Osteopathic Examiners Fund	702,700	702,700	0
Parks Board, Arizona State Law Enforcement and Boating Safety Fund	2,206,700 ^{4/}	2,206,700	0
State Parks Enhancement Fund	7,807,000	7,807,000	0
Reservation Surcharge Fund	206,400	206,400	0
Total - Arizona State Parks Board	<u>10,220,100</u>	<u>10,220,100</u>	<u>0</u>
Personnel Board Personnel Board Account of the Personnel Division Fund	373,200	373,200	
Pest Management, Office of Pest Management Fund	2,268,900	2,268,900	0
Pharmacy, AZ State Board of Board of Pharmacy Fund	1,949,000	1,949,000	0
Physical Therapy Examiners, Board of Board of Physical Therapy Fund	355,900	355,900	0
Pioneers' Home, AZ Miners' Hospital Fund	2,554,900	1,743,200	(811,700)
State Charitable Fund	2,051,600	2,863,300	811,700
Total - AZ Pioneers' Home	<u>4,606,500</u>	<u>4,606,500</u>	<u>0</u>
Podiatry Examiners, State Board of Podiatry Fund	142,400	142,400	0
Postsecondary Education, Commission for Postsecondary Education Fund	3,837,500	3,837,500	0
Private Postsecondary Education, Board for Board for Private Postsecondary Education Fund	330,500	330,500	0
Psychologist Examiners, State Board of Board of Psychologist Examiners Fund	359,500	359,500	0
Public Safety, Department of Arizona Deoxyribonucleic Acid Identification System Fund	3,987,500	3,987,500	0
Arizona Highway Patrol Fund	18,679,000	18,679,000	0
Automated Fingerprint Identification System Fund	3,012,700	3,012,700	0
Crime Laboratory Assessment Fund	872,500	872,500	0
Crime Laboratory Operations Fund	11,127,200	11,127,200	0
Criminal Justice Enhancement Fund	2,886,500	2,886,500	0
Highway User Revenue Fund	79,215,700	79,215,700	0
Motorcycle Safety Fund	205,000	205,000	0
Parity Compensation Fund	1,823,300	1,823,300	0
Photo Enforcement Fund	11,064,800	0	(11,064,800)
Risk Management Fund	296,200	296,200	0
Safety Enforcement and Transportation Infrastructure Fund	1,518,800	1,518,800	0
State Highway Fund	41,521,200	41,521,200	0
Total - Department of Public Safety	<u>176,210,400</u>	<u>165,145,600</u>	<u>(11,064,800)</u>
Radiation Regulatory Agency State Radiologic Technologist Certification Fund	265,200	265,200	0
Residential Utility Consumer Office Residential Utility Consumer Office Revolving Fund	1,287,100	1,287,100	0
Respiratory Care Examiners, Board of Board of Respiratory Care Examiners' Fund	263,000	263,000	0
Retirement System, Arizona State Long-Term Disability Administration Account	2,800,000	2,800,000	0
State Retirement System Administration Account	21,911,800	21,911,800	0
Total - Arizona State Retirement System	<u>24,711,800</u>	<u>24,711,800</u>	<u>0</u>

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
Revenue, Department of			
Department of Revenue Administrative Fund	22,662,500	22,662,500	0
Liability Setoff Fund	390,600	390,600	0
Tobacco Tax and Health Care Fund	673,200	673,200	0
Total - Department of Revenue	23,726,300	23,726,300	0
Secretary of State			
Election Systems Improvement Fund	8,934,200	8,934,200	0
Records Services Fund	668,700	668,700	0
Professional Employer Organization Fund	0	0	0
Total - Secretary of State	9,602,900	9,602,900	0
State Boards' Office			
Special Services Revolving Fund	220,900	220,900	0
Technical Registration, State Board of			
Technical Registration Fund	1,729,200	1,729,200	0
Transportation, Department of			
Air Quality Fund	72,900	72,900	0
Driving Under the Influence Abatement Fund	148,100	148,100	0
Highway User Revenue Fund	624,800	624,800	0
Motor Vehicle Liability Insurance Enforcement Fund	1,066,400	1,066,400	0
Safety Enforcement and Transportation Infrastructure Fund	1,866,200	1,866,200	0
State Aviation Fund	1,592,700	1,592,700	0
State Highway Fund	325,794,900	325,794,900	0
Transportation Department Equipment Fund	27,592,000	27,592,000	0
Vehicle Inspection & Title Enforcement Fund	1,449,200	1,449,200	0
Total - Department of Transportation	360,207,200	360,207,200	0
Treasurer, State			
State Treasurer's Operating Fund	2,495,000	2,495,000	
State Treasurer's Management Fund	88,300	88,300	0
Total - State Treasurer	2,583,300	2,583,300	0
Universities			
Arizona State University - Tempe/DPC			
University Collections Fund	353,023,900	371,241,700	18,217,800
Total - Arizona State University - Tempe/DPC	353,023,900	371,241,700	18,217,800
Arizona State University - East Campus			
University Collections Fund	34,329,400	34,635,000	305,600
Technology and Research Initiative Fund	2,000,000	2,000,000	0
Total - Arizona State University - East Campus	36,329,400	36,635,000	305,600
Arizona State University - West Campus			
University Collections Fund	29,399,800	26,261,700	(3,138,100)
Technology and Research Initiative Fund	1,600,000	1,600,000	0
Total - Arizona State University - West Campus	30,999,800	27,861,700	(3,138,100)
Northern Arizona University			
University Collections Fund	81,510,200	86,613,200	5,103,000
University of Arizona - Main Campus			
University Collections Fund	248,253,300	255,188,900	6,935,600
University of Arizona - Health Sciences Center			
University Collections Fund	25,258,200	25,381,800	123,600
SUBTOTAL - Universities	775,374,800	802,922,300	27,547,500
Veterans' Services, Department of			
State Veterans' Conservatorship Fund	757,300	757,300	0
State Home for Veterans' Trust Fund	16,959,800	21,638,100	4,678,300
Total - Department of Veterans' Services	17,717,100	22,395,400	4,678,300
Veterinary Medical Examining Board			
Veterinary Medical Examining Board Fund	461,700	461,700	0
Water Resources, Department of			
Assured and Adequate Water Supply Admin Fund	268,300	268,300	0
Water Resources Fund	5,662,900	5,662,900	0
Water Banking Fund	0	0	0
Total - Department of Water Resources	5,931,200	5,931,200	0
Weights and Measures, Department of			
Air Quality Fund	1,410,300	1,410,300	0
Motor Vehicle Liability Insurance Enf. Fund	316,700	316,700	0
Total - Department of Weights and Measures	1,727,000	1,727,000	0

	FY 2011 Estimate	FY 2012 Baseline	FY 2012 Baseline - FY 2011
State Employee Health Insurance - FY 11 - Unallocated	186,900	0	(186,900)
OPERATING BUDGET TOTAL	<u>\$2,795,514,600</u>	<u>\$2,797,172,500</u>	<u>\$1,657,900</u>
FY 2011 Supplementals	101,700	0	(101,700)
Additional Pay Period <u>6/</u>	0	25,000,000	25,000,000
Lease-Purchase and Rent Adjustments <u>7/</u>	0	(3,680,900)	(3,680,900)
Capital	<u>208,144,100</u>	<u>239,959,700</u>	<u>31,815,600</u>
GRAND TOTAL	<u><u>3,003,760,400</u></u>	<u><u>3,058,451,300</u></u>	<u><u>54,690,900</u></u>

1/ Includes adjustments for fee increase authority.

2/ The Department of Health Services - TTHCF Health Research Account has been reduced by \$(1,000,000) as the Biomedical Research Commission never transferred the monies for Alzheimer's Research .

3/ Revised Lottery forecast.

4/ Adjusted for final receipts credited to the Parks Board - Law Enforcement and Boating Safety Fund.

5/ Reflects tuition collections receipts above the amount appropriated by the Legislature in FY 2011. A footnote in the FY 2011 General Appropriation Act appropriated any tuition collections receipts above the appropriated amount to the university.

6/ :See page 387.

7/ :See page 362.

Detailed List of General Fund Changes by Agency

	FY 2011 Current	FY 2012 GF Baseline <u>1</u> /	FY 2012 Total
OPERATING SPENDING CHANGES			
DOA - Arizona Department of Administration	\$17,734,300		\$17,308,400
DOA - Telecommunications Lease Payment		(\$425,900)	
OAH - Office of Administrative Hearings	\$908,200		\$908,200
AGR - Department of Agriculture	\$8,434,300		\$8,434,300
AXS - AHCCCS	\$1,376,901,300		\$1,814,194,300
AXS - Formula Changes		(\$144,301,900)	
AXS - Backfill Loss of Enhanced Federal Match		\$581,594,900	
ART - Arizona Commission on the Arts	\$665,600		\$665,600
ATT - Attorney General	\$17,536,100		\$17,536,100
BIO - Biomedical Research Commission	\$0		\$0
CPD - State Capital Postconviction Public Defender Office	\$635,800		\$635,800
CHA - State Board for Charter Schools	\$802,600		\$802,600
COM - Department of Commerce	\$1,466,500		\$1,466,500
CCO - Arizona Community Colleges	\$135,344,300		\$133,240,500
CCO - Formula Changes		(\$1,952,600)	
CCO - Eliminate Santa Cruz Rural Out of County Reimbursement Subsidy		(\$151,200)	
COR - Corporation Commission	\$622,200		\$622,200
DOC - Department of Corrections	\$948,692,900		\$941,409,300
DOC - Annualize New Bed Cost		\$4,242,000	
DOC - Reduce Private Bed Per Diem		(\$3,166,000)	
DOC - Eliminate Provisional Beds		(\$8,359,600)	
SDB - AZ State Schools for the Deaf and the Blind	\$22,045,400		\$22,045,400
DES - Department of Economic Security	\$594,103,900		\$658,345,000
DES - DD Caseload Growth		\$17,957,900	
DES - TANF Caseload Decline		(\$28,385,600)	
DES - Backfill Loss of Enhanced Federal Match		\$74,668,800	
ADE - Arizona Department of Education	\$3,491,223,400		\$3,638,968,400
ADE - Formula Changes		\$54,945,000	
ADE - Backfill Loss of Federal Funds		\$92,800,000	
EMA - Department of Emergency & Military Affairs	\$12,545,600		\$11,616,100
EMA - Nuclear Emergency Management		(\$929,500)	
DEQ - Department of Environmental Quality	\$7,000,000		\$7,000,000
OEO - Governor's Office of Equal Opportunity	\$194,400		\$194,400
EQU - State Board of Equalization	\$661,000		\$661,000

	FY 2011 Current	FY 2012 GF Baseline 1/	FY 2012 Total
EXE - Board of Executive Clemency	\$865,400		\$865,400
DFI - Dept of Financial Institutions	\$2,903,100		\$2,903,100
BFS - Department of Fire, Building & Life Safety	\$2,014,400		\$2,014,400
FOR - State Forester's Office	\$5,971,100		\$5,971,100
FIS - Arizona Game and Fish Department	\$0		\$0
GEO - Arizona Geological Survey	\$794,100		\$794,100
GTA - Government Information Technology Agy	\$742,000		\$742,000
GOV - Office of the Governor	\$6,960,900		\$6,960,900
OSP - Gov's Ofc of Strategic Planning & Budgeting	\$1,936,400		\$1,936,400
DHS - Department of Health Services	\$438,939,000		\$549,529,900
DHS - Formula Changes		(\$16,684,000)	
DHS - Backfill Loss of Enhanced Federal Match		\$127,274,900	
AZH - Arizona Historical Society	\$5,861,400		\$5,861,400
PAZ - Prescott Historical Society	\$673,700		\$673,700
IND - Independent Redistricting Commission	\$500,000		\$500,000
CIA - Arizona Commission of Indian Affairs	\$63,100		\$63,100
INS - Department of Insurance	\$5,468,800		\$5,468,800
SPA - Judiciary - Supreme Court	\$20,017,900		\$20,017,900
COA - Judiciary - Court of Appeals	\$14,712,700		\$14,712,700
SUP - Judiciary - Superior Court	\$79,155,900		\$79,155,900
DJC - Department of Juvenile Corrections	\$57,008,100		\$57,008,100
LAN - State Land Department	\$3,212,300		\$1,152,300
LAN - Funding Shift Due to Existing Fees		(\$2,060,000)	
LEM - Law Enforcement Merit System Council	\$69,500		\$69,500
AUD - Auditor General	\$16,447,200		\$16,447,200
HOU - House of Representatives	\$12,864,900		\$12,864,900
JLBC - Joint Legislative Budget Committee	\$2,496,700		\$2,496,700
LEG - Legislative Council	\$4,738,800		\$4,738,800
SEN - Senate	\$8,097,600		\$8,097,600
LIQ - Department of Liquor Licenses & Control	\$0		\$0

	FY 2011 Current	FY 2012 GF Baseline 1/	FY 2012 Total
MSL - Board of Medical Student Loans	\$402,900		\$402,900
MIN - State Mine Inspector	\$1,127,600		\$1,125,900
MIN - One-Time Named Claimants Funds		(\$1,700)	
MMR - Department of Mines & Mineral Resources	\$226,100		\$226,100
NAV - AZ Navigable Steam Adjudication Comm.	\$133,500		\$133,500
OSH - Occupational Safety & Health Review Board	\$0		\$15,000
OSH - Operating Costs		\$15,000	
SPB - Arizona State Parks Board	\$20,000,000	(\$20,000,000)	\$0
SPB - Statutory End of Land Conservation Funds			
PIO - Arizona Pioneers' Home	\$1,570,900		\$1,570,900
POS - Commission for Postsecondary Education	\$1,220,800		\$1,396,800
POS - Shift of Math/Science Program from ABOR		\$176,000	
DPS - Department of Public Safety	\$43,070,300		\$43,070,300
RAC - Arizona Department of Racing	\$3,863,600		\$3,863,600
RAD - Radiation Regulatory Agency	\$1,396,500		\$757,000
RAD - Nuclear Emergency Management		(\$639,500)	
ARP - Arizona Rangers' Pensions	\$14,200		\$0
ARP - End of Program		(\$14,200)	
REA - State Real Estate Department	\$2,987,300		\$2,987,300
REV - Department of Revenue	\$43,709,000		\$43,709,000
SFB - School Facilities Board	\$67,580,500		\$164,166,100
SFB - New School Debt Service Change		\$36,585,600	
SFB - Restore One-Time Debt Service Savings		\$60,000,000	
SOS - Secretary of State	\$13,301,800		\$13,301,800
TAX - State Board of Tax Appeals	\$252,700		\$252,700
DOT - Department of Transportation	\$54,600		\$54,600
TRE - State Treasurer	\$1,115,100		\$1,115,100
UNI - Arizona Board of Regents	\$17,135,400		\$16,959,400
UNI - Shift of Math/Science Program to CPSE		(\$176,000)	
UNI - ASU - Tempe/DPC	\$326,349,100		\$326,349,100
UNI - ASU - East Campus	\$25,101,300		\$25,101,300
UNI - ASU - West Campus	\$43,935,700		\$43,935,700
UNI - Northern Arizona University	\$133,118,100		\$133,118,100
UNI - UA - Main Campus	\$271,315,400		\$271,315,400

	FY 2011 Current	FY 2012 GF Baseline <u>1/</u>	FY 2012 Total
UNI - UA - Health Sciences Center	\$73,234,900		\$73,234,900
VSC - Department of Veterans' Services	\$5,392,700		\$7,246,100
VSC - One-Time Veterans' Home Start-up		\$1,853,400	
WAT - Department of Water Resources	\$7,052,900		\$7,052,900
WEI - Department of Weights & Measures	\$1,197,800		\$1,197,800
OTH - Other			
OTH - AHCCCS Ex-Appropriation	(6,766,900)	6,766,900	0
OTH - DES Ex-Appropriation	(12,482,200)	12,482,200	0
OTH - Sale/Lease-Back Payment	54,826,600	(5,775,900)	49,050,700
OTH - Lease-Purchase and Rent Adjustments	0	(16,509,100)	(16,509,100)
OTH - University Salary Savings	0	(52,884,100)	(52,884,100)
OTH - Additional Pay Period	0	80,000,000	80,000,000
OTH - Psychologist Examiners Backfill	25,000	(25,000)	0
OTH - Administrative Adjustments	78,000,000	(218,700)	77,781,300
OTH - Revertments	(112,905,100)	1,648,700	(111,256,400)
OTH - Unallocated FY 11 Lease-Purchase Adjustments	190,300	(190,300)	0
TOTAL - OPERATING SPENDING CHANGES	\$8,436,781,200	\$850,160,500	\$9,286,941,700
CAPITAL SPENDING			
ADOA - Building Renewal Shift	4,000,000	(4,000,000)	0
TOTAL - CAPITAL SPENDING	\$4,000,000	(\$4,000,000)	\$0
TOTAL - OPERATING & CAPITAL SPENDING	\$8,440,781,200	\$846,160,500	\$9,286,941,700
TOTAL - ALL SPENDING	\$8,440,781,200	\$846,160,500	\$9,286,941,700
FUND TRANSFERS <u>2/</u>			
SBA - State Board of Accountancy			
SBA - Board of Accountancy (OF) FRAT		(31,600)	(31,600)
ACU - Acupuncture Board of Examiners			
ACU - Acupuncture Board of Examiners (OF) - Salary Lump Sum		(3,900)	(3,900)
DOA - Arizona Department of Administration			
DOA - Automation Operations (OF) FRAT		(837,300)	(837,300)
DOA - Capital Outlay Stabilization (OF) FRAT		(97,600)	(97,600)
DOA - Capitol Police Administrative Towing (NA) - Salary Lump Sum		(600)	(600)
DOA - Construction Insurance (NA) FRAT		(201,600)	(201,600)
DOA - IGA and ISA (NA) FRAT		(57,400)	(57,400)
DOA - Personnel Division (OF) FRAT		(223,000)	(223,000)
DOA - Special Employee Health Insurance Trust (OF) FRAT		(335,800)	(335,800)
DOA - Special Events (NA) - Salary Lump Sum		(2,100)	(2,100)
DOA - Traffic and Parking Control (NA) - Salary Lump Sum		(400)	(400)
OAH - Office of Administrative Hearings			
OAH - IGA and ISA (NA) FRAT		(31,400)	(31,400)
AGR - Department of Agriculture			
AGR - Administrative Support (NA) - Salary Lump Sum		(1,300)	(1,300)
AGR - Commercial Feed (OF) - Salary Lump Sum		(5,800)	(5,800)

	FY 2011 Current	FY 2012 GF Baseline 1/	FY 2012 Total
AGR - Designated (NA) FRAT		(9,000)	(9,000)
AGR - Fertilizer Materials (OF) - Salary Lump Sum		(8,100)	(8,100)
AGR - Pesticide (OF) - Salary Lump Sum		(7,700)	(7,700)
AGR - Seed Law (OF) - Salary Lump Sum		(1,100)	(1,100)
AXS - AHCCCS			
AXS - Healthcare Group (PA) FRAT		(361,900)	(361,900)
AXS - Healthcare Group (OF) - Salary Lump Sum		(81,500)	(81,500)
APP - State Board of Appraisal			
APP - Board of Appraisal (OF) - Salary Lump Sum		(10,800)	(10,800)
ART - Arizona Commission on the Arts			
ART - Arts Trust (NA) FRAT		(115,400)	(115,400)
ATT - Attorney General			
ATT - Antitrust Revolving (OF) - Salary Lump Sum		(3,900)	(3,900)
ATT - Criminal Case Processing (NA) - Salary Lump Sum		(2,700)	(2,700)
ATT - Legal Services Cost Allocation (OF) FRAT		(220,600)	(220,600)
ATT - Victims Rights (OF) FRAT		(44,400)	(44,400)
ATT - Victim Witness (NA) - Salary Lump Sum		(1,800)	(1,800)
BAR - Board of Barbers			
BAR - Board of Barbers (OF) - Salary Lump Sum		(8,100)	(8,100)
BHE - Board of Behavioral Health Examiners			
BHE - Board of Behavioral Health Examiners (OF) FRAT		(30,400)	(30,400)
BCE - State Board of Chiropractic Examiners			
BCE - Board of Chiropractic Examiners (OF) - Salary Lump Sum		(13,100)	(13,100)
COM - Department of Commerce			
COM - CEDC (PA) FRAT		(323,200)	(323,200)
COM - Commerce Workshops (NA) - Salary Lump Sum		(2,900)	(2,900)
COM - Arizona Job Training (NA) FRAT		(5,000)	(5,000)
COR - Corporation Commission			
COR - Arizona Arts Trust (OF) - Salary Lump Sum		(1,500)	(1,500)
COR - Investment Management Regulatory & Enf. (OF) FRAT		(248,200)	(248,200)
COR - Public Access (OF) FRAT		(148,700)	(148,700)
COR - Securities Regulatory & Enforcement (OF) FRAT		(135,500)	(135,500)
DOC - Department of Corrections			
DOC - Indirect Cost Recovery (NA) FRAT		(800)	(800)
DOC - Interagency Service Agreement (NA) - Salary Lump Sum		(2,500)	(2,500)
DOC - State Education Fund for Correctional Education (OF) FRAT		(4,400)	(4,400)
COS - Board of Cosmetology			
COS - Board of Cosmetology (OF) - Salary Lump Sum		(34,800)	(34,800)
JUS - Arizona Criminal Justice Commission			
JUS - Drug & Gang Enforcement (NA) FRAT		(489,500)	(489,500)
JUS - Drug & Gang Prevention Resource Center (OF) FRAT		(67,200)	(67,200)
JUS - State Aid to Indigent Defense (OF) FRAT		(74,900)	(74,900)
JUS - Victims Compensation & Assistance (OF) FRAT		(307,500)	(307,500)
SDB - AZ State Schools for the Deaf and the Blind			
SDB - Enterprise (NA) - Salary Lump Sum		(600)	(600)

	FY 2011 Current	FY 2012 GF Baseline 1/	FY 2012 Total
SDB - Regional Cooperatives (NA) - Salary Lump Sum		(253,500)	(253,500)
SDB - Schools for the Deaf and the Blind (OF) - Salary Lump Sum		(220,600)	(220,600)
HEA - Commission for the Deaf and the Hard of Hearing			
HEA - Telecommunication Fund for the Deaf (OF) FRAT		(1,405,300)	(1,405,300)
DEN - Board of Dental Examiners			
DEN - Dental Board (OF) FRAT		(21,000)	(21,000)
DES - Department of Economic Security			
DES - Industries for the Blind (NA) FRAT		(244,100)	(244,100)
DES - Special Administration (OF) FRAT		(439,100)	(439,100)
DES - Spinal and Head Injuries Trust (OF) FRAT		(452,400)	(452,400)
ADE - Arizona Department of Education			
ADE - Education Commodity (NA) - Salary Lump Sum		(2,900)	(2,900)
EMA - Department of Emergency & Military Affairs			
EMA - Nuclear Emergency Response (NA) - Salary Lump Sum		(16,600)	(16,600)
DEQ - Department of Environmental Quality			
DEQ - Air Permits Administration (OF) FRAT		(894,500)	(894,500)
DEQ - Emissions Inspection (OF) FRAT		(503,800)	(503,800)
DEQ - Institutional & Eng. Control (NA) - Salary Lump Sum		(300)	(300)
DEQ - Monitoring Assistance (NA) FRAT		(134,300)	(134,300)
DEQ - Specific Site Judgment (NA) FRAT		(80,000)	(80,000)
DEQ - Underground Storage Tank Revolving (PA) FRAT		(4,776,100)	(4,776,100)
DEQ - Voluntary Remediation (NA) FRAT		(25,500)	(25,500)
DEQ - Voluntary Vehicle Repair & Retrofit Program (NA) FRAT		(747,200)	(747,200)
DEQ - Water Quality Assurance Revolving (NA) FRAT		(510,600)	(510,600)
DFI - Dept of Financial Institutions			
DFI - Financial Services (OF) FRAT		(18,500)	(18,500)
DFI - Revolving (NA) FRAT		(5,500)	(5,500)
BFS - Department of Fire, Building & Life Safety			
BFS - Building & Fire Safety (NA) - Salary Lump Sum		(8,200)	(8,200)
FOR - State Forester's Office			
FOR - Cooperative Forestry (NA) FRAT		(45,400)	(45,400)
FOR - Fire Suppression (NA) FRAT		(280,100)	(280,100)
EMB - Board of Funeral Directors and Embalmers			
EMB - Board of Funeral Directors & Embalmers (OF) - Salary Lump Sum		(8,600)	(8,600)
FIS - Arizona Game and Fish Department			
FIS - Heritage (NA) FRAT		(125,500)	(125,500)
FIS - Watercraft Licensing (OF) FRAT		(49,200)	(49,200)
GEO - Arizona Geological Survey			
GEO - Geological Survey (NA) FRAT		(26,300)	(26,300)
GTA - Government Information Technology Agy			
GTA - State Web Portal (OF) FRAT		(1,100,000)	(1,100,000)
GOV - Office of the Governor			
GOV - IGA and ISA (NA) - Salary Lump Sum		(15,800)	(15,800)
GOV - Indirect Cost Recovery (NA) - Salary Lump Sum		(11,600)	(11,600)

	FY 2011 Current	FY 2012 GF Baseline 1/	FY 2012 Total
DHS - Department of Health Services			
DHS - Child Fatality Review (OF) - Salary Lump Sum		(3,700)	(3,700)
DHS - Emergency Medical Services Operating (OF) FRAT		(86,500)	(86,500)
DHS - Hearing and Speech Professionals (OF) FRAT		(30,500)	(30,500)
DHS - IGA and ISA (NA) - Salary Lump Sum		(642,000)	(642,000)
DHS - Indirect Cost (OF) FRAT		(1,426,500)	(1,426,500)
DHS - Newborn Screening Program (OF) FRAT		(72,300)	(72,300)
DHS - Risk Assessment (NA) - Salary Lump Sum		(500)	(500)
DHS - Vital Records Electronic Systems (OF) - Salary Lump Sum		(7,300)	(7,300)
AZH - Arizona Historical Society			
AZH - Permanent AZ Historical Society Revolving (NA) FRAT		(2,100)	(2,100)
HOM - Board of Homeopathic & Integrated Medicine Examiners			
HOM - Board of Homeopathic & Integrated Medicine Examiners (OF) - Salary Lump Sum		(2,200)	(2,200)
HOU - Department of Housing			
HOU - Housing Program (NA) FRAT		(1,040,600)	(1,040,600)
HOU - Housing Trust (PA) FRAT		(1,487,400)	(1,487,400)
HOU - IGA and ISA (NA) FRAT		(258,900)	(258,900)
IND - Industrial Commission			
IND - Industrial Commission Administrative (OF) - Salary Lump Sum		(426,700)	(426,700)
INS - Department of Insurance			
INS - Assessment Fund for Voluntary Plans (NA) - Salary Lump Sum		(4,600)	(4,600)
INS - Health Care Appeals (NA) - Salary Lump Sum		(5,400)	(5,400)
SPA - Judiciary - Supreme Court			
SPA - AZ Arizona Lengthy Trial (NA) FRAT		(400)	(400)
SPA - Certified Reporters (NA) - Salary Lump Sum		(3,900)	(3,900)
SPA - Confidential Intermediary and Fiduciary (OF) - Salary Lump Sum		(11,000)	(11,000)
SPA - Court Appointed Special Advocate (OF) FRAT		(21,100)	(21,100)
SPA - Criminal Justice Enhancement (OF) FRAT		(85,500)	(85,500)
SPA - Defensive Driving School (OF) FRAT		(143,400)	(143,400)
SPA - Public Defender Training (NA) FRAT		(71,400)	(71,400)
SUP - Judiciary - Superior Court			
SUP - Criminal Justice Enhancement (OF) FRAT		(85,100)	(85,100)
SUP - Drug Treatment and Education (NA) FRAT		(43,600)	(43,600)
SUP - Judicial Collection Enhancement (OF) FRAT		(2,400)	(2,400)
DJC - Department of Juvenile Corrections			
DJC - Criminal Justice Enhancement (OF) FRAT		(152,000)	(152,000)
DJC - Department of Juvenile Corrections (NA) - Salary Lump Sum		(1,800)	(1,800)
DJC - State Ed Fund for Committed Youth (OF) FRAT		(38,100)	(38,100)
LIQ - Department of Liquor Licenses & Control			
LIQ - Enforcement Surcharge-Enforcement Unit (NA) - Salary Lump Sum		(26,000)	(26,000)
LOT - Arizona State Lottery Commission			
LOT - State Lottery (PA) FRAT		(1,755,000)	(1,755,000)
MED - Arizona Medical Board			
MED - Arizona Medical Board (OF) FRAT		(122,100)	(122,100)

	FY 2011 Current	FY 2012 GF Baseline 1/	FY 2012 Total
MIN - State Mine Inspector			
MIN - Aggregate Mining Reclamation (OF) - Salary Lump Sum		(2,500)	(2,500)
NAT - Naturopathic Physicians Medical Board			
NAT - Naturopathic Physicians Medical Board (OF) FRAT		(10,300)	(10,300)
NUR - Nursing Board			
NUR - Board of Nursing (OF) FRAT		(104,000)	(104,000)
NCI - Nursing Care Inst. Administrators Board			
NCI - Nursing Care Inst. Administrators Board (OF) - Salary Lump Sum		(8,800)	(8,800)
OCC - Board of Occupational Therapy Examiners			
OCC - Occupational Therapy (OF) - Salary Lump Sum		(7,200)	(7,200)
DIS - State Board of Dispensing Opticians			
DIS - Board of Dispensing Opticians (OF) - Salary Lump Sum		(2,500)	(2,500)
OPT - State Board of Optometry			
OPT - Board of Optometry (OF) - Salary Lump Sum		(5,800)	(5,800)
OST - Arizona Board of Osteopathic Examiners			
OST - Board of Osteopathic Examiners (OF) FRAT		(17,100)	(17,100)
PAR - Parents Commission on Drug Ed & Prevention			
PAR - Drug Treatment and Education (NA) FRAT		(645,100)	(645,100)
SPB - Arizona State Parks Board			
SPB - Off-Highway Vehicle Recreation (NA) FRAT		(133,000)	(133,000)
SPB - Publications and Souvenirs (NA) FRAT		(67,700)	(67,700)
SPB - Reservation Surcharge Revolving (OF) FRAT		(102,400)	(102,400)
SPB - State Parks Enhancement (OF) FRAT		(2,090,000)	(2,090,000)
PER - Personnel Board			
PER - Personnel Division - Personnel Board Account (OF) - Salary Lump Sum		(5,400)	(5,400)
PES - Office of Pest Management			
PES - Pest Management (OF) FRAT		(62,600)	(62,600)
PHA - Arizona State Board of Pharmacy			
PHA - AZ State Board of Pharmacy (OF) FRAT		(46,000)	(46,000)
PHY - Board of Physical Therapy Examiners			
PHY - Board of Physical Therapy (OF) - Salary Lump Sum		(8,400)	(8,400)
POD - State Board of Podiatry Examiners			
POD - Board of Podiatry (OF) - Salary Lump Sum		(3,200)	(3,200)
POS - Commission for Postsecondary Education			
POS - Postsecondary Education (OF) - Salary Lump Sum		(20,000)	(20,000)
PRI - Board for Private Postsecondary Education			
PRI - Private Postsecondary Education (OF) - Salary Lump Sum		(9,800)	(9,800)
PSY - State Board of Psychologist Examiners			
PSY - State Board of Psychologist Examiners (OF) - Salary Lump Sum		(8,400)	(8,400)
DPS - Department of Public Safety			

	FY 2011 Current	FY 2012 GF Baseline 1/	FY 2012 Total
DPS - Anti-Racketeering (NA) FRAT		(528,400)	(528,400)
DPS - Auto Fingerprint Identification (OF) FRAT		(11,000)	(11,000)
DPS - Crime Laboratory Operations (OF) FRAT		(3,554,700)	(3,554,700)
DPS - DNA Identification System (OF) FRAT		(49,100)	(49,100)
DPS - DPS Joint Fund Control (NA) - Salary Lump Sum		(3,850,400)	(3,850,400)
DPS - DPS Licensing (NA) FRAT		(191,200)	(191,200)
DPS - Fingerprint Clearance Card (NA) FRAT		(475,800)	(475,800)
DPS - IGA and ISA (NA) FRAT		(143,100)	(143,100)
DPS - Indirect Cost Recovery (NA) FRAT		(183,500)	(183,500)
DPS - Records Processing (NA) FRAT		(27,500)	(27,500)
DPS - SETIF (OF) FRAT		(122,000)	(122,000)
RAD - Radiation Regulatory Agency			
RAD - Nuclear Emergency Management (NA) - Salary Lump Sum		(11,400)	(11,400)
REA - State Real Estate Department			
REA - Education Revolving (NA) - Salary Lump Sum		(4,000)	(4,000)
RUC - Residential Utility Consumer Office			
RUC - RUCO (OF) - Salary Lump Sum		(30,300)	(30,300)
RES - Board of Respiratory Care Examiners			
RES - Board of Respiratory Care Examiners (OF) - Salary Lump Sum		(8,600)	(8,600)
REV - Department of Revenue			
REV - DOR Administrative (OF) FRAT		(1,837,500)	(1,837,500)
REV - Liability Set-off Fund (OF) FRAT		(38,000)	(38,000)
SOS - Secretary of State			
SOS - Data Processing Acquisition (NA) - Salary Lump Sum		(4,500)	(4,500)
SOS - Gift Shop Revolving (NA) - Salary Lump Sum		(1,900)	(1,900)
SOS - Notary Bond (NA) - Salary Lump Sum		(3,500)	(3,500)
TEC - State Board of Technical Registration			
TEC - Technical Registration (OF) FRAT		(41,600)	(41,600)
DOT - Department of Transportation			
DOT - Air Quality (OF) - Salary Lump Sum		(1,100)	(1,100)
DOT - Economic Strength Project (NA) FRAT		(100,000)	(100,000)
DOT - SETIF (OF) FRAT		(326,000)	(326,000)
DOT - State Aviation (OF) FRAT		(717,700)	(717,700)
DOT - Suspend Highway Patrol Vehicle Replacement VLT Fund Transfer		(6,780,000)	(6,780,000)
DOT - Continue Prior Year VLT Fund Transfer		(8,390,600)	(8,390,600)
DOT - Continue Prior Yr ADOT Operating Reduction/VLT Fund Transfer		(28,000,000)	(28,000,000)
TRE - State Treasurer			
TRE - State Treasurer's Operating (OF) FRAT		(18,200)	(18,200)
VME - Veterinary Medical Examining Board			
VME - Veterinary Medical Examining Board (OF) - Salary Lump Sum		(11,400)	(11,400)
WAT - Department of Water Resources			
WAT - Arizona Water Banking (NA) FRAT		(312,000)	(312,000)
WAT - Arizona Water Protection (NA) FRAT		(53,300)	(53,300)
WAT - Arizona Water Quality (NA) FRAT		(92,500)	(92,500)
WAT - Assured and Adequate Water Supply (OF) - Salary Lump Sum		(12,300)	(12,300)
WAT - Augmentation & Conservation Assistance (NA) FRAT		(52,400)	(52,400)
WAT - Well Administration & Enforcement (NA) FRAT		(123,000)	(123,000)

	FY 2011 Current	FY 2012 GF Baseline <u>1/</u>	FY 2012 Total
SUBTOTAL - FRATs	0	(41,378,100)	(41,378,100)
SUBTOTAL - Other Fund Transfers	0	(43,170,600)	(43,170,600)
SUBTOTAL	0	(84,548,700)	(84,548,700)
TOTAL - FUND TRANSFERS <u>3/</u>	(195,342,900)	110,794,200	(84,548,700)
REVENUE CHANGES			
REV - Ongoing Revenue	7,722,446,100	501,748,600	8,224,194,700
REV - One-Time Revenue	(7,679,000)	7,679,000	0
TOTAL - REVENUE CHANGES (INCL. FUND TRANSFERS) <u>4/</u>	7,910,110,000	398,633,400	8,308,743,400
ENDING BALANCE	(\$530,671,200)	(\$978,198,300)	(\$978,198,300)

1/ Represents FY 2012 Baseline cost above FY 2011 enacted budget.

2/ In the FY 2012 Baseline, this represents continuation of prior year Fund Reduction and Transfer (FRAT) and the Salary Lump Sum Reduction (LSR). The FRATs/LSR are reductions in agency non-General Fund spending authority, in which the savings are transferred to the General Fund. Since the transfers have not been permanently authorized, they are reenacted annually.

OF = Other Appropriated Funds

PA = Partially-Appropriated Funds

NA = Non-Appropriated Funds

3/ In FY 2011, the budget included \$195,342,900 in transfers (excluding \$448,538,600 in transfers that were rejected by voters at the November election). Of that amount, the FY 2012 Baseline continues \$84,548,700 where permanent spending reductions were made. The remaining \$110,794,200 of transfers is not continued in the Baseline.

4/ Represents all revenue changes, including fund transfers. Fund Transfers appear as negative numbers (savings) in the Fund Transfer section, but are reflected as positive numbers (revenue) in the total.

Detailed List of Other Fund Changes by Agency

	FY 2011 Current	FY 2012 OF Baseline 1/	FY 2012 Total
OPERATING SPENDING CHANGES			
SBA - State Board of Accountancy	1,884,000		1,884,000
ACU - Acupuncture Board of Examiners	126,400		126,400
DOA - Arizona Department of Administration	164,329,200		162,946,000
DOA - Risk Management Losses		(1,891,100)	
DOA - Workers Compensation Losses and Premiums		507,900	
OAH - Office of Administrative Hearings	14,500		14,500
AGR - Department of Agriculture	3,381,400		3,381,400
AXS - AHCCCS	106,787,300		94,406,900
AXS - Prop 204 DES Eligibility Statutory Adjustment		43,800	
AXS - KidsCare Formula Adjustments		(10,778,100)	
AXS - Healthcare Group Admin		(1,646,100)	
APP - State Board of Appraisal	616,600		616,600
BAT - Board of Athletic Training	0		101,700
BAT - Shift from Board of Occupational Therapy		101,700	
ATT - Attorney General	37,721,900		37,721,900
ATA - Automobile Theft Authority	5,134,800		5,134,800
BAR - Board of Barbers	345,100		324,100
BAR - Eliminate One-Time Expenditures		(21,000)	
BHE - Board of Behavioral Health Examiners	1,437,700		1,437,700
BIO - Biomedical Research Commission	500,000		500,000
BCE - State Board of Chiropractic Examiners	442,400		442,400
COM - Department of Commerce	4,357,400		4,357,400
ROC - Registrar of Contractors	12,181,000		12,181,000
COR - Corporation Commission	24,146,700		24,146,700
DOC - Department of Corrections	43,654,000		42,154,000
DOC - Private Beds Alignment		(1,500,000)	
COS - Board of Cosmetology	1,739,800		1,739,800
JUS - Arizona Criminal Justice Commission	6,323,200		6,323,200
SDB - AZ State Schools for the Deaf and the Blind	14,729,500		12,729,500
SDB - Realign ASDB Fund Expenditures with Revenue		(2,000,000)	
HEA - Comm for the Deaf & the Hard of Hearing	3,972,400		3,972,400
DEN - Board of Dental Examiners	1,150,100		1,143,100
DEN - Eliminate One-Time Equipment		(7,000)	

	FY 2011 Current	FY 2012 OF Baseline 1/	FY 2012 Total
PRC - Drug & Gang Prevention Resource Center	344,400		0
PRC - Resources Shifted		(344,400)	
DES - Department of Economic Security	470,996,000		470,996,000
ADE - Arizona Department of Education	55,776,200		55,776,200
EMA - Department of Emergency & Military Affairs	132,700		132,700
DEQ - Department of Environmental Quality	74,053,600		74,053,600
COL - Arizona Exposition and State Fair Board	11,085,300		11,085,300
DFI - Dept of Financial Institutions	792,700		739,000
DFI - Eliminate One-Time Equipment		(53,700)	
EMB - Board of Funeral Directors and Embalmers	344,100		344,100
FIS - Arizona Game and Fish Department	39,756,600		39,756,600
GAM - Department of Gaming	12,239,100		11,900,100
GAM - Revenue Realignment		(339,000)	
GTA - Government Information Technology Agy	7,072,300		3,972,300
GTA - Expenditure Alignment		(3,100,000)	
DHS - Department of Health Services	82,002,700		82,002,700
AZH - Arizona Historical Society	430,800		430,800
HOM - Board of Homeopathic & Integrated Medicine Examiners	116,900		106,600
HOM - Eliminate One-Time Expenditures		(10,300)	
HOU - Department of Housing	927,200		927,200
IND - Industrial Commission	19,715,700		19,715,700
SPA - Judiciary - Supreme Court	34,221,500		28,395,400
SPA - CASA Revenue Alignment		(500,000)	
SPA - Photo Radar Enforcement Program		(5,326,100)	
SUP - Judiciary - Superior Court	12,469,400		12,469,400
DJC - Department of Juvenile Corrections	3,900,100		3,900,100
LAN - State Land Department	10,648,400		13,308,400
LAN - Funding Shift Due to Existing Fees		2,660,000	
LIQ - Department of Liquor Licenses & Control	2,667,200		2,667,200
LOT - Arizona State Lottery Commission	81,950,900		86,948,600
LOT - Enacted Charitable Commissions Legislation		2,400,000	
LOT - Instant Ticket Sales Increase		998,600	
LOT - On-Line Vendor Fees Increase		26,900	
LOT - Retailer Commissions Increase		1,572,200	
MED - Arizona Medical Board	5,771,100		5,771,100
MSL - Board of Medical Student Loans	29,000		20,200
MSL - Medical Student Loan Fund Reduction		(8,800)	

	FY 2011 Current	FY 2012 OF Baseline 1/	FY 2012 Total
MIN - State Mine Inspector	111,500		111,500
NAT - Naturopathic Physicians Medical Board	595,100		595,100
NUR - State Board of Nursing	4,074,400		4,074,400
NCI - Nursing Care Inst. Administrators Board	373,200		373,200
OCC - Board of Occupational Therapy Examiners	261,700		160,000
OCC - Shift to Board of Athletic Training		(101,700)	
DIS - State Board of Dispensing Opticians	128,000		128,000
OPT - State Board of Optometry	199,200		199,200
OST - Arizona Board of Osteopathic Examiners	702,700		702,700
SPB - Arizona State Parks Board	10,220,100		10,220,100
PER - Personnel Board	373,200		373,200
PES - Office of Pest Management	2,268,900		2,268,900
PHA - Arizona State Board of Pharmacy	1,949,000		1,949,000
PHY - Board of Physical Therapy Examiners	355,900		355,900
PIO - Arizona Pioneers' Home	4,606,500		4,606,500
PIO - Fund Shift Alignment (\$811,700 from State Charitable to Miners' Hosp)		0	
POD - State Board of Podiatry Examiners	142,400		142,400
POS - Commission for Postsecondary Education	3,837,500		3,837,500
PRI - Board for Private Postsecondary Education	330,500		330,500
PSY - State Board of Psychologist Examiners	359,500		359,500
DPS - Department of Public Safety	176,210,400		165,145,600
DPS - Photo Radar Enforcement Program		(11,064,800)	
RAD - Radiation Regulatory Agency	265,200		265,200
RUC - Residential Utility Consumer Office	1,287,100		1,287,100
RES - Board of Respiratory Care Examiners	263,000		263,000
RET - Arizona State Retirement System	24,711,800		24,711,800
REV - Department of Revenue	23,726,300		23,726,300
SOS - Secretary of State	9,602,900		9,602,900
SBO - State Boards' Office	220,900		220,900
TEC - State Board of Technical Registration	1,729,200		1,729,200
DOT - Department of Transportation	360,207,200		360,207,200

	FY 2011 Current	FY 2012 OF Baseline 1/	FY 2012 Total
TRE - State Treasurer	2,583,300		2,583,300
UNI - Universities			
UNI - ASU - Tempe/DPC	353,023,900		371,241,700
UNI - ASU Main - Enrollment Growth		18,217,800	
UNI - ASU - East Campus	36,329,400		36,635,000
UNI - ASU East - Enrollment Growth		305,600	
UNI - ASU - West Campus	30,999,800		27,861,700
UNI - ASU West - Enrollment Growth		(3,138,100)	
UNI - Northern Arizona University	81,510,200		86,613,200
UNI - NAU - Enrollment Growth		5,103,000	
UNI - UA - Main Campus	248,253,300		255,188,900
UNI - UA Main - Enrollment Growth		6,935,600	
UNI - UA - Health Sciences Center	25,258,200		25,381,800
UNI - UA - HSC - Enrollment Growth		123,600	
VSC - Department of Veterans' Services	17,717,100		22,395,400
VSC - New Tucson Veterans' Home		4,678,300	
VME - Veterinary Medical Examining Board	461,700		461,700
WAT - Department of Water Resources	5,931,200		5,931,200
WEI - Department of Weights & Measures	1,727,000		1,727,000
OTH - Other			
OTH - Unallocated '11 Adjustments	186,900	(186,900)	0
OTH - FY 11 Supplementals - Board of Athletic Training	101,700	(101,700)	0
OTH - Additional Pay Period	0	25,000,000	25,000,000
OTH - Lease-Purchase and Rent Adjustments	0	(3,680,900)	(3,680,900)
TOTAL - OPERATING SPENDING CHANGES	\$2,795,616,300	22,875,300	\$2,818,491,600
CAPITAL SPENDING CHANGES			
<u>Building Renewal</u>			
Arizona Department of Administration	1,000,000	4,000,000	5,000,000
Game & Fish Department	506,800	15,300	522,100
Arizona Lottery Commission	75,600	3,600	79,200
Arizona Department of Transportation	1,050,000		1,050,000
<u>New Projects</u>			
ADOT '10/'11 Controlled Access Highways	85,831,000	2,028,000	87,859,000
ADOT '10/'11 Debt Service	94,763,000	27,356,000	122,119,000
ADOT '10/'11 Airport Planning & Development	22,477,700	(177,300)	22,300,400
Game & Fish '12 Property Maintenance	0	500,000	500,000
Game & Fish '12 Dam Maintenance	0	500,000	500,000
Game & Fish One-Time '11 Projects	2,410,000	(2,410,000)	0
Game & Fish '10/'11 Preventative Maintenance	30,000		30,000
TOTAL - CAPITAL SPENDING CHANGES	\$208,144,100	31,815,600	\$239,959,700
TOTAL - ALL OTHER FUND CHANGES	\$3,003,760,400	54,690,900	\$3,058,451,300

1/ Represents FY 2012 Baseline cost above FY 2011 Baseline estimate.

FY 2011 SUPPLEMENTALS AND EX-APPROPRIATIONS

Change to
Original '11
Budget

<u>General Fund</u>	
AHCCCS Ex-Appropriation	(\$6,766,900)
Department of Economic Security Ex-Appropriation	(12,482,200)
General Fund - Total	(\$19,249,100)
<u>Other Funds</u>	
Board of Athletic Training	\$101,700
Other Funds - Total	\$101,700

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2010, 2011 and 2012 1/**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
<u>BUDGET UNITS</u>			
Department of Administration (ADA)			
Administration - AFIS II Collections (4203)	1,251,800	2,388,600	1,809,500
Capitol Police Administrative Towing (1999)	40,500	82,700	82,700
Certificate of Participation (5005)	110,730,500	154,600,700	85,351,600
Construction Insurance (4219)	834,900	2,068,300	2,326,100
Consumer Loss Recovery (2469)	0	0	0
Co-Op State Purchasing Agreement (4213)	1,986,000	2,017,400	2,017,400
Electronic Commerce (2482)	0	0	0
Emergency Telecommunication Services Revolving (2176)	26,672,300	25,281,900	15,422,800
Employee Related Expenditures/Benefits Admin (ITA3035)	37,958,200	35,631,000	37,958,200
Federal Grants (2000)	310,500	151,900	115,200
Federal Grants - American Recovery & Reinvestment Act (2999)	1,862,000	6,600,400	4,762,600
IGA & ISA Fund (2500)	4,988,800	3,962,600	3,962,600
Management Services Division Plan Deposits (3196)	0	0	0
Payroll Administration (9230)	9,200	15,000	15,000
Privatized Lease-to-Own (2495)	11,633,000	12,201,000	12,201,000
Racing Investigation (2369)	0	0	0
Retiree Accumulated Sick Leave (YYA3200)	11,006,400	11,106,800	11,106,800
Special Employee Health Insurance Trust (ITA3015)	689,090,900	672,249,800	813,562,000
Special Events (2503)	46,400	18,500	18,500
Special Services Revolving (4208)	1,194,800	782,300	782,300
State Employee Suggestion Program Award (3190)	0	0	0
State Employee Travel Reduction (2261)	398,300	628,600	628,600
Statewide Donations (2025)	26,600	69,900	69,900
Traffic and Parking Control (2453)	5,000	1,200	1,200
Department of Administration - Subtotal	\$900,046,100	\$929,858,600	\$992,194,000
Office of Administrative Hearings (HGA)			
IGA and ISA (2500)	\$1,267,100	\$974,000	\$974,000
Arizona Department of Agriculture (AHA)			
Administrative Support (2436)	38,200	38,600	38,600
Agricultural Consulting and Training (1239)	0	0	0
Agricultural Products Marketing (2368)	235,600	0	0
Agricultural Protection (2381)	0	0	0
Beef Council (2083)	518,300	513,000	513,000
Citrus Research Council (2299)	6,100	30,800	30,800
Commodity Promotion (2458)	5,000	6,900	6,900
Cotton Research and Protection Council Abatement (2013)	1,561,000	1,386,700	1,386,700
Dangerous Plants Service Fee Increase (2055)	0	26,000	26,000
Designated (3011)	408,200	450,300	450,300
Equine Inspection (2489)	1,900	1,600	1,600
Federal (2000)	5,239,200	5,852,800	5,852,800
Federal-State Inspection (2113)	3,209,900	3,408,100	3,408,100
Grain Research (2201)	134,000	112,000	112,000
Iceberg Lettuce Research Council (2259)	7,100	106,300	106,300
Indirect Cost Recovery (9000)	143,400	227,200	227,200
Livestock and Crop Conservation (2378)	3,292,200	2,032,400	2,032,400
Livestock Inspection Service Fee Increase (1050)	44,500	218,000	218,000
Pesticide Service Fee Increase (2052)	113,000	113,000	113,000
Arizona Department of Agriculture - Subtotal	\$14,957,600	\$14,523,700	\$14,523,700
AHCCCS (HCA)			
County Funds (2120/2223)	6,860,000	238,945,400	302,984,400
Employee Recognition (2025)	14,400	14,400	14,400
Federal - Medicaid Direct Services (2120)	28,829,700	28,315,100	24,311,800
Federal Funds (2000)	3,660,100	1,053,800	412,500
Federal Medicaid Funds (2120/2223)	5,387,114,500	5,821,980,500	4,880,924,700
Healthcare Group (3197)	45,787,800	47,871,000	44,242,200
Hospital Loan Residency (2532)	0	0	0
IGA and ISA Fund (2500)	2,304,700	2,157,500	2,157,500
Intergovernmental Service (2438)	7,486,700	8,009,000	8,009,000
Proposition 202 - Trauma & Emergency Services (2494)	7,944,000	20,338,400	20,338,400

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Third Party Collections (3791/3019)	6,563,000	7,030,000	7,030,000
Tobacco Litigation Settlement, Arizona (TRA2561)	105,394,100	108,211,300	108,211,300
Tobacco Tax & Health Care - Medically Needy Account (1306)	0	0	0
Tobacco Products Tax Fund - Proposition 204 Protection Account	43,614,400	40,367,900	40,367,900
AHCCCS - Subtotal	<u>\$5,645,573,400</u>	<u>\$6,324,294,300</u>	<u>\$5,439,004,100</u>
AZ Commission on the Arts (HUA)			
Arts Endowment (3106)	138,300	16,400	0
Arts Special Revenues (2116)	136,800	61,000	61,000
Arts Trust, Arizona (3014)	1,285,300	1,139,000	1,139,000
Federal Grant (2000)	870,600	890,800	890,800
Federal Grants - American Recovery & Reinvestment Act (2999)	258,200	4,800	4,800
AZ Commission on the Arts - Subtotal	<u>\$2,689,200</u>	<u>\$2,112,000</u>	<u>\$2,095,600</u>
Attorney General - Department of Law (AGA)			
Anti-Racketeering Revolving (2131)	24,991,700	21,918,000	18,596,500
Attorney General Expendable Trust (3102)	0	0	0
CJEF Distribution to County Attorneys (2068)	2,668,800	5,242,200	4,300,300
Colorado River Land Claims Revolving (2430)	0	0	0
Court-Ordered Trust (3180)	1,711,000	540,500	540,500
Criminal Case Processing (2461)	76,500	92,200	92,200
Federal Grants (2000)	3,535,100	3,929,900	5,658,700
Federal Grants (2117)	987,200	0	0
Federal Grants - American Recovery & Reinvestment Act (2999)	2,931,200	4,115,600	357,600
Intergovernmental Agreements (2500)	2,357,200	1,651,200	1,651,200
Microsoft Settlement (1992)	0	435,700	0
Motor Carrier Safety Revolving (2380)	0	0	0
Prosecuting Attorneys' Advisory Council Training (2057)	1,345,200	1,396,000	1,396,000
Street Gang Enforcement Revolving (1022)	2,600	0	0
Victim Witness (2228)	54,700	43,700	43,700
Attorney General - Department of Law - Subtotal	<u>\$40,661,200</u>	<u>\$39,365,000</u>	<u>\$32,636,700</u>
Automobile Theft Authority (ATA)			
Federal Funds (2000)	\$0	\$0	\$0
Arizona Biomedical Research Commission (DIA)			
Disease Control Research (2090)	\$2,813,800	\$5,231,600	\$3,524,900
Tobacco Tax & Health Care - Health Research Account (2096)	9,741,500	9,941,800	8,037,400
Arizona Biomedical Research Commission - Subtotal	<u>\$12,555,300</u>	<u>\$15,173,400</u>	<u>\$11,562,300</u>
Capital Postconviction Public Defender Office, Arizona			
Federal Grants	\$136,700	\$0	\$0
State Board for Charter Schools (CHA)			
Charter Arizona Online Instruction Processing (2319)	\$0	\$75,000	\$75,000
Citizens Clean Elections Commission			
Citizens Clean Elections Fund (2425)	\$6,140,400	\$11,344,400	\$5,309,500
Department of Commerce (EPA)			
Arizona Twenty-First Century Competitive Initiative (2524)	0	0	0
Biofuels Conversion Program, Arizona (NA)	0	0	0
Commerce and Economic Development Commission (2245)	19,505,200	120,300	120,300
CEDC Local Communities (2498)	0	0	0
Commerce Workshops (2149)	134,700	108,500	108,500
Donations (3189)	568,100	665,100	665,100
Federal Funds (2000)	8,779,400	8,376,800	8,376,800
Federal Grants - American Recovery & Reinvestment Act (2999)	16,080,500	39,011,700	39,011,200
Greater AZ Development Authority Revolving (2311)	260,300	300,000	300,000
IGA/ISA (9500)	1,125,200	1,124,100	1,124,100
Indirect Cost Recovery (9000)	295,000	343,000	343,000
International Development Authority (NA)	0	0	0
Job Training (1237)	3,420,100	4,160,200	4,160,300
Military Installation (1010)	0	0	0
Nursing Education Demonstration Project (2514)	0	0	0
Oil Overcharge (3171)	593,100	468,100	468,100
Recycling (2289)	0	0	0
Department of Commerce - Subtotal	<u>\$50,761,600</u>	<u>\$54,677,800</u>	<u>\$54,677,400</u>
Arizona Community Colleges (CMA)			
Tribal Assistance (NA)	482,800	490,000	490,000

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Workforce Development Accounts (varies by account)	13,206,000	14,208,700	14,208,700
Arizona Community Colleges - Subtotal	<u>\$13,688,800</u>	<u>\$14,698,700</u>	<u>\$14,698,700</u>
State Compensation Fund (TRA)			
State Compensation Fund (9002)	\$437,500,000	\$341,200,000	\$320,200,000
Constable Ethics Standards & Training Board (CNA)			
Constable Ethics Standards & Training (2346)	\$276,000	\$213,600	\$213,600
Registrar of Contractors (RGA)			
Residential Contractors' Recovery (3155)	5,944,600	6,165,300	6,165,300
Corporation Commission (CCA)			
Federal (2000)	733,400	682,100	682,100
Federal Grants - American Recovery & Reinvestment Act (2999)	43,200	412,700	412,700
IGA and ISA (2500)	0	0	0
Public Access - Money on Deposit Account (2334)	0	0	0
Statewide Donations (ADA2025)	175,400	31,200	0
Utility Siting (2076)	85,500	0	0
Corporation Commission - Subtotal	<u>\$1,037,500</u>	<u>\$1,126,000</u>	<u>\$1,094,800</u>
State Department of Corrections (DCA)			
Correctional Industries Revolving, Arizona (4002)	29,337,800	37,924,800	37,924,800
Community Corrections Enhancement (7702)	0	265,000	265,000
Corrections Donations (3147)	66,500	1,000	1,000
Criminal Justice Enhancement (2035)	1,615,200	0	0
Federal (2000)	14,695,000	14,973,400	13,813,000
Federal Grants - American Recovery & Reinvestment Act (2999)	50,000,000	0	0
Indirect Cost Recovery (9000)	108,200	1,200,000	1,200,000
Inmate Store Proceeds (2505)	406,200	465,000	465,000
Interagency Service Agreement (2500)	116,500	110,600	110,600
Penitentiary Land (3140)	0	0	0
Prisoner Spendable Accounts (2428)	0	7,500	7,500
Risk Management Insurance Reimbursement (3748)	262,800	196,200	196,200
Special Services (3187)	2,516,100	4,170,000	4,170,000
State Charitable, Penal, and Reformatory Institutions Land (3141)	799,900	0	0
State DOC Revolving (2515)	2,979,400	2,698,300	2,698,300
Statewide Employee Recognition Gifts/Donations (2449)	0	0	0
State Department of Corrections - Subtotal	<u>\$102,903,600</u>	<u>\$62,011,800</u>	<u>\$60,851,400</u>
Arizona Criminal Justice Commission (JCA)			
Driving Under the Influence Abatement (2422)	1,445,600	515,400	1,356,000
Drug & Gang Enforcement Account (2134)	5,344,400	4,127,800	5,630,000
Federal Grants (2000)	11,779,100	6,896,300	10,950,600
Federal Grants - American Recovery & Reinvestment Act (2999)	11,565,800	13,363,900	893,500
Arizona Criminal Justice Commission - Subtotal	<u>\$30,134,900</u>	<u>\$24,903,400</u>	<u>\$18,830,100</u>
Arizona State Schools for the Deaf and the Blind (SDA)			
ASDB Classroom Site (2486)	1,226,600	1,031,500	1,031,500
Enterprise (4222)	40,000	142,100	142,100
Federal Grants (2000)	3,806,800	4,159,800	4,159,800
IGA and ISA (2500)	0	0	0
Instructional Improvement (2492)	35,700	70,300	70,300
Non-Federal Grants (2011)	24,500	36,100	36,100
Regional Cooperatives (4221)	15,518,000	15,813,100	15,813,100
Trust (3148)	68,500	71,100	71,100
Arizona State Schools for the Deaf and the Blind - Subtotal	<u>\$20,720,100</u>	<u>\$21,324,000</u>	<u>\$21,324,000</u>
Arizona Early Childhood Development & Health Board			
Early Childhood Development & Health (2542)	\$86,423,200	\$210,071,300	\$153,500,000
Department of Economic Security (DEA)			
Capital Investment (2093)	0	149,800	149,800
Child Passenger Restraint (2192)	155,900	155,900	155,900
Child Protective Services Expedited Substance Abuse			
Treatment (2421)	0	0	0
Child Support Enforcement Administration (2091)	39,604,800	44,720,200	40,320,200
Client Trust (3152)	1,104,000	1,705,000	1,705,000
Community-Based Marriage and Communication			
Skills Program (2434)	0	0	0
Developmentally Disabled Client Investment (3146)	19,500	0	0
Developmentally Disabled Client Services Trust (2019)	61,000	109,300	109,300
Donations (3145)	3,700	3,300	3,300
Federal Grants (2000)	1,836,054,100	1,494,507,300	633,557,000

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Industries for the Blind, Arizona (4003)	21,561,000	22,123,700	22,123,700
Job Training, Arizona (1237)	1,433,200	1,525,500	877,500
Joint Substance Abuse Treatment (2429)	29,700	0	0
Long Term Care System - Federal Matched (2225)	599,338,500	695,497,600	644,109,800
Mesa Land (3151)	0	0	0
Neighbors Helping Neighbors (2348)	71,800	87,300	87,300
Reed Act (9501)	133,835,500	0	0
Special Olympics Tax Refund (3207)	108,400	133,500	133,500
Unemployment Insurance Benefits (TRA9005)	829,401,400	583,090,500	286,600,000
Dept. of Economic Security - Subtotal	\$3,462,782,500	\$2,843,808,900	\$1,629,932,300
Department of Education (EDA)			
Academic Contest (1006)	0	0	0
Agricultural Youth Organization Special Plate, AZ (2547)	0	0	0
American Competitiveness Project (2361)	2,300	400	400
Assistance for Education (2420)	0	225,400	225,400
Character Education Special Plate (2522)	44,200	45,000	45,000
Charter Schools Stimulus (1007)	0	0	0
Classroom Site (2471)	276,798,600	285,404,000	285,404,000
Displaced Pupils Choice Grant (2533)	0	0	0
Early Graduation Scholarship (2364)	0	0	0
E-Learning (2527)	0	0	0
Education Commodity (4210)	135,400	270,500	270,500
Education Donations (2025)	91,300	65,000	65,000
English Learner Classroom Personnel Bonus (2485)	0	55,700	55,700
Extraordinary Special Education Needs (2483)	0	0	0
Failing Schools Tutoring (2470)	1,397,500	2,175,300	2,175,300
Federal (2000)	961,483,100	987,897,800	987,897,800
Federal Grants - American Recovery & Reinvestment Act (2999)	698,756,300	319,606,100	0
Full-Day Kindergarten (2507)	0	0	0
Golden Rule Special Plate (2366)	152,100	155,000	155,000
Government Education, Arizona (2362)	0	0	0
IGA and ISA (2500)	3,474,900	6,447,900	6,447,900
Indirect Cost Recovery (9000)	4,158,700	4,446,600	4,446,600
Instructional Improvement (2492)	38,843,900	40,250,000	40,250,000
Internal Services (4209)	2,602,400	2,269,000	2,269,000
Mathematics or Science Achievement Program (2363)	0	0	0
Production Revolving (4211)	1,327,000	966,400	966,400
Proposition 301 (1014)	109,654,800	94,408,900	94,408,900
Research Based Reading Instruction & Reading Instruction Training (2413)	0	0	0
Scholarships for Pupils with Disabilities Program, AZ (2534)	0	0	0
Special Education (1009)	0	0	0
Statewide Compensatory Instruction (2528)	0	0	0
Structured English Immersion, Arizona (2535)	0	0	0
Youth Farm Loan, Arizona (2136)	0	30,000	30,000
Department of Education - Subtotal	\$2,098,922,500	\$1,744,719,000	\$1,425,112,900
Department of Emergency & Military Affairs (MAA)			
Camp Navajo (2106)	10,870,600	10,670,300	10,670,300
Emergency Management Registration Fee (2087)	0	0	0
Federal Funds - Emergency (2000)	9,666,400	13,329,100	13,329,100
Federal Funds - Military (2000)	45,163,400	44,805,800	44,805,800
Freedom Academy (2104)	0	0	0
Military Installation (1010)	0	0	0
Morale, Welfare and Recreational (2124)	19,900	0	0
National Guard (2140)	11,900	11,900	11,900
National Guard Relief (2349)	0	0	0
Nuclear Emergency Management (2138)	0	0	0
State Armory Property (2146)	0	0	0
Department of Emergency & Military Affairs - Subtotal	\$65,732,200	\$68,817,100	\$68,817,100
Department of Environmental Quality (EVA)			
Air Quality - Clean Air Subaccount (2240)	0	0	0
Brownfields Cleanup Revolving Loan (2456)	0	0	0
Clean Air, Arizona (1238)	0	0	0
Clean Air Fund Balance, Arizona (2250)	0	0	0
Clean Water Revolving (2254)	213,034,600	98,212,400	98,212,400

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Donations (2449)	15,400	11,500	11,500
Drinking Water Revolving (2307)	93,848,800	46,212,600	46,212,600
Federal (2000)	14,744,000	18,856,300	18,856,300
Federal Grants - American Recovery & Reinvestment Act (2999)	65,406,800	19,446,200	19,446,200
Greenfields Program (2309)	0	0	0
Hardship Grant (2437)	0	0	0
IGA & ISA (2500)	1,336,800	5,702,800	5,702,800
Institutional and Engineering Control (2563)	10,300	10,500	10,500
Intergovernmental Agreements (2180)	0	0	0
Monitoring Assistance (2308)	533,300	774,200	774,200
Small Water Systems (2225)	291,000	0	0
Specific Site Judgment (3006)	0	0	0
Technical Appeals Program (3411)	0	0	0
UST - Area A Assurance Account (2271)	10,292,400	7,372,900	7,372,900
UST - Cleanup Municipalities (2271)	0	0	0
UST - Grant Account (2271)	0	0	0
UST - Municipal Tank Closure & Corrective Action Program Account (2271)	95,700	430,400	430,400
UST - Non-Maricopa County Assurance Account (2271)	15,184,500	14,241,000	14,241,000
UST - Policy Commission (2271)	0	0	0
UST - Regulatory Account (2271)	651,900	508,700	508,700
UST - Technical Appeals (2271)	0	0	0
Voluntary Lawn & Garden Equipment Emissions Reduction (2306)	0	0	0
Voluntary Remediation (2564)	161,600	183,000	183,000
Voluntary Vehicle Repair & Retrofit (2365)	198,400	0	0
Water Quality Assurance Revolving (2221)	7,258,300	11,999,100	11,999,100
Department of Environmental Quality - Subtotal	<u>\$423,063,800</u>	<u>\$223,961,600</u>	<u>\$223,961,600</u>
Equal Opportunity, Governor's Office of (AFA)			
Equal Employment & Economic Development (2000)	35,700	100,300	68,000
State Department of Financial Institutions (BDA)			
Escrow Recovery, Arizona (2341)	21,400	0	0
IGA and ISA Fund (2500)	119,500	73,000	73,000
Mortgage Recovery (1997)	0	0	0
Receivership Revolving (3023)	1,509,500	932,200	32,200
Revolving (2126)	817,500	600,500	600,500
State Department of Financial Institutions - Subtotal	<u>\$2,467,900</u>	<u>\$1,605,700</u>	<u>\$705,700</u>
Department of Fire, Building and Life Safety (MMA)			
Arson Detection Reward (2169)	3,300	0	0
Building and Fire Safety (2211)	299,800	0	0
Condominium and Planned Community Hearing Office (2537)	0	0	0
Consumer Recovery (3090)	505,100	155,000	155,000
Federal Grant (2000)	125,500	176,100	176,100
Interagency Service Agreement (2500)	0	0	0
Manufactured Housing Cash Bond (3722)	0	0	0
Mobile Home Relocation (2237)	899,900	682,600	682,600
Department of Fire, Building and Life Safety - Subtotal	<u>\$1,833,600</u>	<u>\$1,013,700</u>	<u>\$1,013,700</u>
State Forester (FOA)			
Community Protection Initiative (FOA2343)	0	0	0
Cooperative Forestry (FOA2232)	6,360,100	6,360,100	6,360,100
Federal Grants - American Recovery & Reinvestment Act (2999)	0	1,307,500	1,307,500
Fire Suppression (FOA2360)	9,500,200	9,500,200	9,500,200
State Forester - Subtotal	<u>\$15,860,300</u>	<u>\$17,167,800</u>	<u>\$17,167,800</u>
Arizona Game & Fish Department (GFA)			
Big Game Permit (3712)	0	0	0
Conservation Development (2062)	2,505,100	3,200,000	3,200,000
Federal (2000)	0	0	0
Federal Grants - American Recovery & Reinvestment Act (2999)	86,600	0	0
Federal Revolving (2028)	32,994,400	36,449,700	33,424,500
Firearms Safety and Ranges (2442)	0	0	0
Game and Fish Trust (3111)	2,182,400	2,341,200	2,341,200
Heritage (2295)	8,399,200	8,932,300	11,385,900
IGA and ISA (2500)	0	0	0
Indirect Cost Recovery (9000)	2,434,900	2,602,100	2,602,100
Kaibab Co-op (3714)	130,000	57,000	57,000

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Off Highway Vehicle Recreation (2253)	1,167,600	1,495,700	1,495,700
Publications Revolving (4007)	192,900	122,600	122,600
Wildlife Conservation (2497)	5,911,800	5,551,900	6,500,100
Wildlife Theft Prevention (2080)	119,700	146,900	146,900
Arizona Game & Fish Department - Subtotal	\$56,124,600	\$60,899,400	\$61,276,000
Arizona Geological Survey (GSA)			
Federal Grants (2000)	652,100	8,781,300	8,781,300
Indirect Cost Recovery (9000)	6,600	69,600	69,600
Geological Survey (3030)	850,400	397,600	397,600
Arizona Geological Survey - Subtotal	\$1,509,100	\$9,248,500	\$9,248,500
Government Information Technology Agency (GTA)			
Federal Grants (2000)	\$600,200	\$1,028,800	\$0
Federal Grants - American Recovery & Reinvestment Act (2999)	406,900	1,431,400	374,900
IGA and ISA (2500)	18,000	0	0
State Web Portal (2531)	0	0	3,100,000
Statewide E-Rate Program (2584)	0	187,000	500,000
Government Information Technology Agency - Subtotal	\$1,025,100	\$2,647,200	\$3,974,900
Office of the Governor (GVA)			
Border Security, Immigration Legal Defense (3212)	0	3,015,000	685,200
County Fairs Livestock & Agricultural Promotion (2037)	0	0	0
Endowment Partnership (3206)	0	0	0
Energy Conservation (3209)	0	0	0
Federal Grants (2000)	16,285,000	20,232,700	18,207,100
Federal Grants - American Recovery & Reinvestment Act (2999)	266,584,400	65,047,400	914,900
Governor's Arizona Promotional & Public Service (3207)	39,300	37,500	37,500
IGA and ISA (2500)	706,800	960,000	960,000
Indirect Cost Recovery (9000)	266,200	848,800	793,800
Other Non-Appropriated Funds (2038)	0	0	0
Prevention of Child Abuse (2439)	451,100	506,500	506,500
Statewide ARRA Administration SWCAP (2950)	576,600	1,259,600	1,146,400
Office of the Governor - Subtotal	\$284,909,400	\$91,907,500	\$23,251,400
Department of Health Services (HSA)			
Addiction Reduction and Recovery (2523)	100	0	0
Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (2513)	0	0	0
Donations - DHS (3010/2025)	427,600	432,100	432,100
Donations - Statewide (2025)	7,400	7,000	7,000
Federal Grants (2000)	302,918,200	305,118,900	305,118,900
Federal Grants - American Recovery & Reinvestment Act (2999)	12,563,800	8,381,100	8,381,100
IGA/County Contributions (2144/2500)	82,970,800	77,689,000	77,689,000
Internal Services (4202)	1,200	1,200	1,200
Medical Marijuana (9999)	0	603,600	1,518,000
Oral Health (2329)	275,300	275,300	275,300
Risk Assessment (2427)	15,600	0	0
Serious Mental Illness Services (2464)	0	0	0
Service Fees Increase (1050)	567,100	0	0
Smoke-Free Arizona (2541)	4,145,500	3,832,900	3,832,900
Federal Medicaid Services (2500)	1,042,675,900	1,061,014,500	898,329,100
Tobacco Tax & Health Care - Health Crisis Fund (2312)	0	0	0
Tobacco Tax & Health Care - Health Education Account (1308)	19,012,800	19,012,800	19,012,800
Department of Health Services - Subtotal	\$1,465,581,300	\$1,476,368,400	\$1,314,597,400
Arizona Historical Society (HIA)			
Federal Grants (2000)	1,800	0	0
Permanent Arizona Historical Society Revolving (2900)	341,100	630,900	430,200
Preservation and Restoration (2125)	14,200	17,500	18,200
Private (9447)	339,100	321,700	316,900
Private Grants (9449)	35,300	41,200	130,200
Restricted (9448)	195,800	162,100	161,500
Trust (9450)	9,600	5,700	4,000
Arizona Historical Society - Subtotal	\$936,900	\$1,179,100	\$1,061,000
Prescott Historical Society of Arizona (PHA)			
Sharlot Hall Historical Society (9505)	\$941,800	\$759,000	\$759,000
Department of Homeland Security (HLA)			
Federal Funds (2000)	\$55,059,200	\$59,083,200	\$59,083,200

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Arizona Department of Housing (HDA)			
Federal Funds (2000)	99,774,000	93,927,700	78,736,100
Federal Grants - American Recovery & Reinvestment Act (2999)	27,048,500	42,491,500	11,170,400
Housing Development (2313)	0	0	0
Housing Program (9600)	2,858,300	2,713,300	2,882,300
Housing Trust (2235)	11,207,500	11,588,200	11,366,900
IGA & ISA Fund (2500)	2,120,700	547,500	2,000,300
Arizona Department of Housing - Subtotal	<u>\$143,009,000</u>	<u>\$151,268,200</u>	<u>\$106,156,000</u>
Arizona Commission of Indian Affairs (IAA)			
IGA and ISA (2500)	0	0	0
Indian Town Hall, Arizona (4014)	0	5,000	5,000
Publications (4013)	0	2,700	2,700
Statewide Donations (2025)	4,100	5,000	5,000
AZ Commission of Indian Affairs - Subtotal	<u>\$4,100</u>	<u>\$12,700</u>	<u>\$12,700</u>
Industrial Commission of Arizona (ICA)			
Federal Grants (2000)	3,843,500	4,446,200	4,446,200
Revolving (2002)	112,800	146,200	146,200
Special (9003)	51,573,500	52,432,000	52,262,000
Industrial Commission of Arizona- Subtotal	<u>\$55,529,800</u>	<u>\$57,024,400</u>	<u>\$56,854,400</u>
Department of Insurance (IDA)			
Assessment Fund for Voluntary Plans (2316)	157,200	135,300	134,700
Captive Insurance Regulatory/Supervision (2377)	151,100	120,400	119,900
Financial Surveillance (2473)	405,200	367,000	366,000
Health Care Appeals (2467)	245,500	213,700	213,100
Insurance Examiners' Revolving (2034)	4,256,800	4,100,900	4,097,100
Life and Disability Insurance Guaranty (2154)	1,216,900	1,220,700	1,220,700
Property and Casualty Insurance Guaranty, AZ (2114)	647,600	649,000	649,000
Receivership Liquidation (3104)	44,200	44,600	44,500
Department of Insurance - Subtotal	<u>\$7,124,500</u>	<u>\$6,851,600</u>	<u>\$6,845,000</u>
Judiciary - Supreme Court (SPA)			
Alternative Dispute Resolution (3245)	158,200	452,400	452,400
Certified Reporters (2440)	113,300	120,500	120,500
Grants and Special Revenue (2084)	12,003,800	18,637,700	18,637,700
Lengthy Trial, Arizona (2382)	684,500	976,800	976,800
Public Defender Training (3013)	704,500	710,000	710,000
Judiciary - Supreme Court - Subtotal	<u>\$13,664,300</u>	<u>\$20,897,400</u>	<u>\$20,897,400</u>
Judiciary - Superior Court (SPA)			
Community Punishment Program Fines (2119)	3,500	100,000	100,000
Drug and Gang Enforcement Account (2074)	3,442,200	2,262,500	2,262,500
Drug Treatment and Education (2277)	3,386,800	3,938,100	3,938,100
Grants and Special Revenue (2084)	1,724,200	1,512,500	1,512,500
Juvenile Delinquent Reduction (2193)	0	0	0
State Aid to Detention (2141)	15,500	20,000	20,000
Judiciary - Superior Court - Subtotal	<u>\$8,572,200</u>	<u>\$7,833,100</u>	<u>\$7,833,100</u>
Department of Juvenile Corrections (DJA)			
DJC Career Technical Education (2326)	0	0	0
DJC Restitution (2476)	21,700	20,600	20,600
Federal (2000)	2,728,600	2,401,900	2,401,900
IGA and ISA Fund (2500)	0	0	0
Indirect Cost Recovery (9000)	120,200	114,200	114,200
Instructional Improvement (2492)	2,800	2,500	2,500
Juvenile Corrections (3024)	44,300	39,900	39,900
State Education System for Committed Youth Classroom Site (2487)	180,200	163,800	163,800
Statewide Employee Recognition Gifts/Donations (2025/2449)	1,300	1,300	1,300
Training Institute (2001)	0	0	0
Department of Juvenile Corrections - Subtotal	<u>\$3,099,100</u>	<u>\$2,744,200</u>	<u>\$2,744,200</u>
State Land Department (LDA)			
CAP Municipal & Industrial Repayment (2129)	0	0	0
Federal (2000)	0	0	0
Federal Grants - American Recovery & Reinvestment Act (2999)	129,700	623,600	623,600
Federal Reclamation Trust (2024)	48,500	0	0
Interagency Agreements (2212)	28,300	11,900	11,900
Military Airport Land Exchange (NA)	0	0	0
Off-Highway Vehicle Recreation (2253)	53,700	226,000	226,000

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Resource Analysis Division Revolving (4009)	434,200	161,800	161,800
Riparian Acquisition Trust (3201)	0	0	0
Service Fees Increase (1050)	456,700	600,000	0
State Land Department (2451)	457,400	425,000	425,000
Universities Timber Land Account (3134)	0	0	0
State Land Department - Subtotal	<u>\$1,608,500</u>	<u>\$2,048,300</u>	<u>\$1,448,300</u>
Legislature - Auditor General (AUA)			
Audit Services Revolving (2242)	\$750,100	\$750,100	\$750,100
Department of Liquor Licenses and Control (LLA)			
Anti-Racketeering Revolving (2131)	42,500	28,600	28,600
Audit Surcharge (3010)	163,300	206,000	206,000
Enforcement Surcharge - Enforcement Unit (3012)	296,000	336,000	336,000
Enforcement Surcharge - Multiple Complaints (3011)	200,300	301,400	301,400
Federal Grants (2000)	121,700	0	0
Liquor License Lottery (3015)	0	0	0
Department of Liquor Licenses & Control - Subtotal	<u>\$823,800</u>	<u>\$872,000</u>	<u>\$872,000</u>
Arizona State Lottery Commission (LAO)			
State Lottery (2122)	336,595,400	344,338,900	361,880,200
Local Transportation Assistance (NA)	12,732,200	0	0
County Assistance (NA)	4,233,400	0	0
University Capital Improvement (NA)	0	8,819,000	10,376,700
Mass Transit (LTAF II) (NA)	5,113,100	0	0
Arizona State Lottery Commission - Subtotal	<u>\$358,674,100</u>	<u>\$353,157,900</u>	<u>\$372,256,900</u>
State Mine Inspector (MIA)			
Abandoned Mines Safety (2408)	7,600	183,600	183,600
Federal Education and Training (2400)	18,500	66,400	66,400
Federal Grants (2000)	314,400	299,600	299,600
IGA and ISA (2500)	0	0	0
State Mine Inspector - Subtotal	<u>\$340,500</u>	<u>\$549,600</u>	<u>\$549,600</u>
Department of Mines & Mineral Resources (MNA)			
Mines and Mineral Resources (3156)	\$303,100	\$347,400	\$65,300
State Board of Nursing (BNA)			
Nurse Aide Training & Registration (2000)	\$534,300	\$414,600	\$414,600
AZ Parents Commission on Drug Education & Prevention (PCA)			
Drug Treatment and Education (2277)	\$899,400	\$6,799,100	\$6,799,100
Arizona State Parks Board (PRA)			
Arizona Trail Fund (2525)	25,800	0	0
Development Rights Retirement (NA)	0	0	0
Federal (2000)	3,631,600	5,309,600	5,309,600
Heritage (2296)	9,158,500	5,647,900	0
Land Conservation - Administration Account (2432)	1,607,600	970,400	970,400
Land Conservation - Donation Account (2432)	0	0	0
Land Conservation - Public Conservation Account (2432)	10,781,100	68,378,200	68,378,200
Off Highway Vehicle Recreation (2253)	1,099,200	2,740,000	2,740,000
Partnership (2448)	177,000	716,700	716,700
Publications and Souvenir Revolving (4010)	442,900	289,800	289,800
State Lake Improvement (2105)	4,949,100	5,944,700	5,944,700
State Parks Enhancement (2202)	12,500	0	0
State Parks Fund (3117)	97,900	350,000	350,000
Arizona State Parks Board - Subtotal	<u>\$31,983,200</u>	<u>\$90,347,300</u>	<u>\$84,699,400</u>
Office of Pest Management (SBA)			
Federal Fund (2000)	\$122,100	\$114,300	\$114,300
Service Fees Increase (1050)	147,800	273,800	273,800
Office of Pest Management - Subtotal	<u>\$269,900</u>	<u>\$388,100</u>	<u>\$388,100</u>
Arizona State Board of Pharmacy (PMA)			
Controlled Substances Prescription Monitoring Program (2359)	230,000	370,000	370,000
Federal Grants (2000)	0	1,500	1,500
Arizona State Board of Pharmacy - Subtotal	<u>\$230,000</u>	<u>\$371,500</u>	<u>\$371,500</u>
Arizona Pioneers' Home (PIA)			
IGA and ISA (2500)	0	0	0
Pioneers' Home Fund (Cemetery Proceeds) (3144)	21,200	21,200	21,200
Pioneer's Home Fund (Donations) (3143)	0	0	0
Statewide Employee Recognition Gifts (2449)	0	0	0
Arizona Pioneers' Home - Subtotal	<u>\$21,200</u>	<u>\$21,200</u>	<u>\$21,200</u>

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Commission for Postsecondary Education (PEA)			
Early Graduation Scholarship (2364)	0	0	0
Federal Grant Fund (2000)	0	3,168,200	3,168,200
Postsecondary Education Grant Program (2530)	0	0	0
Private Postsecondary Education Student Financial Assistance (2128)	0	0	0
Teachers Incentive Program (2249)	0	0	0
Commission for Postsecondary Education - Subtotal	<u>\$0</u>	<u>\$3,168,200</u>	<u>\$3,168,200</u>
Arizona Power Authority (PAA)			
Hoover Uprating (1113)	31,633,200	33,027,900	33,027,900
Interest Income (1112)	21,800	21,800	21,800
Power Authority, Arizona (9506)	5,650,100	4,180,500	4,180,500
Arizona Power Authority - Subtotal	<u>\$37,305,100</u>	<u>\$37,230,200</u>	<u>\$37,230,200</u>
State Board for Private Postsecondary Education (PVA)			
Student Tuition Recovery (3027)	\$109,200	\$160,900	\$160,900
Department of Public Safety (PSA)			
Anti-Racketeering Revolving (3123)	3,169,200	5,187,400	5,187,400
Conferences, Workshops, and Other Education (2700)	12,300	12,000	12,000
Criminal Justice Enhancement (3702)	0	0	0
DPS Administration (2322)	1,875,100	1,417,500	1,269,400
DPS Licensing Fund (2490)	1,027,300	887,100	887,100
Driving Under the Influence Abatement (2422)	0	0	0
Families of Fallen Police Officers Special Plate Fund (2386)	100,000	125,000	125,000
Federal Grants - American Recovery & Reinvestment Act (2999)	2,222,100	4,888,900	460,900
Federal Grants and Reimbursements (2000)	45,647,300	49,350,000	28,080,500
Fingerprint Clearance Card (2433)	2,816,600	3,683,300	3,683,300
Fingerprinting Fund, Board of (2435)	512,700	451,900	451,900
IGA and ISA Fund (2500)	5,617,700	6,800,800	6,753,600
Indirect Cost Recovery (9000)	467,300	2,184,100	991,300
Motor Carrier Safety Revolving (2380)	0	12,800	12,800
Peace Officers' Training (2049)	5,368,200	8,155,100	8,155,100
Public Safety Equipment Fund (2391)	1,472,700	2,907,400	1,200,000
Records Processing (2278)	4,832,000	5,000,300	5,000,300
State Highway Work Zone Safety (2480)	0	0	0
Statewide Donations (2025)	75,000	0	0
Department of Public Safety - Subtotal	<u>\$75,215,500</u>	<u>\$91,063,600</u>	<u>\$62,270,600</u>
Public Safety Personnel Retirement System (NA)			
Fire Fighter and Peace Officer Cancer Insurance Policy Program Administrative Expenses (NA)	33,800	20,000	20,000
Investment and Administrative Expenses (NA)	27,913,400	28,600,000	28,600,000
Public Safety Personnel Retirement System - Subtotal	<u>\$27,947,200</u>	<u>\$28,620,000</u>	<u>\$28,620,000</u>
Arizona Department of Racing (RCA)			
Breeders Award, Arizona (2206)	0	0	0
County Fair Racing (2170)	0	0	0
County Fairs Racing Betterment (2207)	0	0	0
Greyhound Adoption (2015)	0	0	0
Racing Administration (2018)	0	0	0
Racing Investigation (2369)	30,700	0	0
Stallion Award (2315)	0	0	0
Unarmed Combat (2393)	0	16,900	16,900
Arizona Department of Racing - Subtotal	<u>\$30,700</u>	<u>\$16,900</u>	<u>\$16,900</u>
Radiation Regulatory Agency (AEA)			
Federal Grants (2000)	531,600	531,600	531,600
Laser Safety (2138)	0	65,000	65,000
Nuclear Emergency Management (2138)	0	0	0
Service Fees Increase (1050)	300,000	500,400	510,400
Radiation Regulatory Agency - Subtotal	<u>\$831,600</u>	<u>\$1,097,000</u>	<u>\$1,107,000</u>
State Real Estate Department (REA)			
Condominium Recovery (3121)	0	0	0
Education Revolving (4011)	50,100	0	0
Real Estate Recovery (3119)	3,400	0	0
State Real Estate Department - Subtotal	<u>\$53,500</u>	<u>\$0</u>	<u>\$0</u>
Arizona State Retirement System (RSA)			
Administration Account - Investment Expenses (1407)	\$40,734,400	\$55,211,500	\$58,951,700
Long-Term Disability Administration Account (1408)	28,800	0	0

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Arizona State Retirement System - Subtotal	\$40,763,200	\$55,211,500	\$58,951,700
Department of Revenue (RVA)			
Client County Equipment Capitalization (2457)	141,700	100,000	100,000
Escheated Estates (3745)	0	0	0
Estate and Unclaimed Property (1520)	24,207,900	18,000,000	18,900,000
I Didn't Pay Enough (1031)	0	0	0
Revenue Publications Revolving (2166)	13,300	30,000	30,000
Special Collections (2168)	0	0	0
Statewide Employee Recognition Gifts/Donations (2449)	0	0	0
Waste Tire (2356)	0	0	0
Department of Revenue - Subtotal	\$24,362,900	\$18,130,000	\$19,030,000
School Facilities Board (SFA)			
Building Renewal (2465)	0	0	0
Building Renewal Grant (7777)	0	0	0
Deficiencies Correction (2455)	334,100	350,000	0
Emergency Deficiencies Correction (2484)	1,596,800	345,100	118,900
Federal Grants - American Recovery & Reinvestment Act (2999)	59,600	13,428,000	5,780,400
Land Trust Bond Debt Service (5030)	24,249,000	24,249,300	24,246,200
Land Trust Bond Proceeds (3339)	0	0	0
Lease-to-Own Debt Service (2373)	0	0	0
New School Facilities (2460)	9,978,700	51,573,200	34,870,700
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)	64,304,300	64,302,800	64,209,500
School Improvement Revenue Bond Proceeds (3335)	0	0	0
School Facilities Board - Subtotal	\$100,522,500	\$154,248,400	\$129,225,700
Secretary of State - Department of State (STA)			
Blue Book Revolving, Arizona (2006)	0	0	0
Data Processing Acquisition (2265)	96,900	96,900	96,900
Federal Grants (LAA2000)	3,622,100	5,633,900	5,633,900
Gift Shop Revolving (LAA4008)	88,500	88,400	88,400
Health Care Directives Registry (2508)	3,600	100	100
Notary Bond (3000)	80,700	80,500	80,500
Standing Political Committee Administrative (2426)	0	0	0
State Library (LAA2115)	146,300	296,300	296,300
Secretary of State - Department of State - Subtotal	\$4,038,100	\$6,196,100	\$6,196,100
Office of Tourism (TOA)			
Tourism (2236)	\$9,523,900	\$12,424,800	\$12,424,800
Department of Transportation (DTA)			
Agricultural Youth Organization Special Plate, AZ (2547)	0	0	0
Highways Magazine, Arizona (2031)	4,989,700	5,226,000	5,226,000
Aviation Federal Funds (2267)	0	0	0
Cash Deposits (2266)	3,900	50,000	50,000
Contract Counsel (4212)	0	0	0
ADOT Donations (3080)	0	0	0
Emergency Medical Services Special Plate (NA)	0	0	0
Federal Grants (2097)	1,495,600	1,221,000	1,221,000
Highway Expansion & Extension Loan Program (2417)	152,800	183,400	183,400
International Development Authority, AZ (1994)	0	0	0
Local Agency Deposits (3701)	462,600	0	0
Maricopa Regional Area Road (2029)	32,511,500	67,298,900	67,298,900
Masonic Fraternity Special Plate, AZ (NA)	0	0	0
Motor Carrier Safety Revolving (2380)	0	0	0
Professional Baseball Club Special Plate, AZ (2540)	204,900	200,000	200,000
Professional Basketball Club Special Plate Fund, AZ (2543)	29,800	0	0
Professional Football Club Special Plate, AZ (2544)	0	200,000	200,000
Railroad Review Fund (NA)	0	0	0
Rental Tax and Bond Deposit (3737)	0	0	0
Shared Location and Advertising Agreements Expense (2414)	0	0	0
Statewide Employee Recognition Gifts/Donations (2449)	21,800	50,000	50,000
Transplantation Awareness Fund (2545)	0	60,000	60,000
Underground Storage Tank Revolving (3728)	0	0	0
Department of Transportation - Subtotal	\$39,872,600	\$74,489,300	\$74,489,300
State Treasurer (TRA)			

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Commission of African-American Affairs, AZ (AMA2397)	0	0	0
Criminal Justice Enhancement (9999)	5,566,500	5,566,500	5,566,500
State Treasurer - Subtotal	<u>\$5,566,500</u>	<u>\$5,566,500</u>	<u>\$5,566,500</u>
Arizona Board of Regents (BRA)			
Federal (2000)	1,964,800	1,343,600	1,306,300
Health Education Center Program, AZ (BRA2)	0	0	0
Mathematics, Science, & Special Education Teacher Loan (2358)	0	0	0
Nursing Education Demonstration Project (2514)	0	0	0
Regents Local (BRA1)	2,338,100	2,050,600	2,005,700
Technology and Research Initiative (2472)	1,359,500	1,378,600	1,500,000
Trust Land (3131/3132/3134/3136)	2,317,600	3,291,300	2,756,600
Arizona Board of Regents - Subtotal	<u>\$7,980,000</u>	<u>\$8,064,100</u>	<u>\$7,568,600</u>
Arizona State University - Tempe/DPC			
Auxiliary (NA)	137,334,300	140,119,500	147,125,400
Designated (NA)	345,607,300	451,433,700	455,605,900
Endowment and Life Income (NA)	1,579,700	0	0
Federal Grants (NA)	226,482,700	237,875,700	246,151,000
Federal Grants - American Recovery & Reinvestment Act (2999)	32,501,600	866,900	0
Federal Indirect Cost Recovery (NA)	0	0	0
Indirect Cost Recovery (Non-Federal) (NA)	311,400	326,900	359,600
Loan (NA)	228,300	0	0
Restricted (Excluding Federal Funds) (NA)	113,120,000	129,935,500	133,340,800
University Capital Improvement Lease-to-Own & Bond (3042)	0	247,600	249,700
Arizona State University - Main Campus - Subtotal	<u>\$857,165,300</u>	<u>\$960,805,800</u>	<u>\$982,832,400</u>
Arizona State University - East Campus			
Auxiliary (NA)	577,600	795,100	834,900
Designated (NA)	6,878,000	9,772,900	9,866,800
Endowment and Life Income (NA)	13,600	0	0
Federal Grants (NA)	3,768,000	2,987,400	3,154,500
Federal Grants - American Recovery & Reinvestment Act (2999)	0	0	0
Federal Indirect Cost Recovery (NA)	0	0	0
Indirect Cost Recovery (Non-Federal) (NA)	0	0	0
Loan (NA)	0	0	0
Restricted (Excluding Federal Funds) (NA)	2,208,300	4,168,500	4,285,600
Arizona State University - East Campus - Subtotal	<u>\$13,445,500</u>	<u>\$17,723,900</u>	<u>\$18,141,800</u>
Arizona State University - West Campus			
Auxiliary (NA)	547,500	768,800	807,300
Designated (NA)	4,614,900	6,339,900	6,398,400
Endowment and Life Income (NA)	41,500	0	0
Federal Grants (NA)	2,952,400	4,344,700	4,599,500
Federal Grants - American Recovery & Reinvestment Act (2999)	0	0	0
Federal Indirect Cost Recovery (NA)	0	0	0
Indirect Cost Recovery (Non-Federal) (NA)	0	0	0
Loan (NA)	0	0	0
Restricted (Excluding Federal Funds) (NA)	3,735,500	5,524,000	5,564,100
Arizona State University - West Campus - Subtotal	<u>\$11,891,800</u>	<u>\$16,977,400</u>	<u>\$17,369,300</u>
Northern Arizona University			
Auxiliary (NA)	38,352,800	47,918,800	50,207,700
Designated (NA)	50,400,900	81,371,800	83,507,100
Endowment and Life Income (NA)	0	0	0
Federal Grants (NA)	63,777,500	63,401,600	64,035,600
Federal Grants - American Recovery & Reinvestment Act (2999)	10,935,000	0	0
Federal Indirect Cost Recovery (NA)	1,843,700	1,868,500	1,887,200
Indirect Cost Recovery (Non-Federal) (NA)	945,500	957,700	967,300
Loan (NA)	227,500	250,000	275,000
Restricted (Excluding Federal Funds) (NA)	29,044,100	29,334,600	29,627,900
University Capital Improvement Lease-to-Own & Bond (3042)	0	631,200	601,600
Northern Arizona University - Subtotal	<u>\$195,527,000</u>	<u>\$225,734,200</u>	<u>\$231,109,400</u>
University of Arizona - Main Campus			
Auxiliary (NA)	235,073,200	252,654,300	256,086,900
Designated (NA)	243,317,200	303,886,500	307,685,800
Endowment and Life Income (NA)	0	0	0
Federal Grants (NA)	230,468,500	204,627,200	207,132,600
Federal Grants - American Recovery & Reinvestment Act (2999)	0	0	0

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Federal Indirect Cost Recovery (NA)	42,315,700	43,162,100	44,025,300
Indirect Cost Recovery (Non-Federal) (NA)	10,840,900	11,057,700	11,278,900
Loan (NA)	774,300	783,900	793,600
Restricted (Excluding Federal Funds) (NA)	155,574,000	166,988,000	169,635,300
University Capital Improvement Lease-to-Own & Bond (3042)	0	1,325,900	1,742,800
University of Arizona - Main Campus - Subtotal	<u>\$918,363,800</u>	<u>\$984,485,600</u>	<u>\$998,381,200</u>
University of Arizona - Health Sciences Center			
Auxiliary (NA)	10,780,500	10,913,500	11,095,300
Designated (NA)	24,388,300	26,549,700	26,969,900
Endowment and Life Income (NA)	0	0	0
Federal Grants (NA)	69,022,100	69,978,000	70,948,700
Federal Indirect Cost Recovery (NA)	22,083,900	22,525,600	22,976,200
Indirect Cost Recovery (Non-Federal) (NA)	6,067,000	6,188,300	6,312,100
Restricted (Excluding Federal Funds) (NA)	89,292,400	90,774,300	92,282,800
University of Arizona - Health Sciences Ctr - Subtotal	<u>\$221,634,200</u>	<u>\$226,929,400</u>	<u>\$230,585,000</u>
Veterans' Services, Department of (VSA)			
Federal (2000)	940,200	707,600	546,200
Military Family Relief (2339)	126,600	1,050,000	1,050,000
Military Installation (1010)	0	0	0
Southern Arizona Veterans' Cemetery Trust (2499)	87,300	117,300	117,300
Statewide Employee Recognition Gifts (2449)	1,300	3,500	3,500
Veterans' Cemetery (2481)	0	0	0
Veterans' Donation (2441)	901,800	831,000	831,000
Department of Veterans' Services - Subtotal	<u>\$2,057,200</u>	<u>\$2,709,400</u>	<u>\$2,548,000</u>
Department of Water Resources (WCA)			
Administrative (3025)	0	0	0
Augmentation and Conservation Assistance (2213)	1,097,300	864,700	864,700
Colorado River Water Use Fee Clearing (2538)	9,800	6,600	6,600
Dam Repair (2218)	161,500	275,000	275,000
Federal Grants (2000)	328,200	367,000	367,000
Flood Warning System (1021)	26,000	25,000	25,000
General Adjudications (2191)	18,800	1,800	1,800
Indirect Cost Recovery (9000)	40,100	1,273,500	1,273,500
Interagency Service Agreement (2500)	125,100	227,500	227,500
Production and Copying (2411)	5,500	12,000	12,000
Publications and Mailings (2410)	8,600	12,000	12,000
Purchase and Retirement Fund (2474)	0	0	0
Statewide Donations (2025)	105,400	65,000	65,000
Water Banking, Arizona (2110)	15,686,500	4,467,600	4,467,600
Water Protection, Arizona (1302)	1,657,500	1,751,800	1,751,800
Water Quality, Arizona (2304)	307,800	199,300	199,300
Well Administration and Enforcement (2491)	173,500	222,000	222,000
Department of Water Resources - Subtotal	<u>\$19,751,600</u>	<u>\$9,770,800</u>	<u>\$9,770,800</u>
OPERATING TOTAL - FEDERAL AND OTHER NON APPROPRIATED FUND EXPENDITURES	\$18,551,603,200	\$18,320,921,400	\$15,596,704,000
Subtotal - Other Funds	6,120,225,400	6,300,913,000	6,068,704,000
Subtotal - Federal Funds	12,431,377,800	12,020,008,400	9,528,000,000
OPERATING TOTAL - FEDERAL AND OTHER NON-APPROPRIATED EXPENDITURES	\$18,551,603,200	\$18,320,921,400	\$15,596,704,000
CAPITAL - NON-APPROPRIATED			
Aviation Federal Funds (2267)	6,011,000	3,665,000	3,665,000
Federal Grants (2097)	610,639,000	632,057,000	632,057,000
Economic Strength Project (2244)	1,005,000	1,005,000	1,005,000
Highway Expansion & Extension Loan Program (2417)	0	0	0
Local Agency Deposits (3701)	71,471,000	50,000,000	50,000,000
Maricopa Regional Area Road (2029)	259,439,000	261,562,000	261,562,000
Department of Public Safety Federal Funds	<u>164,000</u>	<u>558,100</u>	<u>0</u>
CAPITAL TOTAL - FEDERAL AND OTHER NON-			

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
APPROPRIATED FUND EXPENDITURES	\$948,729,000	\$948,847,100	\$948,289,000
Subtotal - Other Funds	331,915,000	312,567,000	312,567,000
Subtotal - Federal Funds	616,814,000	636,280,100	635,722,000
CAPITAL TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES	<u>\$948,729,000</u>	<u>\$948,847,100</u>	<u>\$948,289,000</u>
GRAND TOTAL - FEDERAL AND OTHER NON- APPROPRIATED FUND EXPENDITURES	\$19,500,332,200	\$19,269,768,500	\$16,544,993,000
Subtotal - Other Funds	6,452,140,400	6,613,480,000	6,381,271,000
Subtotal - Federal Funds	13,048,191,800	12,656,288,500	10,163,722,000
GRAND TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES	<u>\$19,500,332,200</u>	<u>\$19,269,768,500</u>	<u>\$16,544,993,000</u>

1/ If General Fund monies are deposited into a non-appropriated fund, the expenditures of these monies are not displayed in this chart to avoid double counting.

NA = No Fund Number

STATE PERSONNEL SUMMARY
By Full-Time Equivalent Positions for Fiscal Years 2011 and 2012 1/

BUDGET UNITS	Fiscal Year 2011			Fiscal Year 2012		
	General Fund	Other Fund	Total	General Fund	Other Fund	Total
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, Arizona Department of	217.8	506.9	724.7	217.8	506.9	724.7
Capital Outlay	0.0	5.0	5.0	0.0	5.0	5.0
Administrative Hearings, Office of	12.0	0.0	12.0	12.0	0.0	12.0
Agriculture, Arizona Department of	166.7	50.5	217.2	166.7	50.5	217.2
AHCCCS 2/	1,243.3	172.0	1,415.3	1,243.3	162.0	1,405.3
Appraisal, State Board of	0.0	4.5	4.5	0.0	4.5	4.5
Arts, Arizona Commission on the	9.5	0.0	9.5	9.5	0.0	9.5
Athletic Training, Board of	0.0	0.0	0.0	0.0	1.5	1.5
Attorney General - Department of Law	181.2	411.7	592.9	181.2	411.7	592.9
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	17.0	17.0	0.0	17.0	17.0
Biomedical Research Commission, AZ	0.0	0.0	0.0	0.0	0.0	0.0
Capital Postconviction Public Defender Office, State	7.0	0.0	7.0	7.0	0.0	7.0
Charter Schools, State Board for	9.0	0.0	9.0	9.0	0.0	9.0
Chiropractic Examiners, State Board of	0.0	5.0	5.0	0.0	5.0	5.0
Commerce, Department of 3/	46.9	18.0	64.9	46.9	18.0	64.9
Community Colleges, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Contractors, Registrar of	0.0	144.8	144.8	0.0	144.8	144.8
Corporation Commission	6.0	302.3	308.3	6.0	302.3	308.3
Corrections, State Department of	10,009.2	6.0	10,015.2	10,009.2	6.0	10,015.2
Cosmetology, Board of	0.0	24.5	24.5	0.0	24.5	24.5
Criminal Justice Commission, AZ	0.0	8.0	8.0	0.0	8.0	8.0
Deaf & the Blind, AZ State Schools for the	279.3	292.9	572.2	279.3	292.9	572.2
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	11.0	11.0	0.0	11.0	11.0
Economic Security, Department of 4/	2,352.6	1,373.4	3,726.0	2,352.6	1,373.4	3,726.0
Education, Department of	157.5	35.0	192.5	157.5	35.0	192.5
Emergency and Military Affairs, Department of 3/ 5/	83.6	0.0	83.6	79.1	0.0	79.1
Environmental Quality, Department of	0.0	467.4	467.4	0.0	467.4	467.4
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	14.0	0.0	14.0	14.0	0.0	14.0
Exposition & State Fair Board, AZ	0.0	184.0	184.0	0.0	184.0	184.0
Financial Institutions, State Department of	46.1	9.0	55.1	46.1	9.0	55.1
Fire, Building and Life Safety, Department of	47.0	0.0	47.0	47.0	0.0	47.0
Forester, State	52.0	0.0	52.0	52.0	0.0	52.0
Funeral Directors & Embalmers, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Game and Fish Department, Arizona	0.0	273.5	273.5	0.0	273.5	273.5
Gaming, Department of	0.0	123.0	123.0	0.0	123.0	123.0
Geological Survey, Arizona	10.3	0.0	10.3	10.3	0.0	10.3
Government Information Technology Agency	4.0	19.0	23.0	4.0	19.0	23.0
Governor's Office of Strategic Planning & Budgeting	22.0	0.0	22.0	22.0	0.0	22.0
Health Services, Department of 6/	1,146.8	366.5	1,513.3	1,146.8	366.5	1,513.3
Historical Society, Arizona	51.9	0.0	51.9	51.9	0.0	51.9
Historical Society of AZ, Prescott	13.0	0.0	13.0	13.0	0.0	13.0
Homeopathic & Integrated Medicine Examrs., Bd. of	0.0	1.0	1.0	0.0	1.0	1.0
Housing, Department of	0.0	11.0	11.0	0.0	11.0	11.0
Indian Affairs, AZ Commission of	3.0	0.0	3.0	3.0	0.0	3.0
Industrial Commission of Arizona	0.0	279.0	279.0	0.0	279.0	279.0
Insurance, Department of	90.5	0.0	90.5	90.5	0.0	90.5
Judiciary						
Supreme Court	130.5	38.5	169.0	128.5	40.5	169.0
Court of Appeals	134.8	0.0	134.8	134.8	0.0	134.8
Superior Court	127.8	8.7	136.5	127.8	8.7	136.5
SUBTOTAL - Judiciary	393.1	47.2	440.3	391.1	49.2	440.3
Juvenile Corrections, Department of	936.7	65.0	1,001.7	936.7	65.0	1,001.7
Land Department, State	28.0	124.9	152.9	28.0	124.9	152.9
Law Enforcement Merit System Council	1.0	0.0	1.0	1.0	0.0	1.0
Legislature						
Auditor General	199.4	0.0	199.4	199.4	0.0	199.4
Joint Legislative Budget Committee	29.0	0.0	29.0	29.0	0.0	29.0
Legislative Council	42.8	0.0	42.8	42.8	0.0	42.8
SUBTOTAL - Legislature	271.2	0.0	271.2	271.2	0.0	271.2
Liquor Licenses & Control, Department of	0.0	42.2	42.2	0.0	42.2	42.2
Lottery Commission, Arizona State	0.0	104.0	104.0	0.0	104.0	104.0
Medical Board, AZ	0.0	58.5	58.5	0.0	58.5	58.5

BUDGET UNITS	Fiscal Year 2011			Fiscal Year 2012		
	General	Other	Total	General	Other	Total
	Fund	Fund		Fund	Fund	
Medical Student Loans, Board of	0.0	0.0	0.0	0.0	0.0	0.0
Mine Inspector, State	14.0	0.0	14.0	14.0	0.0	14.0
Mines & Mineral Resources, Department of	6.0	0.0	6.0	6.0	0.0	6.0
Naturopathic Physicians Medical Board	0.0	7.0	7.0	0.0	7.0	7.0
Navigable Stream Adjudication Commission, AZ	2.0	0.0	2.0	2.0	0.0	2.0
Nursing, State Board of	0.0	40.2	40.2	0.0	40.2	40.2
Nursing Care Institution of Administrators, Bd	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
Occupational Therapy Examiners, Board of	0.0	3.0	3.0	0.0	1.5	1.5
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	6.7	6.7	0.0	6.7	6.7
Parks Board, Arizona State	0.0	232.3	232.3	0.0	232.3	232.3
Personnel Board	0.0	3.0	3.0	0.0	3.0	3.0
Pest Management, Office of	0.0	40.0	40.0	0.0	40.0	40.0
Pharmacy, AZ State Board of	0.0	18.0	18.0	0.0	18.0	18.0
Physical Therapy Examiners, Board of	0.0	3.8	3.8	0.0	3.8	3.8
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 of	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	343.8	1,738.0	2,081.8	343.8	1,738.0	2,081.8
Racing, Arizona Department of	40.5	0.0	40.5	40.5	0.0	40.5
Radiation Regulatory Agency ^{5/}	27.0	5.0	32.0	23.0	5.0	28.0
Rangers' Pensions, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Department, State	55.0	0.0	55.0	55.0	0.0	55.0
Residential Utility Consumer Office	0.0	11.0	11.0	0.0	11.0	11.0
Respiratory Care Examiners, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Retirement System, Arizona State	0.0	236.0	236.0	0.0	236.0	236.0
Revenue, Department of	907.0	28.0	935.0	907.0	28.0	935.0
School Facilities Board	17.0	0.0	17.0	17.0	0.0	17.0
Secretary of State, Department of State	130.9	8.2	139.1	130.9	8.2	139.1
State Boards' Office	0.0	3.0	3.0	0.0	3.0	3.0
Tax Appeals, State Board of	4.0	0.0	4.0	4.0	0.0	4.0
Technical Registration, State Board of	0.0	23.0	23.0	0.0	23.0	23.0
Tourism, Office of ^{7/}	0.0	0.0	0.0	0.0	0.0	0.0
Transportation, Department of	2.0	4,546.0	4,548.0	2.0	4,546.0	4,548.0
Treasurer, State	0.0	29.4	29.4	0.0	29.4	29.4
Universities ^{8/}						
Regents, Arizona Board of	25.9	0.0	25.9	25.9	0.0	25.9
Arizona State University - Tempe/DPC Campus	6,868.8	0.0	6,868.8	6,868.8	0.0	6,868.8
Arizona State University - East Campus	526.1	0.0	526.1	526.1	0.0	526.1
Arizona State University - West Campus	795.7	0.0	795.7	795.7	0.0	795.7
Northern Arizona University	1,989.0	0.0	1,989.0	1,989.0	0.0	1,989.0
University of Arizona - Main Campus	5,805.5	0.0	5,805.5	5,805.5	0.0	5,805.5
University of Arizona - Health Sciences Center	979.1	0.0	979.1	979.1	0.0	979.1
SUBTOTAL - Universities	16,990.1	0.0	16,990.1	16,990.1	0.0	16,990.1
Veterans' Services, Department of	88.3	268.0	356.3	88.3	412.0	500.3
Veterinary Medical Examining Board, AZ. State	0.0	5.5	5.5	0.0	5.5	5.5
Water Resources, Department of	82.0	125.2	207.2	82.0	125.2	207.2
Weights and Measures, Department of	19.4	17.0	36.4	19.4	17.0	36.4
TOTAL APPROPRIATED FUNDS	36,652.2	13,145.8	49,798.0	36,641.7	13,281.8	49,923.5

^{1/} Full-Time Equivalent (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 2011 and FY 2012 can be found in the individual agency pages.

^{2/} Excludes 1,568.1 FTE Positions in FY 2011 and FY 2012 that are Federally funded (Medicaid funds).

^{3/} Laws 2010, Chapter 208 shifts the administration of the Military Installation Fund and 1 FTE Position from the Department of Commerce to the Department of Emergency and Military Affairs.

^{4/} Excludes 1,747.4 FTE Positions in FY 2011 and FY 2012 funded by the Long Term Care System Fund and Federal Funds for Child Support Enforcement.

^{5/} Includes 4.5 General Fund FTE Positions in the Department of Emergency and Military Affairs and 4 General Fund FTE Positions in the Radiation Regulatory Agency for FY 2011 appropriated by Laws 2009, 1st Regular Session, Chapter 73.

^{6/} Excludes 118.8 FTE Positions in FY 2011 and FY 2012 that are Federally funded (Medicaid funds).

^{7/} The agency does not appear in the General Appropriation Act, therefore, the FTE Positions displayed are for informational purposes only.

^{8/} All university FTE Positions are attributed to the General Fund, although the universities fund these positions from Other Appropriated Funds, as well.

FY 2012 BUDGET RECONCILIATION BILL PROVISIONS

The Baseline would include the enactment of statutory changes associated with its funding amount. The following provisions would be grouped by subject into Budget Reconciliation Bills (BRBs).

Statewide

1. As session law, continue to require the Governor's Office of Economic Recovery to report on the use of American Recovery and Reinvestment Act (ARRA) funds by October 1. Allow the reports to be transmitted electronically by posting them on the state's stimulus tracking website.
2. As session law, continue to require unrestricted Federal Funds, excluding ARRA funds, to be deposited in the General Fund for the payment of essential government services.
3. As session law, continue to allow agencies to implement a furlough (in addition to those required by FY 2011 budget legislation) for FY 2012 and direct the Arizona Department of Administration (ADOA) to prescribe implementation procedures. Also, exempt ADOA from rulemaking requirements for the purpose of prescribing procedures.
4. As session law, notwithstanding A.R.S. § 35-121 to permit annual budgets for all departments.
5. As session law, continue to specify that any non-lapsing monies appropriated from the General Fund that remain unexpended or unencumbered at the close of FY 2012 shall be counted as part of the closing balance.
6. As session law, change the FY 2012 Capital Outlay Stabilization Fund (COSF) rental rate charged by ADOA from \$21.02/square foot to \$15.08/square foot for office space and from \$7.62/square foot to \$5.47/square foot for storage space.

Arizona Department of Administration

7. As session law, continue to prohibit implementation of a differentiated health insurance premium in FY 2012 based on the integrated or non-integrated status of the provider.

Office of Administrative Hearings

8. As session law, continue to suspend the requirement that the office hear appealed actions and contested cases within 60 days of the filing.

Arizona Department of Agriculture

9. As session law, permit the director, upon recommendation from the Agricultural Advisory Council, to continue to increase fees in FY 2012. The bill includes an intent clause that limits additional revenues up to \$561,000.

AHCCCS

10. As session law, set county Arizona Long Term Care System (ALTCS) contributions at \$251,732,900.
11. As session law, continue to permit Arizona Health Care Cost Containment (AHCCCS) to expend Federal Funds made available by local or tribal spending unless the spending would reduce the enhanced federal matching rate under the federal stimulus or cause the administration to exceed any limitations of federal spending.
12. As session law, continue to prohibit increases in institutional and non-institutional provider rates in the contract year beginning October 1, 2011. Allow AHCCCS to reduce institutional and non-institutional rates up to 5% in contract year beginning October 1, 2011.
13. As session law, establish FY 2012 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, and private qualifying disproportionate share hospitals.
14. As session law, set the County Acute Care contribution at \$48,605,300. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.
15. As session law, require the collection of \$2,646,200 in the Disproportionate Uncompensated Care pool contributions from counties other than Maricopa. Exclude these contributions from county expenditure limitations.
16. As session law, continue to exclude Proposition 204 administration costs from county expenditure limitations.
17. As session law in the General Appropriation Act, continue to defer \$344,201,700 in capitation payments for FY 2012 until FY 2013. Appropriate \$344,344,800 in FY 2013 for these deferred payments, including interest. Allow AHCCCS to pay the health plans no later than July 31, 2012.
18. As session law, continue to exclude the AHCCCS from the ambulance provider rates set by the Department of Health Services (DHS).
19. As session law, continue the FY 2010 risk contingency rate reduction for all managed care organizations. Continue to impose a reduction on funding for all managed care organizations administrative funding levels.
20. As session law, exempt AHCCCS from rulemaking requirements for determining eligibility necessary to implement a program within the available appropriation.
21. As session law, continue to state that it is the intent of the Legislature that AHCCCS comply with the Federal False

Claims Act, achieve the maximum savings as possible under the federal act, and continue to consider best available technologies to consider fraud.

Department of Commerce

22. As session law, continue to allow the department to use the Lottery Fund, Bond Fund and Commerce and Economic Development Fund for operating.

Arizona Community Colleges

23. As session law, continue to suspend capital outlay funding for FY 2012.
24. As session law, continue to notwithstanding the 20% cap to the community college districts' ability to use capital outlay monies for operating.
25. As session law, notwithstanding the operating and equalization state aid formulas in FY 2012, and specify that the appropriations for operating and equalization state aid shall be as provided in the General Appropriation Act.

Registrar of Contractors

26. As session law, continue to allow 14% of prior fiscal year revenues from the Residential Contractors' Recovery Fund to be used for employee and contracted services, equipment, and for operational costs, rather than 10% of the fund balance.

State Department of Corrections

27. As session law, continue to require the department to report actual FY 2011, estimated FY 2012, and requested FY 2013 expenditures as delineated in the prior year when the department submits its FY 2013 budget request pursuant to A.R.S. § 35-113.

Department of Economic Security

28. As session law, continue to require recipients of Temporary Assistance for Needy Families (TANF) Cash Benefits to pass a drug test in order to be eligible for benefits if the Department of Economic Security (DES) has reasonable cause to believe that the recipient uses illegal drugs.
29. As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require DES to report to JLBC within 15 days of any change in levels.
30. As session law in the General Appropriation Act, continue the FY 2011 \$42,000,000 payment deferral to providers from FY 2012 to FY 2013.

Department of Education

31. As permanent law, increase by 0.9% the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school "Additional Assistance amounts prescribed in A.R.S. § 15-185B4.
32. As permanent law, maintain at \$3,267.72 for FY 2012 the per pupil "base level" amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2011).
33. As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2012 at a percentage that would freeze statewide JTED costs at the prior year level.
34. As session law, continue to set the maximum base level increase for Career Ladder districts at 5.0% rather than 5.5% and limit the program only to teachers who participated in the prior year.
35. As session law, continue to suspend new funding for the early graduation program, but continue to fund existing students with available fund balances.
36. As session law, continue to suspend the "Actual Utilities Cost" funding formula in A.R.S. § 15-910.04 and related reporting requirements currently prescribed in A.R.S. § 15-910.03.
37. As session law, continue to permit school districts to use Soft Capital funding for FY 2012 for any operating or capital expenditures.
38. As session law, continue to suspend the annual AIMS Intervention and Dropout Prevention performance audit for FY 2012.
39. As session law, continue to allow school districts and charter schools to charge tuition for full day Kindergarten (FDK) in FY 2012 if they decide not to provide free FDK in FY 2012.
40. As session law, continue the \$(165,120,700) Soft Capital reduction required for FY 2011 by Laws 2010, 7th Special Session, Chapter 8. As session law, continue to exempt school districts with fewer than 600 K-8 and districts with fewer than 600 high school pupils from 50% of the Soft Capital reductions that they otherwise would receive for FY 2012. As session law, continue to reduce Soft Capital funding to school districts that do not receive state aid for FY 2012 by the amount that would be reduced if they did qualify for state aid for FY 2012. As session law, continue to specify that, to the extent possible, the Soft Capital reductions shall be taken against administrative costs rather than classroom instruction.

41. As session law, continue to reduce charter school Additional Assistance funding by an amount specified in the General Appropriation Act (\$10,000,000) for FY 2012 only below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4.
42. As session law in the General Appropriation Act, continue to defer \$952,627,700 in Basic State Aid payments for FY 2012 until FY 2013. Appropriate \$952,627,700 in FY 2013 for these deferred Basic State Aid payments. Allow the State Board of Education to make the rollover payment no later than August 29, 2012.
43. As session law in the General Appropriation Act, continue to require school districts to include in the FY 2012 revenue estimates that they use for computing their FY 2012 tax rates the rollover monies that they will receive for FY 2012 in July or August 2012.

Department of Emergency and Military Affairs

44. As session law, continue to amend Laws 2004, Chapter 235, Section 14 to reduce the Military Installation Fund deposit by \$(2,800,000) in FY 2012.
45. As session law, continue the \$(1,100,000) reduction to the Governor's Emergency Fund deposit in FY 2012.

Department of Environmental Quality

46. As session law, continue to suspend the Underground Storage Tank Revolving Fund Assurance Account administrative cap for FY 2012 to allow the department to utilize up to \$6,531,000 for program operating costs.
47. As session law, allow the department to increase fees in FY 2012. The bill adds an intent clause that limits additional revenues to \$5,779,100.
48. As session law, limit the General Fund appropriation to the Water Quality Assurance Revolving Fund to \$7,000,000 in FY 2012.

Board of Executive Clemency

49. As session law, continue to limit members of the Board of Executive Clemency, excluding the Chairman, from working more than 30 hours per week and restrict them from being eligible for paid leave or any other benefits provided to state employees.

Department of Health Services

50. As session law, continue to require all cities and counties to pay 100% of cost of Restoration to Competency treatment in FY 2012. Allows counties to use any source of county revenue to make the transfers.
51. As session law, continue to require counties to pay 25% of the cost of treatment and confinement for sexually violent persons. Allows counties to use any source of county revenue to make the transfers and exempts county contributions from county expenditure limitations.

Department of Insurance

52. As session law, continue to notwithstanding the requirement for the Department of Insurance to recover at least 95% but not more than 110% of the department's appropriated budget.
53. As session law, amend Laws 2009, 1st Regular Session, Chapter 1 to make the appropriation of \$4,659,666 to the Arizona Property and Casualty Insurance Guaranty Fund and \$5,204,466 to the Life and Disability Guaranty Fund in each of fiscal years 2012-2014 contingent upon the \$13,991,900 and \$15,620,200 transfers from those funds to the General Fund authorized by Laws 2009, 1st Special Session, Chapter 1 occurring.

Judiciary

54. As session law, continue to suspend the reporting requirements for the Annual Juvenile Intensive Probation Report, the Community Punishment Program Report, the Emancipation of Minors Report, the Annual Drug Treatment and Education Fund Report, the Annual Lengthy Trial Fund Report, the Annual Child Support Committee Report, and the Annual Domestic Relations Committee Report.
55. As session law, suspend A.R.S. § 12-270, which requires the Legislature to annually appropriate 40% of any cost savings related to a reduction in probation revocations, to be deposited in the Adult Probation Services Fund of each county if there is a reduction in the percentage of supervised probationers who are convicted of new felony offenses.
56. As session law, continue to suspend county non-supplanting requirements associated with funding for probation services, criminal case processing, and alternative dispute resolution programs and require the counties to report on reductions in county funding as a result of the elimination of the non-supplanting provisions.
57. As session law, suspend the requirement of 50% reimbursement to counties for grand jury expenses and for state-funded representation of indigent defendants in first-time capital post conviction relief proceedings.

Board of Medical Student Loans

58. As session law, continue to suspend the requirement that at least 50% of loan monies be apportioned for students attending private medical schools retroactive to June 30, 2011.

Arizona State Parks Board

59. As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.
60. As session law, continue to allow State Parks Enhancement Fund monies to be used for the operation of state parks as appropriated by the Legislature or for capital needs as approved by the Joint Committee on Capital Review in FY 2012.
61. As session law, allow the use of Law Enforcement Boating Safety Fund monies for Parks Board operations and \$500,000 for law enforcement grants in Mohave and La Paz Counties in FY 2012.

Department of Public Safety

62. 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 Highway User Revenue Fund and State Highway Fund revenues available to fund the Department of Public Safety's Highway Patrol costs.
63. As session law, continue to reduce the Laws 2007, Chapter 261 advance appropriation of \$3,520,000 from the DNA Identification System Fund to \$980,000 in FY 2012. These monies were originally appropriated to fund the operating costs of expanded testing provisions and the design and construction of an expanded crime lab in Phoenix.

School Facilities Board

64. As session law, continue to prohibit the School Facilities Board (SFB) from authorizing or awarding funding for the design or construction of any new school facility or for school site acquisition. Continue to require school districts to submit capital plans during FY 2012 and permit SFB to review and award new school facilities, subject to future appropriations.
65. As session law, continue to suspend the Building Renewal Fund formula for FY 2012.

Department of Transportation

66. As permanent law, continue to require that the amount of Vehicle License Tax collected from the 5-year registration option, which is over and above what would have been collected had the vehicles been registered for 2 years, be deposited into the General Fund.

State Treasurer

67. As session law, continue to fund the state share of Justice of the Peace salaries at 19.25% in FY 2012.

Universities

68. As session law, continue to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into Arizona Financial Aid Trust.
69. As session law in the General Appropriation Act, continue the FY 2011 \$200,000,000 universitywide payment deferral to the universities from FY 2012 to FY 2013.

Department of Water Resources

70. As session law, continue to suspend the statutory \$5,000,000 transfer from the General Fund to the Water Protection Fund in FY 2012.
71. As session law, allow the department to increase fees in FY 2012. The bill adds an intent clause that limits additional revenues to \$5,662,900 and requires a specific fee plan be developed for legislative consideration by April 1, 2011.

Revenues

72. As session law, continue the FY 2011 fee raising authority for the Department of Health Services, the Radiation Regulatory Agency, the State Land Department, and the Office of Pest Management. The bill exempts recreation fees from the fee raising authority granted the State Land Department. The bill adds an intent clause that limits additional revenues to \$600,000 each for the Department of Health Services and the State Land Department, \$500,000 for the Radiation Regulatory Agency, and \$525,000 for the Office of Pest Management.
73. As session law, require Maricopa County to transfer \$28,600,000 and Pima County to transfer \$6,000,000 into the General Fund, for a total transfer of \$34,600,000. Exempt these contributions from county expenditure limitations. Allows counties to use any source of county revenue to make the transfers.

MAJOR FOOTNOTE CHANGES

The Baseline includes the following major modification of footnotes. This list does not include footnotes pertaining to one-time reports or appropriations.

Arizona Department of Administration

- Converts the footnote from requiring JLBC review of expenditures of any Automation Operations Fund above the appropriated amount to requiring a report.

AHCCCS

- Adds a footnote appropriating all AHCCCS voluntary state match and related Federal Medicaid Authority monies for Graduate Medical Education in FY 2012. Requires AHCCCS to submit a report to the JLBC on these amounts by August 1, 2012.

State Department of Corrections

- Deletes the footnote stating legislative intent that department contract for county jail beds at per diem rate not to exceed \$50, as there are no such beds.

Arizona State Lottery Commission

- Adds a footnote for the newly-created Charitable Commissions Special Line Item stating that 20% of Tab Ticket sales is appropriated for payment of sales commissions to charitable organizations, which is currently estimated to be \$2,400,000 in FY 2012.

School Facilities Board

- Adds a footnote requiring any reimbursement received by, or allocated to, the agency under the federal Qualified School Construction Bond program to be deposited or reverted to the General Fund in FY 2012.

Secretary of State

- Adds a footnote allowing the agency to spend \$5,000 of its appropriation for the purchase of mementos and items for visiting officials in FY 2012.

INDIVIDUAL AGENCY ESTIMATES

Arizona State Board of Accountancy

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	13.0	13.0	13.0
Personal Services	597,200	622,900	622,900
Employee Related Expenditures	264,400	311,400	311,400
Professional and Outside Services	357,900	441,500	441,500
Travel - In State	4,000	6,800	6,800
Travel - Out of State	600	9,400	9,400
Other Operating Expenditures	218,300	465,300	465,300
Equipment	22,400	26,700	26,700
AGENCY TOTAL	1,464,800	1,884,000	1,884,000

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Accountancy Fund	1,464,800	1,884,000	1,884,000
SUBTOTAL - Other Appropriated Funds	1,464,800	1,884,000	1,884,000
SUBTOTAL - Appropriated Funds	1,464,800	1,884,000	1,884,000
TOTAL - ALL SOURCES	1,464,800	1,884,000	1,884,000

AGENCY DESCRIPTION — The board licenses, investigates, and conducts examinations of certified public accountants and public accountants. The board is also responsible for registering and investigating accounting firms owned by certified public accountants.

Operating Budget

* * *

The Baseline includes \$1,884,000 and 13 FTE Positions from the Board of Accountancy Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Accountancy Fund (ABA2001/A.R.S. § 32-705)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of public accountants. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate certified public accountants and public accountants, and for board administration.		
Funds Expended	1,464,800	1,884,000
Year-End Fund Balance	1,138,800	840,400

Acupuncture Board of Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	72,200	72,200	72,200
Employee Related Expenditures	15,500	15,500	15,500
Professional and Outside Services	19,200	20,400	20,400
Travel - In State	1,400	1,400	1,400
Travel - Out of State	1,900	1,900	1,900
Other Operating Expenditures	14,900	14,900	14,900
Equipment	100	100	100
AGENCY TOTAL	125,200	126,400	126,400

FUND SOURCES

Other Appropriated Funds

Acupuncture Board of Examiners Fund	125,200	126,400	126,400
SUBTOTAL - Other Appropriated Funds	125,200	126,400	126,400
SUBTOTAL - Appropriated Funds	125,200	126,400	126,400
TOTAL - ALL SOURCES	125,200	126,400	126,400

AGENCY DESCRIPTION — The Acupuncture Board of Examiners licenses and regulates the practice of acupuncture by individuals who are not licensed to practice acupuncture by another professional board. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Operating Budget

* * *

The Baseline includes \$126,400 and 1 FTE Position from the Acupuncture Board of Examiners Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Acupuncture Board of Examiners Fund (ANA2412/A.R.S. § 32-3905)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of acupuncturists. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate acupuncturists, and for board administration.		
Funds Expended	125,200	126,400
Year-End Fund Balance	31,700	37,300

Arizona Department of Administration

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	730.7	724.7	724.7
Personal Services	24,254,900	26,996,900	26,996,900
Employee Related Expenditures	9,803,000	11,398,400	11,398,400
Professional and Outside Services	3,694,800	4,661,900	4,661,900
Travel - In State	253,500	311,200	311,200
Travel - Out of State	15,100	20,200	20,200
Other Operating Expenditures	26,607,000	29,975,500	29,975,500
Equipment	2,392,000	5,982,500	5,982,500
OPERATING SUBTOTAL	67,020,300	79,346,600	79,346,600
SPECIAL LINE ITEMS			
Facilities Management			
Relocation	53,600	0	0
Utilities	7,311,700	7,975,600	7,975,600
Financial Services			
Arizona Financial Information System	1,113,700	0	0
County Attorney Immigration Enforcement	715,000	1,213,200	1,213,200
ENSCO	2,867,300	2,862,800	2,862,800
Federal Legal Services Payback	1,700,000	0	0
Named Claimants	101,600	0	0
Human Resources			
Employee Wellness Program	218,500	0	0
Human Resources Information Solution COP	4,318,400	4,749,700	4,749,700
Information Technology Services			
Telecommunications Lease Payment	851,700	425,900	0
Risk Management			
External Legal Services	2,681,100	0	0
Non-Legal Related Expenditures	2,124,100	0	0
Risk Management Administrative Expenses	0	8,746,100	8,746,100
Risk Management Losses and Premiums	30,061,800	45,371,300	43,480,200
Workers' Compensation Losses and Premiums	22,323,000	30,112,300	30,620,200
Support Services			
State Surplus Property Sales Proceeds	587,300	1,260,000	1,260,000
AGENCY TOTAL	144,049,100	182,063,500	180,254,400
FUND SOURCES			
General Fund	18,799,900	17,734,300	17,308,400
<u>Other Appropriated Funds</u>			
Air Quality Fund	696,600	714,100	714,100
Automation Operations Fund	18,200,700	18,944,200	18,944,200
Capital Outlay Stabilization Fund	14,988,600	17,348,200	17,348,200
Corrections Fund	428,700	564,000	564,000
Federal Surplus Materials Revolving Fund	99,800	458,700	458,700
Motor Vehicle Pool Revolving Fund	7,434,400	10,515,200	10,515,200
Personnel Division Fund	12,551,300	13,975,100	13,975,100
Risk Management Revolving Fund	64,113,500	92,389,100	91,005,900
Special Employee Health Insurance Trust Fund	3,706,500	5,182,700	5,182,700
State Surplus Materials Revolving Fund	1,568,800	2,397,600	2,397,600
Telecommunications Fund	1,460,300	1,840,300	1,840,300
SUBTOTAL - Other Appropriated Funds	125,249,200	164,329,200	162,946,000
SUBTOTAL - Appropriated Funds	144,049,100	182,063,500	180,254,400

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
Other Non-Appropriated Funds	897,873,600	923,106,300	987,316,200
Federal Funds	2,172,500	6,752,300	4,877,800
TOTAL - ALL SOURCES	1,044,095,200	1,111,922,100	1,172,448,400

AGENCY DESCRIPTION — The department provides centralized general support services to state agencies, including accounting, financial, purchasing, building and grounds maintenance, personnel, information technology, Capitol Police, motor pool, travel reduction, and risk management services.

Operating Budget

The Baseline includes \$79,346,600 and 724.7 FTE Positions from the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$12,606,700
Air Quality Fund	714,100
Automation Operations Fund	18,944,200
Capital Outlay Stabilization Fund	9,998,300
Corrections Fund	564,000
Federal Surplus Materials Revolving Fund	458,700
Motor Vehicle Pool Revolving Fund	10,515,200
Personnel Division Fund	9,225,400
Risk Management Revolving Fund	8,159,400
Special Employee Health Insurance Trust Fund	5,182,700
State Surplus Materials Revolving Fund	1,137,600
Telecommunications Fund	1,840,300

These amounts are unchanged from FY 2011.

Facilities Management

Utilities

The Baseline includes \$7,975,600 for Utilities in FY 2012. This amount consists of:

General Fund	625,700
Capital Outlay Stabilization Fund	7,349,900

These amounts are unchanged from FY 2011.

This line item funds utility charges, including electric, water, gas, and garbage disposal, for buildings located on the Capitol Mall and the Tucson Office Complex.

Financial Services

County Attorney Immigration Enforcement

The Baseline includes \$1,213,200 from the General Fund for County Attorney Immigration Enforcement in FY 2012. This amount is unchanged from FY 2011.

The FY 2012 appropriation is for distribution to the Maricopa County Attorney for the purpose of enforcement of the provisions in A.R.S. § 23-212 that prohibit an employer from knowingly employing unauthorized immigrants and general enforcement of immigration related matters.

ENSCO

The Baseline includes \$2,862,800 from the General Fund for ENSCO in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are used to pay the lease-purchase requirements for acquisition of the ENSCO site. Laws 1991, Chapter 282 authorized the simultaneous sale and lease-purchase of state properties to fund this appropriation. In October 1991, the Arizona Department of Administration (ADOA) issued a 20-year, \$54,514,200 Certification of Participation (COP) in which portions of the adult prison complex at Florence were used as collateral. (Please see the FY 2011 Appropriations Report for more details.) The COP will be paid off in August of 2011, which is FY 2012. FY 2012 savings from the payment being cut in half are incorporated in the statewide portion of the Baseline. (Please see the Capital Outlay ADOA Building System narrative for more information.)

Human Resources

Human Resources Information Solution COP

The Baseline includes \$4,749,700 from the Personnel Division Fund for the Human Resources Information Solution (HRIS) COP in FY 2012. This amount is unchanged from FY 2011.

This line item funds semi-annual payments made on the \$35,000,000 12-year COP issued to fund HRIS.

Information Technology Services

Telecommunications Lease Payment

The Baseline includes no funding for the Telecommunications Lease Payment in FY 2012. FY 2012 adjustments would be as follows:

Lease Payment Decrease GF (425,900)

The Baseline includes a decrease of \$(425,900) from the General Fund to eliminate the lease payment in FY 2012.

Risk Management

Risk Management Administrative Expenses

The Baseline includes \$8,746,100 from the Risk Management Fund for Risk Management Administrative Expenses in FY 2012. This amount is unchanged from FY 2011.

This line item funds financial and actuarial analyses, relevant investigations, and related travel. This line item also funds legal representation from outside the Office of the Attorney General.

Risk Management Losses and Premiums

The Baseline includes \$43,480,200 from the Risk Management Revolving Fund for Risk Management Losses and Premiums in FY 2012. FY 2012 adjustments would be as follows:

Risk Management Losses OF (1,891,100)

The Baseline includes a decrease of \$(1,891,100) from the Risk Management Revolving Fund for an estimated decrease in Risk Management Losses and Premiums in FY 2012. This decrease is a result of an independent actuarial review of the department's claim history and exposure.

This line item represents estimated payments for liability and property settlements, medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

Workers' Compensation Losses and Premiums

The Baseline includes \$30,620,200 from the Risk Management Revolving Fund for Workers' Compensation Losses and Premiums in FY 2012. FY 2012 adjustments would be as follows:

Losses and Premiums Increase OF 507,900

The Baseline includes an increase of \$507,900 from the Risk Management Revolving Fund for an estimated

increase in Workers' Compensation Losses and Premiums in FY 2012. This increase is a result of an independent actuarial review of the department's claim history and exposure.

This line item accounts for the state's liability in workplace injuries. The funding represents payments for workers' compensation beneficiaries, hospital and medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

Support Services

State Surplus Property Sales Proceeds

The Baseline includes \$1,260,000 from the State Surplus Materials Revolving Fund for State Surplus Property Sales Proceeds in FY 2012. This amount is unchanged from FY 2011.

This line item separates surplus sales proceeds returned to agencies from the division's operating budget. The surplus property yard returns 90% of sales proceeds to the agency from which the property originated. The yard retains 10% of the proceeds to fund its operations.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The department may collect an amount not to exceed \$1,762,600 from other funding sources, excluding Federal Funds, to recover pro rata costs of operating AFIS II.

The \$1,213,200 appropriated to the County Attorney Immigration Enforcement line item shall be distributed to the county attorney of a county in this state having a population of 1,500,000 or more persons. The county attorney may enter into agreements with county sheriffs or other law enforcement agencies or jurisdictions for the purposes of implementing A.R.S. § 23-212. This appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

All State Surplus Materials Revolving Fund revenues received by the Department of Administration in excess of the \$1,260,000 appropriated to the State Surplus Property Sales Proceeds line item in FY 2012 are appropriated to the department. Before the expenditure of State Surplus Materials Revolving Fund receipts in excess of \$1,260,000 in FY 2012, the Department of Administration shall report the intended use of monies to the Joint Legislative Budget Committee.

The amounts appropriated for the State Employee Transportation Service Subsidy shall be used for up to a 50% subsidy of charges payable for transportation service expenses as provided in A.R.S. § 41-786, of nonuniversity state employees in a vehicle emissions control area as defined in A.R.S. § 49-541, of a county with a population of more than 400,000 persons.

The appropriation for the Automation Operations Fund is an estimate representing all monies, including balance forward, revenue and transfers during FY 2012. These monies are appropriated to the Department of Administration for the purposes established in A.R.S. § 41-711. The appropriation shall be adjusted as necessary to reflect receipts credited to the Automation Operations Fund for Automation Operation Center projects. Before the expenditure of any Automation Operation Fund revenues in excess of the \$18,944,200 in FY 2012, the

Department of Administration shall report the intended use of monies to the Joint Legislative Budget Committee. *(The footnote has been modified to require a report to the JLBC rather than a review.)*

It is the intent of the Legislature that the department not replace vehicles until an average of 120,000 miles or more.

STATUTORY CHANGES

The Baseline would, as session law, continue to prohibit the department from implementing a differentiated health insurance premium in FY 2012 based on the integrated or non-integrated status of the provider.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Administration - AFIS II Collections Fund (ADA4203/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Financial transaction processing fees.		
Purpose of Fund: To operate the Arizona Financial Information System (AFIS) II.		
Funds Expended	1,251,800	2,388,600
Year-End Fund Balance	1,163,100	70,900
Air Quality Fund (ADA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Annual air quality and emissions fees assessed on motor vehicle registrations, as well as legislative appropriations.		
Purpose of Fund: To administer a travel reduction program, as defined by A.R.S. § 49-588, including bus ride subsidies for state employees.		
Funds Expended	696,600	714,100
Year-End Fund Balance	196,300	60,300
Arizona State Hospital Capital Construction Fund (ADA2466/Laws 2000, Chapter 1)		Non-Appropriated
Source of Revenue: Laws 2000, Chapter 1 created the Arizona State Hospital Capital Construction Fund, from which \$80,000,000 was appropriated over 4 years, beginning in 2000.		
Purpose of Fund: To construct civil, forensic and adolescent facilities, renovation of existing buildings and infrastructure, and for the Arizona Community Protection and Treatment Center.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Automation Operations Fund (ADA4230/A.R.S. § 41-711)		Appropriated
Source of Revenue: Charges to agencies and other political entities for information technology products and services. The fund has continuously appropriated sub-accounts for agreements made with other states and the Arizona Health Care Cost Containment System.		
Purpose of Fund: To provide agencies and other political entities data processing and information technology consulting services and to maintain the integrity and security of state information.		
Funds Expended	18,200,700	18,944,200
Year-End Fund Balance	1,947,000	1,588,000
Capital Outlay Stabilization Fund (ADA1600/A.R.S. § 41-792.01)		Appropriated
Source of Revenue: Rental and tenant improvement charges to agencies occupying Arizona Department of Administration (ADOA) owned buildings.		
Purpose of Fund: To pay maintenance, utilities, construction, and administrative costs for state-owned buildings.		
Funds Expended	14,988,600	17,348,200
Year-End Fund Balance	6,437,300	6,640,800

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Capitol Police Administrative Towing Fund (ADA1999/A.R.S. § 41-795)		Non-Appropriated
Source of Revenue: Penalties and fees collected for parking violations on state property.		
Purpose of Fund: For Capitol Police Department law enforcement purposes.		
Funds Expended	40,500	82,700
Year-End Fund Balance	72,300	43,000
Certificate of Participation Fund (ADA5005/A.R.S. § 41-791.02)		Non-Appropriated
Source of Revenue: Rental and tenant improvement charges to agencies occupying buildings under Certificate of Participation (COP) lease-purchase agreements.		
Purpose of Fund: To make COP lease-purchase payments on buildings under such agreements.		
Funds Expended	110,730,500	154,600,700
Year-End Fund Balance	20,607,700	6,781,900
Construction Insurance Fund (ADA4219/A.R.S. § 41-622)		Non-Appropriated
Source of Revenue: Risk management charges to agencies for state construction projects. The construction and design insurance rate is set by ADOA and reviewed by the Joint Committee on Capital Review.		
Purpose of Fund: To self-insure state construction projects against tort losses from design and construction defects.		
Funds Expended	834,900	2,068,300
Year-End Fund Balance	1,882,700	2,553,100
Consumer Loss Recovery Fund (ADA2469/A.R.S. § 41-622.02)		Non-Appropriated
Source of Revenue: Budget Stabilization Fund (A.R.S. § 35-144) transfers based on monthly actual expenditure requests, as submitted by the Risk Management Division.		
Purpose of Fund: To pay claims, as well as adjusting, processing, legal defense, and administrative costs associated with the alternative fuel credit.		
Funds Expended	0	0
Year-End Fund Balance	17,800	17,800
Co-Op State Purchasing Agreement Fund (ADA4213/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Annual subscription fees paid by local governments for state purchasing records, fees paid by individuals for copies of public records, and fees paid by vendors participating in the State Contract Show.		
Purpose of Fund: To provide microfiche of state purchasing information to local governments, as well as to reproduce public records for local governments and the public.		
Funds Expended	1,986,000	2,017,400
Year-End Fund Balance	26,000	700
Corrections Fund (DCA2088/A.R.S. § 41-1641)		Appropriated
Source of Revenue: Luxury taxes on alcohol and tobacco products.		
Purpose of Fund: For the construction, major maintenance, lease-purchase or lease of correctional or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities.		
Funds Expended	428,700	564,000
Year-End Fund Balance*	(647,500)	(1,389,200)
Electronic Commerce Fund (ADA2482/A.R.S. § 41-2673)		Non-Appropriated
Source of Revenue: Legislative appropriations, agency repayments, and 10% of any savings generated through the implementation of electronic commerce initiatives using fund monies.		
Purpose of Fund: To partially finance agency electronic commerce initiatives where other funding mechanisms do not exist.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Emergency Telecommunication Services Revolving Fund (ADA2176/A.R.S. § 41-704)		Non-Appropriated
Source of Revenue: The telecommunication services excise tax, currently 20¢ per wire or wireless account, levied on monthly telephone bills and remitted by telephone companies, as authorized by A.R.S. § 42-5252.		
Purpose of Fund: To aid the political subdivisions of the state in implementing and operating emergency telecommunication services (911); to purchase necessary equipment and consulting services (up from 3% to 5% of revenue beginning September 30, 2009); to pay monthly recurring costs for capital, maintenance, and operations; and to reimburse wireless carriers for the costs of compliance.		
Funds Expended	26,672,300	25,281,900
Year-End Fund Balance	12,350,100	0
Employee Related Expenditures/Benefits Administration Fund (ITA3035/A.R.S. § 38-651.05)		Non-Appropriated
Source of Revenue: State employer and state employee premium contributions for vision, flexible spending, disability, life, and accident insurance.		
Purpose of Fund: To administer state employee benefit plans and pay non-health insurance premiums.		
Funds Expended	37,958,200	35,631,000
Year-End Fund Balance	3,366,000	3,010,300
Federal Grants (ADA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants, including grants from the Department of Justice.		
Purpose of Fund: To pay for security related equipment and other expenses.		
Funds Expended	310,500	151,900
Year-End Fund Balance	55,400	10,000
Federal Grants - American Recovery and Reinvestment Act (ARRA) (ADA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for the weatherization of homes, energy efficiency and usage reduction, and appliance rebates.		
Funds Expended	1,862,000	6,600,400
Year-End Fund Balance	63,500	463,100
Federal Surplus Materials Revolving Fund (ADA4215/A.R.S. § 41-2606)		Appropriated
Source of Revenue: Federal surplus property service and handling fees.		
Purpose of Fund: To collect, store, and administer the sale of federal surplus property. Federal regulations concerning the disposition of federal surplus property cap the year-end balance of this fund at \$50,000. When the fund exceeds this cap, the department must discount its service and handling charges for federal surplus materials transferred to agencies in the following fiscal year.		
Funds Expended	99,800	458,700
Year-End Fund Balance*	96,200	(260,500)
IGA and ISA Fund (ADA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Various intergovernmental and interagency service agreements.		
Purpose of Fund: To execute various intergovernmental and interagency service agreements.		
Funds Expended	4,988,800	3,962,600
Year-End Fund Balance	1,533,800	860,500
Lease Purchase Building Operating and Maintenance Fund (ADA1025/A.R.S. § 41-792.01)		Appropriated
Source of Revenue: Operations and maintenance charges to agencies occupying non-COP lease-purchase state buildings.		
Purpose of Fund: To operate and maintain non-COP lease-purchase state buildings. All such buildings have been paid off or sold.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Legislative, Executive, and Public Buildings Land Fund (ADA3127/A.R.S. § 37-525)		Appropriated
Source of Revenue: State trust land lease revenues.		
Purpose of Fund: To support state Legislative, Executive, and Judicial buildings. In FY 2005, to construct a new Library and Archives Building.		
Funds Expended	0	0
Year-End Fund Balance	1,410,400	1,410,400
Management Services Division Plan Deposits Fund (ADA3196/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Deposits for blueprints, paid by construction vendors and bidders.		
Purpose of Fund: To reimburse blueprint deposits.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Monument and Memorial Repair Fund (ADA2338/A.R.S. § 41-1365)		Appropriated
Source of Revenue: Monies derived from fundraising activities, monies that are collected by the proponents of a monument or memorial, grants, donations, and legislative appropriations.		
Purpose of Fund: For the maintenance, repair, reconditioning, or relocation of monuments or memorials and for supporting mechanical equipment in the governmental mall.		
Funds Expended	0	0
Year-End Fund Balance	25,300	25,300
Motor Vehicle Pool Revolving Fund (ADA4204/A.R.S. § 41-804)		Appropriated
Source of Revenue: Charges to agencies for the use of motor pool vehicles.		
Purpose of Fund: To operate the motor vehicle pool.		
Funds Expended	7,434,400	10,515,200
Year-End Fund Balance*	3,429,200	(848,000)
Payroll Administration Fund (ADA9230/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: A one-time \$50 charge for setting up a garnishment, which is granted by the court, a \$5 employee fee for each non-exempt statement that is generated per payday, and a \$1 administrative fee for child and spousal support orders.		
Purpose of Fund: Administrative costs related to garnishments and child support.		
Funds Expended	9,200	15,000
Year-End Fund Balance	259,700	394,700
Personnel Division Fund (ADA1107/A.R.S. § 41-764)		Appropriated
Source of Revenue: A 1.07% (permanent law) charge on the total payroll of each agency within the ADOA personnel system.		
Purpose of Fund: To operate the ADOA Human Resources Division.		
Funds Expended	12,551,300	13,975,100
Year-End Fund Balance	174,100	455,500
Privatized Lease-To-Own Fund (ADA2495/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Charges to agencies occupying privatized lease-to-own (PLTO) buildings.		
Purpose of Fund: To operate, maintain, and make annual rent payments on PLTO buildings.		
Funds Expended	11,633,000	12,201,000
Year-End Fund Balance	194,600	185,100

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Racing Investigation Fund (ADA2369/A.R.S. § 41-705)		Non-Appropriated
Source of Revenue: Monies collected from persons, partnerships, associations, or corporations that hold a permit for a racing meeting under Title 5.		
Purpose of Fund: To cover the cost of racing investigations by the Arizona Department of Racing. The fund is administered by ADOA and disbursements are made pursuant to instructions from the Director of the Department of Racing.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Retiree Accumulated Sick Leave Fund (YYA3200/A.R.S. § 38-616)		Non-Appropriated
Source of Revenue: A 0.40% charge on the total benefit-eligible payroll of each agency within the ADOA personnel system. By statute, the rate may not exceed 0.55% and is set by ADOA with Joint Legislative Budget Committee review.		
Purpose of Fund: To compensate eligible retiring state employees for accumulated sick leave, to pay insurance premiums, and to administer the program. Payments are calculated as a percentage, tiered according to accrual level of hourly salary. Payments to 1 individual shall not exceed \$30,000.		
Funds Expended	11,006,400	11,106,800
Year-End Fund Balance	5,539,300	5,932,500
Risk Management Revolving Fund (AGA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: Actuarial charges assessed to agencies insured under the state's risk management system, as well as recoveries by the state through litigation.		
Purpose of Fund: To pay for the legal services ISA contract between the Attorney General and ADOA.		
Funds Expended	64,113,500	92,389,100
Year-End Fund Balance	61,218,400	40,551,900
Special Employee Health Insurance Trust Fund (ITA3015/A.R.S. § 38-654)		Partially-Appropriated
Source of Revenue: Employer and employee medical and dental insurance contributions.		
Purpose of Fund: To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. Only administrative expenditures from this fund are subject to legislative appropriation.		
Appropriated Funds Expended	3,706,500	5,182,700
Non-Appropriated Funds Expended	689,090,900	672,249,800
Year-End Fund Balance	104,587,200	116,829,400
Special Events Fund (ADA2503/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Set-up fees for special events on state property.		
Purpose of Fund: To set up special events on state property.		
Funds Expended	46,400	18,500
Year-End Fund Balance	2,000	0
Special Services Revolving Fund (ADA4208/A.R.S. § 35-193)		Non-Appropriated
Source of Revenue: Payments by agencies using various centralized printing, copying, and repair services offered by ADOA.		
Purpose of Fund: To provide supplies, printing, copying, repair, and other office services for state agencies.		
Funds Expended	1,194,800	782,300
Year-End Fund Balance	230,000	248,500
State Employee Suggestion Program Award Fund (ADA3190/A.R.S. § 38-613)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To award state employees up to \$1,000 for a special act in the public interest or for an adopted idea resulting in state savings or improved operations. Up to \$50 per award may be used to purchase recognition materials and up to 6% of fund monies may be used to administer the program.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
State Employee Travel Reduction Fund (ADA2261/A.R.S. § 41-101.03)		Non-Appropriated
Source of Revenue: Grants by the Maricopa Association of Governments, the State Travel Reduction Planning Office, and the Arizona Department of Environmental Quality.		
Purpose of Fund: To operate and administer a ride-sharing program for the transportation of state employees between home and work.		
Funds Expended	398,300	628,600
Year-End Fund Balance	257,200	117,700
State Surplus Materials Revolving Fund (ADA4214/A.R.S. § 41-2606)		Appropriated
Source of Revenue: State surplus property sales revenues.		
Purpose of Fund: To collect, store, and administer the sale of state surplus property. The majority of revenues are returned to donor agencies. The department retains a service and handling fee.		
Funds Expended	1,568,800	2,397,600
Year-End Fund Balance*	333,400	(55,400)
Statewide Donations Fund (ADA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Employee donations and other miscellaneous deposits. In FY 2005, a \$1,000,000 grant for wireless emergency telecommunications was deposited into this fund.		
Purpose of Fund: Employee donations are used to recognize outstanding employees. The \$1,000,000 grant received in FY 2005 is to be used for Geographic Information Systems and mapping support in the development of Wireless Phase II deployment in counties that have already deployed Wireless Phase I.		
Funds Expended	26,600	69,900
Year-End Fund Balance	224,600	159,700
Telecommunications Fund (ADA4231/A.R.S. § 41-713)		Appropriated
Source of Revenue: Administrative surcharges on telecommunications services for agencies and other political entities. Additionally in FY 2006, a transfer of \$927,500 from the Technology and Telecommunications Fund, as stipulated by Laws 2005, Chapter 330.		
Purpose of Fund: To operate the Telecommunications Program Office, which manages and oversees statewide contracts for telecommunications products and services. The state's contractors operate and equip telecommunications voice, data, video, and graphics systems, allowing the collection, storage, interchange, retrieval, and transmission of information.		
Funds Expended	1,460,300	1,840,300
Year-End Fund Balance*	851,400	(538,200)
Telecommunications Fund - Infrastructure Improvements Account (ADA4231B/A.R.S. § 35-142)		Appropriated
Source of Revenue: A portion of the rate charged to the state for telecommunications services.		
Purpose of Fund: To replace end-of-life voice and data equipment in state facilities.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Traffic and Parking Control Fund (ADA2453/A.R.S. § 41-796)		Non-Appropriated
Source of Revenue: Penalties and fees collected for traffic and parking violations on state property.		
Purpose of Fund: To post signs, markings, and notices for the regulation of vehicles on state property, as well as to maintain state parking lots and structures.		
Funds Expended	5,000	1,200
Year-End Fund Balance	700	3,100

*As reported by the agency. Actual ending balance will not be negative.

Office of Administrative Hearings

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	13.0	12.0	12.0
Personal Services	576,900	557,700	557,700
Employee Related Expenditures	256,100	249,200	249,200
Other Operating Expenditures	114,800	115,800	115,800
AGENCY TOTAL	947,800	922,700	922,700
FUND SOURCES			
General Fund	933,300	908,200	908,200
<u>Other Appropriated Funds</u>			
Healthcare Group Fund	14,500	14,500	14,500
SUBTOTAL - Other Appropriated Funds	14,500	14,500	14,500
SUBTOTAL - Appropriated Funds	947,800	922,700	922,700
Other Non-Appropriated Funds	1,267,100	974,000	974,000
TOTAL - ALL SOURCES	2,214,900	1,896,700	1,896,700

AGENCY DESCRIPTION — The Office of Administrative Hearings is an independent office whose services and personnel are to be used by all state agencies to conduct administrative hearings, unless exempted by law. All agencies supported by other appropriated or non-appropriated funding sources are to contract for administrative hearing services from the office. The Director shall assign Administrative Law Judges (ALJ) from the office to an agency, on either a temporary or permanent basis, to preside over contested cases in accordance with the special expertise of the ALJ in the subject matter of the agency.

Operating Budget

The Baseline includes \$922,700 and 12 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	<u>FY 2012</u>
General Fund	\$908,200
Healthcare Group Fund	14,500

These amounts are unchanged from FY 2011.

* * *

FORMAT — Lump Sum by Agency

STATUTORY CHANGES

The Baseline would, as session law, continue to suspend the requirement that the office hear appealed actions and contested cases within 60 days of the filing in FY 2012. The office would hold the hearings as soon as reasonably possible.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Healthcare Group Fund (HCA3197/A.R.S. § 36-2912.01)		Appropriated
Source of Revenue: Interagency Agreement with AHCCCS.		
Purpose of Fund: To reimburse the Office of Administrative Hearings (OAH) for hearings and associated personnel cost for grievances related to Healthcare Group, which is AHCCCS' health insurance plan for small businesses.		
Funds Expended	14,500	14,500
Year-End Fund Balance	0	0
IGA and ISA Fund (HGA2500/A.R.S. § 41-1092.01)		Non-Appropriated
Source of Revenue: Monies received by OAH for contractual, administrative law judge services provided to state agencies.		
Purpose of Fund: To cover actual expenses of providing personnel and services to state agencies on a contractual basis.		
Funds Expended	1,267,100	974,000
Year-End Fund Balance	0	0

Arizona Department of Agriculture

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	222.2	217.2	217.2
Personal Services	5,681,000	5,540,700	5,540,700
Employee Related Expenditures	3,112,300	3,055,600	3,055,600
Professional and Outside Services	285,800	328,000	328,000
Travel - In State	414,400	445,900	445,900
Travel - Out of State	7,900	5,000	5,000
Other Operating Expenditures	1,229,400	2,152,600	2,152,600
Equipment	133,500	47,900	47,900
OPERATING SUBTOTAL	10,864,300	11,575,700	11,575,700
SPECIAL LINE ITEMS			
Agricultural Consulting and Training Pari-Mutuel	126,600	128,500	128,500
Agricultural Employment Relations Board	19,800	23,300	23,300
Animal Damage Control	65,000	65,000	65,000
Red Imported Fire Ant	23,200	23,200	23,200
AGENCY TOTAL	11,098,900	11,815,700	11,815,700
FUND SOURCES			
General Fund	8,569,800	8,434,300	8,434,300
<u>Other Appropriated Funds</u>			
Aquaculture Fund	9,200	9,200	9,200
Citrus, Fruit and Vegetable Revolving Fund	586,200	1,030,600	1,030,600
Commercial Feed Fund	296,500	300,300	300,300
Dangerous Plants, Pests and Diseases Fund	40,000	100,000	100,000
Egg Inspection Fund	713,600	919,000	919,000
Fertilizer Materials Fund	307,300	303,800	303,800
Livestock Custody Fund	67,200	79,400	79,400
Pesticide Fund	373,700	385,500	385,500
Protected Native Plant Fund	80,900	199,700	199,700
Seed Law Fund	54,500	53,900	53,900
SUBTOTAL - Other Appropriated Funds	2,529,100	3,381,400	3,381,400
SUBTOTAL - Appropriated Funds	11,098,900	11,815,700	11,815,700
Other Non-Appropriated Funds	9,575,000	8,443,700	8,443,700
Federal Funds	5,382,600	6,080,000	6,080,000
TOTAL - ALL SOURCES	26,056,500	26,339,400	26,339,400

AGENCY DESCRIPTION — The Arizona Department of Agriculture administers and enforces agriculture-related statutes. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to guard public health and to ensure product quality. The department administers programs to protect livestock and crops from pests and diseases and to protect farm workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, as well as providing administrative support to several agricultural product promotion groups.

Operating Budget

The Baseline includes \$11,575,700 and 217.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

General Fund	FY 2012 \$8,194,300	Citrus, Fruit, and Vegetable Revolving Fund	1,030,600
Aquaculture Fund	9,200	Commercial Feed Fund	300,300
		Dangerous Plants, Pests, and Diseases Fund	100,000
		Egg Inspection Fund	919,000
		Fertilizer Materials Fund	303,800
		Livestock Custody Fund	79,400
		Pesticide Fund	385,500
		Protected Native Plant Fund	199,700
		Seed Law Fund	53,900

These amounts are unchanged from FY 2011.

Agricultural Consulting and Training Pari-Mutuel

The Baseline includes \$128,500 from the General Fund for the Agricultural Consulting and Training Pari-Mutuel line item in FY 2012. This amount is unchanged from FY 2011.

This line item funds on-site visits to establishments and for consultation, interpreting, and applying alternative methods of complying with statutes, rules, regulations, and standards relating to compliance.

Agricultural Employment Relations Board

The Baseline includes \$23,300 from the General Fund for the Agricultural Employment Relations Board line item in FY 2012. This amount is unchanged from FY 2011.

This line item funds accounting and budgeting support for the Agricultural Employment Relations Board. The board receives and investigates complaints and conducts farm labor union elections.

Animal Damage Control

The Baseline includes \$65,000 from the General Fund for the Animal Damage Control line item in FY 2012. This amount is unchanged from FY 2011.

This line item funds agreements with the U.S. Department of Agriculture to control, dispatch, or relocate predatory animals and noxious rodents, which are injurious to livestock, poultry, agriculture, other industries, or the public health.

Red Imported Fire Ant

The Baseline includes \$23,200 from the General Fund for the Red Imported Fire Ant line item in FY 2012. This amount is unchanged from FY 2011.

This line item funds ongoing pest exclusion efforts aimed at preventing the introduction of the red imported fire ant. The state has successfully suppressed isolated infestations of red imported fire ants and continues to be federally certified as free from this pest.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

STATUTORY CHANGES

As session law, the FY 2012 Baseline would permit the director, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Administrative Support Fund (AHA2436/A.R.S. § 3-108)		Non-Appropriated
Source of Revenue: Monies are collected from each commodity council based on annually negotiated interagency agreements.		
Purpose of Fund: For costs incurred by the department in providing administrative support.		
Funds Expended	38,200	38,600
Year-End Fund Balance	63,000	61,900
Agricultural Consulting and Training Fund (AHA1239/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To fund the agricultural consulting and training program established by A.R.S. § 3-109.01. Expenditures are not displayed in FY 2010 and FY 2011 to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	65,300	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Agricultural Products Marketing (AHA2368/A.R.S. § 3-419)		Non-Appropriated
Source of Revenue: Assessments on the Arizona Leafy Green Products Shipper Marketing Agreement commodities.		
Purpose of Fund: To fund the Arizona Leafy Green Products Shipper Marketing Committee and to ensure compliance with the accepted food safety practices through mandatory government audits.		
Funds Expended	235,600	0
Year-End Fund Balance	51,800	0
Agricultural Protection Fund (AHA2381/A.R.S. § 3-3304)		Non-Appropriated
Source of Revenue: Gifts, grants, or donations.		
Purpose of Fund: To award grants to state agencies, political subdivisions, and non-profit conservation groups for the establishment of agricultural easements.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Aquaculture Fund (AHA2297/A.R.S. § 3-2913)		Appropriated
Source of Revenue: Fees resulting from the regulation of aquaculture.		
Purpose of Fund: To administer and enforce the provisions of A.R.S. Title 3, Chapter 16, relating to aquaculture. Aquaculture is the controlled growth and harvest of aquatic plants and animals such as fish, shellfish, and algae.		
Funds Expended	9,200	9,200
Year-End Fund Balance	12,800	9,100
Beef Council (Livestock Board Collection and Administration) Fund (AHA2083/A.R.S. § 3-1236)		Non-Appropriated
Source of Revenue: \$1 per head surcharge collected on behalf of the Arizona Beef Council when animals are inspected by the department for sale. The department retains 5 cents per dollar, while 95 cents per dollar is forwarded to this fund.		
Purpose of Fund: For collection and administration costs.		
Funds Expended	518,300	513,000
Year-End Fund Balance	10,500	7,000
Citrus, Fruit and Vegetable Revolving Fund (AHA2260/A.R.S. § 3-447)		Appropriated
Source of Revenue: Assessments, fees, and civil penalties relating to the standardization of citrus, other fruits, and vegetables.		
Purpose of Fund: To enable producers and shippers to develop uniform grades and standards for citrus, fresh fruit, and vegetables and to allow field and shed inspections of commodities produced in the state.		
Funds Expended	586,200	1,030,600
Year-End Fund Balance*	147,200	(525,400)
Citrus Research Council Fund (AHA2299/A.R.S. § 3-468.04)		Non-Appropriated
Source of Revenue: An assessment on citrus produced in the state, as well as fines, other charges, and interest.		
Purpose of Fund: To support research, development, and survey programs concerning varietal development, eradication of citrus pests, and other programs deemed appropriate to production, harvesting, handling, and hauling from field to market.		
Funds Expended	6,100	30,800
Year-End Fund Balance	30,200	2,900
Commercial Feed Fund (AHA2012/A.R.S. § 3-2607)		Appropriated
Source of Revenue: Licensing fees and fees collected for the inspection of animal and bird feeds.		
Purpose of Fund: To regulate animal and bird feeds.		
Funds Expended	296,500	300,300
Year-End Fund Balance	146,600	93,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Commodity Promotion Fund (AHA2458/A.R.S. § 3-109.02)		Non-Appropriated
Source of Revenue: Proceeds of a fee collected for a Certificate of Free Sale and any sales of merchandise with the Arizona Grown trademark. A Certificate of Free Sale is a document authenticating that a commodity is generally and freely sold in domestic channels of trade. Many countries require this documentation before allowing a shipment of consumable products to enter their borders and markets.		
Purpose of Fund: To provide for programs to promote the production and consumption of Arizona agricultural products domestically and abroad.		
Funds Expended	5,000	6,900
Year-End Fund Balance	7,200	7,200
Cotton Research and Protection Council Abatement Fund (AHA2013/A.R.S. § 3-1085)		Non-Appropriated
Source of Revenue: Assessments on each bale of cotton produced in the state, as well as fines and interest earnings.		
Purpose of Fund: To support research programs related to cotton production or protection and to provide a program to refund collected fees as an incentive for boll weevil control.		
Funds Expended	1,561,000	1,386,700
Year-End Fund Balance	389,500	270,300
Dangerous Plants Service Fee Increase Fund (AHA2055/Laws 2010, 7th Special Session, Chapter 7)		Non-Appropriated
Source of Revenue: As session law, the FY 2012 Baseline would permit the Director of the Arizona Department of Agriculture, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.		
Purpose of Fund: Operating activities.		
Funds Expended	0	26,000
Year-End Fund Balance	0	0
Dangerous Plants, Pests and Diseases Fund (AHA2054/A.R.S. § 3-214.01)		Appropriated
Source of Revenue: Certification fees on and reimbursements for the destruction of dangerous plants, pests, and diseases. Laws 2010, Chapter 274 appropriated an additional \$60,000 to the department in FY 2011 for eradication of the Asian citrus psyllid.		
Purpose of Fund: To prevent the introduction and propagation of, and to control and destroy, dangerous plants, pests, and diseases.		
Funds Expended	40,000	100,000
Year-End Fund Balance	172,400	115,000
Designated Fund (AHA3011/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Fees for laboratory services and phytosanitary certifications (certifying produce that is sent overseas), industry contributions for the Arizona Grown Program, 5% of Beef Council surcharges, Risk Management grant from the Arizona Department of Administration, and other grants and contributions.		
Purpose of Fund: To administer the purpose for which the fee, grant, or contribution is intended.		
Funds Expended	408,200	450,300
Year-End Fund Balance	422,800	221,900
Egg Inspection Fund (AHA2022/A.R.S. § 3-717)		Appropriated
Source of Revenue: Fees resulting from the regulation of eggs and egg products.		
Purpose of Fund: To administer the Egg Inspection Program.		
Funds Expended	713,600	919,000
Year-End Fund Balance	355,100	403,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Equine Inspection Fund (AHA2489/A.R.S. § 3-1345.01)		Non-Appropriated
Source of Revenue: Inspection fees for processing ownership and transportation of horses.		
Purpose of Fund: To fund the issuance of horse ownership and transportation certificates.		
Funds Expended	1,900	1,600
Year-End Fund Balance	900	700
Federal - State Inspection Fund (AHA2113/A.R.S. § 3-499)		Non-Appropriated
Source of Revenue: Fees for inspection of domestic produce imported from Mexico pursuant to a cooperative agreement with the U.S. Department of Agriculture.		
Purpose of Fund: As determined by a cooperative agreement with the U.S. Department of Agriculture. On July 1, 1996, the Arizona Department of Agriculture became the fiduciary of this program, which monitors produce being imported from Mexico at the Nogales Port of Entry.		
Funds Expended	3,209,900	3,408,100
Year-End Fund Balance	1,689,900	1,567,900
Federal Fund (AHA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: As determined by federal law with regard to exotic pest control (e.g., fire ant, gypsy moth, medfly), agricultural chemicals regulation, farm mediation, endangered species, and meat, poultry, and egg inspection. (The meat and poultry inspection amounts are a reimbursement to the General Fund and, therefore, pass through this fund without a net impact on expenditures shown here.)		
Funds Expended	5,239,200	5,852,800
Year-End Fund Balance	759,000	354,500
Fertilizer Materials Fund (AHA2081/A.R.S. § 3-269)		Appropriated
Source of Revenue: A portion of the fertilizer manufacturer's license fee and fees collected for the inspection of materials.		
Purpose of Fund: To regulate fertilizers.		
Funds Expended	307,300	303,800
Year-End Fund Balance	141,000	31,100
Grain Research and Promotion Council Fund (AHA2201/A.R.S. § 3-590)		Non-Appropriated
Source of Revenue: An assessment on commercial grain sales.		
Purpose of Fund: To support the Grain Research and Promotion Council's promotion and research activities with public or private organizations. Such activities relate to reducing fresh water consumption, developing new varieties, improving production and handling methods, researching and designing new or improved harvesting and handling equipment, and similar programs.		
Funds Expended	134,000	112,000
Year-End Fund Balance	71,700	12,300
Iceberg Lettuce Research Council Fund (AHA2259/A.R.S. § 3-526.06)		Non-Appropriated
Source of Revenue: An assessment on iceberg lettuce prepared for market.		
Purpose of Fund: To support research, development, and survey programs concerning varietal development, including programs for pest eradication, production harvesting, handling and hauling from field to market, and other activities deemed appropriate.		
Funds Expended	7,100	106,300
Year-End Fund Balance	50,100	23,800
Indirect Cost Recovery Fund (AHA9000/A.R.S. § 3-107)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: For indirect costs associated with administration of federal grants.		
Funds Expended	143,400	227,200
Year-End Fund Balance	237,600	164,300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Livestock and Crop Conservation Fund (AHA2378/A.R.S. § 41-511.23)		Non-Appropriated
Source of Revenue: \$2 million annually from the Land Conservation Fund, as established by A.R.S. § 41-511.23.		
Purpose of Fund: Continuously appropriated for grants to landowners, as well as to grazing and agricultural lessees of state or federal land, who implement conservation measures.		
Funds Expended	3,292,200	2,032,400
Year-End Fund Balance	4,764,800	4,778,100
Livestock Custody Fund (AHA2065/A.R.S. § 3-1377)		Appropriated
Source of Revenue: Fines assessed for and proceeds resulting from the sale of mistreated or stray livestock.		
Purpose of Fund: To enforce any of the provisions of Title 3, relating to agriculture and dairying.		
Funds Expended	67,200	79,400
Year-End Fund Balance	95,200	105,800
Livestock Inspection Service Fee Increase Fund (AHA1050/Laws 2010, 7th Special Session, Chapter 7)		Non-Appropriated
Source of Revenue: As session law, the FY 2012 Baseline would permit the Director of the Arizona Department of Agriculture, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.		
Purpose of Fund: Operating activities.		
Funds Expended	44,500	218,000
Year-End Fund Balance	1,400	0
Pesticide Fund (AHA2051/A.R.S. § 3-350)		Appropriated
Source of Revenue: A portion of pesticide registration fees.		
Purpose of Fund: To regulate pesticides.		
Funds Expended	373,700	385,500
Year-End Fund Balance	155,300	98,500
Pesticide Service Fee Increase Fund (AHA2052/Laws 2010, 7th Special Session, Chapter 7)		Non-Appropriated
Source of Revenue: As session law, the FY 2012 Baseline would permit the Director of the Arizona Department of Agriculture, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.		
Purpose of Fund: Operating activities.		
Funds Expended	113,000	113,000
Year-End Fund Balance	0	0
Protected Native Plant Fund (AHA2298/A.R.S. § 3-913)		Appropriated
Source of Revenue: Fees from permits issued for the removal or salvage of protected native plants.		
Purpose of Fund: For the protection of native plants.		
Funds Expended	80,900	199,700
Year-End Fund Balance*	81,800	(35,000)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Seed Law Fund (AHA2064/A.R.S. § 3-234)		Appropriated
Source of Revenue: Seed dealers' and labelers' license fees and penalties.		
Purpose of Fund: To regulate seeds, including all agricultural, vegetable, and ornamental plant seed, transported or offered for sale in this state.		
Funds Expended	54,500	53,900
Year-End Fund Balance	129,300	74,300

*As reported by the agency. Actual ending balance will not be negative.

Arizona Health Care Cost Containment System

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3,017.4	2,983.4	2,973.4
Personal Services	37,306,800	41,145,300	40,281,700
Employee Related Expenditures	16,203,900	18,280,400	17,943,300
Professional and Outside Services	2,990,000	4,908,400	4,731,200
Travel - In State	58,100	80,800	80,200
Travel - Out of State	7,900	23,400	23,400
Other Operating Expenditures	16,840,400	16,339,500	16,072,900
Equipment	326,200	618,900	617,900
OPERATING SUBTOTAL	73,733,300	81,396,700	79,750,600
SPECIAL LINE ITEMS			
Administration			
DES Eligibility	39,993,100	54,537,500	54,537,500
Proposition 204 - AHCCCS Administration	8,356,100	6,689,500	6,689,500
Proposition 204 - DES Eligibility	36,047,000	38,157,200	38,157,200
Acute Care			
Traditional Medicaid Services	2,986,252,500	3,507,845,400	3,269,193,300
Proposition 204 Services	2,376,882,700	2,635,912,300	2,486,182,900
KidsCare	90,395,600	47,801,300	36,067,800
Payments to Hospitals			
Disproportionate Share Payments	0	13,487,100	13,487,100
Rural Hospitals	850,000	13,858,100	13,858,100
Arizona Long Term Care System			
ALTCS Services	1,262,451,400	1,293,703,300	1,243,360,200
AGENCY TOTAL	6,874,961,700	7,693,388,400	7,241,284,200
FUND SOURCES			
General Fund	1,190,314,400	1,376,901,300	1,814,194,300
Other Appropriated Funds			
Budget Neutrality Compliance Fund	2,235,600	3,117,300	3,161,100
Children's Health Insurance Program Fund	77,827,900	40,967,600	30,189,500
Healthcare Group Fund	2,979,100	5,183,700	3,537,600
TPTF Emergency Health Services Account	20,230,200	19,222,900	19,222,900
TTHCF Medically Needy Account	38,295,800	38,295,800	38,295,800
SUBTOTAL - Other Appropriated Funds	141,568,600	106,787,300	94,406,900
SUBTOTAL - Appropriated Funds	1,331,883,000	1,483,688,600	1,908,601,200
Expenditure Authority Funds			
County Funds	6,860,000	238,945,400	302,984,400
Federal Medicaid Authority	5,387,114,500	5,821,980,500	4,880,924,700
Third Party Collections Fund	95,700	194,700	194,700
Tobacco Litigation Settlement Fund	105,394,100	108,211,300	108,211,300
TPTF Proposition 204 Protection Account	43,614,400	40,367,900	40,367,900
SUBTOTAL - Expenditure Authority Funds	5,543,078,700	6,209,699,800	5,332,683,000
SUBTOTAL - Appropriated/Expenditure Authority Funds	6,874,961,700	7,693,388,400	7,241,284,200
Other Non-Appropriated Funds			
Other Non-Appropriated Funds	70,100,600	85,420,300	81,791,500
Federal Funds	32,489,800	29,368,900	24,724,300
TOTAL - ALL SOURCES	6,977,552,100	7,808,177,600	7,347,800,000

Traditional Medicaid Services

The Baseline includes \$3,269,193,300 for Traditional Medicaid Services in FY 2012. This amount consists of:

General Fund	937,988,800
County Funds	51,251,500
TTHCF Medically Needy Account	38,295,800
Third Party Collections	194,700
Federal Medicaid Authority	2,241,462,500

FY 2012 adjustments would be as follows:

Formula Adjustment	GF 219,842,200
	EA (458,494,300)

The Expenditure Authority (EA) amount consists of \$(458,307,400) in Federal Medicaid Authority and \$(186,900) in County Funds. Besides the federal match rate change, the formula adjustments include:

- A \$(44,758,400) General Fund base adjustment for lower than expected FY 2011 caseloads and capitation rates. The June 2011 traditional caseload is expected to be 814,000 rather than the budgeted level of 867,000.
- 2.3% enrollment growth in FY 2012 to a level of 833,000 (see Table 3).
- 1.8% increase in fee-for-service and 2.3% increase in reinsurance expenses.
- \$(186,900) decrease in Maricopa County Acute Care contribution under A.R.S § 11-292 with a corresponding OF increase.

Two additional formula adjustments are included in the Traditional Medicaid Services line item. These include:

- A \$(34,421,300) General Fund savings for the annualization of provider rate adjustments. AHCCCS has stated that they will be reducing most provider rates by 5% beginning on April 1, 2011.

- A \$(10,525,700) General Fund savings from drug rebates.

(Please see Other Issues for Legislative Consideration for more information.)

Background – Traditional Medicaid Services funds the following populations (see Chart 1):

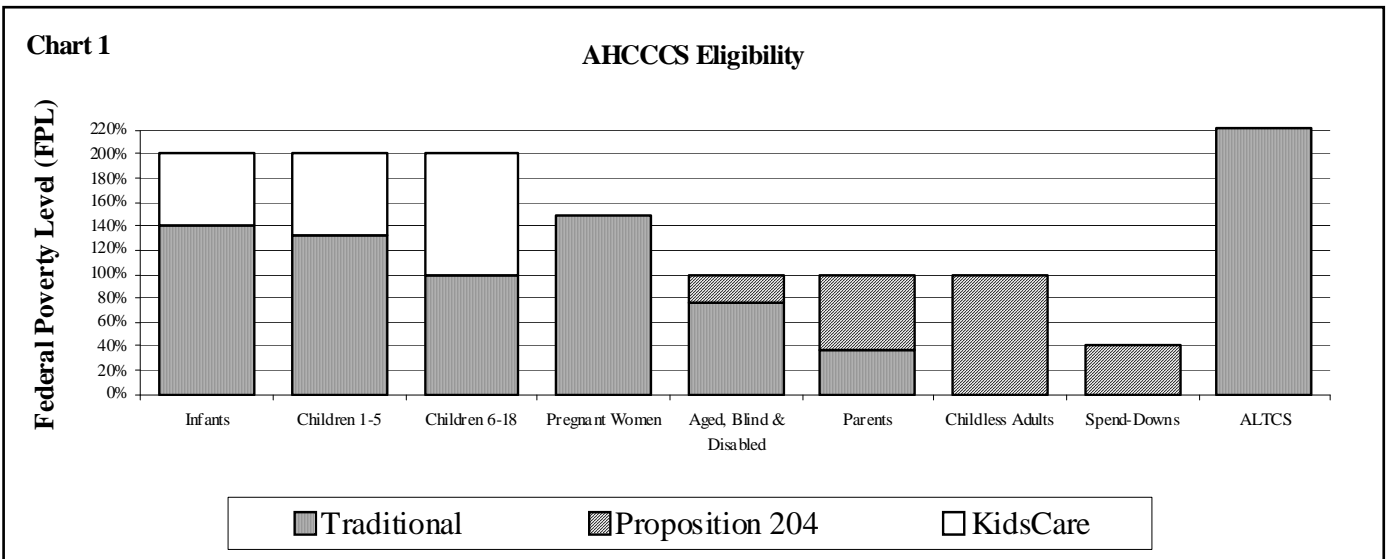
- Children less than 1, up to 140% FPL
- Children aged 1-5, up to 133% FPL
- Children aged 6-18, up to 100% FPL
- Pregnant women, up to 150% FPL
- Aged, blind, and disabled adults, up to 75% FPL
- Parents, up to 23% FPL
- Women diagnosed through the Breast and Cervical Cancer Screening Program, up to 250% FPL
- Individuals aged 16-64 receiving Supplemental Security Income, up to 250% FPL (“Ticket to Work”)

Previously, this line item was comprised of 7 individual line items: Capitation, Reinsurance, Fee-For-Service, Medicare Premiums, Breast and Cervical Cancer, Ticket to Work, and Medicare Clawback Payments.

Proposition 204 Services

The Baseline includes \$2,486,182,900 for Proposition 204 Services in FY 2012. This amount consists of:

General Fund	613,796,200
Tobacco Settlement Fund	108,211,300
TPTF Proposition 204 Protection Account	40,367,900
Emergency Health Services Account	19,222,900
Federal Medicaid Authority	1,704,584,600



Those CPEs result in the drawdown of Federal Funds. The state retains all of the Federal Funds with the exception of \$4,202,300 which is allocated to Maricopa Integrated Health System (MIHS).

Since FY 2008, local governments have had the authority to provide voluntary state match monies for Graduate Medical Education. MIHS has provided approximately \$6,000,000 in state match for this purpose annually since FY 2008. This local funding resulted in an annual federal match of approximately \$12,000,000 for MIHS. It also reduced their documented uncompensated care by an equal amount. Since the DSH limit for county operated hospitals is based on the amount of uncompensated care, the amount of federal funding for DSH has declined by an equal amount. Since most DSH revenues from county operated hospitals are directed to the General Fund, this has resulted in a decline in General Fund revenues.

Rural Hospitals

The Baseline includes \$13,858,100 for Rural Hospitals in FY 2012. This amount consists of:

General Fund	4,613,000
Federal Medicaid Authority	9,245,100

FY 2012 adjustments would be as follows:

Formula Adjustment	GF	1,277,300
	FMA	(1,277,300)

The formula adjustment represents a change in the match rate.

Background – This line item is comprised of 2 programs. The Rural Hospital Reimbursement program, established in FY 2006, increases inpatient reimbursement rates for qualifying rural hospitals. The Critical Access Hospitals program provides increased reimbursement to small rural hospitals that are federally designated as critical access hospitals. In FY 2010, 19 hospitals qualified for funding from Rural Hospital Reimbursement and 11 from Critical Access Hospitals.

Arizona Long Term Care System

ALTCS Services

The Baseline includes \$1,243,360,200 for Arizona Long Term Care System (ALTCS) expenditures in FY 2012. This amount consists of:

General Fund	172,812,200
County Contributions	251,732,900
Federal Medicaid Authority	818,815,100

FY 2012 adjustments would be as follows:

Formula Adjustments	GF	40,906,900
	EA	(91,250,000)

The Expenditure Authority (EA) amount consists of \$(155,475,900) in Federal Medicaid Authority and \$64,225,900 in County Funds. Besides the federal match rate change, the formula adjustments include:

- A \$(6,010,600) General Fund base adjustment for lower than expected FY 2011 caseloads and capitation rates. The June 2011 ALTCS caseload is expected to be 27,900 rather than the budgeted level of 28,900.
- 2.3% enrollment growth in FY 2012 to a level of 28,600.

Two additional formula adjustments are included in the ALTCS Services line item. These include:

- A \$(1,574,300) General Fund savings for the annualization of April 1, 2011 provider rate adjustments.
- A \$(1,468,800) General Fund savings from drug rebates.

The revised FY 2011 federal matching rate will also change county contributions. See *Table 5* for both the revised FY 2011 and new FY 2012 county amounts.

ALTCS provides coverage for individuals up to 222% of the FPL, or \$24,056 per person. The federal government requires coverage of individuals up to 100% of Supplemental Security Income limit (SSI), which is equivalent to 72% of FPL, or \$7,802 per person.

Clients contribute to the cost of their care based on their income and living arrangement, with institutionalized members contributing more of their income to the cost of their care. For FY 2010, AHCCCS estimates that client contributions paid for 7.1% of care.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Before making fee-for-service program or rate changes that pertain to fee-for-service rate categories, the Arizona Health Care Cost Containment System Administration shall report its expenditure plan for review by the Joint Legislative Budget Committee.

The Arizona Health Care Cost Containment System Administration shall report to the Joint Legislative Budget Committee by March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum shall be no more than 2%. Before implementation of any changes in capitation rates, the Arizona Health Care Cost Containment System Administration shall report its expenditure plan for review by the Joint Legislative

Budget Committee. Before the Administration implements any changes in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the Administration shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal analysis demonstrates that these changes will result in additional state costs of \$500,000 or greater for a given fiscal year, the Administration shall submit the policy changes for review by the Joint Legislative Budget Committee.

The amounts appropriated for the Department of Economic Security Eligibility line item shall be used for intergovernmental agreements with the Department of Economic Security for the purpose of eligibility determination and other functions. The General Fund share may be used for eligibility determination for other programs administered by the Division of Benefits and Medical Eligibility based on the results of the Arizona Random Moment Sampling Survey.

The \$13,487,100 appropriation for Disproportionate Share Payments for FY 2012 made pursuant to A.R.S. § 36-2903.01P includes \$4,202,300 for the Maricopa County Healthcare District and \$9,284,800 for private qualifying disproportionate share hospitals.

Any Federal Funds that the Arizona Health Care Cost Containment System Administration passes through to the Department of Economic Security for use in long-term administration care for the developmentally disabled shall not count against the long-term care expenditure authority above.

The county portion of the FY 2012 nonfederal portion of the costs of providing long-term care services is included in the Expenditure Authority fund source.

The amounts included in the Proposition 204 - AHCCCS administration, Proposition 204 - DES eligibility, Proposition 204 Services line items includes all available sources of funding consistent with section A.R.S. § 36-2901.01B.

New Footnotes

All AHCCCS voluntary state match and related Federal Medicaid Authority monies for graduate medical education monies are appropriated in FY 2012. AHCCCS shall report these amounts from non-AHCCCS sources to the Joint Legislative Budget Committee by August 1, 2012 (*see Other Issues for Legislative Consideration for additional details*).

STATUTORY CHANGES

The Baseline would:

- As session law, continue to exclude AHCCCS from the ambulance provider rates set by the Department of Health Services.
- As session law, continue the risk contingency rate reduction for all managed care organizations. Continue to impose a reduction in funding for all

managed care organizations' administrative funding levels.

- As session law, continue to prohibit increases in institutional and non-institutional provider rates in the contract year beginning October 1, 2011. Allow AHCCCS to reduce institutional and non-institutional rates by up to 5% in contract year beginning October 1, 2011.
- As session law, set the County Acute Care contribution at \$48,605,300 (*see Table 5*).
- As session law, set the Disproportionate Share Hospital payments for FY 2012 at \$55,507,900 for a nonstate operated public hospital, \$28,474,900 for the Arizona State Hospital, and \$9,284,800 for qualifying private hospitals.
- As session law, continue the collection of \$2,646,200 in DUC pool contributions from all counties other than Maricopa County. The Baseline would exclude these contributions from county expenditure limitations, retroactive to June 30, 2004.
- As session law, continue the exclusion of Proposition 204 administration costs from county expenditure limitations retroactive to June 30, 2004.
- As session law in the General Appropriation Act, continue to defer \$344,201,700 in capitation payments for FY 2012 until FY 2013. Appropriate \$344,344,800 in FY 2013 for these deferred payments, including interest. Allow AHCCCS to pay the health plans no later than July 31, 2012.
- As session law, continue to state that it is the intent of the Legislature that AHCCCS comply with the Federal False Claims Act, achieve the maximum savings as possible under the federal act, and continue to consider best available technologies to reduce fraud.
- As session law, set the FY 2011 and FY 2012 county Long Term Care contribution (*see Table 5*).
- As session law, continue to permit AHCCCS to expend Federal Funds made available by local or tribal spending unless the spending would reduce the enhanced federal matching rate under the federal stimulus or cause the administration to exceed any limitations of federal spending.
- As session law, exempt AHCCCS from rulemaking requirements for determining eligibility necessary to implement a program within the available appropriation.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Overall AHCCCS Formula Adjustments

The Baseline includes \$437,293,000 from the General Fund for AHCCCS formula changes in FY 2012 as delineated by *Table 2*. Those changes are described in further detail below the table.

Table 2

FY 2012 General Fund Formula Changes

	<u>Adjustment</u>
Federal Match Rate Backfill	\$652,651,700
Regular FMAP Adjustment	(71,056,800)
FY 2011 Base Adjustments & FY 2012 Caseload Growth	(32,009,100)
4/1 Provider Rate Adjustment	(62,172,600)
Drug Rebates	(20,000,000)
Continued FY 11 Capitation Savings	<u>(30,120,200)</u>
Total	\$437,293,000

FMAP Backfill/Regular FMAP Adjustments

Due to a reduction in the Federal Medicaid Assistance Percentage (FMAP), the Baseline includes \$652,651,700 to backfill the loss of Federal Funds. The FMAP is the rate at which the federal government matches state contributions to Medicaid programs. These rates are set on a state-by-state basis and are revised each year. The federal government had provided a 65.8% match for most Medicaid services and a 76.1% match for KidsCare.

During FY 2012, the blended FMAP for Medicaid will decline to 66.9% (7.1% decline). The rate would have otherwise returned to 65.8%, but the state's low personal income growth qualifies it for a higher rate. This better regular match rate generates savings of \$(71,056,800) to offset the \$652,651,700 backfill. In FY 2012, the KidsCare rate will increase to 76.7% (0.6% increase).

FY 2011 Base Adjustments & FY 2012 Caseload Growth

The Baseline includes a decrease of \$(32,009,100) from the General Fund for AHCCCS caseload changes. This amount consists of \$25,080,700 in FY 2012 caseload growth and \$(57,089,800) from lower than budgeted FY 2011 growth. From June 2011 to June 2012, caseloads are expected to grow by 1.9% to a level of 1,407,100 (see Table 3).

Table 3

JLBC Forecasted Member Months^{1/}

<u>Population</u>	<u>June 2010</u>	<u>June 2011</u>	<u>June 2012</u>	<u>'11-'12 % Change</u>
Acute Care				
Traditional Capitation	807,142	813,818	832,535	2.3%
Prop 204 Capitation	<u>353,867</u>	<u>368,497</u>	<u>376,973</u>	<u>2.3</u>
Subtotal	1,161,009	1,182,315	1,209,508	2.3
KidsCare-Children	30,181	17,932	14,076	(21.5)
Fee-For-Service/Other	<u>159,521</u>	<u>152,418</u>	<u>154,893</u>	<u>1.6</u>
Total Acute Care	1,350,711	1,352,665	1,378,477	1.9
Long-Term Care	<u>27,246</u>	<u>27,932</u>	<u>28,574</u>	<u>2.3</u>
Total AHCCCS	1,377,957	1,380,597^{2/}	1,407,051	1.9

1/ The figures represent point-in-time estimates. The Fee-For-Service/Other population includes the Dual Eligible (Medicare Premiums), Ticket to Work, and Breast and Cervical Cancer populations.
2/ Represents revised forecast.

April 1 Provider Rate Adjustments

The Baseline reflects the annualization of the April 1, 2011 provider rate adjustments. AHCCCS will reduce most provider rates beginning on April 1, 2011 continuing into FY 2012. The \$(62,172,600) in estimated General Fund savings is shown in the Traditional Services, Proposition 204 Services and ALTCS Services line items. These adjustments are also expected to reduce the costs to counties by \$(2,293,700) in FY 2012.

Capitation rates normally reflect adjustments in utilization of services and medical inflation. If capitation rates increased by 5% in FY 2012, this would cost an additional \$74,559,100 from the General Fund in FY 2012.

Drug Rebates

The Baseline reflects a General Fund reduction of \$(20,000,000) for anticipated savings due to prescription drug rebates. The federal Affordable Care Act requires drug manufacturers to provide rebates for drugs sold to Medicaid managed care plans. AHCCCS issued a Request for Proposal to hire a vendor to oversee the collection of drug rebates, and anticipates the rebates will begin to be processed during spring 2011. In addition to General Fund savings, the rebates are estimated to provide \$(2,140,000) in savings for counties in FY 2012.

Continued FY 2011 Capitation Savings

The Baseline reflects \$(30,120,200) in capitation rate savings from FY 2011 that are continued into FY 2012, consisting of \$(4,007,400) in new co-payments and \$(26,112,800) in additional capitation rate adjustments. These are described in more detail in the *FY 2011 Net Funding Changes* section.

Payment Deferral

The Baseline includes \$344,344,800 to continue a payment deferral in FY 2012. This amount consists of:

General Fund	113,586,500
Federal Medicaid Authority	230,758,300

The FY 2011 Health and Welfare Budget Reconciliation Bill (Laws 2010, 7th Special Session, Chapter 10) required AHCCCS to delay capitation payments in FY 2011. To offset this deferral, the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 10) made an advanced appropriation of \$344,344,800 in FY 2012. This advance appropriation will not appear in the FY 2012 General Appropriation Act.

FY 2011 Net Funding Changes

The FY 2011 budget initially had a shortfall of \$121,250,600 due to a lower than anticipated federal match rate. The American Recovery and Reinvestment Act of 2009 (ARRA) increased the Medicaid match rate for most services to 75.9% (KidsCare remained unchanged). The FY 2011 budget assumed the continuation of that rate through the end of FY 2011. The

federal government subsequently decided to phase down that match rate as of January 2011. The final blended FY 2011 FMAP is estimated to be 74.1%, which would require the state to increase its share of FY 2011 costs by \$121,250,600.

While the lower FMAP rate in FY 2011 is estimated to create a shortfall in FY 2011, this will be offset by savings of \$(128,017,500), for net savings of \$(6,766,900). The Baseline would ex-appropriate this amount from the AHCCCS budget in FY 2011. These items are discussed in more detail below (see Table 4).

	<u>Adjustment</u>
Lower Federal Match Rate	\$121,250,600
Lower Caseload	(57,089,800)
Co-Pay Implementation	(4,007,400)
Other Capitation Adjustments	(26,112,800)
Reconciliation Recoupments	(18,000,000)
Drug Rebates	(10,000,000)
4/1 Provider Rate Adjustment	<u>(12,807,500)</u>
Total	\$ (6,766,900)

The federal match rate cost of \$121,250,600 is described above. Almost half of this cost will be offset by lower than budgeted caseloads. While the original FY 2011 budget funded a June 2011 caseload of 1,450,200, the current projection is 1,380,600, a savings of \$(57,089,800).

AHCCCS will also generate FY 2011 savings through 5 initiatives. First, AHCCCS will begin implementation of co-pays for certain AHCCCS adult populations. This is expected to generate \$(4,007,400) in General Fund

savings. Second, AHCCCS made additional capitation rate adjustments, reducing anticipated General Fund expenses by approximately \$(26,112,800). This includes adjustments for utilization and other program changes. Capitation rates are based on an actuarial assessment, by each of the AHCCCS rate codes, of the medical services utilization and costs incurred per AHCCCS member per month. Third, AHCCCS expects health plans to repay \$(18,000,000) in reconciliation recoupments. Health plans are limited to a specific percentage of profits in any given contract period. When they exceed this level, AHCCCS receives reconciliation recoupments. Fourth, savings from drug rebates, as described above, are expected to generate \$(10,000,000) of General Fund savings in FY 2011. Finally, AHCCCS has indicated that they plan to reduce capitation rates beginning on April 1, 2011, saving approximately \$(12,807,500) from the General Fund.

County Contributions

County governments make 4 different payments to defray the AHCCCS budget's costs, as summarized in Table 5.

The counties' single largest contribution is the ALTCS program. Pursuant to A.R.S. § 11-292, the state and the counties share in the growth of the ALTCS program, as defined by the following formula:

1. The growth is split 50% to the state, 50% to the counties.
2. The counties' portion is allocated among the counties based on their FY 2010 ALTCS utilization.
3. Each county's contribution is then limited to 90¢ per \$100 of net assessed property value. In FY 2012, this provision provides 1 county with a total of \$3,903,800 in relief.

<u>County</u>	<u>FY 2011</u>				<u>FY 2012</u>			
	<u>BNCF</u>	<u>Acute</u>	<u>DUC</u>	<u>ALTCS</u>	<u>BNCF</u>	<u>Acute</u>	<u>DUC</u>	<u>ALTCS</u>
Apache	\$ 102,700	\$ 268,800	\$ 87,300	\$ 485,000	\$ 104,200	\$ 268,800	\$ 87,300	\$ 631,800
Cochise	191,700	2,214,800	162,700	4,140,300	194,300	2,214,800	162,700	5,309,100
Coconino	189,100	742,900	160,500	1,455,400	191,700	742,900	160,500	1,896,300
Gila	77,600	1,413,200	65,900	1,670,700	78,700	1,413,200	65,900	2,113,600
Graham	55,200	536,200	46,800	1,098,000	56,000	536,200	46,800	1,430,800
Greenlee	14,200	190,700	12,000	124,600	14,400	190,700	12,000	162,300
La Paz	29,400	212,100	24,900	636,800	29,800	212,100	24,900	827,500
Maricopa	0	20,761,900	0	118,573,200	0	20,575,000	0	154,518,900
Mohave	220,700	1,237,700	187,400	5,629,100	223,800	1,237,700	187,400	7,335,500
Navajo	144,600	310,800	122,800	2,006,700	146,700	310,800	122,800	2,614,500
Pima	1,314,500	14,951,800	1,115,900	30,705,400	1,333,000	14,951,800	1,115,900	39,653,400
Pinal	257,200	2,715,600	218,300	11,455,700	260,800	2,715,600	218,300	15,702,000
Santa Cruz	60,800	482,800	51,600	1,476,300	61,600	482,800	51,600	1,933,300
Yavapai	243,000	1,427,800	206,200	7,228,300	246,400	1,427,800	206,200	9,586,200
Yuma	216,600	1,325,100	183,900	6,192,500	219,700	1,325,100	183,900	8,017,700
Subtotal	\$3,117,300	\$48,792,200	\$2,646,200	\$192,878,000 ^{1/}	\$3,161,100	\$48,605,300	\$2,646,200	\$251,732,900
Total				\$247,433,700				\$306,145,500

^{1/} This amount reflects revised contributions to account for the lower enhanced FMAP in FY 2011.

4. In counties with an “on-reservation” population of at least 20%, the contribution is limited by an alternative formula specified in statute. In FY 2012, this provision provides 3 counties with a total of \$15,753,600 in relief.
5. If any county would still pay more under the above provisions than under the previous statutory percentages, that county’s contribution is limited by a further alternative formula specified in statute. In FY 2012 no counties qualify for this relief.
6. The state pays for county costs above the average statewide per capita (\$37.64 in FY 2012). In FY 2012, this provision provides 7 counties with a total of \$12,274,400 in relief.

In FY 2012, provisions 3 through 6 of the ALTCS formula result in the state providing a total of \$31,931,800 in relief to 10 counties.

In FY 2011, the county share increased from \$187,507,000 to \$192,878,000, a change of \$5,371,000, due to lower than expected federal match partially offset by lower than budgeted caseloads. In FY 2012, the Baseline includes an increase of \$64,225,900 to \$251,732,900 to account for caseload growth and FMAP adjustments.

Program Components

Traditional Medicaid, Proposition 204, KidsCare, and ALTCS services include the following costs:

Capitation

The majority of AHCCCS payments are made through monthly capitated payments. This follows a health maintenance organization (HMO) model in which capitated providers accept a predetermined rate for each member. In FY 2012, the average capitation rate is expected to be \$344 per member per month (or \$4,130 annually). Of that amount, \$114 is from state match and \$230 from Federal Medicaid Authority.

Reinsurance

Reinsurance is a stop-loss program for health plans and program contractors for patients with unusually high costs. The health plan is responsible for paying all of a member’s costs until an annual deductible has been met.

Fee-for-Service

Rather than using Capitation, Fee-For-Service payments are made for 4 programs: 1) federally-mandated services for Native Americans living on-reservations; 2) rural Federally Qualified Health Centers (FQHC); 3) temporary Fee-For-Service coverage for those who leave AHCCCS before enrolling in a capitated plan; and 4) federally-mandated emergency services for unauthorized and qualified immigrants.

Medicare Premiums

AHCCCS provides funding for the purchase of Medicare Part B (supplemental medical insurance) and Part A (hospital insurance). Purchasing supplemental coverage reduces state expenditures since the federal Medicare program absorbs a portion of the costs. In addition, this

includes the cost of premiums for certain disabled workers and low-income Qualified Medicare Beneficiaries.

Clawback

AHCCCS is not required to pay for prescription drug costs for members who are eligible for Medicare. Instead, AHCCCS is required to make “Clawback” payments to Medicare based on a certain percent (80.0% in 2012) of the estimated drug costs.

Proposition 204

The state match share of Proposition 204 is expected to cost \$911,182,800 in FY 2012. This amount consists of several different fund sources. Ballot propositions require that monies from the Tobacco Settlement Fund and the TPTF Proposition 204 Protection Account be spent on this program. The remaining monies total \$762,603,600; this includes \$743,380,700 from the General Fund and \$19,222,900 from the TPTF Emergency Health Services Account. These amounts include services and administration as well as costs incurred in both AHCCCS and the Department of Health Services (DHS). These costs are as follows:

	GF	GF + OF
AHCCCS, services only	\$614	\$782
AHCCCS, including administration	634	802
DHS & AHCCCS, services only	722	890
DHS & AHCCCS, including admin*	743	911

* The combined cost is \$763 million excluding the tobacco funding specifically dedicated from ballot propositions to Proposition 204.

Graduate Medical Education

The Graduate Medical Education (GME) program reimburses hospitals with graduate medical education programs for the additional costs of treating AHCCCS members with graduate medical students. A.R.S. § 36-2903.01 allows local, county, and tribal governments, along with public universities to provide state match for GME, and entities may designate the recipients of such funds.

While the Baseline includes no General Fund GME support, AHCCCS’ budget permits federal expenditure authority for the non-AHCCCS match. AHCCCS expects to receive federal matching funds of \$79,688,100 in FY 2011 for GME based on \$32,201,900 in local and university funds.

Children’s Rehabilitative Services

The Children’s Rehabilitative Services (CRS) program offers comprehensive health care to children with handicapping or potentially handicapping conditions. Statute authorizes the Department of Health Services (DHS) to oversee the program, and previous budgets have appropriated these monies to DHS. Beginning on January 1, 2011, the Executive moved the oversight of the CRS

program from DHS to AHCCCS. Funding for AHCCCS' oversight is being provided through an interagency agreement. The Baseline continues to appropriate CRS monies in DHS since that agency is statutorily responsible for the program.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Budget Neutrality Compliance Fund (HCA2478/A.R.S. § 36-2928)		Appropriated
Source of Revenue: County contributions.		
Purpose of Fund: To provide administrative funding for costs associated with the implementation of the Proposition 204 expansion. Proposition 204 shifted some county administrative functions to the state, for which the counties now compensate the state.		
Funds Expended	2,235,600	3,117,300
Year-End Fund Balance	0	0
Children's Health Insurance Program Fund (HCA2409/A.R.S. § 36-2995)		Appropriated
Source of Revenue: Includes the Federal Title XXI matching monies for Arizona's State Children's Health Insurance Program (CHIP), called KidsCare. General Fund monies are used to leverage the federal monies and are not included in the reported CHIP Fund expenditures.		
Purpose of Fund: To provide health insurance for low-income children 19 years of age and under. The eligibility limit for the program has been set at 200% of the Federal Poverty Level, which is approximately \$44,100 for a family of 4.		
Funds Expended	77,827,900	40,967,600
Year-End Fund Balance	2,072,100	2,072,100
County Funds (HCA2120 Acute Care/HCA2223 Long Term Care/ A.R.S. § 36-2912 Acute Care/A.R.S. § 36-2953 Long Term Care)		Non-Appropriated
Source of Revenue: Statutorily prescribed county contributions.		
Purpose of Fund: For the provision of acute medical and long term care services to Arizona Health Care Cost Containment System (AHCCCS) eligible populations. County contributions and state General Fund appropriations serve as the state match for federal Medicaid (Title XIX) dollars.		
Funds Expended	6,860,000	238,945,400
Year-End Fund Balance	0	0
Employee Recognition Fund (HCA2025/A.R.S. § 36-2903)		Non-Appropriated
Source of Revenue: Private donations.		
Purpose of Fund: To be used for the agency's employee recognition program.		
Funds Expended	14,400	14,400
Year-End Fund Balance	15,100	10,700
Federal - Medicaid Direct Services (HCA2120/A.R.S. § 36-2913)		Non-Appropriated
Source of Revenue: Federal funding through the U.S. Department of Health & Human Services, Centers for Medicare and Medicaid Services.		
Purpose of Fund: To reimburse schools participating in the Direct Services Claiming program for services provided to children with disabilities who are Title XIX eligible. All federal Medicaid monies must flow through AHCCCS; therefore, the Title XIX monies are obtained by AHCCCS and then passed on to the participating schools.		
Funds Expended	28,829,700	28,315,100
Year-End Fund Balance	0	0
Federal Funds (HCA2000 Acute Care/A.R.S. § 36-2913)		Non-Appropriated
Source of Revenue: Federal grant monies.		
Purpose of Fund: To provide federal match for non-appropriated state expenditures.		
Funds Expended	3,660,100	1,053,800
Year-End Fund Balance	55,300	55,300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Medicaid Funds (HCA2120/HCA2223 Long Term Care/ A.R.S. § 36-2913 Acute Care/A.R.S. § 36-2953 Long Term Care)		Non-Appropriated
Source of Revenue: Federal funding through the U.S. Department of Health & Human Services, Centers for Medicare and Medicaid Services.		
Purpose of Fund: For AHCCCS' administrative costs and for the provision of acute and long term services to categorically eligible populations.		
Funds Expended	5,387,114,500	5,821,980,500
Year-End Fund Balance	62,633,800	46,185,700
Healthcare Group Fund (HCA3197/A.R.S. § 36-2912.01)		Partially -Appropriated
Source of Revenue: Premiums paid by employers and employees enrolled in Healthcare Group, including monies to fund the administration of the Healthcare Group program.		
Purpose of Fund: A portion of this fund is appropriated to fund the administrative costs of Healthcare Group. The rest of the fund is non-appropriated and used to pay medical claims for members of Healthcare Group. Healthcare Group is operated by AHCCCS and is a premium based health insurance program available to small businesses and self-employed persons.		
Appropriated Funds Expended	2,979,100	5,183,700
Non-Appropriated Funds Expended	45,787,800	47,871,000
Year-End Fund Balance	9,102,800	8,446,700
Hospital Loan Residency Fund (HCA2532/A.R.S. § 36-2921)		Non-Appropriated
Source of Revenue: Received a \$1,000,000 deposit from the General Fund in FY 2007. In future years, will also include any repaid loan money received from the participating hospitals.		
Purpose of Fund: To provide interest free loans to fund start-up and ongoing costs for residency programs in accredited hospitals, with priority given to rural areas.		
Funds Expended	0	0
Year-End Fund Balance	100,000	0
IGA and ISA Fund (HCA2500/A.R.S. § 36-2925)		Non-Appropriated
Source of Revenue: Monies voluntarily given to AHCCCS from local governments and tribal communities in order to obtain a federal match.		
Purpose of Fund: To expand funding for Graduate Medical Education or other payments to hospitals.		
Funds Expended	2,304,700	2,157,500
Year-End Fund Balance	0	0
Intergovernmental Service Fund (HCA2438/A.R.S. § 36-2927)		Non-Appropriated
Source of Revenue: Monies collected from the State of Hawaii.		
Purpose of Fund: To be used for costs associated with information technology services provided by AHCCCS to the State of Hawaii for the design, development, implementation, operation, and maintenance of a Medical Management Information System.		
Funds Expended	7,486,700	8,009,000
Year-End Fund Balance	1,249,600	596,100
Proposition 202 - Trauma and Emergency Services Fund (HCA2494/A.R.S. § 36-2903.07)		Non-Appropriated
Source of Revenue: Receives gaming monies from the Arizona Benefits Fund.		
Purpose of Fund: For unrecovered trauma center readiness and emergency services costs.		
Funds Expended	7,944,000	20,338,400
Year-End Fund Balance	5,377,900	5,427,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Temporary Medical Coverage Fund (HCA2529/A.R.S. § 36-2930)		Appropriated
Source of Revenue: Received a one-time General Fund deposit of \$6,500,000 in FY 2007 in addition to revenue from premium payments. This program was suspended beginning in FY 2009, and AHCCCS was instructed to use the \$3,200,000 appropriated from this fund to pay for reconciliation obligations incurred for claims with dates of services before July 1, 2008. This program has since been eliminated.		
Purpose of Fund: To pay for the services and costs associated with persons who are eligible for temporary medical coverage.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Third Party Collections Fund (HCA3791 Acute Care/ HCA3019 Long Term Care/A.R.S. § 36-2913)		Partially-Appropriated
Source of Revenue: Collections from third-party payers and revenues from lien and estate recoveries.		
Purpose of Fund: To provide acute medical services to AHCCCS members.		
Appropriated Funds Expended	95,700	194,700
Non-Appropriated Funds Expended	6,563,000	7,030,000
Year-End Fund Balance	731,100	592,700
Tobacco Litigation Settlement Fund (TRA2561/A.R.S. § 36-2901.02)		Non-Appropriated
Source of Revenue: Monies received from tobacco companies as part of a lawsuit settlement.		
Purpose of Fund: Established by Proposition 204 (enacted in the 2000 General Election) to provide funding to expand the AHCCCS program to 100% of the Federal Poverty Level and for 6 public health programs.		
Funds Expended	105,394,100	108,211,300
Year-End Fund Balance	31,500	31,500
Tobacco Tax and Health Care Fund (RVA1306/A.R.S. § 36-771) *		Non-Appropriated
Source of Revenue: The fund consists of certain tax monies collected on cigarettes, cigars, smoking tobacco, plug tobacco, snuff and other forms of tobacco, and all interest earned on these monies.		
Purpose of Fund: To AHCCCS for the Medically Needy Account (70%), the Arizona Department of Health Services (DHS) for the Health Education Account (23%), the Health Research Account (5%), and the State Department of Corrections (DOC) for the Corrections Fund Adjustment Account (2%). Under A.R.S. § 36-775, the amount transferred to the Corrections Fund Account is to reflect only the actual amount needed to offset decreases in the Corrections Fund resulting from lower tax revenues. Any unexpended Corrections Fund Adjustment Account amounts are to be transferred out proportionally to the other 3 accounts. These taxes were enacted in Proposition 200 and approved by voters in the 1994 General Election.		
Tobacco Tax and Health Care Fund - Medically Needy Accounts * (HCA1306/A.R.S. § 36-774)		Partially-Appropriated
Source of Revenue: The account receives 70¢ of each dollar deposited in the Tobacco Tax and Health Care Fund, administered by the Department of Revenue, and 27¢ of each dollar deposited into the Tobacco Products Tax Fund, also administered by the Department of Revenue. The fund also receives a portion of the monies reverting from the Corrections Fund Adjustment Account and an allocation from the Healthcare Adjustment Account. These taxes were enacted in Proposition 200 and approved by voters in the 1994 General Election.		
Purpose of Fund: For health care services including, but not limited to, preventive care, transplants and the treatment of catastrophic illness or injury. Eligible recipients include persons statutorily determined to be medically indigent, medically needy, or low-income children. A portion of the monies is transferred to the DHS for statutorily established services, grants and pilot programs.		
Tobacco Products Tax Fund - Emergency Health Services Account * (HCA1304/A.R.S. § 36-776)		Appropriated
Source of Revenue: This account receives 20¢ of each dollar deposited into the Tobacco Products Tax Fund, administered by the Department of Revenue.		
Purpose of Fund: For primary care services, reimbursement of uncompensated care costs, and trauma center readiness costs.		

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Tobacco Products Tax Fund - Proposition 204 Protection Account * (HCA1303/A.R.S. § 36-778)		Non-Appropriated

Source of Revenue: This account receives 42¢ of each dollar deposited into the Tobacco Products Tax Fund, administered by the Department of Revenue.

Purpose of Fund: To fund state match costs in AHCCCS for the Proposition 204 program. These monies are non-appropriated and must be spent before any other state monies on the Proposition 204 program.

* See Table 7

Table 7

Summary of Tobacco Tax and Health Care Fund and Tobacco Products Tax Fund

	<u>FY 2010</u>	<u>FY 2011</u>
Medically Needy Account		
<u>Funds Available</u>		
Balance Forward	\$ 486,600	\$ 3,805,300
Transfer In - Tobacco Tax and Health Care Fund	49,883,800	47,869,700
Transfer In - Tobacco Products Tax Fund	<u>27,081,300</u>	<u>25,950,900</u>
Total Funds Available	\$77,451,700	\$77,625,900
<u>Allocations</u>		
<i>AHCCCS</i>		
Traditional Medicaid State Match Appropriation	<u>\$38,295,800</u>	<u>\$38,295,800</u>
Total AHCCCS Allocations	\$38,295,800	\$38,295,800
<i>DHS</i>		
Behavioral Health GF Offset	\$35,006,300	\$34,767,000
Folic Acid	<u>338,600</u>	<u>400,000</u>
Total DHS Allocations	\$35,344,900	\$35,167,000
Administrative Adjustments	<u>(5,700)</u>	<u>0</u>
Balance Forward	\$ 3,805,300	\$ 4,163,100
AHCCCS Proposition 204 Protection Account		
<u>Funds Available</u>		
Balance Forward	\$ 0	\$ 0
Transfer In - Tobacco Products Tax Fund	<u>43,614,400</u>	<u>40,367,900</u>
Total Funds Available	\$43,614,400	\$40,367,900
<u>Allocations</u>		
AHCCCS State Match	<u>\$43,614,400</u>	<u>\$40,367,900</u>
Balance Forward	\$ 0	\$ 0
AHCCCS Emergency Health Services Account		
<u>Funds Available</u>		
Balance Forward	\$ 173,900	\$ 3,900
Transfer In - Tobacco Products Tax Fund	<u>20,060,200</u>	<u>19,222,900</u>
Total Funds Available	\$20,234,100	\$19,226,800
<u>Allocations</u>		
AHCCCS State Match Appropriation	\$20,230,200	\$19,222,900
Administrative Adjustments	<u>0</u>	<u>3,900</u>
Balance Forward ^{1/}	\$ 3,900	\$ 0
DHS Health Education Account		
<u>Funds Available</u>		
Balance Forward	\$ 6,772,600	\$ 6,311,000
Transfer In - Tobacco Tax and Health Care Fund	16,531,900	15,654,000
Transfer In - Tobacco Products Tax Fund	<u>2,019,300</u>	<u>1,916,000</u>
Total Funds Available	\$25,323,800	\$23,881,000
<u>Allocations</u>		
Tobacco Education and Prevention Program	\$16,349,600	\$16,349,600
Leading Causes of Death - Prevention and Detection	<u>2,663,200</u>	<u>2,663,200</u>
Balance Forward	\$ 6,311,000	\$ 4,868,200
Health Research Account		
<u>Funds Available</u>		
Balance Forward	\$ 3,717,300	\$ 2,114,400
Transfer In - Tobacco Tax and Health Care Fund	3,563,000	3,419,200
Transfer In - Tobacco Products Tax Fund	5,048,300	4,805,700
Interest Revenue	<u>27,300</u>	<u>0</u>
Total Funds Available	\$12,355,900	\$10,339,300
<u>Allocations</u>		
Arizona Biomedical Research Commission	\$ 9,741,500	\$ 8,547,700
Biotechnology (Laws 2002, Ch. 186)	<u>500,000</u>	<u>500,000</u>
Balance Forward	\$ 2,114,400	\$ 1,291,600

^{1/} Any unencumbered funds in the Emergency Health Services Account are transferred to the Proposition 204 Protection Account at the end of each year.

State Board of Appraisal

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.5	4.5	4.5
Personal Services	225,600	225,600	225,600
Employee Related Expenditures	93,000	93,000	93,000
Professional and Outside Services	142,500	201,600	201,600
Travel - In State	3,100	7,600	7,600
Travel - Out of State	0	5,000	5,000
Other Operating Expenditures	151,100	78,800	78,800
Equipment	0	5,000	5,000
AGENCY TOTAL	615,300	616,600	616,600

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Appraisal Fund	615,300	616,600	616,600
SUBTOTAL - Other Appropriated Funds	615,300	616,600	616,600
SUBTOTAL - Appropriated Funds	615,300	616,600	616,600
TOTAL - ALL SOURCES	615,300	616,600	616,600

AGENCY DESCRIPTION — The board licenses, certifies, and regulates real estate appraisers. The board also registers property tax agents.

Operating Budget

* * *

The Baseline includes \$616,600 and 4.5 FTE Positions from the Board of Appraisal Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Appraisal Fund (APA2270/A.R.S. § 32-3608)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of real estate appraisers and tax agents. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate and regulate real estate appraisers and property tax agents, and for board administration.		
Funds Expended	615,300	616,600
Year-End Fund Balance	198,200	249,200

Arizona Commission on the Arts

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	10.5	9.5	9.5
Personal Services	309,400	401,700	401,700
Employee Related Expenditures	138,700	144,600	144,600
Professional and Outside Services	5,500	6,600	6,600
Travel - In State	600	5,600	5,600
Travel - Out of State	300	4,000	4,000
Other Operating Expenditures	86,500	103,100	103,100
OPERATING SUBTOTAL	541,000	665,600	665,600
SPECIAL LINE ITEMS			
Community Service Projects	281,500	0	0
AGENCY TOTAL	822,500	665,600	665,600
FUND SOURCES			
General Fund	822,500	665,600	665,600
SUBTOTAL - Appropriated Funds	822,500	665,600	665,600
Other Non-Appropriated Funds	1,560,400	1,216,400	1,200,000
Federal Funds	1,128,800	895,600	895,600
TOTAL - ALL SOURCES	3,511,700	2,777,600	2,761,200

AGENCY DESCRIPTION — The agency promotes arts in the state by offering matching grants to communities and arts organizations, developing programs in-house to showcase artists in all disciplines, and serving as a resource for local artists.

Operating Budget

* * *

The Baseline includes \$665,600 and 9.5 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arts Endowment Fund (HUA3106/A.R.S. § 41-986)		Non-Appropriated
Source of Revenue: Legislative appropriations and interest earnings. The fund had no remaining endowment in FY 2011, after transferring a total of \$19,884,600 in FY 2009, FY 2010 and FY 2011 to the General Fund. The Commission is only permitted to spend revenue earned from the investment of the endowment.		
Purpose of Fund: To award grants to mid-sized arts organizations for stabilization projects.		
Funds Expended	138,300	16,400
Year-End Fund Balance	9,892,000	0
Arts Special Revenues Fund (HUA2116/A.R.S. § 41-983)		Non-Appropriated
Source of Revenue: Public and private grants, donations, exhibit rentals, admissions and charges for services.		
Purpose of Fund: To award grants to arts programs in all areas of the state. The applicant organizations must contribute to each grant awarded by the Arts Commission.		
Funds Expended	136,800	61,000
Year-End Fund Balance	20,300	34,800

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arts Trust Fund (HUA3014/A.R.S. § 41-983.01)		Non-Appropriated
Source of Revenue: An annual report filing fee from domestic and foreign for profit corporations.		
Purpose of Fund: To award grants to organizations with the purpose of advancing and fostering the arts in Arizona. A portion of the funds are to be used to provide grants to: 1) organizations representing handicapped persons, 2) racial or ethnic minorities; and 3) organizations representing rural areas.		
Funds Expended	1,285,300	1,139,000
Year-End Fund Balance	211,400	121,000
Federal Grant Fund (HUA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants from the National Endowment on the Arts.		
Purpose of Fund: To award grants to non-profits, schools and government entities in the state. A state funding match is required.		
Funds Expended	870,600	890,800
Year-End Fund Balance	11,600	59,400
Federal Grants - American Recovery and Reinvestment Act (ARRA) (HUA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the commission to support projects that preserve jobs in the non-profit arts sector threatened by declines in support by the economic downturn.		
Funds Expended	258,200	4,800
Year-End Fund Balance	15,000	10,200

Board of Athletic Training

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	0.0	0.0	1.5
Personal Services	0	0	60,800
Employee Related Expenditures	0	0	17,900
Professional and Outside Services	0	0	4,400
Travel - In State	0	0	600
Other Operating Expenditures	0	0	18,000
AGENCY TOTAL	0	0	101,700

FUND SOURCES

Other Appropriated Funds

Athletic Training Fund	0	0	101,700
SUBTOTAL - Other Appropriated Funds	0	0	101,700
SUBTOTAL - Appropriated Funds	0	0	101,700
TOTAL - ALL SOURCES	0	0	101,700

AGENCY DESCRIPTION — The Board of Athletic Training (BAT) examines and licenses athletic trainers, investigates complaints and holds hearings to enforce standards of practice. The Executive Director of the Board of Athletic Training also serves as the Executive Director of the Board of Occupational Therapy. BAT will be displayed as its own agency for the first time in FY 2012.

Operating Budget

The Baseline includes \$101,700 and 1.5 FTE Positions from the Athletic Training Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

Fund Initiation OF FY 2012 \$101,700

The Baseline includes an increase of \$101,700 from the Athletic Training Fund to allow expenditures from the newly created fund in FY 2012. In FY 2011 and earlier, expenditures for the Board of Athletic Training were made from a sub-account of the Occupational Therapy Fund. For budget details of the Board of Athletic Training prior to FY 2012, please see the Board of Occupational Therapy Examiners.

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FORMAT — Lump Sum by Agency

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

FY 2011 Supplemental

The Baseline includes a \$101,700 supplemental from the Athletic Training Fund for the operating budget in FY 2011. The Board of Athletic Training began having license and fee revenue deposited in the Athletic Training Fund in FY 2011. However, there was no appropriation for the Board of Athletic Training in the original FY 2011 budget. Expenditures are currently being made from the Occupational Therapy Fund. Any expenditures from the Occupational Therapy Fund in FY 2011 for the Board of Athletic Training are to be reimbursed from the Athletic Training Fund. The summary number table has not been updated to reflect the recommended supplemental.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Athletic Training Fund (BAA2583/A.R.S. § 32-4105)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of athletic trainers. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate athletic trainers, and for board administration.		
Funds Expended	0	0
Year-End Fund Balance	0	20,100

Attorney General - Department of Law

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	597.9	592.9	592.9
Personal Services	23,868,700	26,157,900	26,157,900
Employee Related Expenditures	8,178,000	9,045,100	9,045,100
Professional and Outside Services	825,600	1,045,000	1,045,000
Travel - In State	117,300	125,100	125,100
Travel - Out of State	50,400	67,300	67,300
Other Operating Expenditures	5,349,200	6,162,000	6,162,000
Equipment	431,600	302,100	302,100
OPERATING SUBTOTAL	38,820,800	42,904,500	42,904,500
SPECIAL LINE ITEMS			
Military Airport Planning	99,900	85,000	85,000
Risk Management ISA	7,723,000	8,850,400	8,850,400
State Grand Jury	178,900	176,400	176,400
Victims' Rights	3,125,500	3,241,700	3,241,700
AGENCY TOTAL	49,948,100	55,258,000	55,258,000
FUND SOURCES			
General Fund	17,774,300	17,536,100	17,536,100
<u>Other Appropriated Funds</u>			
Antitrust Enforcement Revolving Fund	112,500	242,600	242,600
Attorney General Legal Services Cost Allocation Fund	5,574,100	5,474,200	5,474,200
Collection Enforcement Revolving Fund	2,353,700	3,313,400	3,313,400
Consumer Protection - Consumer Fraud Revolving Fund	1,954,700	3,463,800	3,463,800
Interagency Service Agreements Fund	11,330,300	13,135,800	13,135,800
Risk Management Revolving Fund	7,723,000	8,850,400	8,850,400
Victims' Rights Fund	3,125,500	3,241,700	3,241,700
SUBTOTAL - Other Appropriated Funds	32,173,800	37,721,900	37,721,900
SUBTOTAL - Appropriated Funds	49,948,100	55,258,000	55,258,000
Other Non-Appropriated Funds	33,207,700	31,319,500	26,620,400
Federal Funds	7,453,500	8,045,500	6,016,300
TOTAL - ALL SOURCES	90,609,300	94,623,000	87,894,700

AGENCY DESCRIPTION — The Attorney General is an elected constitutional officer. The office provides legal counsel to state agencies, represents the state in juvenile dependency matters, enforces civil rights, environmental, consumer protection and anti-trust laws, and investigates and prosecutes criminal cases, handles criminal appeals, and assists county attorneys.

Operating Budget

The Baseline includes \$42,904,500 and 479.5 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$17,274,700
Antitrust Enforcement Revolving Fund	242,600
Attorney General Legal Services Cost Allocation Fund	5,474,200
Collection Enforcement Revolving Fund	3,313,400
Consumer Fraud Revolving Fund	3,463,800
Interagency Service Agreements Fund	13,135,800

These amounts are unchanged from FY 2011.

Military Airport Planning

The Baseline includes \$85,000 and 1 FTE Position from the General Fund for Military Airport Planning in FY 2012. These amounts are unchanged from FY 2011.

Laws 2010, Chapter 208 appropriated \$85,000 annually from the General Fund to the Attorney General's Office. Therefore, this funding does not appear in the General Appropriation Act. The legislation sought to preserve the state's military bases by appropriating monies to several state agencies and charging them with certain

responsibilities. Monies in this line item pay for the department's duties under the original 2004 legislation, including review of, and determination of compliance with land use plans.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

Risk Management ISA

The Baseline includes \$8,850,400 and 102 FTE Positions from the Risk Management Revolving Fund for the Risk Management ISA in FY 2012. These amounts are unchanged from FY 2011.

This line item provides funding for the Attorney General's contract with the Risk Management Division within the Arizona Department of Administration.

State Grand Jury

The Baseline includes \$176,400 and 1.6 FTE Positions from the General Fund for the State Grand Jury in FY 2012. These amounts are unchanged from FY 2011.

This line item funds expenses incurred by the Attorney General to investigate and try matters that are under the jurisdiction of the State Grand Jury.

Victims' Rights

The Baseline includes \$3,241,700 and 8.8 FTE Positions from the Victims' Rights Fund for Victims' Rights in FY 2011. These amounts are unchanged from FY 2011.

This line item provides monies to state and local agencies that are required to notify victims during various steps in the criminal justice process. The program includes 7.68% of Criminal Justice Enhancement Fund (CJEF) monies and an assessment on parents of juvenile offenders.

FOOTNOTES

Standard Footnotes

The Attorney General shall notify the President of the Senate, the Speaker of the House of Representatives and the Joint Legislative Budget Committee before entering into a settlement of \$100,000 or more that will result in the receipt of monies by the Attorney General or any other person. The Attorney General shall not allocate or expend these monies until the Joint Legislative Budget Committee reviews the allocations or expenditures. Settlements that pursuant to statute must be deposited in the state General Fund need not be reviewed by the Joint Legislative Budget Committee. This paragraph does not apply to actions under Title 13, Arizona Revised Statutes, or other criminal matters.

In addition to the \$13,135,800 appropriated from the Interagency Service Agreements Fund in FY 2012, an additional \$800,000 and 11 FTE Positions are appropriated from the Interagency Service Agreements Fund in FY 2012 for new or expanded interagency service agreements. The Attorney General shall report to the Joint Legislative Budget Committee whenever an interagency service agreement is established that will require expenditures from the additional amount. The report shall include the name of the agency or entity with which the agreement is made, the dollar amount of the contract by fiscal year and the number of associated FTE Positions.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Anti-Racketeering Revolving Fund (AGA2131/A.R.S. § 13-2314.01)		Non-Appropriated
Source of Revenue: Forfeitures of property and assets to satisfy judgments pursuant to anti-racketeering statutes.		
Purpose of Fund: To investigate and prosecute any offense defined as racketeering pursuant to Arizona statutes.		
Funds Expended	24,991,700	21,918,000
Year-End Fund Balance	30,337,300	25,552,600
Antitrust Enforcement Revolving Fund (AGA2016/A.R.S. § 41-191.02)		Appropriated
Source of Revenue: Monies recovered for the state as a result of antitrust, restraint of trade or price-fixing activity enforcement.		
Purpose of Fund: For antitrust enforcement expenses, excluding attorney compensation.		
Funds Expended	112,500	242,600
Year-End Fund Balance	89,200	1,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Attorney General Expendable Trust Fund (AGA3102/A.R.S. § 35-149)		Non-Appropriated
Source of Revenue: Restricted donations and gifts from individuals and corporations.		
Purpose of Fund: For purposes specified by donors or grantors.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Attorney General Legal Services Cost Allocation Fund (AGA4240/A.R.S. § 41-191.09)		Appropriated
Source of Revenue: The fund receives a pro rata share of appropriated and non-appropriated funds of select state agencies.		
Purpose of Fund: To fund non-contracted Attorney General Legal Services.		
Funds Expended	5,574,100	5,474,200
Year-End Fund Balance	260,100	515,700
CJEF Distribution to County Attorneys Fund (AGA2068/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: 9.35% of the Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a 47% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: To enhance prosecutorial efforts of county attorneys.		
Funds Expended	2,668,800	5,242,200
Year-End Fund Balance	1,277,000	300
Collection Enforcement Revolving Fund (AGA2132/A.R.S. § 41-191.03)		Appropriated
Source of Revenue: The fund receives 35% of monies recovered by the Attorney General from debts owed to the state.		
Purpose of Fund: For expenses related to debt collection owed to the state, including reimbursement of other accounts within the department.		
Funds Expended	2,353,700	3,313,400
Year-End Fund Balance	1,385,600	79,900
Colorado River Land Claims Revolving Fund (AGA2430/A.R.S. § 41-191.05)		Non-Appropriated
Source of Revenue: Receives 25% of monies recovered by the state from the settlement of the state of Arizona's sovereign land claims.		
Purpose of Fund: To pay ownership claims near the Colorado River.		
Funds Expended	0	0
Year-End Fund Balance	12,300	12,300
Consumer Protection - Consumer Fraud Revolving Fund (AGA2014/A.R.S. § 44-1531.01)		Appropriated
Source of Revenue: Any monies recovered for the state from investigative or court costs, attorney fees or civil penalties pertaining to consumer protection or consumer fraud.		
Purpose of Fund: For consumer fraud education and for investigative and enforcement operations of the Consumer Protection Division, excluding attorney compensation. Also can be used for operating expenses, including any costs associated with the Tobacco Master Settlement Agreement arbitration.		
Funds Expended	1,954,700	3,463,800
Year-End Fund Balance	6,582,700	1,436,700
Court-Ordered Trust Fund (AGA3180/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Court-ordered deposits held in trust for parties to lawsuits.		
Purpose of Fund: To assure funds are available to pay judgments. Future payments are dependent on case settlements.		
Funds Expended	1,711,000	540,500
Year-End Fund Balance	3,666,500	3,126,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Criminal Case Processing Fund (AGA2461/A.R.S. § 41-2421)		Non-Appropriated
Source of Revenue: A portion of redirected court collections and 0.35% of the surcharge on criminal, motor vehicle, and game and fish statute violations.		
Purpose of Fund: For the processing of criminal cases.		
Funds Expended	76,500	92,200
Year-End Fund Balance	75,700	70,800
Federal Grants (AGA2000/A.R.S. § 41-101)		Non-Appropriated
Source of Revenue: Grants awarded by various federal agencies and state agencies which pass through federal monies.		
Purpose of Fund: To be used in accordance with the terms of the individual grants.		
Funds Expended	3,535,100	3,929,900
Year-End Fund Balance	784,100	633,400
Federal Grants (AGA2117/A.R.S. § 41-101.01)		Non-Appropriated
Source of Revenue: Federal grants for various purposes.		
Purpose of Fund: To be used in accordance with the terms of the individual grants, including drug enforcement, fraud and patient abuse (Arizona Health Care Cost Containment System related), civil rights enforcement, fair housing education and outreach, and hazardous waste.		
Funds Expended	987,200	0
Year-End Fund Balance	0	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (AGA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for drug, gang, and violent crime efforts and to combat criminal narcotics activity stemming from the Southern border of the United States.		
Funds Expended	2,931,200	4,115,600
Year-End Fund Balance	815,500	357,600
Interagency Service Agreements Fund (AGA2157/A.R.S. § 41-192)		Appropriated
Source of Revenue: Any monies received by the Attorney General from charges to state agencies for legal services related to interagency service agreements.		
Purpose of Fund: To provide contracted legal services to state agencies and political subdivisions.		
Funds Expended	11,330,300	13,135,800
Year-End Fund Balance*	1,159,800	(61,800)
Intergovernmental Agreements Fund (AGA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Any monies received from state agencies for specialized projects.		
Purpose of Fund: For costs associated with approved projects.		
Funds Expended	2,357,200	1,651,200
Year-End Fund Balance*	(279,900)	0
Microsoft Settlement Fund (AGA1992/A.R.S. § 44-1531.01)		Non-Appropriated
Source of Revenue: State agencies' settlement proceeds from <i>Daisy Mountain Fire District v. Microsoft</i> lawsuit.		
Purpose of Fund: Settlement monies intended to cover software and allowable costs of purchases in FY 2011. The General Accounting Office will reimburse state agencies for approved purchases according to their allotted settlement limits.		
Funds Expended	0	435,700
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Motor Carrier Safety Revolving Fund (AGA2380/A.R.S. § 28-5203)		Non-Appropriated
Source of Revenue: This fund consists of monies appropriated by the Legislature; fines; forfeitures; fees and taxes applied to all manufacturers, shippers, motor carriers and drivers who transport or cause the transportation of hazardous material, substances or waste, as required by A.R.S. Title 28, Chapter 14; and monies received from private grants or donations.		
Purpose of Fund: The Department of Public Safety conducts motor carrier safety investigations, the Motor Vehicle Division of the Department of Transportation administers hearings, and the Attorney General enforces civil penalties.		
Funds Expended	0	0
Year-End Fund Balance	13,600	13,600
Prosecuting Attorneys' Advisory Council Training Fund (AGA2057/A.R.S. § 41-1830.03)		Non-Appropriated
Source of Revenue: 3.03% of Criminal Justice Enhancement Fund monies. CJEF consists of a 47% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For costs of training, technical assistance for prosecuting attorneys of the state and any political subdivision, and expenses for the operation of the council.		
Funds Expended	1,345,200	1,396,000
Year-End Fund Balance	542,300	596,300
Risk Management Revolving Fund (AGA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: Actuarial charges assessed to agencies insured under the state's risk management system, as well as recoveries by the state through litigation.		
Purpose of Fund: To pay for the legal services ISA contract between the Attorney General and ADOA.		
Funds Expended	7,723,000	8,850,400
Year-End Fund Balance	1,310,700	0
Street Gang Enforcement Revolving Fund (AGA1022/A.R.S. § 41-191.07)		Non-Appropriated
Source of Revenue: A grant from the Arizona Criminal Justice Commission.		
Purpose of Fund: For gang prevention programs, training prosecutors and law enforcement personnel in the area of street gang prosecution and enforcement, and investigating and prosecuting any offense that is concurrently charged or investigated with any offense relating to criminal street gangs.		
Funds Expended	2,600	0
Year-End Fund Balance	0	0
Victim Witness Fund (AGA2228/A.R.S. § 41-2407)		Non-Appropriated
Source of Revenue: Grants from the Victim Compensation and Assistance Fund and the Victims of Crime Act Fund.		
Purpose of Fund: To assist crime victims and surviving family members who are involved in felony cases and appellate matters.		
Funds Expended	54,700	43,700
Year-End Fund Balance	0	0
Victims' Rights Fund (AGA3215/A.R.S. § 41-191.08)		Appropriated
Source of Revenue: 7.68% of Criminal Justice Enhancement Fund monies and an assessment on parents of juvenile offenders. CJEF consists of a 47% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For states and local entities that provide victims' rights services and assistance.		
Funds Expended	3,125,500	3,241,700
Year-End Fund Balance	3,941,600	4,157,200

*As reported by the agency. Actual ending balances will not be negative.

Automobile Theft Authority

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6.0	6.0	6.0
Personal Services	243,900	305,500	305,500
Employee Related Expenditures	88,700	114,500	114,500
Professional and Outside Services	11,800	16,500	16,500
Travel - In State	1,500	4,000	4,000
Travel - Out of State	1,300	6,000	6,000
Other Operating Expenditures	117,900	171,300	171,300
Equipment	1,300	9,500	9,500
OPERATING SUBTOTAL	466,400	627,300	627,300
SPECIAL LINE ITEMS			
Automobile Theft Authority Grants	3,732,700	4,457,500	4,457,500
Reimbursable Programs	0	50,000	50,000
AGENCY TOTAL	4,199,100	5,134,800	5,134,800

FUND SOURCES

Other Appropriated Funds

Automobile Theft Authority Fund	4,199,100	5,134,800	5,134,800
SUBTOTAL - Other Appropriated Funds	4,199,100	5,134,800	5,134,800
SUBTOTAL - Appropriated Funds	4,199,100	5,134,800	5,134,800
TOTAL - ALL SOURCES	4,199,100	5,134,800	5,134,800

AGENCY DESCRIPTION — The Automobile Theft Authority (ATA) is responsible for analyzing the methods of combating the problem of vehicle theft and promoting successful methods of reducing the number of vehicle thefts in Arizona. The ATA is primarily funded from motor vehicle insurance premium fees.

Operating Budget

The Baseline includes \$627,300 and 6 FTE Positions from the Automobile Theft Authority (ATA) Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Automobile Theft Authority Grants

The Baseline includes \$4,457,500 from the ATA Fund for ATA Grants in FY 2012. This amount is unchanged from FY 2011.

This line item funds grants awarded to law enforcement agencies to reduce auto theft.

Reimbursable Programs

The Baseline includes \$50,000 from the ATA Fund for Reimbursable Programs in FY 2012. This amount is unchanged from FY 2011.

This line item funds programs such as training seminars and “bait car” projects. This Special Line Item is funded from donations and grants from the private sector.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The Automobile Theft Authority shall pay 75% of the Personal Services and Employee Related Expenses for city and county sworn officers who participate in the Arizona Vehicle Theft Task Force.

Automobile Theft Authority grants shall be awarded with consideration given to areas with greater automobile theft problems and shall be used to combat economic automobile theft operations.

The Automobile Theft Authority shall submit a report to the Joint Legislative Budget Committee for review before expending any monies for the Reimbursable Programs line item. The agency shall also show sufficient funds collected to cover the expenses indicated in the report.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Automobile Theft Authority Fund (ATA2060/A.R.S. § 41-3451)		Appropriated
Source of Revenue: A semi-annual fee of \$0.50 per vehicle insured under a motor vehicle liability insurance policy for vehicles with a gross weight under 26,000 pounds.		
Purpose of Fund: To allocate monies to public agencies for the purpose of establishing, maintaining and supporting programs that are designed to prevent motor vehicle theft, and to cover the costs of administration not to exceed 10% of the fund.		
Funds Expended	4,199,100	5,134,800
Year-End Fund Balance*	221,300	(671,300)
Federal Funds (ATA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To support projects combating vehicle theft in Arizona.		
Funds Expended	0	0
Year-End Fund Balance	2,400	2,400

*As reported by the agency. Actual ending balance will not be negative.

Board of Barbers

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	163,100	184,900	184,900
Employee Related Expenditures	55,500	57,700	57,700
Professional and Outside Services	6,600	14,500	14,500
Travel - In State	17,200	44,000	44,000
Travel - Out of State	1,600	3,000	3,000
Other Operating Expenditures	32,600	39,900	18,900
Equipment	100	1,100	1,100
AGENCY TOTAL	276,700	345,100	324,100

FUND SOURCES

Other Appropriated Funds

Board of Barbers Fund	276,700	345,100	324,100
SUBTOTAL - Other Appropriated Funds	276,700	345,100	324,100
SUBTOTAL - Appropriated Funds	276,700	345,100	324,100
TOTAL - ALL SOURCES	276,700	345,100	324,100

AGENCY DESCRIPTION — The board licenses barbers, inspects barbering establishments, and investigates violations of sanitation requirements and barbering procedures. It conducts hearings and imposes enforcement actions where appropriate.

Operating Budget

The Baseline includes \$324,100 and 4 FTE Positions from the Board of Barbers Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

FORMAT — Lump Sum by Agency

Eliminate One-time Expenditures OF FY 2012 \$(21,000)

The Baseline includes a decrease of \$(21,000) from the Board of Barbers Fund to eliminate a one-time annual leave payout for 3 employees in FY 2012.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Barbers Fund (BBA2007/A.R.S. § 32-305)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of barbers, barber schools, and barbering establishments. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate barbers, barber schools, and barbering establishments, and for board administration.		
Funds Expended	276,700	345,100
Year-End Fund Balance	117,300	92,400

Board of Behavioral Health Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	17.0	17.0	17.0
Personal Services	584,800	657,300	657,300
Employee Related Expenditures	255,500	361,400	361,400
Professional and Outside Services	188,200	233,100	233,100
Travel - In State	2,300	10,000	10,000
Travel - Out of State	0	8,300	8,300
Other Operating Expenditures	168,800	164,500	164,500
Equipment	7,700	3,100	3,100
AGENCY TOTAL	1,207,300	1,437,700	1,437,700

FUND SOURCES

Other Appropriated Funds

Board of Behavioral Health Examiners Fund	1,207,300	1,437,700	1,437,700
SUBTOTAL - Other Appropriated Funds	1,207,300	1,437,700	1,437,700
SUBTOTAL - Appropriated Funds	1,207,300	1,437,700	1,437,700
TOTAL - ALL SOURCES	1,207,300	1,437,700	1,437,700

AGENCY DESCRIPTION — The board certifies and regulates behavioral health professionals in the fields of social work, counseling, marriage and family therapy, and substance abuse counseling. The board also licenses and regulates professionals engaged in the practice of psychotherapy.

Operating Budget

* * *

The Baseline includes \$1,437,700 and 17 FTE Positions from the Board of Behavioral Health Examiners Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Behavioral Health Examiners Fund (BHA2256/A.R.S. § 32-3254)		Appropriated
Source of Revenue: Monies collected by the board from the certification and regulation of behavioral health professionals in the fields of social work, counseling, marriage and family therapy, and substance abuse counseling. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, certify, investigate, and regulate behavioral health professionals, and for board administration.		
Funds Expended	1,207,300	1,437,700
Year-End Fund Balance	939,600	894,300

Arizona Biomedical Research Commission

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
SPECIAL LINE ITEMS			
Biotechnology	500,000	500,000	500,000
AGENCY TOTAL	500,000	500,000	500,000
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Tobacco Tax and Health Care Fund - Health Research Account	500,000	500,000	500,000
SUBTOTAL - Other Appropriated Funds	500,000	500,000	500,000
SUBTOTAL - Appropriated Funds	500,000	500,000	500,000
Other Non-Appropriated Funds	12,555,300	15,173,400	11,562,300
TOTAL - ALL SOURCES	13,055,300	15,673,400	12,062,300

AGENCY DESCRIPTION — The commission advances medical research by contracting with individuals, organizations, corporations, and institutions in Arizona for projects that may advance research into the causes, the epidemiology and diagnosis, the formulation of cures, the medically-accepted treatment or the prevention of diseases including new drug discovery and development. Approximately 75% of the monies the commission receives are directed towards the prevention and treatment of tobacco-related disease and prevention.

The Arizona Biomedical Research Commission receives funding through 2 non-appropriated sources: the Health Research Account of the Tobacco Tax and lottery revenues. Of the taxes levied on cigarettes, \$1 per pack is utilized for various health care programs, as approved by voter initiatives. From these monies, 5% (approximately \$8,224,900 in FY 2012) is deposited into the Health Research Account, administered by the Commission.

A 1996 voter-approved initiative also allocated funding from the state lottery to the Arizona Biomedical Research Commission. The JLBC Staff estimates that the commission will receive \$2,346,600 in FY 2012.

Biotechnology

The Baseline includes \$500,000 from the Health Research Account of the Tobacco Tax and Health Care Fund for Biotechnology in FY 2012. This amount is unchanged from FY 2011.

Laws 2002, Chapter 186 appropriated \$500,000 from the Health Research Fund annually from FY 2003 to FY 2012 for biotechnology. Funding is to be allocated to a nonprofit medical research foundation that specializes in biotechnology. These monies are being distributed to the Translational Genomics Research Institute (TGen). As a result of the appropriation in Laws 2002, Chapter 186, this funding does not appear in the General Appropriation Act.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Disease Control Research Fund (DIA2090/A.R.S. § 36-274)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature and any gifts, contributions or other monies received by the Disease Control Research Commission from any other source, including Proposition 204.		
Purpose of Fund: To be used for projects or services that may advance research in the causes, epidemiology and prevention of disease, including discovery and development.		
Funds Expended	2,813,800	5,231,600
Year-End Fund Balance	5,399,100	2,412,500

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Tobacco Tax and Health Care Fund - Health Research Account (DIA2096/A.R.S. § 36-275, A.R.S. § 36-773)		Partially-Appropriated
Source of Revenue: The fund receives 5¢ of each dollar deposited in the Tobacco Products Tax Fund. In addition, all monies in the Health Research Account (which receives 5¢ of each dollar deposited into the Tobacco Tax and Health Care Fund) are deposited into the fund.		
Purpose of Fund: Monies are used for research into the prevention and treatment of tobacco-related disease and addiction.		
Appropriated Funds Expended	500,000	500,000
Non-Appropriated Funds Expended	9,741,500	9,941,800
Year-End Fund Balance	2,114,400	197,600

State Capital Postconviction Public Defender Office

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	372,600	372,000	372,000
Employee Related Expenditures	128,500	145,700	145,700
Professional and Outside Services	83,100	58,300	58,300
Travel - In State	4,000	3,700	3,700
Travel - Out of State	1,400	1,500	1,500
Other Operating Expenditures	56,600	54,600	54,600
Equipment	800	0	0
AGENCY TOTAL	647,000	635,800	635,800

FUND SOURCES

General Fund	647,000	635,800	635,800
SUBTOTAL - Appropriated Funds	647,000	635,800	635,800
Federal Funds	136,700	0	0
TOTAL - ALL SOURCES	783,700	635,800	635,800

AGENCY DESCRIPTION — The State Capital Postconviction Public Defender Office is responsible for providing representation to any person who is not financially able to employ counsel in postconviction relief proceedings in state court after a judgment of death has been rendered. The Governor appoints the State Capital Postconviction Public Defender to serve one 4-year term. The first term of the State Capital Postconviction Defender began February 1, 2007.

Operating Budget

The Baseline includes \$635,800 and 7 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Other Funding

For each person represented, statute permits the State Capital Postconviction Public Defender Office to request reimbursement from the county in which the person was convicted for 50% of the costs incurred from providing

representation. In FY 2010, total reimbursements received from counties totaled \$30,000. The agency deposited the FY 2010 reimbursements into the Capital Postconviction Public Defender Office Fund. In FY 2011 and FY 2012, total reimbursements are estimated to be \$170,000. Laws 2010, 7th Special Session, Chapter 6 requires the agency to deposit reimbursements into the Capital Postconviction Public Defender Office Fund. The agency is also eligible to receive monies for training from the Public Defender Training Fund, which is administered by the Supreme Court. In FY 2010, no Training Fund monies were received.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Capital Postconviction Public Defender Office Fund (PDA2367/A.R.S. § 41-4303)		Appropriated
Source of Revenue: Counties are required to pay 50% of fees and expenses associated with the representation of clients.		
Purpose of Fund: To fund operating expenses of the agency.		
Funds Expended	0	0
Year-End Fund Balance	0	170,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (PDA2000/A.R.S. § 41-2405)		Non-Appropriated
Source of Revenue: Federal Edward Byrne Memorial grant monies.		
Purpose of Fund: To fund 1 attorney and 1 part-time administrative assistant assisting in ongoing capital post-conviction cases. This grant expired in FY 2010.		
Funds Expended	136,700	0
Year-End Fund Balance	0	0

State Board for Charter Schools

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	10.0	9.0	9.0
Personal Services	373,100	426,400	426,400
Employee Related Expenditures	172,800	197,400	197,400
Professional and Outside Services	38,800	51,300	51,300
Travel - In State	1,800	3,400	3,400
Travel - Out of State	400	0	0
Other Operating Expenditures	132,000	122,100	122,100
Equipment	1,800	2,000	2,000
AGENCY TOTAL	720,700	802,600	802,600

FUND SOURCES

General Fund	720,700	802,600	802,600
SUBTOTAL - Appropriated Funds	720,700	802,600	802,600
Other Non-Appropriated Funds	0	75,000	75,000
TOTAL - ALL SOURCES	720,700	877,600	877,600

AGENCY DESCRIPTION — The board reviews and approves charter school applications, including renewal applications, and monitors the schools that it sponsors for compliance with provisions of their individual charters. It consists of the Superintendent of Public Instruction, 6 members of the general public, 2 members of the business community, a charter school teacher, a charter school operator, and 3 members of the Legislature who serve as advisory members. Currently the board oversees 457 charter schools.

Operating Budget

* * *

The Baseline includes \$802,600 and 9 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Charter Arizona Online Instruction Processing Fund (CHA2319/A.R.S. § 15-183W)		Non-Appropriated
Source of Revenue: Consists of fees collected and administered by the State Board for Charter Schools.		
Purpose of Fund: To fund the processing of contract amendments for charters schools participating in Arizona online instructions programs.		
Funds Expended	0	75,000
Year-End Fund Balance	0	0

State Board of Chiropractic Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	251,700	248,600	248,600
Employee Related Expenditures	89,000	84,100	84,100
Professional and Outside Services	18,300	29,000	29,000
Travel - In State	5,400	5,000	5,000
Other Operating Expenditures	69,400	75,700	75,700
Equipment	500	0	0
AGENCY TOTAL	434,300	442,400	442,400

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Chiropractic Examiners Fund	434,300	442,400	442,400
SUBTOTAL - Other Appropriated Funds	434,300	442,400	442,400
SUBTOTAL - Appropriated Funds	434,300	442,400	442,400
TOTAL - ALL SOURCES	434,300	442,400	442,400

AGENCY DESCRIPTION — The board licenses, investigates, and regulates chiropractors who practice a system of therapy in which disease is considered the result of neural malfunction. Manipulation of the spinal column and other structures is the preferred method of treatment.

Operating Budget

* * *

The Baseline includes \$442,400 and 5 FTE Positions from the Board of Chiropractic Examiners Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Chiropractic Examiners Fund (CEA2010/A.R.S. § 32-906)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of chiropractors. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate chiropractors, and for board administration.		
Funds Expended	434,300	442,400
Year-End Fund Balance	209,700	207,900

Citizens Clean Elections Commission

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
Other Non-Appropriated Funds	6,140,400	11,344,500	5,309,500
TOTAL - ALL SOURCES	6,140,400	11,344,500	5,309,500

AGENCY DESCRIPTION — As authorized by a 1998 ballot initiative, the Citizens Clean Elections Commission provides full public funding to qualified candidates who agree to abide by the Commission's guidelines. To qualify for funding, participating candidates must adhere to spending and contribution limits, and gather \$5 qualifying contributions from district constituents who are registered voters. Participating candidates also agree to attend required debates. The Commission is not subject to legislative appropriation.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Citizens Clean Election Fund (ECA2425/A.R.S. § 16-949)		Non-Appropriated
Source of Revenue: Election-related civil penalties; civil and criminal fine and penalty surcharges; "qualifying contributions" on behalf of candidates who seek public campaign funding; revenues from a check-off box on state income tax forms; citizen donations and tax credits.		
Purpose of Fund: To fund administrative costs of the Citizens Clean Elections Commission, campaigns of candidates who qualify for public campaign funding under A.R.S. § 16-950, and activities pertaining to voter education.		
Funds Available		
Balance Forward	28,172,400	32,716,700
Revenue:		
Civil Penalties (election related)	600	500
Fine Surcharge	12,241,100	12,500,000
Qualifying Contributions	296,000	112,000
\$5 Check Off Box	8,012,000	8,012,000
Donations/Tax Credits	105,000	105,000
Other	30,000	30,000
Total Funds Available	48,857,100	53,476,200
Expenditures:		
Operating Funds Expended	2,871,700	6,144,400
Candidate Funding	3,268,700	5,200,000
Total Funds Expended	6,140,400	11,344,400
Transfer Out to General Fund	10,000,000	20,000,000
Year-End Fund Balance	32,716,700	22,131,800

Department of Commerce

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	65.9	64.9	64.9
Personal Services	511,700	536,300	536,300
Employee Related Expenditures	228,400	195,000	195,000
Professional and Outside Services	78,500	164,500	164,500
Travel - In State	11,200	14,000	14,000
Travel - Out of State	9,900	15,200	15,200
Other Operating Expenditures	267,800	897,700	897,700
Equipment	35,100	9,500	9,500
OPERATING SUBTOTAL	1,142,600	1,832,200	1,832,200
SPECIAL LINE ITEMS			
International Development			
Arizona Trade Office in Sonora	25,000	25,000	25,000
International Trade Offices	1,193,000	1,667,200	1,667,200
National Law Center/Free Trade	170,000	200,000	200,000
Business Assistance Center			
Minority and Women Owned Business	128,900	127,800	127,800
Small Business Advocate	125,700	125,200	125,200
Rural Community Assistance			
Economic Development Matching Funds	27,000	104,000	104,000
Main Street	83,400	130,000	130,000
REDI Matching Grants	11,000	45,000	45,000
Rural Economic Development	325,900	338,200	338,200
National Marketing			
Advertising and Promotion	570,900	659,200	659,200
Strategic Finance			
CEDC Commission	170,500	194,900	194,900
Other			
Apprenticeship Services	187,100	188,500	188,500
Oil Overcharge Administration	0	186,700	186,700
Military Airport Planning	1,954,400	0	0
Nursing Education	2,632,000	0	0
AGENCY TOTAL	8,747,400	5,823,900	5,823,900
FUND SOURCES			
General Fund	6,202,700	1,466,500	1,466,500
<u>Other Appropriated Funds</u>			
CEDC Fund	2,325,000	3,759,300	3,759,300
Commerce Development Bond Fund	400	146,300	146,300
Oil Overcharge Fund	0	186,700	186,700
State Lottery Fund	219,300	265,100	265,100
SUBTOTAL - Other Appropriated Funds	2,544,700	4,357,400	4,357,400
SUBTOTAL - Appropriated Funds	8,747,400	5,823,900	5,823,900
Other Non-Appropriated Funds	25,606,700	6,946,300	6,946,400
Federal Funds	25,154,900	47,731,500	47,731,000
TOTAL - ALL SOURCES	59,509,000	60,501,700	60,501,300

AGENCY DESCRIPTION — The department promotes economic, community, and workforce development. The department's duties include: economic research and information; support statewide for business expansion and attraction; international trade offices; workforce development and job training; online assistance for new business start-ups; community planning and rural assistance for infrastructure development; film and television production promotion.

Operating Budget

The Baseline includes \$1,832,200 and 41.4 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	<u>FY 2012</u>
General Fund	\$239,400
Commerce and Economic Development Commission (CEDC) Fund	1,376,300
Bond Fund	146,300
State Lottery Fund	70,200

These amounts are unchanged from FY 2011.

International Development

Arizona Trade Office in Sonora

The Baseline includes \$25,000 from the CEDC Fund for the Arizona Trade Office in Sonora in FY 2012. This amount is unchanged from FY 2011.

Managed by the Arizona-Mexico Commission, the Arizona Trade Office in Sonora assists Arizona companies in search of trade opportunities in Mexico, as well as ensures that such business ventures into Mexico are effective.

International Trade Offices

The Baseline includes \$1,667,200 and 7 FTE Positions for the International Trade Offices in FY 2012. These amounts consist of:

General Fund	700,400
CEDC Fund	966,800

These amounts are unchanged from FY 2011.

The line item funds business incentives and assistance procedures to locate businesses in the state. The program supports international trade offices in Mexico, the United Kingdom, Canada, Northern Ireland (European Office) and Japan.

National Law Center/Free Trade

The Baseline includes \$200,000 from the CEDC Fund for National Law Center/Free Trade in FY 2012. This amount is unchanged from FY 2011.

The National Law Center for Inter-American Free Trade is a research and educational center. Funding is used to match private monies for additional research projects, in addition to defraying overhead and administrative costs.

Business Assistance Center

Minority and Women Owned Business

The Baseline includes \$127,800 and 2 FTE Positions from the CEDC Fund for Minority and Women Owned Business in FY 2012. These amounts are unchanged from FY 2011.

The line item funds programs to promote the economic development of minority and women-owned business enterprises.

Small Business Advocate

The Baseline includes \$125,200 and 2 FTE Positions from the CEDC Fund for Small Business Advocate in FY 2012. These amounts are unchanged from FY 2011.

The line item funds programs to promote the creation and growth of small Arizona businesses. The office also acts as an advocate for small business interests.

Rural Community Assistance

Economic Development Matching Funds

The Baseline includes \$104,000 from the CEDC Fund for Economic Development Matching Funds in FY 2012. This amount is unchanged from FY 2011.

The line item funds programs to support community growth management efforts, including the development of general and comprehensive land use plans.

Main Street

The Baseline includes \$130,000 from the CEDC Fund for the Main Street program in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for the historical preservation or refurbishment of downtown areas, or "main streets," in selected rural Arizona communities. There were 9 grant recipients in FY 2011: Lake Havasu, Sedona, Prescott, Pinetop-Lakeside, Safford, Williams, Globe, Florence, and Casa Grande.

REDI Matching Grants

The Baseline includes \$45,000 from the CEDC Fund for Rural Economic Development Initiative (REDI) Matching Grants in FY 2012. This amount is unchanged from FY 2011.

The REDI program offers special community project grants for technical assistance in implementing economic development programs for rural communities. There were

6 grant recipients in FY 2011: Maricopa, Copper Corridor, Show Low, Eagar, Florence, and Moenkope.

Rural Economic Development

The Baseline includes \$338,200 and 4 FTE Positions from the General Fund for Rural Economic Development in FY 2012. These amounts are unchanged from FY 2011.

The line item funds programs to assist rural Arizona communities in accessing financing mechanisms and technical assistance to better address community infrastructure needs.

National Marketing

Advertising and Promotion

The Baseline includes \$659,200 from the CEDC Fund for Advertising and Promotion in FY 2012. This amount is unchanged from FY 2011.

The line item funds programs advertising and promoting the department's various services through magazine ads, direct mail, and special events.

Strategic Finance

CEDC Commission

The Baseline includes \$194,900 and 3.5 FTE Positions from the State Lottery Fund for the CEDC Commission in FY 2012. These amounts are unchanged from FY 2011.

These administration expenses are related to the Commerce and Economic Development Commission,

which consists of 35 public and private sector members serving at the request of the Governor. The purpose of the commission is to provide oversight for the short-term and long-term economic development initiatives in the statewide economic development strategic plan.

Other

Apprenticeship Services

The Baseline includes \$188,500 and 3 FTE Positions from the General Fund for Apprenticeship Services in FY 2012. These amounts are unchanged from FY 2011. The line item funds programs to promote the implementation of apprenticeship programs.

Oil Overcharge Administration

The Baseline includes \$186,700 and 2 FTE Positions from the Oil Overcharge Fund for Oil Overcharge Administration in FY 2012. These amounts are unchanged from FY 2011.

The line item funds administration of the oil overcharge grant and loan restitution programs.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

STATUTORY CHANGES

The Baseline would as session law, continue to allow the department to use funds from the Bond, CEDC, and Lottery Funds to help fund operating costs.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Twenty-First Century Competitive Initiative Fund (EPA2524/A.R.S. § 41-1505.09)		Non-Appropriated
Source of Revenue: Legislative appropriations, earnings from the fund, gifts, and donations.		
Purpose of Fund: One-time monies used to build and strengthen medical, scientific, and engineering research programs with an emphasis in bioscience for the purpose of promoting statewide economic development. The Commerce and Economic Development Commission, which administers the fund, shall enter into a memorandum of understanding with a non-profit corporation to use monies in the fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Biofuels Conversion Program Fund (No Fund Number/A.R.S. § 41-1515.01)		Non-Appropriated
Source of Revenue: Funds received from gifts, grants, donations, private sources, and federal or state monies.		
Purpose of Fund: To encourage the usage of biofuels through the conversion and installation of biofuel storage and dispensing equipment.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Commerce Development Bond Fund (EPA2196/A.R.S. § 35-726)		Appropriated
Source of Revenue: Filing fees and charges for services related to the provision of a registry of bond allocations.		
Purpose of Fund: To pay for the review and approval of all corporate bond financing related to the construction of multi-family apartments, sanitariums, clinics, medical hotels, retirement homes, skilled nursing facilities and life-care centers.		
Funds Expended	400	146,300
Year-End Fund Balance	2,017,200	1,870,900
CEDC Fund (EPA2245/A.R.S. § 41-1505.10)		Partially-Appropriated
Source of Revenue: Profits from 2 designated instant ticket lottery games, service fees and interest income.		
Purpose of Fund: To be used on small business, rural business, and other financial assistance programs approved by the commission. The appropriated portions of the fund are used for various programs, while the non-appropriated funds are loans and grants.		
Appropriated Funds Expended	2,325,000	3,759,300
Non-Appropriated Funds Expended	19,505,200	120,300
Year-End Fund Balance	8,499,900	2,857,800
CEDC Local Communities Fund (EPA2498/A.R.S. § 41-1505.12)		Non-Appropriated
Source of Revenue: Tribal contributions from gaming revenue. The Tribal-State Gaming Compact dictates that 12% of revenues received by the state be utilized for government services benefiting the general public. The tribes can grant funds directly to communities or deposit revenues into the CEDC Local Communities Fund.		
Purpose of Fund: To provide grants to cities, towns and counties for government services that benefit the general public including public safety, the mitigation of impacts of gaming or the promotion of commerce and economic development. All grant applications must have a written endorsement of a nearby Indian tribe to receive an award from the commission.		
Funds Expended	0	0
Year-End Fund Balance	103,400	104,400
Commerce Workshops (EPA2149/A.R.S. § 41-1503)		Non-Appropriated
Source of Revenue: Workshop registration fees, publication fees, and environmental certification fees.		
Purpose of Fund: To pay expenses incurred for workshops, the production and distribution of publications, and the monitoring of recycling industry development.		
Funds Expended	134,700	108,500
Year-End Fund Balance	131,600	142,200
Donations Fund (EPA3189/A.R.S. § 41-1504)		Non-Appropriated
Source of Revenue: Gifts, grants, and donations.		
Purpose of Fund: To be expended in accordance with the restrictions placed on the respective gift, grant, or donation.		
Funds Expended	568,100	665,100
Year-End Fund Balance	582,500	419,400
Federal Funds (EPA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for community development, job training, and home programs.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the federal grants.		
Funds Expended	8,779,400	8,376,800
Year-End Fund Balance	421,000	224,100
Federal Grants - American Recovery and Reinvestment Act (ARRA) (EPA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for the weatherization of homes, energy efficiency and usage reduction, and appliance rebates.		
Funds Expended	16,080,500	39,011,700
Year-End Fund Balance	2,300	2,578,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Greater Arizona Development Authority Revolving Fund (EPA2311/A.R.S. § 41-1554.03)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal monies, gifts, grants, donations, loan repayments, administrative fees and penalties, and interest.		
Purpose of Fund: To help rural communities meet their infrastructure needs. GADA may issue bonds, guarantee debt obligations, and provide technical and financial assistance to political subdivisions, special districts, and Indian tribes. Legislative appropriations to the GADA Revolving Fund may only be used to secure bonds. The state funding only serves as collateral for the loans and is not directly loaned out. The fund was capitalized with \$20,000,000 from the General Fund between FY 1998 and FY 2000. Other revenue to the fund may be used for the Department of Commerce's GADA operating costs, as well as technical and financial assistance to communities.		
Funds Expended	260,300	300,000
Year-End Fund Balance	12,385,900	12,381,700
IGA/ISA Fund (EPA9500/A.R.S. § 41-1502)		Non-Appropriated
Source of Revenue: Agreements between Department of Commerce and Department of Economic Security		
Purpose of Fund: To develop and recommend policies to build Arizona's workforce in order to compete in a global environment.		
Funds Expended	1,125,200	1,124,100
Year-End Fund Balance	16,500	2,600
Indirect Cost Recovery Fund (EPA9000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Collected from Federal Grant Funds.		
Purpose of Fund: To help support administrative functions of the agency.		
Funds Expended	295,000	343,000
Year-End Fund Balance	1,105,000	762,000
International Development Authority Fund (No Fund Number/A.R.S. § 41-1553.04)		Non-Appropriated
Source of Revenue: Tolls, fees, and rents for use of any authority facility or for services rendered by the authority.		
Purpose of Fund: To pay for the costs of international trade and commerce projects approved by the International Development Authority (IDA). The IDA is a corporate body and political subdivision of the state, independent of the Department of Commerce, charged with facilitating the development of international trade in the Arizona-Sonora border area. The IDA may issue bonds for the purpose of financing the acquisition or operation of property and facilities. The state is not responsible for any costs incurred by the IDA, including compensation for board members and employees. To date, the IDA has not issued any bonds and has no appointed board.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Job Training Fund (EPA1237/A.R.S. § 41-1544)		Non-Appropriated
Source of Revenue: Legislative appropriations, gifts, grants, interest earned on investments and, primarily, proceeds from a 0.1% employers' wage tax. Tax revenues collected in FY 2010 were \$12,041,800 and are estimated to be \$12,000,000 in FY 2011. Interest earned on the fund in FY 2010 was \$225,500.		
Purpose of Fund: To provide training and retraining for specific employment opportunities with new and expanding businesses or businesses undergoing economic conversion. Training shall be through the community college system, a licensed private postsecondary educational institution, or a community college operated by a tribal government, unless the employer requests another qualified training provider. Of the monies appropriated to the fund, 25% is set aside for small and rural businesses.		
Funds Expended	3,420,100	4,160,200
Year-End Fund Balance	18,021,900	26,081,700
Military Installation Fund (EPA1010/A.R.S. § 41-1512.01)		Non-Appropriated
Source of Revenue: General Fund deposits totaling \$4,825,000 annually. Laws 2010, 7th Special Session, Chapter 5 reduces the FY 2011 deposit by \$(2,800,000). Commerce plans to expend no monies from the fund in FY 2011. Expenditures were reported as \$147,800 for FY 2010, but this amount is not displayed below to avoid double counting. Laws 2010, Chapter 208 shifted the administration of the Military Installation Fund from the Department of Commerce to the Department of Emergency and Military Affairs.		
Purpose of Fund: Grants for military installation preservation and enhancement projects as well as costs associated with administering the fund. (See DEMA for more details.)		
Funds Expended	0	0
Year-End Fund Balance	3,137,300	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Nursing Education Demonstration Project Fund (EPA2514/Laws 2005, Chapter 330)		Non-Appropriated
Source of Revenue: General Fund deposits totaling \$4,000,000 annually from FY 2006 through FY 2010 as determined by Laws 2005, Chapter 330. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Purpose of Fund: Increase the number of nurses graduating from the state's nursing education programs by increasing the number of qualified nursing education faculty members teaching in nursing degree programs operated by Arizona public universities and community colleges. Monies allocated to the universities shall be administered by the Arizona Board of Regents (ABOR), while monies allocated to the community colleges shall be administered by the Department of Commerce.		
Funds Expended	0	0
Year-End Fund Balance	2,961,700	2,161,700
Oil Overcharge Fund (EPA3171/A.R.S. § 41-1509)		Partially-Appropriated
Source of Revenue: Federal court settlements by oil companies who overcharged consumers during the petroleum price controls of the 1970's, and interest earnings.		
Purpose of Fund: To provide restitution to the citizens of Arizona. Restitution is to be made through energy programs administered by the state. The portion of the fund that is used for loans, grants, and energy conservation programs is displayed as non-appropriated. The monies used for administration are displayed as appropriated.		
Appropriated Funds Expended	0	186,700
Non-Appropriated Funds Expended	593,100	468,100
Year-End Fund Balance	2,550,100	1,920,300
Recycling Fund (EPA2289/A.R.S. § 49-837)		Non-Appropriated
Source of Revenue: Gifts, grants, donations and landfill disposal fees. At least 4%, but not more than 5%, of the Recycling Fund receipts will be transferred from the Arizona Department of Environmental Quality (ADEQ) to the Department of Commerce. <i>(See ADEQ for the remainder of revenues and expenditures.)</i>		
Purpose of Fund: To: 1) develop state market development strategies; 2) coordinate business recruitment and expansion programs, as well as provide technical assistance to companies using post-consumer materials; 3) advise ADEQ in evaluation of grants; and 4) coordinate the advisory committee on recycled materials markets.		
Funds Expended	0	0
Year-End Fund Balance	1,900	1,900
State Lottery Fund (EPA2122/A.R.S. § 5-521)		Appropriated
Source of Revenue: Sales of lottery tickets, retailer license fees and interest earning.		
Purpose of Fund: This portion of the fund is used to administer the Commerce and Economic Development Commission.		
Funds Expended	219,300	265,100
Year-End Fund Balance	28,200	3,900

Arizona Community Colleges

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
SPECIAL LINE ITEMS			
Operating State Aid			
Cochise	7,488,700	7,488,700	7,488,700
Coconino	2,679,400	2,679,400	2,679,400
Gila	658,400	658,400	658,400
Graham	4,243,900	4,243,900	4,243,900
Maricopa	45,327,400	45,327,400	45,327,400
Mohave	3,682,900	3,682,900	3,682,900
Navajo	3,590,000	3,590,000	3,590,000
Pima	15,942,100	15,942,100	15,942,100
Pinal	4,935,100	4,935,100	4,935,100
Yavapai	4,196,000	4,196,000	4,196,000
Yuma/La Paz	4,812,900	4,812,900	4,812,900
<i>Subtotal - Operating State Aid</i>	97,556,800	97,556,800	97,556,800
Capital Outlay State Aid	0	0	0
Equalization Aid			
Cochise	7,841,800	7,841,800	7,841,800
Graham	17,465,400	17,465,400	17,465,400
Navajo	6,624,000	6,624,000	6,454,700
Yuma/La Paz	2,938,300	2,938,300	1,410,100
<i>Subtotal - Equalization Aid</i>	34,869,500	34,869,500	33,172,000
Rural County Reimbursement	3,866,300	0	0
Rural County Reimbursement Subsidy	1,000,000	1,000,000	848,800
Tribal Community Colleges	1,918,000	1,918,000	1,662,900
AGENCY TOTAL	139,210,600	135,344,300	133,240,500

FUND SOURCES

General Fund	139,210,600	135,344,300	133,240,500
SUBTOTAL - Appropriated Funds	139,210,600	135,344,300	133,240,500
Other Non-Appropriated Funds	13,688,800	14,698,700	14,698,700
TOTAL - ALL SOURCES	152,899,400	150,043,000	147,939,200

AGENCY DESCRIPTION — The Arizona community college system is comprised of 10 college districts and 2 provisional districts. Arizona's community colleges provide programs and training in the arts, sciences and humanities, and vocational education leading to an Associates degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

Operating State Aid

The Baseline includes \$97,556,800 from the General Fund for Operating State Aid in FY 2012. This amount is unchanged from FY 2011.

The Baseline continues to suspend Operating State Aid formula increases in FY 2012. If enrollment growth were funded, it would have provided an increase of \$8,631,700 in FY 2012. This amount would have funded statutory formula costs for an 11,992 (9.7%) increase in Full Time Student Equivalent (FTSE) students in community colleges statewide (see Table 1). The 11,992 net FTSE increase consists of a 12,037 FTSE increase for non-dual enrollment students and a (45) FTSE decrease for dual enrollment students. A.R.S. § 15-1466.01 requires dual enrollment students be funded at 50% for state aid

purposes. Dual enrollment refers to high school students who are enrolled in community college courses for both high school and community college credit.

Table 1

Community College Enrollment

District	FY 2009 FTSE	FY 2010 FTSE	Percentage Change
Cochise	7,671	8,586	11.9%
Coconino	2,127	2,361	11.0%
Gila	1,028	1,050	2.1%
Graham	2,686	3,013	12.2%
Maricopa	70,099	78,149	11.5%
Mohave	3,518	3,953	12.4%
Navajo	2,682	2,396	(10.7)%
Pima	20,889	22,021	5.4%
Pinal	4,407	5,036	14.3%
Yavapai	3,921	3,920	0.0%
Yuma/La Paz	4,769	5,304	11.2%
Total	123,797	135,789	9.7%

Background – The Operating State Aid Special Line Items provide each community college district with funds for continuing operating and maintenance expenses pursuant to A.R.S. § 15-1466. The Operating State Aid formula adjusts state aid in an amount that reflects changes in the FTSE enrollment count. This enrollment adjustment is calculated by multiplying the change in the most recent year’s actual FTSE for each district by the average state aid per FTSE appropriated in the current fiscal year. (For FY 2012, the last actual FTSE data was from FY 2010.)

Capital Outlay State Aid

The Baseline includes no funding from the General Fund for Capital Outlay State Aid in FY 2012. This amount is unchanged from FY 2011.

The Baseline continues to suspend Capital Outlay State Aid for FY 2012. If formula growth were funded, it would have provided \$22,155,200 in FY 2012, which would include \$20,652,500 already suspended for FY 2011 plus \$1,502,700 in formula growth in FY 2012.

Background – The Capital Outlay Special Line Items provide the community college districts with funds for capital land, building, and equipment needs pursuant to A.R.S. § 15-1464.

The Capital Outlay State Aid formula provides per capita funding to districts based on the district’s size and the most recent years actual audited FTSE. The statutory formula provides \$210 per FTSE for districts with 5,000 or less FTSE or \$160 per FTSE for districts with greater than 5,000 FTSE.

Equalization Aid

The Baseline includes \$33,172,000 from the General Fund for Equalization Aid in FY 2012. FY 2012 adjustments would be as follows:

	FY 2012
Equalization Aid Formula	GF \$(1,697,500)
Decreases	

The Baseline includes a decrease of \$(1,697,500) from the General Fund to reflect formula decreases for equalization aid to the Navajo and Yuma/La Paz districts in FY 2012. The Baseline continues to suspend Equalization Aid formula growth in FY 2012. If formula growth were funded, it would have provided a combined total increase of \$2,094,600 to the Cochise and Graham districts in FY 2012.

Background – The Equalization Special Line Items provide additional state aid to community college districts with property tax bases that are less than the minimum assessed value specified in A.R.S. § 15-1402. Under the Equalization Aid formula, the minimum assessed valuation is increased by the average growth in actual assessed

valuation for the most recent year for all rural districts with populations of less than 500,000 persons. For the FY 2012 Equalization Aid formula calculation, the minimum assessed valuation decreased (2.3)% to \$1.6 billion. (See Table 2 for the calculation of the growth rate.)

District	TY 2009 Primary AV	TY 2010 Primary AV	TY 2009- 2010 % Growth
Cochise*	\$ 986,677,800	\$ 1,042,041,200	5.6%
Graham*	221,874,600	217,455,200	(2.0)%
Navajo*	998,764,600	1,059,004,900	6.0%
Yuma/LaPaz*	1,432,962,500	1,526,888,600	6.6%
Coconino	1,840,775,000	1,920,050,800	4.3%
Mohave	2,533,640,800	2,321,464,600	(8.4)%
Pinal	2,880,552,100	2,562,246,100	(11.1)%
Yavapai	<u>3,274,078,300</u>	<u>3,187,577,700</u>	<u>(2.6)%</u>
Total	\$14,169,325,700	\$13,836,729,100	(2.3)%

* These districts qualify to receive Equalization Aid under the state funding formula.

Equalization Aid is paid out based on the difference between the minimum assessed valuation and the most recent actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district’s assessed valuation or the district’s levy rate.

Rural County Reimbursement

The Rural County Reimbursement Special Line Item reimburses community college districts for students enrolled from counties that are not a part of an established community college district. The appropriation is funded from the General Fund. Pursuant to A.R.S. § 15-1469.01, the FY 2010 expenditure of \$3,866,300 was offset by a corresponding reduction in the counties’ sales tax apportionment. The payments made on behalf of the counties are not included in county expenditure limits established in the Arizona Constitution. The FY 2011 and FY 2012 dollar amounts are not yet known. Given the language of A.R.S. § 15-1469.01, these monies do not appear in the General Appropriation Act.

Rural County Reimbursement Subsidy

The Baseline includes \$848,800 from the General Fund for Rural County Reimbursement Subsidy in FY 2012. FY 2012 adjustments would be as follows:

Elimination of Santa Cruz Subsidy	GF (151,200)
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The Baseline includes a decrease of \$(151,200) from the General Fund to eliminate the Santa Cruz County portion of the subsidy in FY 2012. Santa Cruz County recently began operating a provisional community college district, so is no longer eligible for the subsidy.

This funding partially offsets the cost to counties that are not part of an established community college district. The funding is appropriated to Apache and Greenlee Counties. The Baseline allocates \$466,000 to Apache and \$382,800 to Greenlee.

Tribal Community Colleges

The Baseline includes \$1,662,900 from the General Fund for Tribal Community Colleges in FY 2012. This amount funds the following adjustments:

Lower TPT Collections GF (255,100)

The Baseline includes a decrease of \$(255,100) from the General Fund to reflect lower Transaction Privilege Tax (TPT) revenue within the Navajo Nation, which will reduce program funding pursuant to A.R.S. § 42-5031.01 in FY 2012.

Background – A.R.S. § 42-5031.01 allows any qualifying tribal community college to receive \$1,750,000, or 10% of the TPT revenues collected from sources located on Indian reservations, whichever is less. These monies provide tribal community colleges with funding for maintenance, renewal, and capital expenses. Actual amounts for FY 2012 will depend on FY 2012 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriation Act.

The Baseline assumes that \$1,662,900 will be distributed to Diné College in FY 2012. This amount represents 10% of the estimated Transaction Privilege Tax revenues collected in the Navajo reservation in FY 2012. The Tohono O’odham Community College also will potentially receive program funding in FY 2012 contingent upon completion of a compact with the Executive that has not been finalized as of this writing. On a related note, the Navajo Nation recently began operating a branch of Navajo Technical College in Chinle, Arizona. This will not entitle the Navajo Nation to additional TPT funding.

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FORMAT — District by District Special Line Items

FOOTNOTES

Standard Footnotes

Of the \$848,800 appropriated to the Rural County Reimbursement Subsidy line item, Apache County will receive \$466,000 and Greenlee County \$382,800.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to suspend capital outlay funding for FY 2012.

- As session law, continue to notwithstanding the 20% cap to the community college districts’ ability to use capital monies for operating.
- As session law, notwithstanding the operating and equalization state aid formulas in FY 2012, and specify that the appropriations for operating and equalization state aid shall be as provided in the General Appropriation Act.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Community College Revenue Sources

In addition to state General Fund monies, Arizona’s community colleges receive revenues from a number of other sources, including student tuition and fees, local property taxes, grants, and other monies generated by the colleges. Of the total, the community colleges receive 7% of their revenues from state aid.

For FY 2011, base operating revenues from all sources are estimated to be \$1,922,149,200, an increase of 15% from FY 2010. (*See Table 3 for a summary of FY 2011 total revenue estimates.*)

Property taxes are the single largest revenue source for the community colleges, accounting for over 38% of their revenues. There are 2 types of property taxes: primary and secondary. For the community colleges, primary property taxes are levied for operating purposes and secondary property taxes are levied to pay for capital outlay expenses. Each community college district determines its primary and secondary property tax rates. (*See Table 4 for a summary of FY 2011 property tax rates.*)

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 19% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2011 weighted average tuition was \$2,005, an increase of 2.5% from FY 2010. Full-time annual tuition costs range from \$1,520 at Graham, to \$2,550 at Coconino. (*See Table 5 for FY 2011 resident tuition and fee rates.*)

Community colleges also receive grants and “other” revenue from a variety of sources. Combined, they account for approximately 36% of community college revenues. Grants traditionally come from the federal government, including: the U.S. Department of Education, Small Business Administration, National Science Foundation, and Health and Human Services. Revenue listed in the “other” category includes auxiliary programs, interest incomes, workforce development funds, and transfers.

Table 3**Total Estimated Community College Revenues – FY 2011**

<u>District</u>	<u>State Aid</u>	<u>Tuition/Fees</u>	<u>Property Taxes</u>	<u>Grants</u>	<u>Other ^{1/}</u>	<u>FY 2011 Total ^{2/}</u>	<u>FY 2010 Total ^{3/}</u>	<u>% Change from FY 2010</u>
Cochise	\$ 15,330,500	\$ 7,456,800	\$16,656,000	\$ 17,579,700	\$ 1,236,200	\$ 58,259,200	\$ 58,557,500	(0.5)%
Coconino	2,679,400	7,285,300	8,398,900	5,664,900	721,400	24,749,900	24,771,500	(0.1)%
Gila ^{4/}	658,400		3,398,300	35,000	450,000	4,541,700	3,798,600	19.6%
Graham	21,709,300	7,173,600	4,647,700	7,500,000	7,089,000	48,119,600	44,501,600	8.1%
Maricopa	45,327,400	241,715,300	460,758,800	189,874,400	303,196,600	1,240,872,500	1,011,807,200	22.6%
Mohave	3,682,900	12,114,100	18,260,600	18,766,500	426,100	53,250,200	46,436,800	14.7%
Navajo	10,214,000	4,635,000	11,938,600	5,150,000	1,180,000	33,117,600	33,779,100	(2.0)%
Pima	15,942,100	48,338,000	97,422,000	68,121,000	6,782,000	236,605,100	225,341,000	5.0%
Pinal	4,935,100	10,744,000	38,272,000	18,370,000	10,246,100	82,567,200	77,775,700	6.2%
Yavapai	4,196,000	9,274,700	43,633,200	10,166,300	8,843,100	76,113,300	67,703,700	12.4%
Yuma/La Paz	7,751,200	10,360,000	28,018,500	15,000,000	2,823,200	63,952,900	78,013,300	(18.0)%
Total	\$132,426,300	\$359,096,800	\$731,404,600	\$356,227,800	\$342,993,700	\$1,922,149,200	\$1,672,486,000	14.9%

^{1/} Includes auxiliary programs, interest incomes, workforce development funds, and transfers.

^{2/} Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are estimated to be \$2,433,096,400 for FY 2011.

^{3/} Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are \$2,221,264,200 for FY 2010.

^{4/} Gila Provisional Community College contracts with Graham County's Eastern Arizona College (EAC) in order to provide degree programs. Therefore, Gila's tuition and fee revenues are collected by Graham according to their contract agreement.

Table 4**Community College Tax Rates – FY 2011**

<u>District</u>	<u>Primary Rate</u>	<u>Secondary Rate</u>	<u>Combined Rate</u>	<u>% Change in Combined Rate from FY 2010</u>
Cochise	\$1.60	\$0.00	\$1.60	(0.6%)
Coconino	0.34	0.09	0.43	0.0%
Gila	0.60	0.00	0.60	13.2%
Graham	2.14	0.00	2.14	18.9%
Maricopa	0.79	0.18	0.97	10.2%
Mohave	0.79	0.00	0.79	16.2%
Navajo	1.13	0.00	1.13	(0.9%)
Pima	0.98	0.11	1.09	0.9%
Pinal	1.47	0.12	1.59	8.6%
Santa Cruz	0.07	0.00	0.07	N/A
Yavapai	1.21	0.16	1.37	7.9%
Yuma/La Paz	1.50	0.30	1.80	(1.6%)

Table 5**Community College Resident Tuition and Fees – FY 2011**

<u>District</u>	<u>Cost Per Credit Hour</u>	<u>Annual Cost ^{1/}</u>	<u>% Change from FY 2010</u>
Cochise	\$56	\$1,690	3.7%
Coconino	85	2,550	13.3%
Gila ^{2/}	-	-	-
Graham	51	1,520	0.0%
Maricopa	71	2,130	0.0%
Mohave	77	2,310	14.4%
Navajo	58	1,750	7.4%
Pima	58	1,750	4.5%
Pinal	65	1,950	12.3%
Yavapai	62	1,860	6.9%
Yuma/La Paz	60	1,800	0.0%
Weighted Average	\$67	\$2,005	2.5%

^{1/} Annual cost is for 30 hours a year, or 15 hours per semester.

^{2/} Gila Provisional Community College contracts with Graham County's Eastern Arizona College (EAC) in order to provide degree programs. Therefore, Gila's tuition and fee amounts are the same as Graham's.

Total Community College Expenditures

Table 6 shows total budgeted FY 2011 community college expenditures. In FY 2011, total budgeted expenditures are \$2,413,755,700. As mentioned previously, base operating revenues for FY 2011 are \$1,922,149,200; however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,433,096,400. Of the total \$2,413,755,700 in expenditures, \$1,439,495,800, or 60%, of these expenditures are from the community colleges' general and restricted funds. This includes about \$519,017,800, or 22%, for instruction and \$235,935,200, or 10%, for administrative support.

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$125,873,800, or 5% of the total. Plant Fund expenditures, which generally include capital costs, are \$725,416,700, or 30% of the total. The remaining \$122,969,400 is for debt service.

Table 6**Community Colleges - FY 2011 Budgeted Expenditures**

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	\$ 519,017,800	22%
Public Service	26,149,300	1%
Academic Support	128,335,400	5%
Student Services	216,195,300	9%
Administrative Support	235,935,200	10%
Operation & Maintenance	86,234,600	4%
Scholarships/Grants	147,987,500	6%
Auxiliary Enterprises	4,199,500	
Contingency	75,441,200	3%
Subtotal	\$1,439,495,800	60%
Auxiliary Enterprises Fund	\$ 125,873,800	5%
Plant Fund	\$ 725,416,700	30%
Debt Service	\$ 122,969,400	5%
Total	\$2,413,755,700	

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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Tribal Assistance Fund (No Fund Number/A.R.S. § 42-5029)	Non-Appropriated	
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Source of Revenue: A portion of the 0.6% education sales tax. The law directs each qualifying tribal community college to receive distributions in the same manner as the transfers to individual community college district workforce development accounts. A "qualifying Indian tribe" is an Indian tribe that owns, operates, and charters any community college located on its own reservation in this state. In FY 2010 and FY 2011 Diné College and Tohono O'odham Community College qualified for this distribution, contingent on a compact with the Executive.

Purpose of Fund: To fund workforce development and job training activities at a community college owned, operated, or chartered by a qualifying Indian tribe.

Funds Expended	482,800	490,000
Year-End Fund Balance	0	0

Workforce Development Accounts (varies by account/A.R.S. § 15-1472)	Non-Appropriated	
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Source of Revenue: Three percent of collections from the 0.6% education sales tax, after debt service on state school facilities revenue bonds has been paid. This funding was authorized by voter approval of Proposition 301 in the November 2000 General Election.

Purpose of Fund: To fund workforce development and training activities at the community college districts. From FY 2002 to FY 2014, the first \$1,000,000 is to be distributed to bring the state into compliance with the matching capital requirements for new community college campuses prescribed in A.R.S. § 15-1463.

Funds Expended	13,206,000	14,208,700
Year-End Fund Balance	0	0

State Compensation Fund

	CY 2009 ACTUAL	CY 2010 ESTIMATE	CY 2011 BASELINE
FUND SOURCES			
State Compensation Fund	120,000,000	111,800,000	105,300,000
TOTAL - ALL SOURCES	120,100,000	111,800,000	105,300,000

AGENCY DESCRIPTION — The State Compensation Fund insures employers against liability for workers' compensation, occupational disease compensation, and medical, surgical, and hospital benefits pursuant to the provisions of Arizona and federal statutes.

The State Compensation Fund (SCF) terminates effective January 1, 2013. The SCF Board of Directors is required to perform all acts necessary to establish a successor mutual insurer corporation by January 1, 2013. The successor mutual insurer corporation is to become the successor in interest to all SCF assets and liabilities, including title to all SCF property and responsibility for SCF obligations, effective January 1, 2013. The successor mutual insurer corporation is not an agency or a public entity of Arizona. The successor mutual insurer corporation is prohibited from using the term "State

Compensation Fund" or "SCF" in its new name or logo, effective July 1, 2014. The SCF Board of Directors must provide a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives that calculates the value, if any, of state equity or other state financial interests in the SCF and provide a copy to the Secretary of State by January 1, 2011.

SUMMARY OF FUNDS	CY 2009*	CY 2010*
*Represents Calendar Years	Actual	Estimate
State Compensation (TRA9002/A.R.S. § 23-981)		Non-Appropriated
Source of Revenue: Workers' compensation insurance premiums; investment income, including capital gains; other income.		
Purpose of Fund: To insure employers against liability for workers' compensation, occupational disease compensation and medical, surgical and hospital benefits pursuant to the provisions of Arizona and federal statutes.		
Funds Expended-Operating	120,000,000	111,800,000
Funds Expended-Dividends and Claims	317,500,000	229,400,000
Year-End Fund Balance	558,900,000	600,000,000

Constable Ethics Standards and Training Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
Other Non-Appropriated Funds	276,000	213,600	213,600
TOTAL - ALL SOURCES	276,000	213,600	213,600

AGENCY DESCRIPTION — The board establishes and enforces the code of conduct for constables throughout the state. The board also administers funding for constable training and equipment. The Arizona Association of Counties currently manages the board’s administrative responsibilities. The board receives fees from every writ collected on behalf of a Justice of the Peace.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Constable Ethics Standards and Training Fund (CNA2346/A.R.S. § 22-138)		Non-Appropriated
Source of Revenue: Fees collected for every writ served on behalf of a Justice of the Peace.		
Purpose of Fund: 80% to fund constable training, equipment and related grants and 20% to fund operating expenses of the board.		
Funds Expended	276,000	213,600
Year-End Fund Balance	276,300	262,700

Registrar of Contractors

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	144.8	144.8	144.8
Personal Services	4,431,600	5,540,800	5,540,800
Employee Related Expenditures	1,798,900	2,345,700	2,345,700
Professional and Outside Services	50,800	405,300	405,300
Travel - In State	205,000	505,100	505,100
Travel - Out of State	100	11,800	11,800
Other Operating Expenditures	1,408,300	2,254,400	2,254,400
Equipment	69,800	100,300	100,300
OPERATING SUBTOTAL	7,964,500	11,163,400	11,163,400
SPECIAL LINE ITEMS			
Office of Administrative Hearings Costs	804,500	1,017,600	1,017,600
AGENCY TOTAL	8,769,000	12,181,000	12,181,000
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Registrar of Contractors Fund	8,769,000	12,181,000	12,181,000
SUBTOTAL - Other Appropriated Funds	8,769,000	12,181,000	12,181,000
SUBTOTAL - Appropriated Funds	8,769,000	12,181,000	12,181,000
Other Non-Appropriated Funds	5,944,600	6,165,300	6,165,300
TOTAL - ALL SOURCES	14,713,600	18,346,300	18,346,300

AGENCY DESCRIPTION — The agency licenses, regulates and conducts examinations of residential and commercial construction contractors.

Operating Budget

The Baseline includes \$11,163,400 and 144.8 FTE Positions from the Registrar of Contractors Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

The Incentive Pay and Information Management System line items are now displayed in the operating budget.

Office of Administrative Hearings Costs

The Baseline includes \$1,017,600 from the Registrar of Contractors Fund for Office of Administrative Hearings (OAH) Costs in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are transferred from the Registrar of Contractors to the OAH for services provided by the OAH.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Any transfer to or from the amount appropriated for the Office of Administrative Hearings Costs line item shall require review by the Joint Legislative Budget Committee.

STATUTORY CHANGES

The Baseline would, as session law, continue to allow the Registrar of Contractors to use up to 14% of prior fiscal year revenues from the Residential Contractors' Recovery Fund for employee and contracted services, equipment, and operational costs in FY 2012, rather than 10% of the fund balance.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Registrar of Contractors Fund (RGA2406/A.R.S. § 32-1107)		Appropriated
Source of Revenue: Monies collected from the examination and licensing of contractors. The agency retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate and regulate contractors, and for board administration.		
Funds Expended	8,769,000	12,181,000
Year-End Fund Balance	5,692,800	3,348,100
Residential Contractors' Recovery Fund (RGA3155/A.R.S. § 32-1132)		Non-Appropriated
Source of Revenue: An assessment, not to exceed \$600 per biennial license period, paid by residential contractors and other monies.		
Purpose of Fund: To compensate anyone who is injured by an act, a representation, a transaction, or the conduct of a residential contractor. Compensation for damages to any one individual cannot exceed \$30,000. Laws 2010, 7th Special Session, Chapter 4 allows up to 14% of prior fiscal year revenue to be used to administer the fund in FY 2011.		
Funds Expended	5,944,600	6,165,300
Year-End Fund Balance	1,518,800	39,900

Corporation Commission

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	308.3	308.3	308.3
Personal Services	14,332,500	14,385,600	14,385,600
Employee Related Expenditures	5,346,100	5,471,400	5,471,400
Professional and Outside Services	802,700	135,000	135,000
Travel - In State	128,800	128,500	128,500
Travel - Out of State	62,900	61,500	61,500
Other Operating Expenditures	3,099,300	3,631,500	3,631,500
Equipment	361,400	175,000	175,000
OPERATING SUBTOTAL	24,133,700	23,988,500	23,988,500
SPECIAL LINE ITEMS			
Corporation Filings, Same Day Service	0	400,400	400,400
Utilities Audits, Studies, Investigations & Hearings	2,100	380,000	380,000
AGENCY TOTAL	24,135,800	24,768,900	24,768,900

FUND SOURCES

General Fund	586,800	622,200	622,200
<u>Other Appropriated Funds</u>			
Arizona Arts Trust Fund	47,400	51,200	51,200
Investment Management Regulatory and Enforcement Fund	710,600	697,200	697,200
Public Access Fund	5,527,700	5,964,400	5,964,400
Securities Regulatory and Enforcement Fund	4,234,600	4,298,400	4,298,400
Utility Regulation Revolving Fund	13,028,700	13,135,500	13,135,500
SUBTOTAL - Other Appropriated Funds	23,549,000	24,146,700	24,146,700
SUBTOTAL - Appropriated Funds	24,135,800	24,768,900	24,768,900
Other Non-Appropriated Funds	260,900	31,200	0
Federal Funds	776,600	1,094,800	1,094,800
TOTAL - ALL SOURCES	25,173,300	25,894,900	25,863,700

AGENCY DESCRIPTION — The Arizona Corporation Commission (ACC) is established in Article 15 of the Arizona Constitution and consists of 5 statewide elected Commissioners, each serving 4-year terms. The commission has 3 primary responsibilities. The Corporations Division provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers. The Utilities Division monitors approximately 500 public service corporations operating in Arizona and establishes public utility rates. Other functions of the commission include inspecting gas pipelines and railroad track.

Operating Budget

The Baseline includes \$23,988,500 and 306.3 FTE Positions for the operating budget in FY 2012. These amounts consist of:

General Fund	FY 2012 \$622,200
Arizona Arts Trust Fund	51,200
Investment Management Regulatory and Enforcement Fund	697,200
Public Access Fund	5,564,000
Securities Regulatory and Enforcement Fund	4,298,400
Utility Regulation Revolving Fund	12,755,500

These amounts are unchanged from FY 2011.

Corporation Filings, Same Day Service

The Baseline includes \$400,400 and 2 FTE Positions from the Public Access Fund for Corporation Filings, Same Day Service in FY 2012. These amounts are unchanged from FY 2011.

A footnote in the General Appropriation Act specifies that same day and next day services shall not be offered unless all expedited services listed in A.R.S. § 10-122, 10-3122, and 29-851 are processed within a maximum of 5 business days and all other documents and services are processed within a maximum of 30 business days. In FY 2010, all

regular and expedited filings were processed within these maximum allowed timeframes. The fee for same day and next day services, however, is yet to be determined by a supermajority vote of the Commissioners. To date, such a fee has not been set and same day and next day services have not been implemented.

Utilities Audits, Studies, Investigations, & Hearings

The Baseline includes \$380,000 from the Utility Regulation Revolving Fund for Utilities Audits, Studies, Investigations & Hearings in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item allow the commission to hire outside consultants to provide professional expertise and advice to the Utilities Program staff.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The \$400,400 appropriated from the Public Access Fund for the Corporation Filings, Same Day Service line item shall revert to the Public Access Fund at the end of FY 2012 if the commission cannot process all expedited services within 5 business days and all regular services within 30 business days in accordance with A.R.S. § 10-122, 10-3122, and 29-851.

The \$380,000 appropriation from the Utility Regulation Revolving Fund for the Utilities Audits, Studies, Investigations & Hearings Special Line Item is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Arts Trust Fund (CCA3014/A.R.S. § 41-983.01)		Appropriated
Source of Revenue: One-third of the filing fees for the annual report of domestic and foreign corporations.		
Purpose of Fund: For grants under the Arizona arts program and for other expenditures as authorized by the chairman of the Arizona Arts Commission. The Corporation Commission funds 1 FTE Position with these monies to assist in collecting the fee, with the remainder transferred to the Arts Commission.		
Funds Expended	47,400	51,200
Year-End Fund Balance*	(48,900)	(101,600)
Federal Fund (CCA2000/A.R.S. § 40-441)		Non-Appropriated
Source of Revenue: U.S. Department of Transportation grants.		
Purpose of Fund: To pay up to 50% of the costs associated with the inspection of interstate pipelines transporting gas and hazardous liquids, and conduction of a pipeline safety program.		
Funds Expended	733,400	682,100
Year-End Fund Balance	974,100	1,052,000
Federal Grants - American Recovery and Reinvestment Act (ARRA) (CCA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the commission for the weatherization of homes, energy efficiency and usage reduction, and appliance rebates.		
Funds Expended	43,200	412,700
Year-End Fund Balance	56,800	19,100
IGA and ISA Fund (CCA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements between state agencies and local governments.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	0	0
Year-End Fund Balance	3,000	3,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Investment Management Regulatory and Enforcement Fund (CCA2404/A.R.S. § 44-3298)		Appropriated
Source of Revenue: Fees from licensing of investment advisors and investment advisor representatives, and from costs recovered from enforcement actions associated with the licensing.		
Purpose of Fund: For education, regulatory, investigative and enforcement operations in the Securities Division.		
Funds Expended	710,600	697,200
Year-End Fund Balance	289,800	125,300
Pipeline Safety Revolving Fund (CCA2174/A.R.S. § 40-443)		Appropriated
Source of Revenue: Revenues from civil penalties and fines assessed for the violation of any law, rule, or order pertaining to the safety of the transportation of gas and hazardous liquids, and pipeline facilities. Pursuant to the FY 2004 Public Finance Omnibus Reconciliation Bill, these revenue sources are now deposited in the state General Fund.		
Purpose of Fund: For expenses associated with gas and hazardous liquids pipeline facilities safety, including public education, training, purchasing equipment, and inspections.		
Funds Expended	0	0
Year-End Fund Balance	144,200	144,200
Public Access - Money on Deposit Account (CCA2334/A.R.S. § 10-122.01)		Non-Appropriated
Source of Revenue: Fees for expedited service for the filing of articles of incorporation and other documents.		
Purpose of Fund: To segregate unearned revenues received from customers from the overall Public Access Fund. Customers deposit funds pending their use for filing documents or for obtaining specialized listings from the public database. Once earned, the funds are then transferred to the Public Access Fund.		
Funds Expended	0	0
Year-End Fund Balance	488,300	488,300
Public Access Fund (CCA2333/A.R.S. § 10-122.01)		Appropriated
Source of Revenue: Fees for expedited service for the filing of articles of incorporation and other documents.		
Purpose of Fund: To cover a part of the commission's administrative and legal expenses as well as costs associated with an improved data processing system that allows direct, on-line access by any person at a remote location to all public records concerning corporations and associations.		
Funds Expended	5,527,700	5,964,400
Year-End Fund Balance	186,800	334,600
Securities Regulatory and Enforcement Fund (CCA2264/A.R.S. § 44-2039)		Appropriated
Source of Revenue: Registration and transfer of registration fees for securities dealers and salesmen, and from registration fees for securities exchanges established in the state.		
Purpose of Fund: For education, regulatory, investigative, and enforcement operations in the Securities Division.		
Funds Expended	4,234,600	4,298,400
Year-End Fund Balance	871,300	1,070,200
Statewide Donations Fund (ADA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grant monies from the Investor Protection Trust, a private trust which collects monies from monies levied on companies engages in insider securities trading.		
Purpose of Fund: For public awareness campaigns mostly directed toward the elderly.		
Funds Expended	175,400	31,200
Year-End Fund Balance	31,200	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Utility Siting Fund (CCA2076/A.R.S. § 40-360.09)		Non-Appropriated
Source of Revenue: Fees paid for applications to the Power Plant and Transmission Line Siting Commission for proposed and expanded power plants and transmission lines.		
Purpose of Fund: For costs incurred by the Power Plant and Transmission Line Siting Commission in connection with the activities of the commission.		
Funds Expended	85,500	0
Year-End Fund Balance	37,200	37,200
Utility Regulation Revolving Fund (CCA2172/A.R.S. § 40-408)		Appropriated
Source of Revenue: Assessments against public utilities regulated by the commission, as defined by A.R.S. § 40-401.		
Purpose of Fund: For all expenses incurred by the Utilities Division, including attorneys and legal staff, auditors, economists and other staff employed by the division.		
Funds Expended	13,028,700	13,135,500
Year-End Fund Balance	4,988,400	1,923,500

*As reported by the agency. Actual ending balance will not be negative.

State Department of Corrections

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	9,932.5	10,015.2	10,015.2
Correctional Officer Personal Services	245,988,800	313,667,100	315,370,400
Health Care Personal Services	37,922,900	40,423,500	40,684,900
All Other Personal Services	62,068,400	64,750,900	64,516,300
Personal Services Subtotal	345,980,100	418,841,500	420,571,600
Employee Related Expenditures	170,584,900	193,771,400	194,532,100
Personal Services and Employee Related Expenditures for Overtime/Compensatory Time	8,511,900	10,060,800	10,061,500
Health Care All Other Operating Expenditures			
Professional and Outside Services	11,306,600	12,578,900	12,578,900
Travel - In State	27,500	41,600	43,100
Food	762,300	0	0
Other Operating Expenditures	60,342,300	64,909,200	65,152,200
Equipment	1,106,200	1,515,300	1,247,800
Health Care Operating Subtotal	73,544,900	79,045,000	79,022,000
Non-Health Care All Other Operating Expenditures			
Professional and Outside Services	2,881,700	3,744,200	3,796,900
Travel - In State	90,500	121,500	123,300
Travel - Out of State	85,000	87,700	87,700
Food	40,209,800	45,493,700	45,496,500
Other Operating Expenditures	70,475,500	88,116,100	96,443,800
Equipment	9,027,100	12,402,800	5,791,300
Non-Health Care Operating Subtotal	122,769,600	149,966,000	151,739,500
OPERATING SUBTOTAL	721,391,400	851,684,700	855,926,700
SPECIAL LINE ITEMS			
County Jail Beds	364,600	0	0
New State Prison Beds	16,064,100	0	0
Private Prison Per Diem	87,132,100	132,302,600	127,636,600
Provisional Beds	85,380,500	8,359,600	0
AGENCY TOTAL	910,332,700	992,346,900	983,563,300
FUND SOURCES			
General Fund	871,270,800	948,692,900	941,409,300
<u>Other Appropriated Funds</u>			
Alcohol Abuse Treatment Fund	409,600	554,400	554,400
Corrections Fund	26,039,500	29,017,600	27,517,600
Penitentiary Land Fund	979,200	979,200	979,200
Prison Construction and Operations Fund	10,398,200	11,499,400	11,499,400
State Charitable, Penal and Reformatory Institutions Land Fund	337,000	360,000	360,000
State Education Fund for Correctional Education	472,900	508,400	508,400
Transition Program Fund	0	180,000	180,000
Transition Services Fund	425,500	555,000	555,000
SUBTOTAL - Other Appropriated Funds	39,061,900	43,654,000	42,154,000
SUBTOTAL - Appropriated Funds	910,332,700	992,346,900	983,563,300
Other Non-Appropriated Funds	38,208,600	47,038,400	47,038,400
Federal Funds	64,695,000	14,973,400	13,813,000
TOTAL - ALL SOURCES	1,013,236,300	1,054,358,700	1,044,414,700

AGENCY DESCRIPTION — The Arizona Department of Corrections (ADC) maintains and administers a statewide system of prisons for adult and minor offenders legally committed to the department. The department is also responsible for the supervision of offenders on parole and other prison release mechanisms, as specified by law.

Operating Budget

The Baseline includes \$855,926,700 and 10,015.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	<u>FY 2012</u>
General Fund	\$842,269,500
Alcohol Abuse Treatment Fund	554,400
Prison Construction and Operations Fund	11,499,400
State Charitable, Penal and Reformatory Institutions Land Fund	360,000
State Education Fund for Correctional Education	508,400
Transition Program Fund	180,000
Transition Services Fund	555,000

FY 2012 adjustments would be as follows:

New State Beds **GF 4,242,000**

The Baseline includes an increase of \$4,242,000 from the General Fund to annualize the cost associated with new state beds in FY 2012.

In FY 2011, ADC opened 5,000 new beds, including: 1,250 female beds in Perryville, 1,250 male beds in Tucson, and 2,500 male beds in Yuma. The original legislation (Laws 2007, Chapter 261) authorized 4,000 state beds.

Private Prison Per Diem

The Baseline includes \$127,636,600 for Private Prison Per Diem in FY 2012. This amount consists of:

General Fund	99,139,800
Corrections Fund	27,517,600
Penitentiary Land Fund	979,200

FY 2012 adjustments would be as follows:

Private Beds Alignment **GF (3,166,000)** **OF (1,500,000)**

The Baseline includes a decrease of \$(4,666,000) to align private prison funding with ADC anticipated private bed utilization in FY 2012. The OF amount is from the Corrections Fund.

Background – Monies in this line item are paid out to private prison contractors for housing Arizona inmates in 6,458 beds under contract in FY 2012. Private prison beds are permanent beds that the department will usually own after a period of 20 years, on average. ADC will own these facilities after a specified amount of time because the per diem rate includes a portion of the cost of purchasing the facility. Administrative expenses related to private prison contracts are included in the department's operating budget subtotal.

Provisional Beds

The Baseline includes no funding for Provisional Beds in FY 2012. FY 2012 adjustments would be as follows:

Eliminate Funding for Remaining Provisional Beds **GF (8,359,600)**

The Baseline includes a decrease of \$(8,359,600) from the General Fund to eliminate the funding associated with previously contracted provisional beds in FY 2012. ADC was appropriated an equivalent amount in FY 2011 to fund a single contract for 1,980 provisional beds located in Hinton, Oklahoma through the fall 2010. This contract was not renewed and all inmates were transferred from the facility to other public or private beds by November 2010.

Background – Monies in this line item provided funding for provisional beds. Typically, provisional beds are temporarily "rented" on an annual basis. The contracts, however, can usually be canceled at any time with proper notice. Unlike private beds, the per diem rate associated with provisional beds does not include the cost of purchasing the facility after a specified time period.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Before altering its bed capacity by closing state-operated prison beds or canceling or not renewing contracts for privately-operated prison beds, the State Department of Corrections shall submit a bed plan detailing the proposed bed closures for review by the Joint Legislative Budget Committee.

Before placing any additional inmates in out-of-state provisional beds, the department shall place inmates in all available prison beds in facilities that are located in this state and that house Arizona inmates, unless the out-of-state provisional beds are of a comparable security level and price.

A monthly report comparing State Department of Corrections expenditures for the month and year-to-date as compared to prior year expenditures shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees, and the Director of the Joint Legislative Budget Committee by the 30th of the following month. The report shall be in the same format as the prior fiscal year and shall include an estimate of potential shortfalls, potential surpluses that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the State Department of Corrections in compliance with the Enabling Act and the Constitution of Arizona to be used for the support of state penal institutions.

Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatory Institutions Land Fund shall be distributed to the State Department of Corrections in compliance with the Enabling Act and the Constitution of Arizona to be used for the support of state penal institutions.

Before the expenditure of any State Education Fund for Correctional Education receipts in excess of \$508,400, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

Deletion of Prior Year Footnotes

The Baseline would delete the county jails footnote as no such beds are under contract.

STATUTORY CHANGES

The Baseline would, as session law, require the department to report FY 2011 actual expenditures, FY 2012 estimated expenditures, and FY 2013 requested expenditure amounts for each line item as delineated in the prior year when the department submits its FY 2013 budget request pursuant to A.R.S. § 35-113.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Bed Counts

Table 1 reflects the FY 2010 – FY 2012 bed counts by bed type and facility. The FY 2011 and FY 2012 projected population reflects growth of an additional 27 inmates per month, or 324 inmates per year, based on the average actual population growth over the past 2 years.

Bed Shortfall

In FY 2010, the ADC actual beds shortfall was (4,971). After incorporating population growth and any bed adjustments, the FY 2011 year-end bed shortfall is anticipated to be (1,586), or (4.9)% of state operated beds. In FY 2012, the Baseline projects the bed shortfall to increase to (1,910), or (5.9)% of state operated beds.

Outstanding Provisions

The FY 2010 budget authorized 2 Requests for Proposals (RFP) that have not yet been awarded. One RFP would privatize prison healthcare, while the other would open 5,000 new in-state private beds. The department has stated that it does not expect to begin placing prisoners in the new in-state private beds until FY 2013.

Table 1			
Fiscal Year End Bed Count by Bed Type and Facility			
	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Year End</u>	<u>Year End</u>
<u>State:</u>			
Douglas	2,270	2,270	2,270
Eyman	4,210	4,210	4,210
Florence	3,372	3,372	3,372
Perryville	3,260	4,510	4,510
Phoenix	822	822	822
Lewis	4,270	4,270	4,270
Safford	1,548	1,548	1,548
Tucson	3,640	4,890	4,890
Winslow	1,666	1,666	1,666
Yuma	2,190	4,690	4,690
Subtotal ^{1/}	27,248	32,248	32,248
<u>Provisional:</u>			
Hinton, Oklahoma	1,980	0	0
<u>Private (Per Diem):</u>			
Kingman (\$62.16)	3,220	3,400	3,400
Phoenix West (\$49.28)	400	400	400
Marana (\$49.03)	450	450	450
Florence West (\$44.95-55.79)	600	600	600
Florence II (\$67.22)	1,000	1,000	1,000
Temporary Beds (\$12.60-22.00)	608	608	608
Subtotal ^{2/}	6,278	6,458	6,458
Total – All Beds	35,506	38,706	38,706
Population ^{3/}	40,477	40,292	40,616
Bed Shortfall (June)	(4,971)	(1,586)	(1,910)
Bed Shortfall (% of Beds)	(18.2)%	(4.9)%	(5.9)%

^{1/} Reflects ADC adding 5,000 (as opposed to the 4,000) public prison beds authorized by Laws 2007, Chapter 261.
^{2/} Does not reflect the additional 5,000 private prison beds authorized by Laws 2009, 3rd Special Session, Chapter 6.
^{3/} Assumes population growth of 27 inmates/month, or 324 inmates/year in last 6 months of FY 2011 and all FY 2012.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Alcohol Abuse Treatment Fund (DCA2204/A.R.S. § 31-255)		Appropriated
Source of Revenue: The lesser of \$0.50 per hour or 67% of wages earned by inmates convicted of driving under the influence (DUI) offenses. The average charge for inmate labor is \$0.75 per hour.		
Purpose of Fund: To provide alcohol abuse treatment and rehabilitation services for DUI inmates.		
Funds Expended	409,600	554,400
Year-End Fund Balance	189,400	101,800
Arizona Correctional Industries Revolving Fund (DCA4002/A.R.S. § 41-1624)		Non-Appropriated
Source of Revenue: Sale of Arizona Correctional Industries (ACI) goods and services and interest earnings.		
Purpose of Fund: To compensate state employees and inmates employed at ACI; purchase materials for the manufacture of goods for resale, equipment, and supplies; maintain and repair ACI's buildings and equipment; and pay other associated ACI operational costs.		
Funds Expended	29,337,800	37,924,800
Year-End Fund Balance	2,614,500	1,896,200
Community Corrections Enhancement Fund (DCA7702/A.R.S. § 31-418)		Non-Appropriated
Source of Revenue: A portion (30%) of a monthly supervision fee of at least \$65 paid by the prisoner. The department require payment of a lesser amount.		
Purpose of Fund: To pay for costs related to community corrections.		
Funds Expended	0	265,000
Year-End Fund Balance	0	0
Corrections Donations Fund (DCA3147/A.R.S. § 41-1605)		Non-Appropriated
Source of Revenue: Private grants and monies received from the disposal of donated properties.		
Purpose of Fund: To be used as specified by the particular donation.		
Funds Expended	66,500	1,000
Year-End Fund Balance	1,400	1,400
Corrections Fund (DCA2088/A.R.S. § 41-1641)		Appropriated
Source of Revenue: Luxury taxes on alcohol and tobacco products.		
Purpose of Fund: For the construction, major maintenance, lease, purchase or lease of correctional or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities.		
Funds Expended	26,039,500	29,017,600
Year-End Fund Balance	1,408,000	341,800
Criminal Justice Enhancement Fund (DCA2035/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: The fund receives 11.7% of Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations. Beginning in FY 2010, these monies are no longer allocated through ADC.		
Purpose of Fund: For distribution to counties for the training of detention officers, county jail operational enhancement, and ADC administrative expenses.		
Funds Expended	1,615,200	0
Year-End Fund Balance	0	0
Federal Funds (DCA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Law enforcement related federal grants.		
Purpose of Fund: For inmate education and school breakfast and lunch programs. The amounts do not include General Fund reimbursements for the incarceration of illegal aliens from the State Criminal Alien Assistance Program.		
Funds Expended	14,695,000	14,973,400
Year-End Fund Balance	107,700	240,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants - American Recovery and Reinvestment Act (ARRA) (DCA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for Correctional Officer Personal Services in FY 2010.		
Funds Expended	50,000,000	0
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (DCA9000/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Charges made to interagency agreements and monies transferred from the department's appropriated and non-appropriated funds.		
Purpose of Fund: To pay department-wide administrative and overhead costs.		
Funds Expended	108,200	1,200,000
Year-End Fund Balance	897,400	874,500
Inmate Store Proceeds Fund (DCA2505/A.R.S. § 41-1604.02)		Non-Appropriated
Source of Revenue: Profit resulting from the privatization of inmate stores.		
Purpose of Fund: For inmate activities, incentive pay increases for Corrections Officers, equipment to enhance safety for both department personnel and inmates or other official needs as required, at the discretion of the Director of ADC.		
Funds Expended	406,200	465,000
Year-End Fund Balance	59,900	59,900
Interagency Service Agreement Fund (DCA2500/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Intergovernmental agreements between ADC and other state and local entities.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	116,500	110,600
Year-End Fund Balance	11,000	8,400
Penitentiary Land Fund (DCA3140/A.R.S. § 37-525)		Partially-Appropriated
Source of Revenue: Interest on the Penitentiary Land Fund, as established through Arizona's Enabling Act, Section 25, and monies derived from the rental of these lands and property.		
Purpose of Fund: To provide a continuous source of monies for the benefit and support of state penitentiaries. The department uses appropriations from this fund for building maintenance.		
Appropriated Funds Expended	979,200	979,200
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	395,500	714,600
Prison Construction and Operations Fund (DCA2504/A.R.S. § 41-1651)		Appropriated
Source of Revenue: Assessment (ranging from \$250 to \$1,500) paid by persons convicted of DUI offenses.		
Purpose of Fund: To pay for any costs related to prison overcrowding and department support and maintenance.		
Funds Expended	10,398,200	11,499,400
Year-End Fund Balance	585,800	1,317,100
Prisoner Spendable Accounts Fund (DCA2428/A.R.S. § 31-230)		Non-Appropriated
Source of Revenue: Monies received by a prisoner and that are not required to be deposited into another account.		
Purpose of Fund: To pay court ordered restitution pursuant to A.R.S. 13-603. Each month, a minimum of 20%, or the balance owed on the restitution amount, up to a maximum of 50% of the monies available in the prisoner's spendable account.		
Funds Expended	0	7,500
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Risk Management Insurance Reimbursement Fund (DCA3748/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Funds from the Risk Management Revolving Fund administered by the Arizona Department of Administration.		
Purpose of Fund: Reimbursements for losses of state property and to pay on-call duty claims.		
Funds Expended	262,800	196,200
Year-End Fund Balance	268,300	268,300
Special Services Fund (DCA3187/A.R.S. § 41-1604.03)		Non-Appropriated
Source of Revenue: Profits from canteens, hobby shops, and commissions on telephone service.		
Purpose of Fund: For the benefit, education, and welfare of committed offenders, and operating expenses of canteens and hobby shops. A major portion of the Special Services Fund is maintained in banks outside the state treasury system, and the transactions are not processed through the Arizona Financial Information System. As a result, the information for this fund is reported on an accrual accounting basis.		
Funds Expended	2,516,100	4,170,000
Year-End Fund Balance	1,062,600	622,600
State Charitable, Penal and Reformatory Institutions Land Fund (DCA3141/A.R.S. § 37-525)		Partially-Appropriated
Source of Revenue: Twenty-five percent of monies received from interest on the State Charitable, Penal, and Reformatory Institutions Land Fund, as established through Arizona's Enabling Act, Section 25; and 25% of monies derived from the rental of these lands and property.		
Purpose of Fund: To provide a continuous source of monies for the benefit and support of state penal institutions.		
Appropriated Funds Expended	337,000	360,000
Non-Appropriated Funds Expended	799,900	0
Year-End Fund Balance	1,675,500	2,665,500
State DOC Revolving Fund (DCA2515/A.R.S. § 42-3106)		Non-Appropriated
Source of Revenue: The fund receives 3% of tax revenue collected on spirituous liquors and 7% of tax revenue collected on vinous and malt liquor.		
Purpose of Fund: To provide rehabilitation programs and counseling for inmates who have a history of substance abuse and are released on parole.		
Funds Expended	2,979,400	2,698,300
Year-End Fund Balance	781,400	1,466,100
State Education Fund for Correctional Education (DCA2107/A.R.S. § 15-1372)		Appropriated
Source of Revenue: "Basic State Aid" funding that ADC receives from the Arizona Department of Education based on the number of Average Daily Membership pupils attending ADC education programs pursuant to A.R.S. § 15-1372.		
Purpose of Fund: To provide education to inmates under the age of 18 years and inmates with disabilities who are age 21 or younger.		
Funds Expended	472,900	508,400
Year-End Fund Balance	590,000	756,700
Statewide Employee Recognition Gifts/Donations Fund (DCA2449/A.R.S. § 41-776)		Non-Appropriated
Source of Revenue: Gifts and donations from public and private entities.		
Purpose of Fund: For employee recognition programs that recognize and award the performance, achievement, longevity, or major life event of department employees.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Transition Program Fund (DCA2379/A.R.S. § 31-284)		Appropriated
Source of Revenue: A 5% allocation of wages earned from inmates who earn at least \$2.00 per hour.		
Purpose of Fund: To pay for any costs related to the administration of the transition program and for transition program services. Prior to Laws 2010, 2 nd Regular Session, Chapter 54, this fund was known as the Transition Office Fund.		
Funds Expended	0	180,000
Year-End Fund Balance	461,600	781,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Transition Services Fund (DCA2383/A.R.S. § 31-286)		Appropriated
Source of Revenue: Cost savings resulting from implementation of a transition drug treatment program.		
Purpose of Fund: To be distributed to entities that provide transition services to nonviolent offenders. Prior to Laws 2010, 2 nd Regular Session, Chapter 54, this fund was known as the Transition Program Drug Treatment Fund.		
Funds Expended	425,500	555,000
Year-End Fund Balance	131,000	1,249,300

Board of Cosmetology

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	24.5	24.5	24.5
Personal Services	697,500	751,400	751,400
Employee Related Expenditures	300,300	309,300	309,300
Professional and Outside Services	190,700	190,700	190,700
Travel - In State	46,500	38,200	38,200
Travel - Out of State	8,300	8,300	8,300
Other Operating Expenditures	406,300	424,100	424,100
Equipment	17,800	17,800	17,800
AGENCY TOTAL	1,667,400	1,739,800	1,739,800

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Cosmetology Fund	1,667,400	1,739,800	1,739,800
SUBTOTAL - Other Appropriated Funds	1,667,400	1,739,800	1,739,800
SUBTOTAL - Appropriated Funds	1,667,400	1,739,800	1,739,800
TOTAL - ALL SOURCES	1,667,400	1,739,800	1,739,800

AGENCY DESCRIPTION — The board administers licensing examinations and licenses; inspects salons and schools; and investigates violations of sanitation requirements and procedures. It conducts hearings and imposes enforcement actions where appropriate.

Operating Budget

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The Baseline includes \$1,739,800 and 24.5 FTE Positions from the Board of Cosmetology Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Cosmetology Fund (CBA2017/A.R.S. § 32-505)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of cosmetologists, salons, and cosmetology schools. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate cosmetologists, salons, and cosmetology schools, and for board administration.		
Funds Expended	1,667,400	1,739,800
Year-End Fund Balance	1,097,200	1,788,400

Arizona Criminal Justice Commission

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	8.0	8.0	8.0
Personal Services	406,100	452,200	452,200
Employee Related Expenditures	146,300	159,100	159,100
Professional and Outside Services	133,400	158,500	158,500
Travel - In State	6,500	7,800	7,800
Travel - Out of State	7,900	5,500	5,500
Other Operating Expenditures	64,400	72,500	72,500
Equipment	5,100	1,200	1,200
OPERATING SUBTOTAL	769,700	856,800	856,800
SPECIAL LINE ITEMS			
State Aid to County Attorneys	973,600	973,600	973,600
State Aid to Indigent Defense	551,800	700,300	700,300
Victim Compensation and Assistance	3,550,100	3,792,500	3,792,500
AGENCY TOTAL	5,845,200	6,323,200	6,323,200

FUND SOURCES

Other Appropriated Funds

Criminal Justice Enhancement Fund	623,700	621,600	621,600
Drug and Gang Prevention Resource Center Fund	146,000	235,200	235,200
State Aid to County Attorneys Fund	973,600	973,600	973,600
State Aid to Indigent Defense Fund	551,800	700,300	700,300
Victim Compensation and Assistance Fund	3,550,100	3,792,500	3,792,500
SUBTOTAL - Other Appropriated Funds	5,845,200	6,323,200	6,323,200
SUBTOTAL - Appropriated Funds	5,845,200	6,323,200	6,323,200
Other Non-Appropriated Funds	6,790,000	4,643,200	6,986,000
Federal Funds	23,344,900	20,260,200	11,844,100
TOTAL - ALL SOURCES	35,980,100	31,226,600	25,153,300

AGENCY DESCRIPTION — The commission was created to enhance the effectiveness and coordination of the criminal justice system in Arizona. The commission may identify needed revisions in the system and make reports. It receives 1.57% of Criminal Justice Enhancement Fund (CJEF) monies.

Operating Budget

The Baseline includes \$856,800 and 8 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
CJEF	\$621,600
Drug and Gang Prevention Resource Center Fund	235,200

These amounts are unchanged from FY 2011.

State Aid to County Attorneys

The Baseline includes \$973,600 from the State Aid to County Attorneys Fund for State Aid to County Attorneys in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for the various offices of county attorneys throughout Arizona to improve the processing of criminal cases. The line item receives funds from a 15.44% allocation of a 7% penalty assessment on fines, penalties, and forfeitures imposed by the courts for criminal and civil motor vehicle violations and a portion of the monies collected by the Supreme Court and Court of Appeals. ACJC is required to distribute the monies to each county based on a composite index formula using Superior Court felony filings and county population.

State Aid to Indigent Defense

The Baseline includes \$700,300 from the State Aid to Indigent Defense Fund for State Aid to Indigent Defense in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding to the various counties in Arizona for processing of criminal cases by the offices of the public defender, legal defender, and/or contract indigent defense counsel in each county. The line item receives funding from a 14.66% allocation of a 7% penalty assessment on fines, penalties, and forfeitures imposed by the courts for criminal and civil motor vehicle violations and a portion of the monies collected by the Supreme Court and Court of Appeals. ACJC is required to distribute the monies to each county based on a composite index formula using Superior Court felony filings and county population.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

All State Aid to the County Attorneys Fund receipts received by the Arizona Criminal Justice Commission in excess of \$973,600 in FY 2012 are appropriated to the State Aid to the County Attorney Program. Before the expenditure of any State Aid to the County Attorney Fund receipts in excess of \$973,600, the Arizona Criminal Justice Commission shall report the intended use of the monies to the Joint Legislative Budget Committee.

All State Aid to Indigent Defense Fund receipts received by the Arizona Criminal Justice Commission in excess of \$700,300 in FY 2012 are appropriated to the State Aid to Indigent Defense Program. Before the expenditure of any State Aid to Indigent Defense receipts in excess of \$700,300 in FY 2012, the Arizona Criminal Justice Commission shall report the intended use of the monies to the Joint Legislative Budget Committee.

All Victim Compensation and Assistance receipts received by the Arizona Criminal Justice Commission in excess of \$3,792,500 in FY 2012 are appropriated to the Crime Victims Program. Before the expenditure of any Victim Compensation and Assistance receipts in excess of \$3,792,500 in FY 2012, the Arizona Criminal Justice Commission shall report the intended use of the monies to the Joint Legislative Budget Committee.

Victim Compensation and Assistance

The Baseline includes \$3,792,500 from the Victim Compensation and Assistance Fund for Victim Compensation and Assistance in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for 2 crime victim grant programs: the Victim Compensation Program and the Victim Assistance Program. Victim compensation monies are distributed to county compensation boards that award cash compensation to crime victims for specified expenses resulting from their victimization. Revenues for victim compensation grant monies come from 3 sources: 4.6% CJEF distribution, inmate work fees, and unclaimed victim restitution. Victim assistance monies are granted to local government and not-for-profit agencies on a competitive basis and are used for operating expenses related to their victim assistance programs. Revenues for victim assistance grants come from community supervision fees and interstate compact fees.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Criminal Justice Enhancement Fund (JCA2134/A.R.S. § 41-2041)		Appropriated
Source of Revenue: A 1.57% allocation of the Criminal Justice Enhancement Fund (CJEF). <i>(See below for additional information on statewide CJEF maintained in the Treasurer's Office but shown under ACJC as Arizona Revised Statute requires the commission to annually report on CJEF).</i> CJEF consists of a 47% penalty assessment on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: To cover the operating costs of ACJC.		
Funds Expended	623,700	621,600
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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Criminal Justice Enhancement Fund (JCA2134/A.R.S. § 41-2401)	Partially-Appropriated
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Source of Revenue: A 47% penalty on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.

Purpose of Fund: CJEF monies are distributed on a percentage basis to various state entities. (See individual agency pages for detailed information on each recipient).

	FY 2010	FY 2011	% of CJEF	Approp.
Funds Transferred ^{1/2/}				
Attorney General				
AZ Prosecuting Attorneys Advisory Council (4)	1,386,500	1,386,200	3.03	no
County Attorneys (7)	4,278,400	4,277,600	9.35	no
Victim's Rights Implementation (13)	3,514,200	3,513,600	7.68	yes ^{3/}
AZ Criminal Justice Commission				
Operation Costs (10)	718,400	718,300	1.57	yes
Victim Compensation (14)	2,104,900	2,104,500	4.60	yes ^{3/}
Department of Public Safety				
Crime Lab Assessment Fund (12)	5,170,700	5,169,800	2.30	yes ^{3/}
DNA Identification System (6)	585,700	594,800	1.30	yes ^{3/}
Fingerprinting Identification System (1)	2,956,000	2,955,500	6.46	yes
Peace Officers' Training Fund (3)	7,614,100	7,612,800	16.64	no
State/Local Grants (6)	3,331,200	3,321,500	7.26	no ^{4/}
Department of Juvenile Corrections (2)	736,700	736,600	1.61	yes
State Treasurer				
County Sheriffs (9)	5,375,100	5,352,800	11.70	no
Supreme Court				
Case Processing (8)	2,754,600	2,754,200	6.02	yes
Juvenile Crime (5)	4,278,400	4,277,600	9.35	yes
Community Punishment Program (15)	974,600	974,500	2.13	yes
General Fund (11) ^{5/}	0	0	9.00	no
Total Funds Transferred	45,779,500	45,750,000		

^{1/} The numbers following the recipient agencies represent the paragraph numbers from A.R.S. § 41-2401 subsection D.
^{2/} The numbers displayed in the chart represent monies distributed to agencies and may not correspond directly with agencies' actual expenditures or appropriation amounts.
^{3/} These monies represent a continuing appropriation from CJEF, but are appropriated prior to expenditure by the recipient agency.
^{4/} Monies retained by the Department of Public Safety (DPS) for operating expenditures are appropriated. Monies passed through to state and local agencies are non-appropriated.
^{5/} As session law, revenues previously deposited to the General Fund were redirected to DPS' Crime Lab Assessment Fund for FY 2010.

Driving Under the Influence Abatement Fund (JCA2422/A.R.S. § 28-1304)	Non-Appropriated
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Source of Revenue: A fee of \$250 to be paid by every offender convicted of an extreme driving under the influence (DUI) offense. An extreme DUI violation is defined as a person possessing a blood alcohol concentration of 0.15 or greater.

Purpose of Fund: To fund DUI-related programs. The Oversight Council on Driving or Operating Under the Influence Abatement distributes 25% of the revenues to fund pilot programs that use emerging technologies to deter occurrences of driving under the influence, and at least 70% of the monies to fund subdivisions and tribal governments that apply for monies for enforcement and alcohol abuse treatment services. The ACJC staffs the Council. The Arizona Department of Transportation and DPS receive grant funds from the Council. Not more than 5% of the monies are to be used for administrative purposes of the Oversight Council on Driving or Operating Under the Influence Abatement or payment of the costs of notification.

Funds Expended	1,445,600	515,400
Year-End Fund Balance	143,900	19,700

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Drug and Gang Enforcement Account (JCA2134/A.R.S. § 41-2402)		Non-Appropriated
Source of Revenue: Drug fees and fines (A.R.S. § 13-811), selected Superior Court fees (A.R.S. § 12-284), and local matching funds.		
Purpose of Fund: To make grants in amounts not to exceed the percentages shown to enhance efforts to prosecute (50%), adjudicate (30%), and punish (30%) drug offenders and members of criminal street gangs, as well as to enhance investigations and education programs relating to drug and gang activities (50%), and to improve criminal justice records integration (30%). In FY 2010, the Drug and Gang Prevention Resource Center entered into an IGA for \$235,200 with ACJC to fund the Arizona Youth Survey.		
Funds Expended	5,344,400	4,127,800
Year-End Fund Balance	0	0
Drug and Gang Prevention Resource Center Fund (JCA2280/A.R.S. § 41-2402)		Appropriated
Source of Revenue: 1.31% of fee collections and filings in the Superior Court, 1.31% of notary bond fees, and public and private gifts or grants, excluding federal monies.		
Purpose of Fund: To fund the Arizona Youth Survey, a statutorily required survey of 8th, 10th, and 12th grade students in schools across Arizona. The survey measures alcohol and drug use, gang affiliation, and weapons within schools.		
Funds Expended	146,000	235,200
Year-End Fund Balance	109,500	144,900
Federal Grants (JCA2000/A.R.S. § 41-2405)		Non-Appropriated
Source of Revenue: Federal grants, including Edward Byrne Memorial grant monies and Victims of Crime Act (VOCA) monies awarded as a result of the American Recovery and Reinvestment Act of 2009.		
Purpose of Fund: To improve the criminal justice records system in Arizona; to fund state and local correction and detention agencies' substance abuse programs for incarcerated offenders; and to provide support dealing with criminal justice issues.		
Funds Expended	11,779,100	6,896,300
Year-End Fund Balance	6,898,700	5,152,700
Federal Grants - American Recovery and Reinvestment Act (ARRA) (JCA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the commission for criminal justice related purposes.		
Funds Expended	11,565,800	13,363,900
Year-End Fund Balance	14,204,400	885,500
State Aid to County Attorneys Fund (JCA2443/A.R.S. § 11-539)		Appropriated
Source of Revenue: Legislative appropriations, a 15.44% allocation of a 7% penalty assessment on fines, penalties and forfeitures imposed by the courts for criminal and civil motor vehicle violations, and a 21.61% allocation of a 5% portion of fines and fees collected by the Supreme Court and Court of Appeals.		
Purpose of Fund: To provide state aid to county attorneys to improve the processing of criminal cases in the Superior and Justice Courts. ACJC administers the fund and distributes the monies to each county based on a composite index formula using felony filings and population.		
Funds Expended	973,600	973,600
Year-End Fund Balance	58,900	89,900
State Aid to Indigent Defense Fund (JCA2445/A.R.S. § 11-588)		Appropriated
Source of Revenue: Legislative appropriations, a 14.66% allocation of a 7% penalty assessment on fines, penalties and forfeitures imposed by the courts for criminal and civil motor vehicle violations, and a 20.53% allocation of a 5% portion of fines and fees collected by the Supreme Court and Court of Appeals.		
Purpose of Fund: To provide state aid to county public defenders, legal defenders and contract indigent counsel for the processing of criminal cases. ACJC administers the fund and distributes the monies to each county based on a composite index formula using felony filings and population.		
Funds Expended	551,800	700,300
Year-End Fund Balance	200,500	152,200

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Victim Compensation and Assistance Fund (JCA2198/A.R.S. § 41-2407)		Appropriated
Source of Revenue: The fund consists of 2 sub-accounts. The Victim Compensation sub-account receives a 4.6% distribution from CJEF, monies collected from a 10% assessment of a working prisoner's gross compensation, and unclaimed restitution. The Victim Assistance sub-account receives revenue derived from community supervision fees and interstate compact fees. Following a 2006 court settlement which resulted in a \$2,900,000 deposit into the fund, the annual fund appropriation was increased by \$300,000 to spend down the settlement monies. At this rate the settlement monies would provide an increased level of program funding through FY 2012.		
Purpose of Fund: To establish, maintain and support programs that compensate and assist victims of crime.		
Funds Expended	3,550,100	3,792,500
Year-End Fund Balance	2,438,700	1,476,300

Arizona State Schools for the Deaf and the Blind

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
PROGRAM BUDGET			
Administration/Statewide Programs	4,295,500	4,125,500	4,125,500
Phoenix Day School for the Deaf	10,234,500	9,521,400	8,713,500
Preschool/Outreach Programs	4,558,200	4,304,200	3,917,200
Regional Cooperatives	936,200	1,072,000	1,072,000
Tucson Campus	15,191,400	17,751,800	16,946,700
AGENCY TOTAL	35,215,800	36,774,900	34,774,900

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	581.2	572.2	572.2
Personal Services	18,542,600	17,925,200	17,925,200
Employee Related Expenditures	8,286,400	9,748,200	9,748,200
Professional and Outside Services	1,389,600	1,496,100	1,496,100
Travel - In State	21,600	35,400	35,400
Travel - Out of State	15,900	34,900	34,900
Food	54,600	86,200	86,200
Other Operating Expenditures	5,612,300	5,163,200	5,163,200
Equipment	554,800	1,547,700	1,547,700
OPERATING SUBTOTAL	34,477,800	36,036,900	36,036,900

SPECIAL LINE ITEMS

School Bus Replacement	738,000	738,000	738,000
Voucher Fund Adjustment	0	0	(2,000,000)
AGENCY TOTAL	35,215,800	36,774,900	34,774,900

FUND SOURCES

General Fund	21,261,000	22,045,400	22,045,400
<u>Other Appropriated Funds</u>			
Schools for the Deaf and the Blind Fund	13,954,800	14,729,500	12,729,500
SUBTOTAL - Other Appropriated Funds	13,954,800	14,729,500	12,729,500
SUBTOTAL - Appropriated Funds	35,215,800	36,774,900	34,774,900
Other Non-Appropriated Funds	16,913,300	17,164,200	17,164,200
Federal Funds	3,806,800	4,159,800	4,159,800
TOTAL - ALL SOURCES	55,935,900	58,098,900	56,098,900

AGENCY DESCRIPTION — The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for sensory impaired students from birth to age 22. ASDB has 2 main campuses, a day school in Phoenix and a residential campus in Tucson, as well as a diagnostic center in Tucson, satellite preschools in the Tucson and Phoenix Metropolitan areas, and 5 regional offices from which cooperative programs with school districts are operated. ASDB also serves infants and toddlers throughout the state. ASDB serves approximately 2,129 children: 472 students in the K-12 programs (201 in Tucson and 271 in Phoenix), 78 children in preschools, 319 infant/toddlers in regional areas, and 1,260 children through the 5 existing regional cooperatives.

Operating Budget

The Baseline includes \$34,036,900 and 572.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$21,307,400

Schools for the Deaf and the Blind Fund	12,729,500
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FY 2012 adjustments would be as follows:

Assistive Technology Devices	GF	0
The Baseline includes no change in funding for assistive technology devices from the General Fund in FY 2012. The Baseline includes a total of \$253,100 from the General		

Fund in FY 2012 for assistive technology devices. Assistive technology devices include: electronic dictionaries for visually impaired students, mobile classroom computer labs for visually disabled students, interactive whiteboards for hearing impaired students, and computer and software upgrades for computers used by visually impaired students.

Foundation for the Blind OF 0

The Baseline maintains funding for the preschool program at the Foundation for Blind Children at the previously appropriated level of \$1,054,100 in FY 2012.

School Bus Replacement

The Baseline includes \$738,000 from the General Fund for School Bus Replacement in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are used for the purchase of new school buses. According to the School Facilities Board rules for ASDB, a gasoline powered bus should be replaced after 10 years or 150,000 miles.

Voucher Fund Adjustment

The Baseline includes \$(2,000,000) from the Schools for the Deaf and the Blind Fund for a Voucher Fund Adjustment in FY 2012. FY 2012 adjustments would be as follows:

**Realign ASDB Fund OF (2,000,000)
Expenditures With Revenue**

The Baseline includes a decrease of \$(2,000,000) from the ASDB Fund in order to align the fund's appropriation with expected revenues in FY 2012. ASDB Fund revenues have declined since FY 2009 due to a decreased number of enrolled students.

ASDB is projecting that ASDB revenues will decline from \$13,644,700 in FY 2010 to \$12,421,300 in FY 2011.

Background – Special education voucher monies in the ASDB Fund represent ASDB's reimbursement from the Arizona Department of Education (ADE) for educational costs based on its enrollment. As with school districts, ASDB's ADE funding is determined by statutory formula. The amounts are reflected within a special line item to give ASDB flexibility in allocating the increased funding among its 4 programs.

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FORMAT — Operating Lump Sum with Special Line Items by Program

FOOTNOTES

Standard Footnotes

Before the expenditure of any Arizona State Schools for the Deaf and the Blind Fund monies in excess of \$12,729,500 in FY 2012, the Arizona State Schools for the Deaf and the Blind shall report to the Joint Legislative Budget Committee the intended use of the funds.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
ASDB Classroom Site Fund (SDA2486/A.R.S. § 15-1305)		Non-Appropriated
Source of Revenue: Monies transferred to the fund pursuant to A.R.S. § 15-1305 from a 0.6% sales tax and growth in the Permanent State School Fund expendable earnings above the FY 2001 level. Funding level is determined by the "Group A" and "Group B" weighted student count, as specified in A.R.S. § 15-943.		
Purpose of Fund: To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention, and teacher liability insurance premiums (40%).		
Funds Expended	1,226,600	1,031,500
Year-End Fund Balance	933,100	901,600
Enterprise Fund (SDA4222/A.R.S. § 15-1323)		Non-Appropriated
Source of Revenue: Monies received from fees, rentals, and other charges from the non-school use of facilities.		
Purpose of Fund: To defray the costs of operating those facilities (i.e. auditorium).		
Funds Expended	40,000	142,100
Year-End Fund Balance	156,700	104,600
Federal Grants (SDA2000/A.R.S. § 15-1303)		Non-Appropriated
Source of Revenue: Federal grants - Title I aid to schools; vocational rehabilitation; National School Lunch and Breakfast programs; Arizona deaf-blind project; preschool services; and Arizona Early Intervention program.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the federal grants.		
Funds Expended	3,806,800	4,159,800
Year-End Fund Balance	373,900	73,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
IGA and ISA Fund (SDA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Various intergovernmental and interagency service agreements.		
Purpose of Fund: Clearing account for monies expended under Intergovernmental Agreements (IGA's) and Intergovernmental Service Agreements (ISA's).		
Funds Expended	0	0
Year-End Fund Balance	46,000	46,000
Instructional Improvement Fund (EDA2492/A.R.S. § 15-979)		Non-Appropriated
Source of Revenue: Shared revenue from Indian gaming, as authorized by Proposition 202 from the 2002 General Election. The Instructional Improvement Fund receives 56% of total shared revenue from Proposition 202. This is distributed among school districts, charter schools and Arizona State Schools for the Deaf and the Blind (ASDB) based on student counts.		
Purpose of Fund: To provide for classroom size reduction, teacher salary increases, dropout prevention, and instructional improvement.		
Funds Expended	35,700	70,300
Year-End Fund Balance	271,200	200,900
Non-Federal Grants (SDA2011/A.R.S. § 15-1303)		Non-Appropriated
Source of Revenue: "Direct Services Claiming" (DSC) reimbursements and grants by private corporations and other state agencies.		
Purpose of Fund: To reimburse ASDB for DSC-related expenditures and to accomplish specific projects of interest to the donor and ASDB.		
Funds Expended	24,500	36,100
Year-End Fund Balance*	15,300	(600)
Regional Cooperatives Fund (SDA4221/Laws 1987, Chapter 363)		Non-Appropriated
Source of Revenue: Monies in the fund come from special education voucher funds as well as tuition and fees that school districts pay to ASDB in order to reimburse it for costs of providing services to their students.		
Purpose of Fund: The Regional Cooperative Fund is used to support ASDB's Regional Cooperatives program, which provides educational services to sensory impaired pupils who attend school at their local school districts rather than at an ASDB campus.		
Funds Expended	15,518,000	15,813,100
Year-End Fund Balance	5,057,500	3,531,100
Schools for the Deaf and the Blind Fund (SDA2444/A.R.S. § 15-1304)		Appropriated
Source of Revenue: "Special Education Fund" monies that ASDB receives from the Arizona Department of Education under the formula prescribed in A.R.S. § 15-1204. This formula is based on the number of pupils attending ASDB and the various special education "Group B" funding categories that those pupils qualify for under A.R.S. § 15-943(2b). This fund also receives expendable land endowment earnings pursuant to A.R.S. § 15-1304 and over-age and non-resident tuition income pursuant to A.R.S. § 15-1345.		
Purpose of Fund: To cover the cost of educating students receiving special education services at ASDB.		
Funds Expended	13,954,800	14,729,500
Year-End Fund Balance*	185,700	(783,700)
Trust Fund (SDA3148/A.R.S. § 15-1323)		Non-Appropriated
Source of Revenue: Monies received from private endowment, which are outside the control of the State Treasurer and are held by the ASDB Board.		
Purpose of Fund: Spent at the discretion of ASDB.		
Funds Expended	68,500	71,100
Year-End Fund Balance*	(3,600)	300

*As reported by the agency. Actual ending balance will not be negative.

Commission for the Deaf and the Hard of Hearing

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	15.0	15.0	15.0
Personal Services	678,600	644,600	644,600
Employee Related Expenditures	258,300	245,400	245,400
Professional and Outside Services	218,600	649,400	649,400
Travel - In State	13,600	35,300	35,300
Travel - Out of State	2,500	16,600	16,600
Other Operating Expenditures	1,778,900	1,959,100	1,959,100
Equipment	64,700	422,000	422,000
AGENCY TOTAL	3,015,200	3,972,400	3,972,400

FUND SOURCES

Other Appropriated Funds

Telecommunication Fund for the Deaf	3,015,200	3,972,400	3,972,400
SUBTOTAL - Other Appropriated Funds	3,015,200	3,972,400	3,972,400
SUBTOTAL - Appropriated Funds	3,015,200	3,972,400	3,972,400
TOTAL - ALL SOURCES	3,015,200	3,972,400	3,972,400

AGENCY DESCRIPTION — The agency acts as an information and referral resource for the deaf and the hard of hearing and provides educational materials to the general public. The agency also administers a statewide telephone access program, the Telecommunication Devices for the Deaf (TDD) Relay Program. The agency licenses interpreters for the deaf and the hard of hearing. The agency is supported by the Telecommunication Fund for the Deaf, which derives monies from the Telecommunication Services Excise Tax.

Operating Budget

* * *

The Baseline includes \$3,972,400 and 15 FTE Positions from the Telecommunication Fund for the Deaf for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Telecommunication Fund for the Deaf (DFA2047/A.R.S. § 36-1947)		Appropriated
Source of Revenue: Telecommunications Services Excise Tax, which is a 1.1% surcharge on local telephone bills.		
Purpose of Fund: To operate the Arizona Relay System, support community outreach and education, purchase, repair, and distribute telecommunication devices for the deaf, hard of hearing, blind, and speech impaired, and operating costs of the commission.		
Funds Expended	3,015,200	3,972,400
Year-End Fund Balance	2,270,800	2,160,800

State Board of Dental Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	11.0	11.0	11.0
Personal Services	411,700	519,100	519,100
Employee Related Expenditures	150,500	148,700	148,700
Professional and Outside Services	204,300	259,700	259,700
Travel - In State	3,800	3,200	3,200
Travel - Out of State	2,800	5,500	5,500
Other Operating Expenditures	152,000	183,200	183,200
Equipment	26,300	30,700	23,700
AGENCY TOTAL	951,400	1,150,100	1,143,100

FUND SOURCES

Other Appropriated Funds

Dental Board Fund	951,400	1,150,100	1,143,100
SUBTOTAL - Other Appropriated Funds	951,400	1,150,100	1,143,100
SUBTOTAL - Appropriated Funds	951,400	1,150,100	1,143,100
TOTAL - ALL SOURCES	951,400	1,150,100	1,143,100

AGENCY DESCRIPTION — The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.

Operating Budget

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The Baseline includes \$1,143,100 and 11 FTE Positions from the Dental Board Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

FORMAT — Lump Sum by Agency

One-Time Equipment OF **FY 2012**
\$ (7,000)

The Baseline includes a decrease of \$(7,000) from the Dental Board Fund for one-time equipment in FY 2012.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Dental Board Fund (DXA2020/A.R.S. § 32-1212)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of dentists, denturists, dental hygienists, and dental assistants. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate dentists, denturists, dental hygienists, and dental assistants, and for board administration.		
Funds Expended	951,400	1,150,100
Year-End Fund Balance	835,500	1,295,200

Arizona Early Childhood Development and Health Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
Other Non-Appropriated Funds	86,423,200	210,071,300	153,500,000
TOTAL - ALL SOURCES	86,423,200	210,071,300	153,500,000

AGENCY DESCRIPTION — As authorized by a 2006 ballot initiative, the Arizona Early Childhood Development and Health Board (ECDHB) is funded from a 80 cents a pack cigarette tax, (plus taxes on other tobacco products). The board funds early childhood development programs and services for children prior to kindergarten and their families.

Background

Early Childhood Development and Health Fund

Revenues from the tax are deposited into the Early Childhood Development and Health (ECDH) Fund and go into 2 accounts: 90% of funds are allocated to the Program Account and 10% of funds to the Administrative Costs Account.

Of the funding in the Program Account, approximately 10% (or 9% of the statewide total) may be spent on statewide programs with the remaining funds allocated to the Regional Councils (81% of the statewide total). Of this amount, 60.8% is allocated to the various regions based on the population aged 5 and under and the population under 5 living below the poverty line. Another 20.2% is set aside as discretionary regional monies.

Monies in the fund are to be used for 1 or more of the following 6 purposes: 1) Improve the quality of ECDH programs; 2) Increase access to quality ECDH programs; 3) Increase access to preventive health care and health screenings for children through age 5; 4) Offer parent and family support and education concerning early childhood

development and literacy; 5) Provide professional development and training for ECDH providers; and 6) Increase coordination of ECDH programs and public information about the importance of ECDH. The ECDH Fund is not subject to legislative appropriation.

During FY 2010, the board's revenues were \$137,518,400 and expenditures were \$86,423,200. In FY 2011, the board expects to collect \$137,624,500 in revenues and expend \$210,071,300. Of this FY 2011 spending amount, \$194,609,700 and \$15,461,600 will be from the Program Account and the Administrative Account, respectively.

The above expenditures leave the fund with a projected balance of \$341,193,200 at the end of FY 2011. The board's large balance is a result of the initiative's language, which called for the approval of grants to Regional Partnership Councils to begin in May 2009. The delay between the beginning of revenue collections in FY 2007 and the implementation of regional grants has allowed the board to accrue a significant balance. The board intends to use the balance in future years to offset ongoing revenue losses that may occur if tobacco use (and the corresponding tax collections) continue to decline.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Early Childhood Development and Health Fund (CDA2542/A.R.S. § 8-1181)		Non-Appropriated
Source of Revenue: A 4¢ tax per cigarette as well as various increases on other tobacco products.		
Purpose of Fund: To fund the administrative and programmatic costs of the Arizona Early Childhood Development and Health Board. Monies from the fund may supplement, but not supplant, existing early childhood development programs. Up to 10% of the funds each year are deposited into the Administrative Costs Account and at least 90% are deposited into the Program Account for early childhood development programs and grants. The fund was created as a result of a voter initiative in the 2006 election.		
Funds Available		
Balance Forward	362,544,800	413,640,000
Revenue:		
Administrative Costs Account	13,744,300	13,500,000
Program Account	123,698,300	121,500,000
Other (Donations/Grants/Federal Funds)	75,800	2,624,500
Total Funds Available	500,063,200	551,264,500
Expenditures:		
Administrative Expenditures	15,592,200	15,461,600
Programmatic Expenditures	70,758,800	191,985,200
Other (Donations/Grants/Federal Funds)	72,200	2,624,500
Total Funds Expended	86,423,200	210,071,300
Year-End Fund Balance	413,640,000	341,193,200

Department of Economic Security

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5,889.4	5,473.4	5,473.4
Personal Services	117,524,200	143,317,400	140,467,400
Employee Related Expenditures	52,923,000	65,107,700	63,866,700
Professional and Outside Services	14,432,400	15,022,600	15,022,600
Travel - In State	1,650,000	2,041,100	2,041,100
Travel - Out of State	34,900	6,100	6,100
Other Operating Expenditures	59,279,500	71,634,200	66,885,700
Equipment	6,590,800	5,719,700	5,719,700
OPERATING SUBTOTAL	252,434,800	302,848,800	294,009,300
SPECIAL LINE ITEMS			
Administration			
Attorney General Legal Services	18,914,300	21,492,500	21,492,500
Aging and Community Services			
Adult Services	13,316,600	12,924,100	12,924,100
Community and Emergency Services	3,763,400	3,724,000	3,724,000
Coordinated Homeless	2,386,600	2,522,600	2,522,600
Coordinated Hunger	1,427,800	1,754,600	1,754,600
Domestic Violence Prevention	13,004,400	12,123,700	12,123,700
Benefits and Medical Eligibility			
TANF Cash Benefits	100,348,100	81,985,000	53,599,400
Tribal Pass-Through Funding	4,680,300	4,680,300	4,680,300
Child Support Enforcement			
County Participation	7,118,600	8,600,200	8,600,200
Genetic Testing	128,800	0	0
Children, Youth and Families			
Children Support Services	33,906,700	77,568,300	77,568,300
CPS Emergency and Residential Placement	17,473,500	24,001,700	24,001,700
Foster Care Placement	18,957,300	23,112,600	23,112,600
Independent Living Maintenance	2,320,900	2,719,300	2,719,300
Permanent Guardianship Subsidy	8,329,000	8,815,300	8,815,300
Adoption Services	52,060,700	57,744,600	57,744,600
Adoption Services - Family Preservation Projects	227,700	0	0
Education and Training Vouchers	7,700	0	0
Developmental Disabilities			
Case Management - Title XIX	34,756,600	38,094,100	38,094,100
Home and Community Based Services - Title XIX	564,312,800	674,439,600	711,849,900
Institutional Services - Title XIX	17,379,400	18,414,200	19,334,900
Medical Services	121,340,800	132,336,800	138,953,600
Arizona Training Program at Coolidge - Title XIX	16,369,700	15,691,200	15,691,200
Medicare Clawback Payments	1,612,000	1,766,300	2,496,900
Case Management - State Only	2,307,400	3,887,300	3,887,300
Home and Community Based Services - State Only	7,258,900	32,623,800	32,623,800
State-Funded Long Term Care Services	21,719,800	26,530,200	26,530,200
Employment and Rehabilitation Services			
JOBS	9,264,900	13,005,600	13,005,600
Day Care Subsidy	109,930,600	145,167,900	145,167,900
Rehabilitation Services	3,513,800	5,088,500	5,088,500
Workforce Investment Act Services	58,035,100	51,654,600	51,654,600
AGENCY TOTAL	1,518,609,000	1,805,317,700	1,813,771,000

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
General Fund	461,656,600	594,103,900	658,345,000
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	0	1,459,800	1,459,800
Child Support Enforcement Administration Fund	11,935,900	16,785,200	16,785,200
Children and Family Services Training Program Fund	106,300	207,100	207,100
Domestic Violence Shelter Fund	2,219,800	2,220,000	2,220,000
Federal CCDF Block Grant	106,211,100	130,688,200	130,688,200
Federal TANF Block Grant	212,429,600	225,060,600	225,060,600
Long Term Care System Fund (Non-Federal Matched)	19,707,800	30,520,500	30,520,500
Public Assistance Collections Fund	251,500	431,700	431,700
Reed Act Grant	3,524,200	3,561,000	3,561,000
Special Administration Fund	24,400	1,135,300	1,135,300
Spinal and Head Injuries Trust Fund	699,700	1,874,500	1,874,500
Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	1,000,000
Workforce Investment Act Grant	59,898,800	56,052,100	56,052,100
SUBTOTAL - Other Appropriated Funds	418,009,100	470,996,000	470,996,000
SUBTOTAL - Appropriated Funds	879,665,700	1,065,099,900	1,129,341,000
<u>Expenditure Authority Funds</u>			
Child Support Enforcement Administration Fund	39,604,800	44,720,200	40,320,200
Long Term Care System Fund (Federal Match)	599,338,500	695,497,600	644,109,800
SUBTOTAL - Expenditure Authority Funds	638,943,300	740,217,800	684,430,000
SUBTOTAL -Appropriated/Expenditure Authority Funds	1,518,609,000	1,805,317,700	1,813,771,000
Other Non-Appropriated Funds	987,785,100	609,083,800	311,945,300
Federal Funds	1,836,054,100	1,494,507,300	633,557,000
TOTAL - ALL SOURCES	4,342,448,200	3,908,908,800	2,759,273,300

AGENCY DESCRIPTION — The department provides an array of services for low-income households and others in need. These services are provided through the following divisions: Administration; Developmental Disabilities; Benefits and Medical Eligibility; Child Support Enforcement; Aging and Community Services; Children, Youth and Families; and Employment and Rehabilitation Services.

Operating Budget

The Baseline includes \$294,009,300 and 3,590.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$132,767,000
Child Support Enforcement Administration Fund	13,103,900
Children and Family Services Training Program Fund	207,100
Federal Temporary Assistance for Needy Families (TANF) Block Grant	75,936,200
Federal Child Care and Development Fund (CCDF) Block Grant	11,992,000
Federal Expenditure Authority	26,438,200
Long-Term Care System Fund	25,695,600
Public Assistance Collections Fund	340,000
Special Administration Fund	24,400
Spinal and Head Injuries Trust Fund	546,400
Statewide Cost Allocation Plan Fund	1,000,000
Reed Act Grant	3,561,000
Workforce Investment Act Grant	2,397,500

FY 2012 adjustments would be as follows:

ARRA Payments EA (4,400,000)

The Baseline includes a decrease of \$(4,400,000) from Federal Expenditure Authority as a result of decreased Title IV-D funding in FY 2012. Previously, ARRA had allowed states to use federal incentive payments as state match for Title IV-D funding. In FY 2012 federal incentive payments will no longer be considered state match, and the amount of Title IV-D funding will decrease.

The Finger Imaging, Tuberculosis Control, and CPS Appeals line items have been shifted to the operating budget in FY 2012 and all years are displayed accordingly.

Formula Growth GF 2,196,400 FMA (6,635,900)

This formula adjustment consists of a federal match rate change as well as reversing a DES shift that moved funding from benefits to the operating budget in Developmental Disabilities. This would return the Developmental Disabilities operating budget to the level appropriated in FY 2011.

Administration

Attorney General Legal Services

The Baseline includes \$21,492,500 and 311.2 FTE Positions for Attorney General Legal Services in FY 2012. These amounts consist of:

General Fund	12,197,600
Child Support Enforcement Administration Fund	2,342,200
Federal TANF Block Grant	222,700
Federal CCDF Block Grant	17,400
Federal Expenditure Authority	6,620,900
Public Assistance Collections Fund	91,700

These amounts are unchanged from FY 2011.

Monies in this line item fund Attorney General Legal Services for the department. All Attorney General expenses have been consolidated into this line item.

Aging and Community Services

Adult Services

The Baseline includes \$12,924,100 from the General Fund for Adult Services in FY 2012. This amount is unchanged from FY 2011.

This line item provides an array of independent living support to elderly persons, distributed as shown in *Table 1*.

Table 1	
Independent Living Support	
Services	FY 2011
Adult Protective Contracted Services	\$ 295,100
Supplemental Payments	165,000
Home Care	8,274,800
Supportive Services	400,000
Older Americans Act	1,916,700
Assessments and Case Management	1,410,500
Respite Care	462,000
Total	\$12,924,100

Community and Emergency Services

The Baseline includes \$3,724,000 from the Federal TANF Block Grant for Community and Emergency Services in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item provide funding to 15 community action agencies to deliver a wide range of services related to the needs of low-income families and individuals. In FY 2010, this line item provided short-term crisis services to 2,167 households, energy assistance to 35,688

households, and 30,350 households participated in telephone discount programs.

Coordinated Homeless

The Baseline includes \$2,522,600 for Coordinated Homeless programs in FY 2012. This amount consists of:

General Fund	873,100
Federal TANF Block Grant	1,649,500

These amounts are unchanged from FY 2011.

In FY 2010, this line item provided emergency shelter services to 14,814 individuals and transitional shelter services to 1,871 individuals.

Coordinated Hunger

The Baseline includes \$1,754,600 for Coordinated Hunger programs in FY 2012. This amount consists of:

General Fund	1,254,600
Federal TANF Block Grant	500,000

These amounts are unchanged from FY 2011.

State and federal dollars are used to administer a USDA commodities food program, to assist in statewide food distribution, and for food banks. Monies are also used to provide information on where individuals and families can obtain food. In FY 2010, the USDA commodities food program served 302,000 households quarterly.

Domestic Violence Prevention

The Baseline includes \$12,123,700 for Domestic Violence Prevention in FY 2012. This amount consists of:

General Fund	3,283,000
Federal TANF Block Grant	6,620,700
Domestic Violence Shelter Fund	2,220,000

These amounts are unchanged from FY 2011.

In FY 2010, this line item, along with non-appropriated funds, served approximately 9,820 women and children in emergency shelters, 515 women and children in transitional housing, and 8,696 victims with legal and lay legal advocacy.

Benefits and Medical Eligibility

The Tuberculosis Control line item has been consolidated into the operating budget.

TANF Cash Benefits

The Baseline includes \$53,599,400 from the TANF Block Grant for TANF Cash Benefits in FY 2012. FY 2012 adjustments would be as follows:

Caseload Adjustment GF (28,385,600)

The Baseline includes a decrease of \$(28,385,600) from the General Fund in FY 2012 to align funding with actual caseloads. The November 2011 caseload is 45,425, or (24,575) below the budgeted caseload of 70,000. The caseload is expected to decline to 42,840 in June 2011 and is estimated to generate savings of \$(24,969,200) in FY 2011. (See FY 2011 adjustments discussion in *Other Issues for Legislative Consideration*.) The 2012 caseload is estimated to be 42,840 TANF Cash Benefit recipients with an average monthly benefit of approximately \$103. The FY 2012 figure is a decline of (27,160) below the originally budgeted FY 2011 caseload of 70,000.

Monies in this line item provide financial assistance on a temporary basis to dependent children in their own homes or in the homes of responsible caretaker relatives. Financial eligibility is currently set at 36% of the 1992 Federal Poverty Level (FPL), or \$5,022 for a family of 4.

Tribal Pass-Through Funding

The Baseline includes \$4,680,300 from the General Fund for Tribal Pass-Through Funding in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are passed through to Native American tribes operating their own TANF programs. The amount is roughly equivalent to what the state would be spending on the population if the state still had responsibility for the case assistance program for any particular tribe.

Child Support Enforcement

The Division of Child Support Enforcement (DCSE) budget includes direct appropriations from the following 4 fund sources: 1) General Fund; 2) State Share of Retained Earnings (SSRE) from child support owed to the state while the custodial parent received TANF Cash Benefits; 3) Federal incentives and 4) Fees from non-custodial parents.

The last 3 fund sources are deposited in the Child Support Enforcement Administration (CSEA) Fund and appropriated as an Other Appropriated Fund. In addition to the General Fund and CSEA Fund appropriations, the displayed amounts also include Federal Expenditure Authority for DCSE. The federal monies received by DCSE generally match state funds at a ratio of 66% federal to 34% state.

Table 2 details the sources and uses of the CSEA Fund.

<u>Sources</u>	
State Share of Retained Earnings	\$ 9,290,900
Federal Incentive Payments	6,900,000
Fees	<u>1,871,500</u>
Total	\$18,062,400
<u>Uses</u>	
DCSE Administration	\$16,785,200
Administration (Non-Appropriated)	<u>1,277,200</u>
Total	\$18,062,400

County Participation

The Baseline includes \$8,600,200 for County Participation in FY 2012. This amount consists of:

CSEA Fund	1,339,100
Federal Expenditure Authority	7,261,100

These amounts are unchanged from FY 2011.

The division contracts with several Arizona counties to operate child support programs in those counties. This line item reflects contracting counties' SSRE and federal incentives, as well as expenditure authority for the federal match.

Children, Youth and Families

The Baseline provides funding for Children Services in 3 separate line items (see Table 3).

	<u>Appropriated Funds</u>	<u>Non-Appropriated Funds</u>	<u>Total</u>
Children Support Services	\$77,568,300	\$39,556,700	\$117,125,000
CPS Emergency & Residential Placement	24,001,700	17,600,900	41,602,600
Foster Care Placement	<u>23,112,600</u>	<u>18,637,800</u>	<u>41,750,400</u>
TOTAL	\$124,682,600	\$75,795,400	\$200,478,000

Of the \$124,682,600 in appropriated funds, \$48,650,200 is from the TANF Block Grant. A total of \$22,613,100 from TANF is deposited into the federal Social Services Block Grant (SSBG); once deposited, the monies are spent on the Children Services program. The federal government caps the amount of TANF Block Grant monies that can be transferred to the SSBG at 10%. The transfer to SSBG provides additional funding flexibility to DES.

Children Support Services

The Baseline includes \$77,568,300 and 1 FTE Position for Children Support Services in FY 2012. These amounts consist of:

General Fund	50,854,400
Federal TANF Block Grant	25,254,100
Child Abuse Prevention Fund	1,459,800

These amounts are unchanged from FY 2011.

The Children Support Services line item provides support services for both in-home and out-of-home clients. This does not include the cost of residential placement. For July 2010, the department reported 10,412 out-of-home clients and 4,624 in-home cases. In addition, these funds will pay for services to approximately 5,500 parents, guardians, or custodians in FY 2011 whose substance abuse is a significant barrier to preserving the family. These funds were previously appropriated to the Joint Substance Abuse Treatment line item.

This line item also provides full coverage of the medical and dental expenses of foster children. The General Fund monies in this program provide medical services to children who are not eligible for coverage through the Arizona Health Care Cost Containment System (AHCCCS). These funds were previously appropriated to the Comprehensive Medical and Dental Program line item.

The Baseline also includes \$6,200,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$50,854,400 would consist of \$6,200,000 from Chapter 1 and \$44,654,400 from the FY 2012 General Appropriation Act.

CPS Emergency and Residential Placement

The Baseline includes \$24,001,700 for CPS Emergency and Residential Placement in FY 2012. This amount consists of:

General Fund	7,578,700
Federal TANF Block Grant	16,423,000

These amounts are unchanged from FY 2011.

The CPS Emergency and Residential Placement provides funding for 1) short-term placement until a more permanent placement can be arranged and 2) behavioral or other therapeutic residential treatment. These 2 programs were previously funded in separate line items.

In August 2010, 195 children were reported in emergency placements at an average monthly cost of \$3,335 per child,

while 1,090 children were reported in residential placements at an average monthly cost of \$2,330 per child. The Baseline also includes \$1,800,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$7,578,700 would consist of \$1,800,000 from Chapter 1 and \$5,778,700 from the General Appropriation Act.

Foster Care Placement

The Baseline includes \$23,112,600 for Foster Care Placement in FY 2012. This amount consists of:

General Fund	16,139,500
Federal TANF Block Grant	6,973,100

These amounts are unchanged from FY 2011.

The Foster Care Placement SLI provides funding for the placement of children in the CPS system into foster homes. This line item only includes the cost of placement, not additional support services. In August 2010, 8,480 children were reported in foster care. Of that number, 3,580 children were placed with relatives in unlicensed foster care, which receives no placement funding. The remaining 4,900 children were in licensed foster care at an average monthly cost of \$672 per child.

The Baseline also includes \$1,900,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$16,139,500 would consist of \$1,900,000 from Chapter 1 and \$14,239,500 from the FY 2012 General Appropriation Act.

Independent Living Maintenance

The Baseline includes \$2,719,300 from the General Fund for Independent Living Maintenance in FY 2012. This amount is unchanged from FY 2011.

The Independent Living Maintenance program provides stipends to about 305 former foster youth between 18 and 21, who are now living on their own and are either enrolled in a postsecondary program or employed.

Permanent Guardianship Subsidy

The Baseline includes \$8,815,300 for Permanent Guardianship Subsidy in FY 2012. This amount consists of:

General Fund	7,072,300
Federal TANF Block Grant	1,743,000

These amounts are unchanged from FY 2011.

The program provides a subsidy of foster care children in private homes under permanent guardianship status. In June 2010, 2,319 clients received permanent guardianship subsidies.

Adoption Services

The Baseline includes \$57,744,600 for Adoption Services in FY 2012. This amount consists of:

General Fund	37,942,200
Federal TANF Block Grant	19,802,400

These amounts are unchanged from FY 2011.

The program subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental, or emotional disorders or who would be otherwise difficult to place in adoption because of age, sibling relationship, or racial or ethnic background. The funding provides for ongoing maintenance and/or payment for special services depending on each eligible child’s needs. In June 2010, 14,261 clients received adoption subsidies. In addition, this line item is estimated to receive \$72,547,000 from Federal Grants in FY 2012.

Developmental Disabilities

DES provides services to individuals with cognitive disabilities, cerebral palsy, autism, or epilepsy. Clients eligible for federal Medicaid program services are funded through the Long Term Care (LTC) program. To qualify for federal funding, an individual must have an income below 300% of the Supplemental Security Income (SSI) eligibility limit, which is approximately 222% of the Federal Poverty Limit, and have certain functional needs. The division also provides 100% state-funded services for clients who are not eligible for federal Medicaid services.

As of October 2010, the Division of Developmental Disabilities serves 30,899 clients, which includes 23,025 clients in the LTC program and 7,874 clients in the state-only portion. The primary disabilities of these clients are shown in *Table 4*.

<u>Disability</u>	<u>Number</u>	<u>Percentage</u>
Cognitive Disability	13,598	44%
At Risk	8,766	28%
Autism	4,293	14%
Cerebral Palsy	2,925	10%
Epilepsy	1,212	4%
Not Indicated	105	<1%

The LTC program is funded from 2 sources: the General Fund (GF) and matching federal Medicaid funds.

Overall DES Formula Adjustments

The Baseline includes \$92,626,700 from the General Fund for DES formula changes in FY 2012 as delineated in *Table 5*. Those changes are described in further detail below the table.

	<u>Adjustment</u>
Federal Match Rate Backfill	\$85,122,900
Regular FMAP Adjustment	(10,454,100)
FY 2011 Base Adjustment & FY 2012 Caseload Growth	17,957,900
Capitation Changes	<u>0</u>
Total	\$92,626,700

FMAP Backfill/Regular FMAP Adjustments

Due to a reduction in the Federal Medicaid Assistance Percentage (FMAP), the Baseline includes \$85,122,900 to backfill the loss of Federal Funds. The FMAP is the rate at which the federal government matches state contributions to Medicaid programs. These rates are set on a state-by-state basis and are revised each year. The federal government had provided a 65.8% match for Medicaid services.

The American Recovery and Reinvestment Act of 2009 (ARRA) increased the Medicaid match rate for most services to 75.9%. The FY 2011 budget assumed the continuation of that rate through the end of FY 2011. The federal government subsequently decided to phase down that match rate as of January 2011. The final blended FY 2011 FMAP is estimated to be 74.1%, which would require the state to increase its share of FY 2011 costs by \$17,312,000. *(Please see Other Issues for Legislative Consideration for discussion of FY 2011 adjustments.)*

During FY 2012, the blended FMAP for Medicaid will decline to 66.9% (7.1% decline). The rate would have otherwise returned to 65.8%, but the state’s low personal income growth qualifies it for a higher rate. This better regular match rate generates savings of \$(10,454,100) to offset the \$85,122,900 backfill.

FY 2011 Base Adjustment and FY 2012 Caseload Growth

The Baseline includes a net increase of \$17,957,900 from the General Fund in FY 2012 for the Department of Economic Security (DES) caseload changes. The FY 2011 caseload funding will be \$(4,825,100) less than budgeted due to lower caseloads. While the original FY 2011 budget funded an June caseload of 24,893, the current projection is 24,042, an increase of 5.0% from FY 2010 to FY 2011. From FY 2011 to FY 2012, caseloads are expected to grow by 5.0% to a level of 25,244 at a cost of \$22,783,000. That amount is offset by the \$(4,825,100) FY 2011 adjustment for a net change of \$17,957,900.

FY 2012 Capitation Rate Changes

As the AHCCCS-authorized provider of DD services, DES receives federal monies through prepaid monthly capitation payments based on rates for types of clients. The Baseline reflects no net capitation rate adjustments in FY 2012. Capitation rates normally reflect adjustments in utilization of services and medical inflation. The FY 2011 budget, however, set a policy of no capitation adjustments, which is continued in the FY 2012 Baseline. If capitation rates increased by 5% in FY 2012, this would cost an additional \$16,052,300 from the General Fund in FY 2012.

Table 6 summarizes the average monthly caseload estimates for the Special Line Items (SLI). All clients are eligible for Medical Services and Case Management as necessary, but not all clients access other services in any particular month.

Table 6	
June 2012 Long Term Care Caseloads	
<u>Special Line Item</u>	<u>Clients</u>
Home and Community Based Services	21,349
Institutional Services	216
Arizona Training Program at Coolidge	<u>124</u> ^{1/}
Subtotal	21,689
Case Management/Medical Services only	<u>3,555</u>
Total	25,244

^{1/} Represents the budgeted client caseload.

Case Management – Title XIX

The Baseline includes \$38,094,100 and 755.5 FTE Positions for Case Management in FY 2012. These amounts consist of:

General Fund	12,594,900
Long Term Care System Fund	25,499,200

FY 2012 adjustments are as follows:

Formula Growth	GF 1,518,000
	FMA (1,518,000)

This formula adjustment consists of the federal match rate change.

Background – In addition to providing case management services to an estimated 21,689 clients receiving direct services, this line item also provides case management services only to another 3,555 clients.

Home and Community Based Services - Title XIX

The Baseline includes \$711,849,900 and 94.5 FTE Positions for Home and Community Based Services (HCBS) in FY 2012. These amounts consist of:

General Fund	235,392,600
Long Term Care System Fund	476,457,300

FY 2012 adjustments would be as follows:

Formula Growth	GF 79,341,800
	FMA (41,931,500)

Besides the federal match rate change, the formula adjustments include:

- A \$(4,080,700) base adjustment for lower than expected FY 2011 caseloads. The June 2011 caseload is expected to be 20,326 rather than the budgeted level of 21,050.
- 5.0% enrollment growth in FY 2012 to a level of 21,349 (see Table 6).

Background – Monies in this line item fund residential programs, day programs, and support services for clients in a broad range of settings, from those living independently at home to those living in group homes. Monies also fund staff in state-operated group homes, excluding the Arizona Training Program at Coolidge (ATP-C).

Of the \$711,849,900 in this line item, \$700,127,400 funds HCBS services to clients enrolled in the LTC program; the other \$11,722,500 funds program staff.

The Baseline also includes \$16,900,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$235,392,600 would consist of \$16,900,000 from Chapter 1 and \$218,492,600 from the FY 2012 General Appropriation Act.

Institutional Services - Title XIX

The Baseline includes \$19,334,900 and 74 FTE Positions for Institutional Services in FY 2012. These amounts consist of:

General Fund	6,392,600
Long Term Care System Fund	12,942,300

FY 2012 adjustments would be as follows:

Formula Growth	GF 1,027,600
	FMA (106,900)

Besides the federal match rate change, the formula adjustments include:

- A \$(53,200) base adjustment for lower than expected FY 2011 caseloads. The June 2011 caseload is expected to be 206 rather than the budgeted level of 213.
- 5.0% enrollment growth in FY 2012 to a level of 216 (see Table 6).

Background – Monies in this line item fund residential and day programs to clients with more severe developmental disabilities. These clients reside in Intermediate Care

Facilities for the Mentally Retarded (ICF/MRs) or other nursing facilities, both privately and state-operated, excluding the ATP-C.

Of the \$19,334,900 in this line item, \$13,959,500 funds Institutional Services to clients enrolled in the LTC program; the other \$5,375,400 funds program staff.

Medical Services

The Baseline includes \$138,953,600 and 35.4 FTE Positions for Medical Services in FY 2012. These amounts consist of:

General Fund	45,941,500
Long Term Care System Fund	93,012,100

FY 2012 adjustments would be as follows:

Formula Growth	GF	7,378,600
	FMA	(761,800)

Besides the federal match rate change, the formula adjustments include:

- A \$(691,200) base adjustment for lower than expected FY 2011 caseloads. The June 2011 caseload is expected to be 3,386 rather than the budgeted level of 3,506.
- 5.0% enrollment growth in FY 2012 to a level of 3,555 (see Table 6).

Background – Of the \$138,953,600 in this line item, \$134,647,800 funds Acute Care services to clients enrolled in the LTC program; the other \$4,305,800 funds the staff of the division’s Managed Care unit.

Arizona Training Program at Coolidge - Title XIX

The Baseline includes \$15,691,200 and 383.7 FTE Positions for ATP-C in FY 2011. These amounts consist of:

General Fund	5,187,900
Long Term Care System Fund	10,503,300

FY 2012 adjustments would be as follows:

Formula Growth	GF	433,700
	FMA	(433,700)

This formula adjustment consists of the federal match rate change.

Background – Monies in this line item fund an entire range of services for DD clients residing at the ATP-C campus, either in ICF/MRs or state-operated group homes (SOGHs).

At an estimated June 2012 caseload of 115, 95 in ICF/MRs and 20 in state-operated group homes, the blended cost per DD client at ATP-C will be \$134,100.

Medicare Clawback Payments

The Baseline includes \$2,496,900 from the General Fund for Medicare Clawback Payments in FY 2012. FY 2012 adjustments would be as follows:

Formula Growth	GF	730,600
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Besides the federal match rate change, the formula adjustments include an adjustment for caseload growth associated with Medicare Clawback Payments.

Background – DES is not required to pay for prescription drug costs for members who are also eligible for Medicare. Instead, DES is required to make “Clawback” payments to Medicare based on a certain percent (80% in 2012) of the estimated drug costs.

Case Management – State-Only

The Baseline includes \$3,887,300 and 79.3 FTE Positions from the General Fund for state-only Case Management in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item funds case management services to clients in the state-only DD program. As of June 2010, there are approximately 7,912 clients in the state-only program.

Home and Community Based Services – State-Only

The Baseline includes \$32,623,800 and 53.6 FTE Positions for state-only Home and Community Based Services in FY 2012. These amounts consist of:

General Fund	28,633,500
Long Term Care System Fund	3,990,300

These amounts are unchanged from FY 2011.

Background – This line item funds residential programs, day programs, and support services for clients in a broad range of settings, from those living independently at home to those living in group homes. It also includes funding for state-operated facilities, excluding ATP-C.

Of the \$32,623,800 in this line item, \$27,613,300 funds Home and Community Based Services to clients enrolled in the DD program, \$1,691,500 funds program staff, and \$3,319,000 funds the Arizona Early Intervention Program. The total amount is expected to provide a total of 7,910 member years of service.

The Arizona Early Intervention Program line item has been shifted to the Home and Community Based

Services – State Only line item in FY 2012 and all years have been displayed accordingly.

State-Funded Long Term Care Services

The Baseline includes \$26,530,200 and 2 FTE Positions from the Long Term Care System Fund for State-Funded Long Term Care Services in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item funds a variety of services ineligible for Federal Fund reimbursement from AHCCCS. The most common service provided in this line item is room and board. The program also funds residential and day programs to clients with more severe developmental disabilities. These clients reside in Large Group Living Facilities or other nursing facilities.

Of the \$26,530,200 in this line item, \$25,652,100 funds State-Funded Long Term Care Services to clients enrolled in the DD program; the other \$878,100 funds program staff.

The Institutional Services - State Only and Arizona Training Program at Coolidge - State Only line items have been shifted to the State-Funded Long Term Care Services line item in FY 2012 and all years are displayed accordingly.

Employment and Rehabilitation Services

JOBS

The Baseline includes \$13,005,600 and 93 FTE Positions for JOBS in FY 2012. These amounts consist of:

Federal TANF Block Grant	9,894,700
Workforce Investment Act Grant	2,000,000
Special Administration Fund	1,110,900

These amounts are unchanged from FY 2011.

This line item provides job training and job search services to clients currently receiving TANF Cash Benefits, as well to former TANF recipients. These services are contracted out to third-party vendors. *Table 7* highlights total estimated expenditures for the JOBS line item.

<u>Expenditures</u>	<u>Amount</u>
Case Management	\$9,896,600
Job Training	2,516,800
FLSA Supplement	340,100
Work-Related Transportation	207,100
Job Search Stipends	45,000
Total	\$13,005,600

Day Care Subsidy

The Baseline includes \$145,167,900 for Day Care Subsidy in FY 2012. This amount consists of:

General Fund	23,771,300
Federal CCDF Block Grant	118,678,800
Federal TANF Block Grant	2,717,800

These amounts are unchanged from FY 2011.

This line item funds child care subsidies to TANF clients engaged in job activities, low-income working individuals under 165% of the Federal Poverty Level (FPL), and children in the Child Protective Services (CPS) program.

This line item now includes the Transitional Child Care program in which child care subsidies are provided to clients who no longer receive TANF Cash Benefits due to finding employment.

The Baseline also includes \$15,200,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$23,771,300 would consist of \$15,200,000 from Chapter 1 and \$8,571,300 from the General Appropriation Act.

Depending on the population group to which they belong, the length of time for which families are eligible to receive child care subsidies is restricted by statute. For the low-income working population, there is a 60-month cumulative time limit per child. The Transitional Child Care benefit is available for 24 months, and eligible families receiving TANF Cash Benefits are eligible as long as they are receiving TANF Cash Benefits, which has a 36-month cumulative lifetime time limit. The only population for which there is no specified time limit is families referred by CPS and children in Foster Care.

Subsidy Rates - The average subsidy paid to providers per child is projected to be approximately \$337 per month in FY 2012. The maximum reimbursement rate paid by the state for a 2-year-old child in Maricopa County is \$27.93 per day.

Families in non-mandatory categories are required to make co-payments to defray the state’s share of the cost of care. For families with an income level at or below 100% of the Federal Poverty Level (FPL), the required daily co-payment for their first child in care is \$2.00. Using the \$27.93 Maricopa rate, this \$2.00 co-payment would account for 7.2% of the total cost of care (with the state paying the other 92.8%). By comparison, a family at 165% FPL is required to make a co-payment of \$10.00 per child. Using the same scenario as above, a family at 165% FPL would contribute 35.8% of the child’s day care costs.

Caseloads – The estimated average number of children receiving child care services in FY 2012 is projected to be 29,600 (see Table 8). DES initiated a waiting list for the Low-Income Working category of child care services on February 18, 2009. According to DES, as of November 2010, approximately 7,916 children had been found eligible for child care services and placed on the waiting list. As of December, 707 children who were previously on the waiting list are receiving services.

Children Served	
Category	Estimated FY 2012 ^{1/}
TANF	4,600
CPS	6,400
Low-Income Working	12,900
Transitional Child Care SLI	<u>5,700</u>
Total Served	29,600

^{1/} Represents projected average caseload.

Rehabilitation Services

The Baseline includes \$5,088,500 for Rehabilitation Services in FY 2012. This amount consists of:

General Fund	3,760,400
Spinal and Head Injuries Trust Fund	1,328,100

These amounts are unchanged from FY 2011.

The program is expected to serve up to 2,392 clients at an average annual Total Funds cost of \$6,074 per client.

In addition to these clients, the division is also expected to serve 200 clients at an average annual cost of \$3,622 per client, using federal Social Services Block Grant and Arizona Industries for the Blind monies.

Background - This line item funds services for the physically disabled to return them to the workforce. The federal government provides 78.7% of funding for every 21.3% of state match. This line item also assists severely disabled individuals in living more independently. Funds are used to purchase technology assistance, adaptive aids and devices, home modifications, and independent living skills training.

The Assistive Technology and Independent Living Rehabilitation line items have been shifted to the Rehabilitation Services line item in FY 2012 and all years are displayed accordingly.

Workforce Investment Act Services

The Baseline includes \$51,654,600 from the Workforce Investment Act (WIA) Grant for the Workforce Investment Act - Services line item in FY 2012. This amount is unchanged from FY 2011.

Background – These monies are the state’s allotment of the federal WIA Grant for job training activities of dislocated workers and disadvantaged adults and youth. Of the total grant received by the state, 85% is allocated to local governments and 15% is retained at the state level. This line item consolidates the previously separated WIA - Discretionary and WIA - Local Government line items.

The allocation of the WIA Grant for workforce related programs in FY 2012 is shown in Table 9.

FY 2012 WIA Grant Allocations	
Category	Amount
Local Governments	\$48,040,600
Discretionary	3,614,000
Administration	2,283,700 ^{1/}
JOBS	<u>2,000,000 ^{2/}</u>
Total	\$55,938,300

^{1/} This funding is included in the operating budget.
^{2/} This funding is included in the JOBS line item.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

General

The above appropriations are in addition to funds granted to the state by the federal government for the same purposes but shall be deemed to include the sums deposited in the State Treasury to the credit of the Department of Economic Security, pursuant to A.R.S. § 42-5029

A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee by the 30th of the following month. The report shall include an estimate of (1) potential shortfalls in entitlement programs, and (2) potential federal and other funds, such as the statewide assessment for indirect costs, and any projected surplus in state supported programs that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

In accordance with A.R.S. § 35-142.01, the Department of Economic Security shall remit to the Department of Administration any monies received as reimbursement from the federal government or any other source for the operation of the Department of Economic Security West Building and any other building lease-purchased by the

State of Arizona in which the Department of Economic Security occupies space. The Department of Administration shall deposit these monies in the state General Fund.

In accordance with A.R.S. § 38-654, the Department of Economic Security shall transfer to the Department of Administration for deposit in the Special Employee Health Insurance Trust Fund any unexpended state General Fund monies at the end of each fiscal year appropriated for employer health insurance contributions.

Aging and Community Services

All Domestic Violence Shelter Fund monies above \$2,220,000 received by the Department of Economic Security are appropriated for the Domestic Violence Prevention Line Item. Before the expenditure of these increased monies, the Department of Economic Security shall report the intended use of monies above \$2,220,000 to the Joint Legislative Budget Committee.

The Department of Economic Security shall report to the Joint Legislative Budget Committee on the amount of state and federal monies available statewide for domestic violence funding by December 15, 2011. The report shall include, at a minimum, the amount of monies available and the state fiscal agent receiving those monies.

Benefits and Medical Eligibility

The Operating Lump Sum Appropriation may be expended on Arizona Health Care Cost Containment System eligibility determinations based on the results of the Arizona random moment sampling survey.

Of the amount appropriated for Temporary Assistance for Needy Families Cash Benefits, \$500,000 reflects appropriation authority only to ensure sufficient cash flow to administer cash benefits for tribes operating their own welfare programs. The department shall notify the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting Staff before the use of any of the \$500,000 appropriation authority.

Child Support Enforcement

All state share of retained earnings, fees and federal incentives above \$16,785,200 received by the Division of Child Support Enforcement are appropriated for operating expenditures. New full-time equivalent positions may be authorized with the increased funding. Before the expenditure of these increased monies, the Division of Child Support Enforcement shall report the intended use of the monies to the Joint Legislative Budget Committee.

Children, Youth, and Families

The Department of Economic Security shall provide training to any new Child Protective Services FTE Positions before assigning to any of these employees any client caseload duties.

It is the intent of the Legislature that the Department of Economic Security use the funding in the Division of Children, Youth and Families to achieve a 100% investigation rate.

Of the amounts appropriated for Children Support Services, CPS Emergency and Residential Placement and Foster Care Placement, \$22,613,100 is appropriated from the Federal Temporary Assistance for Needy Families Block Grant to the Social Services Block Grant for deposit in the following line items in the following amounts: Children Support Services \$5,371,700, CPS Emergency and Residential Placement \$12,167,000, Foster Care Placement \$5,074,400.

Developmental Disabilities

For FY 2012, the Department of Economic Security shall not increase reimbursement rates for community service providers and independent service agreement providers contracting with the Division of Developmental Disabilities.

The Department of Economic Security shall report all new placements into a state-owned ICF-MR or the Arizona Training Program at Coolidge Campus in FY 2012 to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee and the reason why this placement, rather than a placement into a privately run facility for the developmentally disabled, was deemed as the most appropriate placement. The department shall also report if no new placements were made. This report shall be made available by July 15, 2012.

The department shall report to the Joint Legislative Budget Committee by March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum shall be not more than 2%. Before implementation of any changes in capitation rates for the Long-Term Care program, the Department of Economic Security shall report for review the expenditure plan to the Joint Legislative Budget Committee. Before the department implements any changes in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal analysis demonstrates that these changes will result in additional state costs of \$500,000 or greater for a given fiscal year, the department shall submit the policy changes for review by the Joint Legislative Budget Committee.

Prior to the implementation of any developmentally disabled or long-term care statewide provider rate adjustments not already specifically authorized by the

Legislature, court mandates or changes to federal law, the department shall submit a report for review by the Joint Legislative Budget Committee. The report shall include, at a minimum, the estimated cost of the provider rate adjustment and the ongoing source of funding for the adjustment, if applicable.

All monies in the Long-Term Care System Fund unexpended and unencumbered at the end of FY 2012 revert to the state General Fund, subject to approval by the Arizona Health Care Cost Containment System administration.

Employment and Rehabilitation Services

Of the \$145,167,900 appropriated for Day Care Subsidy, \$115,199,900 is for a program in which the upper income limit is no more than 165% of the federal poverty level.

All Federal Workforce Investment Act discretionary monies that are received by this state in excess of \$51,654,600 are appropriated to the Workforce Investment Act-Services line item. Before the expenditure of these increased monies, the Department of Economic Security shall report the intended use of monies above \$51,654,600 to the Joint Legislative Budget Committee.

STATUTORY CHANGES

The Baseline would:

- As session law, continue a provision requiring recipients of TANF Cash Benefits to pass a drug test in order to be eligible for benefits if DES has reasonable cause to believe that the recipient uses illegal drugs.
- As session law, continue to permit DES to reduce income eligibility levels for all child-care programs if the program has insufficient resources. DES would be required to report to JLBC within 15 days of any such change in levels.
- As session law, in the General Appropriation Act, continue to defer \$42,000,000 in General Fund payments for FY 2012 until FY 2013. Appropriate \$42,000,000 in FY 2013 for these deferred payments.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline continues the \$42,000,000 payment deferral from FY 2012 to FY 2013. DES plans to defer a total of \$42,000,000 in payments from the Special Line Items specified below:

Children Support Services	6,200,000
Emergency and Residential Placement	1,800,000
Foster Care Placement	1,900,000
Home and Community Based Services – Title XIX	16,900,000
Child Care	15,200,000

The \$42,000,000 in FY 2012 to pay the amount deferred from FY 2011 to FY 2012 was appropriated in Laws 2010,

7th Special Session, Chapter 1, so this adjustment does not appear in the General Appropriation Act; however, the amount is included in the General Fund amount for DES in this section.

The Baseline reflects a full 12 months of payments in FY 2012, which consists of \$42,000,000 deferred from FY 2011 and \$42,000,000 deferred to FY 2013. The FY 2011 General Appropriation Act appropriates \$42,000,000 in FY 2012 for the deferral of these payments. As a result, the FY 2012 General Fund amount of \$672,885,600 would consist of \$42,000,000 from Chapter 1 and \$630,885,600 from the General Appropriation Act.

FY 2011 Adjustments

While the LTC program is estimated to have a shortfall of \$12,486,900 in FY 2011, this will be offset by TANF Cash Benefit savings of \$(24,969,200), for net savings of \$(12,482,300). The Baseline would ex-appropriate this amount from the DES budget in FY 2011. These 2 items are discussed in more detail below.

LTC Formula Growth

The FY 2011 budget forecasted June caseloads of 24,893. Revised forecasts now estimate caseloads of 24,042, for General Fund savings of \$4,825,100. The enhanced FMAP extension was \$(17,312,000) lower than projected. As a result, the net shortfall in LTC is \$12,486,900.

TANF Cash Benefits Caseload Adjustment

The Baseline includes a decrease of \$(24,969,200) from the General Fund to align funding with actual caseloads in FY 2011. In June FY 2011 there is estimated to be 42,840 TANF Cash Benefit recipients, (27,160) below originally budgeted FY 2011 caseloads.

TANF Block Grant

The Baseline includes \$225,060,600 of the state’s federal TANF Block Grant allocation.

The agency has the option to roll forward 10% of the total TANF Block Grant from FY 2011 into FY 2012. Contingency Fund and Emergency Contingency Fund revenues are not included in the permanent revenue calculation.

Table 10 provides detailed information on TANF expenditures and appropriations.

Table 10

TANF Block Grant Spending

	<u>Actual FY 2010</u>	<u>Approved FY 2011</u>	<u>Baseline FY 2012</u>
<u>Special Line Item</u>			
Operating	\$56,787,300	\$75,936,200	\$75,936,200
Administration			
Attorney General Legal Services	\$175,100	\$222,700	\$222,700
Benefits and Medical Eligibility			
TANF Cash Benefits	\$88,377,300	\$53,599,400	\$53,599,400
Aging and Community Services			
Community and Emergency Services	\$3,763,400	\$3,724,000	\$3,724,000
Coordinated Hunger Program	396,700	500,000	500,000
Coordinated Homeless Programs	1,649,500	1,649,500	1,649,500
Domestic Violence Prevention	6,197,300	6,620,700	6,620,700
Total – Aging and Community Services	\$12,006,900	\$12,494,200	\$12,494,200
Children, Youth and Families			
Adoption Services	\$16,618,500	\$19,802,400	\$19,802,400
Adoption - Family Preservation Projects	227,700	0	0
Children Support Services	6,034,200	25,254,100	25,254,100
CPS Emergency and Residential Placement	13,404,000	16,423,000	16,423,000
Foster Care Placement	6,061,600	6,973,100	6,973,100
Permanent Guardianship Subsidy	1,307,300	1,743,000	1,743,000
Total – Children, Youth and Families	\$43,653,300	\$70,195,600	\$70,195,600
Employment and Rehabilitation Services			
JOBS	\$8,921,700	\$9,894,700	\$9,894,700
Day Care Subsidy	2,508,000	2,717,800	2,717,800
Total – Employment and Rehabilitation Services	\$11,429,700	\$12,612,500	\$12,612,500
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$212,429,600	\$225,060,600	\$225,060,600
Beginning Balance	\$ 50,300	\$ 5,823,200	\$ 13,653,100
Administrative Adjustments	(18,071,100)	0	0
Non-Lapsing Authority from Prior Years	0	(2,300,000)	0
TANF Base Revenues	236,273,600	223,965,100	223,965,100
TANF Stimulus Revenues	<u>0</u>	<u>11,225,400</u>	<u>0</u>
Total TANF Available	218,252,800	238,713,700	237,618,200
Ending Balance	\$5,823,200	\$13,653,100	\$ 12,557,600
Permanent Revenues vs Expenditures^{1/}	23,844,000	(1,095,500)	(1,095,500)

^{1/} Difference between Base Revenues and Total Expenditures. Contingency Fund Revenues are not included in Permanent Revenues.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Capital Investment Fund (DEA2093/A.R.S. § 4-116)		Non-Appropriated
Source of Revenue: Receipts received from club license and application fees by organizations selling spirituous liquor as defined in A.R.S. § 4-101.		
Purpose of Fund: To be used by the Department of Mental Retardation (now DES, pursuant to A.R.S. § 36-551) for buildings, equipment, and other capital investments.		
Funds Expended	0	149,800
Year-End Fund Balance	189,700	94,900
Child Abuse Prevention Fund (DEA2162/A.R.S. § 8-550.01)		Appropriated
Source of Revenue: A portion of monies (1.93%) from statutory filing and copy fees collected by the Superior Court and all funds received through check-off contributions on the Arizona tax form. Monies also may come from a surcharge on certified copies of death certificates when revenues from the surcharge exceed \$100,000 for the year.		
Purpose of Fund: To provide financial assistance to community treatment programs, benefiting abused children and their parents or guardians. An amount of not more than 5% may be expended for administrative expenses related to the fund.		
Funds Expended	0	1,459,800
Year-End Fund Balance*	1,731,100	(36,400)
Child Passenger Restraint Fund (DEA2192/A.R.S. § 28-907)		Non-Appropriated
Source of Revenue: Fines or penalties from parents, guardians, or legal custodians who fail to sufficiently restrain in motor vehicles children under the age of 4 or weighing less than 40 pounds.		
Purpose of Fund: To purchase child passenger restraint systems and provide them to hospitals for loan to indigent persons. Monies in the fund shall not exceed \$20,000. All monies collected over \$20,000 shall be deposited in the Arizona Highway User Revenue Fund.		
Funds Expended	155,900	155,900
Year-End Fund Balance	18,300	18,100
Child Protective Services Expedited Substance Abuse Treatment Fund (DEA2421/A.R.S. § 8-812)		Non-Appropriated
Source of Revenue: An annual appropriation from the state General Fund.		
Purpose of Fund: To provide expedited drug treatment to guardians and parents when a dependency case plan calls for treatment. Expenditures from this fund are not displayed to avoid double counting General Fund monies.		
Funds Expended	0	0
Year-End Fund Balance	471,500	0
Child Support Enforcement Administration Fund (DEA2091/A.R.S. § 46-406)		Partially-Appropriated
Source of Revenue: State Share of Retained Earnings from child support collections, federal incentives, and fees.		
Purpose of Fund: To fund the statewide Child Support Enforcement program.		
Appropriated Funds Expended	11,935,900	16,785,200
Expenditure Authority Funds Expended	39,604,800	44,720,200
Year-End Fund Balance	2,992,600	430,100
Children and Family Services Training Program Fund (DEA2173/A.R.S. § 8-503.01)		Appropriated
Source of Revenue: A portion of monies collected from fees charged for copies of Child Protective Services (CPS) files and assessments against legally responsible parties for the support of a child in the state's custody. The fund receives 90% of the revenues collected. The remaining 10% of revenues are credited to the General Fund.		
Purpose of Fund: To administer training for child protective service workers and employees in related programs. The monies cannot be used to pay salaries or expenses of the training staff. Up to 10% of the monies may be used to enhance the collection of monies owed to the agency. Any monies collected from fees for copies of CPS files may be used only for reimbursing the department for its cost.		
Funds Expended	106,300	207,100
Year-End Fund Balance*	91,600	(20,000)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Client Trust Fund (DEA3152/A.R.S. § 41-1954)		Non-Appropriated
Source of Revenue: Monies collected from Social Security, Veterans' Administration benefits, and other benefits payable to a child in the care, custody, or control of DES.		
Purpose of Fund: To defray the costs of care and services expended for the benefit, welfare, and best interest of the child.		
Funds Expended	1,104,000	1,705,000
Year-End Fund Balance	1,825,100	1,820,100
Community-Based Marriage and Communication Skills Program Fund (DEA2434/A.R.S. § 41-203)		Non-Appropriated
Source of Revenue: Legislative appropriations from the General Fund.		
Purpose of Fund: To distribute to community-based organizations whose plans for marriage and communication skills programs are recommended by the Marriage and Parenting Skills Commission. An amount of not more than 5% can be used for administrative costs. Expenditures from this fund are not displayed to avoid double counting of appropriated monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Developmentally Disabled Client Investment Fund (DEA3146/A.R.S. § 41-1954)		Non-Appropriated
Source of Revenue: Consists of client monies, such as Social Security, earnings, etc.		
Purpose of Fund: If consumers need assistance in handling their funds and no other person is available, the division is appointed to be the representative payee and is authorized to administer the personal funds of these consumers.		
Funds Expended	19,500	0
Year-End Fund Balance	0	0
Developmentally Disabled Client Services Trust Fund (DEA2019/A.R.S. § 36-572)		Non-Appropriated
Source of Revenue: Proceeds from the sale or lease of the real property and buildings used by the department for the Arizona Training Program at Phoenix (ATP-P) and the interest earned in those funds.		
Purpose of Fund: To enhance services presently available to the developmentally disabled and to extend services to developmentally disabled persons not presently served.		
Funds Expended	61,000	109,300
Year-End Fund Balance	196,600	97,300
Domestic Violence Shelter Fund (DEA2160/A.R.S. § 36-3002)		Appropriated
Source of Revenue: A portion of monies (8.87%) from statutory filing and copy fees collected by the Superior Court. Monies also come from voluntary contributions using tax returns or federal grants, private grants, or other private gifts or contributions.		
Purpose of Fund: To fund grants to qualified shelters for victims of domestic violence.		
Funds Expended	2,219,800	2,220,000
Year-End Fund Balance	391,400	831,400
Donations Fund (DEA3145/A.R.S. § 36-571, 41-1954)		Non-Appropriated
Source of Revenue: Grants, gifts, or bequests.		
Purpose of Fund: To be disbursed for the purpose of and in conformity with the terms of the grant, gift, or bequest. Monies received for developmental disabilities purposes are maintained in a separate account.		
Funds Expended	3,700	3,300
Year-End Fund Balance	367,900	436,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal CCDF Block Grant (DEA2008/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To be used for developing child care programs and policies that promote parental choice; providing consumer education to help parents make informed choices on child care; providing child care to welfare recipient parents; and implementing health, safety, licensing, and registration standards under state law for child care. Up to 5% of the aggregate amount of funds expended can be used for administrative costs. At least 4% of funds must be used for consumer education and activities for improving the quality and availability of child care. No monies can be used for purchasing land or building facilities to provide child care. In FY 2010, expenditures include \$18,200,000 in additional CCDF funding authorized by the American Recovery and Reinvestment Act of 2009.		
Funds Expended	106,211,100	130,688,200
Year-End Fund Balance	15,164,400	0
Federal Grants (DEA2000/A.R.S. § 41-101.01)		Non-Appropriated
Source of Revenue: Federal grants, excluding Temporary Assistance for Needy Families, Child Care and Development Fund, and Workforce Investment Act Block Grants. In FY 2009 and FY 2010, also may include fiscal stabilization funds authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the availability of the federal monies. Some major expenditure items include Food Stamp administration and the Social Services Block Grant.		
Funds Expended	1,836,054,100	1,494,507,300
Year-End Fund Balance*	47,541,300	(1,585,200)
Federal TANF Block Grant (DEA2007/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of 2-parent families.		
Funds Expended	212,429,600	225,060,600
Year-End Fund Balance	5,823,200	13,653,100
Arizona Industries for the Blind Fund (DEA4003/A.R.S. § 41-1975)		Non-Appropriated
Source of Revenue: Proceeds from sales of products of Arizona Industries for the Blind, as well as interest earned on the fund balance.		
Purpose of Fund: To provide funds for the wages and salaries of production workers, inspectors, and other employees necessary for the operation of the training centers, workshops, or home industries; supplies, equipment or other incidental costs.		
Funds Expended	21,561,000	22,123,700
Year-End Fund Balance*	45,500	(204,900)
Arizona Job Training Fund (DEA1237/A.R.S. § 41-1544)		Non-Appropriated
Source of Revenue: Legislative appropriations, gifts, grants, interest earned on investments and, primarily, proceeds from a 0.1% employers' wage tax.		
Purpose of Fund: To provide training and retraining for specific employment opportunities with new and expanding businesses or businesses undergoing economic conversion. Most of the fund is administered by the Department of Commerce. Laws 2003, Chapter 263 expanded the use of the fund to permit legislative appropriation of fund monies to DES' JOBS program to provide job training for welfare clients. While the DES portion of the fund is appropriated, the Commerce funding is non-appropriated. Starting in FY 2006 no monies are appropriated to DES from this fund.		
Funds Expended	1,433,200	1,525,500
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Joint Substance Abuse Treatment Fund (DEA2429/A.R.S. § 8-881)		Non-Appropriated
Source of Revenue: Legislative appropriations from the General Fund and the Federal Temporary Assistance to Needy Families Block Grant.		
Purpose of Fund: To be jointly administered by DES and the Department of Health Services for services to families and Federal Temporary Assistance for Needy Families recipients involved with Child Protective Services and whose substance abuse is a significant barrier to maintaining, preserving, or reunifying the family. An amount of not more than 5% can be used for program development costs. Up to 10% can be used for evaluating community programs delivering the services. Expenditures from this fund are not displayed to avoid double counting appropriated monies.		
Funds Expended	29,700	0
Year-End Fund Balance	269,200	0
Long Term Care System Fund (Federal Match) (DEA2225/A.R.S. § 36-2953)		Non-Appropriated
Source of Revenue: Federal Title XIX monies.		
Purpose of Fund: To fund administrative and program costs associated with the Long Term Care system.		
Funds Expended	599,338,500	695,497,600
Year-End Fund Balance	0	0
Long Term Care System Fund (Non-Federal Matched) (DEA2224/A.R.S. § 36-2953)		Appropriated
Source of Revenue: Client revenue for room and board, third-party recovery, interest, and miscellaneous federal monies.		
Purpose of Fund: To fund administrative and program costs associated with the Long Term Care system. These monies are used to offset costs of services provided to Long Term Care clients which are not reimbursed by the federal government, such as room and board.		
Funds Expended	19,707,800	30,520,500
Year-End Fund Balance	2,851,500	29,200,000
Mesa Land Fund (DEA3151/Laws 1976, Chapter 140)		Non-Appropriated
Source of Revenue: Proceeds from the sale of donated land located in Mesa. Interest proceeds are transferred to the appropriated Long Term Care System Fund.		
Purpose of Fund: To be used for the establishment and operation of community-based, state-operated, residential group homes and/or habilitation and training facilities. The funds may not be used for the Arizona Training Centers in Coolidge.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Neighbors Helping Neighbors Fund (DEA2348/A.R.S. § 46-741)		Non-Appropriated
Source of Revenue: Includes contributions from income tax refunds and other donations and interest earnings.		
Purpose of Fund: To provide assistance in paying utility bills, conserving energy and weatherization to eligible individuals. Fund monies are available to designated community action or other agencies currently providing energy assistance services to eligible individuals. An amount of not more than 2% of the fund monies may be used by DES, and an amount of not more than 8% of the fund monies may be used by the designated agencies for administrative costs.		
Funds Expended	71,800	87,300
Year-End Fund Balance	122,300	90,000
Public Assistance Collections Fund (DEA2217/A.R.S. § 46-295)		Appropriated
Source of Revenue: A portion of monies collected in recovery payments from ineligible or overpaid public assistance recipients and reimbursements received from persons legally responsible for support of public assistance recipients. The fund receives 25% of the monies collected. The remaining 75% of revenues are credited to the General Fund.		
Purpose of Fund: To improve public assistance collection activities.		
Funds Expended	251,500	431,700
Year-End Fund Balance*	26,200	(147,700)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Reed Act Grant (DEA9501/A.R.S. § 23-701)		Partially-Appropriated
Source of Revenue: Administrative unemployment security insurance monies redistributed back to the states by the federal Department of Labor.		
Purpose of Fund: To enhance states' employment security programs by providing one-time monies for equipment and short-term operating expenditures to improve customer service delivery for Arizona's unemployment insurance program.		
Appropriated Funds Expended	3,524,200	3,561,000
Non-Appropriated Funds Expended	133,835,500	0
Year-End Fund Balance*	0	(3,561,000)
Risk Management Fund (DEA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: Charges assessed on agencies insured under the state's risk management system, as well as all monies recovered by the state pursuant to litigation and other means. Funds are used to pay for damages relating to liability, property, and workers' compensation losses.		
Purpose of Fund: To contract for and implement a disaster recovery plan for DES, in partnership with the Department of Administration and the Department of Public Safety.		
Funds Expended	0	0
Year-End Fund Balance	315,600	315,600
Special Administration Fund (DEA2066/A.R.S. § 23-705)		Appropriated
Source of Revenue: Monies are from interest charges and employers' penalty fees assessed on late unemployment payments.		
Purpose of Fund: To defray administration costs found not to have been properly and validly chargeable against Federal grants or other funds.		
Funds Expended	24,400	1,135,300
Year-End Fund Balance	704,300	187,600
Special Olympics Tax Refund Fund (DEA3207/A.R.S. § 41-173)		Non-Appropriated
Source of Revenue: Includes contributions from income tax refunds and other donations and interest earnings.		
Purpose of Fund: To contract with a nonprofit entity for delivery of those services essential to the Arizona Special Olympics' programs and to cover the Department of Revenue's costs for administering the refund check off.		
Funds Expended	108,400	133,500
Year-End Fund Balance	43,500	22,000
Spinal and Head Injuries Trust Fund (DEA2335/A.R.S. § 41-3203)		Appropriated
Source of Revenue: The fund receives 22% of monies deposited in the Medical Services Enhancement Fund (MSEF). MSEF revenues consist of a 13% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses, civil motor statute violations, and game and fish violations.		
Purpose of Fund: For 1) prevention and education of spinal and head injuries; 2) rehabilitation, transitional living and equipment necessary for daily living activities; 3) a portion of the cost of the disease surveillance system and statewide referral services for those with head injuries and spinal cord injuries; 4) costs incurred by the Advisory Council on Spinal and Head Injuries; and 5) DES' costs for administering the provisions.		
Funds Expended	699,700	1,874,500
Year-End Fund Balance	680,100	28,200
Statewide Cost Allocation Plan Fund (DEA9538/A.R.S. § 41-1954)		Appropriated
Source of Revenue: Federal reimbursement.		
Purpose of Fund: General operations.		
Funds Expended	1,000,000	1,000,000
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Unemployment Insurance Benefits Fund (TRA9005/A.R.S. § 23-701)		Non-Appropriated
Source of Revenue: Employer contributions and interest earnings. The monies are maintained and tracked in 2 separate accounts: one by the U.S. Treasury and one by the state, which is used for clearing and paying benefits. The majority of the funds available are in the U.S. Treasury account. DES, as federally required, deposits all employer contributions, other than those retained for immediate benefit payments, in the U.S. Treasury, which tracks each state's account separately.		
Purpose of Fund: To retain and invest formula-determined employer unemployment contributions to be used for payment of future unemployment benefits and refunds pursuant to § 903 of the federal Social Security Act. This fund provides regular unemployment benefits up to 26 weeks. Benefits extended beyond that time are federally funded and included in the Federal Grants fund.		
Funds Expended	829,401,400	583,090,500
Year-End Fund Balance*	(7,509,500)	(224,200,000)
Workforce Investment Act Grant (DEA2001/U.S. P.L. 105-220)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs.		
Funds Expended	59,898,800	56,052,100
Year-End Fund Balance	25,163,600	14,746,400

*As reported by the agency. Actual ending balance will not be negative.

Department of Education

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	237.9	192.5	192.5
Personal Services	4,859,300	4,924,800	4,924,800
Employee Related Expenditures	2,132,200	2,066,000	2,066,000
Professional and Outside Services	289,900	326,400	326,400
Travel - In State	12,600	16,100	16,100
Travel - Out of State	1,100	0	0
Other Operating Expenditures	2,528,300	1,079,900	1,079,900
Equipment	46,800	0	0
OPERATING SUBTOTAL	9,870,200	8,413,200	8,413,200
SPECIAL LINE ITEMS			
Formula Programs			
Basic State Aid	2,853,052,800	3,045,375,700	3,259,391,900
Additional State Aid	231,187,600	419,264,000	355,422,500
Special Education Fund	35,242,100	35,242,100	33,242,100
Other State Aid to Districts	734,400	983,900	983,900
School Accountability and Improvement			
Achievement Testing	7,238,200	10,230,700	10,230,700
AIMS Intervention; Dropout Prevention	2,035,900	0	0
School Accountability	3,160,200	0	0
Education Services			
Adult Education and GED	1,698,700	0	0
Chemical Abuse	244,000	0	0
English Learner Administration	3,551,300	4,069,700	4,069,700
Compensatory Instruction Fund Deposit	3,973,600	0	0
Arizona Structured English Immersion Fund	8,791,400	8,791,400	8,791,400
Family Literacy	360,200	0	0
Gifted Support	726,800	0	0
School Safety Program	4,028,000	0	0
State Block Grant - Early Childhood Education	6,515,600	0	0
State Block Grant - Vocational Education	11,503,800	11,492,700	11,492,700
Vocational Education Extended Year	238,500	0	0
Teacher Certification	1,797,000	2,227,800	1,798,100
State Board of Education			
State Board of Education	893,200	908,400	908,400
AGENCY TOTAL	3,186,843,500	3,546,999,600	3,694,744,600
FUND SOURCES			
General Fund	3,162,536,900	3,491,223,400	3,638,968,400
<u>Other Appropriated Funds</u>			
Permanent State School Fund	16,269,400	46,475,500	46,475,500
Proposition 301 Fund	6,077,500	7,000,000	7,000,000
Teacher Certification Fund	1,959,700	2,300,700	2,300,700
SUBTOTAL - Other Appropriated Funds	24,306,600	55,776,200	55,776,200
SUBTOTAL - Appropriated Funds	3,186,843,500	3,546,999,600	3,694,744,600
Other Non-Appropriated Funds	438,683,100	437,215,100	437,215,100
Federal Funds	1,660,239,400	1,307,503,900	987,897,800
TOTAL - ALL SOURCES	5,285,766,000	5,291,718,600	5,119,857,500

AGENCY DESCRIPTION — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2012 it is anticipated that the department will oversee 238 school districts, accommodation districts and Joint Technological Education Districts and approximately 400 charter schools in their provision of public education from preschool through grade 12.

Operating Budget

The Baseline includes \$8,413,200 and 97 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$8,279,300
Teacher Certification Fund	133,900

These amounts are unchanged from FY 2011.

Formula Programs

Basic State Aid

The Baseline includes \$3,259,391,900 for Basic State Aid in FY 2012. This amount consists of:

General Fund	3,212,916,400
Permanent State School Fund	46,475,500

The \$3,259,391,900 total does not include \$86,280,500 in “additional school day” funding from Proposition 301 that will be allocated through Basic State Aid in FY 2012 because those monies are non-appropriated (see Table 1). It also excludes local property tax monies that will help fund K-12 formula costs for FY 2012, as they also are non-appropriated.

The \$3,259,391,900 appropriated total includes a net General Fund increase of \$200,177,200 and no change from the Permanent State School Fund for FY 2012. FY 2012 adjustments would be as follows:

Base Adjustment - ARRA GF 92,800,000

The Baseline includes an increase of \$92,800,000 from the General Fund in FY 2012 in order to restore a one-time funding reduction authorized for FY 2011 by Laws 2010, 7th Special Session, Chapter 1. Chapter 1 reduced General Fund funding for Basic State Aid by \$(92,800,000) on a one-time basis in FY 2011 due to the availability of State Fiscal Stabilization Fund (SFSF) monies from the American Recovery and Reinvestment Act of 2009 (ARRA).

Base Adjustment - ADM GF 50,000,000

The Baseline includes an increase of \$50,000,000 from the General Fund in FY 2012 in order to adjust the program’s base budget for prior year shortfalls that occurred due to higher than budgeted Average Daily Membership (ADM) growth and other technical factors.

Table 1

FY 2012 Basic State Aid Formula Summary

General Fund	
FY 2011 Appropriation	\$2,998,900,200
Base Adjustment – ARRA ^{1/}	92,800,000
Base Adjustment – Enrollment Growth & Misc ^{2/}	50,000,000
Enrollment Growth @ 1.9%	109,777,800
Net Assessed Value Decline @ (12.0)%	(42,397,000)
0.9% Inflation	<u>3,835,400</u>
FY 2012 Baseline	3,212,916,400
Permanent State School Fund (no change)	46,475,500
Prop 301 Sales Tax (no change) ^{3/}	86,280,500
Local Property Taxes ^{3/}	
FY 2011 Base	2,300,163,200
Net Assessed Value Decline @ (12.0)%	<u>42,397,000</u>
FY 2012 estimated ^{4/}	2,342,560,200
ARRA ^{1/ 3/}	<u>(92,800,000)</u>
Grand Total (all sources) ^{5/}	\$5,595,432,600

- ^{1/} To offset loss of one-time monies from the American Recovery and Reinvestment Act (ARRA)
- ^{2/} For prior year shortfall due to higher than budgeted enrollment growth and other technical factors.
- ^{3/} Not appropriated, so excluded from Baseline totals.
- ^{4/} An estimated \$355 million of this total will be funded by the state through the Homeowner’s Rebate.
- ^{5/} Statutory formula cost would be approximately \$175 million higher, as the Baseline continues a \$(165) million suspension of Soft Capital funding and \$(10) million reduction in charter school funding from FY 2011.

Enrollment Growth GF 109,777,800

The Baseline includes an increase of \$109,777,800 from the General Fund for enrollment growth in FY 2012. This assumes that total K-12 formula costs will increase by approximately 1.9% in FY 2012 due to 1.4% ADM growth for K-12 students as a whole (see Table 2) and 4.1% ADM growth for students in special education (see Table 3). Both types of growth affect formula costs, as special education students receive “add on” funding in addition to the formula monies that they receive for being part of the overall K-12 student population.

Table 2

K-12 ADM (unweighted)

	<u>Districts</u>	<u>Charters</u>	<u>Total</u>	<u>Change</u>	<u>% Change</u>
2008	951,117	93,668	1,044,785	20,384	2.0%
2009	944,337	99,018	1,043,355	(1,430)	(0.1)%
2010 est	939,664	108,665	1,048,329	4,974	0.5%
2011 est	937,114	120,962	1,058,076	9,747	0.9%
2012 est	942,011	130,955	1,072,966	14,890	1.4%

	<u>Districts</u>	<u>Charters</u>	<u>Total</u>	<u>Change</u>	<u>%</u>
2008	14,402	498	14,900	948	6.8%
2009	15,298	588	15,886	986	6.6%
2010 est	15,498	714	16,212	326	2.0%
2011 est	16,040	837	16,877	665	4.1%
2012 est	16,602	967	17,569	692	4.1%

Net Assessed Value Growth GF (42,397,000)

The Baseline includes a decrease of \$(42,397,000) from the General Fund due to a projected 2.3% increase in statewide Net Assessed Value (NAV) from new construction in FY 2012. This will increase local property tax revenues from the K-12 “Qualifying Tax Rate” (QTR) and State Equalization Tax Rate (SETR) by an estimated \$42,397,000 in FY 2012. It also will decrease state costs by \$(42,397,000), since QTR and SETR revenues offset state formula costs on a dollar for dollar basis.

Statewide NAV for property already on the tax rolls (“existing property”), however, is expected to decrease by (14.3)% in FY 2012, resulting in a net (12.0)% NAV decline for new construction and existing property combined for FY 2012. The projected (14.3)% NAV decline for existing property would not affect net QTR or SETR collections in FY 2012, however, because A.R.S. § 41-1276 (the “Truth in Taxation” or “TNT” law) requires the QTR and SETR to be adjusted each year in order to offset NAV changes for existing properties. As a result, the QTR would increase to \$3.45 (from \$2.96 currently) and the SETR would increase to \$0.42 (from \$0.36 currently) in FY 2012 under current projections in order to offset the estimated (14.3)% NAV decrease for existing property (see Table 4). NAV data that are needed in order to precisely compute the QTR and SETR rates under TNT for FY 2012, however, will not be available until mid-February 2012.

<u>Tax Rate</u>	<u>FY 2011</u>	<u>FY 2012</u>
Qualifying Tax Rate (QTR)		
• High School districts and elementary districts located within a high school district	\$1.4797	\$1.7268
• Unified districts and elementary districts not located within a high school district	\$2.9594	\$3.4536
• State Equalization Tax Rate (SETR)	\$0.3564	\$0.4159

0.9% Inflation Adjustment GF 3,835,400

The Baseline includes an increase of \$3,835,400 from the General Fund in FY 2012 for a 0.9% inflation increase in the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school “Additional Assistance” amounts prescribed in A.R.S. § 15-185B. It does not include a 0.9% increase in the “base level” prescribed in A.R.S. § 15-901B2, which remains in FY 2012 at the FY 2011 level of \$3,267.72. Funding a 0.9% increase in the base level would cost an additional \$39,895,400 for a total inflation adjustment of \$43,730,800.

A.R.S. § 901.01 (established by Proposition 301) requires the Legislature to increase the “base level or other components of the Revenue Control Limit” (RCL) by 2% or by the change in the GDP price deflator for the prior calendar year, whichever is less. The FY 2012 adjustment is estimated at 0.9%, since the calendar year 2010 GDP price deflator is currently projected to be 0.9%. A.R.S. § 15-901.01 prohibits the Legislature from setting a base level that is lower than the FY 2002 base level of \$2,687.32. Prior to FY 2011, the base level, transportation and charter additional assistance levels all were increased annually for inflation. In FY 2011, only the latter 2 items were increased for inflation, which resulted in a lawsuit that is currently in litigation.

Endowment Earnings GF 0 OF 0

The Baseline includes no change from the Permanent State School Fund for endowment earnings funding for Basic State Aid in FY 2012. This is due to no estimated change in \$25,787,500 of FY 2012 debt service costs for State School Trust Revenue Bonds and Qualified Zone Academy Bonds (QZABs) that were issued by the School Facilities Board (SFB) in prior years in order to fund deficiencies correction in public schools. This would leave the amount of land trust monies available to fund Basic State Aid in FY 2012 at \$46,475,500 (unchanged).

Endowment Earnings consist of interest on securities held in the Permanent State School Fund, receipts from leases of state lands and interest paid to the State Land Department by buyers of state trust land who purchase land on an installment basis. “Principal” on those purchases is not considered expendable and is instead deposited into the Permanent State School Fund for investment by the State Treasurer.

Rollover GF 0

The Baseline includes no change from the General Fund in FY 2012 for the K-12 rollover. This would continue to defer \$952,627,700 of current year (now FY 2012) state aid payments until the following fiscal year (now FY 2013) (see “Statutory Changes” section). As a result, the 12 monthly payments that school districts would receive in FY 2012 under the Baseline would again consist of 3 deferred payments from the prior year and 9 (rather than 12) payments from the current year. Laws 2010, 7th Special Session, Chapter 1 already advance appropriated \$952,627,700 from the General Fund in FY 2012 in order to fund the \$952,627,700 deferred obligation from FY 2011. Those monies therefore will not appear in the FY 2012 General Appropriation Act.

As a result of existing rollovers, the base budget for Basic State Aid going into FY 2012 will continued to include a total deferred obligation of \$952,627,700. That obligation will not be paid off until a 13th payment of \$272,627,700 (for the original FY 2008 rollover), 14th payment of \$330,000,000 (for the additional FY 2009 rollover) and 15th payment of \$350,000,000 (for the additional FY 2010

rollover) are provided in future years in addition to 12 “regular” payments made for the budget year.

Continuation of Prior Year Session Law

The FY 2012 Baseline would continue the following session law changes from FY 2011 (see “Statutory Changes” section for more information):

- Soft Capital – Continue a Soft Capital funding reduction of \$(165,120,700). This would leave school districts with an estimated \$48,038,000 in Soft Capital funding for FY 2012.
- Charter School Additional Assistance – Continue a charter school Additional Assistance funding reduction of \$(10,000,000).
- Other Adjustments – Continue FY 2011 statutory changes concerning Joint Technological Education Districts (JTEDs), Career Ladder, Early Graduation Scholarships and the Utility Cost formula, as described in the Statutory Changes section.

Additional State Aid

The Baseline includes \$355,422,500 from the General Fund for Additional State Aid (ASA) in FY 2012. FY 2012 adjustments would be as follows:

Net Assessed Value Growth GF 6,658,500

The Baseline includes an increase of \$6,658,500 from the General Fund in FY 2012 for changes in the Net Assessed Value (NAV) of taxable properties statewide for FY 2012. This assumes a (12.1)% NAV decline for Class III properties (owner occupied homes, both new and existing) and a 14.9% increase in the average QTR paid by homeowners.

Homeowner’s Rebate on QTR Only GF (70,500,000)

The Baseline includes a decrease of \$(70,500,000) from the General Fund for limiting the Homeowner’s Rebate to only the K-12 QTR starting in FY 2012. This change is required by Laws 2010, 7th Special Session, Chapter 8. Through FY 2011, school primary taxes for desegregation, the small school district budget exemption (A.R.S. § 15-949), the difference between a district’s Transportation Revenue Control Limit (TRCL) and its Transportation Support Level (TSL), and interest on registered warrants also are subsidized with Homeowner’s Rebate funding.

Background – Additional State Aid is authorized by A.R.S. § 15-972, which requires the state to pay 40% of each homeowner’s school district primary property taxes, up to a maximum of \$600 per parcel. The program also pays for any portion of a homeowner’s primary property taxes for all taxing jurisdictions combined (not just schools) that exceeds 1% of the full cash value of their home.

Special Education Fund

The Baseline includes \$33,242,100 and 1 FTE Position from the General Fund for the Special Education Fund Special Line Item in FY 2012. FY 2012 adjustments would be as follows:

Base Adjustment GF (2,000,000)

The Baseline includes a decrease of \$(2,000,000) from the General Fund as a base adjustment in order to eliminate surplus program funding in FY 2012. Program costs have decreased in recent years due to declines in special education voucher caseloads at the Arizona State School for the Deaf and the Blind (ASDB).

The Special Education Fund provides funding for special education costs of students from 1) Arizona State Schools for the Deaf and the Blind, 2) Arizona State Hospital (ASH), or 3) developmentally disabled programs operated by DES [A.R.S. § 15-1202]. It also funds costs of residential education for students who require a private residential special education placement, or who are placed in a residential education facility by a state placing agency.

Other State Aid to Districts

The Baseline includes \$983,900 from the General Fund for Other State Aid to Districts in FY 2012. This amount is unchanged from FY 2011.

This amount includes \$880,200 (unchanged) for Certificates of Educational Convenience pursuant to A.R.S. § 15-825 and \$103,700 (unchanged) for Assistance to School Districts for Children of State Employees (ASDCSE) pursuant to A.R.S. § 15-976.

School Accountability and Improvement

Achievement Testing

The Baseline includes \$10,230,700 and 3 FTE Positions for Achievement Testing in FY 2012. These amounts consist of:

General Fund	3,230,700
Proposition 301 Fund	7,000,000

These amounts are unchanged from FY 2011.

This Special Line Item funds costs of developing, administering and scoring achievement tests required by A.R.S. § 15-741. The Proposition 301 amount of \$7,000,000 for Achievement Testing is from the “up to \$7 million” allowable appropriation for School Accountability in A.R.S. § 42-5029(E7).

Table 5 shows current achievement testing costs by year under the current 5-year contract. The state typically funds

approximately 55% of annual testing costs and federal monies typically fund about 45% of those costs.

Fiscal Year	Contract Cost
FY 2010	\$11,833,200
FY 2011	13,487,600
FY 2012	15,001,000
FY 2013	13,652,300
FY 2014	<u>14,243,100</u>
Total	\$68,217,200

Education Services

English Learner Administration

The Baseline includes \$4,069,700 and 24.5 FTE Positions from the General Fund for English Learner Programs in FY 2012. These amounts are unchanged from FY 2011.

The program was originally authorized by Laws 2006, Chapter 4 in order to address the Flores v. State of Arizona litigation. The lawsuit was filed in federal court in 1992 by parents of children enrolled in the Nogales Unified School District. Litigation in the case has been ongoing. The timeline for final resolution in the case in district court is unknown at the time of this writing. (See the footnote section below and the FY 2011 Appropriations Report for more information.)

Arizona Structured English Immersion Fund

The Baseline includes \$8,791,400 from the General Fund for the Arizona Structured English Immersion Fund in FY 2012. This amount is unchanged from FY 2011.

The Arizona Structured English Immersion Fund was established by Laws 2006, Chapter 4 (A.R.S. § 15-756.04). Monies in the fund are distributed to school districts based on amounts that they request pursuant to A.R.S. § 15-756.04C.

State Block Grant for Vocational Education

The Baseline includes \$11,492,700 and 31 FTE Positions from the General Fund for the State Block Grant for Vocational Education in FY 2012. These amounts are unchanged from FY 2011.

The program provides block grants to school districts and charter schools that have Career and Technical Education (CTE) programs. CTE programs also currently receive approximately \$26,000,000 in federal funding annually pursuant to the Carl D. Perkins Vocational and Technical Education Act of 2006. Those monies are subject to a

federal “maintenance of effort” (MOE) provision that requires a state to continue to spend at least as much on CTE in a given fiscal year as it did in the prior fiscal year.

Teacher Certification

The Baseline includes \$1,798,100 and 27 FTE Positions from the Teacher Certification Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

Eliminate Temporary Loan GF (429,700)

The Baseline includes a decrease of \$(429,700) from the General Fund in FY 2012 to eliminate temporary start up funding that was loaned to the newly-created Teacher Certification Fund for FY 2011.

State Board of Education

State Board of Education

The Baseline includes \$908,400 and 9 FTE Positions for the operating budget in FY 2012. These amounts consist of:

General Fund	539,700
Teacher Certification Fund	368,700

These amounts are unchanged from FY 2011.

The 11-member State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The board members other than the Superintendent of Public Instruction are appointed by the Governor for 4-year terms.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The department shall provide an updated report on its budget status every 3 months for the first half of each fiscal year and every month thereafter to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees, the Director of the Joint Legislative Budget Committee and the Director of the Governor's Office of Strategic Planning and Budgeting. Each report shall include, at a minimum, the department's current funding surplus or shortfall projections for Basic State Aid and other major formula-

based programs and shall be due 30 days after the end of the applicable reporting period.

The above appropriation provides basic state support to school districts for maintenance and operations funding as provided by A.R.S. § 15-973, and includes an estimated \$46,475,500 in expendable income derived from the Permanent State School Fund and from state trust lands pursuant to A.R.S. § 37-521B for FY 2012.

The portion of the above appropriation for basic state aid that is for charter school additional assistance pursuant to A.R.S. § 15-185B4 includes a \$10,000,000 reduction.

Receipts derived from the Permanent State School Fund and any other non-state General Fund revenue source that is dedicated to fund Basic State Aid will be expended, whenever possible, before expenditure of state General Fund monies.

Except as required by A.R.S. § 37-521, all monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, the income from the investment of permanent funds as prescribed by the Enabling Act and the Constitution of Arizona and all monies received by the Superintendent of Public Instruction from whatever source, except monies received pursuant to A.R.S. § 15-237 and 15-531, when paid into the State Treasury are appropriated for apportionment to the various counties in accordance with law. An expenditure shall not be made except as specifically authorized above.

Before making any changes to the Achievement Testing program that will increase program costs, the State Board of Education shall report the estimated fiscal impact of those changes to the Joint Legislative Budget Committee.

The appropriated amount [for English Learner Administration] is to be used by the Department of Education to provide English language acquisition services for the purposes of A.R.S. § 15-756.07, and for the costs of providing English language proficiency assessments, scoring and ancillary materials as prescribed by the Department of Education to school districts and charter schools for the purposes of Title 15, Chapter 7, Article 3.1, Arizona Revised Statutes. The Department of Education may use a portion of the appropriated amount to hire staff or contract with a third party to carry out the purposes of A.R.S. § 15-756.07. Notwithstanding A.R.S. § 41-192, the Superintendent of Public Instruction also may use a portion of the appropriated amount to contract with one or more private attorneys to provide legal services in connection with the case of Flores v. State of Arizona, No. CIV 92-596-TUC-RCC.

The State Board of Education program may establish its own strategic plan separate from that of the Department of Education and based on its own separate mission, goals and performance measures.

The lump sum appropriation includes \$291,100 and 4 FTE Positions for average daily membership auditing and \$200,000 and 2 FTE Positions for information technology security services.

Within 15 days of each apportionment of state aid that occurs pursuant to A.R.S. § 15-973B, the department shall post on its website in electronic format the amount of state aid apportioned to each recipient and the underlying data. *(The Baseline modifies this footnote because the department now posts the desired data on its website, so separate reporting to the JLBC Staff and OSPB is no longer necessary.)*

Deletion of Prior Year Footnotes

The Baseline would eliminate the footnote that requires the department to deposit teacher certification fees into a Teacher Certification Fund, as this is now required by A.R.S. § 15-248.02.

STATUTORY CHANGES

The Baseline would:

- As permanent law, increase by 0.9% the transportation funding levels prescribed in A.R.S. § 15-945A5 and the charter school “Additional Assistance” amounts prescribed in A.R.S. § 15-185B4.
- As permanent law, maintain at \$3,267.72 for FY 2012 the per pupil “base level” amount prescribed in A.R.S. § 15-901B2 (unchanged from FY 2011).
- As session law, continue to fund state aid for Joint Technological Education Districts (JTEDs) in FY 2012 at a percentage that would freeze statewide JTED costs at the prior year level.
- As session law, continue to set the maximum base level increase for Career Ladder districts at 5.0% rather than 5.5% and limit the program only to teachers who participated in the prior year.
- As session law, continue to suspend new funding for the early graduation program, but continue to fund existing students with available fund balances.
- As session law, continue to suspend the “Actual Utilities Cost” funding formula in A.R.S. § 15-910.04 and related reporting requirements currently prescribed in A.R.S. § 15-910.03.
- As session law, continue to permit school districts to use Soft Capital funding for FY 2012 for any operating or capital expenditures.
- As session law, continue to suspend the annual AIMS Intervention and Dropout Prevention performance audit for FY 2012.
- As session law, continue to allow school districts and charter schools to charge tuition for full day Kindergarten (FDK) in FY 2012 if they decide not to provide free FDK in FY 2012.
- As session law, continue the \$(165,120,700) Soft Capital reduction required for FY 2011 by Laws 2010, 7th Special Session, Chapter 8. As session law, continue to exempt school districts with fewer than

- 600 K-8 pupils and districts with fewer than 600 high school pupils from 50% of the Soft Capital reductions that they otherwise would receive for FY 2012. As session law, continue to reduce Soft Capital funding to school districts that do not receive state aid for FY 2012 by the amount that would be reduced if they did qualify for state aid for FY 2012. As session law, continue to specify that to the extent possible, the Soft Capital reductions shall be taken against administrative costs, rather than classroom instruction.
- As session law, continue to reduce charter school Additional Assistance funding by an amount specified in the General Appropriation Act (\$10,000,000) for FY 2012 only below the level that otherwise would be funded pursuant to A.R.S. § 15-185B4.

- As session law in the General Appropriation Act, continue to defer \$952,627,700 in Basic State Aid payments for FY 2012 until FY 2013. Appropriate \$952,627,700 in FY 2013 for these deferred Basic State Aid payments. Allow the State Board of Education to make the rollover payment no later than August 29, 2012.
- As session law in the General Appropriation Act, continue to require school districts to include in the FY 2012 revenue estimates that they use for computing their FY 2012 tax rates the rollover monies that they will receive for FY 2012 in July or August 2012.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Academic Contest Fund (EDA1006/A.R.S. § 15-1241)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To pay for sending state level winners of academic contests and their chaperons to national contests. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Agricultural Youth Organization Special Plate Fund (EDA2547/A.R.S. § 15-791)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal Arizona agricultural youth organization special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona agricultural youth organization special plates, if an entity pays \$32,000 by December 31, 2010. The first \$32,000 received shall be reimbursed to the entity that paid the implementation fee to Arizona Department of Transportation (ADOT). ADOT is to annually deposit these monies, excluding administrative fees, into the Arizona Agricultural Youth Organization Special Plate Fund for disbursement by the State Board of Education acting as the State Board for Vocational and Technological Education.		
Funds Expended	0	0
Year-End Fund Balance	0	0
American Competitiveness Project Fund (EDA2361/A.R.S. § 15-245)		Non-Appropriated
Source of Revenue: Donations, grants, gifts, contributions and devises from individuals, corporations and nonprofit organizations.		
Purpose of Fund: To fund technical assistance and distribute grants to schools and other local educational agencies that offer academic programs that emphasize foreign language acquisition, international business and world history.		
Funds Expended	2,300	400
Year-End Fund Balance	800	400
Assistance for Education Fund (EDA2420/A.R.S. § 15-973.01)		Non-Appropriated
Source of Revenue: State income tax refunds that are donated to the fund via a check-off box on state income tax forms pursuant to A.R.S. § 43-617.		
Purpose of Fund: To provide additional funding support for public schools.		
Funds Expended	0	225,400
Year-End Fund Balance	368,900	231,500

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Character Education Special Plate Fund (EDA2522/A.R.S. § 15-719)		Non-Appropriated
Source of Revenue: \$17 of the \$25 fee for Character Education license plates.		
Purpose of Fund: To fund character education programs in schools.		
Funds Expended	44,200	45,000
Year-End Fund Balance	11,600	11,600
Charter Schools Stimulus (EDA1007/A.R.S. § 15-188)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To encourage the establishment of charter schools by assisting with charter school start-up costs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Classroom Site Fund (EDA2471/A.R.S. § 15-977)		Non-Appropriated
Source of Revenue: A portion of the Proposition 301 sales tax, pursuant to A.R.S. § 42-5029E10, and Permanent State School Fund expendable earnings that exceed the FY 2001 level, pursuant to A.R.S. § 37-521B4.		
Purpose of Fund: To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention and teacher liability insurance premiums (40%).		
Funds Expended	276,798,600	285,404,000
Year-End Fund Balance	19,456,200	19,456,500
Displaced Pupils Choice Grant Fund (EDA2533/A.R.S. § 15-817.06)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. Due to a court decision, the Legislature no longer provides funding for this program.		
Purpose of Fund: To provide qualifying displaced pupils with grants to be applied toward tuition and fees charged by nongovernmental schools. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Early Graduation Scholarship Fund (EDA2364/A.R.S. § 15-105L)		Non-Appropriated
Source of Revenue: Monies deposited into the fund by the Arizona Department of Education (ADE) pursuant to A.R.S. § 15-105F & J.		
Purpose of Fund: To provide postsecondary education scholarships to individuals who graduated at least 1 year early from a public high school. <i>(See Fund PEA 2364 in the Summary of Funds for the Commission for Postsecondary Education for more information.)</i>		
Funds Expended	0	0
Year-End Fund Balance	0	0
E-Learning Fund (EDA2527/A.R.S. § 15-1044)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To fund the e-learning pilot program established by Laws 2006, Chapter 375. Expenditures are not displayed to avoid double counting of the General Fund. (Laws 2009, 1st Regular Session, Chapter 1, repealed the \$3,000,000 appropriation for this program and reverted any unexpended monies, which equaled \$2,997,200.)		
Funds Expended	0	0
Year-End Fund Balance	0	0
Education Commodity Fund (EDA4210/A.R.S. § 15-1152)		Non-Appropriated
Source of Revenue: Fees from school districts participating in the federal Food Commodities Program.		
Purpose of Fund: To pay for costs of administering the federal Food Commodities Program.		
Funds Expended	135,400	270,500
Year-End Fund Balance	282,400	136,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Education Donations Fund (EDA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grants received by the department from foundations or other private sector donors.		
Purpose of Fund: To help pay for conferences, programs or other activities that are sponsored by donor organizations.		
Funds Expended	91,300	65,000
Year-End Fund Balance	387,600	368,600
English Learner Classroom Personnel Bonus (EDA2485/A.R.S. § 15-943.04)		Non-Appropriated
Source of Revenue: General Fund appropriation from Laws 2001, 2nd Special Session, Chapter 9.		
Purpose of Fund: To provide bonuses to classroom personnel based on the number of English Learners who become proficient in English. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	55,700
Year-End Fund Balance	111,500	55,800
Extraordinary Special Education Needs (EDA2483/A.R.S. § 15-774)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To provide grants for extraordinary special education costs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Failing Schools Tutoring Fund (EDA2470/A.R.S. § 15-241)		Non-Appropriated
Source of Revenue: A portion of the 0.6% Proposition 301 sales tax, pursuant to A.R.S. § 42-5029E8.		
Purpose of Fund: To fund tutoring for students who have not yet passed portions of the high school AIMS test or who attend "failing" schools, pursuant to A.R.S. § 15-241R, and to purchase materials designed to help students meet the Arizona Academic Standards and pass the AIMS test, pursuant to A.R.S. § 15-241CC.		
Funds Expended	1,397,500	2,175,300
Year-End Fund Balance	1,351,300	676,000
Federal Funds (EDA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for programs such as Title I, Child Nutrition Assistance, Special Education and Vocational Education.		
Purpose of Fund: To be expended as stipulated by federal statutes that authorize the Federal grants.		
Funds Expended	961,483,100	987,897,800
Year-End Fund Balance	1,870,500	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (EDA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department to offset state reductions and enhance funding for programs such as Special Education and Title I.		
Funds Expended	698,756,300	319,606,100
Year-End Fund Balance	9,900	0
Full-Day Kindergarten Fund (EDA2507/Laws 2004, Ch. 278)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To provide eligible schools with funding for full-day kindergarten. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Golden Rule Special Plate Fund (EDA2366/A.R.S. § 15-243)		Non-Appropriated
Source of Revenue: \$17 of the \$25 fee for Golden Rule license plates.		
Purpose of Fund: To fund programs that demonstrate the promotion of the golden rule in schools and communities.		
Funds Expended	152,100	155,000
Year-End Fund Balance	14,700	14,700
Arizona Government Education Fund (EDA2362/A.R.S. § 15-246)		Non-Appropriated
Source of Revenue: Legislative appropriations from the General Fund, gifts, grants and donations. The Legislature no longer provides funding for this program.		
Purpose of Fund: To contract with third parties to provide for annual, one-week high school civics courses that focus on state government. General Fund expenditures are not displayed to avoid double counting. No gifts, grants or donations have been reported for the fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
IGA and ISA Fund (EDA2500/A.R.S. § 35-142E)		Non-Appropriated
Source of Revenue: Monies transferred into the fund from Federal Funds (EDA2000) and the Internal Services Fund (EDA4209).		
Purpose of Fund: Clearing account for monies expended under Intergovernmental Agreements (IGA's) and Intergovernmental Service Agreements (ISA's).		
Funds Expended	3,474,900	6,447,900
Year-End Fund Balance	36,200	913,200
Indirect Cost Recovery Fund (EDA9000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for programs such as Title I, Child Nutrition Assistance, Special Education and Vocational Education.		
Purpose of Fund: To fund overhead and other indirect costs associated with state level administration of federal programs.		
Funds Expended	4,158,700	4,446,600
Year-End Fund Balance	349,700	500
Instructional Improvement Fund (EDA2492/A.R.S. § 15-979)		Non-Appropriated
Source of Revenue: Shared revenue from Indian gaming, as authorized by Proposition 202 from the 2002 General Election. The Instructional Improvement Fund receives 56% of total shared revenue from Proposition 202. This is distributed among school districts, charter schools and Arizona State Schools for the Deaf and the Blind (ASDB) based on student counts.		
Purpose of Fund: To provide for classroom size reduction, teacher salary increases, dropout prevention, and instructional improvement.		
Funds Expended	38,843,900	40,250,000
Year-End Fund Balance	0	0
Internal Services Fund (EDA4209/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal indirect cost monies and intra-office fees for copier services, Management Information System (MIS) maintenance, postage and other miscellaneous expenditures.		
Purpose of Fund: Clearing fund for federal indirect costs and miscellaneous intra-office revenues and expenditures.		
Funds Expended	2,602,400	2,269,000
Year-End Fund Balance*	449,400	(212,500)
Mathematics or Science Achievement Program Fund (EDA2363/A.R.S. § 15-720.01)		Non-Appropriated
Source of Revenue: Monies appropriated from the General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To promote improved pupil achievement in math or science by providing supplemental funding for innovative math or science programs. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Permanent State School Fund (EDA3138/A.R.S. § 37-521)		Partially-Appropriated
Source of Revenue: Monies received from the sale or lease of state school trust lands and interest earnings on principal balances in the fund. Under A.R.S. § 37-521, expendable earnings in the fund, up to the amount generated in FY 2001 (\$72,263,000), are automatically appropriated first to pay for debt service on State School Facilities Revenue Bonds, Qualified Zone Academy Bonds (QZAB) or State School Trust Revenue Bonds. Any remaining monies from the \$72,263,000 baseline total are then subject to appropriation to ADE to help fund Basic State Aid pursuant to A.R.S. § 15-971H. Expendable earnings beyond the \$72,263,000 baseline total from FY 2001 are automatically deposited into the Classroom Site Fund, as required by A.R.S. § 37-521B4.		
In the display below, the "Funds Expended" total equals the amount used for Basic State Aid. Not included are monies automatically appropriated into the Classroom Site Fund pursuant to A.R.S. § 37-521B4. (See "State Land Trust Bond Debt Service Fund" and "School Improvement Revenue Bond Debt Service Fund" in the Summary of Funds for the School Facilities Board budget for information on other uses of expendable monies from this fund.)		
Purpose of Fund: To support common schools.		
Funds Expended	16,269,400	46,475,500
Year-End Fund Balance	0	0
Production Revolving Fund (EDA4211/A.R.S. § 15-237)		Non-Appropriated
Source of Revenue: Print shop collections from in-house and interagency publishing.		
Purpose of Fund: Revolving fund for revenues and expenditures from the agency print shop.		
Funds Expended	1,327,000	966,400
Year-End Fund Balance	408,000	52,300
Proposition 301 Fund (EDA1014/A.R.S. § 42-5029E7) (EDA 1004, 1015, 1016 & 1017/ A.R.S. § 42-5029E5 & E6)		Partially-Appropriated
Source of Revenue: A portion of the Proposition 301 sales tax pursuant to A.R.S. § 42-5029E5-7. The appropriated portion of the fund receives "up to \$7 million" monies appropriated by the Legislature pursuant to A.R.S. § 42-5029E7. The non-appropriated portion receives monies automatically appropriated by Proposition 301 for additional school days, School Safety and Character Education, plus any unspent "up to \$7 million" monies from the prior year.		
Purpose of Fund: Appropriated monies pay for school accountability functions required by Proposition 301. Non-Appropriated monies pay for additional school days, School Safety and Character Education.		
Appropriated Funds Expended	6,077,500	7,000,000
Non-Appropriated Funds Expended	109,654,800	94,408,900
Year-End Fund Balance	7,379,800	7,251,400
Research Based Reading Instruction and Reading Instruction Training (EDA2413/Laws 2002, Chapter 295)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: Pays for teacher training in methods of reading instruction, pursuant to A.R.S. § 15-704. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Scholarships for Pupils With Disabilities Program Fund (EDA2534/A.R.S. § 15-891.04)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. Due to a court decision, the Legislature no longer provides funding for this program.		
Purpose of Fund: To provide disabled pupils with scholarships to attend the public or non-public school of their choice. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
School Improvement Revenue Bond Debt Service Fund (SFA5020/A.R.S. § 15-2084)		Appropriated
Source of Revenue: Revenues from 0.6% increase in the state Transaction Privilege Tax, as approved under Proposition 301 in the 2000 General Election.		
Purpose of Fund: To pay the debt service on \$832,865,000 in Proposition 301 revenue bonds and \$20,000,000 in QZAB revenue bonds [see <i>School Facilities Board budget pages</i>]. For FY 2007, the fund also provided \$1,865,400 to Hayden-Winkelman Unified to repay existing bonds (the district is required to repay that amount with interest over a 3-year period starting in FY 2008).		
Funds Expended	0	0
Year-End Fund Balance	0	0
Special Education Fund (EDA1009/A.R.S. § 15-1182)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To provide voucher funding for students attending the ASDB pursuant to A.R.S. § 15-1182 or who are placed in a private special education facility pursuant to A.R.S. § 15-1202. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	3,748,800	3,748,800
Statewide Compensatory Instruction Fund (EDA2528/A.R.S. § 15-756.11)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund. The Legislature no longer provides funding for this program.		
Purpose of Fund: To supplement existing instruction for English Language Learners. Supplemental instruction may include individual or small group instruction, extended day classes, summer school or intersession school. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	6,500	6,500
Arizona Structured English Immersion Fund (EDA2535/A.R.S. § 15-756.04)		Non-Appropriated
Source of Revenue: Legislative appropriations from the state General Fund.		
Purpose of Fund: To fund additional instructional costs of English Language Learners. Expenditures are not displayed to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	246,000	123,000
Teacher Certification Fund (EDA2399/A.R.S. § 15-248.02)		Appropriated
Source of Revenue: Fees collected by the State Board of Education from teachers and other school personnel who apply for professional certification.		
Purpose of Fund: To provide monies for operation of the department's Teacher Certification program.		
Funds Expended	1,959,700	2,300,700
Year-End Fund Balance*	0	(358,800)
Arizona Youth Farm Loan Fund (EDA2136/A.R.S. § 15-1172)		Non-Appropriated
Source of Revenue: The investment of trust funds held by the United States as trustee for the Arizona Rural Rehabilitation Corporation.		
Purpose of Fund: To furnish financial assistance to deserving young persons, under 25 years of age, who are students or former students of vocational education or to young farmers in organized vocational agriculture classes who are interested in becoming established in farming. The financial assistance is provided as guaranteed loans for those who cannot obtain financing elsewhere.		
Funds Expended	0	30,000
Year-End Fund Balance	441,700	416,200

* As reported by the agency. Actual ending balance will not be negative.

Department of Emergency and Military Affairs

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
PROGRAM BUDGET			
Administration	1,527,200	3,709,700	3,709,700
Emergency Management	3,477,800	4,707,900	3,778,400
Military Affairs	4,156,700	4,260,700	4,260,700
AGENCY TOTAL	9,161,700	12,678,300	11,748,800
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	84.6	83.6	79.1
Personal Services	1,746,000	1,729,900	1,729,900
Employee Related Expenditures	708,500	651,700	651,700
Professional and Outside Services	87,400	111,200	111,200
Travel - In State	62,600	53,800	53,800
Travel - Out of State	14,200	13,700	13,700
Other Operating Expenditures	2,255,300	2,490,600	2,490,600
Equipment	102,000	118,400	118,400
OPERATING SUBTOTAL	4,976,000	5,169,300	5,169,300
SPECIAL LINE ITEMS			
Governor's Emergency Fund	1,772,100	2,900,000	2,900,000
Military Airport Planning	0	2,115,000	2,115,000
Nuclear Emergency Management Fund	895,100	929,500	0
Project Challenge	1,518,500	1,564,500	1,564,500
AGENCY TOTAL	9,161,700	12,678,300	11,748,800
FUND SOURCES			
General Fund	9,100,100	12,545,600	11,616,100
<u>Other Appropriated Funds</u>			
Emergency Response Fund	61,600	132,700	132,700
SUBTOTAL - Other Appropriated Funds	61,600	132,700	132,700
SUBTOTAL - Appropriated Funds	9,161,700	12,678,300	11,748,800
Other Non-Appropriated Funds	31,800	11,900	11,900
Federal Funds	65,700,400	68,805,200	68,805,200
TOTAL - ALL SOURCES	74,893,900	81,495,400	80,565,900

AGENCY DESCRIPTION — The department's Emergency Management Program prepares and coordinates emergency response plans for the state. The Military Affairs Program operates the Arizona National Guard and Project Challenge, an educational program for at-risk youth.

Operating Budget

The Baseline includes \$5,169,300 and 61.1 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$5,036,600
Emergency Response Fund	132,700

These amounts are unchanged from FY 2011.

Governor's Emergency Fund

The Baseline includes \$2,900,000 from the General Fund for the Governor's Emergency Fund in FY 2012. This amount is unchanged from FY 2011.

Under A.R.S. § 35-192, the Governor may, through emergency declarations, authorize up to \$4,000,000 annually from the General Fund for disaster prevention and mitigation without specific appropriation authority. Monies in this line item, therefore, are not included in the General Appropriation Act.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Emergency Management Registration Fee Fund (MAA2087/A.R.S. § 26-102)		Non-Appropriated
Source of Revenue: Emergency management course fees paid by private sector participants.		
Purpose of Fund: To pay for the costs of administering the emergency management course.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Emergency Response Fund (MAA3031/A.R.S. § 26-352)		Appropriated
Source of Revenue: The fund receives 10% of the Department of Environmental Quality's Hazardous Waste Management Fund.		
Purpose of Fund: To develop and administer a hazardous materials emergency management program, equip local emergency planning committees for the development of hazardous materials emergency response teams, and assist local agencies in providing adequate response to emergency situations.		
Funds Expended	61,600	132,700
Year-End Fund Balance	27,600	27,600
Federal Funds - Emergency (MAA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal program grants. Homeland Security funds received by Arizona after FY 2006 are reported in the Arizona Department of Homeland Security's budget.		
Purpose of Fund: To pay for the federal share of emergency planning, response and management programs.		
Funds Expended	9,666,400	13,329,100
Year-End Fund Balance	0	0
Federal Funds - Military (MAA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal Service Contracts for security, maintenance and operations of the National Guard.		
Purpose of Fund: To provide the federal share of costs for Army National Guard and Air National Guard positions, capital and operating expenses.		
Funds Expended	45,163,400	44,805,800
Year-End Fund Balance	0	0
Freedom Academy Fund (MAA2104/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Governor's Office for Drug Policy and the Joint Counter Narcotics Task Force (federal Department of Justice, through the Department of Defense).		
Purpose of Fund: To provide middle and high school students with anti-drug and gang information. Student representatives throughout the state are invited to participate in the weekend programs at Camp Navajo.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Military Installation Fund (MAA1010/A.R.S. § 26-262)		Non-Appropriated
Source of Revenue: General Fund deposits totaling \$4,915,000 annually. Laws 2010, 7th Special Session, Chapter 5 reduces the FY 2011 deposit by \$(2,800,000). Expenditures from this fund are not displayed below to avoid double counting. The Department of Emergency and Military Affairs (DEMA) plans to expend no monies from the fund in FY 2011. Laws 2010, Chapter 208 shifts the administration of the Military Installation Fund from the Department of Commerce to the DEMA.		
Purpose of Fund: Grants for military installation preservation and enhancement projects as well as costs associated with administering the fund. DEMA must utilize 80% of the monies to acquire private property, real estate, property rights and related infrastructure to preserve, support, or enhance a military installation. Up to 20% of this amount may be awarded to cities, towns, and counties for land acquisition purposes. The remaining 20% is awarded to cities, towns, and counties for military installation preservation and enhancement projects. In addition to the \$4,825,000 annual General Fund deposit, \$90,000 is appropriated to the department for the costs associated with 1 FTE Position to administer the fund.		
Funds Expended	0	0
Year-End Fund Balance	0	5,162,300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Morale, Welfare and Recreational Fund (MAA2124/A.R.S. § 26-153)		Non-Appropriated
Source of Revenue: A portion of National Guard Member Special License Plate fees, funds generated from federally-defined recycling activities, monies from the disposal of unserviceable military property belonging to the state, or other non-state-appropriated monies.		
Purpose of Fund: To support morale, welfare, and recreational activities for guardsmen and non-state-employed support personnel.		
Funds Expended	19,900	0
Year-End Fund Balance	1,000	10,000
National Guard Fund (MAA2140/A.R.S. § 26-152)		Non-Appropriated
Source of Revenue: A subaccount that receives the proceeds from the rental or use of armories.		
Purpose of Fund: For general operating expenses of the National Guard.		
Funds Expended	11,900	11,900
Year-End Fund Balance	97,400	194,800
National Guard Relief Fund (MAA2349/A.R.S. § 26-183)		Non-Appropriated
Source of Revenue: Monies received from individual contributors who voluntarily donate through the state individual income tax return. Since tax year 2006, donors have been able to contribute to the fund.		
Purpose of Fund: To provide assistance to families of National Guard members who are mobilized in support of a contingency operation or state emergency.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Nuclear Emergency Management Fund (MAA2138/A.R.S. § 26-306.02)		Non-Appropriated
Source of Revenue: An assessment levied against a consortium of corporations that operate the Palo Verde Nuclear Generating Station.		
Purpose of Fund: To administer and enforce the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance	0	0
State Armory Property Fund (MAA2146/A.R.S. § 26-231)		Non-Appropriated
Source of Revenue: Sale of surplus armory property.		
Purpose of Fund: For the construction and capital improvement of National Guard armories.		
Funds Expended	0	0
Year-End Fund Balance	0	0

Department of Environmental Quality

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	471.4	467.4	467.4
Personal Services	5,136,000	14,903,900	14,903,900
Employee Related Expenditures	2,325,800	6,303,700	6,303,700
Professional and Outside Services	48,900	7,185,300	7,185,300
Travel - In State	15,000	403,200	403,200
Travel - Out of State	(900)	44,200	44,200
Other Operating Expenditures	4,933,800	17,034,900	17,034,900
Equipment	60,300	538,800	538,800
OPERATING SUBTOTAL	12,518,900	46,414,000	46,414,000
SPECIAL LINE ITEMS			
Air Quality Management and Analysis	8,546,800	0	0
Drinking Water Regulation Program	2,367,400	0	0
Emissions Control Contractor Payment	19,630,500	27,639,600	27,639,600
Emissions Control Program - Administration	2,692,800	0	0
Surface Water Regulation Program	2,731,200	0	0
Transfers to Counties Program	1,127,600	0	0
Underground Storage Tank Program	2,800	0	0
Underground Water Regulation Program	4,443,700	0	0
Waste Control and Management	2,825,200	0	0
Waste Tire Program	40,600	0	0
WQARF Priority Site Remediation	6,958,200	7,000,000	7,000,000
AGENCY TOTAL	63,885,700	81,053,600	81,053,600
FUND SOURCES			
General Fund	12,770,200	7,000,000	7,000,000
<u>Other Appropriated Funds</u>			
Air Permits Administration Fund	5,168,900	7,058,500	7,058,500
Air Quality Fund	4,131,000	5,386,500	5,386,500
Clean Water Revolving Fund	4,769,500	5,000,000	5,000,000
Emissions Inspection Fund	23,409,600	33,086,600	33,086,600
Hazardous Waste Management Fund	428,000	1,719,600	1,719,600
Indirect Cost Recovery Fund	9,146,900	13,200,000	13,200,000
Solid Waste Fee Fund	927,400	2,299,900	2,299,900
Underground Storage Tank Revolving Fund	2,800	22,000	22,000
Used Oil Fund	14,000	138,900	138,900
Water Quality Fee Fund	3,159,200	6,141,600	6,141,600
SUBTOTAL - Other Appropriated Funds	51,157,300	74,053,600	74,053,600
SUBTOTAL - Appropriated Funds	63,885,700	81,053,600	81,053,600
Other Non-Appropriated Funds	342,913,000	185,659,100	185,659,100
Federal Funds	80,150,800	38,302,500	38,302,500
TOTAL - ALL SOURCES	486,949,500	305,015,200	305,015,200

AGENCY DESCRIPTION — The Department of Environmental Quality (ADEQ) enforces air, water, and land quality standards. The department's Office of Air Quality issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors and assesses the ambient air, and develops air quality improvement strategies. The Office of Waste Programs implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the clean up (remediation) of hazardous waste sites. The Office of Water Quality regulates drinking water and waste water systems, monitors and assesses waters of the state, and provides hydrologic analysis to support hazardous site remediation.

Operating Budget

The Baseline includes \$46,414,000 and 467.4 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
Air Permits Administration Fund	\$7,058,500
Air Quality Fund	5,386,500
Clean Water Revolving Fund	5,000,000
Emissions Inspection Fund	5,447,000
Hazardous Waste Management Fund	1,719,600
Indirect Cost Recovery Fund	13,200,000
Solid Waste Fee Fund	2,299,900
Underground Storage Tank Revolving Fund	22,000
Used Oil Fund	138,900
Water Quality Fee Fund	6,141,600

These amounts are unchanged from FY 2011.

Emissions Control Program

The Baseline includes \$27,639,600 from the Emissions Inspection Fund for the Emissions Control Contractor Payment in FY 2012. This amount is unchanged from FY 2011.

Monies appropriated to this line item are to pay the Emissions Control Program contractor. Under the contract, the contractor remits the entire amount of the fee to ADEQ for deposit in the Emissions Inspection Fund. ADEQ then determines the amount due to the contractor, based on the number of vehicles inspected, and makes payments to the contractor on a regular basis.

The Emissions Control Program is operated by an independent contractor in Maricopa and Pima Counties, with the purpose of identifying and repairing polluting motor vehicles. Pima County vehicle owners are subject only to the idle inspection. The program is funded through test fees that are charged to motorists at the time of inspection.

WQARF Priority Site Remediation

The Baseline includes \$7,000,000 from the General Fund for the Water Quality Assurance Revolving Fund (WQARF) Priority Site Remediation in FY 2012. This amount is unchanged from FY 2011.

WQARF is funded in part from an annual \$15,000,000 transfer from the Corporate Income Tax (CIT), as stipulated in A.R.S. § 49-282. Funding for this program, therefore, does not appear in the General Appropriation Act. In addition, WQARF generates other revenue from various license and registration fees. A.R.S. § 49-282 directs the State Treasurer to adjust the \$15,000,000 CIT transfer so that, when combined with the WQARF fee

generated revenue, the program receives \$18,000,000 annually.

The FY 2011 Environment BRB (Laws 2010, 7th Special Session, Chapter 7, Section 9), notwithstanding these statutory provisions and reduced the General Fund allocation by \$(8,000,000). *Table 1* describes program activity for FY 2010 and FY 2011. The Baseline continues the deposit at the reduced level.

The WQARF program is similar to the federal Superfund program in that it is designed to monitor and remediate contaminated groundwater at specified sites. Program expenditures include searching for responsible polluters, conducting risk assessments and remediation feasibility studies, and contracting for remediation services.

Table 1		
WQARF Activity		
	Actual FY 2010	Estimated FY 2011
Balance Forward	\$1,129,800	\$5,060,200
General Fund	7,000,000	7,000,000
Other Revenue	<u>4,565,300</u>	<u>4,016,000</u>
Total Funds Available	\$12,695,100	\$16,076,200
General Fund Expenditures	\$6,958,200	\$7,000,000
Other Funds Expended	0	4,699,100
Funds Transferred		
Dept. of Water Resources	\$300,000	\$300,000
Legislative Fund Transfers	<u>376,700</u>	<u>510,600</u>
Year-End Fund Balance	\$5,060,200	\$3,566,500

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The Department of Environmental Quality shall report annually on the progress of WQARF activities, including emergency response, priority site remediation, cost recovery activity, revenue and expenditure activity and other WQARF-funded program activity. This report shall also include a budget for the WQARF program that is developed in consultation with the WQARF Advisory Board. The FY 2012 report shall be submitted to the Joint Legislative Budget Committee by September 1, 2011. This budget shall specify the monies budgeted for each listed site during FY 2012. In addition, the department and the advisory board shall prepare and submit to the Joint Legislative Budget Committee, by October 2, 2011, a report in a table format summarizing the current progress on remediation of each listed site on the WQARF registry. The table shall include the stage of remediation for each site at the end of FY 2011, whether the current stage of remediation is anticipated to be completed in FY 2012, and the anticipated stage of remediation at each listed site at

the end of FY 2012, assuming FY 2012 funding levels. The department and advisory board may include other relevant information about the listed sites in the table.

Pursuant to A.R.S. § 49-282, the Department of Environmental Quality shall submit a FY 2013 budget for the Water Quality Assurance Revolving Fund before September 1, 2011, for review by the Senate and House of Representatives Appropriations Committees.

All Air Permits Administration revenues received by the Department of Environmental Quality in excess of \$7,058,500 in FY 2012 are appropriated to the department. Before the expenditure of Air Permits Administration receipts in excess of \$7,058,500 in FY 2012, the Department of Environmental Quality shall report the intended use of the monies to the Joint Legislative Budget Committee.

All Indirect Cost Fund Recovery revenues received by the Department of Environmental Quality in excess of \$13,200,000 in FY 2012 are appropriated to the department. Before the expenditure of Indirect Cost Recovery Fund receipts in excess of \$13,200,000 in

FY 2012, the Department of Environmental Quality shall report the intended use of the monies to the Joint Legislative Budget Committee.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to reduce the General Fund transfer from the Corporate Income Tax to the WQARF program to \$7,000,000.
- As session law, continue to suspend the UST Revolving Fund Assurance Account administrative cap in FY 2012, to allow the department to utilize up to \$6,531,000 for program operating costs.
- As session law, would permit the Director of the Department of Environmental Quality to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$5,779,100. It is anticipated that the department will continue fee increases for solid waste, hazardous waste, and emissions. In FY 2011, the department estimates collecting only \$2,808,700, of which \$540,000 will be deposited into the Solid Waste Fee Fund, \$974,400 into the Hazardous Waste Management Fund, and \$1,294,300 into the Air Permits Administration Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Air Permits Administration Fund (EVA2328/A.R.S. § 49-455)		Appropriated
Source of Revenue: Permit fees and interest.		
Purpose of Fund: To develop and administer permit programs and to conduct inspections.		
Funds Expended	5,168,900	7,058,500
Year-End Fund Balance	1,104,400	603,900
Air Quality Fund (EVA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Monies received from a \$1.50 fee assessed on motor vehicle registrations; gifts, grants, and donations; and legislative appropriations.		
Purpose of Fund: To pay the costs of air quality research, experiments, education, and programs conducted by or for the department. Also to provide an annual \$400,000 transfer to the Department of Administration for state employee travel reduction programs and annual appropriations for the Department of Weights and Measures Oxygenated Fuels and Vapor Recovery programs. <i>(See individual agencies for further description.)</i>		
Funds Expended	4,131,000	5,386,500
Funds Appropriated		
Department of Weights and Measures	1,405,200	1,410,300
Arizona Department of Transportation	47,600	72,900
Arizona Department of Administration (Bus Subsidy)	696,600	714,100
Funds Transferred		
Arizona Department of Administration (Travel Reduction)	400,000	400,000
Year-End Fund Balance	365,400	111,200

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Air Quality Fund - Clean Air Subaccount (EVA2240/A.R.S. § 49-551)		Partially-Appropriated
Source of Revenue: A fee which allowed owners of vehicles 5 years old or newer to pay in-lieu of the vehicle emissions inspections. This fee was repealed effective July 1, 2006. The FY 2009 budget transferred \$2,212,300 from the Air Quality Fund - Clean Air Sub Account to the General Fund.		
Purpose of Fund: 5% of fee revenues may be used for administrative costs, with the balance distributed for the following programs:		
1. 5% for the Voluntary Lawn and Garden Equipment Emissions Reduction Program;		
2. 15% for the Voluntary Vehicle Repair and Retrofit Program;		
3. 30% for the Diesel Vehicle Low Emissions Incentive Grant Program;		
4. 10% for the voluntary accelerate purchase of Tier 2 and Tier 3 non-road equipment;		
5. 15% for grants to counties with populations fewer than 400,000 for travel reduction programs;		
6. 25% for other air quality programs and measures.		
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Clean Air Fund (EVA1238/A.R.S. § 41-411)		Non-Appropriated
Source of Revenue: Prior to its elimination, the Arizona Clean Air Fund (ACAF) received revenues from: the Arizona Department of Environmental Quality Vehicle Repair Grant program, fees that owners of vehicles 5 years old or newer may pay in lieu of the vehicle emission inspections fee; lottery proceeds; and gifts, grants, donations and interest.		
Purpose of Fund: To provide grants for alternative fuel vehicles and diesel vehicle conversion grants. Beginning July 1, 2003, the revenue source and activities of this fund shifts to the Air Quality Fund. (See <i>Arizona Clean Air Fund Balance for more information.</i>)		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Clean Air Fund Balance (EVA2250/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: A transfer in FY 2004 from the Arizona Clean Air Fund.		
Purpose of Fund: This fund was established to separate the Clean Air in lieu fee account from the remaining balance of the Arizona Clean Air Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Brownfields Cleanup Revolving Loan Fund (EVA2456/A.R.S. § 49-218)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal grants, loan repayments, interest, penalties, gifts and donations.		
Purpose of Fund: To provide loans to eligible parties to perform non time-crucial removal of hazardous waste contamination on sites accepted into the State Voluntary Remediation Program.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Clean Water Revolving Fund (EVA2254/A.R.S. § 49-1221)		Partially-Appropriated
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: To make loans for capital improvements at wastewater treatment facilities of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to wastewater treatment plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund. The FY 2010 and FY 2011 budgets appropriated \$5,000,000 from the Clean Water Revolving Fund to the department to offset a General Fund operating reduction.		
Appropriated Funds Expended	4,769,500	5,000,000
Non-Appropriated Funds Expended	213,034,600	98,212,400
Year-End Fund Balance	38,626,400	122,026,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Donations Fund (EVA2449/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Various donations, settlements, and consent decrees.		
Purpose of Fund: To administer the intent of the donation, settlement or decree.		
Funds Expended	15,400	11,500
Year-End Fund Balance	200	200
Drinking Water Revolving Fund (EVA2307/A.R.S. § 49-1241)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: To make loans to drinking water facilities, including forgivable principal, of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to drinking water plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund.		
Funds Expended	93,848,800	46,212,600
Year-End Fund Balance	47,112,800	34,390,500
Emissions Inspection Fund (EVA2082/A.R.S. § 49-544)		Appropriated
Source of Revenue: Legislative appropriations, test fees, fleet certificate fees, private grants, donations, and federal grants.		
Purpose of Fund: To pay for enforcement of fleet inspections, exemptions, and certificates of waiver programs; to pay Emissions Inspection program contract and administrative charges, including station auditing, contractor training and certification, and motorist assistance; to pay for the state portion of catalytic converter program costs; and to pay for research studies of the feasibility and effectiveness of new emission control technologies.		
Funds Expended	23,409,600	33,086,600
Year-End Fund Balance	3,239,300	2,407,100
Federal Funds (EVA2000/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Federal grants related to water quality management, underground storage tank enforcement provisions, air pollution control, research projects, and other programs.		
Purpose of Fund: To be used as specified by federal law.		
Funds Expended	14,744,000	18,856,300
Year-End Fund Balance	0	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (EVA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for air and water quality programs, the Underground Storage Tank Program, and the Water Infrastructure Finance Authority.		
Funds Expended	65,406,800	19,446,200
Year-End Fund Balance	0	0
Greenfields Program Fund (EVA2309/A.R.S. § 49-157)		Non-Appropriated
Source of Revenue: Legislative appropriations and program fees. Initial General Fund appropriations of \$100,000 in FY 1998 and \$70,000 in FY 1999 made at the beginning of the pilot program were intended as start-up monies and will be paid back as fees are collected.		
Purpose of Fund: To remediate parcels of land that have soil contamination and return them to productive use. ADEQ will review and approve remediation plans submitted by certified remediation specialists.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Hardship Grant Fund (EVA2437/A.R.S. § 49-1267)		Non-Appropriated
Source of Revenue: Legislative appropriations and monies received from the United States government, including monies that are awarded to this state pursuant to Title II of the Clean Water Act and that are no longer obligated to the Construction Grants program.		
Purpose of Fund: Providing hardship grants to political subdivisions or Indian tribes to plan, design, acquire, construct or improve wastewater collection and treatment facilities. Providing training and technical assistance related to the operation and maintenance of wastewater systems.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Hazardous Waste Management Fund (EVA2178/A.R.S. § 49-927)		Appropriated
Source of Revenue: Legislative appropriations, hazardous waste treatment, storage, and disposal permit fees, and hazardous waste generation and transportation fees.		
Purpose of Fund: To pay educational, permitting, planning, and enforcement costs of the Hazardous Waste Program, and to provide administration and state matching funds for federal source reduction grants. A portion of the fund is transmitted to the Emergency Response Fund for staffing and equipping local emergency management agencies. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.		
Funds Expended	428,000	1,719,600
Year-End Fund Balance	845,500	310,700
IGA & ISA Fund (EVA2500/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements between state agencies and local governments.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	1,336,800	5,702,800
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (EVA7000/A.R.S. § 49-104)		Appropriated
Source of Revenue: Monies transferred from the department's appropriated and non-appropriated funds, including federal grants.		
Purpose of Fund: To pay departmentwide administrative and overhead costs.		
Funds Expended	9,146,900	13,200,000
Year-End Fund Balance*	968,600	(1,621,300)
Institutional & Engineering Control Fund (EVA2563/A.R.S. § 49-159)		Non-Appropriated
Source of Revenue: Application fees for department's assessment and verification of restricted, non-residential use of contaminated land, recovered costs for repair of engineering and institutional controls, grants, donations, and legislative appropriations.		
Purpose of Fund: To pay the department's cost of enforcing the use of engineering and institutional controls in environmental remediations on contaminated properties.		
Funds Expended	10,300	10,500
Year-End Fund Balance	130,600	34,600
Intergovernmental Agreement Fund (EVA2180/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements from various entities, including the Game and Fish Department and the Water Protection Commission.		
Purpose of Fund: To be used as specified in the grant of agreement.		
Funds Expended	0	0
Year-End Fund Balance	12,900	12,900
Monitoring Assistance Fund (EVA2308/A.R.S. § 49-360)		Non-Appropriated
Source of Revenue: Fees from public water systems that participate in the Monitoring Assistance program.		
Purpose of Fund: To assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act.		
Funds Expended	533,300	774,200
Year-End Fund Balance	740,600	449,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Recycling Fund (EVA2289/A.R.S. § 49-837)		Appropriated
Source of Revenue: Landfill disposal (tipping) fees and legislative appropriations.		
Purpose of Fund: For grants to local governments and others for developing recycling markets and programs; for public information and assistance on source reduction and recycling; and for revenue collection and fund administration.		
Funds Expended	0	0
Year-End Fund Balance	1,700	323,300
Small Water Systems Fund (EVA2225/A.R.S. § 49-355)		Non-Appropriated
Source of Revenue: Legislative appropriations and interest.		
Purpose of Fund: To provide information and assistance to small water systems for improving compliance with drinking water system standards, and to provide emergency grants to small water systems for infrastructure repair.		
Funds Expended	291,000	0
Year-End Fund Balance	10,700	10,800
Solid Waste Fee Fund (EVA3110/A.R.S. § 49-881)		Appropriated
Source of Revenue: Fees, donations, and legislative appropriations.		
Purpose of Fund: To pay solid waste program costs, including tire fire cleanup expenses, special waste facility staff education, special waste management compliance monitoring, and used oil handling education and enforcement.		
Funds Expended	927,400	2,299,900
Year-End Fund Balance*	6,700	(723,100)
Specific Site Judgment Fund (EVA3006/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Fines, forfeitures, and penalties paid by parties responsible for site contamination.		
Purpose of Fund: For administration of court settlements, judgments, or consent decrees.		
Funds Expended	0	0
Year-End Fund Balance	2,146,100	2,068,900
Technical Appeals Program Fund (EVA3411/A.R.S. § 49-116)		Non-Appropriated
Source of Revenue: Legislative appropriations and dispute resolution fees		
Purpose of Fund: To pay the costs of implementing and administering a technical appeals process for specified WQARF site registry and work plan review decisions.		
Funds Expended	0	0
Year-End Fund Balance	0	0
NOTE: The Underground Storage Tank (UST) Fund is displayed first as a fund summary, then by individual account.		
Underground Storage Tank (UST Summary) (EVA2271/A.R.S. § 49-1015A)		Partially-Appropriated
Source of Revenue: See each account for specific revenue sources.		
Purpose of Fund: See each account for specific account purpose.		
Balance Forward	20,982,300	5,379,000
Revenue	29,703,200	27,842,800
Funds Available	50,685,500	33,221,800
Appropriated Funds Expended	2,800	22,000
Non-Appropriated Funds Expended	26,224,500	22,553,000
Legislative Fund Transfers	19,079,200	6,154,400
Year-End Fund Balance	5,379,000	4,492,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
UST - Area A Assurance Account (EVA2271/A.R.S. § 49-1015)		Partially-Appropriated
Source of Revenue: Area A (Maricopa County) excise tax revenues, cost recovery, and interest. The excise tax is a 1¢ per gallon tax on regulated substances, such as gasoline.		
Purpose of Fund: To provide partial coverage of corrective actions to underground storage tanks and to reimburse ADEQ if the state is required to take corrective action in Area A.		
Balance Forward	9,737,900	1,938,400
Revenue	14,489,000	13,022,500
Funds Available	24,226,900	14,960,900
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	10,292,400	7,372,900
Legislative Fund Transfers	11,996,100	5,577,200
Year-End Fund Balance	1,938,400	2,010,800
UST - Cleanup Municipalities Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: A one-time transfer of \$5,000,000 of vehicle license tax revenues in FY 2001, as provided by Laws 2000, Chapter 354, and interest.		
Purpose of Fund: To partially reimburse school districts, counties, cities, towns, hospitals, and certain small businesses for costs of cleaning up leaking tanks.		
Balance Forward	463,100	0
Revenue	8,100	0
Funds Available	471,200	0
Funds Expended	0	0
Legislative Fund Transfers	471,200	0
Year-End Fund Balance	0	0
UST - Grant Account (EVA2271/A.R.S. § 49-1071)		Non-Appropriated
Source of Revenue: Interest earnings on account balance.		
Purpose of Fund: To provide grants, up to \$100,000 to UST owners/operators for the purposes of meeting tank performance standards, removing tanks for closure or replacement, or paying the portion of corrective action costs that are less than the deductible amount under the Assurance Fund. The Grant Account was divided into the Area A and Non-Maricopa Accounts by Laws 1993, Chapter 1, 6 th Special Session. The figures below depict the entire Grant Account.		
Balance Forward	518,900	0
Revenue	2,200	0
Funds Available	521,100	0
Funds Expended	0	0
Legislative Fund Transfers	521,100	0
Year-End Fund Balance	0	0
UST - Municipal Tank Closure and Corrective Action Program Account (EVA2271/A.R.S. § 49-1073)		Non-Appropriated
Source of Revenue: Legislative appropriations, gifts, grants and donations. Laws 2001, Chapter 341 transferred all unobligated funds in the UST Grant Account as of December 31, 2001 to this account. The estimated amount transferred was \$2,300,000.		
Purpose of Fund: To perform permanent closures and corrective actions on underground storage tanks in cities and towns requesting assistance. Cities and towns must have less than 15,000 people to be eligible for the program.		
Balance Forward	522,600	431,000
Revenue	4,100	5,300
Funds Available	526,700	436,300
Funds Expended	95,700	430,400
Year-End Fund Balance	431,000	5,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
UST - Non-Maricopa County Assurance Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: Non-Maricopa County excise tax revenues, cost recovery, and interest. The excise tax is a 1¢ per gallon tax on regulated substances, such as gasoline.		
Purpose of Fund: To provide partial coverage of corrective actions to underground storage tanks and to reimburse DEQ if the state is required to take corrective action in areas other than Area A.		
Balance Forward	8,702,800	2,069,000
Revenue	14,555,400	14,064,500
Funds Available	23,258,200	16,133,500
Funds Expended	15,184,500	14,241,000
Legislative Fund Transfers	6,004,700	577,200
Year-End Fund Balance	2,069,000	1,315,300
UST - Policy Commission Account (EVA2271/A.R.S. § 49-1092)		Partially-Appropriated
Source of Revenue: This account receives \$12,000 from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To assist the UST Policy Commission review and provide recommendations to improve the UST program.		
Balance Forward	23,600	3,200
Revenue	0	11,000
Funds Available	23,600	14,200
Appropriated Funds Expended	2,800	11,000
Non-Appropriated Funds Expended	0	0
Legislative Fund Transfers	17,600	0
Year-End Fund Balance	3,200	3,200
UST - Regulatory Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: Annual tank fees (\$100/tank) and interest.		
Purpose of Fund: To carry out the state regulatory program, state-initiated corrective actions, and cost recovery activities.		
Balance Forward	977,000	937,400
Revenue	644,400	728,500
Funds Available	1,621,400	1,665,900
Funds Expended	651,900	508,700
Legislative Fund Transfers	32,100	0
Year-End Fund Balance	937,400	1,157,200
UST - Technical Appeals Account (EVA2271/A.R.S. § 49-1093)		Partially-Appropriated
Source of Revenue: Fund receives an annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To assist the UST Technical Appeals panel.		
Balance Forward	36,400	0
Revenue	0	11,000
Funds Available	36,400	11,000
Appropriated Funds Expended	0	11,000
Non-Appropriated Funds Expended	0	0
Legislative Fund Transfers	36,400	0
Year-End Fund Balance	0	0
Used Oil Fund (EVA3500/A.R.S. § 49-818)		Appropriated
Source of Revenue: Legislative appropriations and penalties for misuse of used oil.		
Purpose of Fund: For costs associated with the collection and analysis of used oil fuel samples.		
Funds Expended	14,000	138,900
Year-End Fund Balance	54,200	51,800

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Voluntary Lawn and Garden Equipment Emissions Reduction Fund (EVA2306/A.R.S. § 49-474)		Non-Appropriated
Source of Revenue: An annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To provide vouchers for the retirement of residential and commercial lawn mowers. Residential owners receive a \$100 voucher to be used toward the purchase of an electric mower. Commercial owners receive a \$200 voucher to be used toward the purchase of a mower that generates lower emissions.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Voluntary Remediation Fund (EVA2564/A.R.S. § 49-187)		Non-Appropriated
Source of Revenue: Legislative appropriations, program fees, cost reimbursements, gifts, grants, and donations.		
Purpose of Fund: To pay the department's oversight costs of voluntary clean-ups of contaminated properties, including application, monitoring, and enforcement activities.		
Funds Expended	161,600	183,000
Year-End Fund Balance	564,900	315,700
Voluntary Vehicle Repair & Retrofit Program Fund (EVA2365/A.R.S. § 49-474.03)		Non-Appropriated
Source of Revenue: Legislative appropriations, a \$10 fee on diesel vehicle registrations, gifts, grants and donations.		
Purpose of Fund: To provide monies for local programs intended to repair or retrofit vehicles that fail emissions tests.		
Funds Expended	198,400	0
Year-End Fund Balance	0	2,800
Water Quality Assurance Revolving Fund (WQARF) (EVA2221/A.R.S. § 49-282)		Non-Appropriated
Source of Revenue: Fees and taxes related to municipal water use, pesticides, fertilizers, hazardous waste, and groundwater withdrawal. As required by A.R.S § 49-282, \$15,000,000 is to be transferred to WQARF from the Corporate Income Tax. The \$15,000,000 is adjusted at the close of the fiscal year so that when combined with other revenues the fund receives \$18,000,000 annually. This statutory transfer was suspended for both FY 2010 and FY 2011 in favor of a transfer amount of \$7,000,000.		
Purpose of Fund: For the operation of the WQARF Priority Site Remediation Program. Expenditures include administration, legal support, identification of responsible polluters, community involvement, and contract costs for the clean-up of sites for which no responsible party can be found. There is a transfer of up to \$800,000 to the Department of Water Resources for well inspection and data management. Although this fund is not appropriated, A.R.S. § 49-282 requires the Appropriations Committees to review the annual budget for WQARF.		
Funds Expended	7,258,300	11,999,100
Year-End Fund Balance	5,060,200	3,566,500
Water Quality Fee Fund (EVA4100/A.R.S. § 49-210)		Appropriated
Source of Revenue: Legislative appropriations and fees received from several water quality protection programs.		
Purpose of Fund: To pay the costs of aquifer protection permit registration, dry well registration, technical review, inspections, and issuance of aquifer protection permits.		
Funds Expended	3,159,200	6,141,600
Year-End Fund Balance*	459,800	(323,400)

*As reported by the agency. Actual ending balance will not be negative.

Governor's Office of Equal Opportunity

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	112,300	104,000	104,000
Employee Related Expenditures	43,300	41,600	41,600
Professional and Outside Services	800	5,000	5,000
Travel - In State	100	1,200	1,200
Other Operating Expenditures	34,800	42,600	42,600
AGENCY TOTAL	191,300	194,400	194,400
FUND SOURCES			
General Fund	191,300	194,400	194,400
SUBTOTAL - Appropriated Funds	191,300	194,400	194,400
Federal Funds	35,700	100,300	68,000
TOTAL - ALL SOURCES	227,000	294,700	262,400

AGENCY DESCRIPTION — The agency monitors equal opportunity plans submitted annually by each state agency and assists agencies in equal employment opportunity training and evaluation.

Operating Budget

* * *

The Baseline includes \$194,400 and 4 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Equal Employment and Economic Development Fund (AFA2000/Executive Order: 93-20)		Non-Appropriated
Source of Revenue: Federal Funds received by the State of Arizona under the provisions of the Wagner-Peyser Act, the Workforce Investment Act, and Public Law 105-220.		
Purpose of Fund: To establish effective communication links between government agencies and local communities to address areas of employment under-utilization. To conduct research to improve, expand, or integrate state agencies' equal opportunity programs.		
Funds Expended	35,700	100,300
Year-End Fund Balance	32,800	500

State Board of Equalization

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	371,100	368,100	368,100
Employee Related Expenditures	124,000	128,500	128,500
Professional and Outside Services	30,900	27,000	27,000
Travel - In State	8,700	4,000	4,000
Other Operating Expenditures	137,300	129,200	129,200
Equipment	0	4,200	4,200
AGENCY TOTAL	672,000	661,000	661,000
FUND SOURCES			
General Fund	672,000	661,000	661,000
SUBTOTAL - Appropriated Funds	672,000	661,000	661,000
TOTAL - ALL SOURCES	672,000	661,000	661,000

AGENCY DESCRIPTION — The State Board of Equalization consists of 33 members. The board hears property tax appeals for Maricopa and Pima Counties. Property tax appeals in other counties continue to be heard by the respective County Boards of Equalization. Of the 33 members, the 13 gubernatorial appointments also hear appeals of centrally-valued properties and equalization orders by the Department of Revenue.

Operating Budget

The Baseline includes \$661,000 and 7 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

* * *

FORMAT — Lump Sum by Agency

Board of Executive Clemency

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	15.0	14.0	14.0
Personal Services	493,600	473,900	473,900
Employee Related Expenditures	231,700	232,900	232,900
Travel - In State	2,900	1,000	1,000
Other Operating Expenditures	149,500	151,600	151,600
Equipment	0	6,000	6,000
AGENCY TOTAL	877,700	865,400	865,400
FUND SOURCES			
General Fund	877,700	865,400	865,400
SUBTOTAL - Appropriated Funds	877,700	865,400	865,400
TOTAL - ALL SOURCES	877,700	865,400	865,400

AGENCY DESCRIPTION — The board consists of 1 full-time chairman and 4 part-time members. The board conducts home arrest, parole, or work furlough release hearings at all adult prison institutions for prisoners convicted prior to January 1, 1994. The board considers executive clemency actions such as pardons, commutations, and absolute discharges for all prisoners convicted on or after January 1, 1994.

Operating Budget

The Baseline includes \$865,400 and 14 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

STATUTORY CHANGES

The Baseline would, as session law, continue to limit members of the Board of Executive Clemency, excluding the Chairman, from working more than 30 hours per week and restrict them from being eligible for paid leave or any other benefits provided to state employees.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Caseload Data

The following displays the FY 2010 Board of Executive Clemency's distribution of its 2,043 cases.

- Phase 1 and Phase 2 Commutation (357): After reviewing an inmate's request to have their sentence commuted, the board can decide to deny the request or allow the request to move to a Phase 2 Commutation hearing.
- Pardon (17): The board may recommend that the Governor pardon an offender.
- Absolute Discharge (8): The board can discharge a person from imprisonment or parole supervision prior

to the sentence expiration date or prior to the expiration of parole.

- Modification (0): The board can recommend to the Governor that an inmate's sentence be modified or commuted.
- Reprieve (0): The board can make a recommendation to the Governor to delay or temporarily suspend the carrying out of an inmate's punishment.
- Parole (297): These hearings only apply to offenders sentenced prior to 1994. The board may place these offenders on parole or deny their application for parole and return them to the Department of Corrections.
- Probable Cause (148): Upon the request of offenders participating in the Community Supervision Program who have been accused of violating the terms of community supervision, the board can place the inmate back in the program or move the inmate to a Violators Hearing.
- Violator (1,216): These hearings are conducted when an offender has violated the terms of community supervision.

Arizona Exposition and State Fair Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	184.0	184.0	184.0
Personal Services	2,842,200	3,025,100	3,025,100
Employee Related Expenditures	762,800	836,000	836,000
Professional and Outside Services	2,818,000	3,284,800	3,284,800
Travel - Out of State	1,500	5,000	5,000
Other Operating Expenditures	7,324,400	3,884,400	3,884,400
Equipment	0	50,000	50,000
AGENCY TOTAL	13,748,900	11,085,300	11,085,300

FUND SOURCES

Other Appropriated Funds

Arizona Exposition and State Fair Fund	13,748,900	11,085,300	11,085,300
SUBTOTAL - Other Appropriated Funds	13,748,900	11,085,300	11,085,300
SUBTOTAL - Appropriated Funds	13,748,900	11,085,300	11,085,300
TOTAL - ALL SOURCES	13,748,900	11,085,300	11,085,300

AGENCY DESCRIPTION — The Arizona Exposition and State Fair Board is custodian of the 96-acre State Fairgrounds and Memorial Coliseum properties. The board directs and conducts the annual Arizona State Fair and leases the coliseum and fairgrounds facilities for special events, including the annual Arizona National Livestock Show.

<i>Operating Budget</i>

* * *

The Baseline includes \$11,085,300 and 184 FTE Positions from the Arizona Exposition and State Fair Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Exposition and State Fair Fund (CLA4001/A.R.S. § 3-1005)		Appropriated
Source of Revenue: Receipts and lease revenues from fairground facilities, most of which are associated with the State Fair.		
Purpose of Fund: For operating and capital costs of the State Fair.		
Funds Expended	13,748,900	11,085,300
Year-End Fund Balance	558,100	40,900

Department of Financial Institutions

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	47.1	55.1	55.1
Personal Services	1,743,200	2,009,000	2,009,000
Employee Related Expenditures	747,900	853,900	853,900
Professional and Outside Services	47,400	296,300	296,300
Other Operating Expenditures	431,600	478,900	478,900
Equipment	100	57,700	4,000
AGENCY TOTAL	2,970,200	3,695,800	3,642,100
FUND SOURCES			
General Fund	2,970,200	2,903,100	2,903,100
<u>Other Appropriated Funds</u>			
Financial Services Fund	0	792,700	739,000
SUBTOTAL - Other Appropriated Funds	0	792,700	739,000
SUBTOTAL - Appropriated Funds	2,970,200	3,695,800	3,642,100
Other Non-Appropriated Funds	2,467,900	1,605,700	705,700
TOTAL - ALL SOURCES	5,438,100	5,301,500	4,347,800

AGENCY DESCRIPTION — The department regulates state-chartered financial entities. The regulated entities include money transmitters, motor vehicle dealers, holding companies, trust companies, sales finance companies, collection agencies, escrow agents, debt management companies, consumer lenders, mortgage bankers, mortgage brokers, premium finance companies, credit unions and banks.

Operating Budget

* * *

The Baseline includes \$3,642,100 and 55.1 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$2,903,100
Financial Services Fund	739,000

FY 2012 adjustments would be as follows:

Eliminate One-Time Equipment OF (53,700)

The Baseline includes a decrease of \$(53,700) from the Financial Services Fund to eliminate one-time equipment funding for Information Technology in FY 2011.

FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

The Department of Financial Institutions shall assess and set fees to ensure that monies deposited in the state General Fund will equal or exceed its expenditure from the state General Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Escrow Recovery Fund (BDA2341/A.R.S. § 6-847.01)		Non-Appropriated
Source of Revenue: Within the fund, the Superintendent shall keep separate and distinct the following 2 accounts: 1) real property escrow agents account and 2) all other escrow agents account. All real property escrow agents shall make a one-time contribution of \$5,000 plus 3% of gross escrow fees until the real property escrow subaccount balance reaches \$4,000,000. Real property escrow agents may be asked to resume payment if claims draw the subaccount balance below \$4,000,000 or if there is an open escrow receivership that may require additional monies. Escrow agents, other than real property agents, pay into the fund as prescribed by the Superintendent.		
Purpose of Fund: To pay claims against escrow agents. Each year, the department may receive up to 2% of the fund balance for administration costs.		
Funds Expended	21,400	0
Year-End Fund Balance	582,800	435,000
Financial Services Fund (BDA1998/A.R.S. § 6-991.21)		Appropriated
Source of Revenue: Loan originator licensing fees.		
Purpose of Fund: To supervise and regulate loan originators.		
Funds Expended	0	792,700
Year-End Fund Balance	1,404,100	1,670,400
IGA and ISA Fund (BDA2500/A.R.S. § 6-1241)		Non-Appropriated
Source of Revenue: Monies received through Intergovernmental Agreements with the Attorney General's Office.		
Purpose of Fund: To reimburse the department for expenses related to the examination of money transmitting organizations. The banking examiners work in cooperation with the Attorney General's Office to provide information leading to the criminal conviction of fraudulent money transmitting organizations.		
Funds Expended	119,500	73,000
Year-End Fund Balance	800	0
Mortgage Recovery Fund (BDA1997/A.R.S. § 6-991.09)		Non-Appropriated
Source of Revenue: Licensing and renewal fees paid by licensed loan originators.		
Purpose of Fund: To benefit any person aggrieved by any act, representation, transaction or conduct of a licensed loan originator that violates statute or rule.		
Funds Expended	0	0
Year-End Fund Balance	213,000	491,800
Receivership Revolving Fund (BDA3023/A.R.S. § 6-135.01)		Non-Appropriated
Source of Revenue: Revenue generated from the sale of assets of firms under receivership and transfers from the department's Revolving Fund.		
Purpose of Fund: Provide funding for the administration of receiverships.		
Funds Expended	1,509,500	932,200
Year-End Fund Balance	13,100	103,200
Revolving Fund (BDA2126/A.R.S. § 6-135)		Non-Appropriated
Source of Revenue: Investigative costs, attorney fees, or civil penalties recovered as the result of an enforcement action brought by the department or the Attorney General for violations of state banking laws.		
Purpose of Fund: To support investigative and enforcement activities conducted by the department and the Attorney General. Year-end unencumbered fund balances in excess of \$50,000 are transferred to the department's Receivership Revolving Fund.		
Funds Expended	817,500	600,500
Year-End Fund Balance	152,300	44,000

Department of Fire, Building, and Life Safety

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	48.0	47.0	47.0
Personal Services	1,128,600	1,031,700	1,031,700
Employee Related Expenditures	598,300	526,100	526,100
Professional and Outside Services	55,300	75,000	75,000
Travel - In State	95,700	156,100	156,100
Travel - Out of State	1,600	0	0
Other Operating Expenditures	266,200	193,000	193,000
Equipment	8,500	32,500	32,500
AGENCY TOTAL	2,154,200	2,014,400	2,014,400
FUND SOURCES			
General Fund	2,154,200	2,014,400	2,014,400
SUBTOTAL - Appropriated Funds	2,154,200	2,014,400	2,014,400
Other Non-Appropriated Funds	1,708,100	837,600	837,600
Federal Funds	125,500	176,100	176,100
TOTAL - ALL SOURCES	3,987,800	3,028,100	3,028,100

AGENCY DESCRIPTION — The agency enforces safety standards for manufactured homes, mobile homes, and factory-built buildings. The agency also includes the Office of the State Fire Marshal, which enforces the state fire codes and provides training and education for fire personnel and the general public. All training provided by the department must comply with safety standards prescribed by the National Fire Protection Association and the Occupational Safety and Health Administration of Arizona.

Operating Budget

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The Baseline includes \$2,014,400 and 47 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arson Detection Reward Fund (MMA2169/A.R.S. § 41-2167)		Non-Appropriated
Source of Revenue: Donations, court imposed fines, and monies from forfeiture of bail posted for arson convictions.		
Purpose of Fund: To provide rewards for information leading to convictions of arson cases.		
Funds Expended	3,300	0
Year-End Fund Balance	55,500	66,300
Building & Fire Safety Fund (MMA2211/A.R.S. § 41-2173)		Non-Appropriated
Source of Revenue: Intergovernmental Agreement with the Department of Environmental Quality and the Department of Health Services. Registration fees charged to fire training school participants.		
Purpose of Fund: The fund is used: a) to implement a fire and life safety inspection program for the removal or installation of storage tanks and to ensure that owners and operators are complying with and reporting environmental releases to the proper agencies; b) to implement a fire and life safety inspection program for all buildings licenses under Federal Medicaid and Medicare Programs and provide staff to perform inspections; and c) to provide training classes, at the local level, to address the needs of volunteer firefighters.		
Funds Expended	299,800	0
Year-End Fund Balance*	54,800	(31,500)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Condominium and Planned Community Hearing Office Fund (MMA2537/A.R.S. § 41-2198.05)		Non-Appropriated
Source of Revenue: Filing fees and civil penalties arising from disputes between owners and condominium or planned community associations over violations of condominium or planned community documents or violations of regulatory statutes.		
Purpose of Fund: To reimburse the costs of the Office of Administrative Hearings in conducting hearings concerning disputes between owners and condominium or planned community associations. Remaining monies in the fund may be used by the department to offset the costs of administering cases between owners and condominium or planned community associations.		
Funds Expended	0	0
Year-End Fund Balance	800	800
Consumer Recovery Fund (MMA3090/A.R.S. § 41-2188)		Non-Appropriated
Source of Revenue: Fees charged to dealers and brokers of manufactured homes, mobile homes, or factory-built buildings designed for residential use.		
Purpose of Fund: To provide consumer and license education in connection with the manufactured housing and factory-built building industry and to make payments on damage claims filed by consumers of these types of residential buildings.		
Funds Expended	505,100	155,000
Year-End Fund Balance	52,500	52,500
Federal Grant Fund (MMA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Housing and Urban Development (HUD) reimbursements for regulatory functions performed by the Office of Manufactured Housing (OMH) on its behalf. Tuition fees for HUD training conducted by OMH staff.		
Purpose of Fund: Pro-rated salaries and related expenses for employees performing related functions.		
Funds Expended	125,500	176,100
Year-End Fund Balance	86,500	108,100
Interagency Service Agreement Fund (MMA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies transferred from the State Forester to cover their portion of rent expenses for office space shared with the Department of Fire, Building, and Life Safety.		
Purpose of Fund: To pay rent for office space shared by the Department of Fire, Building, and Life Safety and the State Forester. There has not been any activity in this fund because the department had previously been appropriated an amount sufficient to cover the State Forester's portion of rent payments.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Manufactured Housing Cash Bond Fund (MMA3722/A.R.S. § 41-2179)		Non-Appropriated
Source of Revenue: Cash deposits made by housing manufacturers and installers prior to the granting of an original license. Applicants must make a cash deposit for each branch location of their operation.		
Purpose of Fund: To compensate consumers in cases where a licensee fails to perform sales or installation agreements or repairs under warranty; and to make payment to the department if the licensee fails to pay any fees or costs owed.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Mobile Home Relocation Fund (MMA2237/A.R.S. § 33-1476.02)		Non-Appropriated
Source of Revenue: Assessments collected from mobile home owners who do not own the land upon which the mobile home is located and interest earnings. Once the fund balance reaches \$8,000,000, assessments will no longer be collected and the only revenue will be from interest. Assessment would resume when the fund balance at the end of a fiscal year is less than \$6,000,000.		
Purpose of Fund: To pay for relocations due to rental increases and to pay premiums and other costs of purchasing insurance coverage for tenant relocation costs due to a change in property use pursuant to A.R.S. § 33-1476.01. If such insurance is not available, or if the insurance costs exceed the amount available from the fund, the fund is used to make direct payments for tenant relocation costs.		
Funds Expended	899,900	682,600
Year-End Fund Balance	7,184,100	7,312,500

*As reported by the agency. Actual ending balance will not be negative.

State Forester

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	54.0	52.0	52.0
Personal Services	1,471,000	1,471,000	1,471,000
Employee Related Expenditures	599,800	599,800	599,800
Travel - In State	26,200	26,200	26,200
Other Operating Expenditures	99,100	99,100	99,100
OPERATING SUBTOTAL	2,196,100	2,196,100	2,196,100
SPECIAL LINE ITEMS			
Environmental County Grants	75,000	75,000	75,000
Fire Suppression	3,000,000	3,000,000	3,000,000
Inmate Fire Crews	700,000	700,000	700,000
AGENCY TOTAL	5,971,100	5,971,100	5,971,100
FUND SOURCES			
General Fund	2,896,100	5,971,100	5,971,100
<u>Other Appropriated Funds</u>			
State Parks Heritage Fund	3,075,000	0	0
SUBTOTAL - Other Appropriated Funds	3,075,000	0	0
SUBTOTAL - Appropriated Funds	5,971,100	5,971,100	5,971,100
Other Non-Appropriated Funds	15,860,300	15,860,300	15,860,300
Federal Funds	0	1,307,500	1,307,500
TOTAL - ALL SOURCES	21,831,400	23,138,900	23,138,900

AGENCY DESCRIPTION — The State Forester is responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities (about 22 million acres total). In FY 2010, the Forester's appropriation was originally included in the Land Department.

Operating Budget

The Baseline includes \$2,196,100 and 39 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Environmental County Grants

The Baseline includes \$75,000 from the General Fund for Environmental County Grants in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item have been used by Greenlee, Graham, Gila, Navajo, and Apache Counties for environmental projects that impact economic development in those counties. The State Forester's Office must approve any project prior to expenditure of the monies.

Fire Suppression

The Baseline includes \$3,000,000 from the General Fund for Fire Suppression in FY 2012. This amount is unchanged from FY 2011.

This Special Line Item funds fire suppression on state trust land and rural private land. A.R.S. § 37-623.02 provides an annual appropriation of up to \$3,000,000 from the General Fund for fire suppression. Because this authorization is in permanent statute, it is not included in the General Appropriation Act.

Inmate Fire Crews

The Baseline includes \$700,000 and 13 FTE Positions from the General Fund for Inmate Fire Crews in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Community Protection Initiative Fund (FOA2343/A.R.S. § 37-641)		Non-Appropriated
Source of Revenue: Legislative appropriations, private and federal monies, grants, gifts, and contributions. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations.		
Purpose of Fund: To provide grants to communities at risk of wildfire to complete community wildfire protection plans.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Cooperative Forestry Fund (FOA2232/A.R.S. § 37-624)		Non-Appropriated
Source of Revenue: Legislative appropriations, reimbursements from organizations, the public, other levels of government, and state agencies.		
Purpose of Fund: To fund the State Forester's activities, including forestry assistance and wild land fire prevention and suppression on state lands.		
Funds Expended	6,360,100	6,360,100
Year-End Fund Balance	3,028,900	4,124,900
Federal Grants - American Recovery and Reinvestment Act (ARRA) (FOA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for expanding the hazardous fuel reduction program and other forest health programs.		
Funds Expended	0	1,307,500
Year-End Fund Balance	0	0
Fire Suppression Fund (FOA2360/A.R.S. § 37-623.02)		Non-Appropriated
Source of Revenue: General Fund appropriations, monies authorized by the Governor's Emergency Council and Wild Land Fire Emergency Council, civil penalties related to the use of fireworks on state lands and other monies. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations. If the unobligated balance of the fund exceeds \$2,000,000 at the end of any Calendar Year, the excess shall be transferred to the General Fund. In FY 2010, the appropriation was shifted from the General Fund to the State Parks Heritage Fund. At the end of Calendar Year 2010, any balance in the fund exceeding \$2,000,000 will revert to the State Parks Heritage Fund. In FY 2011, the appropriation was shifted back to the General Fund.		
Purpose of Fund: To cover the costs of fighting fires on public and private lands.		
Funds Expended	9,500,200	9,500,200
Year-End Fund Balance	4,460,700	2,361,300
State Parks Heritage Fund (PRA2296/A.R.S. § 41-502)		Appropriated
Source of Revenue: Annual transfer from the Lottery Fund of up to \$10,000,000, and interest earnings. The State Parks Heritage Fund was repealed from statute in FY 2010.		
Purpose of Fund: To fund acquisition and development of local, regional, and state parks (35%); development of trails (5%); acquisition of natural areas (17%); maintenance and operation of natural areas (4%); environmental educations (5%); State Parks acquisition and development (17%); and historic preservation projects (17%). Interest earnings are to be used for program administration.		
Funds Expended	3,075,000	0
Year-End Fund Balance	0	0

State Board of Funeral Directors and Embalmers

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	166,200	185,000	185,000
Employee Related Expenditures	35,100	40,000	40,000
Professional and Outside Services	49,500	58,900	58,900
Travel - In State	600	9,000	9,000
Other Operating Expenditures	38,200	50,300	50,300
Equipment	900	900	900
AGENCY TOTAL	290,500	344,100	344,100

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Funeral Directors' and Embalmers' Fund	290,500	344,100	344,100
SUBTOTAL - Other Appropriated Funds	290,500	344,100	344,100
SUBTOTAL - Appropriated Funds	290,500	344,100	344,100
TOTAL - ALL SOURCES	290,500	344,100	344,100

AGENCY DESCRIPTION — The board licenses, registers, and regulates embalmers, prearranged funeral salespersons, crematories, and funeral homes. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Operating Budget

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The Baseline includes \$344,100 and 4 FTE Positions from the Board of Funeral Directors' and Embalmers' Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Funeral Directors' and Embalmers' Fund (FDA2026/A.R.S. § 32-1308)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of funeral directors and embalmers. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate funeral directors and embalmers, and for board administration.		
Funds Expended	290,500	344,100
Year-End Fund Balance	235,800	249,000

Arizona Game and Fish Department

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	273.5	273.5	273.5
Personal Services	13,697,900	13,237,700	13,237,700
Employee Related Expenditures	6,882,600	7,634,200	7,634,200
Professional and Outside Services	1,086,700	534,000	534,000
Travel - In State	159,200	312,100	312,100
Travel - Out of State	91,300	30,700	30,700
Other Operating Expenditures	4,885,000	11,122,600	11,122,600
Equipment	1,472,000	955,500	955,500
OPERATING SUBTOTAL	28,274,700	33,826,800	33,826,800
SPECIAL LINE ITEMS			
Lower Colorado Multispecies Conservation	350,000	350,000	350,000
Performance Incentive Pay Program	346,800	346,800	346,800
Pittman-Robertson/Dingell-Johnson	3,808,000	3,808,000	3,808,000
Watercraft Grant Program	250,000	250,000	250,000
Watercraft Safety Education Program	1,175,000	1,175,000	1,175,000
AGENCY TOTAL	34,204,500	39,756,600	39,756,600
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Game and Fish Fund	30,410,900	34,701,900	34,701,900
Game, Non-Game, Fish and Endangered Species Fund	311,600	334,700	334,700
Watercraft Licensing Fund	3,462,800	4,660,600	4,660,600
Waterfowl Conservation Fund	19,200	43,400	43,400
Wildlife Endowment Fund	0	16,000	16,000
SUBTOTAL - Other Appropriated Funds	34,204,500	39,756,600	39,756,600
SUBTOTAL - Appropriated Funds	34,204,500	39,756,600	39,756,600
Other Non-Appropriated Funds	23,043,600	24,449,700	27,851,500
Federal Funds	33,081,000	36,449,700	33,424,500
TOTAL - ALL SOURCES	90,329,100	100,656,000	101,032,600

AGENCY DESCRIPTION — The Arizona Game and Fish Department (AGFD) manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development. A 5-member commission appointed by the Governor oversees department operations.

Operating Budget

The Baseline includes \$33,826,800 and 273.5 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
Game and Fish Fund	\$30,593,900
Game, Non-Game, Fish and Endangered Species Fund	334,700
Watercraft Licensing Fund	2,838,800
Waterfowl Conservation Fund	43,400
Wildlife Endowment Fund	16,000

These amounts are unchanged from FY 2011.

Lower Colorado Multispecies Conservation

The Baseline includes \$350,000 from the Watercraft Licensing Fund for the Lower Colorado River Multispecies Conservation Plan (MSCP) in FY 2012. This amount is unchanged from FY 2011.

The \$350,000 payment represents the department's share of Arizona's payment for the plan. This amount funds approximately 25% of the state's annual payment. Currently, the total payment to MSCP is \$1,400,000. The Central Arizona Water Conservation District pays the remaining \$1,050,000 share of the state's obligation under the plan. The total payment, including the state share, will be adjusted for inflation in future years.

Annual payments for the plan are made to the U.S. Bureau of Reclamation. The bureau uses the monies received from state payments to implement conservation measures under the MSCP agreement.

The MSCP is an agreement between Arizona, California, Nevada, Indian Tribes, and water and utility companies to protect species classified as threatened or endangered, and to prevent any additional species from being added to these lists. The MSCP implementation plan lasts for 50 years, is estimated to cost \$626,000,000, and is administered by the U.S. Bureau of Reclamation.

Performance Incentive Pay Program

The Baseline includes \$346,800 for the Performance Incentive Pay Program in FY 2012. This amount is unchanged from FY 2011 and consists of:

Game and Fish Fund	300,000
Watercraft Licensing Fund	46,800

These monies fund the department's Performance Incentive Pay Program. Employee distributions are based on 50% work unit performance measures and 50% on agencywide performance measures. These measures are determined by internal and external customer surveys, cycle times, and other quantifiable data.

Pittman-Robertson/Dingell-Johnson Act

The Baseline includes \$3,808,000 from the Game and Fish Fund for the Pittman-Robertson/Dingell-Johnson Act in FY 2012. This amount is unchanged from FY 2011.

These monies fund the state's 25% match for federal aid matching funds for wildlife restoration projects.

Watercraft Grant Program

The Baseline includes \$250,000 from the Watercraft Licensing Fund for the Watercraft Grant Program Special Line Item (SLI) in FY 2012. This amount is unchanged from FY 2011.

The program awards grants through a competitive grant process to Arizona watercraft enforcement agencies. These grants are used by agencies to expand Operation Under the Influence enforcement efforts, such as purchasing equipment, paying officers' overtime, or funding prevention and education programs.

Watercraft Safety Education Program

The Baseline includes \$1,175,000 from the Watercraft Licensing Fund for the Watercraft Safety Education Program SLI in FY 2012. This amount is unchanged from FY 2011.

The Watercraft Safety Education Program SLI funds a statewide marketing campaign designed to promote a boating education class and an internet-based education program. Department data indicate that 79% of all boaters involved in accidents have never received any formal boating education.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The \$300,000 from the Game and Fish Fund and \$46,800 from the Watercraft Licensing Fund in FY 2012 for the Performance Incentive Pay Program line item shall be used for Personal Services and Employee Related Expenditures associated with the department's Performance Incentive Pay Program. This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

In addition to the \$3,808,000 for the Pittman-Robertson/Dingell-Johnson Act line item, the lump sum appropriation includes \$50,000 for cooperative fish and wildlife research which may be used for the purpose of matching federal and apportionment funds.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Big Game Permit Fund (GFA3712/A.R.S. § 17-231)		Non-Appropriated
Source of Revenue: License fees for hunting permits.		
Purpose of Fund: Holding account for license fees from hunters who are unable to obtain big game hunting permits through the lottery system.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Capital Improvement Fund (GFA2203/A.R.S. § 17-292)		Appropriated
Source of Revenue: Transfers from the Conservation Development Fund.		
Purpose of Fund: To acquire, construct, improve and renovate department facilities. Expenditures from the fund are not displayed as they are part of the capital budget.		
Funds Expended	0	0
Year-End Fund Balance	445,200	55,200
Conservation Development Fund (GFA2062/A.R.S. § 17-282)		Non-Appropriated
Source of Revenue: A surcharge on hunting, fishing and combination licenses, and trout stamp sales.		
Purpose of Fund: To make debt service payments if the department issues bonds for the purpose of constructing, maintaining, and renovating department facilities.		
Funds Expended	2,505,100	3,200,000
Year-End Fund Balance	5,146,200	3,516,200
Federal Funds (GFA2000/A.R.S. § 17-406)		Non-Appropriated
Source of Revenue: Revenue from federal grants.		
Purpose of Fund: To be used as specified by the federal grants. The fund also generates interest owed to the federal government that is paid on a quarterly basis.		
Funds Expended	0	0
Year-End Fund Balance	258,400	258,400
Federal Grants - American Recovery and Reinvestment Act (ARRA) (GFA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department to fulfill Federal contracts.		
Funds Expended	86,600	0
Year-End Fund Balance	20,600	220,600
Federal Revolving Fund (GFA2028/A.R.S. § 17-406)		Non-Appropriated
Source of Revenue: Funds received from the federal government for deposit and appropriated state matching money.		
Purpose of Fund: For projects approved in compliance with the provisions of the restoration acts known as the Pittman-Robertson Act and the Dingell-Johnson/Wallop-Breaux Act and other wildlife projects in which the cost may be partially or wholly reimbursed from Federal Funds.		
Funds Expended	32,994,400	36,449,700
Year-End Fund Balance	2,500,300	2,207,700
Firearms Safety and Ranges Fund (GFA2442/A.R.S. § 17-273)		Non-Appropriated
Source of Revenue: Annual appropriation of \$50,000 from retail sales taxes deposited to the General Fund and transferred to the fund pursuant to A.R.S. § 42-5029D(4), revenues derived from the sale or lease of real property owned by the commission, and interest earnings, as provided by A.R.S. § 17-273.		
Purpose of Fund: To award grants to assist existing government-owned shooting ranges in adapting to changes in the use of adjacent properties, including noise abatement, safety enhancement, range realignment, acquisition of land for buffer zones, or acquisition of State Trust Lands for locating or relocating government-owned shooting ranges.		
Funds Expended	0	0
Year-End Fund Balance	3,600	3,600
Game and Fish Fund (GFA2027/A.R.S. § 17-261)		Appropriated
Source of Revenue: Monies received from sales of licenses and tags for hunting, trapping and fishing, and other related fees and penalties.		
Purpose of Fund: To provide funding for general operation of the Game and Fish Department and to match federal grants for fish and wildlife restoration.		
Funds Expended	30,410,900	34,701,900
Year-End Fund Balance	7,174,700	1,468,800

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Game and Fish Trust Fund (GFA3111/A.R.S. § 17-231)		Non-Appropriated
Source of Revenue: Collections from local governments for the Urban Fishing Program, transfers from the state Risk Management Fund, proceeds from the charitable auction of bighorn sheep tags, and private donations from private contributors.		
Purpose of Fund: This fund fulfills the wildlife-related requests of private contributors. Most donations include a request to protect or research a particular form of wildlife.		
Funds Expended	2,182,400	2,341,200
Year-End Fund Balance	5,333,300	5,254,200
Game, Non-Game, Fish and Endangered Species Fund (GFA2127/A.R.S. § 17-268)		Appropriated
Source of Revenue: Contributions from taxpayers who select the "check-off" option for non-game wildlife on their Arizona state income tax forms and interest earned.		
Purpose of Fund: To provide funding for research on non-game wildlife, endangered species, and related habitat for use in the department's management plan.		
Funds Expended	311,600	334,700
Year-End Fund Balance	286,800	190,100
Heritage Fund (GFA2295/A.R.S. § 17-297)		Non-Appropriated
Source of Revenue: Annual transfer from the Lottery Fund of up to \$10,000,000 and interest earnings.		
Purpose of Fund: To protect areas containing sensitive or endangered biological features and wildlife. At least 29% of the fund, but no more than 60%, may be used for capital projects and acquisitions. Interest earnings are to be used for administration.		
Funds Expended	8,399,200	8,932,300
Year-End Fund Balance	4,052,900	5,013,100
IGA and ISA Fund (GTA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received through intergovernmental and interagency service agreements.		
Purpose of Fund: To execute intergovernmental and interagency service agreements.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (GFA9000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: This fund consists of revenue generated by billing federal aid for indirect costs.		
Purpose of Fund: To pay departmentwide administrative and overhead costs.		
Funds Expended	2,434,900	2,602,100
Year-End Fund Balance	110,600	211,500
Kaibab Co-op Fund (GFA3714/A.R.S. § 17-231)		Non-Appropriated
Source of Revenue: Clearing account. In accordance with the Federal Sikes Act, 16 U.S.C. 670 et seq., monies are generated from the sale of a Kaibab habitat management stamp which is required to take deer on the Kaibab Plateau.		
Purpose of Fund: To provide funding for habitat management.		
Funds Expended	130,000	57,000
Year-End Fund Balance	75,400	62,100
Land and Water Conservation and Recreation Development Fund (GFA2036/A.R.S. § 17-267)		Appropriated
Source of Revenue: Fishing license fees.		
Purpose of Fund: To pay for recreation benefits in conjunction with fish and wildlife restoration projects; purchase engineering services, land, rights of way, water rights, and construction; and match funds for Pittman-Robertson and Dingell-Johnson federal aid and other available funds from federal, state, county or municipal sources.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Off-Highway Vehicle Recreation Fund (GFA2253/A.R.S. § 28-1176)		Non-Appropriated
Source of Revenue: The Arizona Game and Fish Department receives 35% of off-highway vehicle user fees and annual collections from the Motor Vehicle Fuel Tax transfer to the State Parks Board, which is equivalent to 0.55% of the total license taxes on motor vehicle fuel.		
Purpose of Fund: To plan, administer, and enforce off-highway vehicle recreation, and to develop facilities consistent with the off-highway vehicle plan. Sixty percent of monies collected are to be used by the Arizona State Parks Board for planning, administration, and facilities development and 5% are to be used by the State Land Department for costs associated with off-highway vehicle use for land within its jurisdiction. The remainder is transferred to the Arizona Game and Fish Department for informational and educational programs on off-highway vehicle recreation and law enforcement activities.		
Funds Expended	1,167,600	1,495,700
Year-End Fund Balance	568,800	403,300
Publications Revolving Fund (GFA4007/A.R.S. § 17-269)		Non-Appropriated
Source of Revenue: Sales of agency publications, including Wildlife Views magazine and various field guides.		
Purpose of Fund: To finance the production of agency publications. Amounts in excess of \$80,000 revert to the Game and Fish Fund at fiscal year end. However, in some circumstances, the balance forward may appear to exceed \$80,000 without reversion due to unexpended obligations at fiscal year end that the agency counts against the ending balance.		
Funds Expended	192,900	122,600
Year-End Fund Balance	27,400	86,600
Watercraft Licensing Fund (GFA2079/A.R.S. § 5-323)		Appropriated
Source of Revenue: Registration fees for the licensing and numbering of watercraft, license taxes, and penalty assessments.		
Purpose of Fund: To administer and enforce registration of watercraft and boating safety laws, and to provide any information and education programs relating to boating and boating safety.		
Funds Expended	3,462,800	4,660,600
Year-End Fund Balance	1,080,400	315,600
Waterfowl Conservation Fund (GFA2209/A.R.S. § 17-270)		Appropriated
Source of Revenue: Monies received from sales of waterfowl stamps and artwork, gifts, grants, other contributions, and interest earned.		
Purpose of Fund: To provide funding for developing migratory waterfowl habitat, and associated research and management to increase the number of migratory waterfowl in Arizona.		
Funds Expended	19,200	43,400
Year-End Fund Balance	276,500	128,100
Wildlife Conservation Fund (GFA2497/A.R.S. § 17-299)		Non-Appropriated
Source of Revenue: Monies received from tribal gaming in accordance with A.R.S. § 5-601.02.		
Purpose of Fund: To conserve, enhance, and restore Arizona's diverse wildlife resources and habitats, and may include the acquisition of real property.		
Funds Expended	5,911,800	5,551,900
Year-End Fund Balance	4,019,300	3,813,400
Wildlife Endowment Fund (GFA2279/A.R.S. § 17-271)		Appropriated
Source of Revenue: Sales of lifetime hunting and fishing licenses, gifts, grants, contributions, and interest and investment income.		
Purpose of Fund: To provide funding for wildlife conservation and management.		
Funds Expended	0	16,000
Year-End Fund Balance	1,427,400	1,547,400
Wildlife Habitat Restoration and Enhancement Fund (GFA2536/A.R.S. § 17-471)		Appropriated
Source of Revenue: Legislative appropriations. The Legislature provided a non-lapsing, one-time allocation of \$3,500,000 from the General Fund in FY 2007.		
Purpose of Fund: To provide funding for wildlife habitat restoration and improvement projects.		
Funds Expended	0	0
Year-End Fund Balance	400	400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Wildlife Theft Prevention Fund (GFA2080/A.R.S. § 17-315)		Non-Appropriated
Source of Revenue: Fines charged for the unlawful taking, wounding or killing, or unlawful possession of wildlife; and monies received from donations.		
Purpose of Fund: To finance reward payments to persons providing information about illegal wildlife activities; to finance the department's "Operation Game Thief" program; and to promote awareness of the Wildlife Theft Prevention program.		
Funds Expended	119,700	146,900
Year-End Fund Balance	68,500	67,100

Department of Gaming

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	123.0	123.0	123.0
Personal Services	4,180,800	4,468,700	4,395,500
Employee Related Expenditures	1,565,400	1,416,300	1,393,100
Professional and Outside Services	592,300	713,300	701,600
Travel - In State	232,900	350,000	344,300
Travel - Out of State	20,700	25,000	24,600
Other Operating Expenditures	1,043,800	839,600	825,900
Equipment	89,300	320,200	315,000
OPERATING SUBTOTAL	7,725,200	8,133,100	8,000,000
SPECIAL LINE ITEMS			
Casino Operations Certification	1,824,700	2,003,600	2,003,600
Joint Monitoring System	126,200	0	0
Problem Gambling	1,799,100	2,102,400	1,896,500
AGENCY TOTAL	11,475,200	12,239,100	11,900,100

FUND SOURCES

Other Appropriated Funds

Arizona Benefits Fund	9,350,500	9,935,500	9,596,500
State Lottery Fund	300,000	300,000	300,000
Tribal-State Compact Fund	1,824,700	2,003,600	2,003,600
SUBTOTAL - Other Appropriated Funds	11,475,200	12,239,100	11,900,100
SUBTOTAL - Appropriated Funds	11,475,200	12,239,100	11,900,100
TOTAL - ALL SOURCES	11,475,200	12,239,100	11,900,100

AGENCY DESCRIPTION — The Department of Gaming regulates tribal gaming activities as authorized by the Arizona Tribal-State Gaming Compacts and Proposition 202 in 2002. The agency is funded by the Arizona Benefits Fund, which receives a portion of tribal gaming revenues to pay for regulation of tribal gaming and prevention of problem gambling. The agency is also responsible for certifying casino employees and vendors working with casinos. The department receives monies from the Tribal-State Compact Fund through casino employee and vendor certification application fees.

Pursuant to A.R.S. § 5-601.02 and the Tribal-State Gaming Compacts, the department's administration expenses from the Arizona Benefits Fund, excluding Problem Gambling, are limited to the greater of \$8,000,000, or 9% of state tribal gaming revenues. The Baseline includes \$8,000,000 for FY 2012, as 9% of projected FY 2012 revenues is less than \$8,000,000. Any unexpended administrative monies are transferred to the Department of Education's Instructional Improvement Fund.

From the Arizona Benefits Fund, the department is also appropriated 2% of tribal revenues, equal to \$1,596,500 for FY 2012, for the Problem Gambling SLI.

Gaming revenues declined by (10)% in FY 2010 due to the overall downturn in the economy to a level of \$77.9 million. In FY 2011, gaming revenues are expected to stay flat at a level of \$77.9 million. (The original FY 2011 budget assumed a revenue level of \$85.8 million.) In FY 2012 gaming revenues are forecasted to increase by 2.5% over

FY 2011. (See Table 1 for more information on projected state revenues.)

Operating Budget

The Baseline includes \$8,000,000 and 90 FTE Positions from the Arizona Benefits Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

Revenue Realignment	OF	FY 2012
		\$(133,100)

The Baseline includes a decrease of \$(133,100) from the Arizona Benefits Fund to realign spending with projected revenues in FY 2012.

Casino Operations Certification

The Baseline includes \$2,003,600 and 28 FTE Positions from the Tribal-State Compact Fund for Casino Operations Certification in FY 2012. These amounts are unchanged from FY 2011.

Table 1

Tribal Gaming Distributions Pursuant to Proposition 202 ^{1/}

Recipient	Proposition 202 Formula	FY 2009 Actual ^{1/}	FY 2010 Actual ^{1/}	FY 2011 Projected ^{2/}	FY 2012 Projected ^{2/}
State Government Contribution	88% of total	\$86,496,800	\$77,893,100	\$77,893,100	79,825,700
Local Government Contribution	12% of total	<u>11,037,900</u>	<u>11,120,900</u>	<u>11,120,900</u>	<u>10,885,300</u>
Total	100% of total	\$97,534,700	\$89,014,000	\$89,014,000	\$90,711,000
Allocation of State Government's Share					
Department of Gaming Regulation	\$8 million, or 9%, whichever is greater	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Department of Gaming Problem Gambling	2%	<u>1,729,900</u>	<u>1,557,900</u>	<u>1,557,900</u>	<u>1,596,500</u>
Subtotal-Department of Gaming		\$ 9,729,900	\$ 9,557,900	\$ 9,557,900	\$ 9,596,500
Instructional Improvement Fund (Department of Education)	56% of remainder	42,989,400	38,267,700	38,267,700	39,328,400
Trauma and Emergency Services Fund (Arizona Health Care Cost Containment System)	28% of remainder	21,494,700	19,133,900	19,133,900	19,664,200
Arizona Wildlife Conservation Fund	8% of remainder	6,141,400	5,466,800	5,466,800	5,618,300
Tourism Fund	8% of remainder	<u>6,141,400</u>	<u>5,466,800</u>	<u>5,466,800</u>	<u>5,618,300</u>
Total		\$86,496,800	\$77,893,100	\$77,893,100	\$79,825,700

^{1/} The numbers displayed herein represent monies distributed to agencies and may not correspond directly with agencies' actual expenditures or appropriation amounts.

^{2/} The budget projects 0% growth in FY 2011 tribal contributions to the Arizona Benefits Fund and 2.5% growth for FY 2012.

The department has the responsibility for investigating and certifying all vendors that provide over \$10,000 per month of goods and services to tribal gaming facilities and all tribal gaming employees, excluding food and beverage personnel who are certified by the relevant tribal gaming office. Certification application fees provide funding for the Casino Operations Certification SLI.

Problem Gambling

The Baseline includes \$1,896,500 and 5 FTE Positions for Problem Gambling in FY 2012. These amounts consist of:

Arizona Benefits Fund	1,596,500
Lottery Fund	300,000

FY 2012 adjustments would be as follows:

Revenue Realignment OF (205,900)

The Baseline includes a decrease of \$(205,900) from the Arizona Benefits Fund to realign spending with projected revenues in FY 2012.

Pursuant to A.R.S. § 5-601.02 and the Tribal-State Gaming Compacts, 2% of tribal revenues received by the state shall be appropriated from the Arizona Benefits Fund to the department to provide problem gambling prevention, treatment, and education programs. The Baseline includes \$1,596,500 for FY 2012 from the Arizona Benefits Fund. (See Table 1 for more information on projected state revenues.)

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Benefits Fund (GMA2350/A.R.S. § 5-601.02)		Partially-Appropriated
Source of Revenue: Tribal organizations, which have gaming compacts with the state, pay a portion of their gaming revenues to the state.		
Purpose of Fund: Provide funding for the regulation of tribal gaming and prevention of problem gambling. In addition, the Arizona Benefits Fund distributes monies to various state funds. (See individual agency pages for detailed information on each recipient.)		
Appropriated Funds Expended by Department of Gaming	9,350,500	9,935,500
Funds Transferred		
Instructional Improvement Fund	38,267,800	39,404,400
Trauma and Emergency Services Fund	19,133,900	19,702,200
Arizona Wildlife Conservation Fund	5,466,800	5,629,200
Tourism Fund	<u>5,466,800</u>	<u>5,629,200</u>
Total Funds Transferred	68,335,300	70,365,000
Year-End Fund Balance	682,300	2,708,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
State Lottery Fund (GMA2122/A.R.S. § 5-601)		Appropriated
Source of Revenue: Funds transferred from the State Lottery Fund.		
Purpose of Fund: Provide additional funding to the department's Problem Gambling program. These funds are expended to prevent, educate, and treat individual's suffering from problem gambling.		
Funds Expended	300,000	300,000
Year-End Fund Balance	0	0
Tribal-State Compact Fund (GMA2340/A.R.S. § 5-601)		Appropriated
Source of Revenue: The fund receives monies from gaming vendors and gaming employees to pay for their certification.		
Purpose of Fund: Pay for the actual cost of performing background investigations on gaming employees and vendors to determine suitability for state certification.		
Funds Expended	1,824,700	2,003,600
Year-End Fund Balance	2,372,000	2,372,000

Arizona Geological Survey

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	11.3	10.3	10.3
Personal Services	415,000	420,000	420,000
Employee Related Expenditures	135,300	125,800	125,800
Professional and Outside Services	5,100	4,100	4,100
Travel - In State	600	0	0
Travel - Out of State	3,300	3,000	3,000
Other Operating Expenditures	240,500	240,500	240,500
Equipment	700	700	700
AGENCY TOTAL	800,500	794,100	794,100
FUND SOURCES			
General Fund	800,500	794,100	794,100
SUBTOTAL - Appropriated Funds	800,500	794,100	794,100
Other Non-Appropriated Funds	857,000	467,200	467,200
Federal Funds	652,100	8,781,300	8,781,300
TOTAL - ALL SOURCES	2,309,600	10,042,600	10,042,600

AGENCY DESCRIPTION — The Geological Survey investigates Arizona's geology and provides technical advice and assistance to state and local government agencies, industry and other members of the public concerning the geologic environment and the development and use of mineral resources in Arizona. The Survey also provides staffing to the Arizona Oil and Gas Conservation Commission, which regulates the drilling and production of oil, gas and other energy resources.

Operating Budget

* * *

The Baseline includes \$794,100 and 10.3 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (GSA2000/A.R.S. § 27-152.02)		Non-Appropriated
Source of Revenue: Matching and non-matching grants from various federal agencies, including the U.S. Geological Survey, the Bureau of Reclamation, and the Environmental Protection Agency.		
Purpose of Fund: To perform various studies of Arizona's geologic framework and setting.		
Funds Expended	652,100	8,781,300
Year-End Fund Balance	178,000	178,000
Geological Survey (GSA3030/A.R.S. § 27-152.02)		Non-Appropriated
Source of Revenue: Donations, local and state contracts, forfeited bonds, and sales of maps and publications.		
Purpose of Fund: To investigate and describe Arizona's geologic setting, to plug abandoned oil and gas wells, and to finance map publication production expenses.		
Funds Expended	850,400	397,600
Year-End Fund Balance	143,100	328,400

SUMMARY OF FUNDS

**FY 2010
Actual****FY 2011
Estimate**

Indirect Cost Recovery Fund (GSA9000/A.R.S. § 35-142)**Non-Appropriated**

Source of Revenue: These funds apply to a grant, contract, or agreement and represent costs incurred by the state/local agency which are legal obligations and are allowable.

Purpose of Fund: Federal circulars detail the allowable uses of indirect costs. Such items as wages, fringe benefits, necessary office, technical or information technology equipment, and some general government expenses as outlined in the federal circulars.

Funds Expended	6,600	69,600
Year-End Fund Balance	18,800	18,800

Government Information Technology Agency

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	23.0	23.0	23.0
Personal Services	1,032,700	1,314,800	1,314,800
Employee Related Expenditures	326,200	307,400	307,400
Professional and Outside Services	372,300	384,500	384,500
Travel - In State	1,000	3,300	3,300
Travel - Out of State	700	3,300	3,300
Other Operating Expenditures	261,700	4,166,900	1,066,900
Equipment	22,400	30,600	30,600
OPERATING SUBTOTAL	2,017,000	6,210,800	3,110,800
SPECIAL LINE ITEMS			
Public Safety Communications	488,100	742,000	742,000
Statewide Information Security and Privacy Office	861,500	861,500	861,500
AGENCY TOTAL	3,366,600	7,814,300	4,714,300

FUND SOURCES

General Fund	488,100	742,000	742,000
<u>Other Appropriated Funds</u>			
Information Technology Fund	2,761,400	3,172,300	3,172,300
State Web Portal Fund	117,100	3,900,000	800,000
SUBTOTAL - Other Appropriated Funds	2,878,500	7,072,300	3,972,300
SUBTOTAL - Appropriated Funds	3,366,600	7,814,300	4,714,300
<u>Other Non-Appropriated Funds</u>			
Other Non-Appropriated Funds	18,000	187,000	3,600,000
Federal Funds	1,007,100	2,460,200	374,900
TOTAL - ALL SOURCES	4,391,700	10,461,500	8,689,200

AGENCY DESCRIPTION — The Government Information Technology Agency (GITA) is responsible for statewide information technology planning, coordinating, oversight, and consulting. Information technology projects with development costs over \$25,000 cannot proceed without GITA approval. GITA may suspend expenditures on failing projects. GITA also provides staff support to the Information Technology Authorization Committee (ITAC). Information technology projects with development costs over \$1,000,000 cannot proceed without ITAC approval. The GITA Information Technology Fund derives from a 0.2% charge on state agency payrolls.

Operating Budget

The Baseline includes \$3,110,800 and 16 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
Information Technology Fund	\$2,310,800
State Web Portal Fund	800,000

FY 2012 adjustments would be as follows:

Expenditure Alignment (3,100,000)

The Baseline includes a decrease of \$(3,100,000) from the State Web Portal Fund to align the appropriation with intended expenditure levels in FY 2012. The State Web Portal Fund was intended to fund payments of up to \$3,900,000 for expenditures related to the State Web

Portal, including vendor payments. However, the vendor who maintains the State Web Portal is currently able to collect receipts before they are deposited into the State Web Portal Fund.

The minimum cost to maintain the State Web Portal is estimated to be \$3,100,000. The Baseline assumes that this amount will be transferred to the vendor before monies are deposited to the State Web Portal Fund.

Public Safety Communications

The Baseline includes \$742,000 and 4 FTE Positions from the General Fund for Public Safety Communications in FY 2012. These amounts are unchanged from FY 2011.

The Public Safety Communications Program designs and implements a standard based system that provides interoperability between statewide public safety agencies.

Radio interoperability allows public safety personnel from one agency to communicate with personnel from other agencies.

Statewide Information Security and Privacy Office

The Baseline includes \$861,500 and 3 FTE Positions from the Information Technology Fund for the Statewide

Information Security and Privacy Office in FY 2012. These amounts are unchanged from FY 2011.

This office performs strategic planning, policy development, and risk assessment to protect the state's information resources.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (GTA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Revenues from reimbursement grants to advance strategic initiatives through federal projects.		
Purpose of Fund: To administer monies as sub-contractor for federal projects.		
Funds Expended	600,200	1,028,800
Year-End Fund Balance	112,900	112,900
Federal Grants - American Recovery and Reinvestment Act (ARRA) (GTA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for broadband development programs.		
Funds Expended	406,900	1,431,400
Year-End Fund Balance	0	0
IGA and ISA Fund (GTA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received through intergovernmental and interagency service agreements.		
Purpose of Fund: To execute intergovernmental and interagency service agreements.		
Funds Expended	18,000	0
Year-End Fund Balance	0	0
Information Technology Fund (GTA2152/A.R.S. § 41-3505)		Appropriated
Source of Revenue: A pro rata share, currently 0.20% of total payroll, charged to all budget units subject to the Government Information Technology Agency (GITA) or the Information Technology Authorization Committee (ITAC) oversight.		
Purpose of Fund: To support GITA and ITAC in their performance of statewide information technology planning, oversight, coordination, and consulting.		
Funds Expended	2,761,400	3,172,300
Year-End Fund Balance	685,900	108,300
State Web Portal Fund (GTA2531/A.R.S. § 41-3506)		Partially-Appropriated
Source of Revenue: Grants, donations, and web portal revenues, including any fees collected by NIC, Inc. in agreement for providing services on the web portal, less the contractor's price of maintaining and operating the web portal.		
Purpose of Fund: To maintain and upgrade the state's common web portal, including enhancement of existing products and the development of new applications. The web portal works with state agencies to provide electronic delivery of government services such as licensing, permitting, data sharing and access to government information.		
Appropriated Funds Expended	117,100	3,900,000
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance*	14,800	(3,452,200)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Statewide E-Rate Program Fund (GTA2584/A.R.S. § 41-3508)		Non-Appropriated
Source of Revenue: The fund has 3 revenue sources: 1) Monies received pursuant to the E-Rate Program under the Telecommunications Act of 1996 or other grants to assist this state in improving broadband internet and telecommunications access for public schools and libraries in this state, 2) monies received as a result of an intergovernmental agreements between GITA and other political subdivisions of this state, and 3) monies received from private grants or donations if designated for the fund by the grantor or donor.		
Purpose of Fund: To assist public school districts, charter schools and libraries to submit applications for funding from the Universal Service Administrative Company (USAC). GITA may enter into contracts with private organizations and intergovernmental agreements with other state agencies and political subdivisions of this state to administer the Statewide E-Rate Program.		
Funds Expended	0	187,000
Year-End Fund Balance	0	0

* Actual ending balance will not be negative.

Office of the Governor

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
Lump Sum Appropriation	6,902,300	6,960,900	6,960,900
AGENCY TOTAL	6,902,300	6,960,900	6,960,900
FUND SOURCES			
General Fund	6,902,300	6,960,900	6,960,900
SUBTOTAL - Appropriated Funds	6,902,300	6,960,900	6,960,900
Other Non-Appropriated Funds	1,463,400	5,367,800	2,983,000
Federal Funds	283,446,000	86,539,700	20,268,400
TOTAL - ALL SOURCES	291,811,700	98,868,400	30,212,300

AGENCY DESCRIPTION — The Governor is the state’s Chief Executive Officer and responsible for the execution of state laws. The Office of the Governor includes the Office for Children, Youth and Families, Office on Aging, Office of Constituent Services, Arizona-Mexico Commission, Northern Office and Tucson Office.

Operating Budget

The Baseline includes \$6,960,900 from the General Fund for the operating budget in FY 2012. This amount is unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Included in the Lump Sum appropriation of \$6,960,900 for FY 2012 is \$10,000 for the purchase of mementos and items for visiting officials.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Border Security, Immigration Legal Defense Fund (GVA3212/A.R.S. § 41-1105)		Non-Appropriated
Source of Revenue: Gifts, grants and donations.		
Purpose of Fund: To defray legal expenses associated with immigration litigation.		
Funds Expended	0	3,015,000
Year-End Fund Balance	132,200	685,200
County Fairs Livestock and Agricultural Promotion Fund (GVA2037/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: General Fund appropriations. Expenditures are not displayed to avoid double counting the General Fund.		
Purpose of Fund: To promote Arizona's livestock and agricultural resources and conduct an annual Livestock Fair at the Coliseum and Exposition Center. The direct expenses, less receipts, of the annual Livestock Fair are paid from this fund. Net expenditures for the Livestock Fair are limited to 30% of all receipts deposited to this fund during the preceding fiscal year. All expenditures from this fund must be recommended by the Livestock and Agricultural Committee and approved by the Governor.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Endowment Partnership Fund (GVA3206/A.R.S. § 41-1105)		Non-Appropriated
Source of Revenue: Public or private gifts, grants and donations. All donations, except those from established non-profit economic development organizations, are limited to \$5,000, per person, each fiscal year.		
Purpose of Fund: This fund was established by Executive Order 92-7, to promote the interests of the state and encourage public service to Arizona by its citizens. Expenditures may include promoting economic development in Arizona, recruiting new industries, appropriate memorabilia or gifts for dignitaries or citizen volunteers, and promoting good working relationships between the various branches of national, state, and local governments.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Energy Conservation Fund (GVA3209/A.R.S. § 41-1105)		Non-Appropriated
Source of Revenue: Public or private gifts, grants and donations.		
Purpose of Fund: To promote energy conservation and encourage public service to Arizona by its citizens.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Grants (GVA2000/A.R.S. § 4-101.01)		Non-Appropriated
Source of Revenue: Federal grants for various purposes, including services for women, children's services, and the Office for Drug Policy.		
Purpose of Fund: To provide separate accounting for the administration, supervision and distribution of federal grants made to the Office of the Governor, on behalf of the State of Arizona.		
Funds Expended	16,285,000	20,232,700
Year-End Fund Balance	2,079,600	2,857,100
Federal Grants - American Recovery and Reinvestment Act (ARRA) (GVA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used for a variety of programs.		
Funds Expended	266,584,400	65,047,400
Year-End Fund Balance	5,400	100
Governor's Arizona Promotional and Public Service Fund (GVA3207/A.R.S. § 41-1105)		Non-Appropriated
Source of Revenue: Private gifts, grants, donations or monies, and interest earnings.		
Purpose of Fund: To promote the interests of the state or to encourage citizen public service to the state.		
Funds Expended	39,300	37,500
Year-End Fund Balance	29,800	22,300
IGA and ISA Fund (GVA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received through intergovernmental and interagency service agreements.		
Purpose of Fund: To execute intergovernmental and interagency service agreements.		
Funds Expended	706,800	960,000
Year-End Fund Balance	851,200	466,200
Indirect Cost Recovery Fund (GVA9000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Charges made to interagency agreements and monies transferred from the department's appropriated and non-appropriated funds.		
Purpose of Fund: To pay departmentwide administrative and overhead costs.		
Funds Expended	266,200	848,800
Year-End Fund Balance	744,600	395,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Other Non-Appropriated Funds Fund (GVA2038/A.R.S. § 41-1105)		Non-Appropriated
Source of Revenue: Intergovernmental agreements.		
Purpose of Fund: To defray operating expenses of the Governor's Office.		
Funds Expended	0	0
Year-End Fund Balance	358,400	358,400
Prevention of Child Abuse Fund (GVA2439/A.R.S. § 41-109)		Non-Appropriated
Source of Revenue: The fund receives \$17 of the annual \$25 fee for original and renewal child abuse prevention special license plates.		
Purpose of Fund: To be allocated by the Director of the Division for Children in the Governor's Office for programs to prevent child abuse in the state of Arizona. Not more than 3% of annual fund revenues shall be used to administer the fund.		
Funds Expended	451,100	506,500
Year-End Fund Balance	49,300	42,800
Statewide ARRA Administration SWCAP Fund (GVA2950/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Indirect federal cost recoveries associated with the statewide cost allocation plan (SWCAP).		
Purpose of Fund: To defray administrative expenses of implementing the federal American Recovery and Reinvestment Act.		
Funds Expended	576,600	1,259,600
Year-End Fund Balance	5,018,100	4,932,900

Governor's Office of Strategic Planning and Budgeting

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	23.0	22.0	22.0
Personal Services	1,203,800	1,283,300	1,283,300
Employee Related Expenditures	389,000	349,000	349,000
Professional and Outside Services	113,800	92,500	92,500
Travel - In State	300	100	100
Travel - Out of State	1,200	0	0
Other Operating Expenditures	227,200	209,700	209,700
Equipment	0	1,800	1,800
AGENCY TOTAL	1,935,300	1,936,400	1,936,400
FUND SOURCES			
General Fund	1,935,300	1,936,400	1,936,400
SUBTOTAL - Appropriated Funds	1,935,300	1,936,400	1,936,400
TOTAL - ALL SOURCES	1,935,300	1,936,400	1,936,400

AGENCY DESCRIPTION — The Governor's Office of Strategic Planning and Budgeting advises the Governor in the preparation of the Executive budget and provides the Executive Branch a central resource for the compilation, analysis and investigation of state fiscal matters. It facilitates a strategic planning process and assists agencies in preparation and execution of their budgets.

Operating Budget

The Baseline includes \$1,936,400 and 22 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Department of Health Services

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,628.4	1,632.1	1,632.1
Personal Services	56,846,100	50,003,100	50,003,100
Employee Related Expenditures	23,262,000	20,762,100	20,762,100
Professional and Outside Services	10,782,200	11,766,800	11,766,800
Travel - In State	421,500	385,600	385,600
Travel - Out of State	3,085,400	41,300	41,300
Other Operating Expenditures	32,578,000	32,561,300	32,561,300
Equipment	766,600	923,500	923,500
OPERATING SUBTOTAL	127,741,800	116,443,700	116,443,700
SPECIAL LINE ITEMS			
Public and Family Health			
County Tuberculosis Provider Care and Control	510,500	590,700	590,700
AIDS Reporting and Surveillance	1,000,000	1,000,000	1,000,000
Renal and Nonrenal Disease Management	198,000	198,000	198,000
Alzheimer's Disease Research	2,250,000	125,000	125,000
Poison Control Centers Funding	990,000	990,000	990,000
AHCCCS-Children's Rehabilitative Services	97,795,600	90,825,500	110,126,600
Adult Cystic Fibrosis	105,200	105,200	105,200
Breast and Cervical Cancer and Bone Density Screening	944,700	1,346,700	1,346,700
Folic Acid	338,800	400,000	400,000
High Risk Perinatal Services	1,651,400	2,543,400	2,543,400
Newborn Screening Program	5,206,800	6,271,300	6,271,300
Behavioral Health			
Medicaid Behavioral Health - Traditional	765,413,100	921,481,000	860,803,000
Medicaid Behavioral Health - Proposition 204	442,603,200	332,675,500	320,224,100
Proposition 204 Administration	6,071,000	6,446,700	6,446,700
Medicare Clawback Payments	7,792,900	8,581,500	12,541,500
Medicaid Special Exemption Payments	28,501,600	28,930,500	26,704,300
Non-Medicaid Prescription Medication	0	40,154,900	40,154,900
Supported Housing	0	5,324,800	5,324,800
Crisis Services	0	16,391,100	16,391,100
State Only Behavioral Health	104,447,200	0	0
Community Placement Treatment	0	1,130,700	1,130,700
AGENCY TOTAL	1,593,561,800	1,581,956,200	1,529,861,700
FUND SOURCES			
General Fund	480,024,600	438,939,000	549,529,900
<u>Other Appropriated Funds</u>			
Arizona State Hospital Fund	8,687,400	11,159,500	11,159,500
Arizona State Hospital Land Earnings Fund	420,100	1,150,000	1,150,000
Capital Outlay Stabilization Fund	1,550,100	1,587,500	1,587,500
Child Fatality Review Fund	99,100	95,400	95,400
Emergency Medical Services Operating Fund	4,084,700	5,093,200	5,093,200
Environmental Laboratory Licensure Revolving Fund	690,200	924,000	924,000
Federal Child Care and Development Fund Block Grant	648,100	836,100	836,100
Health Services Licensing Fund	4,184,000	8,463,300	8,463,300
Hearing and Speech Professionals Fund	314,000	315,700	315,700
Indirect Cost Fund	7,607,400	7,746,700	7,746,700
Newborn Screening Program Fund	5,685,400	6,749,900	6,749,900
Nursing Care Institution Resident Protection Fund	28,700	38,000	38,000
Substance Abuse Services Fund	1,083,300	2,250,000	2,250,000
TTHCF Medically Needy Account	35,345,100	35,167,000	35,167,000
Vital Records Electronic Systems Fund	433,700	426,400	426,400

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
SUBTOTAL - Other Appropriated Funds	70,861,300	82,002,700	82,002,700
SUBTOTAL - Appropriated Funds	550,885,900	520,941,700	631,532,600
Expenditure Authority Funds			
Federal Medicaid Authority	1,042,675,900	1,061,014,500	898,329,100
SUBTOTAL - Expenditure Authority Funds	1,042,675,900	1,061,014,500	898,329,100
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,593,561,800	1,581,956,200	1,529,861,700
Other Non-Appropriated Funds	107,423,400	101,853,900	102,768,300
Federal Funds	315,482,000	313,500,000	313,500,000
TOTAL - ALL SOURCES	2,016,467,200	1,997,310,100	1,946,130,000

AGENCY DESCRIPTION — The Department of Health Services (DHS) is responsible for the provision of most public health programs not administered by AHCCCS, most behavioral health programs, the Arizona State Hospital (ASH), emergency medical services, state laboratory support, vital records maintenance, disease control, and epidemiological monitoring.

Operating Budget

The Baseline includes \$116,443,700 and 1,568.9 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$68,326,000
Arizona State Hospital Fund	10,028,800
ASH Land Earnings Fund	1,150,000
Capital Outlay Stabilization Fund	1,587,500
Child Fatality Review Fund	95,400
Emergency Medical Services (EMS) Operating Fund	4,643,200
Environmental Laboratory Licensure Revolving Fund	924,000
Federal Child Care and Development Fund (CCDF) Block Grant	836,100
Health Services Licensing Fund	8,463,300
Hearing and Speech Professionals Fund	315,700
Indirect Cost Fund	7,746,700
Newborn Screening Program Fund	478,600
Nursing Care Institution Resident Protection Revolving Fund	38,000
Vital Records Electronic Systems Fund	426,400
Federal Medicaid Authority (FMA)	11,384,000

These amounts are unchanged from FY 2011.

The Assurance and Licensure, Attorney General Legal Services, Arizona Statewide Immunization Information System, Laboratory Services, Loan Repayment, EMS Operations, Trauma Advisory Board, Scorpion Antivenom, Vital Records Systems Maintenance, Adult Sickle Cell Anemia, Child Fatality Review Team, Contract Compliance, Sexually Violent Persons and ASH Forensic Unit Debt Service line items have been shifted to the operating budget in FY 2012 and all years are displayed accordingly.

Public and Family Health

County Tuberculosis Provider Care and Control

The Baseline includes \$590,700 from the General Fund for County Tuberculosis Provider Care and Control in FY 2012. This amount is unchanged from FY 2011.

This line item provides General Fund reimbursement to hospitals and physicians for the care of hospitalized tuberculosis patients and for assistance to all county health departments for local tuberculosis control programs.

AIDS Reporting and Surveillance

The Baseline includes \$1,000,000 from the General Fund for AIDS Reporting and Surveillance in FY 2012. This amount is unchanged from FY 2011.

The line item provides \$125,000 for a database system administered by Maricopa and Pima Counties to track the incidence of Acquired Immune Deficiency Syndrome (AIDS) and AIDS-related conditions. The program also receives \$875,000 to provide medications under the Arizona AIDS Drug Assistance Program, which also receives Federal Funds for the medications. The program served an average of 900 clients per month in FY 2010.

Renal and Nonrenal Disease Management

The Baseline includes \$198,000 from the General Fund for Renal and Nonrenal Disease Management in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for medication and other transplant-related services for renal and nonrenal transplant patients who are ineligible for other public assistance programs.

Alzheimer's Disease Research

The Baseline includes \$125,000 from the General Fund for Alzheimer's Disease Research in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for grants to universities, hospitals, and research centers in Arizona for dollar-for-dollar matching grants for research on the causes of Alzheimer's disease.

Poison Control Centers Funding

The Baseline includes \$990,000 from the General Fund for Poison Control Centers in FY 2012. This amount is unchanged from FY 2011.

A.R.S. § 36-1161 requires 2 poison control centers to be maintained in Arizona. DHS decided to allocate \$630,000 to the University of Arizona Poison Information Center and \$360,000 to the Banner Poison Control Center.

AHCCCS - Children's Rehabilitative Services

The Baseline includes \$110,126,600 for AHCCCS - Children's Rehabilitative Services in FY 2012. This amount consists of:

General Fund	36,410,600
Federal Medicaid Authority	73,716,000

FY 2012 adjustments would be as follows:

Formula Growth	GF	14,548,900
	FMA	4,752,200

The FY 2012 adjustment assumes enrollment growth of 1.8% from June 2011 to June 2012 and no increase in capitation rates above the FY 2011 rates. This would result in approximately 22,139 members per month being served in FY 2012. The FY 2011 capitation rates were 7.7% above the budgeted level and enrollment is projected to be 8.9% above the budgeted level, resulting in a FY 2011 General Fund shortfall of \$(5,974,600). The \$5,974,600 backfill plus \$8,574,300 for new FY 2012 growth yields an overall increase of \$14,548,900.

The Children's Rehabilitative Services (CRS) program offers health care to children with handicapping or potentially handicapping conditions. Statute authorizes the Department of Health Services (DHS) to oversee the program, and previous budgets have appropriated these monies to DHS. Beginning on January 1, 2011, the Executive moved the oversight of the CRS program from DHS to AHCCCS. Funding for AHCCCS' oversight is being provided through an interagency agreement. The Baseline continues to appropriate CRS monies in DHS since that agency is statutorily responsible for the program.

Adult Cystic Fibrosis

The Baseline includes \$105,200 from the General Fund for Adult Cystic Fibrosis in FY 2012. This amount is unchanged from FY 2011.

This line item provides contracted care and treatment services through the CRS program for 20 individuals with cystic fibrosis.

Breast and Cervical Cancer and Bone Density Screening

The Baseline includes \$1,346,700 and 1 FTE Position from the General Fund for the Breast and Cervical Cancer and Bone Density Screening in FY 2012. These amounts are unchanged from FY 2011.

The Well Woman Healthcheck program contracts for cancer screening women over age 40 that do not have health insurance and have incomes less than 250% of the Federal Poverty Level. Women who are diagnosed with breast and cervical cancer through this program are eligible to receive treatment through AHCCCS.

Folic Acid

The Baseline includes \$400,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund for Folic Acid in FY 2012. This amount is unchanged from FY 2011.

This line item provides for the distribution of folic acid to women of child bearing age to help prevent birth defects. In FY 2010, 21,142 low-income women of childbearing age received multivitamins and 8,000 women received folic acid education and multivitamins.

High Risk Perinatal Services

The Baseline includes \$2,543,400 for High Risk Perinatal Services in FY 2012. This amount consists of:

General Fund	2,093,400
Emergency Medical Services Operating Fund	450,000

These amounts are unchanged from FY 2011.

This line item provides contracted transport services for high risk expectant mothers and contracted physician follow-up services for uninsured newborns in intensive care centers. It also provides funding for 4 visits per year to families who have babies born at risk of having developmental problems (i.e. speech problems, poor motor skills, delay in walking, etc.). The purpose of the visits is to have children developmentally ready to enter school by age 5.

Newborn Screening Program

The Baseline includes \$6,271,300 and 62.2 FTE Positions from the Newborn Screening Program Fund for the

Newborn Screening Program in FY 2012. These amounts are unchanged from FY 2011.

This line item funds the centralized testing of all newborns in the state for a standard set of 29 disorders. In FY 2012, the program will provide screening for approximately 105,000 newborns. The program also provides for follow-up counseling for the parents of affected newborns. The State Health Laboratory currently holds the contract for testing.

Behavioral Health

These line items fund 3 types of services; 1) Serious Mental Illness, 2) Children’s Behavioral Health and 3) General Mental Health and Substance Abuse. See *Table 1* and *Other Issues for Legislative Consideration* for more information.

Medicaid Behavioral Health - Traditional

The Baseline includes \$860,803,000 for Medicaid Behavioral Health - Traditional in FY 2012. This amount consists of:

General Fund	281,003,000
Tobacco Tax and Health Care Fund	3,600,000
Medically Needy Account	
Federal Medicaid Authority	576,200,000

FY 2012 adjustments would be as follows:

Formula Growth	GF 64,487,000
	FMA(125,165,000)

Beside the federal match rate change, described below, the formula adjustments include:

- FY 2011 member months for Medicaid services that are projected to be (2.5)% lower than the budgeted amount for a General Fund base adjustment of \$(6,782,200).

- No funding for FY 2011 capitation rate overages.
- No increase in capitation rates in FY 2012.
- Reverse shift of monies from services to the agency operating budget.
- 2.3% enrollment growth in FY 2012
- The figures assume that 36% of Proposition 204 SMI clients would become part of the Traditional population in FY 2011, because these individuals are Supplemental Security Income (SSI) eligible. SSI eligible clients would receive Traditional services, even if Proposition 204 had not been enacted.

This line item provides behavioral health treatment to Medicaid eligible children and adults. There are approximately 1,270,260 eligible individuals. DHS receives a monthly capitation payment from AHCCCS for every individual eligible for Medicaid behavioral health services, although only an estimated 6.8%, or 86,378, of the eligible population will utilize services (*see Table 4*).

Medicaid Behavioral Health - Proposition 204

The Baseline includes \$320,224,100 for Medicaid Behavioral Health - Proposition 204 in FY 2012. This amount consists of:

General Fund	105,874,100
Federal Medicaid Authority	214,350,000

FY 2012 adjustments would be as follows:

Formula Growth	GF 25,799,100
	FMA (38,250,500)

Beside the federal match rate change, described below, the formula adjustments include:

- FY 2011 member months for Medicaid services that are projected to be (2.5)% lower than the budgeted amount for a General Fund base adjustment of \$(2,590,700).
- No funding for FY 2011 capitation rate overages.

Table 1				
General Fund Medicaid Behavioral Health Appropriations^{1/}				
	FY 2011	FY 2011	FY 2012	FY 2012 Above
	Appropriated	Revised	Appropriated	FY 2011
				Appropriated
Medicare Clawback Payments	\$ 8,581,500	\$ 8,162,700	\$ 12,541,500	\$ 3,960,000
Medicaid Special Exemption Payments	7,033,200	7,033,200	8,829,100	1,795,900
State Match for Medicaid				
CBH	123,806,200	120,358,000	157,854,600	34,048,400
SMI	67,610,100	60,328,100	84,242,300	16,632,200
GMH/SA ^{2/}	28,699,700	32,511,200	42,506,100	13,806,400
State Match for Proposition 204				
CBH	2,451,900	2,056,600	2,764,300	312,400
SMI	33,907,300	40,481,000	50,359,400	16,452,100
GMH/SA	43,715,800	38,900,300	52,750,400	9,034,600
Total	\$315,805,700	\$309,831,100	\$411,847,700	\$96,042,000

^{1/} These amounts represent spending under the enhanced FMAP and contingent appropriation under Laws 2010, Chapter 232.
^{2/} Base amounts include \$3,600,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund.

These amounts are unchanged from FY 2011.

This line item provides funding for persons in need of emergency behavioral health assistance. These services may include 24-hour crisis telephone lines, crisis mobile teams, and facility-based crisis services. These funds serve 100% state funded recipients.

Community Placement Treatment

The budget includes \$1,130,700 from the ASH Fund for Community Placement Treatment in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for housing, transportation, clinical support, and meaningful day activities for State Hospital patients treated in the community.

The operating budget includes approximately \$66 million for inpatient hospitalization services at the State Hospital for the seriously mentally ill. As of June 2010, the ASH census was 252 patients.

* * *

FORMAT — Modified Lump Sum with Special Line Items by Agency

In FY 2011, the agency shifted General Fund monies appropriated for Medicaid services to fund their administrative costs. This adjustment to their budget format would preclude the agency from making a similar shift in FY 2012. (*See Other Issues for Legislative Consideration for more information on this shift.*)

FOOTNOTES

Standard Footnotes

In addition to the appropriation for the Department of Health Services, earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated to the State Hospital in compliance with the Enabling Act and the Constitution of Arizona.

The department shall report to the Joint Legislative Budget Committee by March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum shall be no more than 2%. Before implementation of any changes in capitation rates for the AHCCCS-Children's Rehabilitative Services and any Medicaid Behavioral Health line items, the Department of Health Services shall report its expenditure plan for review by the Joint Legislative Budget Committee. Before the department implements any changes in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal analysis demonstrates that these changes will result

in additional state costs of \$500,000 or greater for a given fiscal year, the department shall submit the policy changes for review by the Joint Legislative Budget Committee.

A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded electronically to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees, and the Director of the Joint Legislative Budget Committee by the 30th of the following month. The report shall include an estimate of (1) potential shortfalls in programs, (2) potential Federal and Other Funds, such as the statewide assessment for indirect costs that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, and (3) total expenditure authority of the month and year-to-date for federally-matched services.

The Department of Health Services may use up to 4% of the amounts appropriated for Renal and Nonrenal Disease Management for the administrative costs to implement the program.

The amounts included in the Proposition 204 Administration and Medicaid Behavioral Health - Proposition 204 Special Line Items include all available sources of funding consistent with A.R.S. § 36-2901.01B.

The Department of Health Services shall report to the Joint Legislative Budget Committee 30 days after the end of each calendar quarter on the progress the department is making toward settling the *Arnold v. Sam* lawsuit. The report shall include at a minimum the department's progress towards meeting the exit criteria and whether the department is in compliance with the exit criteria schedule.

It is the intent of the Legislature that the percent attributable to administration/profit for the regional behavioral health authority in Maricopa County is 9% of the overall capitation rate.

The Department of Health Services shall distribute the entire appropriation for Alzheimer's Disease Research to grant recipients by September 30, 2011.

The Department of Health Services may transfer up to \$350,000 in revenues from the Indirect Cost Fund to the Arizona Health Care Cost Containment System Administration for the purpose of meeting indirect cost state match requirements related to AHCCCS - Children's Rehabilitative Services program.

STATUTORY CHANGES

The Baseline would:

- As session law, continue requiring all counties to pay 100% of their Restoration to Competency costs.
- As session law, continue requiring all counties to pay 25% of their Sexually Violent Persons costs.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Overall FY 2012 DHS Budget Changes

The Baseline includes \$110,590,900 for DHS formula changes in FY 2012 as delineated by *Table 2*. Those changes are described in further detail below the table.

	<u>Adjustment</u>
Federal Match Rate Backfill	\$142,810,600
Regular FMAP Adjustment	(15,535,700)
Technical Adjustment	(7,426,400)
Reverse Administration Shift	(14,285,300)
FY 2011 Base Adjustment & FY 2012 Caseload Growth	5,027,700
Capitation Changes	<u>0</u>
Total	\$110,590,900

In total, the budget includes an increase of \$142,810,600 to backfill additional monies from the increased FMAP and costs associated with caseload growth, and a net decrease of \$(32,219,700) to account for capitation and caseload savings.

Federal Match Rate Backfill

Due to a reduction in the Federal Medicaid Assistance Percentage (FMAP), the Baseline includes \$142,810,600 to backfill the loss of Federal Funds. The FMAP is the rate at which the federal government matches state contributions to Medicaid programs. These rates are set on a state-by-state basis and are revised each year. The federal government provided a 65.8% match for most Medicaid services.

The American Recovery and Reinvestment Act of 2009 (ARRA) increased the Medicaid match rate for most services to 75.93%. The FY 2011 budget assumed the continuation of that rate through the end of FY 2011. The federal government subsequently decided to phase down that match rate as of January 2011. The final blended FY 2011 FMAP is estimated to be 74.05%, which would require the state to increase its share of FY 2011 costs by \$25,528,800.

During FY 2012, the FMAP for Medicaid will decline to 66.9%, a (7.1)% decline. The rate would have otherwise returned to 65.8%, but the state’s low personal income growth qualifies it for a higher rate. This better regular match rate generates savings of \$(15,535,700) to offset the \$142,810,600 backfill.

Technical Adjustment

The Baseline includes a \$(7,426,400) General Fund decrease to reflect an adjustment to Behavioral Health Services’ (BHS) capitation payments. The FY 2011 budget erroneously double-appropriated monies to DHS for behavioral services for individuals with developmental disabilities.

Reverse Administration Shift

The Baseline includes a \$(14,285,300) decrease to reverse a FY 2011 shift of monies from Medicaid Behavioral Health programs to agency operations. In FY 2011, DHS shifted \$14,285,300 from their benefits line items to their administration budget to prevent reductions in the department’s operating expenses. According to the department, these monies were available due to anticipated penalties and excess capitation revenue. These line items were actually in shortfall, however, due to a lower than expected federal match. As a result, the DHS shift resulted in the Medicaid benefit line items being further in deficit. Given that the benefits are statutorily required and the administration budget is not, the Baseline readjusts DHS spending to restore the \$14.3 million to the Medicaid benefit line items and assumes the department will generate the same amount of offsets in FY 2012.

FY 2011 Base Adjustment and FY 2012 Caseload Growth

The Baseline includes a net \$5,027,700 General Fund increase for DHS caseload changes. This consists of FY 2011 base adjustments, which are \$5,555,800 for CRS and Clawback adjustments and \$(9,372,900) for BHS caseload changes. In FY 2012, caseloads are expected to grow by 2.3% at a cost of \$8,844,800.

FY 2012 Capitation Rate Changes

The Baseline reflects no net capitation rate adjustments in FY 2012. Capitation rates normally reflect adjustments in utilization of service and medical inflation. The FY 2011 budget, however, set a policy of no capitation adjustments, which is continued in the FY 2012 Baseline. If capitation rates increased by 5% in FY 2012, this would have cost an additional \$21,785,800 from the General Fund in FY 2012.

The Baseline includes no funding for behavioral health capitation rates that are higher than their budgeted FY 2011 amounts. At its August 2011 meeting, the Joint Legislative Budget Committee unfavorably reviewed proposed capitation rates that were higher than budgeted. If capitation rates increased to the proposed FY 2011 amount, this would have cost an additional \$24,871,900 from the General Fund in FY 2012.

FY 2011 Net Funding Changes

The Baseline includes no net DHS funding change in FY 2011. While there is no net change, there are numerous individual adjustments in the FY 2011 budget (*See Table 3*).

	<u>Adjustment</u>
Federal Match Rate	\$25,528,800
Technical Adjustment	(7,426,400)
Reverse Administration Shift	(14,285,300)
Behavioral Health Caseload Savings	(9,372,900)
CRS Caseload and Clawback Adjustment	5,555,800
Total	\$ 0

The adjustments are described above.

Behavioral Health Utilization

The department receives a flat amount for each Medicaid individual per month, regardless of whether or not those individuals actually receive treatment. *Table 4* summarizes utilization actuals, as well as projected utilization for the end of FY 2011 and FY 2012, for the 3

Medicaid services. Furthermore, *Table 4* summarizes utilization actuals and projections for the 3 services as totals for the Traditional and Proposition 204 Medicaid populations.

<u>Service</u>	<u>June 2010 Actuals</u>	<u>June 2011</u>	<u>June 2012</u>
CBH	34,785	35,006	35,820
SMI	25,249	26,199	26,808
GMH/SA	<u>62,637</u>	<u>64,539</u>	<u>66,039</u>
Total	122,671	125,744	128,667
Population ^{2/}			
Traditional	82,353	84,416	86,378
Proposition 204	<u>40,318</u>	<u>41,328</u>	<u>42,289</u>
Total	122,671	125,744	128,667

^{1/} The figures represent point-in-time estimates.
^{2/} June 2010 actuals rebased to reflect 36% SMI shift.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Addiction Reduction and Recovery Fund (HAS2523/A.R.S. § 36-2007)		Non-Appropriated
Source of Revenue: FY 2007 appropriation of \$2,500,000 from the General Fund and any federal monies and private grants, gifts, and contributions to assist in carrying out the purposes of this fund.		
Purpose of Fund: For substance abuse and addiction prevention programs including methamphetamine abuse and addiction prevention programs.		
Funds Expended	100	0
Year-End Fund Balance	0	0
Arizona State Hospital Fund (HAS3120/A.R.S. § 36-545.08)		Appropriated
Source of Revenue: State monies and matching federal monies for disproportionate share payments at the Arizona State Hospital, Title XIX reimbursement for services provided at the Arizona State Hospital, and monies collected for services to clients at the state hospital. The FY 2011 Health and Welfare Budget Reconciliation Bill (BRB) (Laws 2010, 7 th Special Session Chapter 10) continues a session law enacted in FY 2010 that requires that all counties pay 100% of the cost of care for Restoration to Competency Patients.		
Purpose of Fund: To provide treatment of patients at the Arizona State Hospital or to place Arizona State Hospital patients in the community.		
Funds Expended	8,687,400	11,159,500
Year-End Fund Balance	4,807,500	4,548,000
Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (HAS2513/A.R.S. § 36-119)		Non-Appropriated
Source of Revenue: Revenues from special plate fees and renewals. Of the \$25 fee, \$8 is for administrative costs deposited to the State Highway Fund and \$17 is deposited into the Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund.		
Purpose of Fund: For breast and cervical cancer screening and diagnostic and outreach services.		
Funds Expended	0	0
Year-End Fund Balance	400,100	573,200
Child Fatality Review Fund (HAS3036/A.R.S. § 36-3504)		Appropriated
Source of Revenue: A \$1 surcharge on fees collected on all certified copies of death certificates, up to \$100,000. Any revenue collected in excess of \$100,000 is transferred from the fund to the Child Abuse Prevention Fund in the Department of Economic Security.		
Purpose of Fund: To organize county child fatality review teams and to study data collected by these teams to determine ways to reduce the state's child mortality rate.		
Funds Expended	99,100	95,400
Year-End Fund Balance	214,400	304,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Donations - DHS (HSA3010/2025/A.R.S. § 36-132)		Non-Appropriated
Source of Revenue: Individual donations for various health related purposes.		
Purpose of Fund: For specific purposes as designated by the donors. Monies donated pursuant to A.R.S. § 36-213 and A.R.S. § 36-204 for the Arizona State Hospital are accounted for separately.		
Funds Expended	427,600	432,100
Year-End Fund Balance	972,500	930,300
Donations - Statewide (HAS2025/A.R.S. § 36-132)		Non-Appropriated
Source of Revenue: Individual donations from employee recognition events.		
Purpose of Fund: Employee recognition purposes.		
Funds Expended	7,400	7,000
Year-End Fund Balance	3,400	1,700
Emergency Medical Services Operating Fund (HAS2171/A.R.S. § 36-2218)		Appropriated
Source of Revenue: The fund receives 48.9% of the Medical Services Enhancement Fund revenues, which are collected from a 13% surcharge on fines charged for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: To fund local and state emergency medical services systems.		
Funds Expended	4,084,700	5,093,200
Year-End Fund Balance	825,600	1,545,900
Environmental Laboratory Licensure Revolving Fund (HAS3017/A.R.S. § 36-495.15)		Appropriated
Source of Revenue: Fees collected for environmental lab licensure, fees derived from department-sponsored workshops, and monies from gifts, grants, and donations.		
Purpose of Fund: For costs associated with licensing environmental laboratories by the Department of Health Services.		
Funds Expended	690,200	924,000
Year-End Fund Balance	456,400	205,100
Federal Child Care and Development Fund Block Grant (HAS2008/U.S. P.L 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: A portion of the Federal Child Care and Development Block Grant provides the Assurance and Licensure Division with monies for the licensure of child care facilities.		
Funds Expended	648,100	836,100
Year-End Fund Balance	1,375,800	1,141,700
Federal Grants (HAS2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Grants and reimbursements from the federal government. Federal reimbursement for the Title XIX program is not included in this fund and can be found listed in the Title XIX Services and County Contributions Fund.		
Purpose of Fund: To provide health services in accordance with the terms of each specific grant.		
Funds Expended	302,918,200	305,118,900
Year-End Fund Balance*	(5,798,300)	(4,197,300)
Federal Grants - American Recovery and Reinvestment Act (ARRA) (HSA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for Public Health and Family Health programs.		
Funds Expended	12,563,800	8,381,100
Year-End Fund Balance	402,700	2,064,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Medicaid Services (HSA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: The fund receives federal match dollars for treating behavioral health problems in Medicaid-eligible persons, federal match dollars for Medicaid-eligible persons in the Children's Rehabilitative Services (CRS) program.		
Purpose of Fund: For accounting purposes, these monies are considered part of the Agreements/IGA Fund. However, for informational purposes, the revenues and expenditures related to behavioral health and the CRS program have been separated from the Agreements Fund.		
Funds Expended	1,042,675,900	1,061,014,500
Year-End Fund Balance	0	0
Health Services Licensing Fund (HSA1995/A.R.S. § 36-405, A.R.S. § 36-414)		Appropriated
Source of Revenue: Nonrefundable fees for health care institution licensing services.		
Purpose of Fund: For health care institutions' licensing applications, initial license, renewal license and architectural drawing reviews. As permanent law, the FY 2010 Health and Welfare Budget Reconciliation Bill (BRB) allowed DHS to establish nonrefundable fees for assurance and licensure. Prior to the FY 2010 Health and Welfare BRB, these fees were set forth in permanent law, however, the new law now allows the department to establish fees for health care institutions. Fees collected on or before December 31, 2009 were deposited into the General Fund, which is where revenues were deposited prior to the statutory change. Beginning January 1, 2010, 90% of assurance and licensure fees have been deposited into this fund with the remaining 10% deposited into the General Fund.		
Funds Expended	4,184,000	8,463,300
Year-End Fund Balance	1,579,200	980,600
Hearing and Speech Professionals Fund (HSA6243/A.R.S. § 36-1903)		Appropriated
Source of Revenue: Monies collected by DHS from the examination and licensing of hearing and speech professionals.		
Purpose of Fund: For the licensing and regulation of hearing and speech professionals.		
Funds Expended	314,000	315,700
Year-End Fund Balance	297,300	326,000
IGA/County Contributions (HSA2144/2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: This fund receives revenues from intergovernmental agreements between DHS and other state and local entities, contributions from Maricopa and Pima Counties for treating persons with behavioral health problems, subaccounts for Liquor Services Fees authorized under A.R.S. § 4-203-02, and deposits from the State Lottery Fund pursuant to A.R.S. § 5-522. In FY 2010, DHS received \$46,500,000 from Maricopa and Pima County for behavioral health services, \$17,600,000 from the Arizona Health Care Cost Containment System (AHCCCS) for KidsCare, and \$9,600,000 from the Department of Economic Security for nutrition services. The department also received \$6,600,000 from the State Lottery Fund for teenage pregnancy prevention, Health Start, and the Women, Infants, and Children (WIC) program.		
Purpose of Fund: To fund services which DHS has agreed to perform at the request of, or in conjunction with, public agencies.		
Funds Expended	82,970,800	77,689,000
Year-End Fund Balance	22,551,300	21,909,300
Indirect Cost Fund (HSA9001/A.R.S. § 36-108)		Appropriated
Source of Revenue: Charges made to Federal Funds and interagency agreements in order to reimburse the agency for a portion of the administrative costs of the programs.		
Purpose of Fund: To pay a portion of the administrative personnel and overhead costs associated with various federal programs and interagency agreements.		
Funds Expended	7,607,400	7,746,700
Year-End Fund Balance	1,887,200	1,714,000
Internal Services Fund (HSA4202/A.R.S. § 36-108)		Non-Appropriated
Source of Revenue: Charges from other DHS funds.		
Purpose of Fund: Revolving Fund used by DHS warehouse for the purchase of goods.		
Funds Expended	1,200	1,200
Year-End Fund Balance	57,800	56,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Medical Marijuana Fund (HSA9999/A.R.S. § 36-2817)		Non-Appropriated
Source of Revenue: The fund receives application and renewal fees from medical marijuana dispensaries, civil penalties and private donations.		
Purpose of Fund: To regulate dispensation, prescription, and use of medical marijuana, including an electronic registry of dispensary agents, patients and designated caregivers.		
Funds Expended	0	603,600
Year-End Fund Balance	0	59,400
Newborn Screening Program Fund (HSA2184/A.R.S. § 36-694.01)		Appropriated
Source of Revenue: Monies received as part of the hospital charges for each child born in Arizona. Fee limits for newborn screening are \$30 for the first blood and hearing screening and \$40 for the second blood and hearing screening.		
Purpose of Fund: To provide monies for the centralized testing of all newborns in the state for a standard set of 29 metabolic and congenital (environmental/inherited) disorders. Every 4 years the department solicits bids for the contracting of these tests. The State Health Lab holds the current contract. In addition, the fund provides monies for follow-up counseling for the parents of affected infants.		
Funds Expended	5,685,400	6,749,900
Year-End Fund Balance*	388,600	(1,361,300)
Nursing Care Institution Resident Protection Fund (HSA2329/A.R.S. § 36-446.08)		Appropriated
Source of Revenue: Civil penalties paid by nursing care institution administrators and assisted living facility managers for violations of their licenses or certifications.		
Purpose of Fund: For the protection of the health and property of residents of nursing care facilities that are found deficient.		
Funds Expended	28,700	38,000
Year-End Fund Balance	0	0
Oral Health Fund (HSA3038/A.R.S. § 36-138)		Non-Appropriated
Source of Revenue: Monies received from AHCCCS contracts for dental services.		
Purpose of Fund: To provide dental services to Medicaid-eligible children identified by the DHS Oral Health program.		
Funds Expended	275,300	275,300
Year-End Fund Balance	674,100	696,600
Risk Assessment Fund (HSA2427/A.R.S. § 36-1693)		Non-Appropriated
Source of Revenue: Monies from the Department of Environmental Quality for risk services performed by DHS. The fund may also receive legislative appropriations, gifts, grants, or donations.		
Purpose of Fund: To conduct health effects studies and risk assessments of public health risks from environmental exposure, to evaluate and calculate cleanup standards, to communicate health risks to the public, and for administrative costs of those activities.		
Funds Expended	15,600	0
Year-End Fund Balance	3,700	3,200
Serious Mental Illness Services Fund (HSA2464/A.R.S. § 36-503.02)		Non-Appropriated
Source of Revenue: Monies appropriated from the Tobacco Litigation Settlement Account, other legislative appropriations and interest earned on these monies. The fund received a one-time appropriation of \$50,000,000 from tobacco settlement funds in FY 2001. The final \$1,100,000 was spent in FY 2005.		
Purpose of Fund: To fund Community Housing, Vocational Rehabilitation, and other recovery support services to persons with serious mental illnesses.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Service Fees Increase Fund (HSA1050/Laws 2010, 7th Special Session, Chapter 12)		Non-Appropriated
Source of Revenue: General Fund fee increase from fees raised pursuant to Laws 2010, 7th Special Session, Chapter 12.		
Purpose of Fund: Operating activities.		
Funds Expended	567,100	0
Year-End Fund Balance	52,100	299,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Smoke Free Arizona Fund (HSA2541/A.R.S. § 36-601.01)		Non-Appropriated
Source of Revenue: A 2¢ per pack tax on cigarettes. Any revenues not used by the department to enforce the smoking ban are deposited to the Tobacco Tax Products Fund to be used for education programs to reduce or eliminate tobacco use.		
Purpose of Fund: To enforce the provisions of Proposition 201 (Smoke Free Arizona Act) enacted in the 2006 General Election. The Smoke Free Arizona Act banned smoking in public places except retail tobacco stores, veteran and fraternal clubs, hotel rooms designated as smoking rooms, and outdoor patios.		
Funds Expended	4,145,500	3,832,900
Year-End Fund Balance	277,200	305,000
State Hospital Land Earnings Fund (HSA3128/A.R.S. § 36-211)		Appropriated
Source of Revenue: Monies received from interest on the Arizona State Hospital's Permanent Land Fund, as established through Arizona's Enabling Act, Section 25, and the monies derived from the lease of these lands and miscellaneous revenue.		
Purpose of Fund: For the benefit and support of the Arizona State Hospital.		
Funds Expended	420,100	1,150,000
Year-End Fund Balance	1,029,400	183,600
Substance Abuse Services Fund (HSA2227/A.R.S. § 36-2005)		Appropriated
Source of Revenue: The fund receives 23.6% of monies collected from Medical Services Enhancement Fund, which is a 13% penalty levied on criminal offenses, motor vehicle civil violations, and game and fish violations. Monies are deposited into 2 subaccounts.		
Purpose of Fund: To provide alcohol and other drug screening, education or treatment for persons court-ordered to attend and who do not have the financial ability to pay for the services, to contract for preventive or rehabilitative and substance abuse services, and to provide priority for treatment services to pregnant substance abusers.		
Funds Expended	1,083,300	2,250,000
Year-End Fund Balance	1,374,100	1,374,100
Tobacco Tax and Health Care Fund - Health Education Account (HSA1308/A.R.S. § 36-772)		Non-Appropriated
Source of Revenue: The account receives 23¢ of each dollar deposited in the Tobacco Tax and Health Care Fund and 2¢ of each dollar in the Tobacco Products Tax Fund.		
Purpose of Fund: Monies are used for community-based education and evaluation, and other programs to discourage tobacco use among the general public, specifically targeting minors and culturally diverse populations. The monies from the Tobacco Products Tax Fund are used for the prevention and detection of the 4 leading causes of death.		
Funds Expended	19,012,800	19,012,800
Year-End Fund Balance	0	0
Tobacco Tax and Health Care Fund - Medically Needy Account (HSA1306/A.R.S. § 36-774)		Partially-Appropriated
Source of Revenue: The account receives funding from the Medically Needy Account of the Tobacco Tax and Health Care Fund, which is managed by AHCCCS. All monies remaining unexpended at the end of the fiscal year revert to the AHCCCS Medically Needy Account. <i>(See Tobacco Tax Table in the AHCCCS section.)</i>		
Purpose of Fund: Monies are used for a variety of health programs that are intended to increase primary care and mental health services for uninsured and low-income populations.		
Appropriated Funds Expended	35,345,100	35,167,000
Non-Appropriated Funds Expended	0	0
Vital Records Electronic Systems Fund (HSA3039/A.R.S. § 36-341.01)		Appropriated
Source of Revenue: Fees collected for searches, copies of records, applications to file delayed records, requests for supplementary birth certificates, following adoption, legitimation, paternity determination, surgical alterations, and chromosomal counts, or amendments to existing records.		
Purpose of Fund: To develop and operate a new vital records automated system.		
Funds Expended	433,700	426,400
Year-End Fund Balance	14,800	439,500

*As reported by the agency. Actual ending balance will not be negative.

Arizona Historical Society

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	52.9	51.9	51.9
Personal Services	1,217,700	1,169,000	1,169,000
Employee Related Expenditures	532,100	518,100	518,100
Professional and Outside Services	5,000	500	500
Travel - In State	100	0	0
Other Operating Expenditures	316,700	343,800	343,800
Equipment	18,100	0	0
OPERATING SUBTOTAL	2,089,700	2,031,400	2,031,400
SPECIAL LINE ITEMS			
Centennial Museum	0	589,700	589,700
Field Services & Grants	65,000	65,000	65,000
Papago Park Museum	1,907,800	3,606,100	3,606,100
AGENCY TOTAL	4,062,500	6,292,200	6,292,200
FUND SOURCES			
General Fund	3,868,300	5,861,400	5,861,400
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	194,200	430,800	430,800
SUBTOTAL - Other Appropriated Funds	194,200	430,800	430,800
SUBTOTAL - Appropriated Funds	4,062,500	6,292,200	6,292,200
Other Non-Appropriated Funds	935,100	1,179,100	1,061,000
Federal Funds	1,800	0	0
TOTAL - ALL SOURCES	4,999,400	7,471,300	7,353,200

AGENCY DESCRIPTION — The Arizona Historical Society acquires, preserves, maintains and publicly exhibits archival and museum objects pertaining to the history of Arizona, the West and the Indian tribes inhabiting the state. The Society's major museums are in Yuma, Flagstaff, Tucson, Phoenix and Tempe (Papago Park).

Operating Budget

The Baseline includes \$2,031,400 and 39.3 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Centennial Museum

The Baseline includes \$589,700 and 1 FTE Position from the General Fund for the Centennial Museum in FY 2012. These amounts are unchanged from FY 2011.

This line item funds the operation and maintenance of the Arizona Mining and Mineral Museum as part of the Centennial Museum.

Field Services & Grants

The Baseline includes \$65,000 and 1 FTE Position from the General Fund for Field Services and Grants in FY 2012. These amounts are unchanged from FY 2011.

The line funds contracts with certified county historical societies for services to be performed for the benefit of the state.

Papago Park Museum

The Baseline includes \$3,606,100 and 10.6 FTE Positions from the General Fund for the Papago Park Museum in FY 2012. These amounts are unchanged from FY 2011. The lease-purchase payments for Papago Park expire in FY 2011; FY 2012 savings from eliminating the payment are incorporated in the statewide portion of the Baseline.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Capital Outlay Stabilization Fund (ADA1600/A.R.S. § 41-792.01)		Appropriated
Source of Revenue: Rental and tenant improvement charges to agencies occupying Arizona Department of Administration (ADOA) owned buildings.		
Purpose of Fund: To pay maintenance, utilities, construction, and administrative costs for state-owned buildings.		
Funds Expended	194,200	430,800
Year-End Fund Balance	0	0
Federal Grants (HIA2000/A.R.S. § 41-821)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To be used in accordance with the requirements of each grant.		
Funds Expended	1,800	0
Year-End Fund Balance	0	0
Permanent Arizona Historical Society Revolving Fund (HIA2900/A.R.S. § 41-826)		Non-Appropriated
Source of Revenue: Monies from the operation of gift shops, book shops, food service facilities, and charges for the use of or admission into any of the society's facilities.		
Purpose of Fund: For enhancing the programs of the society, or operating or improving its facilities.		
Funds Expended	341,100	630,900
Year-End Fund Balance	49,100	83,600
Preservation and Restoration Fund (HIA2125/A.R.S. § 41-825)		Non-Appropriated
Source of Revenue: Reproduction charges.		
Purpose of Fund: To preserve and restore historic photographs.		
Funds Expended	14,200	17,500
Year-End Fund Balance	30,800	29,800
Private Fund (HIA9447/A.R.S. § 41-821)		Non-Appropriated
Source of Revenue: Revenues are generated through memberships, unrestricted donations, and program revenue. The fund is held in trust by the Society Treasurer and invested with the State Treasurer's Local Government Investment Pool.		
Purpose of Fund: For operating expenses.		
Funds Expended	339,100	321,700
Year-End Fund Balance	812,900	793,700
Private Grants Fund (HIA9449/A.R.S. § 41-821)		Non-Appropriated
Source of Revenue: Derived from the following sources: AHS Foundation; National Endowment for the Humanities; DeGrazia Foundation. The fund is held in trust by the Society Treasurer and invested with the State Treasurer's Local Government Investment Pool.		
Purpose of Fund: To be used in accordance with the requirements of each grant.		
Funds Expended	35,300	41,200
Year-End Fund Balance	29,500	19,300
Restricted Fund (HIA9448/A.R.S. § 41-821)		Non-Appropriated
Source of Revenue: Private restricted donations. The fund is held in trust by the Society Treasurer and invested with the State Treasurer's Local Government Investment Pool.		
Purpose of Fund: To be used for specific projects as designated by donor.		
Funds Expended	195,800	162,100
Year-End Fund Balance	326,300	304,100

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Trust Fund (HIA9450/A.R.S. § 41-821)		Non-Appropriated
Source of Revenue: Monies held in trust for specific purposes. The fund is held in trust by the Society Treasurer and invested with the State Treasurer's Local Government Investment Pool. Only interest earnings are expended.		
Purpose of Fund: For operating expenses.		
Funds Expended	9,600	5,700
Year-End Fund Balance	249,300	244,700

Prescott Historical Society of Arizona

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	14.0	13.0	13.0
Personal Services	369,700	371,600	371,600
Employee Related Expenditures	207,000	210,300	210,300
Professional and Outside Services	7,200	16,000	16,000
Other Operating Expenditures	106,500	75,800	75,800
AGENCY TOTAL	690,400	673,700	673,700

FUND SOURCES

General Fund	690,400	673,700	673,700
SUBTOTAL - Appropriated Funds	690,400	673,700	673,700
Other Non-Appropriated Funds	941,800	759,000	759,000
TOTAL - ALL SOURCES	1,632,200	1,432,700	1,432,700

AGENCY DESCRIPTION — The Prescott Historical Society preserves and maintains the Old Governor's Mansion, together with the other buildings and properties of the Sharlot Hall Museum located in Prescott. The Society is responsible for acquiring, preserving and publicly exhibiting archival and museum objects pertaining to the history, geological and anthropological life of Arizona and the West.

Operating Budget

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The Baseline includes \$673,700 and 13 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Sharlot Hall Historical Society (PHA9505/A.R.S. § 41-831)		Non-Appropriated
Source of Revenue: Monies received from admissions, donations, memberships, interest, gift shop and rent. Funds are outside the control of the State Treasurer and by statute are held in trust for the society's use by the Society Treasurer.		
Purpose of Fund: To print publications and journals, as well as to pay for educational programming, archival and curatorial supplies and graphics.		
Funds Expended	941,800	759,000
Year-End Fund Balance	0	0

Arizona Department of Homeland Security

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
Federal Funds	55,059,200	59,083,200	59,083,200
TOTAL - ALL SOURCES	55,059,200	59,083,200	59,083,200

AGENCY DESCRIPTION — The Arizona Department of Homeland Security distributes funding received from the U.S. Department of Homeland Security to state agencies and local governments to prevent and mitigate acts of terrorism and natural disasters. The department publishes the Arizona Homeland Security Strategy and provides planning assistance to aid in the development of regional response plans for natural disasters or terrorism incidents.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Funds (HLA2000/A.R.S. § 41-4254)		Non-Appropriated
Source of Revenue: Grants received from the U.S. Department of Homeland Security. Homeland Security funds received by Arizona prior to FY 2007 are reported in the Arizona Department of Emergency and Military Affairs budget.		
Purpose of Fund: To provide state agencies and local governments with funding to deter and mitigate acts of terrorism. Federal grant guidelines allow up to 5% of the grant total to be used for administrative costs.		
Funds Expended	55,059,200	59,083,200
Year-End Fund Balance	101,700	0

Board of Homeopathic and Integrated Medicine Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	52,100	63,400	63,400
Employee Related Expenditures	25,700	22,600	22,600
Professional and Outside Services	14,500	18,200	18,200
Travel - In State	900	1,300	1,300
Other Operating Expenditures	10,500	11,400	1,100
Equipment	900	0	0
AGENCY TOTAL	104,600	116,900	106,600

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Homeopathic and Integrated Medicine Examiners Fund	104,600	116,900	106,600
SUBTOTAL - Other Appropriated Funds	104,600	116,900	106,600
SUBTOTAL - Appropriated Funds	104,600	116,900	106,600
TOTAL - ALL SOURCES	104,600	116,900	106,600

AGENCY DESCRIPTION — The board licenses and regulates medical physicians who practice homeopathic and integrated medicine, a system of medical treatment based on the use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Operating Budget

The Baseline includes \$106,600 and 1 FTE Position from the Board of Homeopathic and Integrated Medicine Examiners' Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

FY 2012

Eliminate One-time Expenditures OF \$(10,300)

The Baseline includes a decrease of \$(10,300) from the Board of Homeopathic and Integrated Medicine

Examiners' Fund to eliminate a one-time annual leave payout for an employee in FY 2012.

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FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Homeopathic and Integrated Medicine Examiners' Fund (HEA2041/A.R.S. § 32-2906)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of homeopaths. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate homeopaths, and for board administration.		
Funds Expended	104,600	116,900
Year-End Fund Balance	43,700	26,800

Arizona Department of Housing

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	11.0	11.0	11.0
Personal Services	548,300	576,200	576,200
Employee Related Expenditures	198,700	207,500	207,500
Professional and Outside Services	19,800	8,900	8,900
Travel - In State	11,500	3,800	3,800
Travel - Out of State	100	2,600	2,600
Other Operating Expenditures	141,500	119,000	119,000
Equipment	2,800	9,200	9,200
AGENCY TOTAL	922,700	927,200	927,200

FUND SOURCES

Other Appropriated Funds

Housing Trust Fund	922,700	927,200	927,200
SUBTOTAL - Other Appropriated Funds	922,700	927,200	927,200
SUBTOTAL - Appropriated Funds	922,700	927,200	927,200
Other Non-Appropriated Funds	16,186,500	14,849,000	16,249,500
Federal Funds	126,822,500	136,419,200	89,906,500
TOTAL - ALL SOURCES	143,931,700	152,195,400	107,083,200

AGENCY DESCRIPTION — Through a variety of housing and community improvement programs, the department annually administers federal and non-appropriated state housing and community development funds. The appropriated budget reflects a portion of the agency's administration expenses. The department provides affordable housing opportunities in conjunction with the Arizona Housing Finance Authority.

Operating Budget

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The Baseline includes \$927,200 and 11 FTE Positions from the Housing Trust Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Funds (HDA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal Funds for affordable housing programs.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the federal grants.		
Funds Expended	99,774,000	93,927,700
Year-End Fund Balance	1,739,500	381,500
Federal Grant - American Recovery and Reinvestment Act (ARRA) (HDA2999/ A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for the weatherization of homes, energy efficiency and usage reduction, and appliance rebates.		
Funds Expended	27,048,500	42,491,500
Year-End Fund Balance	1,500	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Housing Development Fund (HDA2313/A.R.S. § 41-3956)		Non-Appropriated
Source of Revenue: Monies transferred through legislation from the Housing Trust Fund. The Legislature transferred \$500,000 from the Housing Trust Fund in FY 1999 and FY 2001. No new appropriations are being sought for this fund.		
Purpose of Fund: To provide incentives for the development of affordable housing around state prisons for state prison employees.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Housing Program Fund (HDA9600/A.R.S. § 41-3957)		Non-Appropriated
Source of Revenue: Fees received from the following programs: private activity bond (underwriting and hearings), low-income tax credit (application, monitoring and reservation fees), fees charged from conferences and workshops, and fees from the Section 8 project-based contract administration program.		
Purpose of Fund: To pay the costs of administering the programs from which the deposits are received and for other department programs. Additionally, at the Director's election, to transfer to any fund established by the Arizona Housing Finance Authority in connection with any bonds or certificates issued by the Arizona Housing Finance Authority.		
Funds Expended	2,858,300	2,713,300
Year-End Fund Balance	1,837,000	1,891,000
Housing Trust Fund (HDA2235/A.R.S. § 41-3955)		Partially-Appropriated
Source of Revenue: Receives the first \$10,500,000 from the proceeds of the sales of unclaimed property and interest income.		
Purpose of Fund: For expenses related to the provision of affordable housing opportunities to low and moderate income families. The appropriated portion pays for administration expenses, and may not exceed 10% of the Housing Trust monies. The non-appropriated portion of the fund is used for the operation, construction, or renovation of housing facilities for low-income households. The Legislature may transfer monies from the fund to the Housing Development Fund for use on housing projects around state prisons. <i>(See Housing Development Fund detail for additional information).</i>		
Appropriated Funds Expended	922,700	927,200
Non-Appropriated Funds Expended	11,207,500	11,588,200
Year-End Fund Balance	23,512,500	15,825,200
IGA & ISA Fund (HDA2500/A.R.S. § 41-3952)		Non-Appropriated
Source of Revenue: Interagency Service Agreements including \$2,500,000 from the Housing Trust Fund through an interagency agreement to support the programs of the Arizona Housing Finance Authority (AZHFA). The fund will also receive monies through fees earned by the finance authority.		
Purpose of Fund: The fund supports the activities of the AZHFA which issues bonds to finance single and multi-family housing programs. Majority of funds relate to a Housing Trust Fund ISA with AZHFA for homeownership and multi-family programs.		
Funds Expended	2,120,700	547,500
Year-End Fund Balance	2,835,200	2,508,100

Independent Redistricting Commission

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
Lump Sum Appropriation	26,100	500,000	500,000
AGENCY TOTAL	26,100	500,000	500,000
FUND SOURCES			
General Fund	26,100	500,000	500,000
SUBTOTAL - Appropriated Funds	26,100	500,000	500,000
TOTAL - ALL SOURCES	26,100	500,000	500,000

AGENCY DESCRIPTION — Proposition 106, approved by voters in November 2000, established the Independent Redistricting Commission. The commission consists of 5 members, 4 of which are selected by the House and Senate majority and minority leadership. These 4 members then select the final member, who can not be affiliated with either of the 2 major political parties. The commission is charged with redrawing the boundaries for Arizona’s legislative and congressional districts based on the 10-year census.

Operating Budget

The Baseline includes \$500,000 from the General Fund for the operating budget in FY 2012. This amount is unchanged from FY 2011.

Because the Arizona Constitution requires that the commission be formed by February 2011, the FY 2011 budget appropriated \$500,000 from the General Fund to fund the Independent Redistricting Commission based on the commission’s past historical spending patterns.

Proposition 106 states that in either calendar year (CY) 2008 or 2009 the Department of Administration shall submit to the Legislature a recommendation for an appropriation for adequate redistricting expenses and shall make available adequate office space for the operation of the commission. Article 4, Part 2, Section 1 of the Arizona Constitution (as amended by Proposition 106) requires that “the legislature shall make the necessary appropriations by a majority vote” for redistricting expenses.

The Department of Administration has recommended that the commission receive \$10,203,000 for the entire CY 2010 redistricting cycle, which will take place over multiple years following the CY 2010 census.

In the past redistricting cycle, the commission expended a total of \$9,554,100. Initially \$6,000,000 was appropriated in FY 2001. The commission was then appropriated an additional \$4,203,000 from the General Fund in FY 2004 to pay for the costs associated with ongoing litigation. The commission would revert any unused monies at the end of the redistricting cycle.

Table 1 details total expenditures in the last redistricting cycle:

Table 1

Historical Expenditures

Year	Actual Expenditures
FY 2001	\$ 246,300
FY 2002	3,339,000
FY 2003	1,857,300
FY 2004	1,962,200
FY 2005	776,800
FY 2006	423,400
FY 2007	298,900
FY 2008	367,700
FY 2009	256,400
FY 2010	26,100
Total	\$9,554,100

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all monies remaining unexpended and unencumbered after payment of fees, costs and expenses of the commission revert to the state General Fund.

Arizona Commission of Indian Affairs

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	46,800	27,100	27,100
Employee Related Expenditures	23,200	13,600	13,600
Professional and Outside Services	5,700	4,800	4,800
Travel - In State	800	500	500
Other Operating Expenditures	37,400	17,100	17,100
Equipment	2,300	0	0
AGENCY TOTAL	116,200	63,100	63,100

FUND SOURCES

General Fund	116,200	63,100	63,100
SUBTOTAL - Appropriated Funds	116,200	63,100	63,100
Other Non-Appropriated Funds	4,100	12,700	12,700
TOTAL - ALL SOURCES	120,300	75,800	75,800

AGENCY DESCRIPTION — The agency studies policy issues affecting the Indian tribes, attempts to facilitate better working relationships between the tribes and government agencies, and promotes an understanding of Indian history and culture through statewide forums and other educational activities.

Operating Budget

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The Baseline includes \$63,100 and 3 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Indian Town Hall Fund (IAA4014/A.R.S. § 41-545)		Non-Appropriated
Source of Revenue: Monies collected or received at Indian town halls as fees for administration.		
Purpose of Fund: To defray administrative costs related to Indian town halls.		
Funds Expended	0	5,000
Year-End Fund Balance	5,100	5,100
IGA and ISA Fund (IAA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Various intergovernmental and interagency service agreements.		
Purpose of Fund: To execute various intergovernmental and interagency service agreements.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Publications Fund (IAA4013/A.R.S. § 41-543)		Non-Appropriated
Source of Revenue: Sale of commission publications.		
Purpose of Fund: To produce and distribute commission publications. At fiscal year end, amounts in excess of \$15,000 revert to the General Fund.		
Funds Expended	0	2,700
Year-End Fund Balance	1,800	3,100

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Statewide Donations Fund (IAA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies from booth space at Indian Nations and Tribes Legislative Day. Additional funds are obtained from outside sources such as the 21 tribes and nations of Arizona, as well as private corporations.		
Purpose of Fund: To pay for expenses incurred for Indian Nations and Tribes Legislative Day. ACIA is required by statute to facilitate this day on the second Tuesday of each regular legislative session.		
Funds Expended	4,100	5,000
Year-End Fund Balance	400	400

Industrial Commission of Arizona

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	279.0	279.0	279.0
Personal Services	8,074,200	9,666,100	9,666,100
Employee Related Expenditures	3,329,200	4,322,800	4,322,800
Professional and Outside Services	1,034,100	1,463,400	1,463,400
Travel - In State	125,100	170,800	170,800
Other Operating Expenditures	3,686,500	4,092,600	4,092,600
Equipment	422,700	0	0
AGENCY TOTAL	16,671,800	19,715,700	19,715,700
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Industrial Commission Administrative Fund	16,671,800	19,715,700	19,715,700
SUBTOTAL - Other Appropriated Funds	16,671,800	19,715,700	19,715,700
SUBTOTAL - Appropriated Funds	16,671,800	19,715,700	19,715,700
Other Non-Appropriated Funds	51,686,300	52,578,200	52,408,200
Federal Funds	3,843,500	4,446,200	4,446,200
TOTAL - ALL SOURCES	72,201,600	76,740,100	76,570,100

AGENCY DESCRIPTION — The Industrial Commission regulates the workers' compensation insurance industry. The commission is also responsible for child labor issues, occupational safety and health issues, wage claim dispute resolutions, licensing of private employment agencies and providing workers' compensation coverage for claimants of uninsured and self-insured employers or insolvent carriers.

Operating Budget

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The Baseline includes \$19,715,700 and 279 FTE Positions from the Industrial Commission Administrative Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (ICA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To enforce occupational safety and health standards in all industries in Arizona except businesses relating to mining and smelting, businesses located on Indian reservations and federal agencies.		
Funds Expended	3,843,500	4,446,200
Year-End Fund Balance	1,451,500	1,066,300
Industrial Commission Administrative Fund (ICA2177/A.R.S. § 23-1081)		Appropriated
Source of Revenue: Annual tax on workers' compensation premiums that can not exceed 3%.		
Purpose of Fund: For all expenses of the Industrial Commission in carrying out its powers and duties.		
Funds Expended	16,671,800	19,715,700
Year-End Fund Balance*	2,318,400	(3,953,900)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Revolving Fund (ICA2002/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Charges for claims education seminars and training materials, charges for medical fee schedules and other miscellaneous revenue.		
Purpose of Fund: To fund an annual seminar on workers' compensation for insurance carriers and self-insured employers; to print a medical fee schedule for workers' compensation; and to provide a holding account for money owed to employees by their employers for back wages.		
Funds Expended	112,800	146,200
Year-End Fund Balance	166,300	197,600
Special Fund (ICA9003/A.R.S. § 23-1065)		Non-Appropriated
Source of Revenue: Assessments on workers' compensation premiums, earnings on investments, rent proceeds, and reimbursement of the cost of benefits provided to injured employees of uninsured employers.		
Purpose of Fund: To provide medical benefits in excess of original policy limits on claims occurring prior to a 1973 law change requiring unlimited statutory medical benefits; to provide compensation benefits resulting from second injuries; to provide vocational rehabilitation benefits; and to provide benefits on claims against uninsured employers and insolvent insurance carriers.		
Funds Expended	51,573,500	52,432,000
Year-End Fund Balance	4,137,400	43,400

* As reported by the agency. Actual ending balance will not be negative.

Department of Insurance

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	93.5	90.5	90.5
Personal Services	3,123,200	3,087,100	3,087,100
Employee Related Expenditures	1,398,000	1,318,600	1,318,600
Professional and Outside Services	179,000	189,400	189,400
Travel - In State	21,700	23,900	23,900
Travel - Out of State	1,400	0	0
Other Operating Expenditures	798,600	824,100	824,100
Equipment	41,200	25,700	25,700
AGENCY TOTAL	5,563,100	5,468,800	5,468,800
FUND SOURCES			
General Fund	5,563,100	5,468,800	5,468,800
SUBTOTAL - Appropriated Funds	5,563,100	5,468,800	5,468,800
Other Non-Appropriated Funds	7,124,500	6,851,600	6,845,000
TOTAL - ALL SOURCES	12,687,600	12,320,400	12,313,800

AGENCY DESCRIPTION — The Department of Insurance licenses and authorizes the transaction of insurance business by insurers, producers, and other insurance-related entities. The department collects various filing and licensing fees, which are deposited into the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.

Operating Budget

The Baseline includes \$5,468,800 and 90.5 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

STATUTORY CHANGES

The Baseline would:

- As session law, continue to suspend the statutory provision that fees collected by the department fall between 95% and 110% of the department's appropriation for FY 2012.
- As session law, suspend the appropriations in FY 2012 – FY 2014 to the Arizona Property and Casualty Insurance Guaranty Fund and Life and Disability Insurance Guaranty Fund included in Laws 2009, Chapter 1. *(For more information please see Reimbursement of Guaranty Funds in Other Issues for Legislative Consideration section.)*

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Reimbursement of Guaranty Funds

Laws 2009, 1st Special Session, Chapter 1 transferred \$13,979,000 from the Arizona Property and Casualty Insurance Guaranty Fund and \$15,613,400 from the Life and Disability Insurance Guaranty Fund to the General Fund. In the subsequent regular session, Laws 2009, Chapter 1 reimbursed these two funds. The Arizona Property and Casualty Insurance Guaranty Fund will receive 3 annual payments of \$4,659,666 and the Life and Disability Insurance Guaranty Fund will receive 3 annual payments of \$5,204,466 from FY 2012 – FY 2014.

Although the state agreed to reimburse the funds, litigation was brought to stop the original transfers to the General Fund. The courts issued a stay of action, so the transfers to the General Fund have not occurred. As a result, the Baseline will include language to only require repayment if the actual transfers are made.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Assessment Fund for Voluntary Plans Fund (IDA2316/A.R.S. § 20-2201)		Non-Appropriated
Source of Revenue: Assessments paid by insurance companies or reinsuring carriers authorized to sell liability insurance.		
Purpose of Fund: To provide for the administrative costs associated with finding liability insurance for classes of risk that are unable to obtain liability coverage. Monies are also used to administer the Small Employers Reinsurance Plan Board. The board ensures the accessibility of small group health insurance by requiring a reinsurance program to spread the risk of insuring small groups.		
Funds Expended	157,200	135,300
Year-End Fund Balance	33,400	75,300
Captive Insurance Regulatory and Supervision Fund (IDA2377/A.R.S. § 20-1098.18)		Non-Appropriated
Source of Revenue: License and renewal fees collected from individual captive insurers and corporations applying to do business as a captive insurer. A captive insurer is an enterprise with the authority to function as an independent insurance company, but is organized by a parent company with the express intent to provide the parent company's insurance.		
Purpose of Fund: To provide funding for the promotion of the state's captive insurance industry and related administrative costs. Up to \$100,000 may be used annually to cover the department's operating costs.		
Funds Expended	151,100	120,400
Year-End Fund Balance	63,100	97,900
Financial Surveillance Fund (IDA2473/A.R.S. § 20-156)		Non-Appropriated
Source of Revenue: Assessments paid by domestic insurers, other than life and disability re-insurers, service companies, and mechanical reimbursement re-insurers.		
Purpose of Fund: To provide funds for the costs of financial analysts who conduct financial surveillance of domestic insurers in order to identify possible risks to financial stability.		
Funds Expended	405,200	367,000
Year-End Fund Balance	37,400	20,000
Health Care Appeals Fund (IDA2467/A.R.S. § 20-2540)		Non-Appropriated
Source of Revenue: One-time fee of \$200 and an annual fee of up to \$200 per health care insurance company.		
Purpose of Fund: To pay for start-up and ongoing costs related to selecting an independent review organization. The selected organization will conduct external independent reviews that involve issues of medical necessity.		
Funds Expended	245,500	213,700
Year-End Fund Balance	21,500	52,000
Insurance Examiners' Revolving Fund (IDA2034/A.R.S. § 20-159)		Non-Appropriated
Source of Revenue: Payments made by insurance companies for costs of financial, rate, and market conduct examinations performed by contract examiners.		
Purpose of Fund: To provide funds for contract examiners' per diem compensation and funds to reimburse contract examiners for travel and living expenses, as approved by the Director of the Department of Insurance. Monies are also used to cover the department's related administrative costs.		
Funds Expended	4,256,800	4,100,900
Year-End Fund Balance	540,300	182,300
Life and Disability Insurance Guaranty Fund (IDA2154/A.R.S. § 20-683)		Non-Appropriated
Source of Revenue: Assessments on life and disability insurance companies and reimbursements from the sale of insolvent companies' assets by the department's Receivership Division.		
Purpose of Fund: To provide funds for the covered policy claims of insolvent insurance companies for life and disability insurance policies and annuity contracts. The fund also pays the administrative costs of the 9-member Life and Disability Insurance Guaranty Fund Board authorized by A.R.S. § 20-684. Monies are held in a depository designated by the Director of the Department of Insurance.		
Funds Expended	1,216,900	1,220,700
Year-End Fund Balance	32,934,900	32,344,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Property and Casualty Insurance Guaranty Fund (IDA2114/A.R.S. § 20-662)		Non-Appropriated
Source of Revenue: Assessments on property and casualty insurance and reimbursements from the sale of insolvent companies' assets by the department's Receivership Division.		
Purpose of Fund: To provide funds for the covered policy claims of insolvent insurance companies for property and casualty insurance policies. The fund also pays the administrative costs of the 11-member Property and Casualty Insurance Guaranty Fund Board authorized by A.R.S. § 20-663. Monies are held in a depository designated by the Director of the Department of Insurance.		
Funds Expended	647,600	649,000
Year-End Fund Balance	32,842,700	33,662,300
Receivership Liquidation Fund (IDA3104/A.R.S. § 20-648)		Non-Appropriated
Source of Revenue: Consists of 10% of an insolvent insurer's statutory deposit with the State Treasurer authorized by A.R.S. § 20-213. Upon termination of a receivership, the court may award proceeds to the fund, up to the amount of the department's administrative costs.		
Purpose of Fund: To support the department's Receivership Division, which administers the liquidation of insurance companies to ensure maximum recovery of assets. The balance forward represents cash on hand. It does not include the state's unfunded liability for deposits being held as assurance against future insolvencies.		
Funds Expended	44,200	44,600
Year-End Fund Balance	193,500	149,500

Judiciary - Supreme Court

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	173.0	169.0	169.0
Personal Services	5,784,000	5,783,700	5,783,700
Employee Related Expenditures	2,247,200	2,494,200	2,494,200
Professional and Outside Services	161,400	188,200	188,200
Travel - In State	38,000	49,100	49,100
Travel - Out of State	12,800	17,700	17,700
Other Operating Expenditures	7,997,800	9,803,000	9,803,000
Equipment	16,200	0	0
OPERATING SUBTOTAL	16,257,400	18,335,900	18,335,900
SPECIAL LINE ITEMS			
State Aid	4,733,300	5,914,800	5,914,800
County Reimbursements	187,900	187,900	187,900
Automation	10,262,000	12,221,600	12,221,600
Case and Cash Management System	6,393,900	3,326,500	3,326,500
Foster Care Review Board	2,432,500	3,360,800	3,360,800
Court Appointed Special Advocate	2,707,900	3,531,700	3,031,700
Model Court	442,600	447,600	447,600
Domestic Relations	527,200	648,100	648,100
Judicial Nominations and Performance Review	333,100	424,400	424,400
Commission on Judicial Conduct	415,900	514,000	514,000
Photo Radar Enforcement	1,636,400	5,326,100	0
AGENCY TOTAL	46,330,100	54,239,400	48,413,300
FUND SOURCES			
General Fund	16,956,300	20,017,900	20,017,900
<u>Other Appropriated Funds</u>			
Confidential Intermediary and Fiduciary Fund	302,200	483,000	483,000
Court Appointed Special Advocate Fund	2,605,900	3,429,700	2,929,700
Criminal Justice Enhancement Fund	2,557,200	2,970,000	2,970,000
Defensive Driving School Fund	3,203,800	5,259,200	5,259,200
Judicial Collection Enhancement Fund	16,322,300	13,808,700	13,808,700
Photo Enforcement Fund	1,636,400	5,326,100	0
State Aid to the Courts Fund	2,746,000	2,944,800	2,944,800
SUBTOTAL - Other Appropriated Funds	29,373,800	34,221,500	28,395,400
SUBTOTAL - Appropriated Funds	46,330,100	54,239,400	48,413,300
Other Non-Appropriated Funds	13,664,300	20,897,400	20,897,400
TOTAL - ALL SOURCES	59,994,400	75,136,800	69,310,700

AGENCY DESCRIPTION — The Supreme Court consists of 5 Supreme Court Justices, judicial support staff and the Administrative Office of the Courts (AOC). The Supreme Court, as the state's highest court, has the responsibility to review appeals and to provide rules of procedure for all the courts in Arizona. Under the direction of the Chief Justice, the AOC provides administrative supervision over the Arizona court system.

Operating Budget

The Baseline includes \$18,335,900 and 100.7 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$14,333,100
Confidential Intermediary and Fiduciary Fund	483,000
Defensive Driving School Fund	663,200
Judicial Collection Enforcement Fund (JCEF)	2,856,600

These amounts are unchanged from FY 2011.

State Aid

The Baseline includes \$5,914,800 and 3.3 FTE Positions for State Aid in FY 2012. These amounts consist of:

Criminal Justice Enhancement Fund (CJEF)	2,970,000
State Aid to the Courts Fund	2,944,800

These amounts are unchanged from FY 2011.

The State Aid line item provides state aid to counties for the payment of judges pro tempore salaries, and for projects designed to improve the processing of criminal cases in the Superior Court and Justice Courts. The State Aid to the Courts Fund receives: 1) 40.97% of a 7% penalty assessment on fines, penalties, and forfeitures imposed by the courts for criminal and civil motor vehicle violations, and 2) a portion of the monies collected by the Supreme Court and the Court of Appeals.

The AOC distributes the monies appropriated from court fines and collections to the Superior Court and the Justice Courts based on a composite index formula using Superior Court felony filings and county population. Monies appropriated from the State Aid to the Courts Fund in the State Aid line item are distributed to all counties.

County Reimbursements

The Baseline includes \$187,900 from the General Fund for County Reimbursements in FY 2012. This amount is unchanged from FY 2011.

The County Reimbursements line item provides reimbursement to counties for grand jury expenses and for state-funded representation of indigent defendants in first-time capital post conviction relief proceedings.

Automation

The Baseline includes \$12,221,600 and 13 FTE Positions for Automation in FY 2012. These amounts consist of:

Defensive Driving School Fund	4,456,500
JCEF	7,765,100

These amounts are unchanged from FY 2011.

The Automation line item provides funding for court automation projects throughout the state.

Case and Cash Management System

The Baseline includes \$3,326,500 for the Case and Cash Management System from the Judicial Collections Enforcement Fund in FY 2012. This amount is unchanged from FY 2011.

The Case and Cash Management System line item funds the replacement of the computer systems in the larger

volume Superior and Limited Jurisdiction Courts in Pima and Maricopa Counties, as well as the case and financial management system that is provided to approximately 145 of the 180 courts at the state, county and municipal level located throughout the state. The AOC estimates upgrading of these systems will continue through FY 2014.

Foster Care Review Board

The Baseline includes \$3,360,800 and 34 FTE Positions from the General Fund for the Foster Care Review Board in FY 2012. These amounts are unchanged from FY 2011.

The Foster Care Review Board line item coordinates local volunteer review boards for foster care children in out-of-home placement.

Court Appointed Special Advocate

The Baseline includes \$3,031,700 and 5.5 FTE Positions for the Court Appointed Special Advocate (CASA) in FY 2012. These amounts consist of:

General Fund	102,000
CASA Fund	2,929,700

FY 2012 adjustments would be as follows:

CASA Funding Reduction OF (500,000)

The Baseline includes a decrease of (\$500,000) from the CASA Fund in FY 2012. This decrease will reduce spending to projected revenue levels.

The CASA line item administers and monitors a community-based volunteer advocacy program for abused and neglected children in the Juvenile Court System. In FY 2010, 995 individuals volunteered for this program.

Model Court

The Baseline includes \$447,600 from the General Fund for Model Court in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item represent a pass-through to counties to improve processing of dependency cases.

Domestic Relations

The Baseline includes \$648,100 and 4.9 FTE Positions from the General Fund for Domestic Relations in FY 2012. These amounts are unchanged from FY 2011.

The Domestic Relations line item provides coordination and technical support for groups formed to develop and review policies and programs related to domestic relations and child support.

Judicial Nominations and Performance Review

The Baseline includes \$424,400 and 3.6 FTE Positions from the General Fund for Judicial Nominations and Performance Review in FY 2012. These amounts are unchanged from FY 2011.

This line item funds administrative costs to oversee the nominations for the Supreme Court, the Court of Appeals, and the Superior Court in Maricopa and Pima Counties, as well as evaluating the performance of all merit retention justices and judges. The results of the performance evaluations are provided to the voters before each retention election.

Commission on Judicial Conduct

The Baseline includes \$514,000 and 4 FTE Positions from the General Fund for Commission on Judicial Conduct in FY 2012. These amounts are unchanged from FY 2011.

The Commission on Judicial Conduct investigates and resolves all complaints of judicial misconduct.

Photo Radar Enforcement

The Baseline includes no funding for Photo Radar Enforcement in FY 2012. FY 2012 adjustments would be as follows:

Elimination of the Program OF (5,326,100)

The Baseline includes a decrease of \$(5,326,100) from the Photo Enforcement Fund to account for the elimination of the State Photo Radar Enforcement program. This reduction is due to the Department of Public Safety's decision not to extend the Photo Radar contract as of July 15, 2010.

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Included in the appropriation for the Supreme Court program is \$1,000 for the purchase of mementos and items for visiting officials.

By September 1, 2011, the Supreme Court shall report to the Joint Legislative Budget Committee on current and future automation projects coordinated by the Administrative Office of the Courts. The report shall include a list of court automation projects receiving or anticipated to receive state monies in the current or next 2 fiscal years as well as a description of each project, number of FTE Positions, the entities involved, and the goals and anticipated results for each automation project. The report shall be submitted in 1 summary document. The report shall indicate each project's total multi-year cost by fund source and budget line item, including any prior year, current year and any future year expenditures.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to suspend the reporting requirements for the annual Juvenile Intensive Probation Report, the Community Punishment Program Report, the Emancipation of Minors Report, the Annual Drug Treatment and Education Fund Report, the Annual Lengthy Trial Fund Report, the Annual Child Support Committee Report, and the Annual Domestic Relations Committee Report.
- As session law, suspend the requirement of 50% reimbursement to counties for grand jury expenses and for state-funded representation of indigent defendants in first-time capital post conviction relief proceedings.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Alternative Dispute Resolution Fund (SPA3245/A.R.S. § 12-135)		Non-Appropriated
Source of Revenue: The fund consists of 0.35% of notary bond fees, 0.35% of fee collections on civil filings in the Superior Court, and 2.42% of civil filings in Justice of the Peace Courts.		
Purpose of Fund: To supplement local courts' funding for alternative dispute resolution programs.		
Funds Expended	158,200	452,400
Year-End Fund Balance	319,400	146,600
Arizona Lengthy Trial Fund (SPA2382/A.R.S. § 21-222)		Non-Appropriated
Source of Revenue: The fund consists of fees established by the Supreme Court on court filings paid to the clerk of the Superior Court.		
Purpose of Fund: To pay juror expenses in cases that last longer than 5 days. Monies in the fund are used to reimburse counties for these juror costs. Statute specifies that not more than 3% of the fund is to be used on administration of the fund.		
Funds Expended	684,500	976,800
Year-End Fund Balance	156,900	283,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Certified Reporters Fund (SPA2440/A.R.S. § 32-4007)		Non-Appropriated
Source of Revenue: Fees, costs and penalties relating to reporter certification.		
Purpose of Fund: For reporter certification.		
Funds Expended	113,300	120,500
Year-End Fund Balance	188,200	256,400
Confidential Intermediary and Fiduciary Fund (SPA2276/A.R.S. § 8-135)		Appropriated
Source of Revenue: A portion of Superior Court fees; fees received by state and local registrars for certified copies of birth certificates; and fees collected through fiduciary registration with the Supreme Court.		
Purpose of Fund: To train and certify confidential intermediaries, who facilitate contact between adoptees/adoptive parents and birth parents while protecting court and agency records. Monies are also used to train and certify private fiduciaries, who serve as court appointed guardians or representatives, and to establish the Sibling Information Exchange Program, which facilitates contact between a former dependant child of biological parents, adoptive parents, guardians, and the child's sibling or siblings.		
Funds Expended	302,200	483,000
Year-End Fund Balance	416,000	390,900
Court Appointed Special Advocate Fund (SPA2275/A.R.S. § 8-524)		Appropriated
Source of Revenue: Revenues consist of 30% of the state lottery unclaimed prize monies.		
Purpose of Fund: For operating the Court Appointed Special Advocate program, which trains volunteers to advocate for abused and neglected children in Juvenile Court proceedings.		
Funds Expended	2,605,900	3,429,700
Year-End Fund Balance	303,900	124,100
Criminal Justice Enhancement Fund (SPA2075/A.R.S. § 41-2401)		Appropriated
Source of Revenue: Includes allocations of the Criminal Justice Enhancement Fund (CJEF). CJEF consists of a 47% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: 9.35% of CJEF monies allocated to the courts are used to reduce juvenile crime, 6.02% is used to enhance the court's ability to process criminal and delinquency cases and salaries of Superior Court judges, and 2.13% is used to provide drug treatment services to adult probationers. The portions of the fund dedicated to juvenile crime reduction and drug treatment are included in the Superior Court's budget, while the case processing portion is part of the Supreme Court's budget.		
Funds Expended	2,557,200	2,970,000
Year-End Fund Balance	979,300	255,700
Defensive Driving School Fund (SPA2247/A.R.S. § 28-3398)		Appropriated
Source of Revenue: A fee, not to exceed \$15, imposed on each person who attends a defensive driving school, and \$500 initial certification and \$50-\$250 recertification fees paid by defensive driving schools. The fees are set by the Supreme Court.		
Purpose of Fund: To monitor defensive driving schools for compliance with claims and court policy, to supervise their use by the courts in Arizona, and to expedite the processing of highway traffic offenses. The Administrative Office of the Courts (AOC) has also used these monies to fund court automation projects throughout the state. In FY 2009, the AOC spent approximately \$4.5 million for court automation projects.		
Funds Expended	3,203,800	5,259,200
Year-End Fund Balance	452,500	0
Grants and Special Revenue Fund (SPA2084/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies provided from various sources, private and public, for specific programs and projects.		
Purpose of Fund: To expend grants as required by the contribution.		
Funds Expended	12,003,800	18,637,700
Year-End Fund Balance	9,525,200	4,762,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Judicial Collection Enhancement Fund (SPA2246/A.R.S. § 12-113)		Appropriated
Source of Revenue: Electronic case filing and access fees; 27.78% of Supreme Court fees, 17.07% of Superior Court fees, 19.42% of Court of Appeals fees, 19.18% of Municipal Court fees, and 14.02% to 15.58% of Justice of the Peace fees; time payment fees assessed for late court payments; fees paid for court-ordered diversion programs, and a \$20 probation surcharge on fines, penalties, and forfeitures imposed by the courts for criminal offenses and civil motor vehicle statute violations. <i>(See Supreme Court for information regarding non-Maricopa counties.)</i>		
Purpose of Fund: To train court personnel, improve and enhance the court's ability to collect and manage monies assessed or received by the court, to fund court automation projects likely to improve case processing or the administration of justice, and for probation services. Funds represented here reflect the amount shifted from the Supreme Court budget to the Superior Court budget for probation officer salaries and programs.		
Funds Expended	16,322,300	13,808,700
Year-End Fund Balance	0	0
Photo Enforcement Fund (SPA2390/A.R.S. § 41-1722)		Appropriated
Source of Revenue: Citation and notice of violation (NOV) revenue generated by the State Photo Enforcement System through use of fixed and mobile speed and red light enforcement cameras. The cost per citation or NOV is a fixed cost of \$165, which is all deposited into the Photo Enforcement Fund, plus a 10% clean elections surcharge. Any money remaining in the fund in excess of \$250,000 at the end of each quarter is deposited into the state General Fund. Laws 2010, 2 nd Regular Session, Chapter 266, eliminates the State Photo Enforcement System and redirects 40% of the remaining monies in the fund, not to exceed \$7,000,000, to the Public Safety Equipment Fund.		
Purpose of Fund: To provide funding for non-capital automation and payment collection costs associated with citations from the state photo enforcement system. <i>(See the Department of Public Safety Summary of Funds section for other purposes of this fund.)</i>		
Funds Expended	1,636,400	5,326,100
Year-End Fund Balance	2,709,700	0
Public Defender Training Fund (SPA3013/A.R.S. § 12-117)		Non-Appropriated
Source of Revenue: Two dollars of the \$20 surcharge on each person paying a court order penalty, fine, or sanction on a time-payment basis.		
Purpose of Fund: For training of public defenders. Allocation of monies is made to each county Public Defender Office in proportion to the number of felony cases assigned to that office in the last fiscal year.		
Funds Expended	704,500	710,000
Year-End Fund Balance	73,100	96,000
State Aid to the Courts Fund (SPA2446/A.R.S. § 12-102.02)		Appropriated
Source of Revenue: Legislative appropriations, a portion of court filing fees, and a portion of fees, fines, penalties and forfeitures collected on criminal offenses and civil motor vehicle violations.		
Purpose of Fund: To provide state aid to the Superior Court, including the clerk of the Superior Court, and Justice Courts for the processing of criminal cases. Monies are distributed to each county based on a formula using Superior Court felony filings and county population.		
Funds Expended	2,746,000	2,944,800
Year-End Fund Balance	148,700	69,100

Judiciary - Court of Appeals

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
PROGRAM BUDGET			
Division I	9,738,800	10,256,200	10,256,200
Division II	4,319,200	4,456,500	4,456,500
AGENCY TOTAL	14,058,000	14,712,700	14,712,700
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	137.8	134.8	134.8
Personal Services	9,803,500	9,675,000	9,675,000
Employee Related Expenditures	2,905,400	3,178,500	3,178,500
Professional and Outside Services	13,800	15,000	15,000
Travel - In State	173,400	199,200	199,200
Travel - Out of State	7,300	6,500	6,500
Other Operating Expenditures	1,065,800	1,560,500	1,560,500
Equipment	88,800	78,000	78,000
AGENCY TOTAL	14,058,000	14,712,700	14,712,700
FUND SOURCES			
General Fund	14,058,000	14,712,700	14,712,700
SUBTOTAL - Appropriated Funds	14,058,000	14,712,700	14,712,700
TOTAL - ALL SOURCES	14,058,000	14,712,700	14,712,700

AGENCY DESCRIPTION — The Court of Appeals has jurisdiction in all proceedings appealable from the Superior Court except criminal death penalty cases, which are automatically appealed to the Supreme Court. Division I also has statewide responsibility for reviewing appeals from the Arizona Corporation Commission, Industrial Commission, the Department of Economic Security unemployment compensation rulings, and the Arizona Tax Court. Division I convenes in Phoenix and encompasses the counties of Apache, Coconino, La Paz, Maricopa, Mohave, Navajo, Yavapai, and Yuma. Division II convenes in Tucson and encompasses the counties of Cochise, Gila, Graham, Greenlee, Pima, Pinal, and Santa Cruz.

Operating Budget

The Baseline includes \$14,712,700 and 134.8 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts include \$10,256,200 and 98.3 FTE Positions for Division I and \$4,456,500 and 36.5 FTE Positions for Division II. These amounts are unchanged from FY 2011.

* * *

FORMAT — Operating Lump Sum by Subprogram

FOOTNOTES

Standard Footnotes

Of the 134.8 FTE Positions for FY 2012, 98.3 FTE Positions are for Division I and 36.5 FTE Positions are for Division II.

Judiciary - Superior Court

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
SPECIAL LINE ITEMS			
<i>Full Time Equivalent Positions</i>	231.5	136.5	136.5
Judges Compensation	16,128,200	7,393,400	7,393,400
Adult Standard Probation	13,382,900	13,543,300	13,543,300
Adult Intensive Probation	10,579,400	10,752,300	10,752,300
Community Punishment	1,770,500	2,316,300	2,316,300
Interstate Compact	633,900	641,800	641,800
Drug Court	951,200	1,013,600	1,013,600
Probation Surcharge	3,227,900	5,029,700	5,029,700
Juvenile Standard Probation	4,780,600	4,606,000	4,606,000
Juvenile Intensive Probation	8,894,400	9,177,500	9,177,500
Juvenile Treatment Services	19,216,500	22,322,700	22,322,700
Juvenile Family Counseling	638,000	660,400	660,400
Juvenile Diversion Consequences	8,886,300	9,024,900	9,024,900
Juvenile Crime Reduction	2,750,500	5,123,400	5,123,400
Special Water Master	58,200	20,000	20,000
AGENCY TOTAL	91,898,500	91,625,300	91,625,300
FUND SOURCES			
General Fund	84,149,600	79,155,900	79,155,900
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	4,025,100	6,939,700	6,939,700
Drug Treatment and Education Fund	495,900	500,000	500,000
Judicial Collection Enhancement Fund	3,227,900	5,029,700	5,029,700
SUBTOTAL - Other Appropriated Funds	7,748,900	12,469,400	12,469,400
SUBTOTAL - Appropriated Funds	91,898,500	91,625,300	91,625,300
Other Non-Appropriated Funds	5,130,000	5,570,600	5,570,600
Federal Funds	3,442,200	2,262,500	2,262,500
TOTAL - ALL SOURCES	100,470,700	99,458,400	99,458,400

AGENCY DESCRIPTION — The Superior Court, which has a division in every county, is the state's only general jurisdiction court. Superior Court judges hear all types of cases except small claims, minor offenses, or violations of city codes and ordinances. In addition, the responsibility for supervising adults and juveniles who have been placed on probation resides in the Superior Court.

Judges Compensation

The Baseline includes \$7,393,400 and 81 FTE Positions from the General Fund for Judges Compensation in FY 2012. These amounts are unchanged from FY 2011.

This line item provides funding for the state's 50% share of the salary and Employee Related Expenditures of Superior Court judges. A.R.S. § 12-128 requires the state General Fund to pay for one-half of Superior Court Judges' salaries, except for Maricopa judges. Maricopa County is now responsible for 100% of the salary and Employee Related Expenditures of Maricopa County Superior Court Judges. The FTE count has been adjusted accordingly.

Probation Programs

The state and non-Maricopa counties share the costs of adult probation. For the intensive programs, the state pays 100% of the costs (although the counties may provide offices and other support services). For the standard programs and treatment services, the state predominantly pays for the cost of additional probation officers. Counties typically contribute through Probation Service Fee collections, outside grants, and office space. Since FY 2004, Maricopa County has assumed the state's share of its adult probation costs.

Adult Standard Probation

The Baseline includes \$13,543,300 and 9.6 FTE Positions from the General Fund for Adult Standard Probation in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item provides funding for community supervision services for adults placed on standard probation by the Adult Division of the Superior Court. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 12-251A, an adult probation officer shall not supervise more than 65 adults on standard probation at one time. In funding caseload growth, this ratio is adjusted downward by 2% because of the distances officers in rural counties must travel to supervise probationers.

Adult Intensive Probation

The Baseline includes \$10,752,300 and 7.8 FTE Positions from the General Fund for Adult Intensive Probation in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item provides funding for a sentencing alternative intended to divert serious, non-violent offenders from prison. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 13-916, 1 team shall not supervise more than 25 intensive probationers at one time. In funding caseload growth, this ratio is adjusted downward by 5% because of the distances officers in rural counties must travel to supervise probationers.

Community Punishment

The Baseline includes \$2,316,300 and a 0.9 FTE Position for Community Punishment in FY 2012. These amounts consist of:

	<u>FY 2012</u>
Criminal Justice Enhancement Fund (CJEF)	\$1,816,300
Drug Treatment and Education Fund (DTEF)	500,000

These amounts are unchanged from FY 2011.

This line item provides behavioral treatment services for adult probationers and for enhanced supervision, such as electronic monitoring and specialized probation caseloads. The funding is intended to provide for diversion of offenders from prison and jail, as well as to enhance probation programs, excluding Maricopa County.

Interstate Compact

The Baseline includes \$641,800 and 4.8 FTE Positions from the General Fund for Interstate Compact in FY 2012. These amounts are unchanged from FY 2011.

This line item provides funding for supervision and intervention to probationers transferring to Arizona and monitors the supervision of probationers transferred to other states from Arizona.

Drug Court

The Baseline includes \$1,013,600 from the General Fund for Drug Court programs in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for juvenile and adult drug courts within the Superior Court throughout the state. It provides funding for prosecuting, adjudicating and treating drug-dependent offenders. Superior Court divisions in 10 counties have implemented or are planning the implementation of drug courts. These programs utilize drug education, intensive therapy, parent support, case management, socialization alternatives, aftercare and compliance monitoring for drug abstinence.

Probation Surcharge

The Baseline includes \$5,029,700 and a 0.8 FTE Position from the Judicial Collection Enhancement Fund (JCEF) for the Probation Surcharge in FY 2012. These amounts are unchanged from FY 2011.

This line item consists of monies collected from a \$20 surcharge applied to various criminal offenses, civil traffic violations, and game and fish statute violations throughout the state. Monies collected from the surcharge (excluding those collected in courts located within Maricopa County) are deposited into the JCEF and redistributed by the Administrative Office of the Courts (AOC) to all counties to supplement funding for the salaries of probation and surveillance officers and for the support of programs and services of the Superior Court adult and juvenile probation departments.

Juvenile Standard Probation

The Baseline includes \$4,606,000 and 3.6 FTE Positions from the General Fund for Juvenile Standard Probation in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item provides funding for community supervision services for juveniles placed on standard probation by the Juvenile Division of the Superior Court. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 8-203B, a juvenile probation

officer shall not supervise more than an average of 35 juveniles on standard probation at one time. In funding caseload growth, this ratio is adjusted downward by 5% because of the distances officers in rural communities must travel to supervise probationers.

Juvenile Intensive Probation

The Baseline includes \$9,177,500 and 5.4 FTE Positions from the General Fund for Juvenile Intensive Probation in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item provides funding for a sentencing alternative to divert serious, non-violent juvenile offenders from incarceration or residential care and to provide intensive supervision for high-risk offenders already on probation. Supervision is intended to monitor compliance with the terms and conditions of probation imposed by the court. Pursuant to A.R.S. § 8-353B, 1 JIPS team shall not supervise more than an average of 25 juveniles on intensive probation at one time. In funding caseload growth, this ratio is adjusted downward by 5% because of the distances officers in rural communities must travel to supervise probationers.

Juvenile Treatment Services

The Baseline includes \$22,322,700 and 15.6 FTE Positions from the General Fund for Juvenile Treatment Services in FY 2012. These amounts are unchanged from FY 2011.

This line item provides funding to the juvenile courts to meet the requirements of A.R.S. § 8-230.01 and A.R.S. § 8-230.02, relating to the assignment of youths referred for delinquency or incorrigibility to treatment programs, residential treatment centers, counseling, shelter care and other programs.

Juvenile Family Counseling

The Baseline includes \$660,400 from the General Fund for Juvenile Family Counseling in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding to the Juvenile Division of the Superior Court for prevention of delinquency among juvenile offenders by strengthening family relationships. These monies are predominantly for non-adjudicated juveniles and their families and require a 25% county match.

Juvenile Diversion Consequences

The Baseline includes \$9,024,900 from the General Fund for Juvenile Diversion Consequences in FY 2012. This amount is unchanged from FY 2011.

This program diverts youth from formal court proceedings in order to reduce court costs and prevent re-offending. A juvenile diversion probation officer assigns consequences for the juvenile to complete, such as substance abuse education, graffiti abatement, counseling, or other community service programs. In FY 2010, there were approximately 18,779 juveniles diverted from formal court proceedings. Monies in this line item are distributed to all counties.

Juvenile Crime Reduction

The Baseline includes \$5,123,400 and 7 FTE Positions from CJEF for Juvenile Crime Reduction in FY 2012. These amounts are unchanged from FY 2011.

This line item provides funding for the design and implementation of community-based strategies for reducing juvenile crime. Strategies include prevention, early intervention, effective intermediate sanctions, and rehabilitation. Through a grant process, AOC distributes monies in this line item to approximately 20 public and private entities.

Special Water Master

The Baseline includes \$20,000 from the General Fund for the Special Water Master line item in FY 2012. This amount is unchanged from FY 2011.

This line item provides funding for the Special Water Master assigned by the court in 1990 to the Little Colorado River water rights adjudication. The adjudication of water rights for the Little Colorado River was petitioned in 1978. Through FY 2010, about 31,300 individuals, communities, governments, and companies have filed about 95,800 water rights claims. The Special Water Master conducts hearings for each claimant and makes recommendations to a Superior Court judge.

Pursuant to statute, the costs of the Water Master are funded from claimant fees. If claimant fees are insufficient, statute requires the state General Fund to pay for these expenses in a Special Line Item within the Superior Court budget.

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FORMAT — Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Of the 136.5 FTE Positions, 81 FTE Positions represent Superior Court judges. One-half of their salaries are provided by state General Fund appropriations pursuant to A.R.S. § 12-128. This is not meant to limit the counties' ability to add judges pursuant to A.R.S. § 12-121.

Up to 4.6% of the amounts appropriated for Juvenile Probation Services - Treatment Services and Juvenile Diversion Consequences may be retained and expended by the Supreme Court to administer the programs established by A.R.S. § 8-322, and to conduct evaluations as needed. The remaining portion of the Treatment Services and Juvenile Diversion Consequences programs shall be deposited in the Juvenile Probation Services Fund established by A.R.S. § 8-322.

Receipt of state probation monies by the counties is contingent on the county maintenance of FY 2004 expenditure levels for each probation program. State probation monies are not intended to supplant county dollars for probation programs.

By November 1, 2011, the Administrative Office of the Courts shall report to the Joint Legislative Budget Committee the FY 2011 actual, FY 2012 estimated and FY 2013 requested amounts for the following:

1. On a county-by-county basis, the number of authorized and filled case carrying probation positions and non-case carrying positions, distinguishing between Adult Standard, Adult Intensive, Juvenile Standard and Juvenile Intensive. The report shall indicate the level of state probation funding, other state funding, county funding and probation surcharge funding for those positions.

2. Total receipts and expenditures by county and fund source for the Adult Standard, Adult Intensive, Juvenile Standard and Juvenile Intensive line items, including the amount of Personal Services expended from each revenue source of each account.
3. The amount of monies from the Adult Standard, Adult Intensive, Juvenile Standard and Juvenile Intensive line items that the office does not distribute as direct aid to counties. The report shall delineate how the office expends these monies that are not distributed as direct aid to counties.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to suspend county non-supplanting requirements associated with funding for probation services, criminal case processing, and alternative dispute resolution programs, and require the counties to report on reductions in county funding as a result of the elimination of the non-supplanting provisions.
- As session law, continue to suspend the requirement associated with appropriating 40% of any cost savings related to a reduction in probation revocations, to be deposited in the Adult Probation Services Fund of each county if there is a reduction in the percentage of supervised probations who are convicted of new felony offenses.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Community Punishment Program Fines Fund (SPA2119/A.R.S. § 13-821)		Non-Appropriated
Source of Revenue: Discretionary fines imposed by the courts on drug offenders.		
Purpose of Fund: To provide drug treatment services to adult probationers through the Community Punishment Program.		
Funds Expended	3,500	100,000
Year-End Fund Balance	163,100	96,900
Criminal Justice Enhancement Fund (SPA2075/A.R.S. § 41-2401)		Appropriated
Source of Revenue: Includes allocations of the Criminal Justice Enhancement Fund (CJEF). CJEF consists of a 47% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: 9.35% of CJEF monies allocated to the courts are used to reduce juvenile crime, 6.02% is used to enhance the court's ability to process criminal and delinquency cases and salaries of Superior Court judges, and 2.13% is used to provide drug treatment services to adult probationers. The portions of the fund dedicated to juvenile crime reduction and drug treatment are included in the Superior Court's budget, while the case processing portion is part of the Supreme Court's budget.		
Funds Expended	4,025,100	6,939,700
Year-End Fund Balance	2,367,100	626,100
Drug and Gang Enforcement Account (SPA2074/A.R.S. § 41-2402)		Non-Appropriated
Source of Revenue: Federal grant monies passed through the Arizona Criminal Justice Commission's Drug and Gang Enforcement Account.		
Purpose of Fund: To fund programs that enhance the ability of the courts to process drug offenses and related cases.		
Funds Expended	3,442,200	2,262,500
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Drug Treatment and Education Fund (SPA2277/A.R.S. § 13-901.02)		Partially-Appropriated
Source of Revenue: The fund receives 7% of tax revenue collected on spirituous liquors and 18% of tax revenue collected on vinous and malt liquor. Of these amounts, 50% is allocated to this fund and 50% is allocated to the Arizona Parents Commission on Drug Education and Prevention.		
Purpose of Fund: To place persons in drug education and treatment programs. Such monies are allocated to Superior Court probation departments according to a formula based on probation caseloads.		
Appropriated Funds Expended	495,900	500,000
Non-Appropriated Funds Expended	3,386,800	3,938,100
Year-End Fund Balance	1,073,500	782,400
Grants and Special Revenue (SPA2084/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies provided from various sources, private and public, for specific programs and projects.		
Purpose of Fund: To expend grants as required by the contribution.		
Funds Expended	1,724,200	1,512,500
Year-End Fund Balance	0	0
Judicial Collection Enhancement Fund (SPA2246/A.R.S. § 12-113)		Appropriated
Source of Revenue: Electronic case filing and access fees; 27.78% of Supreme Court fees, 17.07% of Superior Court fees, 19.42% of Court of Appeals fees, 19.18% of Municipal Court fees, and 14.02% to 15.58% of Justice of the Peace fees; time payment fees assessed for late court payments; fees paid for court-ordered diversion programs, and a \$20 probation surcharge on fines, penalties, and forfeitures imposed by the courts for criminal offenses and civil motor vehicle statute violations. <i>(See Supreme Court for information regarding non-Maricopa counties.)</i>		
Purpose of Fund: To train court personnel, improve and enhance the court's ability to collect and manage monies assessed or received by the court, to fund court automation projects likely to improve case processing or the administration of justice, and for probation services. Funds represented here reflect the amount shifted from the Supreme Court budget to the Superior Court budget for probation officer salaries and programs.		
Funds Expended	3,227,900	5,029,700
Year-End Fund Balance	4,413,200	2,224,100
Juvenile Delinquent Reduction Fund (SPA2193/A.R.S. § 8-322)		Non-Appropriated
Source of Revenue: Monies appropriated to Juvenile Probation Services - Treatment Services and Juvenile Diversion Consequences and allocated by the Administrative Office of the Courts.		
Purpose of Fund: To fund programs for juvenile probationers required as conditions of diversion. These programs are intended to reduce the number of repetitive juvenile offenders and provide services, including treatment, testing, independent living programs, residential foster and shelter care, and for juveniles referred to the juvenile court for incorrigibility or delinquency offenses. Expenditures from this fund are not displayed to avoid double counting General Fund monies.		
Funds Expended	0	0
Year-End Fund Balance	3,819,600	1,949,800
State Aid to Detention Fund (SPA2141/A.R.S. § 41-2417)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature.		
Purpose of Fund: To provide state assistance to counties in maintaining, expanding, and operating juvenile detention centers. On behalf of the juvenile court, the Administrative Office of the Courts may use monies in the fund to enter into agreements with public agencies or private entities to acquire land for, build, purchase, lease-purchase, lease, maintain, expand, or operate juvenile detention centers.		
Funds Expended	15,500	20,000
Year-End Fund Balance	41,100	21,600

Department of Juvenile Corrections

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,029.7	1,001.7	1,001.7
Personal Services	38,345,300	35,203,900	35,203,900
Employee Related Expenditures	17,009,700	15,730,000	15,730,000
Professional and Outside Services	1,856,500	1,813,600	1,813,600
Travel - In State	629,400	598,700	598,700
Travel - Out of State	3,600	3,400	3,400
Other Operating Expenditures	6,974,200	6,838,100	6,838,100
Equipment	738,900	720,500	720,500
AGENCY TOTAL	65,557,600	60,908,200	60,908,200

FUND SOURCES

General Fund	62,422,400	57,008,100	57,008,100
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	555,200	534,600	534,600
State Charitable, Penal and Reformatory Institutions Land Fund	1,098,600	1,098,600	1,098,600
State Education Fund for Committed Youth	1,481,400	2,266,900	2,266,900
SUBTOTAL - Other Appropriated Funds	3,135,200	3,900,100	3,900,100
SUBTOTAL - Appropriated Funds	65,557,600	60,908,200	60,908,200
<u>Other Non-Appropriated Funds</u>			
Federal Funds	370,500	342,300	342,300
TOTAL - ALL SOURCES	68,656,700	63,652,400	63,652,400

AGENCY DESCRIPTION — The Department of Juvenile Corrections (DJC) is responsible for the care and treatment of youth offenders adjudicated to be delinquent and remanded to the custody of the department. DJC has jurisdiction over youth until they are released from custody or reach age 18.

Operating Budget

The Baseline includes \$60,908,200 and 1,001.7 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$57,008,100
Criminal Justice Enhancement Fund (CJEF)	534,600
State Charitable, Penal and Reformatory Institutions Land Fund	1,098,600
State Education Fund for Committed Youth	2,266,900

These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatory Institutions Land Fund shall be distributed to the Department of Juvenile

Corrections, in compliance with Section 25 of the Enabling Act and the Constitution of Arizona, to be used for the support of state juvenile institutions and reformatories.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

The current DJC population is as follows:

	FY 2010 Youth Population	FY 2011 Youth Population as of September 2010
Adobe Mountain	234	246
Black Canyon	84	86
Catalina Mountain	76	74
Total Housed Population	394	406
Parole	461	413

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Criminal Justice Enhancement Fund (DJA2281/A.R.S. § 41-2401)		Appropriated
Source of Revenue: Receives 1.61% of state Criminal Justice Enhancement Fund (CJEF). CJEF consists of a 47% assessment added on to every fine, penalty and forfeiture collected by the courts for criminal offenses, and civil penalties imposed for traffic violations and motor vehicle violations.		
Purpose of Fund: For treatment and rehabilitation of youth who have committed drug-related offenses.		
Funds Expended	555,200	534,600
Year-End Fund Balance	80,700	246,700
DJC Career Technical Education Fund (DJA2326/A.R.S. § 41-2828)		Non-Appropriated
Source of Revenue: Proceeds generated by any department educational, vocational, treatment, training, or work program, including the sale of unneeded equipment or supplies.		
Purpose of Fund: To pay expenses that are required for any educational, vocational, treatment, training or work program established by the department.		
Funds Expended	0	0
Year-End Fund Balance	0	0
DJC Restitution Fund (DJA2476/A.R.S. § 41-2826)		Non-Appropriated
Source of Revenue: Federal, state, and local appropriations distributed by the director from the Career Technical Education Fund, in addition to grants, gifts, and other donations from any public or private source.		
Purpose of Fund: For the payment of restitution and monetary assessments by youths who are ordered to make such payments but who are financially unable to pay. In a committed youth work program or a community work program, youth participate and receive payment through the Restitution Fund, a portion of which is distributed in the form of restitution payments to victims or the court.		
Funds Expended	21,700	20,600
Year-End Fund Balance	10,300	8,100
Federal Funds (DJA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal Grants.		
Purpose of Fund: For the National School Breakfast and Lunch Program, Special Education, Job Training Partnership Act, substance abuse, and other federal programs.		
Funds Expended	2,728,600	2,401,900
Year-End Fund Balance	662,200	786,400
IGA and ISA Fund (DJA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received through intergovernmental and interagency agreements.		
Purpose of Fund: To provide training to DJC staff in behavioral therapy, motivational interviewing, and child and family teams, and some supplemental funding for attainment of juvenile treatment goals.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (DJA9000/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Charges made to interagency agreements and monies transferred from the department's appropriated and non-appropriated funds.		
Purpose of Fund: To pay departmentwide administrative and overhead costs.		
Funds Expended	120,200	114,200
Year-End Fund Balance	79,800	49,700

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Instructional Improvement Fund (DJA2492/A.R.S. § 15-979)		Non-Appropriated
Source of Revenue: Shared revenue from Indian gaming received through the Arizona Department of Education (ADE). The ADE Instructional Improvement Fund receives 56% of total shared revenue, as authorized by Proposition 202 from the 2002 General Election. (See ADE section for more information.)		
Purpose of Fund: To fund teacher compensation increases, class size reductions, dropout prevention, and instructional improvement programs.		
Funds Expended	2,800	2,500
Year-End Fund Balance	24,000	27,300
Juvenile Corrections Fund (DJA3024/A.R.S. § 41-2810)		Non-Appropriated
Source of Revenue: Donations by individuals and businesses, proceeds from vending machines, and fund-raising efforts.		
Purpose of Fund: For additional supplies and department conferences, for purposes agreed upon by donors and the agency director, or for special student activities.		
Funds Expended	44,300	39,900
Year-End Fund Balance	105,300	118,400
State Charitable, Penal and Reformatory Institutions Land Fund (DJA3029/A.R.S. § 37-525)		Appropriated
Source of Revenue: Earnings on state lands and interest on the investment of the Permanent Land Fund.		
Purpose of Fund: To help defray costs of operating juvenile correctional facilities.		
Funds Expended	1,098,600	1,098,600
Year-End Fund Balance	954,600	1,191,500
State Education Fund for Committed Youth (DJA2323/A.R.S. § 15-1371)		Appropriated
Source of Revenue: The state's statutory K-12 Basic State Aid formula provides funding based on the DJC population.		
Purpose of Fund: To help provide for the education of committed youth.		
Funds Expended	1,481,400	2,266,900
Year-End Fund Balance	822,500	546,200
State Education System for Committed Youth Classroom Site Fund (DJA2487/A.R.S. § 15-1373)		Non-Appropriated
Source of Revenue: Classroom Site Fund monies received from ADE, pursuant to A.R.S. § 15-977. The Classroom Site Fund received monies from a 0.6% sales tax approved by the voters in the November 2000 General Election (Proposition 301).		
Purpose of Fund: To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases and employment related expenses (20%); and class size reduction, teacher compensation increases, AIMS intervention programs, teacher development, dropout prevention, and teacher liability insurance premiums (40%).		
Funds Expended	180,200	163,800
Year-End Fund Balance	224,500	221,900
Statewide Employee Recognition Gifts/Donations Fund (DJA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Gifts and donations from public and private entities.		
Purpose of Fund: For employee recognition programs that recognize and award the performance, achievement, longevity or major life event of department employees.		
Funds Expended	1,300	1,300
Year-End Fund Balance	13,100	11,800
Training Institute Fund (DJA2001/A.R.S. § 2824)		Non-Appropriated
Source of Revenue: Monies received from grants, gifts, donations, services or other financial assistance.		
Purpose of Fund: To train tribal personnel who have limited access to training within their jurisdictions.		
Funds Expended	0	0
Year-End Fund Balance	0	0

State Land Department

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	153.9	152.9	152.9
Personal Services	6,444,100	6,414,000	6,787,800
Employee Related Expenditures	1,963,700	2,942,600	3,100,900
Professional and Outside Services	345,100	1,290,000	1,297,900
Travel - In State	141,500	152,200	156,400
Travel - Out of State	0	1,500	1,500
Other Operating Expenditures	12,092,900	1,475,400	1,518,000
Equipment	240,000	50,000	63,200
OPERATING SUBTOTAL	21,227,300	12,325,700	12,925,700
SPECIAL LINE ITEMS			
CAP User Fees	481,100	385,000	385,000
Due Diligence Fund	7,000	500,000	500,000
Natural Resource Conservation Districts	561,400	650,000	650,000
AGENCY TOTAL	22,276,800	13,860,700	14,460,700
FUND SOURCES			
General Fund	13,627,300	3,212,300	1,152,300
<u>Other Appropriated Funds</u>			
Due Diligence Fund	7,000	500,000	500,000
Environmental Special Plate Fund	180,900	260,000	260,000
State Parks Heritage Fund	380,500	0	0
Trust Land Management Fund	8,081,100	9,888,400	12,548,400
SUBTOTAL - Other Appropriated Funds	8,649,500	10,648,400	13,308,400
SUBTOTAL - Appropriated Funds	22,276,800	13,860,700	14,460,700
Other Non-Appropriated Funds	1,478,800	1,424,700	824,700
Federal Funds	129,700	623,600	623,600
TOTAL - ALL SOURCES	23,885,300	15,909,000	15,909,000

AGENCY DESCRIPTION — The agency manages the state's 9.3 million acres of trust land on behalf of its 14 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from the operators of 2 copper mines on state land.

Operating Budget

The Baseline includes \$12,925,700 and 152.9 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$377,300
Trust Land Management Fund	12,548,400

FY 2012 adjustments would be as follows:

Funding Shift	GF (2,060,000)
	OF 2,060,000

The Baseline includes a decrease of \$(2,060,000) from the General Fund and an offsetting increase from the Trust Land Management Fund to reflect a change in fee structure in FY 2012.

Laws 2010, Chapter 243 amended statute to allow the State Land Commissioner to set fees by rule. Previously, fee revenue was deposited in the General Fund, which offset the agency's General Fund appropriation; however, under this chapter, fee revenue is deposited in the Trust Land Management Fund.

Increased Fee Authority OF 600,000
The Baseline includes an increase of \$600,000 from the Trust Land Management Fund to allow the agency to expend additional fee revenue in FY 2012.

The FY 2010 Environment BRB gave the department additional authority to raise fees by \$600,000 in FY 2011. For FY 2012, these fees will be deposited to the Trust Land Management Fund and will need a corresponding appropriation to expend the additional fee revenue.

CAP User Fees

The Baseline includes \$385,000 from the General Fund for Central Arizona Project (CAP) User Fees in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are used to pay the Central Arizona Water Conservation District (CAWCD) for the department’s allocation of CAP water used on state trust lands. The CAWCD sets the rates for all CAP subcontractors and applies the capital charges to the repayment of federal construction debt.

Due Diligence Fund

The Baseline includes \$500,000 from the Due Diligence Fund for this line item in FY 2012. This amount is unchanged from FY 2011.

The State Land Department uses monies in this line item to fund due diligence studies on land that it prepares for auction. The purchasers of State Trust Land then reimburse the State Land Department for the cost of the studies.

Natural Resource Conservation Districts

The Baseline includes \$650,000 for Natural Resource Conservation Districts (NRCDS) in FY 2012. This amount consists of:

General Fund	390,000
Environmental Special Plate Fund	260,000

These amounts are unchanged from FY 2011.

Monies in this line item are used to provide for natural resource research, scholarships, and staff at the state’s 32 NRCDS. These districts are established to provide local conservation assistance and education and to coordinate the receipt of federal grants. A.R.S. § 37-1014 requires the department to include in its budget request up to \$30,000 for each NRCDS and \$60,000 for each education center for a 2-year period. A General Appropriation Act footnote requires that \$30,000 of the total appropriation for NRCDS be used to provide grants to NRCDS environmental education centers. There are currently 23 education centers sponsored or co-sponsored by 30 NRCDS. The \$30,000 is divided among the 23 education centers, meaning each center receives \$1,304. Districts that sponsor an education center also receive \$5,000 each year from the Environmental Special Plate Fund, per A.R.S. § 37-1015. The revenue deposited in the Environmental Special Plate Fund consists of \$17 of the \$25 fee for environmental license plates.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The appropriation includes \$385,000 for Central Arizona Project User Fees in FY 2012. For FY 2012, from municipalities that assume their allocation of Central Arizona Project water every dollar received as reimbursement to the state for past Central Arizona Water Conservation District payments, \$1.00 reverts to the state General Fund in the year that the reimbursement is collected.

Of the amount appropriated for Natural Resource Conservation Districts in FY 2012, \$30,000 shall be used to provide grants to Natural Resource Conservation Districts environmental education centers.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Litigation

In October 2010, the Superior Court of Arizona ruled in Rumery v. Martin that any diversion of proceeds from the sale of State Trust Land and natural resources from the Permanent Funds of State Trust beneficiaries is unconstitutional. A significant portion of the Trust Land Management Fund’s revenues (estimated to be approximately \$8,283,500 in FY 2012) is from a 10% surcharge on the proceeds from the sale of State Trust land and natural resources and is affected by this ruling. Furthermore, the department is required to refund all proceeds from the sale of State Trust Land and natural resources that have been diverted from the Permanent Funds of State Trust beneficiaries.

The Arizona Court Appeals granted the Land Department’s request of a stay of the Superior Court’s judgment. The stay is in effect until the end of FY 2011 or the end of the appeal process, whichever is sooner.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
CAP Municipal and Industrial Repayment Fund (LDA2129/A.R.S. § 37-526)		Non-Appropriated
Source of Revenue: Reimbursements to the state for back water payments when cities assume their allocation of Central Arizona Project (CAP) water, legislative appropriations.		
Purpose of Fund: To make CAP water fee payments for urban state trust land. Monies remaining in the fund revert to the General Fund after the CAP subcontract obligations are met.		
Funds Expended	0	0
Year-End Fund Balance	3,800	13,800
Due Diligence Fund (LDA2526/A.R.S. § 37-110)		Appropriated
Source of Revenue: Reimbursements from successful bidders on state trust lands for expenses incurred by the department to fund due diligence studies.		
Purpose of Fund: To prepare lands for sales, leases, rights-of-way, or other use-permits.		
Funds Expended	7,000	500,000
Year-End Fund Balance	26,800	26,800
Environmental Special Plate Fund (LDA2274/A.R.S. § 37-1015)		Appropriated
Source of Revenue: \$17 of the \$25 fee for environmental license plates.		
Purpose of Fund: To provide grants for environmental education projects. Funds Natural Resource Conservation Districts (NRCs) and the education centers they sponsor. An amount of \$5,000 is distributed to each NRC that sponsors an education center. Additionally, funds are distributed to NRCs and education centers based on appropriation.		
Funds Expended	180,900	260,000
Year-End Fund Balance	68,600	13,600
Federal Funds (LDA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for urban and rural forestry, resource conservation, development of forest lands, insect and disease control, fire training and protection of forests, and other forestry projects.		
Purpose of Fund: For resource conservation and development, in accordance with the requirements of each grant.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (LDA 2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for renewable energy and mapping projects.		
Funds Expended	129,700	623,600
Year-End Fund Balance	0	0
Federal Reclamation Trust Fund (LDA2024/A.R.S. § 37-106)		Non-Appropriated
Source of Revenue: Reimbursements from lessees and interest.		
Purpose of Fund: To make payments for federal reclamation project assessments when state land lessees are delinquent.		
Funds Expended	48,500	0
Year-End Fund Balance	62,800	62,800
State Parks Heritage Fund (PRA2296/A.R.S. § 41-502)		Appropriated
Source of Revenue: Annual transfer from the Lottery Fund to the State Parks Board of up to \$10,000,000, and interest earnings. The State Parks Heritage Fund was repealed from statute in FY 2010.		
Purpose of Fund: Of the total allocation for the State Parks Board, the Legislature appropriated \$3,465,000 for fire suppression, environmental county grants, and Natural Resource Conservation Districts in FY 2010.		
Funds Expended	380,500	0
Year-End Fund Balance	9,500	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Interagency Agreements Fund (LDA2212/A.R.S. § 35-148)		Non-Appropriated
Source of Revenue: Collections from other state agencies for services and products provided by the State Land Department.		
Purpose of Fund: To pay for joint projects based upon interagency agreements with other state agencies.		
Funds Expended	28,300	11,900
Year-End Fund Balance	173,900	0
Military Airport Land Exchange Fund (No Fund Number/A.R.S. § 37-1224)		Non-Appropriated
Source of Revenue: Legislative appropriations and land exchange proposal-processing fees.		
Purpose of Fund: To fund the expenses of the military airport land exchange section for the purpose of facilitating exchanges of federal land for private land near military airports.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Off-Highway Vehicle Recreation Fund (LDA2253/A.R.S. § 28-1176)		Non-Appropriated
Source of Revenue: The Land Department receives 5% of the total Off-Highway Vehicle Fund revenue, which consists of fees for off-highway vehicle decals issued by the Department of Transportation and 0.55% of the motor fuel tax revenue.		
Purpose of Fund: To mitigate damage to land, to fund enforcement of off-highway vehicle laws, and for necessary environmental, historical, and cultural clearance or compliance activities.		
Funds Expended	53,700	226,000
Year-End Fund Balance	199,900	173,900
Resource Analysis Division Revolving Fund (LDA4009/A.R.S. § 37-176)		Non-Appropriated
Source of Revenue: Receipts from the provision of Geographic Information Systems (GIS) products and services.		
Purpose of Fund: To offset the costs of GIS supplies and support.		
Funds Expended	434,200	161,800
Year-End Fund Balance	224,000	219,700
Riparian Acquisition Trust Fund (LDA3201/A.R.S. § 37-1156)		Non-Appropriated
Source of Revenue: Receipts from the sale or use of state streambed lands and resources, damages collected due to a federal violation of public trust by the conveyance of state streambeds, and designated donations.		
Purpose of Fund: To fund the acquisition of wetland areas in the state.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Service Fees Increase Fund (LDA1050/Laws 2010, 7th Special Session, Chapter 12)		Non-Appropriated
Source of Revenue: General Fund fee increase from fees raised pursuant to Laws 2010, 7th Special Session, Chapter 12.		
Purpose of Fund: Operating activities.		
Funds Expended	456,700	600,000
Year-End Fund Balance	0	0
State Land Department Fund (LDA2451/A.R.S. § 37-107)		Non-Appropriated
Source of Revenue: Reimbursements from successful bidders on state trust lands for expenses incurred to advertise land sales and for zoning application fees.		
Purpose of Fund: To fund expenses incurred from the advertisement of state trust land sales and to pay zoning fees for new projects.		
Funds Expended	457,400	425,000
Year-End Fund Balance	186,000	146,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Trust Land Management Fund (LDA3146/A.R.S. § 37-527)		Appropriated
Source of Revenue: Up to 10% of the proceeds from sale of State Trust land and natural resources. The total balance of the fund is capped at two times the trust land management budget for the following fiscal year. Beginning in FY 2011, part of the revenues will be derived from fees charged by the department.		
Purpose of Fund: To fund the management of the 9.3 million acres of State Trust land throughout the state.		
Funds Expended	8,081,100	9,888,400
Year-End Fund Balance	3,020,200	6,594,300
Universities Timber Land Account Fund (LDA3134/A.R.S. § 37-482)		Non-Appropriated
Source of Revenue: Proceeds from sales of timber or timber products on state trust land where the University Land Fund is the beneficiary.		
Purpose of Fund: To fund expenses incurred by the State Land Department for the conservation, sale, and administration of timber and timber products located on state lands where the University Land Fund is the beneficiary.		
Funds Expended	0	0
Year-End Fund Balance	0	0

Law Enforcement Merit System Council

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	52,100	49,900	49,900
Employee Related Expenditures	11,900	10,100	10,100
Other Operating Expenditures	2,200	9,500	9,500
AGENCY TOTAL	66,200	69,500	69,500
FUND SOURCES			
General Fund	66,200	69,500	69,500
SUBTOTAL - Appropriated Funds	66,200	69,500	69,500
TOTAL - ALL SOURCES	66,200	69,500	69,500

AGENCY DESCRIPTION — The Law Enforcement Merit Council (LEMSC) sets the standards and qualifications for all classified positions within the Department of Public Safety (DPS). The Council provides the rules for selection, appointment, retention, separation, dismissal and retirement of DPS employees. The Council also hears appeals in connection with suspension, demotion or dismissal of classified employees.

Operating Budget

The Baseline includes \$69,500 and 1 FTE Position from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

* * *

FORMAT — Lump Sum by Agency

Legislature - Auditor General

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	205.4	199.4	199.4
Personal Services	10,699,800	10,100,200	10,100,200
Employee Related Expenditures	3,566,500	3,661,300	3,661,300
Professional and Outside Services	687,600	499,100	499,100
Travel - In State	50,800	290,800	290,800
Travel - Out of State	3,000	4,500	4,500
Other Operating Expenditures	1,056,400	1,324,000	1,324,000
Equipment	469,000	567,300	567,300
AGENCY TOTAL	16,533,100	16,447,200	16,447,200

FUND SOURCES

General Fund	16,533,100	16,447,200	16,447,200
SUBTOTAL - Appropriated Funds	16,533,100	16,447,200	16,447,200
Other Non-Appropriated Funds	750,100	750,100	750,100
TOTAL - ALL SOURCES	17,283,200	17,197,300	17,197,300

AGENCY DESCRIPTION — The Auditor General (AG) provides an independent financial, performance, and compliance audit capability in support of legislative oversight and public accountability of funds administered by the state and certain local governments.

Operating Budget

The Baseline includes \$16,447,200 and 199.4 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Audit Services Revolving Fund (AUA2242/A.R.S. § 41-1279.06)		Non-Appropriated
Source of Revenue: Charges to state budget units, counties, community college districts or school districts for audits or accounting services performed by, or under the supervision of, the Auditor General. A majority of the amounts collected are for federal compliance audits required by the Single Audit Act, as such audited entities are reimbursed by the federal government.		
Purpose of Fund: To conduct audits required under federal law, special audits, or provide accounting services requested by state budget units, counties, community college districts or school districts. Monies in this fund may also be used to pay certified public accountants to conduct audits or provide accounting services.		
Funds Expended	750,100	750,100
Year-End Fund Balance	3,171,900	3,521,800

Legislature - House of Representatives

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
Lump Sum Appropriation	12,019,600	12,864,900	12,864,900
AGENCY TOTAL	12,019,600	12,864,900	12,864,900
FUND SOURCES			
General Fund	12,019,600	12,864,900	12,864,900
SUBTOTAL - Appropriated Funds	12,019,600	12,864,900	12,864,900
TOTAL - ALL SOURCES	12,019,600	12,864,900	12,864,900

AGENCY DESCRIPTION — The House of Representatives is made up of 60 members, 2 of whom are elected from each of the legislative districts. The officers and employees of the House of Representatives consist of the Speaker of the House, a Chief Clerk of the House, and other employees as the House directs.

Operating Budget

The Baseline includes \$12,864,900 from the General Fund for the operating budget in FY 2012. This amount is unchanged from FY 2011.

* * *

FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Included in the Lump Sum appropriation of \$12,864,900 for FY 2012 is \$1,000 for the purchase of mementos and items for visiting officials.

Legislature - Joint Legislative Budget Committee

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	30.0	29.0	29.0
Personal Services	1,590,200	1,723,000	1,723,000
Employee Related Expenditures	535,000	546,200	546,200
Professional and Outside Services	76,700	125,000	125,000
Travel - In State	0	500	500
Other Operating Expenditures	29,600	100,000	100,000
Equipment	0	2,000	2,000
AGENCY TOTAL	2,231,500	2,496,700	2,496,700
FUND SOURCES			
General Fund	2,231,500	2,496,700	2,496,700
SUBTOTAL - Appropriated Funds	2,231,500	2,496,700	2,496,700
TOTAL - ALL SOURCES	2,231,500	2,496,700	2,496,700

AGENCY DESCRIPTION — The Staff of the Joint Legislative Budget Committee, established by the Arizona Legislature, provides its members with analysis, forecasts, and research on state government finances.

Operating Budget

The Baseline includes \$2,496,700 and 29 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

* * *

FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Legislature - Legislative Council

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	43.8	42.8	42.8
Personal Services	2,412,700	2,425,900	2,425,900
Employee Related Expenditures	871,800	836,500	836,500
Professional and Outside Services	0	50,000	50,000
Travel - In State	0	500	500
Other Operating Expenditures	422,400	510,000	510,000
Equipment	436,800	378,000	378,000
OPERATING SUBTOTAL	4,143,700	4,200,900	4,200,900
SPECIAL LINE ITEMS			
Ombudsman-Citizens Aide Office	494,300	537,900	537,900
AGENCY TOTAL	4,638,000	4,738,800	4,738,800
FUND SOURCES			
General Fund	4,638,000	4,738,800	4,738,800
SUBTOTAL - Appropriated Funds	4,638,000	4,738,800	4,738,800
TOTAL - ALL SOURCES	4,638,000	4,738,800	4,738,800

AGENCY DESCRIPTION — The Legislative Council, a staff agency of the Legislative Department, provides bill drafting and research services, continuing code revision and manages the operation and renovation of certain legislative buildings and grounds. The council is also responsible for the development, operation, and maintenance of the legislative computer system.

Operating Budget

The Baseline includes \$4,200,900 and 35.8 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Ombudsman-Citizens Aide Office

The Baseline includes \$537,900 and 7 FTE Positions from the General Fund for the Ombudsman-Citizens Aide Office in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Legislature - Senate

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
Lump Sum Appropriation	8,574,600	8,097,600	8,097,600
AGENCY TOTAL	8,574,600	8,097,600	8,097,600
FUND SOURCES			
General Fund	8,574,600	8,097,600	8,097,600
SUBTOTAL - Appropriated Funds	8,574,600	8,097,600	8,097,600
TOTAL - ALL SOURCES	8,574,600	8,097,600	8,097,600

AGENCY DESCRIPTION — The Senate is made up of 30 members elected from each of the legislative districts. The officers and employees of the Senate consist of the President of the Senate, a Secretary of the Senate, and other employees as the Senate directs.

Operating Budget

The Baseline includes \$8,097,600 from the General Fund for the operating budget in FY 2012. This amount is unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Included in the Lump Sum appropriation of \$8,097,600 for FY 2012 is \$1,000 for the purchase of mementos and items for visiting officials.

Department of Liquor Licenses and Control

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	42.2	42.2	42.2
Personal Services	1,396,500	1,396,400	1,396,400
Employee Related Expenditures	565,700	581,600	581,600
Professional and Outside Services	27,900	31,600	31,600
Travel - In State	99,600	154,600	154,600
Travel - Out of State	2,600	3,200	3,200
Other Operating Expenditures	519,100	499,800	499,800
Equipment	5,000	0	0
AGENCY TOTAL	2,616,400	2,667,200	2,667,200

FUND SOURCES

General Fund	702,700	0	0
Other Appropriated Funds			
Liquor Licenses Fund	1,913,700	2,667,200	2,667,200
SUBTOTAL - Other Appropriated Funds	1,913,700	2,667,200	2,667,200
SUBTOTAL - Appropriated Funds	2,616,400	2,667,200	2,667,200
Other Non-Appropriated Funds			
Other Non-Appropriated Funds	702,100	872,000	872,000
Federal Funds	121,700	0	0
TOTAL - ALL SOURCES	3,440,200	3,539,200	3,539,200

AGENCY DESCRIPTION — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

Operating Budget

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The Baseline includes \$2,667,200 and 42.2 FTE Positions from the Liquor Licenses Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Anti-Racketeering Revolving Fund (LLA2131/A.R.S. § 13-2314.01)		Non-Appropriated
Source of Revenue: Forfeitures of property and assets to satisfy judgments pursuant to state anti-racketeering statutes.		
Purpose of Fund: To investigate and prosecute any offense defined as racketeering pursuant to Arizona statutes.		
Funds Expended	42,500	28,600
Year-End Fund Balance	28,600	0
Audit Surcharge Fund (LLA3010/A.R.S. § 4-209)		Non-Appropriated
Source of Revenue: A \$20 surcharge on liquor licenses for bars, retail stores, and restaurants.		
Purpose of Fund: To fund an auditor and support staff positions to review revenue requirements for restaurant liquor licenses.		
Funds Expended	163,300	206,000
Year-End Fund Balance	77,500	9,700

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Enforcement Surcharge - Enforcement Unit Fund (LLA3012/A.R.S. § 4-209)		Non-Appropriated
Source of Revenue: A \$10 surcharge on hotel and restaurant liquor licenses and \$25 on all other licenses.		
Purpose of Fund: For the costs of a neighborhood association interaction and liquor enforcement management unit. The unit works with neighborhood associations regarding liquor violations.		
Funds Expended	296,000	336,000
Year-End Fund Balance	49,500	89,400
Enforcement Surcharge - Multiple Complaints Fund (LLA3011/A.R.S. § 4-209)		Non-Appropriated
Source of Revenue: A \$25 surcharge on liquor license renewals.		
Purpose of Fund: To investigate licensees which have been the subject of multiple complaints from neighborhood associations, civic groups, and local governments.		
Funds Expended	200,300	301,400
Year-End Fund Balance	29,900	54,400
Federal Grants (LLA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal revenues received through the Governor's Office of Highway Safety.		
Purpose of Fund: To pay overtime expenses for special investigators investigating licensees reportedly serving alcohol to juveniles.		
Funds Expended	121,700	0
Year-End Fund Balance	0	0
Liquor License Lottery Fund (LLA3015/A.R.S. § 4-206.01)		Non-Appropriated
Source of Revenue: A \$100 application fee and fair market value fee on new licensees.		
Purpose of Fund: To conduct a random selection process to determine the recipients of new liquor licenses. After costs of random selection process are recovered, monies are transferred to the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Liquor Licenses Fund (LLA1996/A.R.S. § 4-120)		Appropriated
Source of Revenue: A portion of the state's liquor license fee revenues, not to exceed the appropriation of the Legislature. An additional \$700,000 was deposited into the fund to assist with cash flow during the 4th quarter of FY 2010.		
Purpose of Fund: To pay operating expenses for the Department of Liquor Licenses and Control. Any balance over \$700,000 shall revert to the General Fund at the end of each year.		
Funds Expended	1,913,700	2,667,200
Year-End Fund Balance	0	0

Arizona State Lottery Commission

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	104.0	104.0	104.0
Personal Services	4,238,700	4,636,800	4,636,800
Employee Related Expenditures	1,725,800	1,744,600	1,744,600
Professional and Outside Services	337,300	384,300	384,300
Travel - In State	218,600	269,800	269,800
Travel - Out of State	0	16,700	16,700
Other Operating Expenditures	520,600	1,173,900	1,173,900
Equipment	30,900	0	0
OPERATING SUBTOTAL	7,071,900	8,226,100	8,226,100
SPECIAL LINE ITEMS			
Advertising	12,334,000	15,500,000	15,500,000
Charitable Commissions	0	0	2,400,000
Instant Tickets	10,848,900	13,610,100	14,608,700
On-Line Vendor Fees	7,991,500	7,027,800	7,054,700
Retailer Commissions	36,935,000	37,586,900	39,159,100
Telecommunications	384,100	0	0
AGENCY TOTAL	75,565,400	81,950,900	86,948,600
FUND SOURCES			
<u>Other Appropriated Funds</u>			
State Lottery Fund	75,565,400	81,950,900	86,948,600
SUBTOTAL - Other Appropriated Funds	75,565,400	81,950,900	86,948,600
SUBTOTAL - Appropriated Funds	75,565,400	81,950,900	86,948,600
Other Non-Appropriated Funds	336,595,400	344,338,900	361,880,200
TOTAL - ALL SOURCES	412,160,800	426,289,800	448,828,800

AGENCY DESCRIPTION — The Arizona Lottery is responsible for administering sanctioned games of chance. Arizona-specific games include instant tickets, the Pick, Pick 3, and Pick 5 on-line games. Arizona also participates in the multi-state Powerball on-line game.

Operating Budget

The Baseline includes \$8,226,100 and 104 FTE Positions from the State Lottery Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

The Sales Incentive Program SLI funding of \$50,000 has been shifted to the operating budget in FY 2012 and all years have been displayed accordingly.

Advertising

The Baseline includes \$15,500,000 from the State Lottery Fund for Advertising in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are used to promote and market Lottery games.

Charitable Commissions

The Baseline includes \$2,400,000 from the State Lottery Fund for Charitable Commissions in FY 2012. This amount funds the following adjustment:

FY 2012
Charitable Commissions OF \$2,400,000

The Baseline includes an increase of \$2,400,000 from the State Lottery Fund for a newly-created Charitable Commissions Special Line Item beginning in FY 2012.

Monies in this line item are used to compensate charities for selling lottery 'Tab Tickets.' Laws 2010, Chapter 126 established a special type of instant ticket, Tab Tickets, to be sold exclusively by charitable organizations, who receive a 20% commission for selling the games. The displayed amount is derived by applying the approved percentage to the forecasted Tab Ticket sales. Chapter 126 also allows the department to collect 15% of total Tab Ticket sales for their operating budget and the department will distribute the remainder as prizes. Overall, the

department's operating budget is limited to 18% of total ticket sales, including the 15% of Tab Ticket sales the department may collect. The Baseline does not include a new appropriation for administration of Tab Tickets as these monies will be expended as part of the department's regular budget.

Instant Tickets

The Baseline includes \$14,608,700 from the State Lottery Fund for Instant Tickets in FY 2012. FY 2012 adjustments would be as follows:

Instant Ticket Sales Increase OF 998,600

The Baseline includes an increase of \$998,600 from the State Lottery Fund for Instant Tickets due to higher projected sales in FY 2012. (See Table 1 for more information.)

Monies in this line item are used to pay for instant ticket printing and distribution costs. The actual appropriation is for 3.6% of instant ticket sales. The amount displayed is derived by applying the approved spending percentage to the forecasted sales total.

On-Line Vendor Fees

The Baseline includes \$7,054,700 from the State Lottery Fund for On-Line Vendor Fees in FY 2012. FY 2012 adjustments would be as follows:

On-Line Vendor Fees Increase OF 26,900

The Baseline includes an increase of \$26,900 from the State Lottery Fund for On-Line Vendor Fees due to higher projected sales in FY 2012. (See Table 1 for more information.)

Monies in this line item are used to pay the vendor that operates the on-line game computer system. The actual appropriation is equal to a percentage of on-line ticket sales specified in the Lottery's contractual agreement with the vendor, which is 3.7%.

Retailer Commissions

The Baseline includes \$39,159,100 from the State Lottery Fund for Retailer Commissions in FY 2012. FY 2012 adjustments would be as follows:

Retailer Commissions Increase OF 1,572,200

The Baseline includes an increase of \$1,572,200 from the State Lottery Fund for Retailer Commissions due to higher projected sales in FY 2012. (See Table 1 for more information.)

Monies in this line item are used to compensate retailers for selling lottery tickets. The actual appropriation is equal to 6.5% of total non-Tab Ticket sales. Pursuant to statute, an additional 0.5% of total non-Tab Ticket sales may be paid to retailers based on their attainment of specified sales and marketing objectives. Since 40% of retailers are

estimated to meet these objectives, this would result in an additional 0.2% in retailer commissions and a total retail commission rate of 6.7%. The displayed amount is derived by applying the approved percentage to the forecasted sales total.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

An amount equal to 3.6% of actual instant ticket sales is appropriated for the printing of instant tickets or for contractual obligations concerning instant ticket distribution. This amount is currently estimated to be \$14,608,700 in FY 2012.

An amount equal to a percentage of actual on-line game sales as determined by contract is appropriated for payment of on-line vendor fees. This amount is currently estimated to be \$7,054,700, or 3.7% of actual on-line ticket sales in FY 2012.

An amount equal to 6.5% of gross lottery game sales, LESS TAB TICKETS, is appropriated for payment of sales commissions to ticket retailers. An additional amount not to exceed 0.5% of gross lottery game sales is appropriated for payment of sales commissions to ticket retailers. The combined amount is currently estimated to be 6.7% of total ticket sales, or \$39,159,100 in FY 2012.

New Footnotes

An amount equal to 20% of Tab Ticket sales is appropriated for payment of sales commissions to charitable organizations. This amount is currently estimated to be \$2,400,000 in FY 2012. (The Charitable Commissions SLI appropriates a percentage of Tab Ticket sales to the agency in each fiscal year. This footnote is for the newly-created Charitable Commissions line item.)

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Lottery Forecast

The JLBC Staff forecasts a 3.0% increase in overall Lottery ticket sales in FY 2011, followed by a 5.0% increase in FY 2012. For FY 2011 and FY 2012, the JLBC Staff forecasts Lottery ticket sales of \$567,997,800 and \$596,464,500, respectively.

Sources and Uses of Lottery Profit Distribution

Table 1 shows the sources of forecasted Lottery profits by revenue stream and illustrates the actual distributions to fund beneficiaries for FY 2010 and the JLBC Staff projected distributions for FY 2011 and FY 2012. For explanations of the distribution amounts to each beneficiary, see the Arizona State Lottery Commission pages of the FY 2011 Appropriations Report.

Table 1**Forecast of Lottery Revenue Distribution
(\$ in Millions)**

Sales	FY 2010	FY 2011	FY 2012
Instant Sales	\$336.9	\$378.1	\$405.8
On-Line Sales	<u>214.6</u>	<u>189.9</u>	<u>190.7</u>
Total Sales	\$551.5	\$568.0	\$596.5
<i>Less:</i>			
Operating Budget ^{1/}	\$ 75.6	\$ 82.0	\$ 87.0
Fund Transfers ^{2/}	9.7	1.7	0
Gaming Distribution	0.3	0.3	0.3
Prizes ^{3/}	<u>336.6</u>	<u>344.3</u>	<u>361.9</u>
Net Profit ^{4/}	\$129.3	\$139.7	\$147.3
Profit Transfers			
Debt Service Fund ^{5/}	\$ 2.3	\$ 19.4	\$ 20.7
General Fund – Part 1 ^{6/}	46.6	61.3	59.9
LTAf II ^{6/}	5.1	NA	NA
LTAf ^{6/}	12.7	NA	NA
CAF ^{6/}	4.2	NA	NA
Heritage	16.1	10.0	10.0
Health and Welfare Programs	18.7	19.6	20.1
Homeless Shelters	1.0	1.0	1.0
General Fund – Part 2 ^{7/}	15.5	15.5	15.5
University Capital	0	8.8	10.4
General Fund – Part 3 ^{7/}	1.4	1.2	6.5
Economic Development ^{8/}	<u>5.7</u>	<u>2.9</u>	<u>3.2</u>
Total Transfer	\$129.3	\$139.7	\$147.3

^{1/} Of this amount, an estimated \$1,400,000 in FY 2011 and an estimated \$2,400,000 in FY 2012 will be distributed to charities.

^{2/} Transfers in FY 2010 include an advertising fund transfer of \$4,162,700, \$1,000,000 due to a combined Fund Reduction and Transfer (FRAT) and personnel expense reduction, \$4,055,000 due to a 10% county proceeds transfer, an additional \$8,700 personnel expense reduction, and an additional FRAT of \$528,400 as enacted by Laws 2009, 5th Special Session, Chapter 1. Transfers in FY 2011 include a \$226,600 personnel expense reduction and continue a FY 2010 combined \$1,000,000 FRAT and personnel expense reduction as well as an additional \$528,400 FRAT.

^{3/} Prizes are estimated by subtracting net profit and operating budget expenditures from total Lottery sales.

^{4/} To derive the profit transfer amounts, the actual FY 2010 rate of return for each game was applied to the current budget forecast. The cumulative profit transfer rate is 25.56%.

^{5/} Of the \$21,630,000 in debt service payments scheduled for FY 2011, \$2,255,000 was paid with profits generated in FY 2010.

^{6/} Distribution cumulatively reduced by \$(4,055,000) in FY 2010 and eliminated in FY 2011 and FY 2012.

^{7/} Excluding fund transfers, total distributions to the General Fund totaled \$69,751,400 in FY 2010 and are estimated to be \$77,900,900 in FY 2011 and \$82,009,600 in FY 2012. The FY 2011 estimate includes \$18,268,600 due to redirected distributions for Mass Transit, Local Transportation Assistance Fund (LTAf), County Assistance Fund (CAF) and the State Parks Board Heritage Fund and the FY 2012 estimate includes redirected distributions of \$49,650,000 as enacted by Laws 2010, 7th Special Session, Chapter 12.

^{8/} Dedicated funding from 2 instant ticket games.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
State Lottery Fund (LOA2122/A.R.S. § 5-521)		Partially-Appropriated
Source of Revenue: Sales of lottery tickets, retailer license fees, and interest earnings.		
Purpose of Fund: A portion of the fund is appropriated to pay for all costs of the Arizona State Lottery Commission. After all expenses are paid including prize monies, displayed below in the Non-Appropriated Funds Expended line, Lottery profits are distributed to a number of different functions.		
Appropriated Funds Expended	75,565,400	81,950,900
Non-Appropriated Funds Expended	336,595,400	344,338,900
Year-End Fund Balance	17,078,400	15,228,400

Arizona Medical Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	58.5	58.5	58.5
Personal Services	2,417,300	2,764,500	2,764,500
Employee Related Expenditures	833,100	1,036,500	1,036,500
Professional and Outside Services	626,800	999,400	999,400
Travel - In State	18,000	23,000	23,000
Travel - Out of State	16,600	14,000	14,000
Other Operating Expenditures	862,700	869,500	869,500
Equipment	164,400	64,200	64,200
AGENCY TOTAL	4,938,900	5,771,100	5,771,100

FUND SOURCES

Other Appropriated Funds

Arizona Medical Board Fund	4,938,900	5,771,100	5,771,100
SUBTOTAL - Other Appropriated Funds	4,938,900	5,771,100	5,771,100
SUBTOTAL - Appropriated Funds	4,938,900	5,771,100	5,771,100
TOTAL - ALL SOURCES	4,938,900	5,771,100	5,771,100

AGENCY DESCRIPTION — The Arizona Medical Board licenses, regulates and conducts examinations of medical doctors and physician's assistants.

Operating Budget

The Baseline includes \$5,771,100 and 58.5 FTE Positions from the Arizona Medical Board Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

The Arizona Medical Board may use up to 7% of the Arizona Medical Board Fund balance remaining at the end of each fiscal year for a performance based incentive program the following fiscal year based on the program established in A.R.S. § 38-618.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Medical Board Fund (MEA2038/A.R.S. § 32-1406)		Appropriated
Source of Revenue: Monies collected by the Arizona Medical Board from the examination and licensing of physicians. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate and regulate physicians, and for board administration costs.		
Funds Expended	4,938,900	5,771,100
Year-End Fund Balance	2,034,600	2,232,400

Board of Medical Student Loans

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
SPECIAL LINE ITEMS			
Medical Student Financial Assistance	848,900	431,900	423,100
PROGRAM TOTAL	848,900	431,900	423,100
FUND SOURCES			
General Fund	801,900	402,900	402,900
<u>Other Appropriated Funds</u>			
Medical Student Loan Fund	47,000	29,000	20,200
SUBTOTAL - Other Appropriated Funds	47,000	29,000	20,200
SUBTOTAL - Appropriated Funds	848,900	431,900	423,100
TOTAL - ALL SOURCES	848,900	431,900	423,100

AGENCY DESCRIPTION — The Board of Medical Student Loans distributes financial aid to qualified resident students enrolled at the University of Arizona College of Medicine or private medical schools within Arizona. The University of Arizona College of Medicine, Midwestern University, and A.T. Still University provides the board with support services at no cost.

Medical Student Financial Assistance

The Baseline includes \$423,100 for Medical Student Financial Assistance in FY 2012. This amount consists of:

	FY 2012
General Fund	\$402,900
Medical Student Loan Fund	20,200

FY 2012 adjustments would be as follows:

Medical Student Loan Fund Reduction OF (8,800)

The Baseline includes a decrease of \$(8,800) from the Medical Student Loan Fund for the Medical Student Financial Assistance Program due to participants having fully repaid their loans in FY 2012.

Medical students who participate in the loan program agree to practice in the state's medically underserved areas 1 year for each year of loan support, but at least 2 years, in return for loan forgiveness. Borrowers not meeting the service requirement must repay the entire amounts of their loans, plus 7% interest and additional penalties.

The board must use at least half of its appropriation to provide loans for students at private medical schools, pursuant to A.R.S. § 15-1723A.

At the FY 2011 funding level, the board plans on providing loans to 7 students. Loan amounts provide tuition plus a \$20,000 living allowance to students. In total, this includes 3 University of Arizona College of Medicine students who will receive up to \$47,351; 2 Arizona College of Osteopathic Medicine students, who will receive up to \$70,129; and 2 A.T. Still University's School of Osteopathic Medicine students, who will receive up to \$61,685.

FORMAT — Special Line Items by Agency

STATUTORY CHANGES

The Baseline would, as session law, continue to suspend the requirement that at least 50% of loan monies be apportioned for students attending private medical schools retroactive to June 30, 2011.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Medical Student Loan Fund (MSA3306/A.R.S. § 15-1725)		Appropriated
Source of Revenue: Monies from legislative appropriations, and loan repayments of principal, interest, and penalties received by the board. These monies are exempt from lapsing.		
Purpose of Fund: To provide loans to defray the medical education expenses of Arizona resident students attending medical school, in return for a service commitment to the state. Also provides support for existing Medical Student Scholarship recipients.		
Funds Expended	47,000	29,000
Year-End Fund Balance	41,600	16,400

State Mine Inspector

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	15.0	14.0	14.0
Personal Services	457,000	439,800	439,800
Employee Related Expenditures	201,100	221,000	221,000
Professional and Outside Services	36,000	32,100	30,400
Travel - In State	112,400	77,800	77,800
Travel - Out of State	0	6,000	6,000
Other Operating Expenditures	153,900	159,300	159,300
Equipment	23,500	9,600	9,600
OPERATING SUBTOTAL	983,900	945,600	943,900
SPECIAL LINE ITEMS			
Abandoned Mines Safety Fund Deposit	149,500	182,000	182,000
Aggregate Mined Land Reclamation	96,900	111,500	111,500
AGENCY TOTAL	1,230,300	1,239,100	1,237,400
FUND SOURCES			
General Fund	1,133,400	1,127,600	1,125,900
<u>Other Appropriated Funds</u>			
Aggregate Mining Reclamation Fund	96,900	111,500	111,500
SUBTOTAL - Other Appropriated Funds	96,900	111,500	111,500
SUBTOTAL - Appropriated Funds	1,230,300	1,239,100	1,237,400
Other Non-Appropriated Funds	7,600	183,600	183,600
Federal Funds	332,900	366,000	366,000
TOTAL - ALL SOURCES	1,570,800	1,788,700	1,787,000

AGENCY DESCRIPTION — The State Mine Inspector is an elected constitutional officer. The office inspects the health conditions and safety of mining operations, investigates mining accidents, identifies abandoned mines, and conducts safety certification classes for mine employees.

Operating Budget

The Baseline includes \$943,900 and 14 FTE Positions from the General Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

Eliminate One-Time Funding	GF	FY 2012
		\$(1,700)

The Baseline includes a decrease of \$(1,739.01) from the General Fund in FY 2012 to eliminate one-time costs. In FY 2011, \$1,739.01 was appropriated for an unpaid bill from FY 2005.

Abandoned Mines Safety Fund Deposit

The Baseline includes \$182,000 from the General Fund for the Abandoned Mines Safety Fund Deposit Special Line Item in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are used to pay contractors for costs to fill, plug, or fence abandoned mines. These

monies are also used to pay administrative salaries and other costs.

In addition to General Fund appropriations, deposits can be made into the Abandoned Mines Safety Fund from sources such as intergovernmental agreements and donations.

Aggregate Mined Land Reclamation

The Baseline includes \$111,500 from the Aggregate Mining Reclamation Fund for the Aggregate Mined Land Reclamation Special Line Item in FY 2012. This amount is unchanged from FY 2011.

Monies in this special line item are used to review legally required plans to reclaim land damaged by aggregated mining and ensure compliance with those plans. Aggregate mining is a process whereby earth moving equipment is used to mine an area close to the surface for crushed rock or stone, granite, and sand. Aggregate Mining Reclamation Fund revenues come from fees paid

by owners or operators of aggregate mining sites upon submitting a reclamation plan.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

All Aggregate Mining Reclamation Fund receipts received by the State Mine Inspector in excess of \$111,500 in FY 2012 are appropriated to the Aggregate Mined Land Reclamation line item. Before the expenditure of any Aggregate Mining Reclamation Fund receipts in excess of \$111,500 in FY 2012, the State Mine Inspector shall report the intended use of the monies to the Joint Legislative Budget Committee.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Abandoned Mines Safety (MIA2408/A.R.S. § 27-131)		Non-Appropriated
Source of Revenue: Gifts, grants and contributions. The Legislature may appropriate matching monies.		
Purpose of Fund: To locate, inventory, classify and eliminate public safety hazards at abandoned mines.		
Funds Expended	7,600	183,600
Year-End Fund Balance	184,500	900
Aggregate Mining Reclamation Fund (MIA2511/A.R.S. § 27-1233)		Appropriated
Source of Revenue: Fees collected from exploration and aggregate mining operations.		
Purpose of Fund: To review aggregate mined land reclamation plans and to enforce compliance with the plans.		
Funds Expended	96,900	111,500
Year-End Fund Balance	161,000	85,000
Federal Education and Training Fund (MIA2400/A.R.S. § 27-123)		Non-Appropriated
Source of Revenue: Fees for education and training of mine employees required under federal regulation.		
Purpose of Fund: To provide mine safety training to mine employees in Arizona. All mine employees are required under federal regulations to receive initial and annual refresher safety training.		
Funds Expended	18,500	66,400
Year-End Fund Balance*	18,500	(600)
Federal Grants (MIA2000/A.R.S. § 27-105)		Non-Appropriated
Source of Revenue: Federal grants from the U.S. Department of Labor, Mine Safety and Health Administration and the Department of Interior, Bureau of Land Management (BLM).		
Purpose of Fund: To provide mine safety training to mine employees in Arizona. All mine employees are required under federal regulations to receive initial and annual refresher safety training. The state provides a 20% in-kind match. The BLM grant is for an inventory of abandoned mines on BLM lands.		
Funds Expended	314,400	299,600
Year-End Fund Balance	300	32,700
IGA and ISA Fund (MIA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received through agreements with other state agencies.		
Purpose of Fund: To aid state agencies in securing abandoned mines on their properties.		
Funds Expended	0	0
Year-End Fund Balance	0	0

*As reported by the agency. Actual ending balance will not be negative.

Department of Mines and Mineral Resources

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7.0	6.0	6.0
Personal Services	282,800	146,100	146,100
Employee Related Expenditures	114,300	70,200	70,200
Professional and Outside Services	2,900	2,900	2,900
Other Operating Expenditures	456,400	6,900	6,900
Equipment	1,800	0	0
AGENCY TOTAL	858,200	226,100	226,100

FUND SOURCES

General Fund	858,200	226,100	226,100
SUBTOTAL - Appropriated Funds	858,200	226,100	226,100
Other Non-Appropriated Funds	303,100	347,400	65,300
TOTAL - ALL SOURCES	1,161,300	573,500	291,400

AGENCY DESCRIPTION — The department promotes the development of the state’s mineral resources by providing technical and educational assistance and information to the mining and mineral industry and the general public.

Operating Budget

The Baseline includes \$226,100 and 6 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

FTE Position Reduction

The number of FTE Positions has been reduced by 1 to reflect the transfer of a position to the Arizona Historical Society.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Mines and Minerals Resources (MNA3156/A.R.S. § 27-111)		Non-Appropriated
Source of Revenue: This fund is made up of 3 accounts. In the first, monies are received through grants, donations, gifts, and bequests given to the department, and from federal agencies. In the second, monies are collected through fees for department publications. In the third, monies from grants, contracts, contributions, gratuities or reimbursements payable or distributable to this state from the United States, from state, county, municipal or other governmental sources or from private persons or corporations.		
Purpose of Fund: To promote the development of mineral resources in Arizona by establishing field offices, formulating programs and policies of the department, for the printing revolving account, and for fulfilling obligations undertaken by contract.		
Funds Expended	303,100	347,400
Year-End Fund Balance	256,800	900

Naturopathic Physicians Medical Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	7.0	7.0	7.0
Personal Services	319,400	318,000	318,000
Employee Related Expenditures	90,700	90,700	90,700
Professional and Outside Services	89,200	91,300	91,300
Travel - In State	2,000	2,000	2,000
Travel - Out of State	2,000	2,000	2,000
Other Operating Expenditures	72,600	79,000	79,000
Equipment	11,100	12,100	12,100
AGENCY TOTAL	587,000	595,100	595,100

FUND SOURCES

Other Appropriated Funds

Naturopathic Physicians Medical Board Fund	587,000	595,100	595,100
SUBTOTAL - Other Appropriated Funds	587,000	595,100	595,100
SUBTOTAL - Appropriated Funds	587,000	595,100	595,100
TOTAL - ALL SOURCES	587,000	595,100	595,100

AGENCY DESCRIPTION — The board licenses and regulates naturopathic physicians, naturopathic medical assistants, and massage therapists. The board certifies physicians to dispense natural remedies, and accredits and approves naturopathic medical schools, internships, and programs. The board also investigates persons unlawfully practicing naturopathic medicine and refers them for prosecution. This board is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Operating Budget

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The Baseline includes \$595,100 and 7 FTE Positions from the Naturopathic Physicians Medical Board Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Naturopathic Physicians Medical Board Fund (NBA2042/A.R.S. § 32-1505)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of naturopathic physicians. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate naturopathic physicians, massage therapists, and for board administration.		
Funds Expended	587,000	595,100
Year-End Fund Balance	348,900	409,900

Arizona Navigable Stream Adjudication Commission

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	48,100	48,100	48,100
Employee Related Expenditures	25,400	25,400	25,400
Professional and Outside Services	24,400	24,400	24,400
Other Operating Expenditures	31,400	35,600	35,600
AGENCY TOTAL	129,300	133,500	133,500
FUND SOURCES			
General Fund	129,300	133,500	133,500
SUBTOTAL - Appropriated Funds	129,300	133,500	133,500
TOTAL - ALL SOURCES	129,300	133,500	133,500

AGENCY DESCRIPTION - The Arizona Navigable Stream Adjudication Commission is a 5-member body charged with determining the ownership of watercourses in the state by establishing whether the watercourses were navigable at the time of statehood. If navigable, title to the watercourse belongs to the state based on a series of court rulings. If non-navigable, the title to the watercourse belongs to the current title holder.

Operating Budget

The Baseline includes \$133,500 and 2 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

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FORMAT — Lump Sum by Agency

State Board of Nursing

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	40.2	40.2	40.2
Personal Services	2,128,800	2,004,300	2,004,300
Employee Related Expenditures	745,600	727,700	727,700
Professional and Outside Services	493,100	627,300	627,300
Travel - In State	4,300	5,000	5,000
Travel - Out of State	2,800	4,000	4,000
Other Operating Expenditures	537,100	600,700	600,700
Equipment	40,500	105,400	105,400
AGENCY TOTAL	3,952,200	4,074,400	4,074,400

FUND SOURCES

Other Appropriated Funds

Board of Nursing Fund	3,952,200	4,074,400	4,074,400
SUBTOTAL - Other Appropriated Funds	3,952,200	4,074,400	4,074,400
SUBTOTAL - Appropriated Funds	3,952,200	4,074,400	4,074,400
Other Non-Appropriated Funds	534,300	414,600	414,600
TOTAL - ALL SOURCES	4,486,500	4,489,000	4,489,000

AGENCY DESCRIPTION — The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

Operating Budget

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The Baseline includes \$4,074,400 and 40.2 FTE Positions from the Board of Nursing Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Nursing Fund (BNA2044/A.R.S. § 32-1611)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of nurses. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate nurses, and for board administration. Monies from the fund are also used to pay for the administrative and testing costs of the Nursing Aide Registration program. The program is mandated by the federal government and is funded through the Nursing Aide Training and Registration Fund, a non-appropriated subaccount of the Board of Nursing Fund.		
Funds Expended	3,952,200	4,074,400
Year-End Fund Balance	1,353,400	1,698,400
Nurse Aide Training and Registration (BNA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal monies passed through from the Department of Health Services (Medicare) and AHCCCS (Title XIX Medicaid), facility payments, and nurse aide fees.		
Purpose of Fund: To pay for the administrative and testing costs of the Nurse Aide Registration program as mandated by the federal government.		
Funds Expended	534,300	414,600
Year-End Fund Balance	0	0

**Board of Examiners of Nursing Care Institution
Administrators and Assisted Living Facility Managers**

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	168,400	211,400	211,400
Employee Related Expenditures	72,400	68,400	68,400
Professional and Outside Services	30,200	30,000	30,000
Travel - In State	4,900	6,000	6,000
Travel - Out of State	0	4,100	4,100
Other Operating Expenditures	50,400	52,700	52,700
Equipment	600	600	600
AGENCY TOTAL	326,900	373,200	373,200

FUND SOURCES

Other Appropriated Funds

Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Fund	326,900	373,200	373,200
SUBTOTAL - Other Appropriated Funds	326,900	373,200	373,200
SUBTOTAL - Appropriated Funds	326,900	373,200	373,200
TOTAL - ALL SOURCES	326,900	373,200	373,200

AGENCY DESCRIPTION — The board licenses, certifies, and regulates administrators of nursing care institutions and managers of adult care homes.

Operating Budget

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The Baseline includes \$373,200 and 5 FTE Positions from the Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Nursing Care Institution Administrators' Licensing and Assisted Living Facility Managers' Certification Fund (NCA2043/A.R.S. § 36-446.08)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of nursing home administrators and assisted living facility managers. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate nursing home administrators and assisted living facility managers, and for board administration.		
Funds Expended	326,900	373,200
Year-End Fund Balance	66,700	119,200

Occupational Safety and Health Review Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	0.0	0.0	0.0
Lump Sum Appropriation	19,200	0	15,000
AGENCY TOTAL	19,200	0	15,000
FUND SOURCES			
General Fund	19,200	0	15,000
SUBTOTAL - Appropriated Funds	19,200	0	15,000
TOTAL - ALL SOURCES	19,200	0	15,000

AGENCY DESCRIPTION — The board reviews cases involving violations of the state's occupational safety and health laws. The cases start with an informal conference with the Industrial Commission's Occupational Safety and Health Division Director. If the case cannot be resolved, the employer can request a hearing before an Industrial Commission Administrative Law Judge. If either the Director of the Occupational Safety and Health Division or the employer disagrees with the ruling, it can be appealed before the Occupational Safety and Health Review Board.

Operating Budget

The Baseline includes \$15,000 from the General Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

Board Operations	GF	<u>FY 2012</u>
		\$15,000

The Baseline includes an increase of \$15,000 from the General Fund for board operations in FY 2012. In FY 2011 the board received no appropriation as the board planned to spend unused prior year non-lapsing appropriations. The board will have no remaining balance for board operations in FY 2012.

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FORMAT — Lump Sum by Agency

FOOTNOTES

Standard Footnotes

This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (*Pursuant to A.R.S. § 23-422E, General Fund appropriations to the Occupational Safety and Health Review Board are exempt from lapsing.*)

Board of Occupational Therapy Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.0	3.0	1.5
Personal Services	148,700	153,700	92,900
Employee Related Expenditures	43,200	44,800	26,900
Professional and Outside Services	8,300	9,400	5,000
Travel - In State	3,000	2,200	1,600
Other Operating Expenditures	38,700	51,600	33,600
AGENCY TOTAL	241,900	261,700	160,000

FUND SOURCES

Other Appropriated Funds

Occupational Therapy Fund	241,900	261,700	160,000
SUBTOTAL - Other Appropriated Funds	241,900	261,700	160,000
SUBTOTAL - Appropriated Funds	241,900	261,700	160,000
TOTAL - ALL SOURCES	241,900	261,700	160,000

AGENCY DESCRIPTION — The Board of Occupational Therapy Examiners examines and licenses occupational therapists and occupational therapy assistants, investigates complaints and holds hearings to enforce standards of practice.

Operating Budget

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The Baseline includes \$160,000 and 1.5 FTE Positions from the Occupational Therapy Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

FORMAT — Lump Sum by Agency

Athletic Training Fund **OF** **FY 2012**
Initiation **\$(101,700)**

The Baseline includes a decrease of \$(101,700) from the Occupational Therapy Fund for a funding realignment in FY 2012. In FY 2011 and earlier years, expenditures for the Board of Athletic Training were made from a sub-account of the Occupational Therapy Fund. Starting with FY 2012, expenditures for the Board of Athletic Training will be made from the newly-created Athletic Training Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Occupational Therapy Fund (OTA2263/A.R.S. § 32-3405)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of occupational therapists and occupational therapy assistants. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate occupational therapists, occupational therapy assistants, and for board administration.		
Funds Expended	241,900	261,700
Year-End Fund Balance	397,600	427,500

State Board of Dispensing Opticians

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	59,200	59,900	59,900
Employee Related Expenditures	23,900	24,000	24,000
Professional and Outside Services	20,800	23,500	23,500
Travel - In State	9,100	8,800	8,800
Other Operating Expenditures	11,800	11,800	11,800
AGENCY TOTAL	124,800	128,000	128,000

FUND SOURCES

Other Appropriated Funds

Board of Dispensing Opticians Fund	124,800	128,000	128,000
SUBTOTAL - Other Appropriated Funds	124,800	128,000	128,000
SUBTOTAL - Appropriated Funds	124,800	128,000	128,000
TOTAL - ALL SOURCES	124,800	128,000	128,000

AGENCY DESCRIPTION — The board licenses and regulates optical establishments and opticians. An optician fits and sells optical devices such as contact lenses and eyeglasses. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Operating Budget

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The Baseline includes \$128,000 and 1 FTE Position from the Board of Dispensing Opticians Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Dispensing Opticians Fund (DOA2046/A.R.S. § 32-1686)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of opticians and optical establishments. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate opticians and optical establishments, and for board administration.		
Funds Expended	124,800	128,000
Year-End Fund Balance	111,200	134,200

State Board of Optometry

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2.0	2.0	2.0
Personal Services	106,500	107,500	107,500
Employee Related Expenditures	38,400	40,000	40,000
Professional and Outside Services	22,000	27,000	27,000
Travel - In State	400	600	600
Travel - Out of State	1,800	3,000	3,000
Other Operating Expenditures	19,800	21,100	21,100
AGENCY TOTAL	188,900	199,200	199,200

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Optometry Fund	188,900	199,200	199,200
SUBTOTAL - Other Appropriated Funds	188,900	199,200	199,200
SUBTOTAL - Appropriated Funds	188,900	199,200	199,200
TOTAL - ALL SOURCES	188,900	199,200	199,200

AGENCY DESCRIPTION — The board licenses and regulates optometrists and issues certificates authorizing the use of diagnostic pharmaceutical agents. An optometrist examines eyes, measures vision, and prescribes corrective lenses and treatments which do not require a licensed physician.

Operating Budget

* * *

The Baseline includes \$199,200 and 2 FTE Positions from the Board of Optometry Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Optometry Fund (OBA2023/A.R.S. § 32-1705)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of optometrists. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate optometrists, and for board administration.		
Funds Expended	188,900	199,200
Year-End Fund Balance	127,800	155,100

Arizona Board of Osteopathic Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6.7	6.7	6.7
Personal Services	337,400	337,700	337,700
Employee Related Expenditures	103,900	112,600	112,600
Professional and Outside Services	54,900	92,000	92,000
Travel - In State	0	1,000	1,000
Travel - Out of State	1,500	3,000	3,000
Other Operating Expenditures	106,400	119,600	119,600
Equipment	55,000	36,800	36,800
AGENCY TOTAL	659,100	702,700	702,700

FUND SOURCES

Other Appropriated Funds

Board of Osteopathic Examiners Fund	659,100	702,700	702,700
SUBTOTAL - Other Appropriated Funds	659,100	702,700	702,700
SUBTOTAL - Appropriated Funds	659,100	702,700	702,700
TOTAL - ALL SOURCES	659,100	702,700	702,700

AGENCY DESCRIPTION — The agency licenses and regulates medical physicians who practice osteopathic medicine, a system of medical treatment that emphasizes the inter-relationship of the body's muscles, bones, and joints with other body systems as an adjunct to invasive and/or chemically-based treatment.

Operating Budget

* * *

The Baseline includes \$702,700 and 6.7 FTE Positions from the Board of Osteopathic Examiners Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Osteopathic Examiners Fund (OSA2048/A.R.S. § 32-1805)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of osteopathic physicians. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate osteopathic physicians, and for board administration.		
Funds Expended	659,100	702,700
Year-End Fund Balance	733,500	476,300

Arizona Parents Commission on Drug Education & Prevention

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
Other Non-Appropriated Funds	899,400	6,799,100	6,799,100
TOTAL - ALL SOURCES	899,400	6,799,100	6,799,100

AGENCY DESCRIPTION — The commission funds programs that increase and enhance parental involvement and education regarding the serious risks and public health problems caused by the abuse of alcohol and controlled substances. The commission does not receive an appropriation from the Legislature.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Drug Treatment and Education Fund (PCA2277/A.R.S. § 13-901.22)		Non-Appropriated
Source of Revenue: Fifty percent of the Judiciary Drug Treatment and Education Fund. The Judiciary Drug Treatment and Education Fund receives 7% of tax revenue collected on spirituous liquors and 18% of tax revenue collected on vinous and malt liquor.		
Purpose of Fund: To fund programs that increase parental involvement and education regarding the problems caused by the abuse of alcohol and controlled substances.		
Funds Expended	899,400	6,799,100
Year-End Fund Balance	4,750,200	217,700

Arizona State Parks Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	232.3	232.3	232.3
Personal Services	3,035,600	4,631,100	4,631,100
Employee Related Expenditures	1,524,300	2,120,000	2,120,000
Professional and Outside Services	600	100,000	100,000
Travel - In State	1,400	1,300	1,300
Other Operating Expenditures	916,600	1,158,900	1,158,900
Equipment	0	28,500	28,500
OPERATING SUBTOTAL	5,478,500	8,039,800	8,039,800
SPECIAL LINE ITEMS			
Growing Smarter	20,000,000	20,000,000	0
Kartchner Caverns State Park	1,969,200	2,180,300	2,180,300
AGENCY TOTAL	27,447,700	30,220,100	10,220,100
FUND SOURCES			
General Fund	20,000,000	20,000,000	0
<u>Other Appropriated Funds</u>			
Law Enforcement and Boating Safety Fund	0	2,206,700	2,206,700
Reservation Surcharge Revolving Fund	339,700	206,400	206,400
State Parks Enhancement Fund	7,108,000	7,807,000	7,807,000
SUBTOTAL - Other Appropriated Funds	7,447,700	10,220,100	10,220,100
SUBTOTAL - Appropriated Funds	27,447,700	30,220,100	10,220,100
Other Non-Appropriated Funds	28,351,600	85,037,700	79,389,800
Federal Funds	3,631,600	5,309,600	5,309,600
TOTAL - ALL SOURCES	59,430,900	120,567,400	94,919,500

AGENCY DESCRIPTION — The Arizona State Parks Board is responsible for managing the state parks system, which includes recreational parks, historical parks, and natural areas. The Parks Board consists of 7 members appointed by the Governor. Major functions of the Parks Board, through its staff, include the maintenance and development of existing parks, new parks acquisitions, statewide recreational planning, historic preservation, the administration of the Arizona State Parks Board Heritage Fund grant programs, and the administration of Growing Smarter Grants.

Operating Budget

The Baseline includes \$8,039,800 and 181.3 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
State Parks Enhancement Fund (SPEF)	\$5,626,700
Law Enforcement and Boating Safety Fund (LEBSF)	2,206,700
Reservation Surcharge Revolving Fund	206,400

These amounts are unchanged from FY 2011.

Growing Smarter

The Baseline includes no funding from the General Fund for deposit into the Land Conservation Fund in FY 2012, as prescribed by A.R.S. § 41-511.23 and mandated by a

voter-passed referendum in 1998. FY 2012 adjustments would be as follows:

Eliminate Land Conservation Fund Deposit GF (20,000,000)

The Baseline includes a decrease of \$(20,000,000) from the General Fund to eliminate the annual deposit into the Land Conservation Fund in FY 2012. Under the referendum, the last appropriation occurs in FY 2011.

Kartchner Caverns State Park

The Baseline includes \$2,180,300 and 51 FTE Positions from the SPEF for Kartchner Caverns State Park in FY 2012. These amounts are unchanged from 2011.

This line item funds the operating costs at Kartchner Caverns State Park. This park collects the most revenue of all of the state parks.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

All Other Operating Expenditures include \$26,000 from the State Parks Enhancement Fund for Fool Hollow State Park revenue sharing. If receipts to Fool Hollow exceed \$260,000 in FY 2012, an additional 10% of this increase of Fool Hollow receipts is appropriated from the State Parks Enhancement Fund to meet the revenue sharing agreement with the City of Show Low and the United States Forest Service.

During FY 2012, no more than \$5,000 each year from appropriated or non-appropriated monies may be used for the purposes of out-of-state travel expenses by State Parks Board staff. No appropriated or non-appropriated monies may be used for out-of-country travel expenses. The State Parks Board shall submit by June 30, 2012, a report to the Joint Legislative Budget Committee on out-of-state travel activities and expenditures for that fiscal year.

The appropriation for Law Enforcement and Boating Safety Fund Projects is an estimate representing all monies distributed to this fund, including balance forward, revenue, and transfers during FY 2012. These monies are appropriated to the Arizona State Parks Board for the purposes established in A.R.S. § 5-383. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Law Enforcement and Boating Safety Fund.

All Reservation Surcharge Revolving Fund receipts received by the Arizona State Parks Board in excess of \$206,400 in FY 2012 are appropriated to the Reservation Surcharge Revolving Fund. Before the expenditure of any Reservation Surcharge Revolving Fund monies in excess

of \$206,400 in FY 2012, the Arizona State Parks Board shall report the intended use of the monies to the Joint Legislative Budget Committee.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.
- As session law, continue an FY 2011 provision to allow State Parks Enhancement Fund monies to be used for the operation of state parks as appropriated by the Legislature or for capital needs as approved by the Joint Committee on Capital Review (JCCR) in FY 2012.
- As session law, continue to allow the use of all LEBSF monies, less \$500,000 for grants to La Paz County and Mohave County, for operating costs.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Status of State Parks

As of November 2010, there are 23 parks that are open to the public, 2 that are closed with agreements in place to reopen later in FY 2011 and 2 that are closed. Nine of the parks that are currently open will remain open in FY 2011 using only existing state fund sources. The remaining parks will remain open for at least part of FY 2011, but they will either be funded through agreements between the State Parks Board and local governments or the local government will assume operational control of the park.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Trail Fund (PRA2525/A.R.S. § 41-511.15)		Non-Appropriated
Source of Revenue: Legislative appropriations and donations.		
Purpose of Fund: To maintain and preserve the Arizona trail.		
Funds Expended	25,800	0
Year-End Fund Balance	0	0
Development Rights Retirement Fund (No Fund Number/A.R.S. § 41-511.15)		Non-Appropriated
Source of Revenue: Legislative appropriations, gifts, grants and transfers.		
Purpose of Fund: To make grants to public and private entities for the purchase, lease or transfer of development rights on private land in the state. This fund was created by Laws 2000, 4 th Special Session Chapter 1. There are currently no revenue or expenditure estimates.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Funds (PRA2000/A.R.S. § 41-511.04)		Non-Appropriated
Source of Revenue: Federal grants from the Department of the Interior, National Park Service, and other federal entities.		
Purpose of Fund: To expand and maintain the National Register of Historic Places, and to identify, evaluate and protect other historic properties. Also, to implement the State Comprehensive Outdoor Recreation Plan.		
Funds Expended	3,631,600	5,309,600
Year-End Fund Balance	999,900	770,700
Heritage Fund (PRA2296/A.R.S. § 41-502)		Non-Appropriated
Source of Revenue: Annual transfer from the Lottery Fund of up to \$10,000,000, and interest earnings. Laws 2010, 7th Special Session, Chapter 12 redirected lottery distributions for the Heritage Fund to the General Fund as permanent law. In addition, the Heritage Fund was repealed. While this redirection is retroactive to February 1, 2010, the State Parks Board may spend monies deposited into the fund prior to the retroactive date until June 30, 2011.		
Purpose of Fund: To fund acquisition and development of local, regional, and state parks (35%); development of trails (5%); acquisition of natural areas (17%); maintenance and operation of natural areas (4%); environmental education (5%); State Parks acquisition and development (17%); and historic preservation projects (17%). Interest earnings are to be used for program administration.		
Funds Expended - Capital	3,792,100	5,501,400
Funds Expended - Operating (amount includes local grants)	5,366,400	146,500
Year-End Fund Balance	5,637,900	0
Land Conservation Fund - Administration Account (PRA2432/A.R.S. § 41-511.23)		Non-Appropriated
Source of Revenue: Interest earnings from the Public Conservation Account, which receives \$20,000,000 annually from the General Fund in FY 2001 through FY 2011, as approved by Arizona voters in November 1998. Unobligated amounts at the end of each fiscal year revert to the Public Conservation Account.		
Purpose of Fund: For operating expenses.		
Funds Expended	1,607,600	970,400
Year-End Fund Balance	0	0
Land Conservation Fund - Donation Account (PRA2432/A.R.S. § 41-511.23)		Non-Appropriated
Source of Revenue: Donations from public and private entities.		
Purpose of Fund: To match grants made to purchase state trust lands for conservation purposes. There are currently no estimates of donations that will be deposited to the account.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Land Conservation Fund - Public Conservation Account (PRA2432/A.R.S. § 41-511.23)		Non-Appropriated
Source of Revenue: As approved by Arizona voters in November 1998, the fund receives \$20,000,000 annually from the General Fund in FY 2001 through 2011. Beginning in FY 2004, \$2,000,000 of this amount is deposited into the Livestock and Crop Conservation Fund, administered by the Department of Agriculture.		
Purpose of Fund: For grants to the state or any of its political subdivisions, non-profit organizations, individual landowners, and agricultural lessees of state or federal land. Grants are made to purchase or lease state trust lands that are classified as suitable for conservation purposes. The Conservation Acquisition Board will recommend appropriate grants to the Arizona State Parks Board.		
Funds Expended	10,781,100	68,378,200
Year-End Fund Balance	105,417,300	56,523,700
Law Enforcement and Boating Safety Fund (PRA2111/A.R.S. § 5-383)		Appropriated
Source of Revenue: A portion of watercraft licensing taxes.		
Purpose of Fund: To provide grants to county law enforcement agencies for water and boating safety programs. The Arizona Outdoor Recreation Coordinating Commission distributes the grants. As session law, Laws 2010, 7th Special Session, Chapter 7 allows the use of all monies from this fund, less \$500,000 for grants to La Paz County and Mohave County, for operating expenses in FY 2011.		
Funds Expended	0	2,206,700
Year-End Fund Balance	2,278,100	2,278,100

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Off-Highway Vehicle Recreation Fund (PRA2253/A.R.S. § 28-1176)		Non-Appropriated
Source of Revenue: Transfer from the Motor Vehicle Fuel Tax, equivalent to 0.55% of the total license taxes on motor vehicle fuel.		
Purpose of Fund: To plan, administer, and enforce off-highway vehicle recreation, and to develop facilities consistent with the off-highway vehicle plan. Sixty percent of the monies collected are to be used by the Arizona State Parks Board for planning, administration, and facilities development; the remainder is transferred to the Arizona Game and Fish Department for enforcement.		
Funds Expended	1,099,200	2,740,000
Year-End Fund Balance	2,012,500	894,200
Partnership Fund (PRA2448/A.R.S. § 41-511.04)		Non-Appropriated
Source of Revenue: Revenues received from federal, state, and local government agencies through intergovernmental agreements; reimbursements from local and county recipients of federal Land and Water Conservation grants.		
Purpose of Fund: To provide trails stewardship with funds received from the USDA Forest Service and the Bureau of Land Management; for operating costs of the multi-use water safety center at Lake Havasu State Park with funds received from the U.S. Coast Guard, Lake Havasu City, Mohave County, and the Arizona Game and Fish Department; and to administer federal Land and Water Conservation grants. Grant recipients must provide 10% of the grant amount to the Parks Board for administration.		
Funds Expended	177,000	716,700
Year-End Fund Balance	279,300	110,200
Publications and Souvenir Revolving Fund (PRA4010/A.R.S. § 41-511.21)		Non-Appropriated
Source of Revenue: Sales of books, postcards, posters, and souvenir items at state parks and proceeds from the operation of the lodge and restaurant at Tonto Natural Bridge State Park.		
Purpose of Fund: Production and distribution of agency publications, as well as the purchase of souvenir items for sale at state parks, and the operation of concessions.		
Funds Expended	442,900	289,800
Year-End Fund Balance	141,200	133,700
Reservation Surcharge Revolving Fund (PRA1304/A.R.S. § 41-511.24)		Appropriated
Source of Revenue: Surcharges on reservations made using an automated reservation system. Currently only Kartchner Caverns State Park utilizes the system. The surcharge is \$3.00 per reserved ticket. Any amount in excess of \$75,000 at the end of each fiscal year is transferred to the General Fund.		
Purpose of Fund: To staff and manage the reservation system.		
Funds Expended	339,700	206,400
Year-End Fund Balance	74,400	75,000
State Lake Improvement Fund (PRA2105/A.R.S. § 5-382)		Non-Appropriated
Source of Revenue: Primarily a transfer from the Highway User Revenue Fund, based on a formula that estimates state gasoline taxes paid for boating purposes. Also included is a portion of the watercraft license tax collected by the Arizona Game and Fish Department.		
Purpose of Fund: To fund projects at boating sites, including launching ramps, parking areas, lake improvement and construction, campgrounds, and acquisition of property to provide access to boating sites. Project grant requests are reviewed by the Arizona Outdoor Recreation Coordinating Commission and approved by the Arizona State Parks Board. Approved projects must be reviewed by the Joint Committee on Capital Review.		
Funds Expended - Capital	213,100	694,700
Funds Expended - Operating (amount includes local grants)	4,736,000	5,250,000
Year-End Fund Balance	4,987,600	2,982,200

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
State Parks Enhancement Fund (PRA2202/A.R.S. § 41-511.11)		Partially-Appropriated
Source of Revenue: State parks user fees and concession sales.		
Purpose of Fund: Under permanent law, one-half of this fund is appropriated for parks operations and the other half is used for park acquisition and development (including the lease-purchase payments for the Tonto Natural Bridge State Park). Since completion of the Tonto lease-purchase payment was made in early FY 2011, the acquisition and development portion of the fund is subject to legislative appropriation. In FY 2010 and FY 2011, the permanent law provisions were suspended to permit less than 50% to be spent on capital.		
Funds Expended - Operating (Appropriated)	7,108,000	7,807,000
Funds Expended - Operating (Non-Appropriated)	12,500	0
Funds Expended - Operating (Capital)	0	0
Year-End Fund Balance	5,335,200	5,438,200
 State Parks Fund (PRA3117/A.R.S. § 41-511.11)		 Non-Appropriated
Source of Revenue: Private gifts, grants, and donations. The City of Yuma allocates \$150,000 annually for the operation of the Yuma Crossing State Historic Park.		
Purpose of Fund: To meet the objectives of contributors, especially as they relate to acquisition, development, and preservation of the state's natural features.		
Funds Expended	97,900	350,000
Year-End Fund Balance	530,200	214,400

Personnel Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	103,000	99,100	99,100
Employee Related Expenditures	27,100	44,300	44,300
Professional and Outside Services	104,400	186,400	186,400
Travel - In State	1,000	2,400	2,400
Other Operating Expenditures	41,100	40,800	40,800
Equipment	2,100	200	200
AGENCY TOTAL	278,700	373,200	373,200

FUND SOURCES

Other Appropriated Funds

Personnel Division Fund - Personnel Board Account	278,700	373,200	373,200
SUBTOTAL - Other Appropriated Funds	278,700	373,200	373,200
SUBTOTAL - Appropriated Funds	278,700	373,200	373,200
TOTAL - ALL SOURCES	278,700	373,200	373,200

AGENCY DESCRIPTION — The Personnel Board hears grievances for state employees in the Arizona Department of Administration Personnel System who have been dismissed, demoted, or suspended for more than 40 hours. The board also hears “whistle blower” complaints, concerning reprisals against employees who disclose information to a public body.

Operating Budget

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The Baseline includes \$373,200 and 3 FTE Positions from the Personnel Board Account of the Personnel Division Fund in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Personnel Division Fund - Personnel Board Account (PBA1107/A.R.S. § 41-764)		Appropriated
Source of Revenue: A 0.03% charge on the total payroll of each agency within the Arizona Department of Administration Personnel System.		
Purpose of Fund: To fund Personnel Board operations.		
Funds Expended	278,700	373,200
Year-End Fund Balance	60,100	96,000

Office of Pest Management

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	40.0	40.0	40.0
Personal Services	1,167,600	1,389,300	1,389,300
Employee Related Expenditures	504,200	504,200	504,200
Professional and Outside Services	99,400	109,400	109,400
Travel - In State	62,200	62,200	62,200
Travel - Out of State	100	5,300	5,300
Other Operating Expenditures	172,900	151,000	151,000
Equipment	6,000	47,500	47,500
AGENCY TOTAL	2,012,400	2,268,900	2,268,900

FUND SOURCES

Other Appropriated Funds

Pest Management Fund	2,012,400	2,268,900	2,268,900
SUBTOTAL - Other Appropriated Funds	2,012,400	2,268,900	2,268,900
SUBTOTAL - Appropriated Funds	2,012,400	2,268,900	2,268,900
Other Non-Appropriated Funds	147,800	273,800	273,800
Federal Funds	122,100	114,300	114,300
TOTAL - ALL SOURCES	2,282,300	2,657,000	2,657,000

AGENCY DESCRIPTION — The agency licenses and regulates professional pest control companies and conducts examinations of applicators of structural pesticides.

Operating Budget

The Baseline includes \$2,268,900 and 40 FTE Positions from the Pest Management Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

* * *

FORMAT — Lump Sum by Agency

STATUTORY CHANGES

As session law, the FY 2012 Baseline would permit the director of the Office of Pest Management to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$525,000. It is anticipated that the department will continue fee increases for pesticide registration. In FY 2011, the department estimates collecting \$273,800 which will be deposited into the Service Fees Increase Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Fund (SBA2000/A.R.S. § 32-2304)		Non-Appropriated
Source of Revenue: Federal Environmental Protection Agency grants.		
Purpose of Fund: To support Pest Management's licensing and regulation activities. Includes education and training for employees as well as industry, I.T. hardware and software, and travel.		
Funds Expended	122,100	114,300
Year-End Fund Balance	4,800	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Pest Management Fund (SBA2050/A.R.S. § 32-2305)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of professional pest control companies and applicators of structural pesticides. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, inspect and regulate professional pest control companies and applicators of structural pesticides.		
Funds Expended	2,012,400	2,268,900
Year-End Fund Balance*	225,900	(239,600)
Service Fees Increase Fund (SBA1050/Laws 2010, 7th Special Session, Chapter 12)		Non-Appropriated
Source of Revenue: General Fund fee increase from fees raised pursuant to Laws 2010, 7th Special Session, Chapter 12.		
Purpose of Fund: Operating activities.		
Funds Expended	147,800	273,800
Year-End Fund Balance	0	0

*As reported by the agency. Actual ending balance will not be negative.

Arizona State Board of Pharmacy

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	18.0	18.0	18.0
Personal Services	872,900	1,103,000	1,103,000
Employee Related Expenditures	277,700	365,800	365,800
Professional and Outside Services	206,000	171,400	171,400
Travel - In State	34,600	50,000	50,000
Travel - Out of State	400	1,000	1,000
Other Operating Expenditures	350,400	257,800	257,800
AGENCY TOTAL	1,742,000	1,949,000	1,949,000

FUND SOURCES

Other Appropriated Funds

Arizona State Board of Pharmacy Fund	1,742,000	1,949,000	1,949,000
SUBTOTAL - Other Appropriated Funds	1,742,000	1,949,000	1,949,000
SUBTOTAL - Appropriated Funds	1,742,000	1,949,000	1,949,000
Other Non-Appropriated Funds	230,000	370,000	370,000
Federal Funds	0	1,500	1,500
TOTAL - ALL SOURCES	1,972,000	2,320,500	2,320,500

AGENCY DESCRIPTION — The board licenses, regulates, and conducts examinations of pharmacists and issues permits to distributors of approved medications. The board also educates pharmacists and the general public on the proper distribution and use of these medications.

Operating Budget

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The Baseline includes \$1,949,000 and 18 FTE Positions from the Arizona State Board of Pharmacy Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona State Board of Pharmacy Fund (PMA2052/A.R.S. § 32-1907)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of pharmacies and pharmacists. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate pharmacies and pharmacists, and for board administration.		
Funds Expended	1,742,000	1,949,000
Year-End Fund Balance	1,061,600	1,757,000
Controlled Substances Prescription Monitoring Program Fund (PMA2359/A.R.S. § 36-2605)		Non-Appropriated
Source of Revenue: Legislative appropriations, transfers from the Arizona State Board of Pharmacy Fund, and any grants, gifts, or donations. Up to \$395,795 can be transferred from the Arizona State Board of Pharmacy Fund each year, according to A.R.S. § 32-1907.		
Purpose of Fund: For program expenses, which include automated tracking of controlled substances, assisting law enforcement in identifying illegal use of controlled substances, and providing information to patients, medical practitioners, and pharmacists.		
Funds Expended	230,000	370,000
Year-End Fund Balance	300	300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (PMA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal reimbursements and grants.		
Purpose of Fund: Reimbursements for services provided to the federal government and one-time grant to help implement a prescription monitoring program.		
Funds Expended	0	1,500
Year-End Fund Balance	1,500	1,500

Board of Physical Therapy Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.8	3.8	3.8
Personal Services	158,100	157,500	157,500
Employee Related Expenditures	63,500	70,000	70,000
Professional and Outside Services	35,700	53,600	53,600
Travel - In State	3,700	7,100	7,100
Travel - Out of State	0	900	900
Other Operating Expenditures	42,900	62,100	62,100
Equipment	17,700	4,700	4,700
AGENCY TOTAL	321,600	355,900	355,900

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Physical Therapy Fund	321,600	355,900	355,900
SUBTOTAL - Other Appropriated Funds	321,600	355,900	355,900
SUBTOTAL - Appropriated Funds	321,600	355,900	355,900
TOTAL - ALL SOURCES	321,600	355,900	355,900

AGENCY DESCRIPTION — The board licenses and regulates physical therapists. A physical therapist treats patients by exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Operating Budget

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The Baseline includes \$355,900 and 3.8 FTE Positions from the Board of Physical Therapy Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Physical Therapy Fund (PTA2053/A.R.S. § 32-2004)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of physical therapists, and physical therapy assistants. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate physical therapists, and physical therapy assistants, and for board administration.		
Funds Expended	321,600	355,900
Year-End Fund Balance	301,900	483,800

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
IGA and ISA Fund (PIA2500/A.R.S. § 41-921)		Non-Appropriated
Source of Revenue: Intergovernmental agreements between the Arizona Pioneers' Home and other state and local entities.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Miners' Hospital Fund (PIA3130/A.R.S. § 37-525)		Appropriated
Source of Revenue: Interest on the Miners' Hospital Fund as established through Arizona's Enabling Act, Section 25, and monies derived from the rental of these lands and property.		
Purpose of Fund: To provide a continuous source of funds to benefit the Arizona Pioneers' Home.		
Funds Expended	2,618,000	2,554,900
Year-End Fund Balance	1,138,100	163,200
Pioneers' Home Fund (Cemetery Proceeds) (PIA3144/A.R.S. § 41-926)		Non-Appropriated
Source of Revenue: Cemetery proceeds from the sale of interment rights or the lease of cemetery land.		
Purpose of Fund: To defray expenses or work conducted by the Arizona Pioneers' Home and the Arizona Pioneers' Home Cemetery.		
Funds Expended	21,200	21,200
Year-End Fund Balance	57,300	57,300
Pioneers' Home Fund (Donations) (PIA3143/A.R.S. § 41-926)		Non-Appropriated
Source of Revenue: Donations or contributions from private sources.		
Purpose of Fund: To defray expenses or work conducted by the Arizona Pioneers' Home in serving its clientele.		
Funds Expended	0	0
Year-End Fund Balance	86,800	86,800
State Charitable Fund (PIA3129/A.R.S. § 37-525)		Appropriated
Source of Revenue: Earnings on state lands and interest on the investment of the Permanent Land Fund.		
Purpose of Fund: For the operation of state charitable institutions.		
Funds Expended	3,637,600	2,051,600
Year-End Fund Balance	3,650,800	2,249,200
Statewide Employee Recognition Gifts Fund (PIA2449/A.R.S. § 41-776)		Non-Appropriated
Source of Revenue: Donations, gifts, or contributions from public or private sources.		
Purpose of Fund: For the conduct of employee recognition programs.		
Funds Expended	0	0
Year-End Fund Balance	19,900	30,800

State Board of Podiatry Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1.0	1.0	1.0
Personal Services	64,200	65,500	65,500
Employee Related Expenditures	18,600	19,000	19,000
Professional and Outside Services	20,800	35,100	35,100
Travel - In State	700	700	700
Other Operating Expenditures	12,600	19,700	19,700
Equipment	200	2,400	2,400
AGENCY TOTAL	117,100	142,400	142,400

FUND SOURCES

Other Appropriated Funds

Podiatry Fund	117,100	142,400	142,400
SUBTOTAL - Other Appropriated Funds	117,100	142,400	142,400
SUBTOTAL - Appropriated Funds	117,100	142,400	142,400
TOTAL - ALL SOURCES	117,100	142,400	142,400

AGENCY DESCRIPTION — The board licenses and regulates Doctors of Podiatric Medicine. A podiatrist must take specialized training, serve an internship and pass a qualifying examination prior to licensure to diagnose and treat foot ailments. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Operating Budget

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The Baseline includes \$142,400 and 1 FTE Position from the Podiatry Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Podiatry Fund (POA2055/A.R.S. § 32-806)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of podiatrists. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate podiatrists, and for board administration.		
Funds Expended	117,100	142,400
Year-End Fund Balance	128,000	112,900

Commission for Postsecondary Education

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	10.0	5.0	5.0
Personal Services	68,100	211,800	211,800
Employee Related Expenditures	32,900	67,300	67,300
Professional and Outside Services	8,900	20,200	20,200
Travel - In State	500	3,000	3,000
Other Operating Expenditures	21,200	84,300	84,300
Equipment	1,700	6,000	6,000
OPERATING SUBTOTAL	133,300	392,600	392,600
SPECIAL LINE ITEMS			
Arizona College and Career Guide	13,700	21,200	21,200
Arizona Minority Educational Policy Analysis Center	97,100	100,000	100,000
Case Managers	75,000	0	0
Family College Savings Program	151,700	149,500	149,500
Leveraging Educational Assistance Partnership	4,046,200	4,264,500	4,264,500
Math and Science Teacher Initiative	0	0	176,000
Postsecondary Education Grant Program	2,421,700	0	0
Private Postsecondary Education Student Financial Assistance Program	323,900	0	0
Twelve Plus Partnership	74,200	130,500	130,500
AGENCY TOTAL	7,336,800	5,058,300	5,234,300
FUND SOURCES			
General Fund	4,041,400	1,220,800	1,396,800
<u>Other Appropriated Funds</u>			
Postsecondary Education Fund	3,295,400	3,837,500	3,837,500
SUBTOTAL - Other Appropriated Funds	3,295,400	3,837,500	3,837,500
SUBTOTAL - Appropriated Funds	7,336,800	5,058,300	5,234,300
Federal Funds	0	3,168,200	3,168,200
TOTAL - ALL SOURCES	7,336,800	8,226,500	8,402,500

AGENCY DESCRIPTION — The Commission for Postsecondary Education reviews and recommends higher education policies, while providing a discussion forum for public and private postsecondary educational institutions and their stakeholders on issues of mutual interest. The 16 commissioners are authorized to administer certain federal and state student financial aid programs.

Operating Budget

The Baseline includes \$392,600 and 3.5 FTE Positions from the Postsecondary Education Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Arizona College and Career Guide

The Baseline includes \$21,200 from the Postsecondary Education Fund for the Arizona College and Career Guide Special Line Item (SLI) in FY 2012. This amount is unchanged from FY 2011.

The Arizona College and Career Guide is an annual publication listing Arizona public and private postsecondary educational institutions. The guide describes each institution's available degree and certificate programs, course lengths, and costs of attendance.

Arizona Minority Educational Policy Analysis Center

The Baseline includes \$100,000 and a 0.2 FTE Position from the Postsecondary Education Fund for the Arizona Minority Educational Policy Analysis Center (AMEPAC) SLI in FY 2012. These amounts are unchanged from FY 2011.

AMEPAC promotes statewide studies, debates, and discussions to improve minority students' awareness of, access to, and achievement in Arizona's postsecondary educational institutions.

Family College Savings Program

The Baseline includes \$149,500 and 1 FTE Position from the Postsecondary Education Fund for the Family College Savings Program (FCSP) in FY 2012. These amounts are unchanged from FY 2011.

FCSP enables parents to save money for their child's college education in plans compatible with Internal Revenue Code § 529 (529 Plans). Monies in these plans grow tax-free, and withdrawals for qualified higher educational expenses are federal and state income tax free. FCSP operates from the proceeds of new account fees, which are currently \$13 per account. The plans are available to both residents and non-residents of the state. The commission oversees 3 FCSP providers, 2 of which have multiple investment offerings in their plans.

Leveraging Educational Assistance Partnership

The Baseline includes \$4,264,500 for the Leveraging Educational Assistance Partnership (LEAP) in FY 2012. These amounts consist of:

	<u>FY 2012</u>
General Fund	\$1,220,800
Postsecondary Education Fund	3,043,700

These amounts are unchanged from FY 2011.

LEAP is a federal, state, and institutional partnership that provides financial assistance to students demonstrating substantial financial need. To be eligible, students must attend, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary educational institution (including public universities, public community colleges, private collegiate institutions, and proprietary schools).

Math and Science Teacher Initiative

The Baseline includes \$176,000 from the General Fund for the Math and Science Teacher Initiative in FY 2012. This amount is unchanged from FY 2011.

Shift Funding From ABOR GF 176,000

The Baseline includes an increase of \$176,000 from the General Fund to shift the administrative responsibilities of the Mathematics, Science and Special Education Student Loan Fund Program from the Arizona Board of Regents (ABOR) to the commission as required by Laws 2010, Chapter 332. This shift does not affect overall expenditures from the General Fund.

The program offers loans to students pursuing a teaching degree at a postsecondary institution and who agree to teach math, science, or special education at an Arizona public school upon graduation. The legislation allows the commission to retain up to 10% of the annual fund deposit for administration costs. The commission may also use the interest deposited into the fund for administration costs of the loan repayment portion of the program.

Twelve Plus Partnership

The Baseline includes \$130,500 and a 0.3 FTE Position from the Postsecondary Education Fund for the Twelve Plus Partnership (TPP) in FY 2012. These amounts are unchanged from FY 2011.

TPP is an early education awareness initiative with 3 components: Best Education Practices Conference and Awards Recognition, Think College, and College Goal Sunday. Approximately 70% of this line item funds College Goal Sunday, 25% of the monies go to Best Education Practices Conference and Awards Recognition, and the remaining 5% funds Think College. Private gifts, donations of service, and corporate sponsorships support TPP.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The appropriations for Arizona College and Career Guide, Arizona Minority Educational Policy Analysis Center and Twelve Plus Partnership are estimates representing all monies distributed to this fund, including balance forward, revenue and transfers, during FY 2012. The appropriations shall be adjusted as necessary to reflect actual final receipts credited to the Postsecondary Education Fund.

Each participating institution, public or private, in order to be eligible to receive state matching funds under the Leveraging Education Assistance Partnership for grants to students, shall provide an amount of institutional matching funds that equals the amount of funds provided by the state to the institution for the Leveraging Education Assistance Partnership. Administrative expenses incurred by the Commission for Postsecondary Education shall be paid from institutional matching funds and shall not exceed 12% of the funds in FY 2012.

Any unencumbered balance remaining in the Postsecondary Education Fund on June 30, 2011, and all grant monies and other revenues received by the Commission for Postsecondary Education, when paid into the State Treasury, are appropriated for the explicit purposes designated by line items and for additional

responsibilities prescribed in A.R.S. § 15-1851 and A.R.S. § 15-1852.

STATUTORY CHANGES

As session law, the Baseline would continue to suspend new funding for the Early Graduation Scholarship Program for FY 2012, but continue to fund students currently in the program with available fund balances.

Deletion of Prior Year Footnotes

The Baseline would delete the footnote that prohibits the transfer of funds out of the Private Postsecondary Education Student Assistance Program or Postsecondary Education Grant Program line items.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Early Graduation Scholarship Fund (PEA2364/A.R.S. § 15-105)		Non-Appropriated
Source of Revenue: Monies received from the Department of Education on behalf of students who graduate early, pursuant to A.R.S. § 15-105.		
Purpose of Fund: For education scholarships awarded to eligible Arizona high school students who graduate at least 1 year early, enabling them to attend a postsecondary institution. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance	925,800	583,600
Federal Grant Fund (PEA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grant revenue.		
Purpose of Fund: Federal grant revenues to be used by the commission as specified by the grant(s).		
Funds Expended	0	3,168,200
Year-End Fund Balance	0	0
Postsecondary Education Fund (PEA2405/A.R.S. § 15-1853)		Appropriated
Source of Revenue: Monies appropriated by the Legislature, monies received from state agencies and political subdivisions of the state, monies received from the federal government, and/or private gifts, grants and donations. The commission must separately account for monies received from each source.		
Purpose of Fund: Provide for purposes designated by Special Line Items for which the monies are received. Donations are used in accordance with the requests of the donor. Other private monies are used to carry out the duties and responsibilities of the commission.		
Funds Expended	3,295,400	3,837,500
Year-End Fund Balance	321,800	188,000
Postsecondary Education Grant Program (PEA2530/A.R.S. § 15-1855)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature.		
Purpose of Fund: For tuition grants awarded to full and part-time students enrolled at a private baccalaureate degree granting institution. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance*	(8,500)	16,500
Private Postsecondary Education Student Financial Assistance Fund (PEA2128/A.R.S. § 15-1854)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature.		
Purpose of Fund: For tuition vouchers awarded to eligible graduates of Arizona community colleges enabling them to obtain a bachelor's degree at a private college or university in the state. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance	12,600	32,600

SUMMARY OF FUNDS

**FY 2010
Actual****FY 2011
Estimate**

Teachers Incentive Program Fund (PEA2249/A.R.S. § 15-1851)**Non-Appropriated**

Source of Revenue: Monies collected as repayment from students who do not meet the conditions of the loan program.

Purpose of Fund: To collect repayment monies from students who received a loan in prior years for teacher education and did not fulfill their teaching obligation. The students' teacher loan indebtedness to the State of Arizona is forgiven if the recipient of the monies completes a specified period of time teaching in designated school districts, which are identified as having high proportions of economically disadvantaged and at-risk pupils. Monies collected are reverted to the General Fund.

Funds Expended	0	0
Year-End Fund Balance	0	0

* As reported by the agency. Actual ending balance will not be negative.

Arizona Power Authority

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
Other Non-Appropriated Funds	37,305,100	37,230,200	37,230,200
TOTAL - ALL SOURCES	37,305,100	37,230,200	37,230,200

AGENCY DESCRIPTION — The Arizona Power Authority (APA) manages Arizona’s allocation of hydroelectric power from Hoover Dam for the benefit of the state. Within the scope of that management, APA cooperates with federal, state, and non-governmental agencies to address regulatory and environmental matters that impact electric and water uses of the Colorado River. In addition, the APA serves as an informational resource for its customers on electricity utilization. APA is not subject to appropriation.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Hoover Upgrading Fund (PAA1113/A.R.S. § 30-202)		Non-Appropriated
Source of Revenue: Currently, the sale of hydro-electricity from Hoover Dam to APA customers; originally, bond proceeds.		
Purpose of Fund: Currently, to purchase hydro-electricity from Hoover Dam for APA customers and to pay debt service on the bond issuance. Originally, to increase power generation capacity at Hoover Dam pursuant to the Hoover Power Plant Act of 1984.		
Funds Expended	31,633,200	33,027,900
Year-End Fund Balance	0	0
Interest Income Fund (PAA1112/A.R.S. § 30-203)		Non-Appropriated
Source of Revenue: Interest income is received from investments with the Arizona State Treasurer.		
Purpose of Fund: To pay the operating expenses of the Power Authority.		
Funds Expended	21,800	21,800
Year-End Fund Balance	0	0
Power Authority Fund (PAA9506/A.R.S. § 30-202)		Non-Appropriated
Source of Revenue: Energy sales to any of the authority's 39 customers.		
Purpose of Fund: To purchase supplemental energy on the open market (usually from Salt River Project) for APA customers and to fund special APA projects.		
Funds Expended	5,650,100	4,180,500
Year-End Fund Balance	3,294,000	3,215,900

State Board for Private Postsecondary Education

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	193,400	181,400	181,400
Employee Related Expenditures	86,800	71,100	71,100
Professional and Outside Services	19,200	27,400	27,400
Travel - In State	700	2,000	2,000
Other Operating Expenditures	34,200	42,800	42,800
Equipment	300	5,800	5,800
AGENCY TOTAL	334,600	330,500	330,500

FUND SOURCES

Other Appropriated Funds

Board for Private Postsecondary Education Fund	334,600	330,500	330,500
SUBTOTAL - Other Appropriated Funds	334,600	330,500	330,500
SUBTOTAL - Appropriated Funds	334,600	330,500	330,500
Other Non-Appropriated Funds	109,200	160,900	160,900
TOTAL - ALL SOURCES	443,800	491,400	491,400

AGENCY DESCRIPTION — The board licenses and regulates 242 private postsecondary education institutions that service approximately 593,900 students annually. The board processes license applications, determines compliance, investigates complaints and violations, and takes disciplinary action on all private postsecondary institutions that offer vocational and/or degree programs. However, the board does not have jurisdiction over cosmetology, barber, real estate, or professional driving schools. In addition to regulatory duties, the board administers the Student Tuition Recovery Fund, which provides restitution to students financially injured by private postsecondary institutional closures.

Operating Budget

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FORMAT — Lump Sum by Agency

The Baseline includes \$330,500 and 4 FTE Positions from the Board for Private Postsecondary Education Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board for Private Postsecondary Education Fund (PVA2056/A.R.S. § 32-3004)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of private postsecondary institutions. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate private postsecondary institutions. Monies are also used for board administration costs.		
Funds Expended	334,600	330,500
Year-End Fund Balance	373,400	455,400
Student Tuition Recovery Fund (PVA3027/A.R.S. § 32-3072)		Non-Appropriated
Source of Revenue: Assessments on prepaid tuition paid by newly enrolled students at private postsecondary institutions. Pursuant to A.R.S. § 32-3072, if the fiscal year-end fund balance exceeds \$500,000, only newly or provisionally licensed institutions pay the assessment.		
Purpose of Fund: To compensate persons suffering damages as the result of a private postsecondary institution ceasing operations.		
Funds Expended	109,200	160,900
Year-End Fund Balance	430,400	554,300

State Board of Psychologist Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	170,300	190,300	190,300
Employee Related Expenditures	61,500	77,800	77,800
Professional and Outside Services	36,900	37,400	37,400
Travel - In State	6,900	7,700	7,700
Travel - Out of State	1,900	2,100	2,100
Other Operating Expenditures	47,000	44,200	44,200
AGENCY TOTAL	324,500	359,500	359,500

FUND SOURCES

<u>Other Appropriated Funds</u>			
Board of Psychologist Examiners Fund	324,500	359,500	359,500
SUBTOTAL - Other Appropriated Funds	324,500	359,500	359,500
SUBTOTAL - Appropriated Funds	324,500	359,500	359,500
TOTAL - ALL SOURCES	324,500	359,500	359,500

AGENCY DESCRIPTION — The board licenses and regulates psychologists and behavior analysts.

Operating Budget

The Baseline includes \$359,500 and 4 FTE Positions from the Board of Psychologist Examiners Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Psychologist Examiners Fund (SYA2058/A.R.S. § 32-2065)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of psychologists. A separate account has been established within the Board of Psychologist Examiners Fund consisting of licensing and other fees for behavior analysts. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate psychologists and behavior analysts, and for board administration.		
Funds Expended	324,500	359,500
Year-End Fund Balance	212,200	482,700

Department of Public Safety

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2,091.8	2,081.8	2,081.8
Personal Services	99,924,500	95,871,200	95,871,200
Employee Related Expenditures	51,317,500	51,384,500	51,384,500
Professional and Outside Services	575,700	1,485,700	1,485,700
Travel - In State	136,700	484,200	484,200
Travel - Out of State	84,900	192,500	192,500
Other Operating Expenditures	24,326,500	29,470,600	29,470,600
Equipment	3,331,400	3,390,500	3,390,500
OPERATING SUBTOTAL	179,697,200	182,279,200	182,279,200
SPECIAL LINE ITEMS			
GIITEM	17,678,700	21,021,200	21,021,200
Motor Vehicle Fuel	3,927,300	3,935,500	3,935,500
DNA Testing	980,000	980,000	980,000
Photo Radar Enforcement	10,246,200	11,064,800	0
AGENCY TOTAL	212,529,400	219,280,700	208,215,900
FUND SOURCES			
General Fund	39,862,300	43,070,300	43,070,300
<u>Other Appropriated Funds</u>			
Automated Fingerprint Identification System Fund	2,969,500	3,012,700	3,012,700
Crime Laboratory Assessment Fund	4,833,300	872,500	872,500
Crime Laboratory Operations Fund	6,514,800	11,127,200	11,127,200
Criminal Justice Enhancement Fund	2,863,100	2,886,500	2,886,500
Deoxyribonucleic Acid (DNA) Identification System Fund	2,977,000	3,987,500	3,987,500
Highway Patrol Fund	18,193,200	18,679,000	18,679,000
Highway User Revenue Fund	78,626,200	79,215,700	79,215,700
Motorcycle Safety Fund	205,000	205,000	205,000
Parity Compensation Fund	2,199,500	1,823,300	1,823,300
Photo Enforcement Fund	10,246,200	11,064,800	0
Risk Management Fund	278,700	296,200	296,200
Safety Enforcement and Transportation Infrastructure Fund	1,504,600	1,518,800	1,518,800
State Highway Fund	41,256,000	41,521,200	41,521,200
SUBTOTAL - Other Appropriated Funds	172,667,100	176,210,400	165,145,600
SUBTOTAL - Appropriated Funds	212,529,400	219,280,700	208,215,900
Other Non-Appropriated Funds	27,346,100	36,824,700	33,729,200
Federal Funds	47,869,400	54,238,900	28,541,400
TOTAL - ALL SOURCES	287,744,900	310,344,300	270,486,500

AGENCY DESCRIPTION — The Department of Public Safety (DPS) is responsible for the enforcement of state criminal laws and traffic regulations. In addition to the Highway Patrol, DPS operates and maintains statewide communications systems, state crime laboratories and an automated fingerprint identification network, and performs aviation missions, special investigations, and other law enforcement activities.

Operating Budget

The Baseline includes \$182,279,200 and 1,928 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$18,344,900
Automated Fingerprint Identification System (AFIS) Fund	3,012,700
Crime Laboratory Assessment Fund (CLAF)	872,500
Crime Laboratory Operations Fund (CLOF)	11,127,200

Criminal Justice Enhancement Fund (CJEF)	2,886,500
Deoxyribonucleic Acid (DNA) Identification System Fund	3,007,500
Highway Patrol Fund	18,447,700
Highway User Revenue Fund (HURF)	79,215,700
Motorcycle Safety Fund	205,000
Parity Compensation Fund	1,823,300
Risk Management Fund	296,200
Safety Enforcement and Transportation Infrastructure Fund (SETIF)	1,518,800
State Highway Fund	41,521,200

These amounts are unchanged from FY 2011.

The Baseline continues \$677,300 for radio and infrastructure equipment replacement in FY 2012. This amount consists of:

General Fund	147,300
CJEF	53,800
HURF	357,200
State Highway Fund	119,000

These amounts are unchanged from FY 2011. The equipment to be replaced includes portable radios, mobile radios, base stations, and telecommunications infrastructure.

GIITEM

The Baseline includes \$21,021,200 and 153.8 FTE Positions from the General Fund for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) in FY 2012. These amounts are unchanged from FY 2011.

The GIITEM Special Line Item is comprised of monies for the following GIITEM functions, including: 1) \$8,793,100 for gang enforcement, investigation, and interdiction, 2) \$9,400,900 for at least 50 sworn DPS positions to be used for immigration enforcement and border security and up to 50 DPS positions to expand GIITEM's public awareness, investigation, and intelligence efforts, 3) \$2,603,400 for local gang and immigration enforcement grants, 4) \$600,000 for crime analysts associated with the state gang intelligence database (GangNet). *Table 1* identifies the various functions, as well as their corresponding allocations.

Function/Purpose	FY 2012
Gang Enforcement & Investigation	\$ 8,635,100
DPS Immigration Personnel	9,182,700
Local Immigration Enforcement Grants	2,603,400 ^{1/}
GangNet Upgrade & Crime Analysts	600,000
TOTAL	\$21,021,200

^{1/} DPS also has prior year non-lapsing monies available for local efforts.

Motor Vehicle Fuel

The Baseline includes \$3,935,500 for Motor Vehicle Fuel in FY 2012. This amount consists of:

General Fund	3,704,200
Highway Patrol Fund	231,300

These amounts are unchanged from FY 2011.

The Motor Vehicle Fuel Special Line Item provides and tracks monies appropriated to DPS for motor vehicle fuel.

DNA Testing

The Baseline includes \$980,000 from the DNA Identification System Fund for DNA testing in FY 2012. This amount is unchanged from FY 2011. (*Please see Statutory Changes for more information.*)

Background – Laws 2007, Chapter 261 originally appropriated \$1,980,000 in FY 2008, \$2,980,000 in FY 2009, \$3,484,000 in FY 2010, \$3,440,000 in FY 2011, and \$3,520,000 in FY 2012 from the Arizona DNA Identification System Fund to fund the operating costs of the expanded testing provisions, as well as the design and construction of an expanded crime lab in Phoenix. To delay construction of a new parking garage, the revised FY 2009 budget, however, reduced the FY 2009 advance appropriation to \$980,000. Funding has remained unchanged at \$980,000 since FY 2009.

Photo Radar Enforcement

The Baseline includes no funding for photo radar enforcement in FY 2012. FY 2012 adjustments would be as follows:

Elimination of the Program OF (11,064,800)

The Baseline includes a decrease of \$(11,064,800) from the Photo Enforcement Fund for the elimination of the State Photo Radar Enforcement program in FY 2012. This reduction is due to DPS not extending the Photo Radar contract as of July 15, 2010.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Of the \$21,021,200 appropriated to GIITEM, \$2,603,400 shall be used for the multijurisdictional task force known as the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM). If the Department of Public Safety uses any of the monies appropriated for GIITEM for an agreement or contract with a city, town, county or other entity to provide services for the GIITEM program, the city, town, county or other entity shall

provide not less than 25% of the cost of the services and the Department of Public Safety shall provide not more than 75% of Personal Services and Employee Related Expenditures for each agreement or contract but may fund all capital related equipment. Recognizing that states have inherent authority to arrest for any immigration violation, there continues to be a benefit with a 287G, including additional training and a partnership with immigration and customs enforcement and the federal government. The distribution of these monies are contingent on the Department of Public Safety making all reasonable efforts to enter into a 287G memorandum of understanding with the United States Department of Homeland Security. The \$2,603,400 shall be used for functions relating to immigration enforcement, including border security and border personnel, including any previously authorized allocations made in Laws 2010, 7th Special Session, Chapter 1, Section 86. As state or local law enforcement officers come into any lawful contact with a suspected illegal alien or with a gang or suspected gang member the use of these monies is contingent on law enforcement agencies making every reasonable effort to determine the person's legal status and taking appropriate action that will not jeopardize an ongoing investigation. The \$2,603,400 is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations. The department shall submit an expenditure plan to the Joint Legislative Budget Committee for review before expending any monies not identified in the department's previous expenditure plans. Within 30 days after the last day of each calendar quarter, the department shall provide a summary of quarterly and year-to-date expenditures and progress to the Joint Legislative Budget Committee including any prior year appropriations that were nonlapsing.

Of the \$21,021,200 appropriated to GIITEM, \$9,182,700 shall be used for 100 Department of Public Safety GIITEM personnel. The additional staff shall include at least 50 sworn Department of Public Safety positions to be used for immigration enforcement and border security and 50 Department of Public Safety positions to assist GIITEM in various efforts, including: 1) arresting illegal aliens, 2) responding to or assisting any county sheriff or attorney in investigating complaints of employment of illegal aliens, 3) investigating crimes of identity theft in the context of hiring illegal aliens and the unlawful entry into

the country and 4) taking enforcement action, as permitted under federal law and the United States Constitution. As state and local law enforcement officers come into contact with gang or suspected gang members the use of these monies is contingent on law enforcement agencies verifying the immigration status of these individuals and taking appropriate action that will not jeopardize an ongoing investigation. The department shall submit an expenditure plan to the Joint Legislative Budget Committee for review before expending any monies not identified in the department's previous expenditure plans. Within 30 days after the last day of each calendar quarter, the department shall provide a summary of quarterly and year-to-date expenditures and progress to the Joint Legislative Budget Committee including any prior year appropriations that were nonlapsing.

Any monies remaining in the Department of Public Safety joint account on June 30, 2012 shall revert to the funds from which they were appropriated. The reverted monies shall be returned in direct proportion to the amounts appropriated.

Deletion of Prior Year Footnotes

The Baseline would delete the footnote requiring the department to report quarterly to the Joint Legislative Budget Committee on the photo radar enforcement due to elimination of the program.

STATUTORY CHANGES

The Baseline would:

- As session law, notwithstanding the statutory spending cap of \$10,000,000 each for HURF and the State Highway Fund (A.R.S. § 28-6537 and A.R.S. § 28-6993).
- As session law, continue to reduce the Laws 2007, Chapter 261 advance appropriation of \$3,520,000 from the DNA Identification System Fund in FY 2012 to \$980,000. These monies were originally appropriated to fund the operating costs of the expanded testing provisions, as well as the design and construction of an expanded crime lab in Phoenix.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Anti-Racketeering Fund (PSA3123/A.R.S. § 13-2314.01)		Non-Appropriated
Source of Revenue: Any monies obtained as a result of a Department of Public Safety (DPS) seizure and forfeiture by the Attorney General are deposited into this fund. The forfeitures are made under the Racketeering Influenced and Corrupt Organization (RICO) laws.		
Purpose of Fund: For the investigation and prosecution of any offense relating to racketeering. These funds may also be used for gang prevention programs, substance abuse prevention programs and substance abuse education programs.		
Funds Expended	3,169,200	5,187,400
Year-End Fund Balance	8,064,200	6,177,300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Automated Fingerprint Identification System Fund (PSA2286/A.R.S. § 41-2414)		Appropriated
Source of Revenue: A 6.46% allocation from the Criminal Justice Enhancement Fund (CJEF). CJEF consists of a 47% penalty assessment on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For operation and maintenance of the Arizona Automated Fingerprint Identification System.		
Funds Expended	2,969,500	3,012,700
Year-End Fund Balance	510,600	442,900
Conferences, Workshops and Other Education Fund (PSA2700/A.R.S. § 41-1713)		Non-Appropriated
Source of Revenue: Conference registration fees.		
Purpose of Fund: To cover expenditures of conferences held by the Governor's Office of Highway Safety.		
Funds Expended	12,300	12,000
Year-End Fund Balance	0	0
Crime Laboratory Assessment Fund (PSA2282/A.R.S. § 41-2415)		Appropriated
Source of Revenue: A 2.3% allocation of CJEF. DPS retains 55% of this fund and distributes the remaining funds to political subdivisions that operate crime laboratories.		
Purpose of Fund: To provide enhanced crime lab services, purchase and maintain scientific equipment, and train crime lab forensic scientists.		
Funds Expended	4,833,300	872,500
Year-End Fund Balance	519,100	699,100
Crime Laboratory Operations Fund (PSA2394/A.R.S. § 41-1772)		Appropriated
Source of Revenue: The fund includes the first \$10,400,000 generated each year resulting from a \$45 surcharge for all persons who elect to take a defensive driving course in lieu of paying the civil traffic violation fine. In addition, DPS is authorized to receive 9% of CJEF revenues that were previously deposited into the General Fund. These additional funds are exempt from distribution to political subdivisions. CJEF consists of a 47% penalty assessment on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations. Any revenues in excess of that amount are deposited into the General Fund.		
Purpose of Fund: To fund crime laboratory operations.		
Funds Expended	6,514,800	11,127,200
Year-End Fund Balance	857,000	445,100
Criminal Justice Enhancement Fund (PSA3702/A.R.S. § 41-2401)		Partially-Appropriated
Source of Revenue: An 85% allocation of an 8.56% distribution from CJEF. CJEF consists of a 47% penalty assessment on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For direct operating expenses for the DPS.		
Appropriated Funds Expended	2,863,100	2,886,500
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	471,200	915,900
Deoxyribonucleic Acid (DNA) Identification System Fund (PSA2337/A.R.S. § 41-2419)		Appropriated
Source of Revenue: A 15% allocation of an 8.56% distribution from CJEF, monies collected from individuals subjected to DNA testing who have the financial ability to pay for tests, and contributions from any other sources. CJEF consists of a 47% penalty assessment on fines, violations, forfeitures and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations. Laws 2007, Chapter 261 increased the existing 3% penalty assessment (authorized by Laws 2002, Chapter 226) to 7% until December 31, 2011, after which the penalty assessment will decrease to 6%. The additional penalty assessment is similar to the CJEF assessments.		
Purpose of Fund: To implement, operate and maintain DNA testing and administrative costs.		
Funds Expended	2,977,000	3,987,500
Year-End Fund Balance	622,000	815,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
DPS Administration Fund (PSA2322/A.R.S. § 41-1713)		Non-Appropriated
Source of Revenue: State and local grants and donations. In FY 2009, this fund was also used to collect crime lab fees charged to local law enforcement agencies (Laws 2008, Chapter 291).		
Purpose of Fund: For administering state and local grants such as Emergency Medical Services Communications, Arizona Criminal Justice Commission, Forensics, Fines Management and the DPS Criminal Justice Enhancement Fund project, as well as for operational costs of the Criminal Justice Information System.		
Funds Expended	1,875,100	1,417,500
Year-End Fund Balance	526,700	36,600
DPS Licensing Fund (PSA2490/A.R.S. § 32-2408)		Non-Appropriated
Source of Revenue: Fees collected from Private Investigator and Security Guard license applicants.		
Purpose of Fund: For the operational and equipment costs of regulating the private investigator and security guard industry.		
Funds Expended	1,027,300	887,100
Year-End Fund Balance	97,000	400
Driving Under the Influence Abatement Fund (PSA2422/A.R.S. § 28-1304)		Non-Appropriated
Source of Revenue: A fee of \$250 to be paid by every offender convicted of an extreme driving under the influence (DUI) offense. An extreme DUI violation is defined as a person possessing a blood alcohol concentration of 0.15 or greater.		
Purpose of Fund: To fund DUI-related programs. The Oversight Council on Driving or Operating Under the Influence Abatement distributes 25% of the revenues to fund pilot programs that use emerging technologies to deter occurrences of driving under the influence, and at least 70% of the monies to fund subdivisions and tribal governments that apply for monies for enforcement and alcohol abuse treatment services. The Arizona Criminal Justice Commission staffs the Council. The Arizona Department of Transportation and DPS receive grant funds from the Council. Not more than 5% of the monies are to be used for administrative purposes of the Oversight Council on Driving or Operating Under the Influence Abatement or payment of the costs of notification.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Families of Fallen Police Officers Special Plate Fund (PSA2386/A.R.S. § 41-1721)		Non-Appropriated
Source of Revenue: Receives \$17 of the \$25 fee paid for an original or renewal of a Family of Fallen Police Officer Special License Plate.		
Purpose of Fund: For a nonprofit corporation in the state that demonstrates a commitment to helping in the healing of family survivors of police officers who died in the line of duty in this state, to provide survivor victimization training to law enforcement personnel, and to educate the public on the need to support law enforcement personnel and the families of fallen officers.		
Funds Expended	100,000	125,000
Year-End Fund Balance	79,300	54,300
Federal Grants - American Recovery and Reinvestment Act (ARRA) (PSA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the Department of Public Safety for criminal justice programs.		
Funds Expended	2,222,100	4,888,900
Year-End Fund Balance	378,100	0
Federal Grants and Reimbursements (PSA2000/A.R.S. § 41-1833)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To administer Federal Highway Administration grants, various Homeland Security grants, the High Intensity Drug Trafficking Area program, organized crime financial investigations, the Rocky Mountain Information Network, the Motor Carrier Safety Assistance program, and the Department of Justice Victims of Crime Act monies.		
Funds Expended	45,647,300	49,350,000
Year-End Fund Balance	770,200	401,500

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Fingerprint Clearance Card Fund (PSA2433/A.R.S. § 41-1758.06)		Non-Appropriated
Source of Revenue: Fees charged to applicants or contract providers for a fingerprint clearance card.		
Purpose of Fund: To centralize fingerprinting services for state agencies. Revenues pay for the processing and issuance of fingerprint clearance cards.		
Funds Expended	2,816,600	3,683,300
Year-End Fund Balance	2,056,800	2,274,100
Board of Fingerprinting Fund (PSA2435/A.R.S. § 41-619.56)		Non-Appropriated
Source of Revenue: Fees paid by fingerprint clearance card applicants.		
Purpose of Fund: To fund the Board of Fingerprinting, which conducts good cause exception hearings for personnel who require a fingerprint clearance card.		
Funds Expended	512,700	451,900
Year-End Fund Balance	181,800	430,700
Gang and Immigration Intelligence Team Enforcement Mission Fund (PSA2396/A.R.S. § 41-1724)		Appropriated
Source of Revenue: A penalty assessed against law enforcement agencies in the state that are not enforcing current illegal immigration statutes. The fine can be no less than \$500 and no more than \$5,000 a day for as long as the law enforcement agency is in non-compliance.		
Purpose of Fund: These monies can be used for gang and immigration enforcement and for county jail reimbursement, resulting from costs attributed to illegal immigration.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Highway Patrol Fund (PSA2032/A.R.S. § 41-1752)		Appropriated
Source of Revenue: A 0.43% premium tax paid by vehicle insurers, miscellaneous service fees, rewards, awards, insurance recoveries, and receipts from the sale or disposal of property held by the Highway Patrol. This fund also includes deposits from Concealed Carry Weapon (CCW) permits and fees collected from towing impound hearings.		
Purpose of Fund: To administer the provisions of law relating to the Highway Patrol and Highway Patrol Reserve, to operate the CCW licensing program, and for the costs associated with impounding vehicles.		
Funds Expended	18,193,200	18,679,000
Year-End Fund Balance	2,873,200	1,203,300
Highway User Revenue Fund (PSA3113/A.R.S. § 28-6533)		Appropriated
Source of Revenue: Revenues collected from various highway-related taxes and fees, including the motor vehicle license tax.		
Purpose of Fund: To fund a portion of Highway Patrol costs.		
Funds Expended	78,626,200	79,215,700
Year-End Fund Balance	0	0
IGA and ISA Fund (PSA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Monies received through intergovernmental and interagency agreements.		
Purpose of Fund: To execute intergovernmental and interagency service agreements.		
Funds Expended	5,617,700	6,800,800
Year-End Fund Balance	2,786,600	1,429,000
Indirect Cost Recovery Fund (PSA9000/A.R.S. § 41-1713)		Non-Appropriated
Source of Revenue: Charges made to interagency agreements and monies transferred from the department's appropriated and non-appropriated funds.		
Purpose of Fund: To pay department-wide administrative and overhead costs.		
Funds Expended	467,300	2,184,100
Year-End Fund Balance	2,383,900	714,300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Motor Carrier Safety Revolving Fund (PSA2380/A.R.S. § 28-5203)		Non-Appropriated
Source of Revenue: The fund consists of monies appropriated by the Legislature; fines; forfeitures; fees and taxes applied to all manufacturers, shippers, motor carriers and drivers who transport or cause the transportation of hazardous material, substances or waste, as required by A.R.S. Title 28; and monies received from private grants or donations.		
Purpose of Fund: DPS conducts motor carrier safety investigations, the Motor Vehicle Division of ADOT administers hearings, and the Attorney General enforces civil penalties.		
Funds Expended	0	12,800
Year-End Fund Balance	15,600	7,800
Motorcycle Safety Fund (PSA2479/A.R.S. § 28-2010)		Appropriated
Source of Revenue: Receives \$1 of each motorcycle registration fee.		
Purpose of Fund: To implement and support voluntary motorcycle safety, education and awareness programs.		
Funds Expended	205,000	205,000
Year-End Fund Balance	400	400
Parity Compensation Fund (PSA2510/A.R.S. § 41-1720)		Appropriated
Source of Revenue: Receives 1.51% of the portion of vehicle license tax revenues that otherwise would be deposited in the State Highway Fund.		
Purpose of Fund: To fund salary and benefit adjustments for law enforcement personnel.		
Funds Expended	2,199,500	1,823,300
Year-End Fund Balance	306,100	1,282,800
Peace Officers' Training Fund (PSA2049/A.R.S. § 41-1825)		Non-Appropriated
Source of Revenue: Receives 16.64% of CJEF. CJEF is composed of a 47% penalty on fines and forfeitures imposed by the courts for criminal and civil motor vehicle statute violations.		
Purpose of Fund: For training costs, including the operation of the Arizona Law Enforcement Officers' Academy, grants to state agencies, cities and towns, and counties for training law enforcement officers and the operation of the Peace Officer Standards and Training Board (POST).		
Funds Expended	5,368,200	8,155,100
Year-End Fund Balance	2,183,800	641,000
Photo Enforcement Fund (PSA2390/A.R.S. § 41-1722)		Appropriated
Source of Revenue: Citation and notice of violation (NOV) revenue generated by the State Photo Enforcement System through use of fixed and mobile speed and red light enforcement cameras. The cost per citation or NOV is a fixed cost of \$165, which is all deposited into the Photo Enforcement Fund, plus a 10% clean elections surcharge. Any money remaining in the fund in excess of \$250,000 at the end of each quarter is deposited into the State General Fund. Laws 2010, 2 nd Regular Session, Chapter 266, eliminates the State Photo Enforcement System and redirects 40% of the remaining monies in the fund, not to exceed \$7,000,000, to the Public Safety Equipment Fund.		
Purpose of Fund: To fund administrative and personnel costs incurred by DPS to oversee the State Photo Enforcement System, as well as for payment to privately contracted vendors for operation of photo enforcement cameras and the processing of citations. <i>(See the Supreme Court Summary of Funds section for other purposes of this fund.)</i>		
Funds Expended	10,246,200	11,064,800
Year-End Fund Balance	9,182,600	0
Public Safety Equipment Fund (PSA2391/A.R.S. § 41-1723)		Non-Appropriated
Source of Revenue: The first \$1,200,000 in revenue generated by additional assessments of up to \$1,500 to be paid by every offender convicted of driving or operating under the influence (DUI or OUI) offenses, as established by Laws 2008, Chapter 286. Prior to this legislation, DPS received this extra DUI assessment funding via the General Fund beginning in FY 2006. Laws 2010, 2 nd Regular Session, Chapter 266, deposits 40% of the remaining Photo Enforcement Fund balance, not to exceed \$7,000,000, into the Public Safety Equipment Fund.		
Purpose of Fund: For department purchase of protective body armor, electronic stun gun devices, and other safety equipment.		
Funds Expended	1,472,700	2,907,400
Year-End Fund Balance	486,900	486,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Records Processing Fund (PSA2278/A.R.S. § 41-1750)		Non-Appropriated
Source of Revenue: Fees charged to other agencies and local political subdivisions for costs of processing department reports and photographs of traffic accident scenes and processing criminal and non-criminal justice fingerprint cards through the federal government.		
Purpose of Fund: For fingerprint processing and department administrative costs.		
Funds Expended	4,832,000	5,000,300
Year-End Fund Balance	50,600	77,100
Risk Management Fund (PSA4216/A.R.S. § 41-1713)		Appropriated
Source of Revenue: Transfer from the Arizona Department of Administration Risk Management Fund.		
Purpose of Fund: For the planning costs of a tri-agency disaster recovery program for the DPS mainframe data center.		
Funds Expended	278,700	296,200
Year-End Fund Balance	146,400	146,400
Safety Enforcement and Transportation Infrastructure Fund (PSA2108/A.R.S. § 28-6547)		Appropriated
Source of Revenue: Monies are transferred from the ADOT administered fund and include fees for commercial vehicle permits collected at southern ports of entry on the border with Mexico and interest earnings.		
Purpose of Fund: To fund commercial vehicle enforcement officers along the border, particularly in Yuma, Douglas and Nogales. <i>(See the Arizona Department of Transportation Summary of Funds section for other purposes of this fund.)</i>		
Funds Expended	1,504,600	1,518,800
Year-End Fund Balance	0	0
Sex Offender Monitoring Fund (PSA2372/A.R.S. § 13-3828)		Appropriated
Source of Revenue: Fees collected from individuals who must register as sex offenders. Laws 2010, 7th Special Session, Chapter 6 repeals the Sex Offender Monitoring Fund and permanently redirects the revenues to the General Fund.		
Purpose of Fund: To cover monitoring costs of registered sex offenders.		
Funds Expended	0	0
Year-End Fund Balance	9,200	0
State Highway Fund (PSA2030/A.R.S. § 28-6991)		Appropriated
Source of Revenue: Monies appropriated by the Legislature, a portion of the Highway User Revenue Fund, fees, penalties and revenue derived from traffic and vehicle regulation.		
Purpose of Fund: To fund a portion of Highway Patrol costs and cover expenses of state enforcement of traffic laws and state administration of traffic safety programs.		
Funds Expended	41,256,000	41,521,200
Year-End Fund Balance	0	0
State Highway Work Zone Safety Fund (PSA2480/A.R.S. § 28-710)		Non-Appropriated
Source of Revenue: A 50% allocation of the additional assessment levied for civil traffic violations committed in a highway work zone.		
Purpose of Fund: To establish and maintain a public education campaign for highway work zone safety.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Statewide Donations (PSA2025/A.R.S. § 41-1713)		Non-Appropriated
Source of Revenue: Donations from outside entities.		
Purpose of Fund: To fund the operating costs of the Red Badge Program and the cost of publishing a children's safety calendar, as well as for other purposes determined by the Governor's Office of Highway Safety.		
Funds Expended	75,000	0
Year-End Fund Balance	0	0

Public Safety Personnel Retirement System

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
Other Non-Appropriated Funds	27,947,200	28,620,000	28,620,000
TOTAL - ALL SOURCES	27,947,200	28,620,000	28,620,000

AGENCY DESCRIPTION — The Public Safety Personnel Retirement System (PSPRS) provides retirement, survivors, health, and disability benefits to public employees who work in a public safety capacity, such as law enforcement officials and firefighters. In addition, PSPRS staff administers the Correctional Officers Retirement Plan (CORP) and the Elected Officials' Retirement Plan (EORP), which provide the same benefits to specified populations at the state and local level. PSPRS is not subject to appropriation.

As of the June 30, 2010 valuation, there were 48,490 active, retired, and Deferred Retirement Option Plan (DROP) members in the 3 plans administered by PSPRS. *Table 1* shows membership by plan. Members of the DROP agree to retire at a specified time (within 5 years of the agreement). During the DROP period, members make no contributions and their retirement benefits are paid to a separate account, which provides a lump sum payment to members at retirement.

	FY 2010 Plan Members		
	Active	Retirees & Beneficiaries	DROP
PSPRS	19,468	8,954	1,093
CORP	14,319	2,908	N/A
EORP	827	921	N/A
Total	34,614	12,783	1,093

Table 2 shows each plan's assets and liabilities. To calculate the unfunded liability of each plan, actuaries use a modified amount for asset values to reflect certain plan assumptions. *Table 2* reflects current market values for assets and not the actuarial value.

	Assets and Liabilities by Plan (in millions)			
	FY 2009		FY 2010	
	Market Value of Assets	Total Liability	Market Value of Assets	Total Liability
PSPRS	\$4,116	\$7,989	\$4,586	\$8,492
CORP	961	1,584	1,113	1,722
EORP	258	506	280	536
Total	\$5,335	\$10,079	\$5,979	\$10,750

SUMMARY OF FUNDS

Fire Fighter and Peace Officer Cancer Insurance Policy Program Administrative Expenses (No Fund Number/A.R.S. § 38-643) **Non-Appropriated**

Source of Revenue: Consists of employer contributions of \$180 per fire fighter participating in the Public Safety Personnel Retirement System (PSPRS) as of June 30 of each year.

Purpose of Fund: The account allows the Fund Manager to obtain a group cancer insurance policy to provide coverage to fire fighters for expenses incurred in the treatment of cancer that was first diagnosed after membership in PSPRS. The Fund Manager may use up to 10% of the monies deposited in the account for administrative expenses.

Funds Expended 33,800 20,000
Year-End Fund Balance 0 0

Investment and Administrative Expenses (No Fund Number/A.R.S. § 38-843; 38-802; 38-882) **Non-Appropriated**

Source of Revenue: Public Safety Personnel Retirement Fund; Elected Officials' Retirement Fund; Correctional Officer Retirement Fund.

Purpose of Fund: A 5-member governing board called the Fund Manager administers PSPRS, the Elected Officials' Retirement Plan (EORP), and the Correctional Officer Retirement Plan (CORP). Authority is granted in statute for the Fund Manager to spend monies from each fund to pay for necessary administration and investment expenses.

Funds Expended 27,913,400 28,600,000
Year-End Fund Balance 0 0

Arizona Department of Racing

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	41.5	40.5	40.5
Personal Services	1,153,500	1,273,500	1,273,500
Employee Related Expenditures	476,500	487,800	487,800
Professional and Outside Services	103,400	93,000	93,000
Travel - In State	77,900	47,300	47,300
Travel - Out of State	1,600	1,700	1,700
Other Operating Expenditures	220,500	180,800	180,800
Equipment	1,500	0	0
OPERATING SUBTOTAL	2,034,900	2,084,100	2,084,100
SPECIAL LINE ITEMS			
Breeders' Award	246,700	0	0
County Fair Racing	340,200	0	0
County Fairs Livestock and Agricultural Promotion	1,779,500	1,779,500	1,779,500
County Fairs Racing Betterment	519,400	0	0
Racing Administration	42,800	0	0
AGENCY TOTAL	4,963,500	3,863,600	3,863,600
FUND SOURCES			
General Fund	4,963,500	3,863,600	3,863,600
SUBTOTAL - Appropriated Funds	4,963,500	3,863,600	3,863,600
Other Non-Appropriated Funds	30,700	16,900	16,900
TOTAL - ALL SOURCES	4,994,200	3,880,500	3,880,500

AGENCY DESCRIPTION — The Arizona Department of Racing regulates the pari-mutuel horse and greyhound racing industries through the supervision of race meetings, screening of license applicants, collection of taxes and fees, and assessment of fines or other penalties. The Division of Boxing Regulation is responsible for licensing, investigating, and regulating professional boxing, tough man, and nontraditional fighting contests within Arizona.

Operating Budget

The Baseline includes \$2,084,100 and 40.5 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

County Fairs Livestock and Agricultural Promotion

The Baseline includes \$1,779,500 from the General Fund for County Fairs Livestock and Agricultural Promotion in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are deposited in the County Fairs Livestock and Agricultural Promotion Fund in the Office of the Governor. The fund is used to promote Arizona's livestock and agricultural resources and conduct an annual Livestock Fair at the Coliseum and Exposition Center.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The amount appropriated to the County Fairs Livestock and Agricultural Promotion line item is for deposit in the County Fairs Livestock and Agricultural Promotion Fund administered by the Office of the Governor.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Breeders Award Fund (RCA2206/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: General Fund appropriations. Expenditures are not displayed to avoid double counting the General Fund.		
Purpose of Fund: To award the breeder of every winning horse, greyhound foaled or whelped, statewide.		
Funds Expended	0	0
Year-End Fund Balance	2,600	2,600
County Fair Racing Fund (RCA2170/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: General Fund appropriations. Expenditures are not displayed to avoid double counting the General Fund.		
Purpose of Fund: Provides funding for the administration of county fair racing.		
Funds Expended	0	0
Year-End Fund Balance	95,300	95,300
County Fairs Racing Betterment Fund (RCA2207/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: General Fund appropriations. Expenditures are not displayed to avoid double counting the General Fund.		
Purpose of Fund: To provide a grant for capital improvements to each eligible county fair association conducting a county fair racing meeting, in order to protect the health and safety of race participants.		
Funds Expended	0	0
Year-End Fund Balance	56,300	56,300
Greyhound Adoption Fund (RCA2015/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: License fees collected from dog breeders, racing kennels, and other operations where greyhounds are raised for dog racing. Additional monies are collected by the horse adoption surcharge that receives 5% of all horse racing related fines.		
Purpose of Fund: To provide funding for grants to non-profit organizations for the promotion and adoption of retired racing greyhounds and horses.		
Funds Expended	0	0
Year-End Fund Balance	1,900	5,400
Racing Administration Fund (RCA2018/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: General Fund appropriations. Expenditures are not displayed to avoid double counting the General Fund.		
Purpose of Fund: To administer the Arizona County Fairs Racing Betterment Fund, the Arizona Breeders' Award Fund, the Arizona Stallion Award Fund, and the Greyhound Adoption Fund.		
Funds Expended	0	0
Year-End Fund Balance	31,800	31,800
Racing Investigation Fund (RCA2369/A.R.S. § 41-705)		Non-Appropriated
Source of Revenue: Monies collected from persons, partnerships, associations or corporations that hold a permit for a racing meeting under Title 5.		
Purpose of Fund: To cover the cost of racing investigations by the Arizona Department of Racing. The fund is administered by the Department of Administration and disbursements are made pursuant to instructions from the director of the Department of Racing.		
Funds Expended	30,700	0
Year-End Fund Balance	10,400	55,800
Stallion Award Fund (RCA2315/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: General Fund appropriations. Expenditures are not displayed to avoid double counting the General Fund.		
Purpose of Fund: To award owners or lessees of stallions that bred winning horses within the state.		
Funds Expended	0	0
Year-End Fund Balance	6,600	6,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Unarmed Combat Fund (RCA2393/A.R.S. § 5-225)		Non-Appropriated
Source of Revenue: Fees established by the Boxing Commission for unarmed combat events.		
Purpose of Fund: To pay for the administration and regulation of unarmed combat.		
Funds Expended	0	16,900
Year-End Fund Balance	31,000	29,100

Radiation Regulatory Agency

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	32.0	32.0	28.0
Personal Services	550,100	550,100	550,100
Employee Related Expenditures	309,100	309,100	309,100
Professional and Outside Services	6,400	6,400	6,400
Travel - In State	200	200	200
Other Operating Expenditures	167,000	155,400	155,400
Equipment	1,000	1,000	1,000
OPERATING SUBTOTAL	1,033,800	1,022,200	1,022,200
SPECIAL LINE ITEMS			
Nuclear Emergency Management Fund	635,600	639,500	0
AGENCY TOTAL	1,669,400	1,661,700	1,022,200

FUND SOURCES

General Fund	1,404,200	1,396,500	757,000
<u>Other Appropriated Funds</u>			
State Radiologic Technologist Certification Fund	265,200	265,200	265,200
SUBTOTAL - Other Appropriated Funds	265,200	265,200	265,200
SUBTOTAL - Appropriated Funds	1,669,400	1,661,700	1,022,200
Other Non-Appropriated Funds	300,000	565,400	575,400
Federal Funds	531,600	531,600	531,600
TOTAL - ALL SOURCES	2,501,000	2,758,700	2,129,200

AGENCY DESCRIPTION — The department regulates the use, storage, and disposal of sources of radiation. This includes licensing or certifying users, inspecting x-ray equipment, developing emergency response capability, and monitoring environmental radiation.

Operating Budget

The Baseline includes \$1,022,200 and 28 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$757,000
State Radiologic Technologist Certification Fund	265,200

These amounts are unchanged from FY 2011.

Nuclear Emergency Management Fund

The Baseline includes no funding for the Nuclear Emergency Management Fund (NEMF) in FY 2012. FY 2012 adjustments would be as follows:

NEMF Decrease	GF	(639,500)
The Baseline includes a decrease of \$(639,500) and (4) FTE Positions from the General Fund for the elimination of Nuclear Emergency Management Fund monies in FY 2012. The FY 2012 allocation will be made through a		

bill separate from the General Appropriation Act, the amount of which will be determined at a later date.

The Legislature is required to biennially assess a fee against each group of public service and municipal corporations operating the Palo Verde Nuclear Generating Station. The fee is set at a level to offset the General Fund appropriation to the NEMF.

Monies in the NEMF are used for the development and maintenance of a state plan for off-site responses to an emergency caused by an accident at a commercial nuclear generating station. NEMF monies are also used to provide for the equipment, personnel, facilities, training, and testing necessary to comply with federally prescribed criteria.

Monies appropriated to the NEMF are exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations, except that monies left unexpended or unencumbered at the end of the fiscal year shall be used to offset the next year's assessment and appropriation.

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FORMAT — Lump Sum by Agency

STATUTORY CHANGES

As session law, the FY 2012 Baseline would permit the director of the Radiation Regulatory Agency to continue fee increases authorized in earlier years. As in earlier

years, the Baseline also includes legislative intent that the fees would not generate more than \$500,000. It is anticipated that the department will continue fee increases for inspecting and certifying x-ray, laser, and other radiological equipment. In FY 2011, the department estimates collecting \$500,400, which will be deposited into the Service Fee Increase Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (AEA2000/A.R.S. § 30-654)		Non-Appropriated
Source of Revenue: Federal grants and miscellaneous revenue.		
Purpose of Fund: To track radiation levels, assess and reduce radon levels, and monitor x-ray facilities in the state.		
Funds Expended	531,600	531,600
Year-End Fund Balance	30,800	63,000
Laser Safety Fund (AEA2138/A.R.S. § 32-3234)		Non-Appropriated
Source of Revenue: Fees collected from the authorization of certificates to individuals that operate lasers of Intense Pulsed Light (IPL) devices for health and cosmetic related purposes.		
Purpose of Fund: To fund the costs of issuing licenses to individuals that operate lasers or IPL devices for health related purposes.		
Funds Expended	0	65,000
Year-End Fund Balance	0	0
Nuclear Emergency Management Fund (AEA2138/A.R.S. § 26-306.02)		Non-Appropriated
Source of Revenue: An assessment levied against a consortium of corporations that operate the Palo Verde Nuclear Generating Station.		
Purpose of Fund: To administer and enforce the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Service Fees Increase Fund (AEA1050/ Laws 2010, 7th Special Session, Chapter 12)		Non-Appropriated
Source of Revenue: General Fund fee increase from fees raised pursuant to Laws 2010, 7th Special Session, Chapter 12.		
Purpose of Fund: Operating activities.		
Funds Expended	300,000	500,400
Year-End Fund Balance	297,000	297,000
State Radiologic Technologist Certification Fund (AEA2061/A.R.S. § 32-2823)		Appropriated
Source of Revenue: License fees paid by x-ray technologists.		
Purpose of Fund: To provide for the licensing of x-ray technologists and the investigation of complaints.		
Funds Expended	265,200	265,200
Year-End Fund Balance	79,700	63,900

Arizona Rangers' Pensions

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
Other Operating Expenditures	14,000	14,200	0
AGENCY TOTAL	14,000	14,200	0
FUND SOURCES			
General Fund	14,000	14,200	0
SUBTOTAL - Appropriated Funds	14,000	14,200	0
TOTAL - ALL SOURCES	14,000	14,200	0

AGENCY DESCRIPTION — Provided a monthly benefit for the one remaining surviving spouse of an Arizona Ranger.

Operating Budget

The Baseline includes \$0 from the General Fund for the operating budget in FY 2012. FY 2012 adjustments would be as follows:

		<u>FY 2012</u>
End of Program	GF	\$(14,200)

The Baseline includes a decrease of \$(14,200) from the General Fund for end of the program in FY 2012. The one remaining recipient died during FY 2011.

State Real Estate Department

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	57.0	55.0	55.0
Personal Services	1,604,700	1,536,600	1,536,600
Employee Related Expenditures	835,400	834,200	834,200
Professional and Outside Services	44,300	15,300	15,300
Travel - In State	2,500	10,000	10,000
Travel - Out of State	100	2,000	2,000
Other Operating Expenditures	505,000	578,200	578,200
Equipment	15,200	11,000	11,000
AGENCY TOTAL	3,007,200	2,987,300	2,987,300
FUND SOURCES			
General Fund	3,007,200	2,987,300	2,987,300
SUBTOTAL - Appropriated Funds	3,007,200	2,987,300	2,987,300
Other Non-Appropriated Funds	53,500	0	0
TOTAL - ALL SOURCES	3,060,700	2,987,300	2,987,300

AGENCY DESCRIPTION — The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools. The department collects various filing and licensing fees, which are deposited into the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.

Operating Budget

The Baseline includes \$2,987,300 and 55 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Condominium Recovery Fund (REA3121/A.R.S. § 32-2193.32)		Non-Appropriated
Source of Revenue: The Condominium Recovery Fund is funded by a fee of \$10 per condominium unit requested by a developer in a Public Report application.		
Purpose of Fund: To benefit consumers who have suffered a direct out-of-pocket loss due to an unfinished condominium project.		
Funds Expended	0	0
Year-End Fund Balance	17,000	23,000
Education Revolving Fund (REA4011/A.R.S. § 32-2107)		Non-Appropriated
Source of Revenue: Sale of the department's educational publications, primarily the <i>Real Estate Lawbook</i> .		
Purpose of Fund: To cover the department's costs of printing real estate regulation books and other public information publications, and to cover the department's costs for other educational efforts, including sponsoring and holding the educational seminars or workshops for educators and other licensees. All monies in excess of \$25,000 at the end of the fiscal year shall revert to the General Fund.		
Funds Expended	50,100	0
Year-End Fund Balance	25,000	25,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Recovery Fund (REA3119/A.R.S. § 32-2186)		Non-Appropriated
<p>Source of Revenue: A fee of \$20 for brokers and \$10 for salespersons, paid upon application for an original real estate or cemetery license. A surcharge on license renewals is assessed if the fund balance on June 30 of any year falls below \$600,000. The fund also consists of restitution paid by persons convicted of real estate fraud and ordered to repay a judgment awarded out of the Recovery Fund.</p> <p>Purpose of Fund: To compensate persons who have been defrauded in a real estate transaction and subsequently suffered monetary losses. Those persons may seek a court order for an award from the Recovery Fund if the person who committed the fraud has no assets. Monies also provide for the department's cost of administering the fund.</p>		
Funds Expended	3,400	0
Year-End Fund Balance	174,700	143,300

Residential Utility Consumer Office

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	11.0	11.0	11.0
Personal Services	574,800	720,400	720,400
Employee Related Expenditures	208,700	240,800	240,800
Professional and Outside Services	1,900	2,400	2,400
Travel - In State	3,100	8,600	8,600
Travel - Out of State	0	7,000	7,000
Other Operating Expenditures	155,400	162,900	162,900
Equipment	100	0	0
OPERATING SUBTOTAL	944,000	1,142,100	1,142,100
SPECIAL LINE ITEMS			
Professional Witnesses	252,900	145,000	145,000
AGENCY TOTAL	1,196,900	1,287,100	1,287,100

FUND SOURCES

Other Appropriated Funds

Residential Utility Consumer Office Revolving Fund	1,196,900	1,287,100	1,287,100
SUBTOTAL - Other Appropriated Funds	1,196,900	1,287,100	1,287,100
SUBTOTAL - Appropriated Funds	1,196,900	1,287,100	1,287,100
TOTAL - ALL SOURCES	1,196,900	1,287,100	1,287,100

AGENCY DESCRIPTION — The Residential Utility Consumer Office (RUCO) serves as an advocate for residential customers of public utilities in rate hearings held before the Arizona Corporation Commission. Through its technical staff and expert consultants, RUCO analyzes utility company data to determine appropriate positions to take and present on behalf of residential ratepayers. The RUCO Director is appointed by the Governor.

Operating Budget

The Baseline includes \$1,142,100 and 11 FTE Positions from the RUCO Revolving Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Professional Witnesses

The Baseline includes \$145,000 from the RUCO Revolving Fund for Professional Witnesses in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are used to fund expert witness testimony at utility rate hearings.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Monies in the Professional Witnesses Special Line Item are a continuing appropriation and are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Residential Utility Consumer Office Revolving Fund (UOA2175/A.R.S. § 40-409)		Appropriated
Source of Revenue: An assessment against public service corporations, as defined by A.R.S. § 40-401.01.		
Purpose of Fund: To operate the Residential Utility Consumer Office.		
Funds Expended	1,196,900	1,287,100
Year-End Fund Balance	1,283,000	1,125,800

Board of Respiratory Care Examiners

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	164,600	162,600	162,600
Employee Related Expenditures	53,400	54,400	54,400
Professional and Outside Services	5,200	5,200	5,200
Travel - In State	600	800	800
Other Operating Expenditures	38,900	40,000	40,000
AGENCY TOTAL	262,700	263,000	263,000

FUND SOURCES

Other Appropriated Funds

Board of Respiratory Care Examiners Fund	262,700	263,000	263,000
SUBTOTAL - Other Appropriated Funds	262,700	263,000	263,000
SUBTOTAL - Appropriated Funds	262,700	263,000	263,000
TOTAL - ALL SOURCES	262,700	263,000	263,000

AGENCY DESCRIPTION — The board licenses and regulates respiratory care practitioners. A respiratory therapist performs inhalation therapy and respiratory therapy, which includes administering pharmacological, diagnostic, and therapeutic agents, as directed by a physician.

Operating Budget

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The Baseline includes \$263,000 and 4 FTE Positions from the Board of Respiratory Care Examiners Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Board of Respiratory Care Examiners Fund (RBA2269/A.R.S. § 32-3505)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of respiratory care practitioners. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate respiratory care practitioners, and for board administration.		
Funds Expended	262,700	263,000
Year-End Fund Balance	288,500	311,500

Arizona State Retirement System

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	236.0	236.0	236.0
Personal Services	11,223,200	11,866,900	11,866,900
Employee Related Expenditures	4,255,400	4,668,500	4,668,500
Professional and Outside Services	4,231,400	3,881,800	3,881,800
Travel - In State	43,200	53,600	53,600
Travel - Out of State	31,500	25,000	25,000
Other Operating Expenditures	2,525,800	2,496,800	3,838,500
Equipment	461,700	377,500	377,500
OPERATING SUBTOTAL	22,772,200	23,370,100	24,711,800
SPECIAL LINE ITEMS			
ASRS Plan Design Changes	0	1,341,700	0
AGENCY TOTAL	22,772,200	24,711,800	24,711,800

FUND SOURCES

Other Appropriated Funds

Long-Term Disability Administration Account	2,788,200	2,800,000	2,800,000
State Retirement System Administration Account	19,984,000	21,911,800	21,911,800
SUBTOTAL - Other Appropriated Funds	22,772,200	24,711,800	24,711,800
SUBTOTAL - Appropriated Funds	22,772,200	24,711,800	24,711,800
Other Non-Appropriated Funds	40,763,200	55,211,500	58,951,700
TOTAL - ALL SOURCES	63,535,400	79,923,300	83,663,500

AGENCY DESCRIPTION — The Arizona State Retirement System (ASRS) provides retirement, survivors, health and disability benefits to employees of most public employers in Arizona, including public schools, most local and county governments, and the State of Arizona. As of the June 30, 2010 valuation, ASRS membership included approximately 213,530 active (working and contributing) members, 209,605 inactive members, 101,307 retired members and survivor beneficiaries, and 4,724 long-term disabled members. ASRS has approximately \$23.1 billion in assets (market value, includes System), \$8.7 billion in unfunded liability (includes System), and approximately \$2.1 billion in annual benefit payments. Funding for the agency is appropriated except for investment management and consulting fees, rent, actuarial consulting fees, legal counsel costs, retiree payroll and health insurance program administration.

Operating Budget

The Baseline includes \$24,711,800 and 236 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
State Retirement System Administration Account	\$21,911,800
Long-Term Disability Administration Account	2,800,000

FY 2012 adjustments would be as follows:

Shift Special Line Item Funding to Operations **OF** **1,341,700**

The Baseline includes an increase of \$1,341,700 from the State Retirement System Administration Account for a shift of resources from the ASRS Design Plan Changes SLI in FY 2012. There is no net change in resources.

ASRS Design Plan Changes

The Baseline includes no funding for the ASRS Design Plan Changes Special Line Item in FY 2012. The FY 2012 adjustments would be as follows:

Elimination of Design Plan Changes SLI **OF** **(1,341,700)**

The Baseline includes a decrease of \$(1,341,700) from the State Retirement System Administration Account to eliminate one-time costs in FY 2012. This amount is shifted to the operating budget for operating costs. There is no net change in agency resources.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Administrative Account - Investment Expenses (RSA1407/A.R.S. § 38-721)		Non-Appropriated
Source of Revenue: Transfer from the State Retirement Fund.		
Purpose of Fund: Investment management fees and related consulting fees, actuarial consulting fees, rent, and retiree payroll. Funding is subject to Retirement Board approval.		
Funds Expended	40,734,400	55,211,500
Year-End Fund Balance	0	0
Long-Term Disability Administration Account (RSA1408/A.R.S. § 38-797.02)		Partially-Appropriated
Source of Revenue: Long-Term Disability (LTD) Trust Fund.		
Purpose of Fund: To pay for the cost of administering the LTD program.		
Appropriated Funds Expended	2,788,200	2,800,000
Non-Appropriated Funds Expended	28,800	0
Year-End Fund Balance	0	0
State Retirement System Administration Account (RSA1401/A.R.S. § 38-721)		Appropriated
Source of Revenue: Transfer from the State Retirement Fund.		
Purpose of Fund: To pay the Arizona State Retirement System's administrative expenses.		
Funds Expended	19,984,000	21,911,800
Year-End Fund Balance	377,800	0

Department of Revenue

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	873.0	935.0	935.0
Personal Services	25,919,600	32,985,100	32,985,100
Employee Related Expenditures	9,196,500	13,129,000	13,129,000
Professional and Outside Services	2,815,700	3,007,600	3,007,600
Travel - In State	207,100	304,600	304,600
Travel - Out of State	67,600	422,500	422,500
Other Operating Expenditures	10,113,300	6,697,400	6,697,400
Equipment	823,600	627,100	627,100
OPERATING SUBTOTAL	49,143,400	57,173,300	57,173,300
SPECIAL LINE ITEMS			
BRITS Operational Support	3,623,600	5,577,700	5,577,700
Temporary Collectors	3,000,000	2,914,300	2,914,300
Unclaimed Property Administration and Audit	2,110,900	1,770,000	1,770,000
AGENCY TOTAL	57,877,900	67,435,300	67,435,300
FUND SOURCES			
General Fund	37,515,700	43,709,000	43,709,000
<u>Other Appropriated Funds</u>			
Department of Revenue Administrative Fund	19,336,400	22,662,500	22,662,500
Liability Setoff Fund	358,600	390,600	390,600
Tobacco Tax and Health Care Fund	667,200	673,200	673,200
SUBTOTAL - Other Appropriated Funds	20,362,200	23,726,300	23,726,300
SUBTOTAL - Appropriated Funds	57,877,900	67,435,300	67,435,300
Other Non-Appropriated Funds	24,362,900	18,130,000	19,030,000
TOTAL - ALL SOURCES	82,240,800	85,565,300	86,465,300

AGENCY DESCRIPTION — The Department of Revenue (DOR) administers and enforces the collection of personal and corporate income, sales, withholding, luxury and estate taxes. The department administers state property tax laws through the 15 county assessors. The department does not collect transportation related fees and taxes, nor the insurance premium tax.

Operating Budget

The Baseline includes \$57,173,300 and 897 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$35,217,000
DOR Administrative Fund	20,892,500
Liability Setoff Fund	390,600
Tobacco Tax and Health Care Fund	673,200

These amounts are unchanged from FY 2011.

Business Reengineering/Integrated Tax System (BRITS) Operational Support

The Baseline includes \$5,577,700 and 38 FTE Positions from the General Fund for operational support of BRITS in FY 2012. These amounts are unchanged from FY 2011.

Monies in this line item are used for annual server and printer replacement costs, increased BRITS data storage requirements, and information technology personnel to operate and maintain the BRITS system.

Temporary Collectors

The Baseline includes \$2,914,300 from the General Fund for Temporary Collectors in FY 2012. These amounts are unchanged from FY 2011.

Monies in this line item are used to hire temporary collectors to assist in the collection of already established debt.

Unclaimed Property Administration and Audit

The Baseline includes \$1,770,000 from the DOR Administrative Fund for Unclaimed Property

Administration and Audit in FY 2012. These amounts are unchanged from FY 2011.

Monies in this line item are used for the administrative costs of unclaimed or abandoned property. Contract auditors retain 12.5% of the dollar value of properties they recover. This amount is currently estimated at \$1,770,000.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The \$2,914,300 appropriated from the state General Fund for Temporary Collectors is to collect established debt. The department shall report its results to the Joint Legislative Budget Committee on or before January 31, 2012.

If 12.5% of the total dollar value of properties recovered by unclaimed property contract auditors exceeds \$1,770,000, the excess amount shall be transferred from the State General Fund to the DOR Administrative Fund

and appropriated to the department for contract auditor fees.

The department shall report the department's General Fund revenue enforcement goals for FY 2012 to the Joint Legislative Budget Committee by July 31, 2011. The department shall provide an annual progress report to the Joint Legislative Budget Committee as to the effectiveness of the department's overall Enforcement and Collections Program for FY 2012 by July 31, 2012. The reports shall include a comparison of projected and actual General Fund revenue enforcement collections for FY 2012.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

The funding for the administration of the Health Insurance Premium Tax Credit has been shifted into the operating budget in FY 2012 and all fiscal years have been displayed accordingly.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Client County Equipment Capitalization Fund (RVA2457/A.R.S. § 42-11057)		Non-Appropriated
Source of Revenue: Monies received over \$0.60 per parcel pursuant to an intergovernmental agreement between the department and the county assessor for data processing services. The first \$0.60 per parcel is deposited to the General Fund.		
Purpose of Fund: To upgrade data processing property tax equipment in the counties, which contract with the department to provide data processing services to their county assessors. Any unencumbered fiscal year-end balance over \$300,000 shall be transferred to the General Fund.		
Funds Expended	141,700	100,000
Year-End Fund Balance	106,400	6,400
Department of Revenue Administrative Fund (RVA1993/A.R.S. § 44-313)		Appropriated
Source of Revenue: The sale of abandoned property, including bank accounts, safe deposit boxes, stock certificates, utility deposits, life insurance policies and unclaimed victim restitution monies. Property is typically considered "abandoned" after 3 years. Beginning in FY 2010, Laws 2009, 4th Special Session, Chapter 3 establishes the DOR Administrative Fund and redirects \$24,500,000 each year in unclaimed property proceeds to this fund.		
Purpose of Fund: To cover the Department of Revenue's operating costs including unclaimed property contract auditors and the handling, publicizing and selling of abandoned property.		
Funds Expended	19,336,400	22,662,500
Year-End Fund Balance	3,325,100	3,325,100
Escheated Estates Fund (RVA3745/A.R.S. § 12-885)		Non-Appropriated
Source of Revenue: The fund consists of monies from the sale of escheated estates. Property escheats, or reverts to the state, after 5 years when there is no will to transmit the property and there are no legal heirs to inherit it.		
Purpose of Fund: To deposit proceeds from the sale of escheated property and hold them in the fund for 12 months, from which payment of claims may be made, before being transferred to the Permanent State School Fund. Transfers to the Permanent School Fund totaled \$800 in FY 2010.		
Funds Expended	0	0
Year-End Fund Balance	225,500	225,500

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Estate and Unclaimed Property Fund (RVA1520/A.R.S. § 44-301)		Non-Appropriated
Source of Revenue: The fund consists of monies from the sale of abandoned property, including bank accounts, safe deposit boxes, stock certificates, utility deposits, life insurance policies and unclaimed victim restitution monies. Property is typically considered "abandoned" after 3 years. Notwithstanding the title of this fund, it no longer includes the proceeds of escheated estates. Those funds are deposited to the department's Escheated Estates Fund.		
Purpose of Fund: The appropriated portion of the fund covers the department's administrative costs including unclaimed property contract auditors and the handling, publicizing and selling of abandoned property. The department retains not less than \$100,000 in the non-appropriated portion of the fund to pay allowed claims, while the state attempts to locate abandoned property owners. Once monies are determined to be "unreturnable" they are disbursed as follows: Monies associated with unclaimed utility deposits are transferred to the Utility Assistance Fund. Monies from unclaimed shares and dividends of Arizona corporations and unclaimed property in a self-storage unit are transferred to the Permanent State School Fund. Unclaimed victim restitution monies are transferred to the Arizona Criminal Justice Commission's Victim Compensation and Assistance Fund. Beginning in FY 2010, Laws 2009, 4th Special Session, Chapter 3 requires that the first \$10,500,000 in unclaimed property proceeds be deposited into the Housing Trust Fund, the next \$24,500,000 into the DOR Administrative Fund and all remaining monies be redirected to the General Fund.		
Funds Expended	24,207,900	18,000,000
Year-End Fund Balance	2,250,100	2,210,100
I Didn't Pay Enough Fund (RVA6001/A.R.S. § 43-211)		Non-Appropriated
Source of Revenue: Voluntary contributions from taxpayers.		
Purpose of Fund: Up to 10% of annual deposits may be used by DOR to administer the fund. Any unexpended monies revert to the General Fund at the close of the fiscal year.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Liability Setoff Fund (RVA2179/A.R.S. § 42-1122)		Appropriated
Source of Revenue: Fees collected from agencies or taxpayers utilizing the setoff procedure. The Department of Revenue withholds taxpayer refunds to satisfy debts owed by the taxpayers to certain state agencies, such as delinquent child support payments owed to the Department of Economic Security.		
Purpose of Fund: To cover the Department of Revenue's costs of administering the Liability Setoff program.		
Funds Expended	358,600	390,600
Year-End Fund Balance	80,400	312,100
Revenue Publications Revolving Fund (RVA2166/A.R.S. § 42-1004)		Non-Appropriated
Source of Revenue: Receipts from the sale of department tax-related publications.		
Purpose of Fund: To offset costs of publishing and distributing tax-related publications.		
Funds Expended	13,300	30,000
Year-End Fund Balance	36,700	41,700
Special Collections Fund (RVA2168/A.R.S. § 42-1004)		Non-Appropriated
Source of Revenue: This fund consists of all monies received pursuant to contingent fee contracts to collect delinquent state taxes, penalties and interest due under A.R.S. Title 43 (taxation of income) and Title 42, Chapter 8, Article 1 (transaction privilege taxes).		
Purpose of Fund: To pay all fees and court costs provided for in contingent fee collection contracts authorized by A. R. S. § 42-1004B3. The remainder of the collected amounts is distributed to the state or political subdivisions according to the distribution proportions for the tax collected. No revenue was collected from contracted collections in FY 2010.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Statewide Employee Recognition Gifts/Donations Fund (RVA2449/A.R.S. § 35-149)		Non-Appropriated
Source of Revenue: Gifts and donations from public and private entities.		
Purpose of Fund: For employee recognition programs that recognize and award the performance, achievement, longevity or major life event of department employees.		
Funds Expended	0	0
Year-End Fund Balance	4,400	4,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Tobacco Tax and Health Care Fund (RVA1306/A.R.S. § 36-771)		Appropriated
Source of Revenue: The fund consists of tobacco taxes retained by the department to administer the tobacco tax program.		
Purpose of Fund: To monitor and enforce tobacco tax laws.		
Funds Expended	667,200	673,200
Year-End Fund Balance	642,300	15,100
Waste Tire Fund (RVA2356/A.R.S. § 44-1305)		Non-Appropriated
Source of Revenue: Collections from a fee on new tire purchases and penalties for violations.		
Purpose of Fund: Up to 3.5% of the monies in the fund are transferred quarterly to the Department of Environmental Quality (DEQ) to monitor and enforce the requirements of A.R.S. Title 44, Chapter 9, Article 8, Waste Tire Disposal. The remainder is distributed quarterly to counties to establish and implement waste tire programs. Monies in the fund are exempt from lapsing under A.R.S. § 35-190. Transfers totaled \$7,925,200 in FY 2010, including \$277,400 to DEQ and \$7,647,800 to counties.		
Funds Expended	0	0
Year-End Fund Balance	1,895,800	1,895,800

School Facilities Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	18.0	17.0	17.0
Personal Services	775,500	760,400	760,400
Employee Related Expenditures	299,900	259,000	259,000
Professional and Outside Services	134,900	144,000	144,000
Travel - In State	18,500	30,000	30,000
Other Operating Expenditures	184,900	193,400	193,400
Equipment	8,700	5,700	5,700
OPERATING SUBTOTAL	1,422,400	1,392,500	1,392,500
SPECIAL LINE ITEMS			
Building Renewal Grants	2,667,900	2,667,900	2,667,900
New School Facilities	0	0	0
New School Facilities Debt Service	100,604,700	63,520,100	160,105,700
AGENCY TOTAL	104,695,000	67,580,500	164,166,100
FUND SOURCES			
General Fund	104,695,000	67,580,500	164,166,100
SUBTOTAL - Appropriated Funds	104,695,000	67,580,500	164,166,100
Other Non-Appropriated Funds	100,462,900	140,820,400	123,445,300
Federal Funds	59,600	13,428,000	5,780,400
TOTAL - ALL SOURCES	205,217,500	221,828,900	293,391,800

AGENCY DESCRIPTION — The School Facilities Board (SFB) is composed of 8 gubernatorial appointments and the Superintendent of Education. The board administers the New School Facilities Fund, the Building Renewal Fund, the Building Renewal Grants Fund, and the Emergency Deficiencies Correction Fund to provide capital funding for K-12 school districts.

Operating Budget

The Baseline includes \$1,392,500 and 17 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Building Renewal Grants

The Baseline includes \$2,667,900 from the General Fund for Building Renewal Grants in FY 2012. This amount is unchanged from FY 2011.

The Building Renewal Grants Fund was created in FY 2009 to provide grant-based funding for building renewal projects. The fund consists of legislative appropriations and is administered by SFB.

SFB is to distribute monies to school districts to fund primary building renewal projects that are prioritized by SFB, with additional priority given to school districts that have provided routine preventative maintenance on their facility and that can provide a match of monies provided by the fund. Primary building renewal projects are defined

to include necessary projects that are owned by the school district and are required to meet the minimum school facility adequacy guidelines. SFB is required to only approve projects that can be completed in 12 months unless similar projects on average take longer to complete.

Since FY 2009, the Building Renewal formula has been wholly suspended, having been replaced with the Building Renewal Grants program. The FY 2012 Building Renewal Fund amount, under the suspended statutory formula, would have been \$241,593,600.

New School Facilities

The Baseline includes no funding from the General Fund for New School Facilities in FY 2012. This amount is unchanged from FY 2011.

The FY 2011 Education Budget Reconciliation Bill (BRB) (Laws 2010, 7th Special Session, Chapter 8) continued the FY 2009 - FY 2010 limitation on new school construction projects into FY 2011. While FY 2009 – FY 2011 budget legislation generally prohibited SFB from authorizing or

awarding funding for the design or construction of any new school facility, or from distributing funds for school site acquisition, Laws 2009, 3rd Special Session, Chapter 12 authorized \$100,000,000 in lease-purchase capacity primarily supported by Federal Funds. The limitation was enacted due to declines in the state's housing market and the state's population growth rate.

In FY 2011, SFB entered into \$91,325,000 worth of lease-purchase transactions to be financed through a federal program known as Qualified School Construction Bonds (QSCBs). QSCBs are taxable instruments which allow the state to receive a direct interest subsidy from the federal government. This subsidy essentially leaves the state to pay approximately 20% of the traditional taxable interest rate upon each lease-purchase payment.

SFB projects new construction to cost \$51,573,200 in FY 2011. This amount is associated with the 8 projects being financed from the federally subsidized QSCB program. SFB estimates that it will spend \$34,870,700 in FY 2012 to complete these 8 projects. In total, these projects will cost \$86,443,900 to build, including land and other site conditions.

Background – The New School Facilities SLI provides funding for school districts to build new K-12 school facilities. The board distributes the monies to school districts as work is completed on approved projects. The amounts allocated to each school district are determined by statute. A school district qualifies for new construction funding when the district-wide square feet per student falls below the statutory minimum. (As noted above, however, a limitation on new construction projects is authorized for FY 2009 – FY 2011.) Funding is then provided to the district at a statutorily prescribed dollar amount per square foot. For individual projects, the board may modify the square footage per student or the cost per square foot under certain circumstances.

The dollar amount per square foot is adjusted annually based on a construction market index identified by the Joint Legislative Budget Committee (JLBC). For FY 2011, JLBC approved a 0% adjustment. (See Table 1 for FY 2011 statutory funding guidelines.)

Type of School	Square Feet Per Student	Funding Per Square Foot ^{1/2/}
K-6	90	\$136.66
7-8	100	\$144.27
9-12 (<1,800 pupils)	134	\$167.05
9-12 (≥1,800 pupils)	125	\$167.05

^{1/} Increased by 5% for rural school districts.
^{2/} FY 2011 amounts. Adjusted annually for inflation.

In addition to state funding, districts can generate local funding for new school construction projects by holding a Class B bond election (A.R.S. § 15-1021). Class B bonds are designed to supplement, and not supplant, funding received from SFB. Space funded with Class B bond proceeds, therefore, is generally not included in the calculation for determining if a school district qualifies for funding from the board.

A.R.S. § 15-2004 prohibits the board from entering into any new lease-purchase agreements to finance new school construction, and specifies the Legislature's intent not to appropriate funding in the future for payments on any lease-purchase transactions entered into by the board from and after May 15, 2006. The FY 2010 and FY 2011 Education BRBs notwithstanding this statute for the \$100,000,000 authorization.

New School Facilities Debt Service

The Baseline includes \$160,105,700 from the General Fund for New School Facilities Debt Service in FY 2012. FY 2012 adjustments would be as follows:

FY 2012
Prior Lease-Purchase Payment Increase **GF** **\$26,464,500**

The Baseline includes an increase of \$26,464,500 from the General Fund for an increased lease-purchase payment in FY 2012. This change is the result of 2 factors: 1) The lease-purchase payment on the FY 2003 - FY 2005 outstanding lease-purchase agreements increases by \$26,464,500 in FY 2012 to reflect the current payment schedule on these 15-year agreements; 2) The lease-purchase payment on the FY 2009 outstanding issuance decreases by \$(1,000) to reflect the current payment schedule. Currently, the outstanding principal from these agreements will be \$1,184,945,000 at the end of FY 2011.

QSCB Lease-Purchase Payment **GF** **7,671,300**

The Baseline includes an increase of \$7,671,300 from the General Fund in FY 2012 for a new lease-purchase payment related to the FY 2011 QSCB issuance.

This increase reflects the entire debt service requirement for the QSCB issuance in FY 2012. The lease-purchase agreement associated with the QSCBs requires the state to appropriate the entire debt service amount for the payment, as opposed to deducting the expected federal subsidy from the payment. The state is expected to receive a federal subsidy of \$6,213,800 in FY 2012 related to the lease-purchase payment. These funds will be deposited as revenue into the state General Fund, thereby leaving a net debt service obligation of \$1,457,500.

Backfill Lease-Purchase Refinance **GF** **60,000,000**

The Baseline includes an increase of \$60,000,000 from the General Fund to backfill one-time savings related to the FY 2011 refinancing of SFB's outstanding new

construction lease-purchase payments in FY 2012. The FY 2011 Education BRB required SFB to enter into a refinancing or refunding agreement that reduced the board's FY 2011 lease-purchase obligations by up to \$60,000,000. The legislation prohibited this agreement from reducing lease-purchase payments in other years in order to prevent multi-year savings from the refinancing agreement. The refinancing was executed in early FY 2011.

Lease-Purchase Refinance Payment GF 2,449,800

The Baseline includes an increase of \$2,449,800 from the General Fund in FY 2012 for a new lease-purchase payment due to the FY 2011 refinance.

The FY 2011 refinance was carried out by the state issuing additional Certificates of Participation (COPs), and using these funds to pay a portion of the existing FY 2011 debt service requirements, along with any transaction costs.

Because the transaction involved the issuance of additional COPs, the state will be required to make payments related to this issuance, beginning in FY 2012, and extending through FY 2020. The outstanding principal on the COPs will be paid in FY 2019 and FY 2020, where the lease-purchase payments increase to \$20,273,300 and \$41,633,400, respectively.

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

New Footnotes

Pursuant to A.R.S. § 35-142.01, any reimbursement received by or allocated to the School Facilities Board under the federal Qualified School Construction Bond program in FY 2012 shall be deposited into or revert to the state General Fund. *This footnote would ensure the state receives the assumed General Fund savings due to the federal subsidy from the Qualified School Construction Bond program.*

STATUTORY CHANGES

The Baseline would:

- As session law, continue to prohibit SFB from authorizing or awarding funding for the design or construction of any new school facility or for school site acquisition. Continue to require school districts to submit capital plans during FY 2012 and permit SFB to review and award new school facilities, subject to future appropriations.
- As session law, continue to suspend the Building Renewal Fund formula.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Building Renewal Fund (SFA2465/A.R.S. § 15-2031)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To provide school districts with monies for maintaining the adequacy of existing school facilities. School districts must submit their 3-year Building Renewal plans before they can be awarded any Building Renewal monies. The fund balance represents monies that have not yet been distributed to districts due to the timeliness of district submitted 3-year Building Renewal plans.		
Funds Expended	0	0
Year-End Fund Balance	5,000	5,000
Building Renewal Grant Fund (SFA7777/A.R.S. § 15-2032)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
Purpose of Fund: To provide grants to school districts for maintaining the adequacy of existing school facilities. To prevent double counting, FY 2010 and FY 2011 expenditures exclude \$2,667,900 in each year from the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	2,909,100	0
Capital Reserve Fund (SFA2450/A.R.S. § 15-2003)		Appropriated
Source of Revenue: Earnings on the investment of Capital Reserve Fund balances and unobligated monies from the New School Facilities Fund that are credited to the Capital Reserve Fund by the State Treasurer on June 30 of each year.		
Purpose of Fund: To serve as a clearing account for any New School Facilities Fund monies that are unobligated at the end of each fiscal year. This allows the monies to be invested by the State Treasurer until they are appropriated back to the New School Facilities Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Deficiencies Correction Fund (SFA2455/A.R.S. § 15-2021 [repealed])		Non-Appropriated
Source of Revenue: Legislative appropriations. Does not include \$832,865,000 in Proposition 301 revenue bond proceeds or \$20,000,000 in Qualified Zone Academy Bond (QZAB) revenue bond proceeds. <i>(See the School Improvement Revenue Bond Proceeds Fund.)</i> Does not include \$246,600,000 in Permanent State School Fund revenue bond proceeds. <i>(See the State Land Trust Bond Proceeds Fund.)</i>		
Purpose of Fund: To provide school districts with monies for correcting existing deficiencies. The fund expired at the end of FY 2006, but there are expenditures in FY 2010 and FY 2011 to make outstanding district payments.		
Funds Expended	334,100	350,000
Year-End Fund Balance	468,900	0
Emergency Deficiencies Correction Fund (SFA2484/A.R.S. § 15-2022)		Non-Appropriated
Source of Revenue: Monies transferred from the New School Facilities Fund.		
Purpose of Fund: To provide school districts monies for facility emergencies.		
Funds Expended	1,596,800	345,100
Year-End Fund Balance	345,100	118,900
Federal Grants - American Recovery and Reinvestment Act (ARRA) (SFA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: To make energy efficiency upgrades in existing academic space. Funds are leveraged by requiring local school districts to provide 70% of every project dollar.		
Funds Expended	59,600	13,428,000
Year-End Fund Balance	78,400	0
Land Trust Bond Debt Service Fund (SFA5030/Laws 2003, Chapter 264)		Non-Appropriated
Source of Revenue: Monies credited to the fund from the Permanent State School Fund (A.R.S. § 37-521.B1).		
Purpose of Fund: To pay the debt service on \$246,600,000 in State Land Trust Revenue bonds.		
Funds Expended	24,249,000	24,249,300
Year-End Fund Balance	11,500	11,200
Land Trust Bond Proceeds Fund (SFA3339/Laws 2003, Chapter 264)		Non-Appropriated
Source of Revenue: Proceeds from the sale of \$246,600,000 in Permanent State School Fund revenue bonds that were issued by the School Facilities Board (SFB). <i>(See the Deficiencies Correction Fund for more information on Deficiencies Correction Program funding.)</i>		
Purpose of Fund: To provide monies for correcting existing deficiencies and for bond related expenses. These funds have been entirely expended.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Lease-to-Own Debt Service Fund (SFA2373/A.R.S. § 15-2004)		Non-Appropriated
Source of Revenue: Appropriated monies and interest earnings from the investment of lease-to-own Certificates of Participation proceeds.		
Purpose of Fund: To pay the debt service on any lease-to-own agreements entered into by SFB to finance the costs of new school construction. To prevent double counting, FY 2010 and FY 2011 expenditures exclude \$100,604,700 and \$63,520,100, respectively, from the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	279,600	254,300
New School Facilities Fund (SFA2460/A.R.S. § 15-2041)		Non-Appropriated
Source of Revenue: Appropriated monies, monies received by the State Land Department from the lease of state public school land, and proceeds from lease-to-own agreements.		
Purpose of Fund: To provide school districts with monies for constructing new school facilities, and to pay for the following: construction project management services, school building structural assessments, and land acquisition services.		
Funds Expended	9,978,700	51,573,200
Year-End Fund Balance	2,087,600	46,846,300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
School Facilities Revenue Bond Debt Service Fund (SFA5010/A.R.S. § 15-2054)		Non-Appropriated
Source of Revenue: Monies credited to the fund, if necessary, from the Permanent State School Fund (A.R.S. § 37-521.B1) or state Transaction Privilege Tax (TPT) revenues.		
Purpose of Fund: To pay the debt service on State School Facilities Revenue Bonds issued for new construction. There is no activity in this fund since State School Facilities Revenue Bonds have never been issued.		
Funds Expended	0	0
Year-End Fund Balance	0	0
School Facilities Revenue Bond Proceeds Fund (SFA3325/A.R.S. § 15-2053)		Non-Appropriated
Source of Revenue: Proceeds from the sale of up to \$200,000,000 in revenue bonds that may be issued by SFB if authorized by the Legislature.		
Purpose of Fund: To provide monies for constructing new school facilities. There is no activity in this fund since State School Facilities Revenue Bonds have never been issued.		
Funds Expended	0	0
Year-End Fund Balance	0	0
School Improvement Revenue Bond Debt Service Fund (SFA5020/A.R.S. § 15-2084)		Non-Appropriated
Source of Revenue: Revenues from a 0.6% increase in the state TPT (as approved under Proposition 301 in the 2000 General Election) and monies credited to the fund from the Permanent State School Fund.		
Purpose of Fund: To pay the debt service on \$832,865,000 in Proposition 301 revenue bonds and \$20,000,000 in QZAB revenue bonds.		
Funds Expended	64,304,300	64,302,800
Year-End Fund Balance	19,723,400	22,121,800
School Improvement Revenue Bond Proceeds Fund (SFA3335/A.R.S. § 15-2083)		Non-Appropriated
Source of Revenue: Proceeds from the sale of up to \$832,865,000 in Proposition 301 revenue bonds and \$20,000,000 in QZAB revenue bonds that were issued by the SFB. <i>(See the Deficiencies Correction Fund for more information on Deficiencies Correction Program funding.)</i>		
Purpose of Fund: To provide monies for correcting existing deficiencies and for bond related expenses. These funds have been entirely expended.		
Funds Expended	0	0
Year-End Fund Balance	0	0

Department of State - Secretary of State

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	145.1	139.1	139.1
Personal Services	4,861,200	4,958,300	4,958,300
Employee Related Expenditures	1,980,400	2,178,300	2,178,300
Professional and Outside Services	85,900	68,200	68,200
Travel - In State	11,200	11,000	11,000
Travel - Out of State	16,200	14,200	14,200
Other Operating Expenditures	1,701,500	1,450,300	1,450,300
Equipment	100,800	88,500	88,500
OPERATING SUBTOTAL	8,757,200	8,768,800	8,768,800
SPECIAL LINE ITEMS			
Election Services	799,000	4,453,300	4,453,300
Help America Vote Act (HAVA)	2,486,700	8,934,200	8,934,200
Special Election	3,762,400	0	0
Library Grants in Aid	603,700	651,400	651,400
Statewide Radio Reading Service for the Blind	97,000	97,000	97,000
AGENCY TOTAL	16,506,000	22,904,700	22,904,700
FUND SOURCES			
General Fund	13,425,100	13,301,800	13,301,800
Other Appropriated Funds			
Election Systems Improvement Fund	2,486,700	8,934,200	8,934,200
Records Services Fund	594,200	668,700	668,700
SUBTOTAL - Other Appropriated Funds	3,080,900	9,602,900	9,602,900
SUBTOTAL - Appropriated Funds	16,506,000	22,904,700	22,904,700
Other Non-Appropriated Funds	416,000	562,200	562,200
Federal Funds	3,622,100	5,633,900	5,633,900
TOTAL - ALL SOURCES	20,544,100	29,100,800	29,100,800

AGENCY DESCRIPTION — The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for recordings and filings under the Uniform Commercial Code (U.C.C.); coordinating statewide elections; receiving required filings from legislators, state officials, judges, candidates for office, campaign committees, and lobbyists; receiving filings of administrative rules, intergovernmental agency agreements, and official executive orders/proclamations; registering trade names, trademarks and limited partnerships; appointing notaries public; and certifying certain telemarketing and charitable solicitation organizations. In addition, the Department of State is the archival authority and designated repository for historical records and documents of state and local governments, as well as a designated federal document regional repository.

Operating Budget

The Baseline includes \$8,768,800 and 128.1 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$8,100,100
Record Services Fund	668,700

These amounts are unchanged from FY 2011.

These operating budget amounts take into account the recent transfer of the Arizona State Library, Archives, and

FY 2012 Baseline

Public Records (ASLAPR) to the Secretary of State's office as required by Laws 2009, Chapter 114. While ASLAPR was not transferred until September 30, 2009, FY 2010 has been adjusted for comparability.

Election Services

The Baseline includes \$4,453,300 and 11 FTE Positions from the General Fund for Election Services in FY 2012. These amounts are unchanged from FY 2011.

Election Year Funding GF 0

The Baseline includes no change in funding from the General Fund for Election Services in FY 2012. This

amount would provide funding for the 2012 presidential preference election, which will be held in February 2012.

This line item funds election-related activities, including voter registration and the certification of candidates, voting devices and the results of statewide elections. Funding is also used to publish the publicity pamphlet on state ballot propositions.

For state elections, statute requires the Secretary of State to: 1) reimburse counties for the costs of printing, labeling, and postage for sample ballots; 2) pay the cost of any recount of votes; 3) reimburse the County Recorder for the costs of certifying petition and referendum signatures; and 4) print and mail a publicity pamphlet to every household with a registered voter for any initiative or referendum.

Help America Vote Act (HAVA)

The Baseline includes \$8,934,200 from the Election Systems Improvement Fund for the Help America Vote Act (HAVA) (P.L. 107-252) in FY 2012. This amount is unchanged from FY 2011.

HAVA is federal election reform legislation that imposes several requirements on the states with respect to the conduct of federal elections. Assuming the Secretary of State spends the full appropriations in FY 2011 and FY 2012, approximately \$4,900,000 in HAVA monies would be available in FY 2013.

Special Election

The Baseline includes no funding from the General Fund for a statewide special election in FY 2012. This amount is unchanged from FY 2011.

Funding was provided in FY 2010 to pay for the statewide special election held on May 18, 2010. The special election was held to ask voters to consider Proposition 100, a constitutional amendment to authorize a temporary increase in the Transaction Privilege Tax.

Library Grants-in-Aid

The Baseline includes \$651,400 from the General Fund for Library Grants-in-Aid in FY 2012. This amount is unchanged from FY 2011.

Monies in this Special Line Item are used to fund a portion of the state match that is required for receipt of federal dollars under the Library Services and Technology Act (LSTA). Receipt of LSTA monies is dependent on the state's ability to meet a maintenance-of-effort requirement, which is tied to the state contribution made in each of the 3 prior years.

Statewide Radio Reading Service for the Blind

The Baseline includes \$97,000 from the General Fund for Statewide Radio Reading Service for the Blind in FY 2012. This amount is unchanged from FY 2011.

Monies in this Special Line Item are used to provide information access services for blind and visually impaired individuals. Services include radio information broadcasts, a telephone and web-based news reading service, and internet radio broadcasting for individuals who are outside the range of the radio broadcast.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Any transfer to or from the amount appropriated for the Election Services line item shall require review by the Joint Legislative Budget Committee.

The FY 2012 appropriation from the Election Systems Improvement Fund for HAVA is available for use pursuant to A.R.S. § 35-143.01C and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, until June 30, 2013.

The Secretary of State shall report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting by December 31, 2011 the actual amount and purpose of expenditures from the Election Systems Improvement Fund in FY 2011 and the expected amount and purpose of expenditures from the fund for FY 2012.

New Footnotes

Included in the operating lump sum appropriation of \$8,768,800 for FY 2012 is \$5,000 for the purchase of mementos and items for visiting officials. (*This footnote would allow the Secretary of State to purchase mementos and items for visiting officials. This authority is already given to the Governor and the Legislature.*)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Blue Book Revolving Fund (STA2006/A.R.S. § 41-131)		Non-Appropriated
Source of Revenue: Proceeds from the sales of Arizona Blue Books and legislative appropriations.		
Purpose of Fund: To publish the Arizona Blue Book, which contains information about the state's Executive, Legislative, and Judicial Branches.		
Funds Expended	0	0
Year-End Fund Balance	10,600	10,600
Data Processing Acquisition Fund (STA2265/A.R.S. § 41-127)		Non-Appropriated
Source of Revenue: A special recording fee on Uniform Commercial Code filings.		
Purpose of Fund: To defray the cost of improving data processing within the Office of the Secretary of State. Any uncommitted monies in excess of \$250,000 at the close of the calendar year revert to the General Fund.		
Funds Expended	96,900	96,900
Year-End Fund Balance	132,000	178,500
Election Systems Improvement Fund (STA2357/A.R.S. § 41-129)		Appropriated
Source of Revenue: Monies received from the United States government, matching monies from state, county or local governments, legislative appropriations, gifts, grants, and donations. Any monies deposited into the fund in FY 2003 and FY 2004 are appropriated to the Secretary of State. Monies deposited in the fund each subsequent year, including Federal Funds, are subject to legislative appropriation.		
Purpose of Fund: To implement the provisions of the Help America Vote Act (HAVA) (P.L. 107-252). HAVA is federal election reform legislation that imposes several requirements on the states with respect to the conduct of federal elections, including replacement of all punch-card and lever voting machines, implementation of a statewide voter registration database, and implementation of a voting system that meets federal standards.		
Funds Expended	2,486,700	8,934,200
Year-End Fund Balance	16,195,500	8,594,700
Election Training Fund (STA2521/A.R.S. § 16-407.01)		Appropriated
Source of Revenue: Receives money from cities and towns whose employees take election training courses.		
Purpose of Fund: To provide election training to officials from cities and towns.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Grants Fund (LAA2000/A.R.S. § 41-1336)		Non-Appropriated
Source of Revenue: Federal grants awarded to the state for library purposes.		
Purpose of Fund: Prescribed by the federal grantor for statewide library purposes.		
Funds Expended	3,622,100	5,633,900
Year-End Fund Balance	679,900	500
Gift Shop Revolving Fund (LAA4008/Laws 1984, Chapter 396)		Non-Appropriated
Source of Revenue: Sale of merchandise at the Capitol Museum Gift Shop.		
Purpose of Fund: To provide for state-related inventory to be sold at the Capitol Museum Gift Shop.		
Funds Expended	88,500	88,400
Year-End Fund Balance	96,300	64,900
Health Care Directives Registry (STA2508/A.R.S. § 36-3297)		Non-Appropriated
Source of Revenue: Donations from private investors.		
Purpose of Fund: To support, promote and maintain the Health Care Directives Registry		
Funds Expended	3,600	100
Year-End Fund Balance	300	200

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Notary Bond Fund (STA3000/A.R.S. § 41-314)		Non-Appropriated
Source of Revenue: The fund receives a portion of the fee collected from the processing of notary bonds.		
Purpose of Fund: To defray the cost associated with the processing and administration of notary bonds.		
Funds Expended	80,700	80,500
Year-End Fund Balance	103,100	70,100
Notary Education Fund (STA2585/A.R.S. § 41-332)		Appropriated
Source of Revenue: A fee collected from persons attending a mandatory notary training course.		
Purpose of Fund: To defray the cost associated with conducting notary education courses.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Professional Employer Organization Fund (STA2520/A.R.S. § 23-576)		Appropriated
Source of Revenue: Professional Employer Organization (PEO) registration and renewal fees.		
Purpose of Fund: To pay the costs of administering PEO registration and investigating any allegations of malfeasance.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Records Services Fund (LAA2431/A.R.S. § 41-1345)		Appropriated
Source of Revenue: Fees collected from state agencies for records storage services.		
Purpose of Fund: To help defray costs of preserving and managing the state of Arizona's public records.		
Funds Expended	594,200	668,700
Year-End Fund Balance*	69,700	(52,300)
Standing Political Committee Administration Fund (STA2426/A.R.S. § 41-128)		Non-Appropriated
Source of Revenue: Filing fees paid by standing political committees.		
Purpose of Fund: To pay the costs of administering and enforcing the campaign finance laws relating to standing political committees.		
Funds Expended	0	0
Year-End Fund Balance	46,300	60,500
State Library Fund (LAA2115/A.R.S. § 41-1336)		Non-Appropriated
Source of Revenue: Private donations, private grants and monies collected through charges for reproduction of materials in the Research Division.		
Purpose of Fund: To improve statewide library service.		
Funds Expended	146,300	296,300
Year-End Fund Balance	1,230,600	1,050,500

*As reported by the agency. Actual ending balance will not be negative.

State Boards' Office

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3.0	3.0	3.0
Personal Services	131,200	137,400	137,400
Employee Related Expenditures	46,900	53,300	53,300
Professional and Outside Services	400	400	400
Other Operating Expenditures	29,900	29,800	29,800
AGENCY TOTAL	208,400	220,900	220,900

FUND SOURCES

<u>Other Appropriated Funds</u>			
Special Services Revolving Fund	208,400	220,900	220,900
SUBTOTAL - Other Appropriated Funds	208,400	220,900	220,900
SUBTOTAL - Appropriated Funds	208,400	220,900	220,900
TOTAL - ALL SOURCES	208,400	220,900	220,900

AGENCY DESCRIPTION — The office serves to centralize services and pool resources of small regulatory boards. Examples of shared items include office space and equipment, as well as accounting, clerical, administrative, and telephone services. The office is under the Management Services Division of the Arizona Department of Administration, but is supported by transfers of appropriated funds from the participating boards.

Operating Budget

* * *

The Baseline includes \$220,900 and 3 FTE Positions from the Special Services Revolving Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011. The breakdown of the FY 2012 State Boards' Office charges by agency is reflected in *Table 1*.

FORMAT — Lump Sum by Agency

Board	FY 2010	FY 2011	FY 2012
Acupuncture Board of Examiners	\$ 17,300	\$ 18,400	\$ 18,400
Board of Barbers	1,500	1,600	1,600
Funeral Directors & Embalmers, State Board of	33,600	35,600	35,600
Homeopathic and Integrated Medicine Examiners, Board of	13,300	14,100	14,100
Naturopathic Physicians Medical Board	55,500	58,800	58,800
Nursing Care Inst. Admin. & Assisted Living Facility Mgrs.	23,600	25,000	25,000
Opticians, State Board of Dispensing	22,200	23,500	23,500
Optometry, State Board of	21,200	22,500	22,500
Physical Therapy Examiners, Board of	100	100	100
Podiatry Examiners, State Board of	20,100	21,300	21,300
Total	\$208,400	\$220,900	\$220,900

SUMMARY OF FUNDS

	FY 2010 Actual	FY 2011 Estimate
Special Services Revolving Fund (ADA4208/A.R.S. § 35-193.02)		Appropriated
Source of Revenue: Monies are collected from 11 small regulatory boards residing in the State Boards' Office. This is the appropriated portion of a larger fund within the Department of Administration (ADOA). (<i>See the ADOA section for additional fund information.</i>)		
Purpose of Fund: To provide centralized office services, printing, and other administrative or management services.		
Funds Expended	208,400	220,900
Year-End Fund Balance	8,900	1,800

State Board of Tax Appeals

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4.0	4.0	4.0
Personal Services	165,700	168,700	168,700
Employee Related Expenditures	45,600	43,900	43,900
Professional and Outside Services	1,100	1,100	1,100
Travel - In State	100	400	400
Other Operating Expenditures	40,300	38,600	38,600
AGENCY TOTAL	252,800	252,700	252,700
FUND SOURCES			
General Fund	252,800	252,700	252,700
SUBTOTAL - Appropriated Funds	252,800	252,700	252,700
TOTAL - ALL SOURCES	252,800	252,700	252,700

AGENCY DESCRIPTION — The board consists of 3 members appointed by the Governor. The board provides an independent appeals process for taxpayers with disputes relating to income, sales, use, estate, and luxury tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

Operating Budget

* * *

The Baseline includes \$252,700 and 4 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

State Board of Technical Registration

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	23.0	23.0	23.0
Personal Services	759,500	813,100	813,100
Employee Related Expenditures	280,600	330,100	330,100
Professional and Outside Services	63,600	152,800	152,800
Travel - In State	6,800	12,400	12,400
Travel - Out of State	13,600	16,000	16,000
Other Operating Expenditures	336,400	382,300	382,300
Equipment	5,100	22,500	22,500
AGENCY TOTAL	1,465,600	1,729,200	1,729,200

FUND SOURCES

<u>Other Appropriated Funds</u>			
Technical Registration Fund	1,465,600	1,729,200	1,729,200
SUBTOTAL - Other Appropriated Funds	1,465,600	1,729,200	1,729,200
SUBTOTAL - Appropriated Funds	1,465,600	1,729,200	1,729,200
TOTAL - ALL SOURCES	1,465,600	1,729,200	1,729,200

AGENCY DESCRIPTION — The agency licenses, investigates, and conducts examinations of architects, assayers (assessors of mineral value), engineers, geologists, home inspectors, land surveyors, and landscape architects.

Operating Budget

The Baseline includes \$1,729,200 and 23 FTE Positions from the Technical Registration Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Technical Registration Fund (TEA2070/A.R.S. § 32-109)		Appropriated
Source of Revenue: Monies collected by the board from examinations and licensing of architects, assayers (assessors of mineral value), engineers, geologists, land surveyors, landscape architects, and home inspectors. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate architects, assayers, engineers, geologists, land surveyors, landscape architects, and home inspectors, and for board administration.		
Funds Expended	1,465,600	1,729,200
Year-End Fund Balance	1,042,700	1,102,400

Office of Tourism

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	38.0	0.0	0.0
Personal Services	1,743,100	0	0
Employee Related Expenditures	543,700	0	0
Professional and Outside Services	2,571,400	0	0
Travel - In State	16,800	0	0
Travel - Out of State	85,400	0	0
Other Operating Expenditures	3,189,000	0	0
Equipment	9,100	0	0
OPERATING SUBTOTAL	8,158,500	0	0
SPECIAL LINE ITEMS			
Media Advertising	593,800	0	0
AGENCY TOTAL	8,752,300	0	0
FUND SOURCES			
General Fund	8,752,300	0	0
SUBTOTAL - Appropriated Funds	8,752,300	0	0
Other Non-Appropriated Funds	9,523,900	12,424,800	12,424,800
TOTAL - ALL SOURCES	18,276,200	12,424,800	12,424,800

AGENCY DESCRIPTION — The office is responsible for promoting tourism within the state, which includes planning and developing an information campaign, advertising, exhibitions, and operating a visitors' center. The funding for this agency is provided by a formula that transfers 3.5% of bed taxes, 3% of amusement taxes, and 2% of restaurant taxes collected in the prior year from the General Fund to the Tourism Fund. The agency also receives a transfer from the Arizona Tourism and Sports Authority (AZTSA), as well as a portion of tribal gaming contributions.

Tourism Funding Formula

A.R.S. § 42-5029 provided for an Arizona Office of Tourism (AOT) budget that is based on 3.5% of the gross revenues from bed taxes, 3% of the gross revenues from amusement taxes, and 2% of the gross revenues from restaurant taxes received during the previous fiscal year.

Beginning in FY 2011, the Legislature indefinitely suspended the Tourism Funding Formula and eliminated all General Fund support for AOT. To offset some of this reduction, AOT may divert 50% of monies received from the Arizona Tourism and Sports Authority (ATSA), pursuant to A.R.S. § 5-835, to their operational and administrative expenses in FY 2011 and FY 2012. Previously, AOT was required to spend all of its ATSA distribution, which is generated from partial allocations of 1% of the bed tax and 3.25% of the car rental tax in Maricopa County, to promote tourism in Maricopa County. In FY 2012, this 50% share is estimated to be \$3,271,200.

The Tourism Funding Formula remains in statute but is inactive until legislative authorization is given to reactivate the formula.

Operating Budget

The Baseline includes no funding from the General Fund for the operating budget in FY 2012. This amount is unchanged from FY 2011.

Media Advertising

The Baseline includes no funding from the General Fund for Media Advertising in FY 2012. This amount is unchanged from FY 2011.

Monies in the Media Advertising SLI were used for a marketing contract with a private sector firm, advertisement placement in magazines, handouts, and inserts in newspapers. The Media Advertising line did not include expenditures associated with the state visitors guide and advertisement production expenditures, which were included in Professional and Outside Services and Other Operating Expenditures in the operating budget.

* * *

Table 1

Office of Tourism Revenues

<u>Sources of Funding</u>	<u>Fund</u>	<u>FY 2010 Amount</u>	<u>FY 2011 Amount</u>	<u>FY 2012 Amount</u>
<u>Tourism Formula</u>				
• 3.5% of bed tax	General Fund	\$ 4,074,100	\$ 0	\$ 0
• 3% of amusement tax		1,578,800	0	0
• 2% of restaurant tax		9,090,400	0	0
• Statewide Adjustments		0	0	0
• Suspended Formula Increase		(446,800)	0	0
• Lump Sum Reduction		<u>(3,641,300)</u>	<u>0</u>	<u>0</u>
Subtotal from Tourism Formula		10,655,200 ^{1/}	0 ^{2/}	0 ^{2/}
<u>Sports and Tourism Authority</u>				
• Partial allocation of 1% of bed tax and 3.25% car rental tax (Prop. 302 - 2000)	Tourism Fund	5,934,400	6,231,100 ^{3/}	6,542,300 ^{3/}
<u>Tribal Gaming</u>				
• 8% of state's share of gaming proceeds, after distribution to Department of Gaming (Prop. 202 - 2002)	Tourism Fund	<u>5,466,800</u>	<u>5,466,800</u> ^{4/}	<u>5,618,300</u> ^{4/}
Total		\$22,056,400	\$11,697,900	\$12,160,600

^{1/} The FY 2010 General Government Budget Reconciliation Bill (BRB) suspends the Tourism Funding Formula and instead transfers \$10,655,200 from the General Fund to the agency.

^{2/} Laws 2010, Chapter 128 reinserts the Tourism Funding Formula into A.R.S. § 42-5029 as inactive statute until legislative authority is given to reactivate the formula.

^{3/} Laws 2010, Chapter 128 allows the Office of Tourism to spend 50% of TSA monies on administrative expenses in FY 2011 and FY 2012.

^{4/} The Tribal Gaming amounts for FY 2011 and FY 2012 are estimates from the FY 2011 enacted budget. All other figures in the table are actual amounts.

SUMMARY OF FUNDS

FY 2010
ActualFY 2011
Estimate

Tourism Fund (TOA2236/A.R.S. § 41-2306)

Non-Appropriated

Source of Revenue: Transfer from the General Fund to the Tourism Fund of 3.5% of bed taxes, 3% of amusement taxes, and 2% of restaurant taxes collected in the prior year. Laws 2010, 2nd Regular Session, Chapter 128 indefinitely suspended the General Fund transfer beginning in FY 2011. In addition, the Tourism Fund receives a transfer from the Arizona Sports and Tourism Authority (AZSTA) to be used for tourism promotion in Maricopa County. AZSTA receives revenue derived from a 1% increase in the bed tax and a 3.25% increase in the car rental tax. Of this amount, AZSTA is to transfer \$4,000,000 in FY 2002 and increase the transfer amount each year by 5% to the Tourism Fund. Laws 2010, 2nd Regular Session, Chapter 128 and Laws 2010, 7th Special Session, Chapter 12 allows 50% of AZSTA monies to be spent on operational and administrative purposes for FY 2011 and FY 2012. Finally, the fund receives a portion of tribal gaming contributions, pursuant to Proposition 202. The Tourism Fund became non-appropriated in FY 2004, pursuant to Laws 2002, Chapter 288.

Purpose of Fund: To pay for all costs associated with Office of Tourism activities.

Funds Expended	9,523,900	12,424,800
Year-End Fund Balance	6,836,400	5,185,000

Tourism Workshop Fund (TOA3163/A.R.S. § 41-2307)

Appropriated

Source of Revenue: Workshop registration fees, trade marketing recoveries, advertising recoveries, and other operating revenue.

Purpose of Fund: To pay for expenses incurred for the annual Governor's Tourism Conference and other projects. There is currently no activity in this fund.

Funds Expended	0	0
Year-End Fund Balance	0	0

Department of Transportation

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	4,548.0	4,548.0	4,548.0
Personal Services	81,722,400	106,598,900	106,598,900
Employee Related Expenditures	36,131,700	46,201,400	46,201,400
Professional and Outside Services	1,088,100	1,195,100	1,195,100
Travel - In State	639,400	329,500	329,500
Travel - Out of State	61,400	61,600	61,600
Other Operating Expenditures	31,084,800	46,690,300	46,690,300
Equipment	508,900	447,800	447,800
OPERATING SUBTOTAL	151,236,700	201,524,600	201,524,600
SPECIAL LINE ITEMS			
Attorney General Legal Services	2,874,900	2,895,600	2,895,600
Fraud Investigation	341,600	753,900	753,900
Highway Maintenance	99,509,900	126,555,600	126,555,600
New Third Party Funding	673,000	940,100	940,100
Vehicles and Heavy Equipment	15,345,000	27,592,000	27,592,000
AGENCY TOTAL	269,981,100	360,261,800	360,261,800
FUND SOURCES			
General Fund	57,400	54,600	54,600
<u>Other Appropriated Funds</u>			
Air Quality Fund	47,600	72,900	72,900
Driving Under the Influence Abatement Fund	145,400	148,100	148,100
Highway User Revenue Fund	566,000	624,800	624,800
Motor Vehicle Liability Insurance Enforcement Fund	1,081,500	1,066,400	1,066,400
Safety Enforcement and Transportation Infrastructure Fund	1,693,100	1,866,200	1,866,200
State Aviation Fund	1,719,100	1,592,700	1,592,700
State Highway Fund	247,870,400	325,794,900	325,794,900
Transportation Department Equipment Fund	15,345,000	27,592,000	27,592,000
Vehicle Inspection and Title Enforcement Fund	1,455,600	1,449,200	1,449,200
SUBTOTAL - Other Appropriated Funds	269,923,700	360,207,200	360,207,200
SUBTOTAL - Appropriated Funds	269,981,100	360,261,800	360,261,800
Other Non-Appropriated Funds	38,377,000	73,268,300	73,268,300
Federal Funds	1,495,600	1,221,000	1,221,000
TOTAL - ALL SOURCES	309,853,700	434,751,100	434,751,100

AGENCY DESCRIPTION — The Department of Transportation has jurisdiction over state roads, state airports, and the registration of motor vehicles and aircraft.

Operating Budget	Motor Vehicle Liability Insurance Enforcement Fund	869,100
The Baseline includes \$201,524,600 and 3,336 FTE Positions for the operating budget in FY 2012. These amounts consist of:	Safety Enforcement and Transportation Infrastructure Fund	1,303,700
	State Aviation Fund	1,592,700
	State Highway Fund	195,725,300
	Vehicle Inspection and Title Enforcement Fund	1,371,300
	These amounts are unchanged from FY 2011.	
FY 2012		
General Fund	\$54,600	
Air Quality Fund	72,900	
Driving Under the Influence Abatement Fund	148,100	
Highway User Revenue Fund	386,900	

Attorney General Legal Services

The Baseline includes \$2,895,600 from the State Highway Fund for Attorney General Legal Services in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item allow the Attorney General to provide legal services to the department, such as litigating cases, reviewing legal documents and proposed administrative rules, and issuing legal opinions.

Fraud Investigation

The Baseline includes \$753,900 and 11 FTE Positions from the State Highway Fund for Fraud Investigation in FY 2012. These amounts are unchanged from FY 2011.

Monies in this line item provide for investigation of fraudulent driver’s license and motor vehicle documents.

Highway Maintenance

The Baseline includes \$126,555,600 and 932 FTE Positions for Highway Maintenance in FY 2012. These amounts consist of:

Safety Enforcement and Transportation Infrastructure Fund	562,500
State Highway Fund	125,993,100

These amounts are unchanged from FY 2011.

In addition to the \$126,555,600 included for Highway Maintenance, the Proposition 400 Maricopa County half-cent sales tax extension makes another \$11,900,000 available in FY 2012 for landscape maintenance, trash pick-up, sweeping, and litter education from the non-appropriated Maricopa Regional Area Road Fund.

Monies in this line item are used to maintain the state highway system, including pavements, bridges, landscaping, drainage, signals, lights, fences, signs, striping, and snow removal. The monies also fund the freeway management system and the traffic operations center.

New Third Party Funding

The Baseline includes \$940,100 and 22 FTE Positions for New Third Party Funding in FY 2012. These amounts consist of:

Highway User Revenue Fund	237,900
Motor Vehicle Liability Insurance Enforcement Fund	197,300
State Highway Fund	427,000
Vehicle Inspection and Title Enforcement Fund	77,900

These amounts are unchanged from FY 2011.

Monies in this line item provide funding to address workload backlogs and waiting lists for certain third parties.

Vehicles and Heavy Equipment

The Baseline includes \$27,592,000 and 247 FTE Positions from the Transportation Department Equipment Fund for Vehicles and Heavy Equipment in FY 2012. These amounts are unchanged from FY 2011.

Monies in this line item allow the department to maintain and replace the department’s fleet and perform motor pool services for other state agencies.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Of the total amount appropriated, \$126,555,600 in FY 2012 for Highway Maintenance is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to their fund of origin, either the State Highway Fund or the Safety Enforcement and Transportation Infrastructure Fund, on August 31, 2012.

It is the intent of the Legislature that the department not include any administrative overhead expenditures in duplicate drivers’ license fees charged to the public.

Of the \$360,261,800 appropriation to the Department of Transportation, the Department of Transportation shall pay \$16,773,800 in FY 2012 from all funds to the Department of Administration for its Risk Management payment.

The Department of Transportation shall submit an annual report to the Joint Legislative Budget Committee on progress in improving Motor Vehicle Division wait times and vehicle registration renewal by mail turnaround times in a format similar to prior years. The report is due on July 31, 2012 for FY 2012.

Deletion of Prior Year Footnotes

The Baseline would delete the footnote that specifies that \$2,663,000 of the department’s appropriation is for performance pay for participants in the department’s engineer pay plan in FY 2012.

STATUTORY CHANGES

The Baseline would, as permanent law, continue to require that the amount of Vehicle License Tax collected from the 5-year registration option, which is over and above what

would have been collected had the vehicles been registered for 2 years, be deposited into the General Fund. This provision has previously been in session law.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Abandoned Vehicle Administration

Funding for the Abandoned Vehicle Administration line item has been shifted to the operating budget in FY 2012 and all fiscal years have been displayed accordingly.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Agricultural Youth Organization Special Plate Fund (DTA2547/A.R.S. § 15-791)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal Arizona professional football club special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona agricultural youth organization special plates, if an entity pays \$32,000 by December 31, 2010. The first \$32,000 received shall be reimbursed to the entity that paid the implementation fee to ADOT. ADOT is to annually deposit these monies, excluding administrative fees, to the Arizona Agricultural Youth Organization Special Plate Fund for disbursement by the State Board of Education acting as the State Board for Vocational and Technological Education.		
Funds Expended	0	0
Year-End Fund Balance	0	5,000
Air Quality Fund (DTA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: An annual \$1.50 air quality fee collected for each vehicle at the time of registration. The Arizona Department of Transportation (ADOT) is appropriated monies from the Air Quality Fund in the Department of Environmental Quality.		
Purpose of Fund: For tracking the availability and sales of oxygenated fuels to ensure that a sufficient supply is available for non-attainment areas of the state.		
Funds Expended	47,600	72,900
Year-End Fund Balance	25,100	25,100
Arizona Highways Magazine Fund (DTA2031/A.R.S. § 28-7315)		Non-Appropriated
Source of Revenue: Sales of subscriptions, maps, pamphlets, and other materials, Arizona Highways special plate donations, and interest earnings. The fund can also consist of monies appropriated by the Legislature from the State Highway Fund, not to exceed \$500,000 annually. There are no current appropriations.		
Purpose of Fund: For production and sales of subscriptions, maps, pamphlets, etc. Remaining balances in this revolving fund at the end of a fiscal year shall not revert to the State General or State Highway Fund and expenditures are exempt from statutory allotment provisions.		
Funds Expended	4,989,700	5,226,000
Year-End Fund Balance	771,900	229,700
Aviation Federal Funds (DTA2267/A.R.S. § 28-363)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To develop Grand Canyon Airport, to update the State Aviation System Plan, and to conduct the FAA Airport Inspection program.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Cash Deposits Fund (DTA2266/A.R.S. § 28-363)		Non-Appropriated
Source of Revenue: Deposits from individuals either bidding at auction on department property or renting department property.		
Purpose of Fund: To hold deposits from individuals bidding on excess land and property for sale at auction, which are either applied against their purchase price or are returned to the individual if their bid is unsuccessful. Also, to hold deposits from individuals who rent department property. Their money is either refunded at the end of their tenancy or is used to offset repairs, if needed.		
Funds Expended	3,900	50,000
Year-End Fund Balance	395,100	395,100

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Contract Counsel Fund (DTA4212/A.R.S. § 28-6925)		Non-Appropriated
Source of Revenue: An amount of \$30,000 was originally appropriated from the State Highway Fund to the Contract Counsel Fund. The Arizona Department of Administration replenishes expended monies from State Highway Fund monies appropriated for construction of state highways, as ADOT submits itemized statements detailing their expenditures from the Contract Counsel Fund.		
Purpose of Fund: To reimburse the Attorney General for attorneys' services for rights-of-way condemnation cases on federal aid projects.		
Funds Expended	0	0
Year-End Fund Balance	0	0
ADOT Donations Fund (DTA3080/A.R.S. § 28-818)		Partially-Appropriated
Source of Revenue: Federal Funds, donations, monies from this state or any agency of this state for the Bicycle Safety Fund.		
Purpose of Fund: This fund includes 2 smaller funds, the Heavy Vehicle Equipment Licensing Information Fund and the Bicycle Safety Fund. A.R.S. § 28-818 establishes a Bicycle Safety Fund to plan, engineer, construct and maintain bicycle paths. Subject to legislative appropriation, monies in the Bicycle Safety Fund may be used to match federal or local monies spent for these.		
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	0	0
Driving Under the Influence Abatement Fund (DTA2422/A.R.S. § 28-1304)		Appropriated
Source of Revenue: A fee of \$250 to be paid by every offender convicted of an extreme driving under the influence (DUI) offense. An extreme DUI violation is defined as a person possessing a blood alcohol concentration of 0.15 or greater.		
Purpose of Fund: To fund DUI-related programs. The Oversight Council on Driving or Operating Under the Influence Abatement distributes 25% of the revenues to fund pilot programs that use emerging technologies to deter occurrences of driving under the influence, and at least 70% of the monies to fund subdivisions and tribal governments for enforcement purposes and alcohol abuse treatment services. The Arizona Criminal Justice Commission staffs the Council. ADOT and the Department of Public Safety (DPS) receive grant funds from the Council. Not more than 5% of the monies are to be used for administrative purposes.		
Funds Expended	145,400	148,100
Year-End Fund Balance	132,600	132,600
Economic Strength Project Fund (DTA2244/A.R.S. § 28-7282)		Non-Appropriated
Source of Revenue: The fund receives \$1,000,000 each June 15 from the Highway User Revenue Fund and interest from investment of inactive balances.		
Purpose of Fund: For "economic strength" highway projects recommended by the Commerce and Economic Development Commission and approved by the State Transportation Board. These are projects that will retain or increase a significant number of jobs, lead to significant capital investment, or make a significant contribution to the economy of this state or within a local authority. Monies remaining in the Economic Strength Project Fund at the end of a fiscal year do not revert to the General Fund. <i>(See the ADOT Capital Outlay Budget section for expenditures.)</i>		
Funds Expended	0	0
Year-End Fund Balance	297,700	953,700
Emergency Medical Services Special Plate Fund (No Fund Number/A.R.S. § 28-2434)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal of Emergency Medical Services special plate fee and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Emergency Medical Services special plates. ADOT is to allocate fund monies to a nonprofit corporation that pays \$32,000 by December 31, 2014 and is qualified under section 501(c)(3) of the United States internal revenue code for federal income tax purposes. The nonprofit corporation must use the donations for public purposes related to emergency medical services. ADOT has not yet established the fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (DTA2097/A.R.S. § 28-363)		Non-Appropriated
Source of Revenue: Federal grants, other than aviation federal grants.		
Purpose of Fund: For federal highway construction and maintenance; assistance to elderly and handicapped; rural public transit; technical studies; rail planning and rehabilitation; other planning; highway statistical reporting; fatal accident reporting; safety; commercial driver's license; library updates; and fuel tax evasion.		
Funds Expended	1,495,600	1,221,000
Year-End Fund Balance	1,238,000	1,248,000
Highway Expansion and Extension Loan Program Fund (DTA2417/A.R.S. § 28-7674)		Non-Appropriated
Source of Revenue: The fund consists of monies appropriated by the Legislature; monies received from the federal government, state agencies, political subdivisions and Indian tribes; interest; and public or private gifts, grants or donations.		
Purpose of Fund: To create a state infrastructure bank under the Federal State Infrastructure Bank Act to provide financial assistance to political subdivisions, Indian tribes and state agencies for eligible transportation projects. The fund makes loans to ADOT, cities, and other entities to accelerate highway construction projects. The loans are repaid from future programmed funds for those projects. The fund may be used to pay costs to administer the fund and shall pay costs of an annual financial audit of the fund.		
Funds Expended	152,800	183,400
Year-End Fund Balance	66,819,100	72,297,000
Highway User Revenue Fund (DTA3113/A.R.S. § 28-6533)		Appropriated
Source of Revenue: Transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax, vehicle registration, driver's license, interest earnings, and others.		
Purpose of Fund: For various highway related purposes in the state, including distributions to the State Highway Fund which is the primary source for the department's operating budget, to DPS for a portion of the highway patrol costs, to political subdivisions for highway purposes, and for capital highway construction projects.		
Funds Expended	566,000	624,800
Year-End Fund Balance	94,177,500	94,177,500
Arizona International Development Authority Fund (DTA1994/A.R.S. § 41-4505)		Non-Appropriated
Source of Revenue: The fund consists of monies received from the federal government, tolls, fees, gifts, grants, donations from any public or private source, interest earnings, and any other monies received by the Arizona International Development Authority (AIDA)		
Purpose of Fund: To pay costs associated with the administration of the fund and to carry out the requirements of AIDA. Monies in the fund can also be used to provide grants or loans for international transportation and infrastructure projects. ADOT is required to provide staff support to AIDA including general administrative, office, equipment and staff support, using earnings from the fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Local Agency Deposits Fund (DTA3701/A.R.S. § 28-363)		Non-Appropriated
Source of Revenue: Monies received from local jurisdictions.		
Purpose of Fund: To pay for locally sponsored secondary road construction projects. Any money left after the project is closed out is returned to the local entity.		
Funds Expended	462,600	0
Year-End Fund Balance	1,374,000	51,324,000
Maricopa Regional Area Road Fund (DTA2029/A.R.S. § 28-6302)		Non-Appropriated
Source of Revenue: The fund consists of all transportation excise taxes collected pursuant to A.R.S. § 42-1482 and A.R.S. § 42-1482.01 that are designated for deposit in the Regional Area Road Fund in Maricopa County, plus proceeds from the sale of bonds, rents, and interest earnings.		
Purpose of Fund: For bond related expenses and for the design, purchase of right-of-way or construction of controlled access highways which are included in the county's regional transportation plan and accepted into the state highway system.		
Funds Expended	32,511,500	67,298,900
Year-End Fund Balance	296,154,800	296,154,800

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Masonic Fraternity Special Plate Fund (No Fund Number/A.R.S. § 28-2435)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal Arizona masonic fraternity special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona masonic fraternity special plates, if an entity pays \$32,000 by December 31, 2010. The first \$32,000 received shall be reimbursed to the entity that paid the implementation fee to ADOT. Up to 10% of annual deposits may be used by ADOT to administer the fund. ADOT is to annually allocate fund monies, excluding administrative fees, to the entity. These monies are to be further distributed to statewide charities that are supported by Arizona Masons and that are qualified under section 501(c)(3) of the United States internal revenue code for federal income tax purposes.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Motor Carrier Safety Revolving Fund (DTA2380/A.R.S. § 28-5203)		Non-Appropriated
Source of Revenue: The fund consists of monies appropriated by the Legislature; fines; forfeitures; fees and taxes applied to all manufacturers, shippers, motor carriers and drivers who transport or cause the transportation of hazardous material; and monies received from private grants or donations.		
Purpose of Fund: To carry out the provisions of the chapter. DPS conducts investigations, the Motor Vehicle Division administers hearings, and the Attorney General enforces civil penalties.		
Funds Expended	0	0
Year-End Fund Balance	29,700	34,700
Motor Vehicle Liability Insurance Enforcement Fund (DTA2285/A.R.S. § 28-4151)		Appropriated
Source of Revenue: Fees received by the department pursuant to A.R.S. Title 28, Chapter 9, Article 4 (mandatory motor vehicle insurance), such as fees to reinstate drivers' licenses and vehicle registrations canceled due to lack of insurance.		
Purpose of Fund: For the department to enforce mandatory motor vehicle liability insurance laws.		
Funds Expended	1,081,500	1,066,400
Year-End Fund Balance	262,700	63,500
Arizona Professional Baseball Club Special Plate Fund (DTA2540/A.R.S. § 28-2426)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal Arizona professional baseball club special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona professional baseball club special plates. Up to 10% of annual deposits may be used by ADOT to administer the fund. ADOT is to annually allocate fund monies, excluding administrative fees, through a private Arizona professional baseball organization's foundation that allocates the monies to programs relating to youth education and development, housing for the homeless or low-income persons and health care for the indigent.		
Funds Expended	204,900	200,000
Year-End Fund Balance	115,500	117,200
Arizona Professional Basketball Club Special Plate Fund (DTA2543/A.R.S. § 28-2432)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal of Arizona professional basketball club special plate fee and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona professional basketball club special plates. Up to 10% of annual deposits may be used by ADOT to administer the fund. ADOT is to annually allocate fund monies, excluding administrative fees, through a private Arizona professional basketball organization foundation.		
Funds Expended	29,800	0
Year-End Fund Balance	21,500	66,600
Arizona Professional Football Club Special Plate Fund (DTA2544/A.R.S. § 28-2433)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal Arizona professional football club special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue Arizona professional football club special plates. Up to 10% of annual deposits may be used by ADOT to administer the fund. ADOT is to annually allocate fund monies, excluding administrative fees, through a private Arizona professional football organization foundation.		
Funds Expended	0	200,000
Year-End Fund Balance	130,600	65,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Railroad Review Fund (No Fund Number/A.R.S. § 28-9401)		Non-Appropriated
Source of Revenue: Fees assessed and collected by the department from the proponent of a proposed major railroad project.		
Purpose of Fund: For the department to pay the cost of evaluating a proposed major railroad project, including the cost of consultants, the review process and hearings. Any unused portion of the fees collected is refunded to the railroad. ADOT has not yet established the fund, which was enacted by Laws 2008, Chapter 284.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Rental Tax and Bond Deposit Fund (DTA3737/A.R.S. § 28-371)		Non-Appropriated
Source of Revenue: Cash deposits from motor carrier and use fuel taxpayers, and portions of rent that the department collects.		
Purpose of Fund: To hold cash deposits from motor carrier and use fuel taxpayers who choose to make cash deposits instead of providing surety bonds to guarantee their fee payments. Any money remaining in a taxpayer's account would be returned to the taxpayer. To hold the county property tax portion of rent on department properties, which is forwarded to the appropriate county tax office. Also, to hold the privilege tax portion of rent on the department's commercial properties, which is forwarded to the Department of Revenue.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Safety Enforcement and Transportation Infrastructure Fund (DTA2108/A.R.S. § 28-6547)		Appropriated
Source of Revenue: Fees for commercial vehicle permits collected at southern ports of entry on the border with Mexico and interest earnings.		
Purpose of Fund: To enforce vehicle safety requirements by DPS and ADOT, and maintain and construct transportation facilities within 25 miles of the Arizona-Mexico border. To improve vehicle congestion at Mexican border ports of entry, and obtain Federal Funds for Safety Enforcement and Transportation Infrastructure Fund (SETIF) purposes. Also to maintain and construct transportation facilities in the Canada to Mexico (CANAMEX) trucking and trade corridor, which came about as a result of the North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico. In addition, ADOT may provide SETIF monies to the Arizona-Mexico Commission, Arizona Department of Homeland Security, and AIDA for certain SETIF-related purposes.		
Funds Expended	1,693,100	1,866,200
Year-End Fund Balance	1,717,700	1,680,700
Shared Location and Advertising Agreements Expense Fund (DTA2414/A.R.S. § 28-409)		Non-Appropriated
Source of Revenue: The fund consists of monies received from agreements with public and private entities for services located in department offices or to advertise those entities' goods and services.		
Purpose of Fund: To partially offset the department's cost of providing a location or advertising. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.		
Funds Expended	0	0
Year-End Fund Balance	97,600	97,600
State Aviation Fund (DTA2005/A.R.S. § 28-8202)		Appropriated
Source of Revenue: Flight property tax, aircraft registration fees, license taxes, fuel taxes, the sale of abandoned aircraft, receipts from airports operated by the department, and interest earnings.		
Purpose of Fund: For the administration of aviation laws, the operation and maintenance of state-owned airports, and capital projects at publicly-owned and operated airports of political subdivisions.		
Funds Expended	1,719,100	1,592,700
Year-End Fund Balance	6,608,800	7,486,800

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
State Highway Fund (DTA2030/A.R.S. § 28-6991)		Appropriated
Source of Revenue: Monies distributed from the Highway User Revenue Fund, certain vehicle fees which are deposited directly to the State Highway Fund, interest earnings, appropriations by the Legislature, and donations.		
Purpose of Fund: For the department's operating budget, the acquisition of right-of-way, construction and maintenance of state highways and roads, and other highway related projects. Monies in the Statewide Transportation Acceleration Needs (STAN) Account of the State Highway Fund are used to accelerate certain highway projects and are divided 60% for Maricopa County, 16% for Pima County and 24% for all other counties.		
Funds Expended	247,870,400	325,794,900
Year-End Fund Balance	159,997,200	159,997,200
Statewide Employee Recognition Gifts/Donations (DTA2449/A.R.S. § 35-149)		Non-Appropriated
Source of Revenue: Gifts and donations from public and private entities.		
Purpose of Fund: For employee recognition programs that recognize and award the performance, achievement, longevity, or major life event of department employees.		
Funds Expended	21,800	50,000
Year-End Fund Balance	16,800	6,800
Transplantation Awareness Fund (DTA2545/A.R.S. § 28-2419)		Non-Appropriated
Source of Revenue: A deposit of \$17 of each \$25 original and annual renewal transplantation awareness special plate fee, and interest earnings. The remaining \$8 is deposited to the State Highway Fund for special plate administration.		
Purpose of Fund: To issue transplant awareness special plates. ADOT is to annually allocate fund monies to a private coalition selected by the director, that is qualified under section 501(c)(3) of the United States internal revenue code for federal income tax purposes and that has a mission of promoting transplant awareness.		
Funds Expended	0	60,000
Year-End Fund Balance	45,000	30,000
Transportation Department Equipment Fund (DTA2071/A.R.S. § 28-7006)		Appropriated
Source of Revenue: Equipment rental, sale at auction, insurance recoveries, donations, interest earnings, and monies appropriated by the Legislature (for purchase, repairs and maintenance).		
Purpose of Fund: For ownership, maintenance, service or repair of equipment and consumable material including administrative expenses.		
Funds Expended	15,345,000	27,592,000
Year-End Fund Balance	1,042,600	252,100
Underground Storage Tank Revolving Fund (DTA3728/A.R.S. § 28-6008)		Non-Appropriated
Source of Revenue: The fund consists of Underground Storage Tank taxes paid by persons liable for motor/aviation fuel taxes; or persons who refine, manufacture or produce compounds, blend or import diesel (liquid petroleum).		
Purpose of Fund: For department administrative expenses. Per subsections A and B of A.R.S. § 28-1599.45, "the director acts only as a collecting agent for the Director of the Department of Environmental Quality and assumes no responsibility for the underlying tax liability." The department retains only administrative costs as determined by an intergovernmental agreement between ADOT and the Department of Environmental Quality.		
Funds Expended	0	0
Year-End Fund Balance	788,600	838,600
Vehicle Inspection and Title Enforcement Fund (DTA2272/A.R.S. § 28-2012)		Appropriated
Source of Revenue: Fees of \$20 and \$50 for performing more detailed level 2 and level 3 inspections of vehicle identification numbers, before issuing restored salvage titles on repaired salvage and similar vehicles.		
Purpose of Fund: To defray the cost of investigations involving certificates of title, licensing fraud, registration enforcement and other enforcement related issues. A portion of the revenues are transferred to DPS for investigations concerning automobile theft.		
Funds Expended	1,455,600	1,449,200
Year-End Fund Balance*	5,800	(460,600)

*As reported by the agency. Actual ending balance will not be negative.

State Treasurer

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	30.4	29.4	29.4
Personal Services	1,504,700	1,521,300	1,521,300
Employee Related Expenditures	556,000	587,500	587,500
Professional and Outside Services	216,800	172,000	172,000
Travel - In State	300	1,000	1,000
Travel - Out of State	100	0	0
Other Operating Expenditures	266,900	301,500	301,500
OPERATING SUBTOTAL	2,544,800	2,583,300	2,583,300
SPECIAL LINE ITEMS			
Justice of the Peace Salaries	1,023,000	1,115,100	1,115,100
AGENCY TOTAL	3,567,800	3,698,400	3,698,400
FUND SOURCES			
General Fund	3,510,700	1,115,100	1,115,100
<u>Other Appropriated Funds</u>			
State Treasurer's Management Fund	57,100	88,300	88,300
State Treasurer's Operating Fund	0	2,495,000	2,495,000
SUBTOTAL - Other Appropriated Funds	57,100	2,583,300	2,583,300
SUBTOTAL - Appropriated Funds	3,567,800	3,698,400	3,698,400
Other Non-Appropriated Funds	5,566,500	5,566,500	5,566,500
TOTAL - ALL SOURCES	9,134,300	9,264,900	9,264,900

AGENCY DESCRIPTION — The State Treasurer is an elected Constitutional Officer. The primary responsibilities of the office are to receive and keep custody over all monies belonging to the state that are not required to be kept by another entity, to pay warrants of the Arizona Department of Administration, and to keep an account of all monies received and disbursed. The office also invests state monies and operates the Local Government Investment Pool (LGIP) for the benefit of participating units of local government.

Operating Budget

The Baseline includes \$2,583,300 and 29.4 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
State Treasurer's Operating Fund	\$2,495,000
State Treasurer's Management Fund	88,300

These amounts are unchanged from FY 2011.

Justice of the Peace Salaries

The Baseline includes \$1,115,100 from the General Fund for the Justice of the Peace (JP) Salaries Special Line Item in FY 2012. This amount is unchanged from FY 2011.

A.R.S. § 22-117 requires the state to pay 40% of the salary for each Justice of the Peace, with the county paying the remainder. Since FY 2003, there have been a series of annual session law provisions requiring the state to pay a

lower percentage of JP salaries. For FY 2011, the state's share was set at 19.25%. FY 2012 funding is assumed to continue at this level.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

STATUTORY CHANGES

The Baseline would, as session law, continue to fund the state share of the Justice of the Peace salaries at 19.25% in FY 2012.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Commission of African-American Affairs Fund (AMA2397/A.R.S. § 41-533)		Non-Appropriated
Source of Revenue: Gifts, grants, and fees from the Arizona African-American town hall.		
Purpose of Fund: To pay for the operating costs of the Arizona Commission of African-American Affairs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Criminal Justice Enhancement Fund (No Fund Number/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: The fund receives 11.7% of Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For distribution to counties for the training of detention officers and county jail operational enhancement.		
Funds Expended	5,566,500	5,566,500
Year-End Fund Balance	0	0
State Treasurer's Management Fund (TRA3799/A.R.S. § 35-326.01)		Appropriated
Source of Revenue: A portion of management fees paid by the General Fund, state agencies, cities, towns, tribal governments, counties and political subdivisions of the state, not to exceed the amount appropriated by the Legislature.		
Purpose of Fund: To provide funding for the administrative expenses associated with managing LGIP.		
Funds Expended	57,100	88,300
Year-End Fund Balance	116,400	148,100
State Treasurer's Operating Fund (TRA3795/A.R.S. § 35-316)		Appropriated
Source of Revenue: A portion of management fee collections not to exceed 0.06% from the earnings on investment pools other than permanent endowment funds.		
Purpose of Fund: To provide funding for the operating expenses of the agency.		
Funds Expended	0	2,495,000
Year-End Fund Balance	0	0

Arizona Board of Regents

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	25.9	25.9	25.9
Personal Services	1,008,800	1,596,400	1,596,400
Employee Related Expenditures	482,500	436,500	436,500
Travel - In State	200	0	0
Other Operating Expenditures	980,600	350,600	350,600
OPERATING SUBTOTAL	2,472,100	2,383,500	2,383,500
SPECIAL LINE ITEMS			
Arizona Teachers Incentive Program	90,000	90,000	90,000
Arizona Transfer Articulation Support System	213,700	213,700	213,700
Math and Science Teacher Initiative	181,500	176,000	0
Nursing Education	1,368,000	0	0
Student Financial Assistance	10,041,200	10,041,200	10,041,200
Western Interstate Commission Office	125,000	125,000	125,000
WICHE Student Subsidies	4,095,500	4,106,000	4,106,000
AGENCY TOTAL	18,587,000	17,135,400	16,959,400
FUND SOURCES			
General Fund	18,587,000	17,135,400	16,959,400
SUBTOTAL - Appropriated Funds	18,587,000	17,135,400	16,959,400
Other Non-Appropriated Funds	6,015,200	6,720,500	6,262,300
Federal Funds	1,964,800	1,343,600	1,306,300
TOTAL - ALL SOURCES	26,567,000	25,199,500	24,528,000

AGENCY DESCRIPTION — Article 11 of the Arizona Constitution creates the Arizona Board of Regents (ABOR). ABOR governs the 3 state institutions comprising the Arizona University System: Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA). The board is legally, fiscally, and strategically responsible for the state universities.

Operating Budget

The Baseline includes \$2,383,500 and 25.9 FTE Positions from the General Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

Arizona Teachers Incentive Program

The Baseline includes \$90,000 from the General Fund for the Arizona Teachers Incentive Program (ATIP) in FY 2012. This amount is unchanged from FY 2011.

Laws 1990, Chapter 340 mandated that ABOR establish and administer a loan program for students of deaf and blind education at the UA College of Education. Students may earn forgiveness for their loans by teaching in an Arizona deaf and blind program for a time equal to their period of loan support. In FY 2010, ATIP distributed \$50,000 in loans among 10 students, as well as \$40,000 to the UA College of Education for deaf and blind instructional resources.

Arizona Transfer Articulation Support System

The Baseline includes \$213,700 from the General Fund for the Arizona Transfer Articulation Support System (ATASS) in FY 2012. This amount is unchanged from FY 2011.

A.R.S. § 15-1824 establishes ATASS as a joint initiative, among the public community colleges and universities, to facilitate efficient transfer of course curricula and credits. ATASS is also developing a shared statewide student and financial information database. The tribal colleges and community college districts overall contributed \$286,600 to the system in FY 2010 and are projected to contribute \$277,200 in FY 2011 and FY 2012.

Math and Science Teacher Initiative

The Baseline includes no funding from the General Fund for the Math and Science Teacher Initiative in FY 2012. FY 2012 adjustments would be as follows:

**Shift Funding to Commission
For Postsecondary Education**

GF **FY 2012**
(176,000)

The Baseline includes a decrease of \$(176,000) to shift the administrative responsibilities of the Mathematics, Science and Special Education Student Loan Fund Program from ABOR to the Commission for Postsecondary Education per the Education Omnibus Bill (Laws 2010, Chapter 332).

Monies in this line item are used to increase the number of math, science, and special education teachers in the state. The program offers loans to students pursuing a teaching degree at a postsecondary institution and who agree to teach math, science, or special education at an Arizona public school upon graduation. The legislation allows the commission to retain up to 10% of the annual fund deposit for administration costs. The commission may also use the interest deposited into the fund for administration costs of the loan repayment portion of the program.

Student Financial Assistance

The Baseline includes \$10,041,200 from the General Fund for Student Financial Assistance in FY 2012. This amount is unchanged from FY 2011.

Pursuant to A.R.S. § 15-1642, monies in this line item match financial aid tuition surcharges collected from university students. The Arizona Financial Aid Trust (AFAT) fee is 1% of the full-time resident undergraduate tuition rate, or \$43 - \$68 in FY 2011, depending on the university. All students pay roughly the same fee, except part-time students, who pay half the regular fee. The FY 2011 Higher Education Budget Reconciliation Bill (BRB), (Laws 2010, 7th Special Session, Chapter 9) suspended the statutory requirement that the state provide a 2:1 ratio of state funding to student fees in FY 2011. (*Please see the Statutory Changes section for more information.*)

AFAT retains 25% of all annual receipts as an endowment. ABOR distributes the remaining monies, proportionally to each university's respective contribution, to provide immediate assistance for needy in-state students. In FY 2010, AFAT disbursed \$14,130,800 in financial aid.

Western Interstate Commission Office

The Baseline includes \$125,000 from the General Fund for the Western Interstate Commission Office in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item pay the state's share of administrative expenditures for the Western Interstate Commission on Higher Education (WICHE), in accordance with A.R.S. § 15-1742. The WICHE central office sets the administrative fee.

WICHE Student Subsidies

The Baseline includes \$4,106,000 from the General Fund for WICHE student subsidies in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item provide subsidies to Arizona students participating in the WICHE Professional Student Exchange Program (PSEP). Since the Arizona University System does not offer programs in dentistry, optometry, occupational therapy, osteopathy, physician assistance, or veterinary medicine, PSEP allows interested students to enroll in these programs at private in-state institutions or other public western universities.

In FY 2011, the board is providing subsidies to 187 Arizona students, compared to 191 in FY 2010. Participating students receive admissions preference and subsidized tuition. A.R.S. § 15-1745 requires graduates to practice 1 year in Arizona, or 6 months in an under-served Arizona community, for each year of WICHE support. Participants who fail to meet their service requirements must repay 50% of their subsidies, plus interest.

The WICHE central office determines subsidy amounts for each program through negotiations with participating institutions. As rough guidance, WICHE subsidies are intended to cover the difference between resident and non-resident tuition at a public university or approximately half the private university tuition rate.

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FOOTNOTES

ABOR Specific Standard Footnotes

Within 10 days of the acceptance of the universities' semiannual all funds budget reports, the Arizona Board of Regents shall submit an expenditure plan for review to the Joint Legislative Budget Committee. The expenditure plan shall include any tuition revenue amounts that are greater than the appropriated amounts and all retained tuition and fee revenue expenditures for the current fiscal year. The additional revenue expenditure plan shall provide as much detail as the university budget requests.

Universitywide Standard Footnotes

The appropriated monies shall not be used for scholarships or any student newspaper.

The state General Fund appropriations shall not be used for alumni association funding.

Any unencumbered balances remaining in the collections account on June 30, 2011 and all collections received by the university during the fiscal year, when paid into the

State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated in compliance with the Enabling Act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to suspend the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into AFAT. Based on student fees contributed to AFAT in FY 2010, the state's match would grow to \$14,103,200 or an increase of \$4,062,000 over the current appropriation in FY 2012.
- As session law in the General Appropriation Act, continue the FY 2011 \$200,000,000 universitywide payment deferral to the universities from FY 2012 to FY 2013.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

University System Enrollment Funding Formula

A.R.S. § 15-1661 codifies, for all state universities, the first calculation of the enrollment funding formula. This first step derives student enrollment, in units of FTE students, by weighing total earned credit hours according to 3 different academic levels. These weights are summarized below:

Academic Level	Credit Hours/FTE
Lower-Division Undergraduate	15
Upper-Division Undergraduate	12
Graduate and Professional	10

The second calculation of the enrollment funding formula, which does not appear in statute, projects student enrollment for the next academic year based on a weighted rolling average of the next, current, and prior academic years, with the current academic year receiving double the weight of each of the other 2 years.

The third calculation, which also does not appear in statute, adds or subtracts 1 faculty and 0.75 support FTE Positions, and their associated General Fund costs, for every 22-FTE-student change. The average salary per FTE Position is \$71,900.

Table 1 summarizes the FY 2012 expenditure authority amounts for the Arizona University System. The Collections Fund amounts for each campus includes growth due to the enrollment funding formula described above, while the General Fund amounts do not include enrollment funding formula growth.

Laws 2009, 3rd Special Session, Chapter 9 requires the universities to separately report out-of-state student enrollment. The legislative intent was to use this information as a basis to exclude out-of-state students from enrollment growth calculations. As part of the enrollment calculation, each campus's out-of-state students were not included in the above enrollment funding formula calculation.

Table 2 shows FY 2012 Arizona University System enrollment for in-state and out-of-state students. It is projected that ASU Tempe will grow by 78 FTE out-of-state students for a total of 14,141 in FY 2012, ASU DPC will grow by 216 for a total of 1,480, ASU East will grow by 39 for a total of 940, ASU West will decrease by (2) for a total of 841, NAU will grow by 492 for a total of 5,054, UA Main will decrease by (23) for a total of 11,500, and UA Health Sciences will decrease by (1) for a total of 419.

	Appropriated Funds			Non-Appropriated Funds		Total
	General Fund	Collections Fund ^{1/}	Tech & Research Fund (TRIF)	Federal Funds	Other Funds	
ABOR	\$ 16,959,400	\$ 0	\$ 0	\$ 1,306,300	\$ 6,262,300	\$ 24,528,000
ASU-Tempe/DPC	326,349,100	371,241,700	0	246,151,000	736,681,400	1,680,423,200
ASU-East	25,101,300	34,635,000	2,000,000	3,154,500	14,987,300	79,878,100
ASU-West	43,935,700	26,261,700	1,600,000	4,599,500	12,769,800	89,166,700
NAU	133,118,100	86,613,200	0	65,922,800	165,186,600	450,840,700
UA-Main	271,315,400	255,188,900	0	251,157,900	747,223,300	1,524,885,500
UA-Health Sciences	73,234,900	25,381,800	0	93,924,900	136,660,100	329,201,700
Total	\$890,013,900	\$799,322,300	\$3,600,000	\$666,216,900	\$1,819,770,800	\$4,178,923,900

^{1/} Includes estimated FY 2012 tuition and fees.

Table 2
FY 2012 Arizona University System Enrollment ^{1/}

	<u>In-State Students</u>	<u>Out-of-State Students</u>	<u>Total Enrollment</u>
ASU-Tempe/DPC	39,661	15,621	55,282
ASU-East	4,183	940	5,123
ASU-West	5,101	841	5,942
NAU	16,478	5,054	21,532
UA-Main	22,082	11,500	33,582
UA-Health Sciences	<u>1,536</u>	<u>419</u>	<u>1,955</u>
Total	89,041	34,375	123,416

^{1/} Enrollment represents student populations as calculated by the funding formula, which includes student counts for FY 2010 – FY 2012.

Other University System Summary Tables

Table 3 shows ABOR changes to resident and non-resident undergraduate tuition from FY 2010 to FY 2011 as FY 2012 amounts have not yet been determined.

Table 4 shows the financial aid distribution and the sources of aid for the Arizona University System in FY 2010. Of \$1,538,673,000 total financial aid distributions in FY 2010, the state appropriated \$2,556,700, university institutional services provided \$523,986,800, and AFAT (made up of both state and institutional funds) accounted for \$14,130,800.

Table 5 displays total tuition collections for the Arizona University System, which equal an estimated \$1,258,243,000 in FY 2011 and \$1,308,962,100 in FY 2012.

The universities annually project their expenditure needs for financial aid, facilities (plant fund), debt service, and the operating budget. A.R.S. § 15-1626 authorizes ABOR to then allocate collections between the appropriated operating budgets, under legislative control, and non-appropriated funds, locally retained by the universities.

Payment Deferral

The Baseline includes \$200,000,000 from the General Fund for universitywide FY 2011 payments that were deferred until FY 2012 and includes a universitywide FY 2012 General Fund payment deferral of \$(200,000,000) until FY 2013. The payment deferral is unchanged from FY 2011. (Please see the individual university narrative pages for more information.)

The FY 2012 payment deferrals will be allocated among the universities as follows:

ASU-Tempe/DPC	\$ (74,760,400)
ASU-East	(5,750,200)
ASU-West	<u>(10,064,800)</u>
ASU Subtotal	<u>(90,575,400)</u>
NAU	(30,494,800)
UA-Main	(62,153,100)
UA-HSC	<u>(16,776,700)</u>
UA Subtotal	<u>78,929,800</u>
Total	\$(200,000,000)

Table 3
Arizona University System
FY 2010 to FY 2011 Undergraduate Tuition and Fees Changes ^{1/}

	<u>Resident ^{2/}</u>				<u>Non-Resident ^{2/}</u>			
	<u>FY 2010 ^{3/}</u>	<u>FY 2011</u>	<u>\$ Change</u>	<u>% Change</u>	<u>FY 2010 ^{3/}</u>	<u>FY 2011</u>	<u>\$ Change</u>	<u>% Change</u>
ASU-Tempe/DPC	\$6,159 to \$6,840	\$6,942 to \$8,128	\$783 to \$1,288	12.7% to 18.8%	\$19,625	\$20,592	\$967	4.9%
ASU-East/West	\$5,933 to \$6,840	\$6,708 to \$8,128	\$775 to \$1,288	13.1% to 18.8%	\$19,625	\$20,592	\$967	4.9%
NAU	\$5,681 to \$6,627	\$5,848 to \$7,667	\$167 to \$1,040	2.9% to 15.7%	\$16,631 to \$17,854	\$17,764 to \$20,067	\$1,133 to \$2,213	6.8% to 12.4%
NAU-Distance Ed.	\$5,583	\$6,131	\$548	9.8%	\$16,289	\$17,264	\$975	6.0%
UofA-Main/HSC	\$6,842	\$8,237	\$1,395	20.4%	\$22,251	\$24,596	\$2,345	10.5%
UofA-South	\$5,963	\$6,652	\$689	11.6%	\$22,193	\$24,382	\$2,189	9.9%

^{1/} The amounts represent combined full-time tuition for fall and spring semesters, as well as mandatory fees. Undergraduates must take at least 12 credit hours to qualify for full-time status. Mandatory fees include AFAT and student recreation charges, but do not include special class or program fees. A new economic recovery surcharge fee will be charged for FY 2010 only.

^{2/} NAU provides a guaranteed tuition rate for each resident cohort. ASU did provide a guaranteed tuition rate that included a 5% cap on base tuition increases each year, however, they increased tuition by more than 5% for FY 2011. UA has no tuition guarantee.

^{3/} These amounts include the economic recovery surcharge. The following economic recovery surcharges will be charged: ASU Resident \$510, ASU Non-Resident \$710, NAU Resident \$350, NAU Non-Resident \$450, UA Resident \$766, and UA Non-Resident \$966.

Furlough/Statewide Salary Reduction

The Budget Procedures BRB (Laws 2010, 7th Special Session, Chapter 3) permanently eliminated the 2.75% performance pay available to state agencies effective May 29, 2010 and required 1 furlough day in FY 2010 and 6 furlough days in each of FY 2011 and FY 2012. University employees were exempt from these Chapter 3 provisions until the end of FY 2011, but they will not be exempt in FY 2012.

ASU-Tempe/DPC	\$(21,282,400)
ASU-East	(1,480,700)
ASU-West	<u>(1,895,500)</u>
ASU Subtotal	(24,658,600)
NAU	(7,005,600)
UA-Main	(17,325,500)
UA-HSC	<u>(3,894,400)</u>
UA Subtotal	<u>(21,219,900)</u>
Total	\$(52,884,100)

As a condition of receiving federal Stabilization Fund assistance, the state agreed to maintain its General Fund support for education at FY 2006 levels through the end of FY 2011. Since the pay reduction would have reduced university budgets below the FY 2006 level, Chapter 3's implementation was deferred to FY 2012.

University pay adjustments assume that the General Fund bears the marginal cost or savings of any change. The University pay base includes both General Fund and appropriated Collection monies. For example, prior University pay raises assumed that the General Fund would pay the higher cost for Collection-funded FTE positions. This policy permitted all appropriated positions from receiving the pay adjustment without increasing tuition. This same methodology is used to derive the savings associated with the Chapter 3 pay reduction. As a result, Collection monies will not have to be transferred to the General Fund to achieve the savings.

These provisions will result in a universitywide reduction of \$(52,884,100) in FY 2012. The savings have been incorporated into the Baseline but have not been allocated to the individual campuses. The campus savings are as follows:

	<u>Federal</u>	<u>State</u> ^{2/}	<u>Institutional</u> ^{3/}	<u>Private/Other</u> ^{4/}	<u>Total</u>
Grants	\$155,856.5	\$1,779.6	\$366,298.1	\$119,966.1	\$ 643,900.3
Loans	591,440.4	777.1	147.6	139,448.4	731,813.5
Employment	<u>5,418.1</u>	<u>0.0</u>	<u>157,541.1</u>	<u>0.0</u>	<u>162,959.2</u>
Total	\$752,715.0	\$2,556.7	\$523,986.8	\$259,414.5	\$1,538,673.0

^{1/} Information provided by ABOR.
^{2/} State sources of aid include revenues from the Commission for Postsecondary Education and the Board of Medical Student Loans.
^{3/} Institutional sources of aid include revenues from: Local Retention, the Collegiate License Plate Fund, Foundation funds, and Financial Aid Carry Forward from previous years.
^{4/} Private/Other sources of aid include AFAT, which is a combination of both state and institutional sources of aid.

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Estimate</u>	<u>FY 2012</u> <u>Estimate</u> ^{1/}
<u>Appropriated</u>			
Operating Budget	\$ 682,877,000	\$ 771,774,700	\$ 799,322,200
<u>Non-Appropriated</u>			
Operating Budget	\$ 50,026,200	\$ 57,743,800	\$ 57,483,800
Financial Aid	295,157,800	329,292,200	342,098,000
Plant Fund	16,502,100	18,502,100	22,778,500
Debt Service	<u>75,845,200</u>	<u>80,930,200</u>	<u>87,279,600</u>
Subtotal	\$ 437,531,300	\$ 486,468,300	\$ 509,639,900
Total	\$1,120,408,300	\$1,258,243,000	\$1,308,962,100

^{1/} The source for these non-appropriated amounts are the universities' FY 2012 budget requests. The appropriated amount includes all FY 2012 estimated tuition collections and fees.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Arizona Health Education Center Program Fund (BRA2/A.R.S. § 5-522)		Non-Appropriated
Source of Revenue: Lottery proceeds.		
Purpose of Fund: To provide funding for the 5 Arizona Area Health Education Centers, which work to improve healthcare access for rural and underserved communities. These funds are passed through to the universities, and therefore expenditures are not displayed to avoid double counting. Pass-through funds totaled \$4,385,000 in FY 2010 and are estimated to be \$4,600,000 in FY 2011 and \$4,500,000 in FY 2012.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Fund (BRA2000/A.R.S. § 15-1666)		Non-Appropriated
Source of Revenue: Grants from the United States Department of Education.		
Purpose of Fund: To support pre-service, retraining, and in-service educational programs improving the instructional and management skills of K-12 and vocational school teachers and administrators, with an emphasis on core subjects.		
Funds Expended	1,964,800	1,343,600
Year-End Fund Balance	37,300	0
Mathematics, Science, and Special Education Teacher Student Loan Fund (BRA2358/A.R.S. § 15-1784)		Non-Appropriated
Source of Revenue: Legislative appropriations and repayments of principal and interest of previously issued loans.		
Purpose of Fund: To provide up to 5-year loans to eligible in-state students pursuing a teaching degree in mathematics, science, and special education at a state university and who agree to a service commitment to teach in a public school. General Fund expenditures are not displayed to avoid double counting. The Education Omnibus Bill (Laws 2010, Chapter 332) shifts the administrative responsibilities of the program from the Arizona Board of Regents (ABOR) to the Commission for Postsecondary Education and broadens the participating schools to include any qualifying postsecondary institution beginning in FY 2012.		
Funds Expended	0	0
Year-End Fund Balance	303,100	0
Nursing Education Demonstration Project Fund (EPA2514/Laws 2005, Chapter 330)		Non-Appropriated
Source of Revenue: General Fund deposits totaling \$4,000,000 annually from FY 2006 through FY 2010 as determined by Laws 2005, Chapter 330. Expenditures are not displayed to avoid double counting the original General Fund appropriation to this fund.		
Purpose of Fund: To increase the number of nurses graduating from the state's nursing education programs by increasing the number of qualified nursing education faculty members teaching in nursing degree programs operated by Arizona public universities and community colleges. Monies allocated to the universities shall be administered by ABOR, while monies allocated to the community colleges shall be administered by the Department of Commerce.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Regents Local Fund (BRA1/A.R.S. § 15-1626)		Non-Appropriated
Source of Revenue: Contributions of retained tuition from the 3 universities.		
Purpose of Fund: To supplement the ABOR operating budget.		
Funds Expended	2,338,100	2,050,600
Year-End Fund Balance	81,400	0
Technology and Research Initiative Fund (BRA2472/A.R.S. § 15-1648)		Non-Appropriated
Source of Revenue: A portion of a 0.6% sales tax, as authorized by voters through Proposition 301 in the November 2000 General Election and as governed by statute. Total receipts were \$52,824,100 in FY 2010 and are estimated to be \$54,034,800 in FY 2011 and \$57,131,600 in FY 2012.		
Purpose of Fund: To provide grants for university technology and research initiatives, with preference given to federal or private partnerships, as well as to programs for non-traditional students; also, for up to 20% of fund monies, to support capital projects, including debt service, relating to technology and research. The displayed expenditures represent only that portion of tax receipts utilized by ABOR. The board transfers all other receipts to university Restricted Funds, which reflect those monies.		
Funds Expended	1,359,500	1,378,600
Year-End Fund Balance	417,300	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Trust Land Fund (BRA3131/3132/3134/3136/ A.R.S. § 15-1662)		Non-Appropriated
<p>Source of Revenue: Monies derived from the lease, sale, or other disposition of lands granted to the state by the United States for the use and benefit of the universities. Land funds are allocated for Agricultural and Mechanical Colleges, Military Institutes, Universities, and Normal Schools, respectively. Total land earnings were \$2,633,100 in FY 2010 and are estimated to be \$2,956,600 in FY 2011 and \$2,756,600 in FY 2012.</p> <p>Purpose of Fund: To operate agricultural and mechanical colleges, to support university Reserve Officers' Training Corps programs, to match private funds attracting distinguished faculty, and to operate teacher training programs, respectively. The displayed expenditures represent only that portion of trust land earnings transferred to university endowments to support outstanding faculty. ABOR transfers all other trust land earnings to University Collections Funds, which reflect those monies.</p>		
Funds Expended	2,317,600	3,291,300
Year-End Fund Balance	334,700	0

Arizona State University - Tempe/DPC

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	6,562.0	6,868.8	6,868.8
Personal Services	294,254,500	359,013,900	359,013,900
Employee Related Expenditures	100,227,200	104,353,100	104,353,100
Professional and Outside Services	33,448,900	23,231,700	23,231,700
Travel - In State	213,900	218,700	218,700
Travel - Out of State	2,644,300	2,382,500	2,382,500
Library Acquisitions	9,259,300	8,783,200	8,783,200
Other Operating Expenditures	56,500,700	67,614,400	78,560,100
Equipment	12,889,400	11,809,400	11,809,400
OPERATING SUBTOTAL	509,438,200	577,406,900	588,352,600
SPECIAL LINE ITEMS			
Biomedical Informatics	2,457,600	2,056,800	2,056,800
Downtown Phoenix Campus	70,798,000	86,354,300	93,626,400
Research Infrastructure Lease-Purchase Payment	13,555,000	13,555,000	13,555,000
AGENCY TOTAL	596,248,800	679,373,000	697,590,800
FUND SOURCES			
General Fund	288,211,000	326,349,100	326,349,100
<u>Other Appropriated Funds</u>			
University Collections Fund	308,037,800	353,023,900	371,241,700
SUBTOTAL - Other Appropriated Funds	308,037,800	353,023,900	371,241,700
SUBTOTAL - Appropriated Funds	596,248,800	679,373,000	697,590,800
Other Non-Appropriated Funds	598,181,000	722,063,200	736,681,400
Federal Funds	258,984,300	238,742,600	246,151,000
TOTAL - ALL SOURCES	1,453,414,100	1,640,178,800	1,680,423,200

AGENCY DESCRIPTION — Established in 1885, Arizona State University (ASU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). As a primary research institution, ASU offers 272 Baccalaureate, Master’s, Doctoral and first professional degree programs, and 56 undergraduate and graduate certificate programs to 58,371 full- and part-time students at its Tempe Campus. The Downtown Phoenix Campus (DPC), budgeted as a unit of the Tempe Campus, offers 48 degree programs and 23 certificate programs to 13,567 full- and part-time students.

Operating Budget

The Baseline includes \$588,352,600 and 6,086.5 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$281,488,000
University Collections Fund	306,864,600

FY 2012 adjustments would be as follows:

Enrollment Growth OF 10,945,700

The Baseline includes an increase of \$10,945,700 from the University Collections Fund for enrollment growth in FY 2012. The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided an increase of \$11,375,500. Formula enrollment is projected to grow by

1,457 full-time equivalent (FTE) students, to 33,778 FTE students for ASU-Tempe in FY 2012. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. This amount excludes projected growth of 78 out-of-state students. (Please see ABOR for more information.)

Since enrollment growth contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues.

Biomedical Informatics

The Baseline includes \$2,056,800 and 15.3 FTE Positions from the General Fund for the Biomedical Informatics

Department in FY 2012. These amounts are unchanged from FY 2011.

* * *

This multidisciplinary department incorporates computer science, biology, and engineering to organize and analyze medical data. The department is closely integrated with the University of Arizona Phoenix Medical Campus. (For more information on this campus, please see the University of Arizona - Health Sciences Center section.)

Downtown Phoenix Campus

The Baseline includes \$93,626,400 and 767 FTE Positions for programs headquartered at the Downtown Phoenix Campus (DPC) in FY 2012. These amounts consist of:

General Fund	29,249,300
University Collections Fund	64,377,100

FY 2012 adjustments would be as follows:

Enrollment Growth OF 7,272,100

The Baseline includes an increase of \$7,272,100 from the University Collections Fund for enrollment growth in FY 2012. The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided an increase of \$7,557,600. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. Formula enrollment is projected to grow by 968 full-time equivalent (FTE) students, to 5,883 FTE students for ASU-DPC in FY 2012. This amount excludes projected growth of 216 out-of-state students. (Please see ABOR for more information.)

Research Infrastructure Lease-Purchase Payment

The Baseline includes \$13,555,000 from the General Fund for the Research Infrastructure Lease-Purchase Payment Special Line Item in FY 2012. This amount is unchanged from FY 2011.

Laws 2003, Chapter 267 appropriated a total of \$34,625,000 from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006. Therefore, this funding does not appear in the General Appropriation Act. In total, the universities have issued \$482,500,000 in Certificates of Participation (COPs) for research infrastructure projects. Of this amount, ASU-Tempe/DPC has issued \$187,200,000 in COPs.

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see ABOR for universitywide standard footnotes.)

The appropriated monies shall not be used by the Arizona State University College of Law Legal Clinic for any lawsuits involving inmates of the State Department of Corrections in which the state is the adverse party.

It is the intent of the Legislature that the General Fund base funding for Arizona State University - Tempe and Downtown Phoenix Campuses is \$326,349,100, which includes a deferral of \$74,760,400 from FY 2012 to FY 2013 and the \$13,555,000 Laws 2003, Chapter 267 lease-purchase appropriation.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline includes \$74,760,400 from the General Fund for FY 2011 payments that were deferred until FY 2012 and includes a FY 2012 General Fund payment deferral of \$(74,760,400) until FY 2013. These amounts constitute a portion of a \$200,000,000 universitywide payment deferral. The payment deferral is unchanged from FY 2011. (Please see ABOR for more information.)

The FY 2012 General Fund Baseline is \$326,349,100. Of this amount:

- \$238,033,700 would be included in the FY 2012 General Appropriation Act.
- \$74,760,400 was appropriated in the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1) to reflect the deferral of FY 2011 monies to FY 2012. The \$(38,138,100) net impact of the FY 2010 payment deferral appears in the Professional and Outside Services line. (Please see the summary table above.)
- \$13,555,000 was appropriated in Laws 2003, Chapter 267 for a lease-purchase payment.

Furlough/Statewide Salary Reduction

As required by the Budget Procedures Budget Reconciliation Bill (Laws 2010, 7th Special Session, Chapter 3), implementation of the statewide pay reduction and furlough will begin in FY 2012 for the universities. It will reduce ASU Tempe/DPC's budget by \$(21,282,400). This reduction is not reflected in the funding table above. (Please see ABOR Other Issues for Legislative Consideration for more information.)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Auxiliary Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, and intercollegiate athletics.		
Funds Expended	137,334,300	140,119,500
Year-End Fund Balance	29,393,800	29,452,900
Designated Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	345,607,300	451,433,700
Year-End Fund Balance	234,411,200	186,187,800
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	1,579,700	0
Year-End Fund Balance	77,710,100	77,710,100
Federal Grants (No Fund Number/A.R.S. § 15-1666)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	226,482,700	237,875,700
Year-End Fund Balance	0	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (UNI2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the university as part of the State Fiscal Stabilization Fund for education programs.		
Funds Expended	32,501,600	866,900
Year-End Fund Balance	32,501,600	866,900
Federal Indirect Cost Recovery Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	0	0
Year-End Fund Balance	44,448,000	50,459,300
Indirect Cost Recovery Fund (Non-Federal) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	311,400	326,900
Year-End Fund Balance	8,073,400	6,073,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Loan Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
Purpose of Fund: To provide one-third of the amount of federal student loans. The federal government provides the other two-thirds. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	228,300	0
Year-End Fund Balance	13,259,900	13,259,900
Restricted Fund (Excluding Federal Funds) (No Fund Number /A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the ABOR Summary of Funds</i>), as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	113,120,000	129,935,500
Year-End Fund Balance	33,722,000	27,872,600
University Capital Improvement Lease-to-Own and Bond Fund (BRA3042/A.R.S. § 15-1682.03)		Non-Appropriated
Source of Revenue: Lottery proceeds.		
Purpose of Fund: To pay annual debt service payments for the \$800,000,000 university Lottery bonding package. The fund will be comprised of no more than 80% Lottery revenues and at least 20% state university system revenues. (<i>Please see the Capital Outlay ABOR Building System narrative for more information.</i>)		
Funds Expended	0	247,600
Year-End Fund Balance	0	0
University Collections Fund (ASA1411/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	308,037,800	353,023,900
Year-End Fund Balance	0	0

Arizona State University - East Campus

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	541.1	526.1	526.1
Personal Services	26,855,400	28,220,500	28,220,500
Employee Related Expenditures	7,620,400	8,217,100	8,217,100
Professional and Outside Services	8,815,900	13,967,700	13,967,700
Travel - In State	17,100	42,300	42,300
Travel - Out of State	187,600	113,500	113,500
Library Acquisitions	150,100	150,100	150,100
Other Operating Expenditures	5,632,700	6,557,600	6,863,200
Equipment	1,626,800	1,244,900	1,244,900
OPERATING SUBTOTAL	50,906,000	58,513,700	58,819,300
SPECIAL LINE ITEMS			
Research Infrastructure Lease-Purchase Payment	917,000	917,000	917,000
TRIF Lease-Purchase Payment	2,000,000	2,000,000	2,000,000
AGENCY TOTAL	53,823,000	61,430,700	61,736,300

FUND SOURCES

General Fund	23,001,200	25,101,300	25,101,300
<u>Other Appropriated Funds</u>			
Technology and Research Initiative Fund	2,000,000	2,000,000	2,000,000
University Collections Fund	28,821,800	34,329,400	34,635,000
SUBTOTAL - Other Appropriated Funds	30,821,800	36,329,400	36,635,000
SUBTOTAL - Appropriated Funds	53,823,000	61,430,700	61,736,300
Other Non-Appropriated Funds	9,677,500	14,736,500	14,987,300
Federal Funds	3,768,000	2,987,400	3,154,500
TOTAL - ALL SOURCES	67,268,500	79,154,600	79,878,100

AGENCY DESCRIPTION — Established as a separate budget unit in 1994, Arizona State University - East Campus (ASU-East), also known as the Polytechnic Campus, currently offers 43 professional and technical Baccalaureate, Master's, and Doctoral degree programs and 7 undergraduate certificate programs to 9,752 full- and part-time students. ASU-East is located at the 600-acre site of the former Williams Air Force Base in southeast Mesa.

Operating Budget

The Baseline includes \$58,819,300 and 526.1 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$24,184,300
University Collections Fund	34,635,000

FY 2012 adjustments would be as follows:

Enrollment Growth OF 305,600

The Baseline includes an increase of \$305,600 from the University Collections Fund for enrollment growth in FY 2012. The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided an increase of \$319,600. Formula enrollment is projected to grow by

41 full-time equivalent (FTE) students, to 4,183 FTE students in FY 2012. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. This amount excludes projected growth of 39 FTE out-of-state students. (*Please see the Arizona Board of Regents (ABOR) for more information.*)

Since enrollment growth contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues.

Research Infrastructure Lease-Purchase Payment

The Baseline includes \$917,000 from the General Fund for the Research Infrastructure Lease-Purchase Payment Special Line Item in FY 2012. This amount is unchanged from FY 2011.

Laws 2003, Chapter 267 appropriated a total of \$34,625,000 from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006. Therefore, this funding does not appear in the General Appropriation Act. In total, the universities have issued \$482,500,000 in Certificates of Participation (COPs) for research infrastructure projects. Of this amount, ASU-East has issued \$19,000,000 in COPs for the Interdisciplinary Science & Technology Building II, which is now complete.

TRIF Lease-Purchase Payment

The Baseline includes \$2,000,000 from the Technology and Research Initiative Fund (TRIF) for lease-purchase payment requirements in FY 2012. This amount is unchanged from FY 2011.

Laws 2000, 5th Special Session, Chapter 1 appropriated \$1,400,000 from TRIF to make the initial lease-purchase payment in FY 2002 on \$27,500,000 in infrastructure development at ASU-East. The payment schedule runs through FY 2021.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see ABOR for universitywide standard footnotes.)

It is the intent of the Legislature that the General Fund base funding for Arizona State University - East Campus is \$25,101,300, which includes a deferral of \$5,750,200 from FY 2012 to FY 2013 and the \$917,000 Laws 2003, Chapter 267 lease-purchase appropriation.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline includes \$5,750,200 from the General Fund for FY 2011 payments that were deferred until FY 2012 and includes a FY 2012 General Fund payment deferral of \$(5,750,200) until FY 2013. These amounts constitute a portion of a \$200,000,000 universitywide payment deferral. The payment deferral is unchanged from FY 2011. *(Please see ABOR for more information.)*

The FY 2012 General Fund Baseline is \$25,101,300. Of this amount:

- \$18,434,100 would be included in the FY 2012 General Appropriation Act.
- \$5,750,200 was appropriated in the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1) to reflect the deferral of FY 2011 monies to FY 2012. The \$(2,100,100) net impact of the FY 2010 payment deferral appears in the Professional and Outside Services line. *(Please see the summary table above.)*
- \$917,000 was appropriated in Laws 2003, Chapter 267 for a lease-purchase payment.

Furlough/Statewide Salary Reduction

As required by the Budget Procedures Budget Reconciliation Bill (Laws 2010, 7th Special Session, Chapter 3), implementation of the statewide pay reduction and furlough will begin in FY 2012 for the universities. It will reduce ASU East's budget by \$(1,480,700). This reduction is not reflected in the funding table above. The calculation that derived the savings amount is based on all appropriated Personal Services expenditures, including both General Fund and tuition collections monies. In the past when pay raises were granted, the pay raise amount was also based on both General Fund and tuition collections monies. *(Please see ABOR Other Issues for Legislative Consideration for more information.)*

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Auxiliary Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, and intercollegiate athletics.		
Funds Expended	577,600	795,100
Year-End Fund Balance	367,500	567,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Designated Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	6,878,000	9,772,900
Year-End Fund Balance	11,023,200	7,072,400
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	13,600	0
Year-End Fund Balance	1,121,400	1,121,400
Federal Grants (No Fund Number/A.R.S. § 15-1666)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	3,768,000	2,987,400
Year-End Fund Balance	3,768,000	2,987,400
Federal Grants - American Recovery and Reinvestment Act (ARRA) (UNI2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the university as part of the State Fiscal Stabilization Fund for education programs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Indirect Cost Recovery Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (Non-Federal) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Loan Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
Purpose of Fund: To provide one-third of the amount of federal student loans. The federal government provides the other two-thirds. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	0	0
Year-End Fund Balance	27,600	27,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (please see the Arizona Board of Regents Summary of Funds), as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	2,208,300	4,168,500
Year-End Fund Balance	1,959,500	2,401,100
Technology and Research Initiative Fund (No Fund Number/A.R.S. § 15-1648)		Appropriated
Source of Revenue: Automatic appropriations of a portion of a 0.6% sales tax, as authorized by voters through Proposition 301 in the November 2000 General Election and as governed by statute.		
Purpose of Fund: To make lease-purchase payments on certificates of participation used for technology and research capital projects.		
Funds Expended	2,000,000	2,000,000
Year-End Fund Balance	0	0
University Collections Fund (ASA1411/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	28,821,800	34,329,400
Year-End Fund Balance	0	0

Arizona State University - West Campus

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	818.7	795.7	795.7
Personal Services	35,299,200	36,126,700	36,126,700
Employee Related Expenditures	10,303,400	10,829,600	10,829,600
Professional and Outside Services	13,692,700	20,840,300	20,840,300
Travel - In State	22,000	11,400	11,400
Travel - Out of State	215,000	131,600	131,600
Library Acquisitions	1,231,000	1,231,000	1,231,000
Other Operating Expenditures	4,887,800	3,401,200	263,100
Equipment	919,100	763,700	763,700
OPERATING SUBTOTAL	66,570,200	73,335,500	70,197,400
SPECIAL LINE ITEMS			
TRIF Lease-Purchase Payment	1,600,000	1,600,000	1,600,000
AGENCY TOTAL	68,170,200	74,935,500	71,797,400

FUND SOURCES

General Fund	38,896,900	43,935,700	43,935,700
<u>Other Appropriated Funds</u>			
Technology and Research Initiative Fund	1,600,000	1,600,000	1,600,000
University Collections Fund	27,673,300	29,399,800	26,261,700
SUBTOTAL - Other Appropriated Funds	29,273,300	30,999,800	27,861,700
SUBTOTAL - Appropriated Funds	68,170,200	74,935,500	71,797,400
Other Non-Appropriated Funds	8,939,400	12,632,700	12,769,800
Federal Funds	2,952,400	4,344,700	4,599,500
TOTAL - ALL SOURCES	80,062,000	91,912,900	89,166,700

AGENCY DESCRIPTION — Established as a separate budget unit in 1984, Arizona State University - West Campus (ASU-West) currently offers 49 Baccalaureate, selective Master's, and Doctoral degree programs in the professional and liberal arts and 4 undergraduate certificate programs to 11,813 full- and part-time students. ASU-West is located at a 277-acre site in northwest Phoenix.

Operating Budget

The Baseline includes \$70,197,400 and 795.7 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$43,935,700
University Collections Fund	26,261,700

FY 2012 adjustments would be as follows:

Enrollment Growth OF (3,138,100)

The Baseline includes a decrease of \$(3,138,100) from the University Collections Fund for enrollment growth in FY 2012. The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided a decrease of \$(3,393,500). These amounts would have funded a projected decline in student enrollment, as calculated by the part-statutory, part-conventional student enrollment

funding formula. Formula enrollment is projected to decline by (421) full-time equivalent (FTE) students, to 5,101 FTE students in FY 2012. This amount excludes projected decline of (2) FTE out-of-state students. (Please see the Arizona Board of Regents (ABOR) for more information.)

Since enrollment growth contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues.

TRIF Lease-Purchase Payment

The Baseline includes \$1,600,000 from the Technology and Research Initiative Fund (TRIF) for lease-purchase payment requirements in FY 2012. This amount is unchanged from FY 2011.

Laws 2000, 5th Special Session, Chapter 1 appropriated \$1,100,000 from TRIF to make the initial lease-purchase

payment in FY 2002 on \$21,600,000 in infrastructure development at ASU-West. The payment schedule runs through FY 2021.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see ABOR for universitywide standard footnotes.)

It is the intent of the Legislature that the General Fund base funding for Arizona State University - West Campus is \$43,935,700, which includes a deferral of \$10,064,800 from FY 2012 to FY 2013.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline includes \$10,064,800 from the General Fund for FY 2011 payments that were deferred until FY 2012 and includes a FY 2012 General Fund payment deferral of \$(10,064,800) until FY 2013. These amounts constitute a portion of a \$200,000,000 universitywide payment

deferral. The payment deferral is unchanged from FY 2011. *(Please see ABOR for more information.)*

The FY 2012 General Fund Baseline is \$43,935,700. Of this amount:

- \$33,870,900 would be included in the FY 2012 General Appropriation Act.
- \$10,064,800 was appropriated in the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1) to reflect the deferral of FY 2011 monies to FY 2012. The \$(5,038,800) net impact of the FY 2010 payment deferral appears in the Professional and Outside Services line. *(Please see the summary table above.)*

Furlough/Statewide Salary Reduction

As required by the Budget Procedures Budget Reconciliation Bill (Laws 2010, 7th Special Session, Chapter 3), implementation of the statewide pay reduction and furlough will begin in FY 2012 for the universities. It will reduce ASU West's budget by \$(1,895,500). This reduction is not reflected in the funding table above. *(Please see ABOR Other Issues for Legislative Consideration for more information.)*

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Auxiliary Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, and intercollegiate athletics.		
Funds Expended	547,500	768,800
Year-End Fund Balance	1,194,200	1,321,800
Designated Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	4,614,900	6,339,900
Year-End Fund Balance	11,067,200	11,283,700
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	41,500	0
Year-End Fund Balance	2,459,400	2,459,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Grants (No Fund Number/A.R.S. § 15-1666)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	2,952,400	4,344,700
Year-End Fund Balance	0	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (UNI2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the university as part of the State Fiscal Stabilization Fund for education programs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Indirect Cost Recovery Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (Non-Federal) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Loan Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
Purpose of Fund: To provide one-third of the amount of federal student loans. The federal government provides the other two-thirds. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	0	0
Year-End Fund Balance	4,300	4,300
Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the Arizona Board of Regents Summary of Funds</i>), as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	3,735,500	5,524,000
Year-End Fund Balance	2,489,400	2,857,900
Technology and Research Initiative Fund (No Fund Number/A.R.S. § 15-1648)		Appropriated
Source of Revenue: Automatic appropriations of a portion of a 0.6% sales tax, as authorized by voters through Proposition 301 in the November 2000 General Election and as governed by statute.		
Purpose of Fund: To make lease-purchase payments on certificates of participation used for technology and research capital projects.		
Funds Expended	1,600,000	1,600,000
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
University Collections Fund (ASA1411/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	27,673,300	29,399,800
Year-End Fund Balance	0	0

Northern Arizona University

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,972.9	1,989.0	1,989.0
Personal Services	109,553,900	130,548,300	130,548,300
Employee Related Expenditures	37,744,200	40,406,400	40,406,400
Professional and Outside Services	6,798,100	1,893,500	1,893,500
Travel - In State	355,500	559,300	559,300
Travel - Out of State	378,300	0	0
Other Operating Expenditures	22,063,400	27,362,900	32,465,900
Library Acquisitions	1,781,800	1,794,600	1,794,600
Equipment	1,845,800	1,163,700	1,163,700
OPERATING SUBTOTAL	180,521,000	203,728,700	208,831,700
SPECIAL LINE ITEMS			
NAU - Yuma	2,512,000	2,999,600	2,999,600
Research Infrastructure Lease-Purchase Payment	5,900,000	5,900,000	5,900,000
Teacher Training	2,000,000	2,000,000	2,000,000
AGENCY TOTAL	190,933,000	214,628,300	219,731,300
FUND SOURCES			
General Fund	117,864,100	133,118,100	133,118,100
<u>Other Appropriated Funds</u>			
University Collections Fund	73,068,900	81,510,200	86,613,200
SUBTOTAL - Other Appropriated Funds	73,068,900	81,510,200	86,613,200
SUBTOTAL - Appropriated Funds	190,933,000	214,628,300	219,731,300
Other Non-Appropriated Funds	118,970,800	160,464,100	165,186,600
Federal Funds	76,556,200	65,270,100	65,922,800
TOTAL - ALL SOURCES	386,460,000	440,362,500	450,840,700

AGENCY DESCRIPTION — Established in 1899, Northern Arizona University (NAU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). The university's primary focus is undergraduate residential education. NAU offers 147 degree programs and 51 certificate programs to 25,200 students in 10 colleges/divisions through its campus in Flagstaff and its extended campus programs, also known as distance learning programs. The university is responsible for providing the large majority of statewide extended campus programs, both over the Internet and through 34 instructional sites, including a Yuma Branch Campus that operates in conjunction with Arizona Western College and a recently formed partnership with Yavapai Community College.

Operating Budget

The Baseline includes \$208,831,700 and 1,959.6 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$122,218,500
University Collections Fund	86,613,200

FY 2012 adjustments would be as follows:

Enrollment Growth **OF 5,103,000**
The Baseline includes an increase of \$5,103,000 from the University Collections Fund for enrollment growth in FY 2012. The Baseline includes no funding for General

Fund enrollment growth. If General Fund enrollment growth were funded, it would have provided an increase of \$5,771,500. Formula enrollment is projected to grow by 746 Full-Time Equivalent (FTE) students, to 16,478 FTE students in FY 2012. These amounts would have funded the projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. This amount excludes projected growth of 492 out-of-state students. (*Please see ABOR for more information.*)

Since enrollment growth contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues.

NAU - Yuma

The Baseline includes \$2,999,600 and 29.4 FTE Positions from the General Fund for NAU-Yuma in FY 2012. These amounts are unchanged from FY 2011.

NAU operates this campus in conjunction with the Arizona Western College in Yuma.

Research Infrastructure Lease-Purchase Payment

The Baseline includes \$5,900,000 from the General Fund for the Research Infrastructure Lease-Purchase Payment Special Line Item in FY 2012. This amount is unchanged from FY 2011.

Laws 2003, Chapter 267 appropriated a total of \$34,600,000 from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006. Therefore, this funding does not appear in the General Appropriation Act. In total, the universities have issued \$482,500,000 in Certificates of Participation (COPs) for research infrastructure projects. Of this amount, NAU has issued \$77,475,000 in COPs.

Teacher Training

The Baseline includes \$2,000,000 from the General Fund for the Teacher Training Special Line Item in FY 2012. This amount is unchanged from FY 2011.

The Teacher Training program serves to increase the number of teachers serving as mentors under the Teacher Training (“Master Teacher”) program. The Arizona K-12 Center is affiliated with NAU and is located in downtown Phoenix.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see ABOR for universitywide standard footnotes.)

The appropriated amount for the Teacher Training line item shall be distributed to the Arizona K-12 Center for Program Implementation and Mentor Training for the Arizona Mentor Teacher program prescribed by the State Board of Education.

It is the intent of the Legislature that the General Fund base funding for Northern Arizona University is \$133,118,100, which includes a deferral of \$30,494,800 from FY 2012 to FY 2013 and the \$5,900,000 Laws 2003, Chapter 267 lease-purchase appropriation.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline includes \$30,494,800 from the General Fund for FY 2011 payments that were deferred until FY 2012 and includes a FY 2012 General Fund payment deferral of \$(30,494,800) until FY 2013. These amounts constitute a portion of a \$200,000,000 university-wide payment deferral. The payment deferral is unchanged from FY 2011. *(Please see ABOR for more information.)*

The FY 2012 General Fund Baseline is \$133,118,100. Of this amount:

- \$96,723,300 would be included in the FY 2012 General Appropriation Act.
- \$30,494,800 was appropriated in the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1) to reflect the deferral of FY 2011 monies to FY 2012. The \$(15,254,000) net impact of the FY 2010 payment deferral appears in the Personal Services line. *(Please see the summary table above.)*
- \$5,900,000 was appropriated in Laws 2003, Chapter 267 for a lease-purchase payment.

Furlough/Statewide Salary Reduction

As required by the Budget Procedures Budget Reconciliation Bill (Laws 2010, 7th Special Session, Chapter 3), implementation of the statewide pay reduction and furlough will begin in FY 2012 for the universities. It will reduce NAU’s budget by \$(7,005,600). This reduction is not reflected in the funding table above. *(Please see ABOR Other Issues for Legislative Consideration for more information.)*

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Auxiliary Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, and intercollegiate athletics.		
Funds Expended	38,352,800	47,918,800
Year-End Fund Balance	21,812,100	21,895,600
<i>FY 2012 Baseline</i>		<i>Northern Arizona University</i>

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Designated Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	50,400,900	81,371,800
Year-End Fund Balance	78,544,500	43,829,200
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	0	0
Year-End Fund Balance	15,259,000	16,159,000
Federal Grants (No Fund Number/A.R.S. § 15-1666)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	63,777,500	63,401,600
Year-End Fund Balance	0	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (UNI2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the university as part of the State Fiscal Stabilization Fund for education programs.		
Funds Expended	10,935,000	0
Year-End Fund Balance	0	0
Federal Indirect Cost Recovery Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	1,843,700	1,868,500
Year-End Fund Balance	4,725,000	5,769,000
Indirect Cost Recovery Fund (Non-Federal) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	945,500	957,700
Year-End Fund Balance	2,423,300	3,362,600
Loan Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
Purpose of Fund: To provide one-third of the amount of federal student loans. The federal government provides the other two-thirds. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	227,500	250,000
Year-End Fund Balance	7,076,700	7,126,700

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the ABOR Summary of Funds</i>), as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	29,044,100	29,334,600
Year-End Fund Balance	15,858,000	15,870,400
University Capital Improvement Lease-to-Own and Bond Fund (BRA3042/A.R.S. § 15-1682.03)		Non-Appropriated
Source of Revenue: Lottery proceeds.		
Purpose of Fund: To pay annual debt service payments for the \$800,000,000 university Lottery bonding package. The fund will be comprised of no more than 80% Lottery revenues and at least 20% state university system revenues. (<i>Please see the Capital Outlay ABOR Building System narrative for more information.</i>)		
Funds Expended	0	631,200
Year-End Fund Balance	0	0
University Collections Fund (NAA1421/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	73,068,900	81,510,200
Year-End Fund Balance	0	0

University of Arizona - Main Campus

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5,368.4	5,805.5	5,805.5
Personal Services	247,107,000	289,753,500	289,753,500
Employee Related Expenditures	71,718,600	83,794,900	83,794,900
Professional and Outside Services	15,677,000	12,346,200	12,346,200
Travel - In State	85,800	99,400	99,400
Travel - Out of State	409,700	96,800	96,800
Library Acquisitions	9,604,800	8,128,700	8,128,700
Other Operating Expenditures	47,905,600	54,022,100	60,957,700
Equipment	857,300	1,475,600	1,475,600
OPERATING SUBTOTAL	393,365,800	449,717,200	456,652,800
SPECIAL LINE ITEMS			
Agriculture	37,507,900	37,452,600	37,452,600
Arizona Cooperative Extension	12,796,900	12,923,100	12,923,100
Research Infrastructure Lease-Purchase Payment	14,253,000	14,253,000	14,253,000
Sierra Vista Campus	5,136,600	5,222,800	5,222,800
AGENCY TOTAL	463,060,200	519,568,700	526,504,300
FUND SOURCES			
General Fund	237,210,700	271,315,400	271,315,400
<u>Other Appropriated Funds</u>			
University Collections Fund	225,849,500	248,253,300	255,188,900
SUBTOTAL - Other Appropriated Funds	225,849,500	248,253,300	255,188,900
SUBTOTAL - Appropriated Funds	463,060,200	519,568,700	526,504,300
Other Non-Appropriated Funds	645,579,600	736,696,300	747,223,300
Federal Funds	272,784,200	247,789,300	251,157,900
TOTAL - ALL SOURCES	1,381,424,000	1,504,054,300	1,524,885,500

AGENCY DESCRIPTION — Established in 1885, The University of Arizona (UA) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). As a primary research institution, UA offers 375 degree-programs to approximately 39,000 full- and part-time students in 39 colleges and schools at its Main Campus in Tucson. Upon its establishment, UA received the federal land grant for Arizona, allowing the creation of agricultural and mining programs that continue today. UA-South is a branch campus of the university in Sierra Vista.

Operating Budget

The Baseline includes \$456,652,800 and 4,375.5 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$212,026,300
University Collections Fund	244,626,500

FY 2012 adjustments would be as follows:

Enrollment Growth **OF** **6,935,600**
The Baseline includes an increase of \$6,935,600 from the University Collections Fund for enrollment growth in FY 2012. The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment

growth was funded, it would have provided an increase of \$6,682,500. Formula enrollment is projected to grow by 842 full-time equivalent (FTE) students, to 22,082 FTE students in FY 2012. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. This amount excludes projected decline of (23) FTE out-of-state students. (*Please see ABOR for more information.*)

Since enrollment growth contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues.

Agriculture

The Baseline includes \$37,452,600 and 665.1 FTE Positions for the Agriculture Programs in FY 2012. These amounts consist of:

General Fund	30,661,900
University Collections Fund	6,790,700

These amounts are unchanged from FY 2011.

This line item supports agricultural academic programs in Animal Systems; Environment and Natural Resources; Family, Youth, and Community; Human Nutrition, Food Safety and Health; Marketing, Trade, and Economics; and Plant Systems.

Arizona Cooperative Extension

The Baseline includes \$12,923,100 and 205.1 FTE Positions for the Arizona Cooperative Extension in FY 2012. These amounts consist of:

General Fund	11,223,100
University Collections Fund	1,700,000

These amounts are unchanged from FY 2011.

This line item supports Agriculture Experiment Stations and Cooperative Extension services that provide non-credit community outreach seminars and youth programs throughout the state.

Research Infrastructure Lease-Purchase Payment

The Baseline includes \$14,253,000 from the General Fund for the Research Infrastructure Lease-Purchase Payment Special Line Item in FY 2012. This amount is unchanged from FY 2011.

Laws 2003, Chapter 267 appropriated a total of \$34,625,000 from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006. Therefore, this funding does not appear in the General Appropriation Act. In total, the universities have issued \$482,500,000 in Certificates of Participation for research infrastructure projects.

Sierra Vista Campus

The Baseline includes \$5,222,800 and 72.7 FTE Positions for the Sierra Vista Campus in FY 2012. These amounts consist of:

General Fund	3,151,100
University Collections Fund	2,071,700

These amounts are unchanged from FY 2011.

UA-South offers upper-division undergraduate programs in 16 disciplines for community college transfer students. While ABOR authorized this UA branch campus for Sierra Vista in 1995, the Legislature has not formally established the campus in statute.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see ABOR for universitywide standard footnotes.)

It is the intent of the Legislature that the General Fund base funding for University of Arizona - Main Campus is \$271,315,400, which includes a deferral of \$62,153,100 from FY 2012 to FY 2013 and the \$14,253,000 Laws 2003, Chapter 267 lease-purchase appropriation.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline includes \$62,153,100 from the General Fund for FY 2011 payments that were deferred until FY 2012 and includes a FY 2012 General Fund payment deferral of \$(62,153,100) until FY 2013. These amounts constitute a portion of a \$200,000,000 universitywide payment deferral. The payment deferral is unchanged from FY 2011. *(Please see ABOR for more information.)*

The FY 2012 General Fund Baseline is \$271,315,400. Of this amount:

- \$194,909,300 would be included in the FY 2012 General Appropriation Act.
- \$62,153,100 was appropriated in the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1) to reflect the deferral of FY 2011 monies to FY 2012. The \$34,104,700 net impact of the FY 2010 payment deferral appears in the Other Operating Expenditures line. *(Please see the summary table above.)*
- \$14,253,000 was appropriated in Laws 2003, Chapter 267 for a lease-purchase payment.

Furlough/Statewide Salary Reduction

As required by the Budget Procedures Budget Reconciliation Bill (Laws 2010, 7th Special Session, Chapter 3), implementation of the statewide pay reduction and furlough will begin in FY 2012 for the universities. It will reduce UA Main's budget by \$(17,325,500). This reduction is not reflected in the funding table above. *(Please see ABOR Other Issues for Legislative Consideration for more information.)*

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Auxiliary Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, and intercollegiate athletics.		
Funds Expended	235,073,200	252,654,300
Year-End Fund Balance	34,971,900	33,761,300
Designated Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	243,317,200	303,886,500
Year-End Fund Balance	174,963,300	173,062,300
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	0	0
Year-End Fund Balance	108,771,700	116,992,800
Federal Grants (No Fund Number/A.R.S. § 15-1666)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	230,468,500	204,627,200
Year-End Fund Balance	7,610,800	10,000,700
Federal Grants - American Recovery and Reinvestment Act (ARRA) (UNI2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the university as part of the State Fiscal Stabilization Fund for education programs.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Indirect Cost Recovery Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	42,315,700	43,162,100
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (Non-Federal) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	10,840,900	11,057,700
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Loan Fund (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest on federal student loans and reimbursements from federal loan forgiveness programs.		
Purpose of Fund: To provide one-third of the amount of federal student loans. The federal government provides the other two-thirds. The amounts displayed do not include an administrative allowance, which is reflected in the Designated Fund.		
Funds Expended	774,300	783,900
Year-End Fund Balance	17,934,700	18,299,400
Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the ABOR Summary of Funds</i>), as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	155,574,000	166,988,000
Year-End Fund Balance	13,085,900	13,807,400
University Capital Improvement Lease-to-Own and Bond Fund (BRA3042/A.R.S. § 15-1682.03)		Non-Appropriated
Source of Revenue: Lottery proceeds.		
Purpose of Fund: To pay annual debt service payments for the \$800,000,000 university Lottery bonding package. The fund will be comprised of no more than 80% Lottery revenues and at least 20% state university system revenues. (<i>Please see the Capital Outlay ABOR Building System narrative for more information.</i>)		
Funds Expended	0	1,325,900
Year-End Fund Balance	0	0
University Collections Fund (UAA1402/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	225,849,500	248,253,300
Year-End Fund Balance	0	0

University of Arizona - Health Sciences Center

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	948.1	979.1	979.1
Personal Services	44,478,800	54,300,300	54,300,300
Employee Related Expenditures	13,303,500	13,066,600	13,066,600
Professional and Outside Services	1,150,700	1,073,200	1,073,200
Travel - In State	63,100	35,600	35,600
Travel - Out of State	168,600	7,700	7,700
Library Acquisitions	981,100	872,200	872,200
Other Operating Expenditures	3,614,800	3,109,000	3,232,600
Equipment	1,575,500	201,900	201,900
OPERATING SUBTOTAL	65,336,100	72,666,500	72,790,100
SPECIAL LINE ITEMS			
Clinical Rural Rotation	348,100	373,300	373,300
Clinical Teaching Support	8,551,800	8,587,000	8,587,000
Liver Research Institute	477,300	477,300	477,300
Phoenix Medical Campus	13,226,700	14,451,300	14,451,300
Telemedicine Network	1,937,700	1,937,700	1,937,700
AGENCY TOTAL	89,877,700	98,493,100	98,616,700
FUND SOURCES			
General Fund	67,810,200	73,234,900	73,234,900
<u>Other Appropriated Funds</u>			
University Collections Fund	22,067,500	25,258,200	25,381,800
SUBTOTAL - Other Appropriated Funds	22,067,500	25,258,200	25,381,800
SUBTOTAL - Appropriated Funds	89,877,700	98,493,100	98,616,700
Other Non-Appropriated Funds	130,528,200	134,425,800	136,660,100
Federal Funds	91,106,000	92,503,600	93,924,900
TOTAL - ALL SOURCES	311,511,900	325,422,500	329,201,700

AGENCY DESCRIPTION — In 1994, the University of Arizona (UA) joined its Colleges of Medicine, Nursing, Pharmacy, and Public Health, its School of Health Professions, the University Medical Center, and university physicians into the Arizona Health Sciences Center (UA-HSC). UA-HSC enrolls over 3,274 undergraduate and graduate students at its 48-acre campus in Tucson. UA-HSC currently operates a medical campus in Phoenix that opened in FY 2006. The Colleges of Pharmacy and Public Health also have a presence on the Phoenix Biomedical campus, and the College of Public Health admitted its first cohort of 13 Phoenix-based Master of Public Health students in fall 2010.

Operating Budget

The Baseline includes \$72,790,100 and 649.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$51,268,800
University Collections Fund	21,521,300

FY 2012 adjustments would be as follows:

Enrollment Growth OF 123,600

The Baseline includes an increase of \$123,600 from the University Collections Fund for enrollment growth in FY 2012. The Baseline includes no funding for General Fund enrollment growth. If General Fund enrollment growth was funded, it would have provided an increase of \$118,800. Formula enrollment is projected to grow by 15 full-time equivalent (FTE) students, to 1,536 FTE students in FY 2012. These amounts would have funded projected growth in student enrollment, as calculated by the part-statutory, part-conventional student enrollment funding formula. This amount excludes projected decline of (1) FTE out-of-state student. *(Please see the Arizona Board of Regents (ABOR) for more information.)*

Since enrollment growth contributes to an increase in university tuition and fee collections, the University Collections Fund amount reflects these additional revenues.

Clinical Rural Rotation

The Baseline includes \$373,300 and 6.1 FTE Positions from the General Fund for the Clinical Rural Rotation program in FY 2012. These amounts are unchanged from FY 2011.

This line item funds the Rural Health Professions Program, which enables nurse practitioner, medical, and pharmacy students to plan and complete clinical practice rotations in rural and medically under-served sites throughout the state.

Clinical Teaching Support

The Baseline includes \$8,587,000 and 212 FTE Positions from the General Fund for Clinical Teaching Support in FY 2012. These amounts are unchanged from FY 2011.

Clinical Teaching Support provides hospital training, through internships and residencies, for medical, nursing, clinical, and other health students in a wide variety of specialty areas. Students fill all the above-mentioned FTE Positions. Since participation in the program has been stable for several years, the funding summary above includes these FTE Positions.

Liver Research Institute

The Baseline includes \$477,300 and 6.5 FTE Positions from the General Fund for the Liver Research Institute in FY 2012. These amounts are unchanged from FY 2011.

The Liver Research Institute conducts clinical studies on all liver diseases, focusing on chemical and natural agents that may offer a cure for such ailments. The line item also supports a research development program that actively pursues outside grants and donations.

Phoenix Medical Campus

The Baseline includes \$14,451,300 and 90.4 FTE Positions for the Phoenix Medical Campus (PMC) in FY 2012. These amounts consist of:

General Fund	10,590,800
University Collections Fund	3,860,500

These amounts are unchanged from FY 2011.

The Phoenix Biomedical Campus has 120 medical students. UA envisions, by FY 2025, adding at least 1,200,000 square feet to house 680 medical students, 1,660 science students, and 140 bioinformatics students.

Laws 2008, Chapter 287 as amended by Laws 2009, 1st Special Session, Chapter 6 and Laws 2009, 3rd Special Session, Chapter 9 authorized ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities of which ABOR is required to allocate \$376,000,000 for the Phoenix Biomedical Campus.

The first phase of this project includes \$172,940,000 in university lottery bonding for construction of the Health Sciences and Education Building and renovation of the Arizona Biomedical Collaborative 1 Building, which was favorably reviewed by the Joint Committee on Capital Review (JCCR) in March 2010. At the March meeting, the Committee provided a favorable review of the project with the provision that for 18 months, or until September 2011, ABOR and the universities would not request additional lottery bonding authority, including the remaining \$203,060,000 available for the Phoenix Biomedical Campus. This provision was recommended by ABOR. As a result, no further medical campus expansion will occur until after August 2011. Bonds for the first phase totaling \$121,126,000 were issued by UA in June 2010 and construction is expected to be completed by the spring of 2012. *(For additional information on university lottery bonding, please see the Capital Outlay - ABOR Building System section of this report.)*

In addition to the lottery bonding funding, the universities also received a \$15,000,000 federal grant to build an animal-related research building on the Phoenix Biomedical Campus for animal-related research. Since this was a federal grant, JCCR review was not required. This project will also be complete by the spring of 2012.

Telemedicine Network

The Baseline includes \$1,937,700 and 14.9 FTE Positions from the General Fund for the Telemedicine Network in FY 2012. These amounts are unchanged from FY 2011.

Telemedicine is the use of computers, video imaging, broadband Internet channels, and other telecommunication technologies to diagnose and treat patients in rural communities and state penitentiaries.

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FORMAT — Operating Lump Sum with Special Line items by Agency

FOOTNOTES

Standard Footnotes (Please see ABOR for universitywide standard footnotes.)

It is the intent of the Legislature that the General Fund base funding for University of Arizona - Health Sciences

Center is \$73,234,900, which includes a deferral of \$16,776,700 from FY 2012 to FY 2013.

- \$16,776,700 was appropriated in the FY 2011 General Appropriation Act (Laws 2010, 7th Special Session, Chapter 1) to reflect the deferral of FY 2011 monies to FY 2012. The \$(5,364,300) net impact of the FY 2010 payment deferral appears in the Personal Services line. *(Please see the summary table above.)*

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline includes \$16,776,700 from the General Fund for FY 2011 payments that were deferred until FY 2012 and includes a FY 2012 General Fund payment deferral of \$(16,776,700) until FY 2013. These amounts constitute a portion of a \$200,000,000 universitywide payment deferral. The payment deferral is unchanged from FY 2011. *(Please see ABOR for more information.)*

The FY 2012 General Fund Baseline is \$73,234,900. Of this amount:

- \$56,458,200 would be included in the FY 2012 General Appropriation Act.

Furlough/Statewide Salary Reduction

As required by the Budget Procedures Budget Reconciliation Bill (Laws 2010, 7th Special Session, Chapter 3), implementation of the statewide pay reduction and furlough will begin in FY 2012 for the universities. It will reduce UA-HSC’s budget by \$(3,894,400). This reduction is not reflected in the funding table above. *(Please see ABOR Other Issues for Legislative Consideration for more information.)*

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Auxiliary Fund (No Fund Number/A.R.S. § 15-1601) Non-Appropriated		
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, and intercollegiate athletics.		
Funds Expended	10,780,500	10,913,500
Year-End Fund Balance	2,940,600	2,848,200
Designated Fund (No Fund Number/A.R.S. § 15-1601) Non-Appropriated		
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	24,388,300	26,549,700
Year-End Fund Balance	23,964,000	23,788,100
Endowment and Life Income Fund (No Fund Number/A.R.S. § 15-1601) Non-Appropriated		
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	0	0
Year-End Fund Balance	55,338,600	59,573,500
Federal Grants (No Fund Number/A.R.S. § 15-1666) Non-Appropriated		
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	69,022,100	69,978,000
Year-End Fund Balance*	(350,700)	246,000
Federal Indirect Cost Recovery Fund (No Fund Number/A.R.S. § 15-1601) Non-Appropriated		
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	22,083,900	22,525,600
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Indirect Cost Recovery Fund (Non-Federal) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	6,067,000	6,188,300
Year-End Fund Balance	0	0
Restricted Fund (Excluding Federal Funds) (No Fund Number/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the Arizona Board of Regents Summary of Funds</i>), as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	89,292,400	90,774,300
Year-End Fund Balance	0	0
University Collections Fund (No Fund Number/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	22,067,500	25,258,200
Year-End Fund Balance	0	0

*As reported by the agency. Actual ending balance will not be negative.

Department of Veterans' Services

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	359.3	356.3	500.3
Personal Services	1,718,800	1,797,300	1,797,300
Employee Related Expenditures	631,700	527,500	527,500
Professional and Outside Services	50,400	114,100	114,100
Travel - In State	19,500	18,000	18,000
Travel - Out of State	5,100	18,000	18,000
Other Operating Expenditures	460,600	452,300	452,300
Equipment	37,800	0	0
OPERATING SUBTOTAL	2,923,900	2,927,200	2,927,200
SPECIAL LINE ITEMS			
Arizona State Veterans' Homes	15,161,200	16,959,800	23,491,700
Southern Arizona Cemetery	281,300	280,000	280,000
Veterans' Benefit Counseling	2,970,600	2,942,600	2,942,600
AGENCY TOTAL	21,337,000	23,109,600	29,641,500
FUND SOURCES			
General Fund	6,973,200	5,392,500	7,246,100
<u>Other Appropriated Funds</u>			
Home for Veterans' Trust Fund	13,616,800	16,959,800	21,638,100
Veterans' Conservatorship Fund	747,000	757,300	757,300
SUBTOTAL - Other Appropriated Funds	14,363,800	17,717,100	22,395,400
SUBTOTAL - Appropriated Funds	21,337,000	23,109,600	29,641,500
Other Non-Appropriated Funds	1,117,000	2,001,800	2,001,800
Federal Funds	940,200	707,600	546,200
TOTAL - ALL SOURCES	23,394,200	25,819,000	32,189,500

AGENCY DESCRIPTION — The agency assists veterans in developing and filing claims for federal entitlements, acts as a guardian or conservator for incapacitated veterans or their families, supervises and operates a 200-bed skilled nursing home for Arizona veterans in Phoenix, and operates the Southern Arizona Veterans' Memorial Cemetery. A 120-bed skilled nursing facility is scheduled to open in Tucson in FY 2012.

Operating Budget

The Baseline includes \$2,927,200 and 54.3 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$2,169,900
Veterans' Conservatorship Fund	757,300

These amounts are unchanged from FY 2011.

Arizona State Veterans' Homes

The Baseline includes \$23,491,700 and 391 FTE Positions for the Arizona State Veterans' Homes in FY 2012. These amounts consist of:

General Fund	1,853,600
Home for Veterans' Trust Fund	21,638,100

FY 2012 adjustments would be as follows:

Tucson Veterans' Home	GF	1,853,600
	OF	4,678,300

The Baseline includes an increase of \$6,531,900 and 144 FTE Positions for the Tucson Veterans' Home in FY 2012. The OF amount is from the Home for Veterans' Trust Fund.

The State Veterans' Home in Tucson is expected to open in September 2011. Ongoing operational costs will be paid for by Medicaid, Medicare, the Veterans' Administration, and private insurance. General Fund monies would be used for one-time start up costs such as initial operating supplies and some staff. The Baseline also includes using the balance from the Home for Veterans' Trust fund for initial start-up costs.

Although the department does not anticipate opening until September, they plan to hire 11 staff in July and 6 additional staff in August to prepare the Home for residents.

The monies in this line item are used for expenses related to the Arizona State Veterans' Homes.

Southern Arizona Cemetery

The Baseline includes \$280,000 and 2 FTE Positions from the General Fund for the Southern Arizona Cemetery in FY 2012. These amounts are unchanged from FY 2011.

Veterans' Benefit Counseling

The Baseline includes \$2,942,600 and 53 FTE Positions from the General Fund for Veterans' Benefit Counselors in FY 2012. These amounts are unchanged from FY 2011.

The monies in this line item are used to assist Arizona Veterans with questions about benefit eligibility, completion of benefit forms, and obtaining deserved benefits.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

The Telemedicine Project line item funding has been moved to the Arizona State Veterans' Home line item while the Veterans' Organizational Contracts line item has been moved to the operating budget. The display for all 3 years have been modified for comparability.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Federal Funds (VSA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: U.S. Department of Veterans' Affairs and Department of Defense Grants.		
Purpose of Fund: For supervision and qualification of educational and training programs. Federal monies totaling \$18,571,400 are expected to be received in FY 2010 through FY 2012 for the construction of a new Veterans' Home in Tucson; although not displayed here, \$1,022,400 was spent in FY 2010 and an estimated \$13,793,400 is expected to be spent in FY 2011.		
Funds Expended	940,200	707,600
Year-End Fund Balance	118,100	103,200
Home for Veterans' Trust Fund (VSA2355/A.R.S. § 41-608.01)		Appropriated
Source of Revenue: Charges for services, fees and reimbursements received from residents, the Department of Veterans Affairs, Medicaid, Medicare, and private insurance carriers.		
Purpose of Fund: To operate and maintain state-operated nursing homes for Arizona veterans.		
Funds Expended	13,616,800	16,959,800
Year-End Fund Balance	1,655,000	1,592,600
Military Family Relief Fund (VSA2339/A.R.S. § 41-608.04)		Non-Appropriated
Source of Revenue: Donations, bequests, or other contributions from public or private sources. This fund received a one-time General Fund appropriation of \$100,000 in FY 2008. This fund was only established through December 31, 2013; any funds remaining unencumbered as of that date are transferred to the Veterans' Donation Fund.		
Purpose of Fund: To provide financial assistance to family members of deceased or wounded veterans who became deceased, wounded, injured, or became seriously ill after September 11, 2001. Service members must have been deployed from an Arizona military base, entered active service from Arizona, claimed this state as the service member's home of record, or were a member of the Arizona National Guard at the time of deployment.		
Funds Expended	126,600	1,050,000
Year-End Fund Balance	2,017,700	1,982,700
Military Installation Fund (VSA1010/A.R.S. § 41-1512.01)		Non-Appropriated
Source of Revenue: Agreements between Department of Commerce and Department of Veterans' Services. Through FY 2010, this funding was appropriated to the Department of Commerce. Beginning in FY 2011, these monies are appropriated to the Department of Emergency and Military Affairs and funding is no longer awarded to the Department of Veterans' Services. This amount is not displayed below to avoid double counting.		
Purpose of Fund: The department uses these monies to acquire property, real estate, property rights, and related infrastructure to preserve, support, or enhance military installation.		
Funds Expended	0	0
Year-End Fund Balance	979,700	100

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Southern Arizona Veterans' Memorial Cemetery Fund (VSA2499/A.R.S. § 41-608.03)		Non-Appropriated
Source of Revenue: Monies, grants, gifts, and contributions from any public or private source.		
Purpose of Fund: To manage and maintain the southern Arizona veterans' cemetery.		
Funds Expended	87,300	117,300
Year-End Fund Balance	54,700	69,400
Statewide Employee Recognition Gifts (VSA2449/A.R.S. § 41-776)		Non-Appropriated
Source of Revenue: Donations, gifts, or contributions from public or private sources.		
Purpose of Fund: For the conduct of employee recognition programs.		
Funds Expended	1,300	3,500
Year-End Fund Balance	3,600	4,900
Veterans' Cemetery Fund (VSA2481/A.R.S. § 41-608.02)		Non-Appropriated
Source of Revenue: Includes a one-time \$500,000 appropriation from the General Fund and federal monies used as reimbursement for the construction of veterans' cemeteries.		
Purpose of Fund: To acquire property for and to establish state veterans' cemeteries.		
Funds Expended	0	0
Year-End Fund Balance	121,600	121,600
Veterans' Conservatorship Fund (VSA2077/A.R.S. § 14-5414.01)		Appropriated
Source of Revenue: Fees collected from veterans, or a veteran's surviving spouse, or minor child, or the incapacitated spouse of a protected veteran, for whom the agency serves as a conservator.		
Purpose of Fund: To operate the Fiduciary Division of the Department of Veterans' Services.		
Funds Expended	747,000	757,300
Year-End Fund Balance	183,900	158,900
Veterans' Donation Fund (VSA2441/A.R.S. § 41-608)		Non-Appropriated
Source of Revenue: Donations from private individuals, corporations and organizations. Donations are made by designating a portion of one's tax refund, purchasing a license plate, or other means. Sales from the Veterans, Freedom, and Gold Star license plates go into this fund. Of the \$25 license plate fee, \$8 is for administrative costs deposited to the State Highway Fund and \$17 is deposited into the Veterans' Donation Fund.		
Purpose of Fund: To benefit veterans within the state of Arizona and to make donations to organizations seeking to establish a monument or memorial on public property that recognizes or honors veterans or recognizes events in which veterans were major participants or had a major influence. A separate subaccount of this fund is for the construction and maintenance of the Enduring Freedom Memorial.		
Funds Expended	901,800	831,000
Year-End Fund Balance	1,329,200	1,820,700

Arizona State Veterinary Medical Examining Board

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.5	5.5	5.5
Personal Services	222,300	250,200	250,200
Employee Related Expenditures	83,600	88,000	88,000
Professional and Outside Services	39,200	41,900	41,900
Travel - In State	3,400	6,800	6,800
Travel - Out of State	0	1,500	1,500
Other Operating Expenditures	55,000	69,300	69,300
Equipment	1,200	4,000	4,000
AGENCY TOTAL	404,700	461,700	461,700

FUND SOURCES

<u>Other Appropriated Funds</u>			
Veterinary Medical Examining Board Fund	404,700	461,700	461,700
SUBTOTAL - Other Appropriated Funds	404,700	461,700	461,700
SUBTOTAL - Appropriated Funds	404,700	461,700	461,700
TOTAL - ALL SOURCES	404,700	461,700	461,700

AGENCY DESCRIPTION — The board licenses and regulates veterinarians, veterinary technicians, and veterinary premises.

Operating Budget

* * *

The Baseline includes \$461,700 and 5.5 FTE Positions from the Veterinary Medical Examining Board Fund for the operating budget in FY 2012. These amounts are unchanged from FY 2011.

FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Veterinary Medical Examining Board Fund (VTA2078/A.R.S. § 32-2205)		Appropriated
Source of Revenue: Monies collected by the board from the examination and licensing of veterinarians, veterinary technicians, and veterinary premises. The board retains 90% of these monies and deposits 10% in the General Fund.		
Purpose of Fund: To examine, license, investigate, and regulate veterinarians, veterinary technicians, and veterinary premises, and for board administration.		
Funds Expended	404,700	461,700
Year-End Fund Balance	526,200	980,900

Department of Water Resources

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	216.7	207.2	207.2
Personal Services	6,664,000	4,548,100	4,548,100
Employee Related Expenditures	2,725,200	1,418,400	1,418,400
Professional and Outside Services	521,400	532,200	532,200
Travel - In State	66,200	133,000	133,000
Travel - Out of State	9,100	31,500	31,500
Other Operating Expenditures	2,646,200	1,281,500	1,281,500
Equipment	19,400	0	0
OPERATING SUBTOTAL	12,651,500	7,944,700	7,944,700
SPECIAL LINE ITEMS			
Adjudication Support	1,254,500	1,245,600	1,245,600
Arizona Water Protection Fund Deposit	0	0	0
Assured and Adequate Water Supply Administration	1,616,000	1,817,200	1,817,200
Automated Groundwater Monitoring	345,700	406,400	406,400
Conservation and Drought Program	359,900	406,400	406,400
Rural Water Studies	765,700	1,163,800	1,163,800
AGENCY TOTAL	16,993,300	12,984,100	12,984,100
FUND SOURCES			
General Fund	16,837,700	7,052,900	7,052,900
<u>Other Appropriated Funds</u>			
Assured and Adequate Water Supply Administration Fund	155,600	268,300	268,300
Water Resources Fund	0	5,662,900	5,662,900
SUBTOTAL - Other Appropriated Funds	155,600	5,931,200	5,931,200
SUBTOTAL - Appropriated Funds	16,993,300	12,984,100	12,984,100
Other Non-Appropriated Funds	19,423,400	9,403,800	9,403,800
Federal Funds	328,200	367,000	367,000
TOTAL - ALL SOURCES	36,744,900	22,754,900	22,754,900

AGENCY DESCRIPTION — The Department of Water Resources (DWR) administers and enforces Arizona's groundwater and surface water law, as well as legally representing the state's water rights. The department also participates in surveying water level and quality and planning flood control.

Operating Budget

The Baseline includes \$7,944,700 and 155.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$2,281,800
Water Resources Fund	5,662,900

These amounts are unchanged from FY 2011.

Adjudication Support

The Baseline includes \$1,245,600 and 14.5 FTE Positions from the General Fund for Adjudication Support in FY 2012. These amounts are unchanged from FY 2011.

A.R.S. § 45-251 requires DWR to provide technical and administrative support to judicial proceedings involving water rights claims on the Gila and Little Colorado Rivers.

In 1953, Congress passed the McCarran Amendment, granting state courts jurisdiction over the adjudication of the tribal water rights. As part of this amendment, if the states are unsuccessful in completing the adjudications, the adjudications will be moved to federal courts.

Arizona Water Protection Fund Deposit

The Baseline includes no funding for the Water Protection Fund Deposit in FY 2012. This amount is unchanged from FY 2011.

The Arizona Water Protection Fund, administered by the Water Protection Fund Commission, provides grants to organizations for the preservation, enhancement, and restoration of rivers, streams, and riparian environments. The Baseline includes a session law change suspending the statutory \$5,000,000 General Fund appropriation to the Water Protection Fund in FY 2012.

Assured and Adequate Water Supply Administration

The Baseline includes \$1,817,200 and 19.8 FTE Positions for the Assured and Adequate Water Supply (AAWS) Program in FY 2012. These amounts consist of:

General Fund	1,548,900
AAWS Administration Fund	268,300

These amounts are unchanged from FY 2011.

All new subdivisions must receive a Certificate of Assured or Adequate Water Supply. A Certificate of Assured Water Supply is awarded to developers within the 5 Active Management Areas (AMAs) and demonstrates the availability of water for the next 100 years. New developers outside the 5 AMAs must obtain a determination of the quantity and quality of water available in the new subdivision before any lots may be sold. A Certificate of Adequate Water Supply is awarded if DWR determines the subdivision has a 100-year supply of water. If the water is determined to be inadequate, lots may still be sold, but buyers must be notified of the determination.

Automated Groundwater Monitoring

The Baseline includes \$406,400 and 2 FTE Positions from the General Fund for Automated Groundwater Monitoring in FY 2012. These amounts are unchanged from FY 2011.

Monies in this SLI are to provide for automated measuring instruments, which provide daily measurements of groundwater levels. This information is used in determining assured and adequate water supply, recharge levels, rural water budgets, and water rights studies.

Conservation and Drought Program

The Baseline includes \$406,400 and 4.7 FTE Positions from the General Fund for the Conservation and Drought Program Special Line Item in FY 2012. These amounts are unchanged from FY 2011.

Monies in this SLI are used to assist local communities to assess conservation needs and assist rural communities in the development of conservation programs, promote water education throughout the state, create guidelines for more efficient use of water, and provide suggestions for funding and implementing conservation programs.

Rural Water Studies

The Baseline includes \$1,163,800 and 11 FTE Positions from the General Fund for Rural Water Studies in FY 2012. These amounts are unchanged from FY 2011.

Monies in this SLI are used to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside the state's AMAs. The current AMAs are Prescott, Phoenix, Pinal, Tucson, and Santa Cruz. These studies are administered through partnerships with local resource agency officials and stakeholders. Partnerships generally require local entities to provide some resources to match General Fund receipts. The studies are primarily conducted by the local entity, with the department providing technical advice and financial assistance. Currently, there are 8 studies underway.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Monies in the Adjudication Support line item shall only be used for the exclusive purposes prescribed in A.R.S. § 45-256 and 45-257B4. The Department of Water Resources shall not transfer any funds into or out of the Adjudication Support line item.

Monies in the Assured and Adequate Water Supply Administration line item shall only be used for the exclusive purposes prescribed in A.R.S. § 45-108 and 45-576 through 45-579. The Department of Water Resources shall not transfer any funds into or out of the Assured and Adequate Water Supply Administration line item.

It is the intent of the Legislature that monies in the Rural Water Studies line item will only be spent to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside the state's AMAs and not be made available for other department operating expenditures.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to suspend the statutory \$5,000,000 transfer from the General Fund to the Water Protection Fund in FY 2012.
- As session law, permit the Director to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the additional revenues would not exceed \$5,662,900. In FY 2011, the department estimates collecting only \$2,000,000, which will be deposited into the Water Resources Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Administrative Fund (WCA3025/A.R.S. § 45-113)		Non-Appropriated
Source of Revenue: A portion of application, certificate, license, permit and inspection fees.		
Purpose of Fund: To refund, without interest, fees paid to department in error.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Assured and Adequate Water Supply Administration Fund (WCA2509/A.R.S. § 45-580)		Appropriated
Source of Revenue: Fees for applications relating to adequate and assured water supplies.		
Purpose of Fund: To support the costs and expenses incurred when determining and declaring assured and adequate water supplies.		
Funds Expended	155,600	268,300
Year-End Fund Balance	319,700	266,400
Augmentation and Conservation Assistance Fund (WCA2213/A.R.S. § 45-615)		Non-Appropriated
Source of Revenue: A portion of fees for groundwater withdrawal in Active Water Management Areas (AMA).		
Purpose of Fund: Generally, to support water supply augmentation projects, such as groundwater recharge, as well as AMA conservation programs. By law, each AMA has its own sub-account within the fund. The Year-End Fund Balances represent non-obligated cash and do not reflect monies already granted but not yet paid.		
Funds Expended	1,097,300	864,700
Year-End Fund Balance	791,800	488,300
Colorado River Water Use Fee Clearing Fund (WCA2538/A.R.S. § 45-333)		Non-Appropriated
Source of Revenue: Fees assessed to those who divert and consume water from the mainstream of the Colorado River.		
Purpose of Fund: Monies are transferred to the Lower River Multispecies Conservation Program.		
Funds Expended	9,800	6,600
Year-End Fund Balance	0	0
Dam Repair Fund (WCA2218/A.R.S. § 45-1212.01)		Non-Appropriated
Source of Revenue: Legislative appropriations, dam safety inspection fees, and filing fees.		
Purpose of Fund: Generally, to offer loans and grants for private dam owners to make non-emergency repairs.		
Funds Expended	161,500	275,000
Year-End Fund Balance	444,100	265,500
Federal Grants (WCA2000/A.R.S. § 45-105)		Non-Appropriated
Source of Revenue: Grants from the federal government.		
Purpose of Fund: To support water protection, rural water studies, and water banking initiatives, as well as certain operating expenses.		
Funds Expended	328,200	367,000
Year-End Fund Balance*	(200)	0
Flood Warning System Fund (WCA1021/A.R.S. § 45-1503)		Non-Appropriated
Source of Revenue: Legislative appropriations, grants, and contributions from other public agencies.		
Purpose of Fund: To develop a flood warning system, purchase flood warning equipment, and provide assistance to local entities on a cost sharing basis for the planning, design, installation, operation, and maintenance of flood warning systems.		
Funds Expended	26,000	25,000
Year-End Fund Balance	38,900	15,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
General Adjudications Fund (WCA2191/A.R.S. § 45-260)		Non-Appropriated
Source of Revenue: Court fees paid by water claimants and from legislative appropriations.		
Purpose of Fund: To cover postage and other costs of serving legal notices to water rights claimants and of publicizing court proceedings. Also to remit filing fees to the courts.		
Funds Expended	18,800	1,800
Year-End Fund Balance	41,600	49,800
Indirect Cost Recovery Fund (WCA9000/A.R.S. § 45-104)		Non-Appropriated
Source of Revenue: Cost allocation transfers of federal and other non-appropriated funds.		
Purpose of Fund: To provide various indirect administrative services, including security and cashing.		
Funds Expended	40,100	1,273,500
Year-End Fund Balance	1,234,200	590,600
Interagency Service Agreement Fund (WCA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Collections from other state and local agencies.		
Purpose of Fund: To pay for projects based upon interagency service agreements with other agencies.		
Funds Expended	125,100	227,500
Year-End Fund Balance	470,200	337,700
Production and Copying Fund (WCA2411/A.R.S. § 45-115)		Non-Appropriated
Source of Revenue: From monies received for department publications and for copies of department records. Any amount in excess of \$20,000 at the end of each fiscal year reverts to the Water Resources Fund.		
Purpose of Fund: To produce and distribute department publications, as well as to copy department records.		
Funds Expended	5,500	12,000
Year-End Fund Balance	17,700	17,700
Publications and Mailings Fund (WCA2410/A.R.S. § 45-116)		Non-Appropriated
Source of Revenue: From monies received for the publication and mailing of legal notices as required by law. Any amount in excess of \$20,000 at the end of each fiscal year reverts to the Water Resources Fund.		
Purpose of Fund: To publish and mail legal notices.		
Funds Expended	8,600	12,000
Year-End Fund Balance	7,200	5,200
Purchase and Retirement Fund (WCA2474/A.R.S. § 45-615)		Non-Appropriated
Source of Revenue: A portion of fees for groundwater withdrawal in AMAs.		
Purpose of Fund: To purchase and retire grandfathered groundwater rights, those entitlements legally owned or used before the creation of an AMA in a given area. By law, each AMA has its own sub-account within the fund.		
Funds Expended	0	0
Year-End Fund Balance	49,200	49,200
Statewide Donations Fund (WCA2025/A.R.S. § 45-105)		Non-Appropriated
Source of Revenue: Grants, gifts or donations of money or other property from any source.		
Purpose of Fund: Funds may be used for any purpose consistent with the duties and powers of the Director of the Department of Water Resources as described in statute.		
Funds Expended	105,400	65,000
Year-End Fund Balance	136,700	91,700

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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Water Banking Fund (WCA2110/A.R.S. § 45-2425)	Partially-Appropriated	
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Source of Revenue: General Fund appropriations and fees associated with the purchase, lease, storage, accreditation, and delivery of Colorado River water to municipalities and industrial water users. Revenue also comes from a portion of the 4% property tax collected by CAWCD to pay for water storage. By law, each AMA has its own sub-account within the fund. This fund operates on the calendar year. Because fees and taxes are collected at the end of the fiscal year, the Year-End Fund Balances are not reflective of the calendar year-end balances. Pursuant to an interstate water banking agreement with Nevada, the fund received a combined total of \$100,000,000 in FY 2005 and FY 2006. In 2004, the Southern Nevada Water Authority (SNWA) agreed to pay the Arizona Water Banking Authority (AWBA) an additional \$230,000,000 for delivery and storage of water. Equal payments of \$23,000,000 per year from Nevada to the AWBA were to begin in 2009 and continue through 2018. In FY 2009, the agreement was amended allowing SNWA to delay payment resulting in no payment in FY 2009. In FY 2010 the AWBA received \$12,685,000 for storage and delivery of Nevada's own water in lieu of water purchased from Arizona. Appropriations from this fund may include monies received through the water banking agreement with Nevada that are used for purposes outside of contractual agreement with Nevada (Laws 2009, Chapter 332).

Purpose of Fund: To purchase and store the unused portion of Arizona's Colorado River water allotment. The department provides administrative support for this fund, but control of expenditures is vested with AWBA. In addition, pursuant to an interstate water banking agreement with Nevada, to obtain, store, and retrieve water for Nevada. The Funds Expended totals below include \$12,673,000 for this purpose in FY 2010.

Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	15,686,500	4,467,600
Year-End Fund Balance	3,290,900	1,903,700

Water Protection Fund (WCA1302/A.R.S. § 45-2111)	Non-Appropriated	
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Source of Revenue: General Fund appropriations, as well as from purchases or leases of CAP water. Since FY 2000, session law changes have suspended the \$5,000,000 statutory General Fund appropriation.

Purpose of Fund: To provide grants for projects that protect water quality and quantity, as well as to maintain, enhance, and restore rivers, streams, and associated riparian habitats. The Water Protection Fund Commission reviews grant applications and determines annual recipients. The department provides administrative support for this fund, but control of expenditures is vested with the commission. The Year-End Fund Balances represent non-obligated cash and do not reflect monies already granted but not yet paid.

Funds Expended	1,657,500	1,751,800
Year-End Fund Balance	6,127,800	3,041,600

Water Quality Fund (WCA2304/A.R.S. § 45-618)	Non-Appropriated	
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Source of Revenue: From annual Water Quality Assurance Revolving Fund (WQARF) transfers negotiated with the Arizona Department of Environmental Quality (ADEQ), as well as from legislative appropriations, grants, and contributions from other public agencies.

Purpose of Fund: To inspect wells for groundwater contamination and to take appropriate remedial action on contaminated wells. Inspections are done in conjunction with the ADEQ WQARF program.

Funds Expended	307,800	199,300
Year-End Fund Balance	3,700	16,400

Water Resources Fund (WCA2398/A.R.S. § 45-117)	Appropriated	
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Source of Revenue: Consists of monies from legislative appropriations, donations, and existing fees collected by ADWR to carry out its statutory functions, as well as existing fees that had been deposited into the General Fund.

Purpose of Fund: Fees deposited in the Water Resources Fund are to be held in trust and only used to carry out its statutory responsibilities, including managing the state's water supplies, enforcing groundwater laws, and represents the state's water rights.

Funds Expended	0	5,662,900
Year-End Fund Balance	0	0

Well Administration and Enforcement Fund (WCA2491/A.R.S. § 45-606)	Non-Appropriated	
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Source of Revenue: Well-drilling filing and permit fees.

Purpose of Fund: To monitor, investigate, and enforce regulations concerning the construction, replacement, deepening, and abandonment of wells, as well as the capping of open wells.

Funds Expended	173,500	222,000
Year-End Fund Balance	56,100	11,100

* As reported by agency. Actual ending balance will not be negative.

Department of Weights and Measures

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
PROGRAM BUDGET			
General Services	1,528,000	1,514,500	1,514,500
Oxygenated Fuel	784,000	778,900	778,900
Vapor Recovery	621,200	631,400	631,400
AGENCY TOTAL	2,933,200	2,924,800	2,924,800
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	37.4	36.4	36.4
Personal Services	1,443,500	1,198,200	1,198,200
Employee Related Expenditures	616,000	561,000	561,000
Professional and Outside Services	131,700	439,000	439,000
Travel - In State	136,800	213,600	213,600
Travel - Out of State	4,100	12,000	12,000
Other Operating Expenditures	433,900	418,000	418,000
Equipment	167,200	83,000	83,000
AGENCY TOTAL	2,933,200	2,924,800	2,924,800
FUND SOURCES			
General Fund	1,216,100	1,197,800	1,197,800
<u>Other Appropriated Funds</u>			
Air Quality Fund	1,405,200	1,410,300	1,410,300
Motor Vehicle Liability Insurance Enforcement Fund	311,900	316,700	316,700
SUBTOTAL - Other Appropriated Funds	1,717,100	1,727,000	1,727,000
SUBTOTAL - Appropriated Funds	2,933,200	2,924,800	2,924,800
TOTAL - ALL SOURCES	2,933,200	2,924,800	2,924,800

AGENCY DESCRIPTION — The department regulates the determination and representation of weight and measurement in the marketplace and also maintains 2 environmentally related gasoline inspection programs. All programs investigate consumer complaints.

Operating Budget

These amounts are unchanged from FY 2011.

The Baseline includes \$2,924,800 and 36.4 FTE Positions for the operating budget in FY 2012. These amounts consist of:

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FORMAT — Lump Sum by Program

	FY 2012
General Fund	\$1,197,800
Air Quality Fund	1,410,300
Motor Vehicle Liability Insurance Enforcement Fund	316,700

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Air Quality Fund (EVA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Owners of motor vehicles pay an annual air quality fee of \$1.50 at the time of the vehicle registration.		
Purpose of Fund: To pay for the department's Oxygenated Fuel and Vapor Recovery Program.		
Funds Expended	1,405,200	1,410,300
Year-End Fund Balance	2,772,400	1,202,900

SUMMARY OF FUNDS

**FY 2010
Actual****FY 2011
Estimate**

Motor Vehicle Liability Insurance Enforcement Fund (DTA2285/A.R.S. § 28-4151)**Appropriated**

Source of Revenue: Fees received by the department pursuant to A.R.S. § Title 28, Chapter 9, Article 4 (mandatory motor vehicle insurance), such as fees to reinstate drivers' licenses and vehicle registrations canceled due to lack of insurance.

Purpose of Fund: While the purpose of the fund for the Department of Transportation is to enforce mandatory motor vehicle liability insurance laws on all vehicles, the Department of Weights and Measures appropriation is to focus on enforcement on taxis, limousines, and livery vehicles. The Department of Weights and Measures verifies that these passenger carrying vehicles have the proper insurance and vehicle license plates, without which the department can revoke or refuse to issue a taxi license.

Funds Expended	311,900	316,700
Year-End Fund Balance*	52,300	(281,900)

* As reported by agency. Actual ending balance will not be negative.

CAPITAL OUTLAY ESTIMATES

Capital Outlay
Summary

	FY 2012 BASELINE
BUILDING RENEWAL	
ADOA Building System	5,601,300
ADOT Building System	1,050,000
ABOR Building System	0
SUBTOTAL	6,651,300
INDIVIDUAL PROJECTS	
ADOA Building System	1,030,000
ADOT Building System	232,278,400
ABOR Building System	0
SUBTOTAL	233,308,400
LEASE-PURCHASE PAYMENTS	
Leaseback Obligations	49,050,700
TOTALS	
ADOA Building System	55,682,000
ADOT Building System	233,328,400
ABOR Building System	0
TOTAL - ALL PROJECTS	289,010,400
FUND SOURCES	
General Fund	49,050,700
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	5,000,000
Game and Fish Fund	552,100
Game and Fish Capital Improvement Fund	1,000,000
State Aviation Fund	22,350,400
State Highway Fund	210,978,000
State Lottery Fund	79,200
SUBTOTAL - Other Appropriated Funds	239,959,700
SUBTOTAL - Appropriated Funds Less Debt and Lease-Purchase Financing Projects	239,959,700
SUBTOTAL - Appropriated Funds	289,010,400
Other Non-Appropriated Funds	312,567,000
Federal Funds	635,722,000
TOTAL - ALL SOURCES	1,237,299,400

DESCRIPTION — The Capital Outlay Budget consists of one-time appropriations to maintain, expand, enhance, or make a lease-purchase payment for the state's capital stock, which includes office buildings, service centers, residential treatment centers, state parks, prisons, highways, and other. For the purposes of capital management and planning, the state is divided into 3 building systems, the Arizona Department of Administration (ADOA) Building System, the Arizona Department of Transportation (ADOT) Building System, and the Arizona Board of Regents (ABOR) Building System. Capital appropriations are typically made through the Capital Outlay Bill, but may be made through other bills as well.

The following amounts are one-time appropriations.

	FY 2012
Capital Outlay	GF \$49,050,700
	OF 239,959,700

The Baseline includes a total of \$289,010,400 from Appropriated Funds in FY 2012. Of the total, \$49,050,700 is from the General Fund and \$239,959,700 is from Other Appropriated Funds. The budget consists of 3 main

categories: 1) Building Renewal, 2) Individual Projects, and 3) Lease-Purchase Payments.

Building Renewal

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on support of a formula determined by the Joint Committee on Capital Review. The formula takes into account the replacement value, age, and life-cycle of a building. Available appropriations are

administered by ADOA or individual agencies within the ADOA Building System that have their own funding source for building renewal, ADOT, and ABOR for their respective building systems.

The Baseline includes total funding of \$6,651,300 for Building Renewal in FY 2012, which is from Other Appropriated Funds. These amounts include:

Arizona Department of Administration	
Capital Outlay Stabilization Fund @ 13%	5,000,000
Game and Fish Fund @ 100%	522,100
State Lottery Fund @ 100%	<u>79,200</u>
Subtotal - ADOA	\$5,601,300

Arizona Department of Transportation	
State Highway Fund @ 10.6%	\$1,000,000
State Aviation Fund @ 30.9%	<u>50,000</u>
Subtotal - ADOT	\$1,050,000

(See the individual building systems write-ups for more information.)

Individual Projects

The Baseline includes a total of \$233,308,400 for individual capital projects in FY 2012, which is from Other Appropriated Funds. *(See the individual building systems write-ups for more information.)*

Lease-Purchase Payments

The Baseline includes \$49,050,700 from the General Fund for interest-only lease-purchase agreement payments in FY 2012. *(See the Debt and Lease-Purchase Financing write-up for more information.)*

FOOTNOTES

Capital Standard Footnotes

Building Renewal

Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2012 and shall be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with Title 41, Chapter 4, Article 7, Arizona Revised Statutes. Of the amounts appropriated to the Department of Administration, up to \$275,000 in Personal Services and Employee Related Expenditures for up to 5 FTE Positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section shall not be spent for Personal Services or Employee Related Expenditures or for maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review. Any monies appropriated for building renewal in FY 2012 that are unexpended or unencumbered on June 30, 2013 shall revert to the fund from which the monies were appropriated.

Individual Projects

Pursuant to A.R.S. § 41-1252, the Joint Committee on Capital Review shall review the scope, purpose, and estimated cost of a new capital project that has an estimated cost of more than \$250,000.

Unless otherwise specified, the monies appropriated in this act shall not be spent for Personal Services or Employee Related Expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities.

Unless otherwise specified, the appropriations made in this act do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance.

Capital Outlay

Arizona Department of Administration Building System

FY 2012
BASELINE

BUILDING RENEWAL

Arizona Department of Administration	5,000,000
Game and Fish Department	522,100
Arizona Lottery Commission	79,200
SUBTOTAL	5,601,300

INDIVIDUAL PROJECTS

Game and Fish

Property Maintenance	500,000
Dam Maintenance	500,000
Preventative Maintenance	30,000
SUBTOTAL	1,030,000

TOTAL - ALL PROJECTS

6,631,300

FUND SOURCES

Other Appropriated Funds

Capital Outlay Stabilization Fund	5,000,000
Game and Fish Fund	552,100
Game and Fish Capital Improvement Fund	1,000,000
State Lottery Fund	79,200
SUBTOTAL - Other Appropriated Funds	6,631,300
SUBTOTAL - Appropriated Funds	6,631,300

TOTAL - ALL SOURCES

6,631,300

DESCRIPTION — The Arizona Department of Administration (ADOA) Building System is comprised of buildings controlled by all state agencies except the Arizona Board of Regents and Arizona Department of Transportation. Capital appropriations may be made directly to an agency within the system, to ADOA on behalf of an agency, or to ADOA for the entire system. The following amounts for FY 2012 are for specific projects within the building system. Appropriations for ADOA Building System projects may be from the General Fund or Other Appropriated Funds.

The following amounts are one-time appropriations:

Building Renewal

FY 2012

Building Renewal OF \$5,601,300

The Baseline includes \$5,601,300 from Other Appropriated Funds for Building Renewal within the ADOA Building System in FY 2012. This amount consists of:

- \$5,000,000 from the Capital Outlay Stabilization Fund (COSF) to ADOA to fund 13% of the building renewal formula. *(Please see the Other Issues for Legislative Consideration section for more information.)* In FY 2011, the formula was funded at \$5,000,000, or 15%, of which \$4,000,000 was General Fund and \$1,000,000 was COSF.
- \$522,100 from the Game and Fish Fund to the Arizona Game and Fish Department to fund 100% of the building renewal formula.

- \$79,200 from the State Lottery Fund to the Arizona State Lottery Commission to fund 100% of the building renewal formula.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The Baseline would continue the footnote that allows up to \$275,000 and up to 5 FTE Positions be appropriated each year from building renewal monies to ADOA for supervision and management of building renewal projects, and a requirement that unused building renewal monies revert on June 30, 2013.

Game and Fish Department

The Baseline includes \$1,030,000 from Other Appropriated Funds for Arizona Game and Fish Department projects in FY 2012. This amount consists of:

Game and Fish Capital Improvement Fund	1,000,000
Game and Fish Fund	30,000

(All Building Renewal and Statewide Facilities Improvements, including preventative maintenance, are funded from the Game and Fish Fund.)

Game and Fish Statewide Projects

Property Maintenance OF 500,000

The Baseline includes \$500,000 from the Game and Fish Capital Improvement Fund for the maintenance of commission owned or operated properties in FY 2012. There are a total of 351 projects with an average cost of \$1,500. Projects will be prioritized and implemented by the Game and Fish Department.

Dam Maintenance OF 500,000

The Baseline includes \$500,000 from the Game and Fish Capital Improvement Fund for maintenance, repairs, and modifications in compliance with dam safety regulations in FY 2012. The department operates 37 dams. Maintenance will be performed on specific problems related to 7 dams while 30 dams will receive maintenance due to leakage, vegetation, or safety concerns.

Preventative Maintenance OF 30,000

The Baseline includes \$30,000 from the Game and Fish Fund to provide funding for preventative maintenance in FY 2012. The program was initiated in FY 2005 and was anticipated to receive ongoing annual funding. The program addresses unexpected facility maintenance expenses requiring immediate action and is separate from building renewal projects.

FORMAT — Lump Sum by Project by Fund

FOOTNOTES

Standard Footnotes (Please see Capital Outlay Summary for Capital standard footnotes.)

Building Renewal: The Department of Administration shall allocate the monies to state agencies for necessary building renewal. If monies in the Capital Outlay Stabilization Fund are insufficient to fund the appropriation to the Department of Administration for building renewal, the appropriation to the Department of Administration shall be reduced by the difference between the amount appropriated to the Department of Administration from the Capital Outlay Stabilization Fund and the balance in the Capital Outlay Stabilization Fund.

Individual Projects: The Department of Administration shall report on the status of project-specific FTE Positions for capital projects in its annual capital budget request.

The Department of Administration may allocate FTE Positions authorized for specific projects to other projects in this act provided that funding for the FTE Positions is cost allocated among the projects receiving benefit. The Department of Administration shall report any FTE Position reallocations to the Joint Committee on Capital Review by December 31, 2011.

STATUTORY CHANGES

The Baseline would:

- As session law, change the FY 2012 COSF rental rate from \$21.02/square foot to \$15.08/square foot for office space and from \$7.62/square foot to \$5.47/square foot for storage space. (Please see the *Other Issues for Legislative Consideration* section for more information.)

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

COSF Rental Rate Change & Payment Savings

The FY 1992 lease-purchase agreement that was refinanced in FY 2002 was paid off in FY 2011. The completion of the lease-purchase payments will result in FY 2012 savings of \$(25,953,300), including \$(17,079,000) from the General Fund. The properties associated with this lease-purchase agreement will become state-owned property and COSF rent will begin to be paid to ADOA on the properties beginning in FY 2012. All other lease-purchase payments will decline by \$(909,600) in FY 2012, including \$(1,588,500) from the General Fund. (Please see the *Capital Outlay Debt and Lease-Purchase Financing* narrative for more information.)

In FY 2011, a total of \$20,126,800 will be paid to ADOA for COSF rent. The current rental rate for state-owned space is \$21.02/square foot for office space and \$7.62/square foot for storage space.

In FY 2011, ADOA was appropriated a total of \$5,000,000 for Building Renewal, of which \$4,000,000 was from the General Fund and \$1,000,000 from COSF. The Baseline assumes that Building Renewal will be funded at \$5,000,000 in FY 2012, which will be entirely COSF. In order to fund the \$4,000,000 COSF increase for Building Renewal in FY 2012, COSF collections would need to increase by \$4,000,000 above the FY 2011 \$20,126,800 amount.

However, converting the FY 1992 lease-purchase agreement payments into COSF payments will begin to bring in additional rental income of \$13,493,800 in FY 2012, including \$8,582,300 from the General Fund. Since only \$4,000,000 more is needed in COSF monies to fund FY 2012 Building Renewal at \$5,000,000, the rental rate can be reduced.

Reducing the office space rental rate from \$21.02/square foot to \$15.08/square foot and the storage space rental rate from \$7.62/square foot to \$5.47/square foot, would result in FY 2012 COSF rental collections of \$24,126,500, which is an increase of \$4,000,000 over the FY 2011 amount. The rate reduction will save \$(9,494,100), including \$(6,423,900) from the General Fund.

The net General Fund savings from all these adjustments is \$(16,509,100). (Please see page 362.)

SUMMARY OF RENT CHARGES ^{1/2/}

	Fiscal Year 2011				Fiscal Year 2012			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
BUDGET UNITS								
Acupuncture Board of Examiners								
1400 W Washington	0	5,500	0	5,500	0	3,900	0	3,900
Administration, AZ Department of								
1300 W Washington	9,300	0	0	9,300	6,700	0	0	6,700
1400 W Washington	64,700	0	0	64,700	46,400	0	0	46,400
1510 W Adams	0	460,600	0	460,600	0	330,400	0	330,400
1520 W Adams	0	13,300	0	13,300	0	9,500	0	9,500
1522 W Jackson	0	67,300	0	67,300	0	48,300	0	48,300
1537 W Jackson	0	88,800	0	88,800	0	63,700	0	63,700
1802 W Jackson	0	0	139,600	139,600	0	0	100,100	100,100
1840 W Jackson	72,800	0	0	72,800	52,200	0	0	52,200
1850 W Jackson	22,200	0	0	22,200	15,900	0	0	15,900
1700 W Washington	261,400	73,700	0	335,100	187,400	52,900	0	240,300
1789 W Jefferson	0	0	0	0	20,100	0	0	20,100
1937 W Jefferson/CDC	0	184,200	0	184,200	0	132,100	0	132,100
1937 W Jefferson/Wayland	17,700	0	19,900	37,600	12,700	0	14,300	27,000
1801 W Madison	29,300	0	0	29,300	21,000	0	0	21,000
1805 W Madison	39,700	0	0	39,700	28,500	0	0	28,500
2910 N 44th Street	3,200	0	0	3,200	2,300	0	0	2,300
14 N 18th Avenue	17,400	27,400	5,000	49,800	12,500	19,600	3,600	35,700
400 W Congress, Tucson					74,600	35,100	0	109,700
402 W Congress, Tucson	28,000	42,100	0	70,100	20,100	30,200	0	50,300
416 W Congress, Tucson	3,500	0	0	3,500	2,500	0	0	2,500
Subtotal - AZ Dept of Administration	569,200	957,400	164,500	1,691,100	502,900	721,800	118,000	1,342,700
Administrative Hearings, Office of								
1400 W Washington	148,700	0	107,700	256,400	106,700	0	77,200	183,900
Agriculture, AZ Department of								
1520 W Adams	133,400	30,800	6,800	171,000	95,600	22,100	4,900	122,600
1624 W Adams	8,500	2,800	1,000	12,300	6,100	2,000	700	8,800
1688 W Adams	523,300	120,700	26,800	670,800	375,300	86,600	19,200	481,100
400 W Congress, Tucson	0	0	0	0	24,700	8,700	0	33,400
Subtotal - AZ Dept of Agriculture	665,200	154,300	34,600	854,100	501,700	119,400	24,800	645,900
Appraisal, State Board of								
1400 W Washington	0	36,400	0	36,400	0	26,100	0	26,100
AZ Health Care Cost Containment System								
Kingman Building	9,200	0	6,100	15,300	6,600	0	4,400	11,000
Arts, AZ Commission on the								
417 W Roosevelt	88,300	0	0	88,300	63,300	0	0	63,300
Attorney General - Department of Law								
1275 W Washington	1,726,500	35,200	0	1,761,700	1,238,300	25,200	0	1,263,500
400 W Congress, Tucson	0	0	0	0	95,900	0	0	95,900
402 W Congress, Tucson	384,100	0	0	384,100	275,500	0	0	275,500
Subtotal - Attorney General - Dept of Law	2,110,600	35,200	0	2,145,800	1,609,700	25,200	0	1,634,900

	Fiscal Year 2011				Fiscal Year 2012			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Auditor General								
2910 N 44th Street	448,200	0	0	448,200	321,500	0	0	321,500
Automobile Theft Authority								
1400 W Washington	0	41,700	0	41,700	0	29,900	0	29,900
Barbers, Board of								
1400 W Washington	0	15,200	0	15,200	0	10,900	0	10,900
Charter Schools, State Board for								
1700 W Washington	72,800	0	0	72,800	52,200	0	0	52,200
Commerce, Department of								
1700 W Washington	289,300	86,300	132,000	507,600	207,500	61,900	94,700	364,100
Contractors, Registrar of								
400 W Congress, Tucson	0	0	0	0	46,100	0	0	46,100
Corporation Commission								
1200 W Washington	191,000	622,300	0	813,300	137,000	446,300	0	583,300
1300 W Washington	212,200	270,100	0	482,300	152,200	193,700	0	345,900
1400 W Washington	143,600	9,200	0	152,800	103,000	6,600	0	109,600
400 W Congress, Tucson	0	0	0	0	38,400	30,200	0	68,600
Subtotal - Corporation Commission	546,800	901,600	0	1,448,400	430,600	676,800	0	1,107,400
Corrections, State Department of								
1601 W Jefferson	988,500	0	0	988,500	709,000	0	0	709,000
1645 W Jefferson	802,500	0	0	802,500	575,600	0	0	575,600
1831 W Jefferson	376,000	0	0	376,000	269,700	0	0	269,700
Subtotal - State Dept of Corrections	2,167,000	0	0	2,167,000	1,554,300	0	0	1,554,300
Deaf and Blind, Arizona State Schools for the								
Food Service Building	0	0	0	0	116,700	120,800	165,000	402,500
Deaf and Hard of Hearing, Commission for the								
1400 W Washington	0	99,600	0	99,600	0	71,400	0	71,400
Economic Security, Department of								
1400 W Washington	0	0	15,300	15,300	0	0	11,000	11,000
1789 W Jefferson	0	0	0	0	1,571,200	468,600	716,700	2,756,500
Kingman Building	292,500	39,700	32,500	364,700	209,800	28,500	23,300	261,600
400 W Congress, Tucson	0	0	0	0	344,300	99,200	140,100	583,600
Subtotal - Department of Economic Security	292,500	39,700	47,800	380,000	2,125,300	596,300	891,100	3,612,700
Education, Department of								
1535 W Jefferson	786,200	0	617,800	1,404,000	563,900	0	443,100	1,007,000
400 W Congress, Tucson	0	0	0	0	43,900	16,300	0	60,200
416 W Congress, Tucson	5,300	3,900	18,500	27,700	3,800	2,800	13,300	19,900
Subtotal - Department of Education	791,500	3,900	636,300	1,431,700	611,600	19,100	456,400	1,087,100
Environmental Quality, Department of								
400 W Congress, Tucson	0	0	0	0	0	81,600	35,000	116,600
Equal Opportunity, Governor's Office of								
1700 W Washington	21,500	0	0	21,500	15,400	0	0	15,400
Equalization, State Board of								
416 W Congress, Tucson	1,800	0	0	1,800	1,300	0	0	1,300
Executive Clemency, Board of								
1645 W Jefferson	111,600	0	0	111,600	80,000	0	0	80,000
Financial Institutions, Department of								
2910 N 44th Street	246,000	0	27,300	273,300	176,400	0	19,600	196,000

	Fiscal Year 2011				Fiscal Year 2012			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Fire, Building, and Life Safety, Department of 400 W Congress, Tucson	0	0	0	0	39,700	0	0	39,700
Funeral Directors & Embalmers, State Board of 1400 W Washington	0	18,100	0	18,100	0	13,000	0	13,000
Gaming, Department of 400 W Congress, Tucson	0	0	0	0	0	16,900	0	16,900
Geological Survey, AZ 402 W Congress, Tucson	7,700	0	0	7,700	5,500	0	0	5,500
416 W Congress, Tucson	193,300	0	0	193,300	138,600	0	0	138,600
Subtotal - AZ Geological Survey	201,000	0	0	201,000	144,100	0	0	144,100
Governor, Office of the 1645 W Jefferson	1,100	0	0	1,100	800	0	0	800
1700 W Washington	772,400	0	15,800	788,200	554,000	0	11,300	565,300
400 W Congress, Tucson	0	0	0	0	36,300	0	0	36,300
Subtotal - Office of the Governor	773,500	0	15,800	789,300	591,100	0	11,300	602,400
Gov's Ofc of Strategic Planning & Budgeting 1700 W Washington	132,500	0	0	132,500	95,000	0	0	95,000
Health Services, Department of 1740 W Adams	992,800	467,200	0	1,460,000	712,000	335,100	0	1,047,100
1818 W Adams	213,200	87,100	0	300,300	152,900	62,500	0	215,400
400 W Congress, Tucson	0	0	0	0	64,000	75,100	0	139,100
402 W Congress, Tucson	600	300	0	900	400	200	0	600
416 W Congress, Tucson	61,600	6,800	0	68,400	44,200	4,900	0	49,100
Subtotal - Department of Health Services	1,268,200	561,400	0	1,829,600	973,500	477,800	0	1,451,300
Historical Society, Arizona 1502 W Washington ^{3/}	524,700	0	0	524,700	376,300	0	0	376,300
Papago Museum	0	0	0	0	1,079,900	0	0	1,079,900
Subtotal - Arizona Historical Society	524,700	0	0	524,700	1,456,200	0	0	1,456,200
Homeland Security, AZ Dept of 1700 W Washington	0	0	150,000	150,000	0	0	107,600	107,600
Homeopathic & Integrated Medicine Examiners, State Board of 1400 W Washington	0	6,000	0	6,000	0	4,300	0	4,300
Indian Affairs, AZ Commission of 1700 W Washington	12,100	0	0	12,100	8,700	0	0	8,700
Insurance, Department of 2910 N 44th Street	435,300	0	147,800	583,100	312,200	0	106,000	418,200
400 W Congress, Tucson	0	0	0	0	6,900	6,600	0	13,500
Subtotal - Department of Insurance	435,300	0	147,800	583,100	319,100	6,600	106,000	431,700
Judiciary - Court of Appeals 400 W Congress, Tucson	0	0	0	0	460,000	0	0	460,000
Judiciary - Supreme Court 1501 W Washington	0	0	0	0	1,974,700	953,300	476,700	3,404,700
400 W Congress, Tucson	0	0	0	0	101,400	0	0	101,400
Subtotal - Supreme Court	0	0	0	0	2,076,100	953,300	476,700	3,506,100
Subtotal - Judiciary	0	0	0	0	2,536,100	953,300	476,700	3,966,100
Juvenile Corrections, Department of 1624 W Adams	698,000	0	0	698,000	500,600	0	0	500,600

	Fiscal Year 2011				Fiscal Year 2012			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Liquor Licenses and Control, Department of 400 W Congress, Tucson	0	0	0	0	0	26,300	0	26,300
Medical Board, AZ 9500 Doubletree Rd.	0	337,500	0	337,500	0	242,100	0	242,100
Mine Inspector, State 1700 W Washington ^{3/}	92,200	0	0	92,200	66,100	0	0	66,100
Mines and Mineral Resources, Department of 1400 W Washington	0	0	0	0	10,000	0	3,300	13,300
1520 W Adams	0	0	0	0	0	0	0	0
Subtotal - Dept. of Mines & Mineral Resources	0	0	0	0	10,000	0	3,300	13,300
Naturopathic Physicians Medical Board 1400 W Washington	0	34,900	0	34,900	0	25,000	0	25,000
Navigable Stream Adjudication Commission, AZ 1700 W Washington	16,200	0	0	16,200	11,600	0	0	11,600
Nursing Care Inst. Admin. & Asstd. Living Fac. Mgrs. 1700 W Washington	0	25,000	0	25,000	0	17,900	0	17,900
Opticians, State Board of Dispensing 1400 W Washington	0	6,000	0	6,000	0	4,300	0	4,300
Optometry, State Board of 1400 W Washington	0	9,600	0	9,600	0	6,900	0	6,900
Osteopathic Examiners, AZ Board of 9500 Doubletree Rd.	0	49,200	0	49,200	0	35,300	0	35,300
Parks Board, AZ State 1300 W Washington	0	0	409,800	409,800	0	0	293,900	293,900
1645 W Jefferson	0	0	900	900	0	0	600	600
Subtotal - AZ State Parks Board	0	0	410,700	410,700	0	0	294,500	294,500
Personnel Board 1400 W Washington	0	30,800	0	30,800	0	22,100	0	22,100
Pest Management, Office of 9500 Doubletree Rd.	0	185,600	0	185,600	0	133,100	0	133,100
400 W Congress, Tucson	0	0	0	0	0	4,300	0	4,300
Subtotal - Office of Pest Management	0	185,600	0	185,600	0	137,400	0	137,400
Pharmacy, AZ State Board of 1700 W Washington	0	130,300	0	130,300	0	93,500	0	93,500
Podiatry Examiners, State Board of 1400 W Washington	0	5,300	0	5,300	0	3,800	0	3,800
Private Postsecondary Education, State Board for 1400 W Washington	0	21,100	0	21,100	0	15,100	0	15,100
Psychologist Examiners, State Board of 1400 W Washington	0	20,600	0	20,600	0	14,800	0	14,800
Real Estate Department, State 2910 N 44th Street	322,900	0	0	322,900	231,600	0	0	231,600
400 W Congress, Tucson	0	0	0	0	28,800	0	0	28,800
Subtotal - State Department of Real Estate	322,900	0	0	322,900	260,400	0	0	260,400
Respiratory Care Examiners, Board of 1400 W Washington	0	23,600	0	23,600	0	16,900	0	16,900

	Fiscal Year 2011				Fiscal Year 2012			
	General Fund	Other Fund	Non-Approp	Total	General Fund	Other Fund	Non-Approp	Total
Revenue, Department of								
402 W Congress, Tucson	213,900	0	0	213,900	153,400	0	0	153,400
416 W Congress, Tucson	149,900	0	0	149,900	107,500	0	0	107,500
Subtotal - Department of Revenue	363,800	0	0	363,800	260,900	0	0	260,900
School Facilities Board								
1700 W Washington	145,900	0	0	145,900	104,600	0	0	104,600
Secretary of State - Dept of State								
1100 W Washington	66,000	0	0	66,000	47,300	0	0	47,300
1700 W Washington	244,800	0	0	244,800	175,600	0	0	175,600
1645 W Jefferson	700	0	0	700	500	0	0	500
400 W Congress, Tucson	0	0	0	0	7,200	0	0	7,200
Subtotal - Secretary of State - Dept of State	311,500	0	0	311,500	230,600	0	0	230,600
State Boards' Office								
1400 W Washington	0	36,500	0	36,500	0	26,200	0	26,200
Transportation, Department of								
1275 W Washington ^{3/}	0	172,900	0	172,900	0	124,000	0	124,000
Treasurer, State								
1700 W Washington	181,300	0	0	181,300	130,000	0	0	130,000
Veterinary Medical Examining Board, AZ State								
1400 W Washington	0	25,200	0	25,200	0	18,100	0	18,100
Water Resources, Department of								
1520 W Adams	110,500	0	0	110,500	79,300	0	0	79,300
400 W Congress, Tucson	0	0	0	0	26,800	0	0	26,800
Subtotal - Department of Water Resources	110,500	0	0	110,500	106,100	0	0	106,100
GRAND TOTAL	\$14,169,800	\$4,076,400	\$1,880,600	\$20,126,800	16,374,300	4,866,700	2,885,600	\$24,126,500

^{1/} Pursuant to A.R.S. § 41-792.01, agencies occupying state-owned buildings shall pay the higher of the amount reported [herein] by the Joint Legislative Budget Committee Staff or the pro rata share based on actual occupancy.

^{2/} The FY 2011 office square footage rental rate was \$21.02 and the storage square footage rate is \$7.62. The FY 2012 Baseline assumes rental rates of \$15.08 for office space and \$5.47 for storage space.

^{3/} Represents funding for space occupied by the Attorney General - Department of Law for provision of legal services to the Department of Transportation.

Lease-Purchase and Rent Adjustments - Detail by Agency

Agency	FY 2011 Lease-Purchase Retirement				Convert Retired Lease-Purchase Pymts to Rent				Other Lease-Purchase Savings 1/				Reduction in COSF Rent Rate				Total Savings			
	GF	OF	NA	Total	GF	OF	NA	Total	GF	OF	NA	Total	GF	OF	NA	Total	GF	OF	NA	Total
Acupuncture Board of Examiners					132,000	49,000	0	181,000	(1,509,500)	(167,500)	0	(1,677,000)	(198,300)	(1,600)	0	(1,600)	0	(1,600)	0	(1,600)
Administration, AZ Dept. of	(1,313,200)	(115,800)	0	(1,429,000)					773,600	0	0	773,600	(284,600)	(284,600)	(46,500)	(529,400)	(2,889,000)	(518,900)	(46,500)	(3,454,400)
ADOA Paying ASDB FY12 LP Pymt 2/																	773,600	0	0	773,600
Administrative Hearings, Office of																				
Agriculture, AZ Dept. of	(63,500)	(22,300)	0	(85,800)	34,400	12,100	0	46,500												
Appraisal, State Board of																				
AZ Health Care Cost Containment System																				
Arts, AZ Commission on the																				
Attorney General - Dept. of Law	(78,200)	0	0	(78,200)	133,700	0	0	133,700	37,600	3,700	0	41,300	(634,600)	(10,000)	0	(644,600)	(541,500)	(6,300)	0	(547,800)
Automobile Theft Authority																				
Barbers, Board of																				
Charter Schools, State Board for																				
Citizens Clean Elections Comm.									0	0	(200)	(200)								(200)
Commerce, Department of					0	64,300	0	64,300												
Contractors, Registrar of	0	(107,100)	0	(107,100)																
Corporation Commission	(91,100)	(71,600)	0	(162,700)	53,600	42,100	0	95,700												
Corrections, AZ Dept. of									(2,600)	0	0	(2,600)								
Deaf & Blind, AZ State Schools for the	(269,200)	(278,500)	(380,700)	(928,400)	162,700	168,400	230,100	561,200												
Deaf and Hard of Hearing, Commission for the																				
Economic Survey, Dept. of	(4,998,500)	(1,481,900)	(2,236,800)	(8,717,200)	2,670,700	791,700	1,194,600	4,657,000	(236,900)	0	(24,500)	(261,400)	(837,900)	(235,100)	(351,300)	(1,424,300)	(3,402,600)	(925,300)	(1,418,000)	(5,745,900)
Education, Dept. of	(109,100)	(40,300)	0	(149,400)	61,300	22,700	0	84,000												
Environmental Quality, Dept. of	0	(211,100)	(90,500)	(301,600)	0	113,800	48,800	162,600												
Equal Opportunity, Governor's Office of																				
Equalization, State Board of																				
Executive Clemency, Board of																				
Financial Institutions, Department of																				
Fire, Bldg. & Life Safety, Dept. of	(98,600)	0	0	(98,600)	55,400	0	0	55,400	(101,000)	0	0	(101,000)	101,000	0	0	101,000	(15,700)	0	0	(15,700)
Forester, State																				
Funeral Directors & Embalmers, State Board of																				
Game & Fish Dept., AZ									0	1,000,000	0	1,000,000								
Gaming, Dept. of	0	(40,000)	0	(40,000)	0	23,600	0	23,600												
Geological Survey, AZ																				
Governor, Office of the	(93,100)	0	0	(93,100)	50,600	0	0	50,600												
Gov's Ofc of Strategic Planning & Budgeting																				
Health Services, Dept. of	(163,700)	(192,100)	0	(355,800)	89,200	104,700	0	193,900	(237,700)	(342,000)	(8,500)	(588,200)	(383,900)	(188,300)	0	(572,200)	(696,100)	(617,700)	(8,500)	(1,322,300)
Historical Society, AZ	(3,074,000)	0	0	(3,074,000)	1,505,700	0	0	1,505,700												
Homeland Security, AZ Dept of																				
Homeopathic & Integrated Medicine Examiners, State Board of																				
Indian Affairs, AZ Commission of					9,600	9,200	0	18,800												
Insurance, Dept. of	(18,000)	(17,200)	0	(35,200)																
Judiciary - Court of Appeals	(1,164,200)	0	0	(1,164,200)	641,300	0	0	641,300												
Judiciary - Supreme Court	(5,108,800)	(2,339,500)	(1,169,800)	(8,618,100)	2,894,600	1,329,200	664,600	4,888,400												
Juvenile Corrections, Dept. of									(900)	0	0	(900)								
Land Dept., State									(100)	(3,800)	0	(3,900)								
Legislature - Auditor General	(124,100)	0	0	(124,100)	0	0	0	0												
Liquor Licenses & Control, Dept. of	0	(67,000)	0	(67,000)	0	36,600	0	36,600												
Medical Board, AZ																				
Mine Inspector, State																				
Mines & Mineral Resources, Dept. of																				
Naturopathic Physicians Medical Board																				
Navigable Stream Adjudication Commission, AZ																				
Nursing Care Inst. Admin. & Asstd. Living Fac. Mgrs.																				
Opticians, State Board of Dispensing																				
Optometry, State Board of																				
Osteopathic Examiners, AZ Board of																				
Parks Board, AZ State									0	0	232,700	232,700								
Personnel Board																				
Pest Management, Office of	0	(12,100)	0	(12,100)	0	6,000	0	6,000												
Pharmacy, AZ State Board of																				
Podiatry Examiners, State Board of																				
Private Postsecondary Education, State Board for																				
Psychologist Examiners, State Board of																				
Real Estate Dept., State	(71,300)	0	0	(71,300)	40,100	0	0	40,100												
Respiratory Care Examiners, Board of																				
Revenue, Dept. of									(537,900)	(11,000)	0	(548,900)	(102,900)	0	0	(102,900)	(640,800)	(11,000)	0	(651,800)
School Facilities Board																				
Secretary of State	(16,800)	0	0	(16,800)	10,000	0	0	10,000	125,900	0	0	125,900	(41,300)	0	0	(41,300)	(41,300)	0	0	(41,300)
State Boards' Office																				
Transportation, Department of																				
Treasurer, State																				
Veterinary Medical Examining Board, AZ State																				
Water Resources, Dept. of	(223,600)	0	0	(223,600)	37,400	0	0	37,400												
TOTAL	(17,079,000)	(4,996,500)	(3,877,800)	(25,953,300)	8,582,300	2,773,400	2,138,100	13,493,800	(1,588,500)	479,400	199,500	(909,600)	(6,423,900)	(1,937,200)	(1,133,000)	(9,494,100)	(16,509,100)	(3,680,900)	(2,673,200)	(22,863,200)

1/ Includes \$1,000,000 Other Appropriated Funds for the Department of Game and Fish headquarters lease-purchase payment, which is a shift from Non-Appropriated Funds. Also includes shifting \$101,000 General Fund from the Department of Fire, Building, and Life Safety to the State Forester for the privatized lease-to-own payment.

2/ The Arizona Department of Administration would pay the Arizona State Schools of the Deaf and Blind final FY 2012 lease-purchase payment.

Capital Outlay

Arizona Department of Transportation Building System

FY 2012
BASELINE

BUILDING RENEWAL

ADOT Building Renewal	1,050,000
SUBTOTAL	1,050,000

INDIVIDUAL PROJECTS

Airport Planning and Development	22,300,400
Controlled Access Highways	87,859,000
Debt Service	122,119,000
Statewide Highway Construction	0
SUBTOTAL	232,278,400

TOTAL - ALL PROJECTS

233,328,400

FUND SOURCES

Other Appropriated Funds

State Aviation Fund	22,350,400
State Highway Fund	210,978,000
SUBTOTAL - Other Appropriated Funds	233,328,400
SUBTOTAL - Appropriated Funds	233,328,400

Other Non-Appropriated Funds	312,567,000
Federal Funds	635,722,000
TOTAL - ALL SOURCES	1,181,617,400

DESCRIPTION — The Arizona Department of Transportation (ADOT) Building System includes all buildings and highways controlled by ADOT. The following includes amounts for state highway construction and other projects related to ADOT's mission. Most appropriations for ADOT projects are from the State Highway Fund and the State Aviation Fund.

The following amounts reflect one-time appropriations:

FY 2012

Building Renewal OF **\$1,050,000**

The Baseline includes \$1,050,000 for Building Renewal within ADOT's Building System in FY 2012. This amount consists of \$1,000,000 from the State Highway Fund (SHF) and \$50,000 from the State Aviation Fund. The SHF amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The formula is based on the square footage and replacement cost of existing buildings. The amounts represent 10.6% funding of the revised highways building renewal formula and 30.9% funding of the aviation building renewal formula.

Airport Planning and Development OF **22,300,400**

The Baseline includes \$22,300,400 from the State Aviation Fund for ADOT's airport construction program in FY 2012. Fund revenues are generated from a flight property tax, aircraft lieu tax, and revenues from the operations of the Grand Canyon Airport.

Controlled Access Highways OF **87,859,000**

The Baseline includes \$87,859,000 from SHF for the Highway User Revenue Fund (HURF) formula dedicated to the construction of urban freeways in FY 2012. The Maricopa Association of Governments (MAG) receives 75% and the Pima Association of Governments (PAG) receives 25%.

Debt Service OF **122,119,000**

The Baseline includes \$122,119,000 from SHF for the appropriated portion of the debt service on bonds in FY 2012. ADOT has approximately \$2,900,000,000 in outstanding bonds and other long-term debt. The amount represents the appropriated portion of FY 2012 debt service payments. (See Table 2 for more information on debt service.)

Statewide Highway Construction OF **0**

The Baseline includes no new SHF contribution for highway construction in FY 2012. Please see Table 5 for the HURF Distribution analysis, which shows that \$(46,953,000) of net SHF monies will be available for statewide highway construction in FY 2012 from the FY 2012 HURF revenue cash flow. Since SHF cannot

literally run a deficit, this \$(46,953,000) will be absorbed by other proceeds' balances. Only a small portion of the state's total \$1,635,698,000 highway construction funding is appropriated. Other monies available for highway construction include beginning balances and bond revenues from SHF, Federal Funds, the Maricopa Regional Area Road Fund, and HURF for controlled access roads. (See the *Total Highway Construction Funding discussion and Table 3 in Other Issues for Legislative Consideration for additional information.*)

Expenditure of highway construction funding is determined by the Transportation Board, which develops a 5-year plan.

* * *

FORMAT — Lump Sum by Project by Fund

FOOTNOTES

Standard Footnotes (Please see Capital Outlay Summary for Capital standard footnotes.)

Individual Projects

The amount is appropriated from the State Aviation Fund for the planning, construction, development and improvement of state, county, city or town airports as determined by the State Transportation Board. Any balances and collections in the State Aviation Fund in excess of the specific amounts appropriated in the General Appropriation Act and in this act are appropriated to the Department of Transportation for the purposes provided in this paragraph.

The amount appropriated for highway construction is from the State Highway Fund for the planning and construction of state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, the acquisition of rights-of-way, the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction. Any balances and collections in the State Highway Fund in excess of the specific amounts appropriated in the General Appropriation Act and in this act are appropriated to the department for the purposes provided in this paragraph.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Summary of Non-Appropriated Capital Funds Expended
Table 1 provides a summary of non-appropriated capital funds expenditures. For further background information regarding the funds, please see the ADOT Summary of Funds in the ADOT operating budget section. This latter section does not include the non-appropriated capital expenditures as those only appear in *Table 1*.

Highway Construction

The State Transportation Board oversees the department's highway construction program. The 5-Year Highway Construction Program adopted by the Board on June 18, 2010 includes monies from SHF, Federal Funds, the Maricopa Regional Area Road Fund, HURF for controlled access roads, and bond revenues. The highway construction program adopted by the State Transportation Board totals \$1,119,781,000 for FY 2012, including \$781,620,000 for construction and maintenance projects scheduled to begin in FY 2012, and \$338,161,000 for debt service. (See *Table 2 for additional details.*)

Total Highway Construction Funding

Only a small portion of the state's total highway construction funding is appropriated. *Table 3* summarizes all estimated revenues and expenditures for FY 2012, on a cash flow basis as provided by ADOT. *Table 2*, which shows the highway construction program adopted by the State Transportation Board, presents a different view since it shows the total dollar cost of highway projects scheduled to begin in FY 2012.

Of the revenue amounts, only the Statewide Highway Construction and Controlled Access Highways amounts are appropriated. Of the expenditure amounts, only a portion of the Debt Service is appropriated.

Non-Appropriated Capital Funds			
(\$ in Thousands)			
	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Estimate</u>	<u>Baseline</u>
Aviation Federal Funds	\$ 6,011	\$ 3,665	\$ 3,665
Federal Grants	610,639	632,057	632,057
Subtotal – Federal Funds	\$616,650	\$635,722	\$635,722
Economic Strength Project Fund	\$ 1,005	\$ 1,005	\$ 1,005
Local Agency Deposits Fund	71,471	50,000	50,000
Maricopa Regional Area Road Fund	259,439	261,562	261,562
Subtotal – Other Non-Appropriated Funds	\$331,915	\$312,567	\$312,567
Total	\$948,565	\$948,289	\$948,289

Table 2

Highway Construction Projects Beginning in FY 2012 and Debt Service Payments
(\$ in Thousands)

	<u>FY 2012</u>
Construction	\$ 63,863
Urban Controlled Access ^{1/}	409,924
Pavement Preservation Maintenance	130,000
Other ^{2/}	177,833
Debt Service ^{3/}	<u>338,161</u>
Total	\$1,119,781

^{1/} Includes expenditures from the HURF for controlled access and from the Maricopa Regional Area Road Fund.

^{2/} Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

^{3/} Information provided by the department. Includes \$122,119,000 for SHF statewide construction bonds; \$33,658,000 for HURF, MAG, and PAG controlled access bonds; \$118,595,000 for Maricopa Regional Area Road Fund Bonds; and \$63,789,000 for Grant Anticipation Notes.

Table 3

Estimated Highway Construction - Cash Basis
(\$ in Thousands)

	<u>FY 2012</u>
Balance Forward ^{1/}	\$ 491,371
Revenues	
Appropriated Statewide Highway Construction ^{2/}	\$ 0
Appropriated Controlled Access Highways (MAG & PAG)	87,859
Appropriated Debt Service	122,119
½ Cent Sales Tax	195,000
Federal Aid ^{3/}	701,006
Maricopa Regional Area Road Fund Bond Proceeds ^{4/}	400,000
Miscellaneous Income/Expenses ^{5/}	<u>3,842</u>
Subtotal - Revenues	<u>\$1,509,826</u>
Total Funds Available for Construction	\$2,001,197
Debt Service Expenditures	
Appropriated Debt Service	\$ 122,119
Other Debt Service (All Other) ^{6/}	<u>216,042</u>
Subtotal - Debt Service	\$ 338,161
Planned Construction Expenditures	
Statewide Highway Construction (including PAG)	\$ 395,000
Controlled Access Highways (MAG)	<u>902,537</u>
Subtotal - Construction Expenditures	<u>\$1,297,537</u>
Total Planned Expenditures	\$1,635,698
Balance Forward	\$ 365,499

^{1/} Includes unexpended bond proceeds for bonds issued in prior years.

^{2/} The overall amount of new SHF available for highway construction is projected to be \$(46,953,000). Since SHF cannot literally run a deficit, this amount is shown as \$0.

^{3/} Includes \$16,400,000 in American Recovery and Reinvestment Act of 2009 funds.

^{4/} Proceeds reflect a cash expenditure basis.

^{5/} Includes all MAG and Statewide program miscellaneous revenues and expenses, including inflation discount factors, interest income, third party billings and paybacks, Regional Public Transportation Authority payments, and Motor Vehicle program fees retainage.

^{6/} See footnote 3 on Table 2 for a breakdown of the Other Debt Service payments.

Highway User Revenue Fund Analysis

HURF consists of monies received in the state from transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax, vehicle registration, driver's license, and others. *Table 4* explains the formula distribution of HURF monies between state and local governments. *Table 5* presents the overall HURF distribution for FY 2010 through FY 2012. The line in *Table 5*, which shows Net SHF Available for Statewide Highway Construction, does not include Maricopa County and Pima County Controlled Access Funds, Bond Funds, Federal Funds, and Miscellaneous Funds available for construction. The line represents the amount that is available from the discretionary SHF to fund the State Transportation Board's 5-Year Plan.

Total FY 2010 HURF collections of \$1,194,416,500 were (4.3)% below FY 2009. As of October 2010, HURF year-to-date collections are up 1.3% as compared to the prior year. As a result, the JLBC Staff forecasts a 1.5% increase in total HURF revenue collections in both FY 2011 and FY 2012.

The decline in HURF collections in FY 2010 was due to a variety of factors related to the general economic downturn. Even with lower fuel prices, consumers drove less. Lower population growth also contributed to fewer miles driven, as well as reduced vehicle license tax and registration fee growth. Additionally, motor carrier fees were down due to the continued trend of fewer registered commercial vehicles.

Table 4

Percentage Distribution of HURF Monies

Cities	30.5%
Counties	19.0%
Controlled Access ^{1/}	7.7%
State Highway Fund ^{1/}	<u>42.8%</u>
Total	100.0%

^{1/} A.R.S. § 28-6538 distributes 50.5% of HURF monies to SHF, with 12.6% of the monies distributed to SHF being allocated to controlled access highways in Maricopa and Pima Counties. The State Transportation Board adds 2.6% by Board Policy to the statutory 12.6%, making a total of 15.2% of SHF monies set aside for controlled access highways (50.5% of 15.2% = 7.7%). The controlled access monies are divided: 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

Table 5

Highway User Revenue Fund (HURF) Distribution
(\$ in Thousands)

	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Total HURF Collections	\$1,194,417	\$1,212,333	\$1,230,518
Less: Economic Strength Fund ^{1/}	1,000	1,000	1,000
ADOT - MVD Operating Budget	566	625	625
Dept. of Public Safety (DPS) Transfer from HURF	<u>78,626</u>	<u>79,216</u>	<u>79,216</u>
Net HURF Collections	1,114,225	1,131,492	1,149,677
Less: Cities ^{2/}	339,839	345,105	350,652
Counties ^{2/}	211,703	214,984	218,439
Controlled Access ^{3/}	85,149	86,477	87,859
VLT Transfer to General Fund ^{4/}	43,171	43,619	43,619
VLT Transfer to Parity Compensation Fund ^{5/}	<u>2,492</u>	<u>2,478</u>	<u>2,569</u>
Net SHF (Discretionary)	431,871	438,829	446,539
Plus: Other Income ^{6/}	13,039	13,448	13,248
Less: Operating Budget	247,870	325,795	325,795
Operating Carryovers, Adjustments and Transfers ^{7/}	5	5	5
Capital Outlay and Building Renewal	1,000	1,000	1,000
Motor Vehicle Third Party Payments ^{8/}	16,047	16,181	16,300
DPS Transfer from Highway Fund	41,256	41,521	41,521
Debt Service ^{9/}	<u>94,371</u>	<u>94,763</u>	<u>122,119</u>
Net SHF Available for Statewide Highway Const. (5-Year Plan) ^{10/}	44,361	(26,988)	(46,953)
SHF Adjustments			
Plus: Discretionary SHF Beginning Balance	7,000	0	0
Controlled Access SHF Beginning Balance	119,000	170,000	170,000
STAN Beginning Balance	<u>101,413</u>	<u>55,370</u>	<u>10,678</u>
Total Highway Fund Available for Statewide Highway Construction	\$ 271,774	\$ 198,382	\$ 133,725

^{1/} Provides monies for economic strength highway projects recommended by the Commerce and Economic Development Commission and approved by the State Transportation Board.

^{2/} A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.

^{3/} A statutorily defined distribution of SHF monies for design, acquisition and construction of controlled access highways. The monies are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

^{4/} The \$43,170,600 VLT transfer in FY 2010 includes a Fund Reduction and Transfer of \$28,000,000, a Highway Patrol Vehicle Replacement HURF transfer to DPS of \$6,780,000, and an \$8,390,600 VLT transfer. In both FY 2011 and FY 2012, the \$43,618,600 VLT transfer continues the FY 2010 \$43,170,600 VLT transfer but also includes a \$448,000 Safety Enforcement and Transportation Infrastructure Fund (SETIF) transfer to the General Fund, which is done via VLT.

^{5/} Laws 2005, Chapter 306 transfers 1.51% of VLT for distribution to SHF to the Parity Compensation Fund beginning in FY 2006.

^{6/} Includes interest and rental income, transfers from the Public Roads Fund, revenue from 4 formerly non-appropriated funds, and miscellaneous sales and other income. In both FY 2011 and FY 2012, this amount also includes \$448,000 in transfers from SETIF to SHF.

^{7/} Includes \$5,000 annual transfer to Legislative Council for multistate highway transportation agreement.

^{8/} Statutory payments to third parties from VLT collected by third parties.

^{9/} Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

^{10/} Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction.

Capital Outlay
Arizona Board of Regents

FY 2012
 BASELINE

BUILDING RENEWAL
 Arizona Board of Regents
TOTAL

0
 0

FUND SOURCES
 General Fund
TOTAL - ALL SOURCES

0
 0

DESCRIPTION — The Arizona Board of Regents (ABOR) Building System is comprised of buildings controlled by the Universities.

Debt Financed Projects

University Capital Projects

Laws 2008, Chapter 287, as amended by Laws 2009, 1st Special Session, Chapter 6 and Laws 2009, 3rd Special Session, Chapter 9, authorized ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities of which not more than \$167,671,200 could be issued in FY 2009 and not more than \$400,000,000 in FY 2010. ABOR is required to allocate \$376,000,000 of the \$800,000,000 for the Phoenix Biomedical Campus. Of the remaining \$424,000,000 in proceeds, ABOR plans to allocate \$16,000,000 to Arizona State University's (ASU) School of Construction and \$136,000,000 to each of the 3 universities for building renewal, deferred maintenance, and new construction projects.

The Joint Committee on Capital Review (JCCR) favorably reviewed \$167,671,200 for building renewal bond projects in November 2008 and February 2009, which mostly were issued in April, June, and August 2010. The University of Arizona (UA) plans on issuing \$41,585,000 in the spring of 2011. At that point, \$165,420,000 of the favorably reviewed \$167,671,200 will have been issued.

The Committee also favorably reviewed \$172,940,000 for Phase I of the Phoenix Biomedical Campus in March 2010, which represents a portion of the \$376,000,000 requirement and was supposed to be a collaboration between the 3 universities. Subsequent to the March 2010 JCCR meeting, ASU withdrew its partnership altogether from the Phoenix Biomedical Campus. Because of this, ASU's \$43,235,000 portion of the \$172,940,000 will not be issued. UA issued \$122,245,000 in June 2010, and Northern Arizona University (NAU) plans on issuing \$7,685,000 in late spring 2011.

All of the NAU and UA bonds and 73% of the ASU bonds were issued as Build America Bonds (BABs). BABs are

taxable bonds which entitle the issuing entity to a 35% interest subsidy from the federal government. This leaves the issuing entity paying the remaining 65% of interest costs, along with principal, associated with the lease-purchase agreement.

At the March 2010 meeting, JCCR favorably reviewed the Phoenix Biomedical Campus debt issuance with the provision that the universities not request authority for further lottery bonding projects for 18 months, or until September 2011. After that time, a total of \$459,388,800 in remaining authority will be available for university lottery bonding projects, including \$203,060,000 for Phoenix Biomedical Campus expansion.

Under Chapter 287, the annual debt service payments were designed to be paid from the University Capital Improvement Lease-to-Own and Bond (UCI) Fund and would be comprised of at least 80% Lottery revenues and up to 20% state university system revenues, as required by Chapter 287.

After all Lottery revenue beneficiaries received their statutory distributions, the UCI Fund receives its distribution before any remaining monies revert to the General Fund. The JLBC Staff estimates that the UCI Fund will receive \$16,955,900 in FY 2012, which is more than sufficient to pay the maximum 80% lottery portion of the debt service for the \$165,420,000 in building renewal projects and \$129,930,000 in Phoenix Biomedical Campus projects.

Chapter 287 also provided that the monies distributed from the UCI Fund would be exempt from the university debt limit calculations. However, each university is required to submit their debt limit calculations with and without this bonding package as part of their annual Capital Improvement Plans.

Table 1 shows the current projections for UCI Fund revenues and a summary of the payment schedule for the Phoenix Biomedical Campus and building renewal projects if the maximum of 80% of the debt service was paid from Lottery funds.

FORMAT — Lump Sum by Project by Fund

The FY 2012 – FY 2015 payments are mainly interest-only payments. The FY 2016 – FY 2030 total annual payments are approximately \$22,900,000, and the remaining FY 2031 – FY 2044 total annual payments are approximately \$7,900,000.

Table 1		University Lottery Bonding Projects ^{1/}					
		<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Projected Lottery Revenue to UCI Fund ^{2/}		\$16,955,900	\$24,490,300	\$32,056,400	\$39,986,000	\$48,332,600	\$57,117,000
Building Renewal Projects							
Lottery Debt Service	80%	\$ 5,950,500	\$ 5,311,000	\$ 5,311,000	\$ 6,815,000	\$12,025,900	\$12,025,500
University Debt Service	20%	<u>1,487,600</u>	<u>1,327,800</u>	<u>1,327,800</u>	<u>1,703,800</u>	<u>3,006,500</u>	<u>3,006,400</u>
Total Debt Service for \$165.4 M ^{3/}		\$ 7,438,100	\$ 6,638,800	\$ 6,638,800	\$ 8,518,800	\$15,032,400	\$15,031,900
Phoenix Biomedical Campus							
Lottery Debt Service	80%	\$ 4,426,200	\$ 4,427,100	\$ 4,424,800	\$ 4,426,200	\$ 6,311,100	\$ 6,306,700
University Debt Service	20%	<u>1,106,600</u>	<u>1,106,800</u>	<u>1,106,200</u>	<u>1,106,600</u>	<u>1,577,800</u>	<u>1,576,700</u>
Total Debt Service for \$129.9 M ^{4/}		\$ 5,532,800	\$ 5,533,900	\$ 5,531,000	\$ 5,532,800	\$ 7,888,900	\$ 7,883,400
Total Lottery Requirement		\$10,376,700	\$ 9,738,100	\$ 9,735,800	\$11,241,200	\$18,337,000	\$18,332,200
Projected Unused Lottery Revenues		\$ 6,579,200	\$14,752,200	\$22,320,600	\$28,744,800	\$29,995,600	\$38,784,800
Projected University Cost ^{5/}		\$ 2,594,200	\$ 2,434,600	\$ 2,434,000	\$ 2,810,400	\$ 4,584,300	\$ 4,583,100

^{1/} Represents JCCR reviewed projects. The issued bonds are BABs, which have a 35% interest subsidy from the federal government. The displayed amounts are net of the 35% subsidy. According to ABOR, the universities will file paperwork 90 days prior to the payment date in order to receive the federal subsidy so they will not have to literally pay the 35% net interest cost.

^{2/} Revenue estimates are based on a 5% annual increase in lottery revenues.

^{3/} All of the building renewal bonds have been issued, except UA plans on issuing its remaining \$41,585,000 in the spring of 2011. The amounts shown here include estimates for UA's remaining issuance.

^{4/} UA has already issued its \$122,245,000 share, NAU plans on issuing its \$7,685,000 share in late spring 2011, and ASU's \$43,235,000 share will not be issued as they withdrew their partnership from the Phoenix Biomedical Campus. The amounts shown here include estimates for NAU's remaining issuance.

^{5/} Represents the 20% university share.

Capital Outlay
Debt and Lease-Purchase Financing

FY 2012
 BASELINE

LEASE-PURCHASE PAYMENTS*

Arizona Department of Administration

2010 Leaseback Financing	49,050,700
TOTAL - ALL PROJECTS	49,050,700

* Represents only lease-purchase payments for the 2010 state building sale/lease-back. All other debt and lease-purchase payments are reflected in individual agency budgets. (Please see Table 2.)

FUND SOURCES

General Fund	49,050,700
TOTAL - ALL SOURCES	49,050,700

DESCRIPTION — This section summarizes the state's debt and lease-purchase obligations.

Debt Financed Projects

FY 2012
2010 Leaseback Financing GF \$49,050,700

The Baseline includes \$49,050,700 from the General Fund for lease-purchase payments related to the \$1,035,419,300 state building sale/lease-back agreements in FY 2012.

The FY 2010 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2009, 3rd Special Session, Chapter 6) authorized the Arizona Department of Administration (ADOA) to enter into 1 or more sale/lease-back agreements in FY 2010 for existing state-owned facilities, including prison facilities. Any lease-purchase agreements were required to result in proceeds totaling \$735,419,300 to be deposited to the General Fund in FY 2010 to subsidize state operating expenses. ADOA sold the entire issuance at an average tax-exempt interest rate of 4.57% in January 2010.

In a sale/lease-back agreement, the state sells properties to the trustee, and the trustee leases the properties back to the state. Since the properties were sold, the trustee holds the titles to the properties. The control of the properties remains with the state, but the trustee literally "holds" the titles until the obligation is fully repaid. The state reacquires its financial stake through lease-purchase agreements.

The following properties were part of the agreement: the Arizona State Prison Complexes (ASPC) at Eyman and Florence, the Executive Tower, the Senate and House of Representatives buildings, the Polly Rosenbaum State Archives building, the Department of Revenue building and parking structure, the Department of Public Safety Phoenix (DPS) headquarters, the Arizona State Hospital, the Coliseum and Exposition Center, and the Phoenix Day School for the Deaf.

Additionally, Laws 2010, 6th Special Session, Chapter 4 authorized ADOA to enter into an additional 20-year,

\$300,000,000 sale/lease-back agreement for state buildings by September 30, 2010. ADOA was able to sell the entire issuance at an average tax-exempt interest rate of 4.37% in June 2010.

The FY 2012 payment of \$49,050,700 for both issuances is interest only. The payments for the remaining 18 years will be approximately \$84,100,000.

The following properties were part of the agreement: ASPC Tucson Winchester unit, AHCCCS 701 & 801 E. Jefferson buildings, DPS Tucson headquarters and forensic lab, Arizona State Schools for the Deaf and Blind (ASDB) Tucson selected buildings, ASDB Phoenix Day School, Supreme Court building, Department of Economic Security (DES) 1789 W. Jefferson building, 400 W. Congress Tucson complex, and the Tucson Arizona Historical Society.

The sale/lease-back agreements were issued as a tax-exempt deficit financing mechanism in which the proceeds were used for state operational expenses. If a state uses tax-exempt debt financing to eliminate a budget shortfall, federal regulations require the state to repay the obligation early if a state's surplus exceeds 5% in a future year. The FY 2011 Budget Procedures BRB (Laws 2010, 7th Special Session, Chapter 3) requires ADOA to annually submit to JLBC by December 31 of each year a Working Capital Surplus Report associated with meeting the requirements for tax-exempt deficit financing concerning agreements entered into after January 1, 2009.

* * *

FORMAT — Lump Sum by Project by Fund

Long-Term Financing Summary

That state's long-term financing consists of 3 different types of transactions.

Privatized Lease-to-Own Facilities

Under a privatized lease-to-own (PLTO) agreement, a private entity finances and constructs a building and leases it to the state. At the end of the lease term, the state takes possession of the building.

ADOA entered into PLTO agreements with private entities for 3 office buildings on the Capitol Mall. The 3 buildings house ADOA, the Department of Environmental Quality, and the Department of Health Services. *Table 1* provides information on current lease-to-own agreements.

Fund Type	FY 2011 Appropriation	FY 2012 Payment	Lease Completion
General Fund	\$ 4,551,400	\$ 4,949,200	FY 2028
Other Approp.	5,813,200	6,310,300	FY 2028
Non-Approp.	979,900	1,113,600	FY 2028
Total	\$11,344,500	\$12,373,100	NA

These payments are not included in *Table 2's* Lease-Purchase and Bonding Summary since the debt is not held by the state.

Lease-Purchase Facilities

Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA and the universities have entered into lease-purchase agreements for the acquisition and construction of state facilities.

The School Facilities Board (SFB) also entered into lease-purchase agreements between FY 2003 and FY 2005 for the construction of new schools. In FY 2006 and FY 2007, new school construction was financed on a cash basis. Since FY 2008, any new school construction has been done by lease-purchase financing.

The state has also committed to participating in repayment of \$300,000,000 for the expansion of the Phoenix Convention Center. The City of Phoenix issued \$600,000,000 in COPs in FY 2005. The project was completed in January 2009. The state was not required to begin repayment of its share of \$300,000,000, plus interest, until the following year in FY 2010.

The FY 1992 lease-purchase agreement that was refinanced in FY 2002 was paid off in FY 2011. These properties included the 16th Avenue parking garage, Courts building, Historical Museum, ASDB Food Service, DES West, and Tucson building. The completion of the lease-purchase payments will result in savings of \$(25,953,300), including \$(17,079,000) from the General Fund.

The FY 1991 and 1992 lease-purchase agreements that were refinanced in FY 2001 and the FY 1993 lease-purchase agreement that was refinanced in FY 2004 will

be paid off in FY 2012. These properties include ENSCO, Revenue building, DES homes, Capital Center, Records Management, Library for the Blind, ASDB projects, 1616 W. Adams, and Tonto Natural Bridge.

Once the final lease-purchase payments have been made on the properties, the agencies occupying the space will begin paying rent to ADOA. Rent payments will begin in FY 2012 for the FY 2002 refinanced lease-purchase agreement, and rent payments will begin in FY 2013 for the FY 2001 and FY 2004 refinanced lease-purchase agreements.

Beyond the \$(17,079,000) in lease-purchase savings from the FY 1992/2002 refinance, all other lease-purchase payments will decline by \$(1,588,500) from the General Fund. *(Please see the Capital Outlay ADOA Building System narrative for more information.)*

Table 2 provides information related to current state lease-purchase agreements.

Bonding Summary

The Arizona Board of Regents, on behalf of the universities, the Arizona Department of Transportation, and SFB have issued bonds to renovate, acquire, and construct facilities, as well as purchase equipment.

SFB has also issued Qualified Zone Academy Bonds (QZABs). The QZAB program, enacted through federal legislation, allows state and local agencies to issue QZABs at low interest rates by providing federal tax credits to bond holders. SFB issued \$20,000,000 in QZABs in FY 2003. The debt service on QZABs is paid from Permanent State School Fund revenues.

The FY 2010 Education BRB (Laws 2009, 3rd Special Session, Chapter 12) allowed SFB to issue up to \$100,000,000 of Qualified School Construction Bonds (QSCB) by the middle of FY 2011 as authorized by the American Reinvestment and Recovery Act of 2009 to be spent on new construction projects only. The bond was issued as a QSCB for \$91,325,000 in October 2010 and will be retired in FY 2028. *(Please see the SFB budget narrative pages for more information.)*

Laws 2010, 6th Special Session, Chapter 4 authorized ADOA to issue a 20-year, \$450,000,000 Lottery revenue bond by December 31, 2010 to be deposited into the General Fund. The payments will be made from the Lottery revenues that would have otherwise been deposited into the General Fund. The FY 2012 bond payment will be \$20,709,600, which is interest only. This will result in the General Fund receiving \$20,709,600 less in Lottery revenues in FY 2012.

Table 2 also provides information related to current bond issuances.

Table 2

Lease-Purchase and Bonding Summary

Lease-Purchase Summary	Overall Balance ^{1/}	GF Balance ^{1/}	Overall FY 12 Pvmt. ^{2/}	FY 12 GF Pvmt. ^{2/}	Retirement FY
ADOA Building System					
2001 A/B Issuance/Refinance					
Prisons/ENSCO	\$ 0	\$ 0	\$ 1,436,400	\$ 1,436,400	FY12
Revenue Building	0	0	552,900	541,800	FY12
DES Homes	0	0	70,700	46,000	FY12
Capital Center	0	0	411,900	304,800	FY12
<i>Subtotal</i>	\$ 0	\$ 0	\$ 2,471,900	\$ 2,329,000	
2002A Issuance					
Health Laboratory	\$ 19,605,000	\$ 11,174,900	\$ 2,320,400	\$ 1,322,600	FY23
2004A Issuance/Refinance					
Records Management	\$ 0	\$ 0	\$ 313,700	\$ 313,700	FY12
Library for the Blind	0	0	5,200	5,200	FY12
ASDB Projects	0	0	2,031,200	2,031,200	FY12
1616 West Adams	0	0	5,100	900	FY12
Tonto Natural Bridge	0	0	606,800	0	FY12
<i>Subtotal</i>	\$ 0	\$ 0	\$ 2,962,000	\$ 2,351,000	
2004B Issuance					
ADC Prison Expansions	\$ 18,640,000	\$ 18,640,000	\$ 3,191,800	\$ 3,191,800	FY19
2008A Issuance					
ADC 4000 Prison Beds, Water, and Wastewater	\$ 184,275,000	\$ 184,275,000	\$ 16,719,800	\$ 16,719,800	FY23, 28
DHS Forensic Hospital	26,750,000	26,750,000	3,113,700	3,113,700	FY23
<i>Subtotal</i>	\$ 211,025,000	\$ 211,025,000	\$ 19,833,500	\$ 19,833,500	
2010 A/B Issuance					
Sale/Leaseback	\$ 998,795,000	998,795,000	49,050,700	49,050,700	FY30
<i>Subtotal - ADOA</i>	\$1,248,065,000	\$1,239,634,900	\$ 79,830,300	\$ 78,078,600	
School Facilities Board					
New School Construction - FY 2003 - FY 2005	\$ 633,910,000	\$ 633,910,000	\$ 91,338,000	\$91,338,000	FY20
New School Construction - FY 2008 - FY 2009	551,035,000	551,035,000	58,646,600	58,646,600	FY24
2011 Refinance	58,785,000	58,785,000	2,449,800	2,449,800	FY20
<i>Subtotal - SFB</i>	\$1,243,730,000	\$1,243,730,000	\$152,434,400	\$152,434,400	
ABOR Building System					
Arizona State University	\$ 295,008,000	\$ 184,745,000	\$ 26,239,000	\$ 14,472,000	FY11-FY31
Northern Arizona University	131,450,000	75,895,000	7,267,000	5,900,000	FY15-FY36
University of Arizona	475,439,000	182,325,000	43,765,000	14,253,000	FY20-FY31
<i>Subtotal - ABOR</i>	\$ 901,897,000	\$ 442,965,000	\$ 77,271,000	\$ 34,625,000	
Phoenix Convention Center ^{3/4/}	\$ 300,000,000	\$ 300,000,000	\$ 15,000,000	\$ 15,000,000	FY39
<i>TOTAL - Lease-Purchase</i>	\$3,693,692,000	\$3,226,329,900	\$324,535,700	\$280,138,000	

(Continued)

Table 2 (Continued)

	Overall Balance ^{1/}	GF Balance ^{1/}	Overall FY 12 Pymt. ^{2/}	FY 12 GF Pymt. ^{2/}	Retirement FY
Bonding Summary					
School Facilities Board					
Deficiencies Correction:					
Proposition 301	\$ 471,544,200	\$ 0	\$ 65,841,200	\$ 0	FY21
State Land Trust - FY 2004	137,870,000	0	24,249,300	0	FY18
Qualified School Construction Bonds	<u>91,325,000</u>	<u>91,325,000</u>	<u>7,671,300 ^{5/}</u>	<u>7,671,300 ^{5/}</u>	FY28
<i>Subtotal - SFB</i>	\$ 700,739,200	\$ 91,325,000	\$ 97,761,800	\$ 7,671,300	
Department of Transportation	\$1,977,105,000 ^{6/}	\$ 0	\$219,566,000 ^{7/}	\$ 0	FY17, 26, 34
ABOR Building System					
Arizona State University	\$ 710,550,000	\$ 0	\$ 54,040,000	\$ 0	FY18-FY40
Northern Arizona University	295,225,000	0	24,041,000	0	FY16-FY40
University of Arizona	474,790,000	0	39,134,000	0	FY11-FY39
University Lottery Bond (SPEED)	<u>295,350,000 ^{8/}</u>	<u>0</u>	<u>12,970,900</u>	<u>0</u>	FY29, 30, 44
<i>Subtotal - ABOR</i>	\$1,775,915,000	\$ 0	\$130,185,900	\$ 0	
Lottery Revenue Bond ^{3/}	\$ 425,420,000	\$ 425,420,000	\$ 20,709,600	\$ 20,709,600	FY29
<i>TOTAL - Bonding</i>	<i>\$4,879,179,200</i>	<i>\$ 516,745,000</i>	<i>\$468,223,300</i>	<i>\$ 28,380,900</i>	
TOTAL - Lease-Purchase & Bonding	\$8,572,871,200	\$3,743,074,900	\$792,759,000	\$308,518,900	

^{1/} Represents principal balances. ADOA balances are as of June 30, 2012. All other balances are as of June 30, 2010. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources.

^{2/} Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY 12 GF Pymt." column.

^{3/} These obligations will be repaid with foregone General Fund revenues.

^{4/} The Convention Center debt service will eventually increase over a number of years to a maximum of \$30,000,000. Monies are given to the City to pay this portion of the lease-purchase payment.

^{5/} This type of bond entitles the State to an interest rate subsidy of 4.86% (out of the 6% due on the bonds), shortly after each bond payment. In FY 2012, this subsidy is expected to be \$6,213,800 of the \$7,671,300 payment.

^{6/} Includes \$1,672,625,000 for HURF bonds and \$304,480,000 for GANs.

^{7/} Future debt service schedule going forward is as follows: FY 2013 - \$217,855,000; FY 2014 - \$225,589,000; FY 2015 - \$220,906,000; FY 2016 - \$211,484,000

^{8/} Includes \$165,420,000 for building renewal projects favorably reviewed by JCCR in November 2008 and February 2009 and \$129,930,000 for Phase I of the Phoenix Biomedical Campus favorably reviewed by JCCR in March 2010. These are the initial projects under the \$800,000,000 University Lottery bonding authority, otherwise known as SPEED, which was originally authorized by Laws 2008, Chapter 287. (Please see the Capital Outlay Arizona Board of Regents Building System narrative for more information.)

REVENUE FORECAST

GENERAL FUND REVENUE

FY 2011

FY 2011 General Fund Baseline revenues are projected to be \$7.91 billion. As indicated in *Table 1*, the revised FY 2011 revenue estimate is \$(648.7) million lower than the estimate from the FY 2011 budget enacted March 2010.

Table 1	
FY 2011 Revenue Forecast	
(\$ in Millions)	
Adopted FY 2011 Revenue Estimate	\$8,558.8
Revised Revenue Forecast	\$(648.7)
Revised FY 2011 Revenue Estimate	\$7,910.1

Table 2 below outlines the major components of the \$(648.7) million revenue forecast revision.

Table 2	
Components of FY 2011 Revenue Forecast Revision	
(\$ in Millions)	
Loss of Prop 301 & Prop 302 Funds	\$(508.5)
Reduced Revenue Estimate	(80.0)
Reduced Ending Balance Estimate	(54.1)
Other	(6.1)
Total – Revenue Forecast Revision	\$(648.7)

As shown in the table above, \$(508.5) million of the total forecast revision is due to voters' rejection of Propositions 301 and 302 at the November 2010 General Election. If the measures had been approved, a total of \$448.5 million would have been transferred to the General Fund from the State Parks Board's Land Conservation Fund and the Early Childhood Development and Health Board in FY 2011. Additionally, the repeal of the Early Childhood Development and Health Board and its regional councils (also known as "First Things First") under Proposition 302 would have redirected the 80¢ tobacco tax to the General Fund with an estimated revenue gain of \$60 million beginning in FY 2011.

The actual net value of the revenue loss under Propositions 301 and 302 is \$(468.5) million since \$40 million of the fund transfers would have been appropriated to the Department of Economic Security (DES) as additional spending.

A total of \$(80.0) million of the FY 2011 forecast revision is due to updated revenue estimates. Under the adopted budget, the temporary 1-cent sales tax was estimated to raise additional revenue of \$918.0 million in FY 2011. Under the revised forecast, however, this figure is now

estimated to be \$814.8 million, or \$(103.2) million less than first assumed. This loss, however, is expected to be offset by a \$23.2 million gain in ongoing revenues under the revised forecast, for a net revenue impact of \$(80.0) million. (The \$23.2 million revenue increase relative to the adopted forecast reflects a base growth rate of 5.2%, which is described in more detail below.)

Under the budget adopted in March 2010, the FY 2011 beginning balance was estimated to be \$48.3 million. The actual FY 2011 beginning balance has since been determined to be a shortfall of \$(5.7) million. This means that \$(54.1) million of the total forecast revision is due to reduced estimates of the FY 2011 beginning balance.

The remaining \$(6.1) million of the FY 2011 revenue forecast revision is due to lower-than-expected collections of abandoned vehicle fees under Laws 2010, 7th Special Session, Chapter 12.

As described in the FY 2012 section below, the JLBC Staff uses a consensus forecasting process to develop its General Fund revenue estimates. *Table 3* shows the projected FY 2011 growth rates for the "Big 3" General Fund revenue sources (sales tax, individual and corporate income tax) provided by each of the components comprising the 4-sector consensus forecast. These estimates reflect ongoing revenue prior to tax law changes.

Table 3					
FY 2011 4-Sector Forecast Percentages					
	<u>FAC</u>	<u>UA</u> <u>Low</u>	<u>UA</u> <u>Base</u>	<u>JLBC</u>	<u>Avg</u>
Sales	0.8%	(2.8)%	0.0%	2.0%	0.0%
Individual Income	5.1%	3.1%	13.4%	5.0%	6.6%
Corporate Income	21.9%	(6.0)%	3.8%	39.6%	14.8%
Weighted Average ^{1/}	3.9%	(0.7)%	5.5%	5.7%	3.7%
<small>^{1/} Once adjusted for tax law changes and minor revenue categories, the 4-Sector FY 2011 growth rate of 3.7% would be 3.3%. The JLBC growth rate of 5.7% would become 5.2%.</small>					

Based on the weighted average of the components of the 4-sector consensus forecast, "Big 3" General Fund revenue would grow by 3.7% in FY 2011. After adjusting for tax law changes and small revenue categories, the base revenue increase would be 3.3%.

Based on preliminary December data, year-to-date ongoing revenues are 7.4% above the same period in FY 2010 and total General Fund revenues are \$(18) million below forecast. To reach the FY 2011 consensus forecast of 3.3%, base revenue would have to decrease by (1.0)% over the remaining 6 months of the current fiscal year. (Tax law changes with an ongoing revenue impact in FY 2011

are assumed to occur in the second half of the fiscal year.) Since revenue collections have been trending up for most of FY 2011, a (1.0)% decline appears unlikely. As a result, the Baseline uses the JLBC Staff forecast of a 5.2% General Fund revenue increase in FY 2011.

Under the 5.2% forecast, base revenue would have to grow by 2.9% in the second half of FY 2011. The 7.4% revenue gain in the first 6 months of FY 2011 is not expected to be maintained throughout the fiscal year. First, the 115% growth in corporate tax collections through December is most likely unsustainable. Second, a portion of the year-to-date individual income tax increase of 9.7% is believed to be attributable to over-withholding. Anecdotal information suggests that the larger-than-expected growth in net collections thus far is the result of a change in the state's withholding rates at the start of FY 2011 as opposed to underlying economic forces. The strong growth in withholding collections through December does not appear to be supported by underlying job and wage growth. This will result in larger-than-expected refunds in the second half of FY 2011 when tax returns are filed.

The individual revenue detail for FY 2011 is found in *Table 8* at the end of this section.

Once adjusted for tax law changes, minor revenues, and Urban Revenue Sharing, the revised FY 2011 estimate is 5.2% above FY 2010.

The FY 2011 General Fund total resource estimate of \$7.91 billion includes permanent revenues of \$6.91 billion net of Urban Revenue Sharing, temporary sales tax revenues of \$814.8 million, and one-time revenues of \$187.7 million. FY 2011 one-time revenues include a negative balance forward from FY 2010 of \$(5.7) million, budget legislation of \$(2.0) million related to the acceleration of unclaimed property and teacher certification loans, and \$195.3 million in fund transfers. (See *Revenue Adjustments* section below for more information.)

FY 2012

Projected FY 2012 General Fund Baseline resources are \$8.31 billion. This amount includes \$886.0 million in temporary sales tax revenues, \$(16.2) million in prior year enacted budget legislation, and \$84.5 million in ongoing fund transfers. Prior to tax law and budget legislation changes, ongoing revenues are expected to increase by 5.4% over FY 2011 collections (excluding Urban Revenue Sharing). After accounting for the temporary 1-cent sales tax, budget legislation changes, Urban Revenue Sharing, and one-time revenues, total projected resources are 5.0% above FY 2011.

The FY 2012 Baseline estimated growth rates for the “Big 3” ongoing revenue categories were developed through a

consensus process. The Baseline revenue estimate is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast of January 2011. 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 more than 100 equations which are updated on a regular basis to reflect changes in the economy. The model uses more than 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 4*.

Table 4
FY 2012 4-Sector Forecast Percentages

	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>
Sales	4.0%	3.1%	7.6%	5.0%	4.9%
Individual Income	6.6%	(1.1)%	5.8%	6.4%	4.4%
Corporate Income	17.1%	17.4%	33.1%	2.3%	17.5%
Weighted Average ^{1/}	6.1%	2.3%	8.5%	5.3%	5.6%

^{1/} Once adjusted for minor revenue categories, the FY 2012 increase is 5.4%.

In FY 2012, sales tax revenue (excluding the temporary 1-cent tax) is projected to increase by 4.9%. Individual and corporate income tax collections are forecast to grow by 4.4% and 17.5%, respectively.

Revenue Adjustments

Table 5 provides an overview of base revenue growth rates for FY 2011 and FY 2012 with budget legislation changes (which include a number of tax law changes and revenue adjustments described in more detail in *Table 6*) and one-time financing sources. The table shows the base and adjusted revenue growth rates based on the enacted FY 2011 budget.

Table 5
General Fund Revenue Growth Rates
Based on Enacted FY 2011 and Projected FY 2012 Budget
(\$ in Millions)

	<u>FY 2011</u>	<u>%</u>	<u>FY 2012</u>	<u>%</u>
Base Revenue	\$7,381.7 ^{1/}	5.2%	\$7,778.8	5.4%
Prior Budget				
Legislation	N/A		(16.2)	
Temporary 1¢ TPT Increase	814.8		886.0	
Urban Revenue				
Sharing	(474.0)		(424.4)	
<i>One-Time Financing</i>				
Balance Forward	(5.7)		0.0	
Budget Legislation	<u>193.4</u>		<u>84.5</u>	
Adjusted Revenue	<u>\$7,910.1</u>	0.8%	<u>\$8,308.7</u>	5.0%

^{1/} The FY 2011 Base Revenue of \$7.38 billion includes \$94.6 million in ongoing tax law and revenue changes. The FY 2011 increase of 5.2% excludes these changes.

Prior Budget Legislation

Each year there are statutory tax law and other revenue changes that impact the state's revenue collection base. These may include tax rate or tax exemption changes, conformity to federal tax law changes, or the implementation of programs that affect revenue collections.

FY 2011

For FY 2011, ongoing budget legislation is expected to provide additional General Fund revenues of \$94.6 million. *Table 6* provides a summary of budget legislation changes with ongoing revenue impacts in FY 2011. As noted above, the FY 2011 base revenue growth of 5.2% excludes these changes. Further details on these changes can be found on page 386 of the *FY 2011 Appropriations Report*.

The FY 2011 adjustments remain the same with 2 exceptions. Abandoned vehicle fees, which under the enacted budget were estimated to bring in additional revenue of \$12.1 million in FY 2011, are now expected to result in a revenue gain of \$6.0 million. The Arizona Department of Transportation (ADOT) has not yet implemented the fee increases. In addition, the \$34.6 million in county contributions to the General Fund are now assumed to be ongoing rather than one-time.

FY 2012

Several tax law changes enacted in prior years will either take effect or be further phased-in during FY 2012. As shown in *Table 5*, ongoing budget legislation is expected to result in a total net revenue loss of \$(16.2) million in FY 2012. Below is a description of the ongoing revenue changes.

- Phoenix Convention Center – Laws 2003, Chapter 266 requires the state to contribute to the expansion and

Table 6
FY 2011 Budget Legislation Changes
With Ongoing Revenue Impact
(\$ in Millions)

<u>Prior Year Changes (Year Enacted)</u>	
Phoenix Convention Center (03)	\$ (5.0)
Contributions to Charities (09)	(0.9)
Solar Tax Credit (09)	(5.0)
BRITS Shift (09)	2.0
Treasurer's Management Fees (09)	<u>(2.5)</u>
Subtotal	\$ (11.4)
<u>2010 Tax Law Changes</u>	
Out-of-State Proportionality	\$ 22.0
STO Inflation Adjustments	(0.6)
STO Deadline Extension	(2.5)
Refundable R&D Credit	(5.0)
IRS Conformity	<u>--^{1/}</u>
Subtotal	\$ 13.9
<u>Other Revenue Changes</u>	
DOR Auditors/Collectors	\$ 7.7
DOR Revenue Generating Programs	15.3
Lottery Decrease (Debt Service)	(21.6)
Lottery Distribution Change	49.6
Abandoned Vehicle Fees	6.0
Property Tax – Class 3 Reform	0.5
County Contributions	<u>34.6</u>
Subtotal	\$ 92.1
Total – FY 2011 Revenue Impact	<u>\$ 94.6</u>

^{1/} The already enacted legislation has a minimal impact.

renovation of the Phoenix Convention Center. 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. The first \$(5.0) million payment occurred in FY 2010. The incremental debt service cost in FY 2012 is \$(5.0) million, for a total payment of \$(15.0) million.

- TPT Business License Fee – Laws 2010, 7th Special Session, Chapter 12 allows the Department of Revenue (DOR) to set a one-time fee for new and renewed Transaction Privilege Tax (TPT) business licenses in FY 2011. The temporary fee is expected to generate a total of \$5.4 million in General Fund revenue in FY 2011. Since the TPT business license fee will not be imposed in FY 2012, there will be a one-time revenue offset of \$(5.4) million in FY 2012.
- Renewable Energy Production Credit – Laws 2010, Chapter 312 provides a tax credit for the production of electricity using renewable energy. The new credit allows a qualified producer of renewable energy to receive an individual or corporate income tax credit of up to \$2 million per year, beginning in FY 2012. Total credits are capped at \$20 million annually. The revenue loss in FY 2012, the first year the credit is

available to businesses, is estimated to be \$(10.0) million.

- Land Fees – Laws 2010, Chapter 243 changed the State Land Department’s fee structure. Previously, fee revenue was deposited into the General Fund, but under Chapter 243 such revenue will be deposited in the Trust Land Management Fund instead. However, in FY 2011 only, Chapter 243 deposits the first \$2.1 million of fees into the General Fund, an amount comparable to such General Fund deposits in prior years. As a result, this statutory change is cost neutral in FY 2011. Beginning in FY 2012, however, Chapter 243 will result in a revenue loss of \$(2.1) million since Land Department fees will no longer be deposited in the General Fund. The deposit of these fees in the Trust Land Management Fund will permit the Land Department’s General Fund appropriation to be reduced by a corresponding \$(2.1) million.
- QSCB Revenue – The budget authorized the School Facilities Board (SFB) to enter into a maximum of \$100 million worth of lease-purchase transactions through the end of FY 2011, to be financed through a federal bonding program known as Qualified School Construction Bonds (QSCB). The program provides a direct federal interest subsidy based on a rate determined by the U.S. Department of Treasury. SFB issued \$91.3 million worth of QSCBs at an annual interest rate of 6.0%, with a federal subsidy of 4.86%. The FY 2012 QSCB revenue of \$6.2 million reflects the federal subsidy for interest due for the FY 2012 debt service payment.

Prior year legislative changes with ongoing revenue impact in FY 2012 are summarized in *Table 7* below.

Phoenix Convention Center	\$(5.0)
TPT Business License Fee	(5.4)
Renewable Energy Production Credit	(10.0)
Land Fees	(2.1)
QSCB Revenue	<u>6.2</u>
Total – FY 2012 Revenue Impact	\$(16.2)

Temporary 1-Cent TPT Increase

At the May 2010 Special Election, voters approved a 1-cent increase of the TPT (sales tax) for 3 years. As shown in *Table 5*, the temporary TPT increase is estimated to generate additional General Fund revenues of \$814.8 million in FY 2011 and \$886.0 million in FY 2012.

Urban Revenue Sharing

The Urban Revenue Sharing (URS) program provides that a percentage of state income tax revenues (including both individual and corporate income tax) be shared with incorporated cities and town within the state. The amount that is currently distributed to cities and towns is 15% of net income tax collections from 2 years prior. As indicated in *Table 5*, total URS distributions will decline from \$474.0 million in FY 2011 to \$424.4 million in FY 2012. These amounts are significantly below the URS distribution of \$628.6 million in FY 2010.

One-Time Financing

As shown in *Table 5*, one-time financing sources have been used to help provide a balanced budget. Following is a discussion of one-time financing sources included in the budget for FY 2011 and FY 2012.

FY 2011

The \$193.4 million in one-time financing sources for FY 2011 includes:

Balance Forward – The FY 2011 General Fund balance forward is estimated to have a deficit of \$(5.7) million.

Budget Legislation – One-time net revenues of \$(2.0) million, which include:

- Unclaimed Property Acceleration – Laws 2009, 4th Special Session, Chapter 3, accelerated the timeframe for unclaimed traveler’s checks from 15 years to 3 years. Laws 2010, Chapter 119 reverted the presumption of abandonment schedule for such unclaimed property back to 15 years, which is expected to result in a revenue reduction of \$(2.4) million in FY 2011.
- Teacher Certification Repayment – Laws 2010, Chapter 306 established a new Teacher Certification Fund and appropriated \$429,700 to it from the General Fund as a temporary intra-year loan in order to fund expenses incurred during the early part of the year (since the fund will have no beginning balance going into FY 2011). The Arizona Department of Education will transfer the fees paid by teachers and other certification applicants back to the General Fund by June 30, 2011. These certification fees will result in net new General Fund revenues of \$429,700 in FY 2011. (There will be no net impact on the General Fund, however, since the appropriation will be paid for by the fees collected during FY 2011.)

Fund Transfers – Laws 2010, 7th Special Session, Chapter 1, provides for a total of \$195.3 million in fund transfers in FY 2011 (*for more detail, see the FY 2011 Appropriations Report, General Provisions section*).

FY 2012

The \$84.5 million in one-time financing sources for FY 2012 includes:

Fund Transfers – The Baseline continues \$84.5 million in fund transfers in FY 2012 from the prior fiscal year. Non-General Fund agencies had their spending authority reduced in FY 2011 and the savings were transferred to the General Fund (otherwise known as Fund Reduction and Transfer – FRAT). The \$84.5 million in reductions and the related General Fund transfers are continued in FY 2012. *(See page S-19 in “General Fund – Detailed List of FY 2012 Changes” in the Summary Section.)*

Table 8

GENERAL FUND REVENUE - FY 2011-FY 2012

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2010	% CHANGE PRIOR YR	FORECAST FY 2011	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2012	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Taxes:								
Sales and Use	3,377,528.5	-10.1%	3,454,812.3	2.3%	77,283.8	3,624,098.1	4.9%	169,285.8
Income -Individual	2,416,296.3	-5.9%	2,558,853.9	5.9%	142,557.6	2,671,443.4	4.4%	112,589.5
-Corporate	413,193.3	-30.2%	573,453.4	38.8%	160,260.1	673,807.8	17.5%	100,354.4
Property	20,269.6	11.1%	20,000.0	-1.3%	(269.6)	20,000.0	0.0%	0.0
Luxury -Tobacco	25,810.4	-13.4%	25,881.0	0.3%	70.6	25,881.0	0.0%	0.0
-Liquor	29,541.8	2.4%	28,994.9	-1.9%	(546.9)	28,994.9	0.0%	0.0
Insurance Premium	405,616.6	-1.4%	412,600.0	1.7%	6,983.4	420,000.0	1.8%	7,400.0
Estate	363.8	72.9%	500.0	37.5%	136.2	0.0	-100.0%	(500.0)
Other Taxes	1,447.9	24.2%	1,500.0	3.6%	52.1	1,500.0	0.0%	0.0
Sub-Total - Taxes	6,690,068.2	-9.7%	7,076,595.5	5.8%	386,527.3	7,465,725.2	5.5%	389,129.7
Other Non-Tax Revenues:								
Lottery	69,751.4	125.0%	77,900.9	11.7%	8,149.5	82,009.6	5.3%	4,108.7
Licenses, Fees and Permits	27,022.9	-21.7%	25,000.0	-7.5%	(2,022.9)	25,000.0	0.0%	0.0
Interest	211.4	-98.9%	4,000.0	1792.1%	3,788.6	6,000.0	50.0%	2,000.0
Sales and Services	34,451.7	-28.6%	24,507.6	-28.9%	(9,944.1)	27,000.0	10.2%	2,492.4
Other Miscellaneous	53,276.9	-0.8%	42,500.0	-20.2%	(10,776.9)	45,000.0	5.9%	2,500.0
Transfers and Reimbursements	34,330.3	1.7%	69,600.0	102.7%	35,269.7	75,600.0	8.6%	6,000.0
Disproportionate Share Revenue	18,722.0	-72.3%	61,592.3	229.0%	42,870.3	52,489.0	-14.8%	(9,103.3)
Sub-Total - Other Non-Tax	237,766.6	-17.6%	305,100.8	28.3%	67,334.2	313,098.6	2.6%	7,997.8
Subtotal On-Going Revenue	6,927,834.8	-10.0% ^{1/}	7,381,696.3	6.6% ^{2/}	453,861.5	7,778,823.8	5.4%	397,127.5
Temporary 1-cent Sales Tax Increase	0.0	N/A	814,756.3	N/A	814,756.3	886,024.5	8.7%	71,268.2
Budget Legislation	0.0	N/A	0.0	N/A	0.0	(16,230.2)	N/A	(16,230.2)
Subtotal w/Tax Law Changes	6,927,834.8	-10.0%	8,196,452.6	18.3%	1,268,617.8	8,648,618.1	5.5%	452,165.5
Urban Revenue Sharing (URS)	(628,644.6)	-13.6%	(474,006.5)	-24.6%	154,638.1	(424,423.4)	-10.5%	49,583.1
Subtotal w/Tax Law Changes/URS	6,299,190.2	-9.6%	7,722,446.1	22.6%	1,423,255.9	8,224,194.7	6.5%	501,748.6
One-Time Financing Sources:								
Budget Legislation	154,720.0	30.1%	(1,956.0)	-101.3%	(156,676.0)	0.0	-100.0%	1,956.0
Fund Transfers	387,085.5	-42.0%	195,342.9	-49.5%	(191,742.6)	84,548.7	-56.7%	(110,794.2)
State Asset Leaseback/Lottery	1,485,419.3	N/A	0.0	-100.0%	(1,485,419.3)	0.0	N/A	0.0
Sub-Total - One-Time Financing Sources	2,027,224.8	58.3%	193,386.9	-90.5%	(1,833,837.9)	84,548.7	-56.3%	(108,838.2)
Subtotal - Revenues	8,326,415.0	1.0%	7,915,833.0	-4.9%	(410,582.0)	8,308,743.4	5.0%	392,910.4
Balance Forward	(480,713.0)	N/A	(5,723.0)	N/A	474,990.0	0.0	-100.0%	5,723.0
Total - Resources	7,845,702.0	-4.9%	7,910,110.0	0.8%	64,408.0	8,308,743.4	5.0%	398,633.4

^{1/} The (10.0)% FY 10 decline includes \$21.5 million in tax law and other revenue changes. Adjusting for these changes, the base FY '10 decline is (10.3)%.

^{2/} The 6.6% FY 11 increase includes \$94.6 million in tax law and other revenue changes. Adjusting for these changes, the base FY '11 increase is 5.2%.

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

There is a statutory formula to calculate the amount to be appropriated to (deposit) or transferred out (withdrawal) of the BSF. The formula is based on total annual Arizona personal income (excluding transfer payments) adjusted for inflation.

The January Budget 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. In practice, the formula has only served as a general guideline and has infrequently been used to determine the actual deposit or withdrawal.

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” percent 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, excluding the beginning balance.
- In addition to the fixed income investments, the Treasurer is allowed to invest up to 25% of the BSF in equity securities.

Deposits/Withdrawals

FY 2009

Laws 2008, Chapter 285 provided a transfer of \$20.0 million to the General Fund as a means to help balance the FY 2009 budget.

In terms of the FY 2009 formula calculation, Arizona real adjusted personal income declined by (0.98)% in CY 2008 compared to the trend growth rate of 3.22%. Since the annual growth rate was both less than the trend growth rate and 2.0%, the BSF formula recommended a BSF withdrawal of \$(369.2) million in FY 2009. Instead, the Legislature transferred \$150.0 million to the General Fund plus \$73.0 million related to FY 2008. These transfers essentially depleted the balance in the BSF.

FY 2010

Arizona real adjusted personal income declined by (7.19)% in CY 2009. Since this was both less than 2.0% and the trend growth rate of 4.68%, the formula recommended a BSF withdrawal of \$(768.7) million in FY 2010. This recommendation could not be implemented, however, since the remaining BSF balance of \$2.8 million was used to help balance the FY 2010 budget.

FY 2011

Arizona real adjusted personal income is forecast to decrease by (0.12)% in CY 2010. Since this is both less than 2.0% and the trend growth rate of 1.87%, the formula is projected to recommend a BSF withdrawal of \$(125.4) million in FY 2011. This formula recommendation cannot be implemented since the BSF was depleted in FY 2010.

FY 2012

Arizona real adjusted personal income is forecast to increase by 2.24% in CY 2011. Since this is 0.94% above the expected trend growth rate of 1.30%, the formula is projected to recommend a BSF deposit of \$72.6 million in FY 2012.

Table 1

Budget Stabilization Fund ^{1/}
(\$ in Thousands)

	Actual FY 2009	Actual FY 2010	Estimate FY 2011	Estimate FY 2012
General Fund Revenues				
Adjusted Revenues	\$6,966,898.5	\$6,299,190.2	\$7,722,446.1	\$8,224,194.7
Statutory Limit of Revenues	7.0%	7.0%	7.0%	7.0%
Maximum Balance	487,682.9	440,943.3	540,571.2	575,693.6
Arizona Personal Income in Prior CY				
Real Adjusted Annual Income Growth	(0.98)%	(7.19)%	(0.12)%	2.24%
7-Year Average Income Growth	<u>3.22%</u>	<u>4.68%</u>	<u>1.87%</u>	<u>1.30%</u>
Annual Difference	(4.20)%	(11.87)%	(1.99)%	0.94%
BSF Transactions				
Beginning BSF Balance	218,640.5	2,767.1	0.0	0.0
BSF Formula Recommendation	(369,161.5)	(768,687.6)	(125,353.9)	72,591.0
<i>Actual Transfer In</i>	0.0	0.0	0.0	0.0
<i>Actual Transfer Out</i>				
Conditional Transfer – L'08, Ch. 53 ^{2/}	(73,000.0)	0.0	0.0	0.0
Fund Transfer to General Fund – L'08, Ch. 285 ^{3/}	(20,000.0)	0.0	0.0	0.0
Fund Transfer to General Fund – L'09, 1 st SS., Ch. 1 ^{4/}	(130,000.0)	0.0	0.0	0.0
Fund Transfer to General Fund – L'10, 7 th SS., Ch. 1 ^{5/}	<u>0.0</u>	<u>(2,767.1)</u>	<u>0.0</u>	<u>0.0</u>
SUBTOTAL	(223,000.0)	(2,767.1)	0.0	0.0
Balance	(4,359.5)	0.0	0.0	0.0
Interest Earnings & Equity Gains/Losses	7,126.6	0.0	0.0	0.0
Ending BSF Balance	\$ 2,767.1	\$ 0.0	\$ 0.0	\$ 0.0
Percent of Revenues	0.0%	0.0%	0.0%	0.0%

^{1/} BSF history prior to FY 2009 can be found on the JLBC website.

^{2/} Laws 2008, Chapter 53 provided that if the FY 2008 General Fund ending balance were less than \$0, the Treasurer would be required to transfer an amount equal to the negative ending balance plus \$1.0 million. The amount of transfer was determined to be \$(73.0) million. Actual BSF withdrawal was made in FY 2009.

^{3/} Laws 2008, Chapter 285 authorized a transfer of \$(20.0) million to the General Fund to help balance the FY 2009 budget.

^{4/} Laws 2009, 1st Special Session, Chapter 1 authorized a transfer of \$(130.0) million to the General Fund to help balance the FY 2009 budget. This transfer brought the BSF balance to \$2.8 million.

^{5/} Laws 2010, 7th Special Session, Chapter 1 authorized a transfer of \$(2.8) million to the General Fund to help balance the FY 2010 budget. This transfer brought the BSF balance to \$0.

LONG-TERM GENERAL FUND ESTIMATES

LONG-TERM GENERAL FUND ESTIMATES

Summary

The JLBC Staff has developed General Fund Baseline estimates through FY 2014 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 2012 through FY 2014 would change the cumulative ending balance calculations by \$500 - \$600 million. As a result, the following projections are subject to considerable change.

Based on the assumptions described below, the cash shortfall is estimated to be \$(612.3) million in FY 2013 and \$(1.12) billion in FY 2014. (See Table 2.)

Baseline Revenues

The Baseline revenue estimates are based on a consensus forecasting process. As with FY 2012 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 ongoing General Fund growth is 7.0% in FY 2013 and 7.8% in FY 2014. Table 1 includes the individual forecast components. These estimates reflect economic expansion during both FY 2013 and FY 2014, returning to historical growth rates. These growth rates reflect revenue growth prior to tax law changes and Urban Revenue Sharing.

In FY 2013, enacted tax law changes will reduce revenue growth by \$(16.8) million relative to FY 2012. The main reasons for these adjustments is the impact of Laws 2003, Chapter 266, which requires the state to contribute to the expansion and renovation of the Phoenix Convention Center, and Laws 2010, Chapter 312, which created a tax credit for renewable energy production. The tax credit is capped at \$20 million, and this estimate assumes the \$20 million cap is reached in 2013. (See the *General Fund revenue section for more detail.*)

The elimination of some temporary revenue sources will also reduce General Fund revenues by an estimated \$(52.0) million and \$(979.3) million, in FY 2013 and FY 2014, respectively. These temporary measures consist of the lower threshold for estimated sales tax payments, which ends for FY 2013, and the temporary 1-cent sales tax increase, which was approved by the voters through May 2013.

The estimated revenues also assume a continuation of certain fund transfers in FY 2013 and FY 2014. These fund transfers assume reductions to the spending levels of non-General Fund agency funds. An amount equal to the spending reduction is then transferred to the General Fund. As these spending reductions are expected to continue, the transfers are also assumed to continue.

The projected level of General Fund revenue is \$8.83 billion in FY 2013 and \$8.52 billion in FY 2014. These estimates assume that any prior year shortfall is eliminated before the beginning of the following fiscal year.

Table 1

	Consensus Forecast Percentages				
	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>
<u>FY 2013</u>					
Sales Tax	6.7%	6.3%	9.2%	7.0%	7.3%
Individual					
Income Tax	7.3%	6.4%	8.0%	7.0%	7.2%
Corporate					
Income Tax	13.8%	(1.7)%	(1.4)%	7.5%	<u>4.6%</u>
Wgt Avg					7.0%
<u>FY 2014</u>					
Sales Tax	6.2%	8.5%	9.3%	7.2%	7.8%
Individual					
Income Tax	6.2%	8.1%	8.3%	7.2%	7.5%
Corporate					
Income Tax	12.0%	6.0%	3.7%	13.2%	<u>8.7%</u>
Wgt Avg					7.8%

Baseline Spending

The long-term General Fund expenditures reflect the requirements of existing statutory funding formulas and other obligations. Excluding one-time items, permanent ongoing baseline spending is projected to increase 2.6% in FY 2013 and 2.1% in FY 2014.

There are 3 major differences between growth in FY 2013 and FY 2014. First, in FY 2013, there is a \$35.1 million increase in debt service related to the sale and lease-back of state assets. Second, in FY 2014, there is a \$65.8 million increase for the phased opening of 5,000 previously authorized private prison beds. Finally, in FY 2014, the lower growth rate reflects Medicaid savings due to improved match rates related to federal health care legislation.

Overall spending, including one-time adjustments, would be \$9.44 billion in FY 2013 and \$9.64 billion in FY 2014. (See Table 3 for the projected spending levels of major agencies.)

These estimates may be conservative as they do not include any potential discretionary funding increases or inflationary increases. Inflation in Medicaid and K-12 funding would add an estimated \$264 million in FY 2013 and \$277 million in FY 2014. In addition, there are over \$1 billion of funding formula requirements that are currently suspended each year but remain permanently authorized in law. (See Table 4.)

Ending Balance and Ongoing Revenue and Spending

The projected FY 2013 and FY 2014 ending balances are a product of both baseline revenue and spending projections for those 2 years as well as legislative decisions. The balance can be discussed in terms of the ending cash balance by comparing total spending to total revenues. Alternatively, the year-end position can be evaluated by excluding one-time revenues and expenditures and instead comparing ongoing or permanent spending to ongoing revenues. This is also called the structural balance.

The following analysis assumes that any solutions to the FY 2011 and FY 2012 shortfalls are not permanent. Any permanent solutions in prior years would correspondingly reduce the shortfall in future years.

Assuming the continuation of current policies and the projected revenue and spending assumptions, the projected ending cash balance in FY 2013 is a \$(612.3) million shortfall. This difference would increase to \$(1.12) billion in FY 2014. In comparison, the projected ending cash shortfall is \$(973.8) billion in FY 2012. (See Table 2 for a Statement of General Fund Revenues and Expenditures.)

The structural shortfall is \$(644.9) million in FY 2013 and \$(1.21) billion in FY 2014. The difference from the projected cash shortfall is due to the temporary continuation of fund transfer revenues, totaling \$85 million in FY 2013 and FY 2014, and the elimination of the reduced sales tax estimated payment threshold in FY 2013.

Table 2

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES 1/
WITH ONE-TIME FINANCING SOURCES**

	FY 2011 Adjusted	FY 2012 Baseline	FY 2013 Baseline	FY 2014 Baseline
REVENUES				
Ongoing Revenues	\$7,347,096,300	\$7,744,223,800	\$8,271,375,200	\$8,901,157,400
Budget Legislation Changes		(16,230,200)	(16,775,400)	(28,630,000)
Sales Tax Increase	814,756,300	886,024,500	950,704,289	
County Contributions	34,600,000	34,600,000	34,600,000	34,600,000
Urban Revenue Sharing	(474,006,500)	(424,423,400)	(442,394,200)	(471,637,700)
Net On-going Revenues	<u>\$7,722,446,100</u>	<u>\$8,224,194,700</u>	<u>\$8,797,509,889</u>	<u>\$8,435,489,700</u>
One-time Financing Sources				
Balance Forward	(\$5,723,000)			
Budget Legislation Changes	(1,956,000)		(\$52,000,000)	
Fund Transfers	195,342,900	\$84,548,700	84,548,700	\$84,548,700
Subtotal One-time Revenues	<u>\$187,663,900</u>	<u>\$84,548,700</u>	<u>\$32,548,700</u>	<u>\$84,548,700</u>
Total Revenues	\$7,910,110,000	\$8,308,743,400	\$8,830,058,589	\$8,520,038,400
EXPENDITURES				
Operating Budget Appropriations	\$9,524,320,600	\$9,240,416,800	\$9,482,856,500	\$9,685,958,100
FY 2011 Ex-Appropriations	(19,249,100)			
Administrative Adjustments	78,000,000	73,388,300	72,316,700	73,310,100
Reversions	(112,905,100)	(111,256,400)	(112,784,800)	(115,222,100)
Subtotal Ongoing Expenditures	<u>\$9,470,166,400</u>	<u>\$9,202,548,700</u>	<u>\$9,442,388,400</u>	<u>\$9,644,046,100</u>
One-time Expenditures				
Capital Outlay	\$4,000,000			
Additional (27th) Pay Period		80,000,000		
Temporary Federal Assistance	(973,385,200)			
SFB Debt Refinance	(60,000,000)			
Subtotal One-time Expenditures	<u>(\$1,029,385,200)</u>	<u>\$80,000,000</u>	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$8,440,781,200	\$9,282,548,700	\$9,442,388,400	\$9,644,046,100
Ending Balance 2/	(\$530,671,200)	(\$973,805,300)	(\$612,329,812)	(\$1,124,007,700)
Structural Shortfall 3/	(\$1,747,720,300)	(\$978,354,000)	(\$644,878,512)	(\$1,208,556,400)

1/ Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.

2/ This calculation reflects the difference between total revenues and total expenditures.

3/ This calculation reflects the difference between ongoing revenues and expenditures.

Table 3

Major Budget Units

	<u>FY 2011 Adjusted</u>	<u>FY 2012 \$ Above FY 11</u>	<u>FY 2012 Baseline</u>	<u>FY 2013 \$ Above FY 12</u>	<u>FY 2013 Baseline</u>	<u>FY 2014 \$ Above FY 13</u>	<u>FY 2014 Baseline</u>
EXPENDITURES							
Operating Budget							
-- Department of Administration	17,734,300	(425,900)	17,308,400		17,308,400		17,308,400
-- AHCCCS	2,029,553,000	(215,358,700)	1,814,194,300	41,726,500	1,855,920,800	(14,961,000)	1,840,959,800
-- Attorney General	17,536,100		17,536,100		17,536,100		17,536,100
-- Department of Commerce	1,466,500		1,466,500		1,466,500		1,466,500
-- Community Colleges	135,344,300	(2,103,800)	133,240,500		133,240,500		133,240,500
-- Department of Corrections	948,692,900	(7,283,600)	941,409,300	7,700,000	949,109,300	65,800,000	1,014,909,300
-- Department of Economic Security	679,226,800	(20,881,800)	658,345,000	15,191,500	673,536,500	15,647,200	689,183,700
-- Department of Education	3,584,023,400	54,945,000	3,638,968,400	115,567,700	3,754,536,100	113,608,400	3,868,144,500
-- Department of Environmental Quality	7,000,000		7,000,000		7,000,000		7,000,000
-- Department of Health Services	581,749,600	(32,219,700)	549,529,900	17,860,900	567,390,800	18,271,700	585,662,500
-- Judiciary	113,886,500		113,886,500		113,886,500		113,886,500
-- Department of Juvenile Corrections	57,008,100		57,008,100		57,008,100		57,008,100
-- State Land Department	3,212,300	(2,060,000)	1,152,300		1,152,300		1,152,300
-- State Parks Board	20,000,000	(20,000,000)			0		0
-- Department of Public Safety	43,070,300		43,070,300		43,070,300		43,070,300
-- Department of Revenue	43,709,000		43,709,000		43,709,000		43,709,000
-- School Facilities Board	67,580,500	96,585,600	164,166,100	9,324,000	173,490,100	4,735,300	178,225,400
-- Universities	890,189,900	(53,060,100)	837,129,800		837,129,800		837,129,800
-- Department of Water Resources	7,052,900		7,052,900		7,052,900		7,052,900
-- All Other Budgets	161,242,300	459,500	161,701,800		161,701,800		161,701,800
-- FY 11 Unallocated Adjustments	190,300	(190,300)			0		0
-- Lease-Purchase Payments		(16,509,100)	(16,509,100)		(16,509,100)		(16,509,100)
Total - Operating Budget	<u>9,409,469,000</u>	<u>(218,102,900)</u>	<u>9,191,366,100</u>	<u>207,370,600</u>	<u>9,398,736,700</u>	<u>203,101,600</u>	<u>9,601,838,300</u>
-- FY 11 Supplementals	(19,249,100)	19,249,100					
-- Capital Outlay	4,000,000	(4,000,000)					
-- Backfills	25,000	(25,000)					
-- Additional Pay Period		80,000,000	80,000,000	(80,000,000)			
-- Administrative Adjustments	78,000,000	(4,611,700)	73,388,300	(1,071,600)	72,316,700	993,400	73,310,100
-- Revertments	(112,905,100)	1,648,700	(111,256,400)	(1,528,400)	(112,784,800)	(2,437,300)	(115,222,100)
-- New Debt Service	54,826,600	(5,775,900)	49,050,700	35,069,100	84,119,800		84,119,800
-- Temporary Federal Assistance - Continued	(973,385,200)	973,385,200					
Total Spending	<u>8,440,781,200</u>	<u>841,767,500</u>	<u>9,282,548,700</u>	<u>159,839,700</u>	<u>9,442,388,400</u>	<u>201,657,700</u>	<u>9,644,046,100</u>

Table 4

FY 2012 FUNDING FORMULA SUSPENSIONS ^{1/}

	FY 2012 Formula Requirement
<u>Statutory</u>	
Community Colleges - Operation and Equalization	\$9,028,800
Community Colleges - Capital State Aid Suspension	22,155,200
Department of Education - Soft Capital Formula	165,120,700
Department of Education - New Utilities Formula	100,000,000
Department of Education - Charter School Additional Assistance	10,000,000
Department of Emergency & Military Affairs - Military Installation Fund Deposit	2,800,000
Department of Emergency & Military Affairs - Governor's Emergency Fund	2,100,000
Department of Environmental Quality - WQARF	8,000,000
Judiciary - Probation Revocation Payment	2,410,300
School Facilities Board - Building Renewal	241,593,600
Tourism - Tourism Funding Formula	14,350,100
State Treasurer - Justice of the Peace Salaries	1,115,000
Universities - Financial Aid Trust	4,089,600
Department of Water Resources - Water Protection Fund Transfer	5,000,000
Subtotal - Current Statutory Suspensions	\$587,763,300
Future Year Cost - Department of Education - Teacher Performance Pay (by FY 2018)	278,000,000
Future Year Cost - School Facilities Board - New School Construction (if enrollment growth returns to pre-recession level)	386,000,000
Total - FY 2012 Statutory Funding Formula Suspensions	\$1,251,763,300
<u>Non-Statutory</u>	
Department of Administration - Building Renewal	\$38,710,500
Universities - Enrollment	28,432,000
Universities - Building Renewal	90,136,900
Total - FY 2012 Non-Statutory Funding Formula Suspensions	\$157,279,400

^{1/} Represents the cost of funding formulas that are currently suspended on an annual basis.

TECHNICAL BUDGET ASSUMPTIONS

TECHNICAL BUDGET ASSUMPTIONS

Baseline

This book reflects General Fund baseline revenue and spending estimates. The revenue projections are based on a consensus economic forecast while the spending estimates represent funding formula requirements and other obligations. The Baseline does not represent a budget proposal. By providing an estimate of available resources after statutory requirements, however, the Baseline will help members of the Legislature evaluate the availability of resources for these discretionary adjustments. As such, the Baseline is only a starting point for discussion on the FY 2012 budget.

FY 2012 Budget

A.R.S. § 35-101 specifies 17 state agencies as “annual budget units” receiving one annual appropriation; all other agencies are “biennial budget units” receiving biennial appropriations with the dollar amounts itemized for each fiscal year. Given the magnitude of the budget shortfall projected for FY 2012 and future years, the Baseline only includes FY 2012 funding for all budget units. The Baseline also includes supplemental FY 2011 funding for selected budget units. All FY 2012 changes are referenced to the original FY 2011 appropriated amount.

Changes from Prior Year

The Baseline includes adjustments for one-time appropriations, annualization of any items funded for a partial year, and funding formula requirements.

The individual agency descriptions in this volume provide further narrative detail on these changes. In addition, the book provides the line item detail for individual agency budgets. The major technical issues with regard to each of these line items are described below.

The individual agency descriptions also include the following years of budget data:

- *FY 2010 Actual* - This dollar amount represents the FY 2010 expenditures as reported by the agency.
- *FY 2011 Estimate* - This dollar amount represents the FY 2011 appropriations as of the end of the 49th Legislature.
- *FY 2012 Baseline* - This dollar amount represents the FY 2012 Baseline spending estimate.

Each budget summary includes the level of non-appropriated and Federal Funds available to the agency. The detail for these funds can be found in the “Summary of

Funds” section at the end of each individual agency’s narrative pages.

Statewide and Standard Changes

Personal Services - This category includes salaries paid to state employees. The Baseline does not include a state employee pay adjustment. The Baseline continues into FY 2012 the FY 2011 reductions associated with the elimination of the 2.75% performance pay adjustment and the implementation of 6 furlough days or, for state-elected office agencies, the 5.05% equivalent reduction.

The Baseline includes a one-time General Fund increase of \$80,000,000 plus matching Other Appropriated Funds to fund a 27th pay period in FY 2012. Paychecks are typically disbursed to employees on Thursday or Friday after the last Friday of a pay period. There are 27 such Fridays in FY 2012 as opposed to the typical 26 in a fiscal year.

ERE Rates - This category typically represents changes in the state’s cost of employee benefits. The rates have been held constant from FY 2011 to FY 2012 in the Baseline.

Medical and Dental Insurance - The Baseline includes no funding for a medical and dental insurance adjustment. Funding for the employer share of health insurance in an individual agency’s FY 2012 Baseline is the same as in FY 2011. JLBC Staff estimates the net total increase in medical and dental insurance costs in FY 2012 to be approximately \$20 million in total funds, reflecting a base adjustment of \$(20) million to reflect higher-than-required sweeps in FY 2011, plus \$40 million of new FY 2012 costs, reflecting 8% growth. The Baseline assumes that this increase will be funded by drawdowns of the Health Insurance Trust Fund balance. As of November 30, this balance was approximately \$177 million.

Life Insurance - \$23.40 per employee per year, decreased from the FY 2011 rate of \$40.30.

Retirement - The Baseline does not include a state employee retirement rate adjustment. Funding for the employer share of retirement rate contributions in an individual agency’s FY 2012 Baseline is the same as in FY 2011.

FY 2012 rates as determined by the state’s retirement systems have changed from the FY 2011 rates. The rates for the different retirement systems, as a percent of Personal Services, are shown in *Table 1*. For the Arizona State Retirement System (ASRS), the statewide General Fund cost is \$8,298,000. The General Fund cost of non-ASRS changes is an increase of \$3,989,600.

Table 1

Retirement Rates

Retirement System	Employer		Employee
	FY 2011	FY 2012	FY 2012^{1/}
<i>Arizona State Retirement System</i> <i>Correctional Officers Ret. Plan</i>	9.60	10.50	10.50
Correctional Officers - ADC	8.37	9.15	8.41
Correctional Officers - DJC	7.46	9.92	8.41
DPS Dispatchers ^{2/}	6.51	7.50	8.41
Probation Officers (omitted in past)	11.64	13.13	8.41
<i>Elected Officials Retirement Plan</i>	17.42	17.96	7.00
<i>University Optional</i>	7.00	7.00	7.00
<i>Public Safety Personnel Retirement</i>			
Liquor License Investigators	19.14	38.77	7.65
Department of Public Safety ^{2/}	33.82	38.30	2.65
Northern Arizona University Police	30.51	29.40	7.65
University of Arizona Police	20.50	21.24	7.65
Arizona State University Police	18.70	20.48	7.65
Game and Fish Department	40.63	43.35	7.65
Attorney General Investigators	81.75	90.08	7.65
DEMA Firefighters	16.46	17.76	7.65
ADOA Capitol Police	12.86	12.93	7.65
Parks Police	14.66	18.50	7.65

^{1/} FY 2012 employee rates are unchanged from FY 2011 except for Arizona State Retirement System, which increased from 9.60%.

^{2/} The displayed rates reflect that 5% of the DPS member contribution of 7.65% is paid by the state.

Disability Insurance - For ASRS employees the employer pays 0.25% of Personal Services for disability insurance, unchanged from the FY 2011 rate of 0.25%.

For non-ASRS employees the rate is also 0.25% of Personal Services, unchanged from the FY 2011 rate. Agencies have been budgeted at 0.36% for this rate for several years.

Federal Insurance Contributions Act (FICA) - Social Security taxes are budgeted at a rate of 6.20% up to \$106,800 of an employee’s salary, unchanged from the FY 2010 budgeted maximum. (The actual cap beginning January 1, 2011 set by the federal government is also \$106,800.) In addition, Medicare taxes are applied at a rate of 1.45% on the full level of an employee’s salary. Both the FICA and Medicare percentage rates are unchanged from FY 2011.

Personnel Division Pro Rata - 1.07% of Personal Services for each agency in the Arizona Department of Administration (ADOA) personnel system, unchanged from the FY 2011 rate. The ADOA Human Resources Division budget is funded from an assessment on the payroll of agencies in the ADOA personnel system.

Information Technology Planning - 0.20% of Personal Services for each agency, unchanged from the FY 2011 rate. The Government Information Technology Agency budget is funded from an assessment on the payroll of all state agencies except the Universities.

Sick Leave - 0.40% of Personal Services for each agency, unchanged from the FY 2011 rate. The Retiree Accumulated Sick Leave Fund is funded from an assessment on the payroll of all state agencies.

Unemployment Insurance - 0.650% of Personal Services for each agency, unchanged from the rate effective since fall of 2010. Agencies were budgeted at a 0.412% rate for FY 2011.

Attorney General Pro Rata - 0.675% of the Personal Services base for each agency not specifically excluded from the charge, unchanged from the FY 2011 rate. A portion of the Attorney General’s budget is funded from this charge.

Workers’ Compensation - The rates calculated by ADOA vary by individual agency and have changed from the FY 2011 workers’ compensation rates. ADOA estimates that the new rates will generate \$2.8 million in additional premiums, including \$1.8 million in the Arizona Department of Corrections (ADC) and \$0.5 million each in the Departments of Public Safety and Transportation. The average statewide rate would increase from 0.90% in FY 2011 to 1.03% in FY 2012.

Risk Management - Individual agency budgets’ Other Operating Expenditures include the Risk Management charges to be billed by the ADOA Risk Management Program. The billings vary by individual agency and are assumed to be unchanged from the budgeted FY 2011 rates.

Rent - Individual agency budgets’ Other Operating Expenditures include monies to pay rent for state-owned, lease-purchase or privatized lease-to-own (PLTO) space, as well as for privately-owned space.

ADOA charges \$21.02 for all state agencies occupying state-owned space and \$7.62 per square foot for state-owned storage space in FY 2011.

The Baseline adjusts the allocations for all agencies housed in buildings acquired by lease-purchase to reflect FY 2012 changes in payments. These changes include taking savings associated with 6 lease-purchase buildings whose final payments were made in FY 2011. In addition to the reductions associated with reduced lease-purchase payments, the Baseline also adds the new state-owned space to the ADOA rental system. Given the conversion of leased space to state-owned buildings, the Baseline reduces the average rental rate for state-owned space and state-owned storage space to \$15.08 and \$5.47 per square foot, respectively. (Please see the “COSF Rental Rate Change and Payment Savings” discussion in the ADOA Capital section for more details.)

Increases in rent for privately-owned space are addressed as separate policy issues.

Full-Time Equivalent (FTE) Positions

Each agency section in this book includes the proposed number of Full-Time Equivalent (FTE) Positions for the agency, along with the number of authorized FTE Positions for FY 2011 and FY 2012. Any changes from the prior year total are noted in agency narrative. The number of FTE Positions reflects personnel funded from both Personal Services and Special Line Items.

Format

Each agency section in this book includes the proposed agency budget format. Any changes from the prior year format are noted. The format governs how an agency's appropriation will appear in the General Appropriation Act. The most common budget formats are as follows:

- *Lump Sum by Agency*
- *Lump Sum by Program*
- *Modified Lump Sum by Agency*
- *Detailed Line Item by Agency*

A less detailed format will provide an agency with more discretion in implementing the budget at the expense of legislative oversight for that agency. Conversely, a more detailed format may require an agency to use formal processes for redirecting appropriated funds to a purpose different from that originally intended by the Legislature.

Details on each of these common formats are below:

Lump Sum by Agency - The appropriation consists of a single dollar amount, thereby allowing the agency to shift funds among line items and programs without further legislative review. In the General Appropriation Act, the agency's budget would appear as follows:

Agency X	
FTE Positions	2.0
Lump sum appropriation	\$100,000

Within this format, the Legislature will need to determine whether Special Line Items (funds generally granted to entities or individuals outside of state government, or which merit special attention) will be included in the Lump Sum or listed separately.

Lump Sum by Program - The appropriation consists of a single dollar amount for each agency program. Agencies must receive ADOA approval prior to shifting monies from one program to another. Any Special Line Items would be listed under the program with which they are associated. In the General Appropriation Act, the agency's budget would appear as follows:

Agency X	
FTE Positions	2.0

Program A	\$30,000
Program B	30,000
Program C	<u>40,000</u>
Total Appropriations - Agency X	\$100,000

Modified Lump Sum - The appropriation consists of at least 3 lines: Personal Services, Employee Related Expenditures, and All Other Operating Expenditures. Any Special Line Items would be listed separately. Under this format, an agency must seek approval of the Joint Legislative Budget Committee before moving any funds into or out of the Personal Services or ERE line items (A.R.S. § 35-173(e)). In the General Appropriation Act, the agency's budget would appear as follows:

Agency X	
FTE Positions	2.0
Personal Services	\$60,000
Employee Related Expenditures	15,000
All Other Operating Expenditures	<u>25,000</u>
Total Appropriations - Agency X	\$100,000

Detailed Line Item - The appropriation consists of each line item listed in this book, including Personal Services, Employee Related Expenditures, Professional and Outside Services, Travel, Other Operating Expenditures, and Equipment. Any Special Line Items would be listed separately. While the same rules govern Personal Services/ERE transfers as noted in the Modified Lump Sum description, the detailed line item appropriation requires the agency to seek ADOA approval before transferring monies between any other line items.

Agency X	
FTE Positions	2.0
Personal Services	\$60,000
Employee Related Expenditures	15,000
Professional & Outside Services	3,000
Travel - In State	7,500
Travel - Out of State	2,500
Other Operating Expenditures	5,000
Equipment	2,000
Local Grants	<u>5,000</u>
Total Appropriations - Agency X	\$100,000

Footnotes

The individual agency sections of this book include proposed footnotes, which are narrative statements in the General Appropriation Act that establish conditions for expenditures, reporting requirements, and legislative intent. A footnote, however, cannot be used to modify an existing program's authorizing law. Footnotes are classified into one of the following categories:

- *Standard Footnotes*
- *New Footnotes*
- *Deletion of Prior Year Footnotes*

Please see the Major Footnote Changes section for a listing of major footnote changes from FY 2011.

Statewide Footnotes

In addition to individual agency footnotes, the Baseline would include several footnotes applying to statewide issues to the General Appropriation Act. All the following footnotes are unchanged from FY 2011 unless noted.

Expenditure Reporting - It is the intent of the Legislature that all budget units receiving Lump Sum appropriations continue to report actual, estimated and requested expenditures by budget programs and classes in a format similar to the one used for budgetary purposes in prior years.

FTE Position Reporting - The FTE Positions in the General Appropriation Act are subject to appropriation. The ADOA Director shall compile an FTE Position utilization report for FY 2012 for submission to the JLBC Director by October 1, 2011; the Department of Economic Security, Universities, and Department of Environmental Quality, exempt from the ADOA report, are to report in a comparable manner. In addition, each agency shall submit a report to the JLBC Director by October 1, 2011 on the number of filled, appropriated FTE Positions by fund source as of September 1, 2011.

Transfer Authority - ADOA shall provide a monthly report to JLBC Staff on agency transfers of spending authority from one expenditure class to another or between programs.

Interim Reporting Requirements - ADOA shall provide to the JLBC a preliminary estimate of the FY 2011 and FY 2012 General Fund ending balances by September 15, 2011 and 2012, respectively. JLBC Staff shall report to JLBC by October 15 of 2011 and 2012 as to whether that fiscal year's revenues and ending balance are expected to change by more than \$50,000,000 from the budgeted projections.

Non-Lapsing Appropriations - The General Appropriation Act will designate certain appropriations with “**,” meaning that the appropriation is exempt from lapsing.

Expenditure Authority - For the purposes of the General Appropriation Act, “expenditure authority” means that the fund sources are continuously appropriated monies that are included in the individual line items of appropriations.

JLBC Review - For the purposes of the General Appropriation Act, “review by the Joint Legislative Budget Committee” means a review by a vote of a majority of a quorum of the members.

Statutory Changes

The individual agency sections of this book include proposed statutory changes related to the budget. These changes will be introduced in Budget Reconciliation Bills (BRBs). Please see the FY 2012 Budget Reconciliation Bill Provisions section for a complete listing of proposed statutory changes.

Other Issues for Legislative Consideration

This section may also include other information of general interest, including FY 2011 supplementals.

Statewide Expenditure Adjustments

In addition to changes in individual agency budgets, the Baseline includes 3 “balance sheet” expenditure items not discussed elsewhere: Administrative Adjustments, Revertments, and Statutory Revertments.

Administrative Adjustments - The Baseline assumes that state agencies will have expenditures totaling \$78,000,000 in FY 2011 for FY 2010 expenditures. Agencies are permitted to make administrative adjustments for expenditures obligated in FY 2010 but for which the state was unbilled until FY 2011. An agency's administrative adjustments cannot exceed its prior year revertment, or unused appropriation authority. The \$78,000,000 is an increase of \$4,393,000 from the originally-budgeted FY 2011 total. The FY 2011 amount is approximately 65% of reported FY 2010 revertments and is based on an analysis of individual agency spending reports and extrapolating final administrative adjustments based on those agencies' historical trends. Administrative adjustments as a percentage of prior year revertments vary widely from year to year, however, from below 30% to above 70%.

In addition to the FY 2011 figure, the Baseline assumes a FY 2012 administrative adjustment total of \$73,388,300, a decrease of \$(4,611,700) from the FY 2011 total. The FY 2012 amount reflects 65% of prior-year revertments.

Revertments - The Baseline assumes that state agencies will revert \$(112,905,100) of FY 2011 appropriations back to the General Fund because the agencies will not spend their entire appropriation. Agencies will be permitted to make administrative adjustments totaling no more than this amount in FY 2012. This amount is unchanged from the originally-budgeted FY 2011 total. The FY 2011 amount reflects approximately 1.2% of total spending, a percentage based on historical averages in years in which the economy slows down.

In addition to the FY 2011 figure, the Baseline also assumes a FY 2012 revertment total of \$(111,256,400), an

increase of \$1,648,700 from the FY 2011 total. This revised amount is about 1.2% of total spending.

Statutory Revertments - The enacted FY 2011 budget required that any non-lapsing monies appropriated from the General Fund that remained unexpended at the close of FY 2011 be counted as part of the FY 2011 ending balance. These amounts, however, remain available for expenditure in FY 2012. The Baseline assumes that non-lapsing FY 2012 monies will be counted as part of the FY 2012 ending balance.

The enacted FY 2009 budget included \$50 million of one-time savings for this accounting procedure. While the total amount of funds subject to this provision will vary from year to year, it is estimated that to “pay off” this accounting procedure would now require approximately an additional \$35.5 million above the Baseline amount.

**DIRECTORY OF JLBC ANALYSTS
AND AGENCY/DEPARTMENT HEADS**

<u>AGENCY/DEPT./BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS</u>	<u>TELEPHONE NUMBER</u>
Accountancy, Arizona State Board of	Steve Grunig	Monica Petersen [Executive Director]	602-364-0870
Acupuncture Board of Examiners	Steve Grunig	Pete Gonzales [Director]	602-542-3095
Administration, Arizona Department of	Ben Beutler	Scott Smith [Director]	602-542-1500
Administrative Hearings, Office of	Bob Hull	Cliff J. Vanell [Director]	602-542-9830
Agriculture, Arizona Department of	Leatta McLaughlin	Donald Butler [Director]	602-542-4373
Arizona Health Care Cost Containment System	Amy Upston/Aaron Galeener	Thomas J. Betlach [Director]	602-417-4111
Appraisal, State Board of	Steve Grunig	Daniel Pietropaulo [Executive Director]	602-542-1593
Arizona State University	Leatta McLaughlin	Michael Crow, Ph.D. [President]	480-965-8972
Arts, Arizona Commission on the	Bob Hull	Robert Booker [Executive Director]	602-771-6501
Athletic Training, Board of	Steve Grunig	J. Randy Frost [Executive Director]	602-589-6337
Attorney General - Department of Law	Marge Zylla	Honorable Tom Horne [Attorney General]	602-542-5025
Auditor General	Steve Grunig	Debra K. Davenport [Auditor General]	602-553-0333
Automobile Theft Authority	Eric Billings	Brian Salata [Executive Director]	602-364-2888
Barbers, Board of	Steve Grunig	Sam LaBarbera [Executive Director]	602-542-4498
Behavioral Health Examiners, Board of	Steve Grunig	Debra Rinaudo [Executive Director]	602-542-1884
Biomedical Research Commission, Arizona	Amy Upston	Dawn C. Schroeder [Executive Director]	602-542-1028
Capital Postconviction Public Defender Ofc., State	James Alcantar	Marty Lieberman [Director]	
Charter Schools, State Board for	Ted Nelson	DeAnna Rowe [Executive Director]	602-364-3080
Chiropractic Examiners, State Board of	Steve Grunig	Patrice Pritzl [Executive Director]	602-864-5088
Citizens Clean Election Commission	Ben Beutler	Todd Lang [Executive Director]	602-364-3477
Commerce, Department of	Eric Billings	Donald E. Cardon [Director]	602-771-1160
Community Colleges, Arizona	Marge Zylla	--	--
Compensation Fund, State	Bob Hull	Donald A. Smith, Jr. [President]	602-631-2050
Constable Ethics Standards and Training Board	James Alcantar	Vince Roberts [Chairman]	420-250-1179
Contractors, Registrar of	Bob Hull	Bill Mundell [Director]	602-542-1525
Corporation Commission	Ben Beutler	The Honorable Gary Pierce [Chairman]	602-542-4143
Corrections, State Department of	Stefan Shepherd/James Alcantar	Charles L. Ryan [Director]	602-542-5225
Cosmetology, Board of	Steve Grunig	Donna Aune [Director]	480-784-4539
Court of Appeals, Division I	James Alcantar	Honorable Ann A. Scott Timmer [Chief Judge]	602-542-4828
Court of Appeals, Division II	James Alcantar	Honorable Joseph W. Howard [Chief Judge]	520-628-6946
Criminal Justice Commission, Arizona	James Alcantar	John A. Blackburn, Jr. [Executive Director]	602-364-1146
Deaf and the Blind, Arizona State Schools for the	Jack Brown	Robert Hill [Superintendent]	520-770-3601
Deaf and the Hard of Hearing, Commission for the	Bob Hull	Sherri L. Collins [Director]	602-542-3383
Dental Examiners, State Board of	Bob Hull	Elaine Hugunin [Executive Director]	602-242-1492
Early Childhood Development and Health Board, Arizona	Jack Brown	Rhian Allvin [Executive Director]	602-771-5100
Economic Security, Department of	Aaron Galeener	Neal Young [Director]	602-542-5678
Education, Department of	Steve Schimpp	Honorable John Huppenthal [Superintendent of Public Instruction]	602-542-5460
Emergency and Military Affairs, Department of	Eric Billings	Hugo Salazar [Adjutant General]	602-267-2710
Environmental Quality, Department of	James Alcantar	Henry Darwin [Acting Director]	602-771-2309
Equal Opportunity, Governor's Office of	Bob Hull	Carolyn Pitre Wright [Director]	602-542-3711
Equalization, State Board of	Bob Hull	George R. Shook [Interim Chairman]	602-364-1600
Executive Clemency, Board of	James Alcantar	Duane Belcher, Sr. [Chairman]	602-542-5656
Exposition and State Fair Board, Arizona	Steve Grunig	Don West [Executive Director]	602-252-6771
Financial Institutions, Department of	Steve Grunig	Lauren W. Kingry [Superintendent]	602-255-4421
Fire, Building and Life Safety, Department of	Ted Nelson	Gene Palma [Director]	602-364-1003
Forester, State	Art Smith	Scott Hunt [Acting State Forester]	602-771-1400
Funeral Directors & Embalmers, State Board of	Steve Grunig	Rodolfo R. Thomas [Executive Director]	602-542-8152
Game and Fish Department, Arizona	Ted Nelson	Larry Voyles [Director]	602-942-3000
Gaming, Department of	Ted Nelson	Mark Brnovich [Director]	602-604-1801
Geological Survey, Arizona	Ted Nelson	M. Lee Allison, Ph.D. [Director and State Geologist]	520-770-3500
Government Information Technology Agency	Ted Nelson	Chad Kirkpatrick [Director]	602-364-4770
Governor, Office of the	Bob Hull	Honorable Janice K. Brewer [Governor]	602-542-4331
Governor's Office of Strategic Planning & Budgeting	Bob Hull	John Arnold [Director]	602-542-5381
Health Services, Department of	Art Smith	Will Humble [Director]	602-542-1025
Historical Society, Arizona	Bob Hull	Anne I. Woosley [Executive Director]	520-628-5774

<u>AGENCY/DEPT./BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS</u>	<u>TELEPHONE NUMBER</u>
Historical Society of Arizona, Prescott	Bob Hull	John Langellier [Director]	928-445-3122
Homeland Security, Department of	Eric Billings	Gilbert Orrantia [Director]	602-542-7013
Homeopathic and Integrated Medicine Examiners, Board of	Steve Grunig	Christine Springer [Executive Director]	602-542-3095
House of Representatives	Bob Hull	Honorable Kirk Adams [Speaker of the House]	602-926-5495
Housing, Arizona Department of	Eric Billings	Michael Traylor (Director)	602-771-1035
Independent Redistricting Commission	Ben Beutler		602-542-1500
Indian Affairs, Arizona Commission of	Bob Hull	Kristine Thomas [Executive Director]	602-542-4421
Industrial Commission of Arizona	Bob Hull	Laura I. McGrory [Director]	602-542-4411
Insurance, Department of	Eric Billings	Christina Urias [Director]	602-364-3471
Joint Legislative Budget Committee	Bob Hull	Richard Stavneak [Director]	602-926-5491
Juvenile Corrections, Department of	Eric Billings	Michael Branham [Director]	602-542-4302
Land Department, State	Ted Nelson	Maria Baier [Land Commissioner]	602-542-4621
Law Enforcement Merit System Council	Eric Billings	Commander Iven T. Wooten [Business Manager]	602-223-2286
Legislative Council	Bob Hull	Mike E. Braun [Executive Director]	602-926-4236
Liquor Licenses & Control, Department of	James Alcantar	Alan Everett [Director]	602-542-9020
Lottery Commission, Arizona State	Ted Nelson	Jeff Hatch-Miller [Executive Director]	480-921-4400
Medical Board, Arizona	Bob Hull	Lisa Wynn [Executive Director]	480-551-2700
Medical Student Loans, Board of	Steve Grunig	Carol Q. Galper [Chairperson]	520-626-7145
Mine Inspector, State	Ted Nelson	Honorable Joe Hart [State Mine Inspector]	602-542-5971
Mines & Mineral Resources, Department of	Ted Nelson	Madan M. Singh [Director]	602-771-1600
Naturopathic Physicians Medical Board	Steve Grunig	Craig Runbeck [Executive Director]	602-542-8242
Navigable Stream Adjudication Commission, AZ	Ben Beutler	George Mehnert [Executive Director]	602-542-9214
Northern Arizona University	Marge Zylla	John D. Haeger, Ph.D. [President]	928-523-3232
Nursing, State Board of	Bob Hull	Joey Ridenour [Executive Director]	602-771-7800
Nursing Care Institution Administrators & Assisted Living Facility Managers, Board of Examiners of	Steve Grunig	Allen Imig [Executive Director]	602-542-8156
Occupational Safety & Health Review Board	Bob Hull	Robert L. Hutzel [Chairman]	602-542-4411
Occupational Therapy Exam., Board of	Steve Grunig	J. Randy Frost [Executive Director]	602-589-8352
Opticians, State Board of Dispensing	Steve Grunig	Lori D. Scott [Executive Director]	602-542-8158
Optometry, State Board of	Steve Grunig	Margaret Whelan [Executive Director]	602-542-8155
Osteopathic Examiners, Arizona Board of	Ben Beutler	Elaine LeTarte [Executive Director]	480-657-7703
Parents Commission on Drug Education and Prevention, AZ	James Alcantar	Tammy Paz-Combs [Director]	602-542-3643
Parks Board, Arizona State	Art Smith	Renee Bahl [Executive Director]	602-542-4174
Personnel Board	Bob Hull	Judith Henkel [Executive Director]	602-542-3888
Pest Management, Office of	Ben Beutler	Ellis M. Jones [Acting Director]	602-255-3664
Pharmacy, Arizona State Board of	Bob Hull	Hal Wand [Executive Director]	602-771-2740
Physical Therapy Examiners, Board of	Steve Grunig	Charles Brown [Executive Director]	602-542-8157
Pioneers' Home, Arizona	Aaron Galeener	Ted Ihrman [Interim Director]	928-445-2181
Podiatry Examiners, State Board of	Steve Grunig	Sarah Penttinen [Executive Director]	602-542-8151
Postsecondary Education, Commission for	Marge Zylla	April L. Osborn [Executive Director]	602-258-2435
Power Authority, Arizona	Ben Beutler	Joseph W. Mulholland [Executive Director]	602-368-4265
Private Postsecondary Education, State Board for	Marge Zylla	Teri R. Stanfill [Executive Director]	602-542-5709
Psychologist Examiners, State Board of	Steve Grunig	Cindy Olvey [Director]	602-542-8162
Public Safety, Department of	Eric Billings	Robert Halliday [Director]	602-223-2464
Public Safety Personnel Retirement System	Marge Zylla	Jim Hacking [Administrator]	602-255-5575
Racing, Arizona Department of	Bob Hull	Lonny Powell [Director]	602-364-1695
Radiation Regulatory Agency	Eric Billings	Aubrey V. Godwin [Director]	602-255-4845
Rangers' Pensions, Arizona	Steve Grunig	--	--
Real Estate Department, State	Steve Grunig	Judy Lowe [Commissioner]	602-771-7799
Regents, Arizona Board of	Leatta McLaughlin	Tom Anderes [President]	602-229-2500
Residential Utility Consumer Office	Ben Beutler	Jodi Jerich [Director]	602-364-4845
Respiratory Care Examiners, Board of	Steve Grunig	Mary Hauf Martin [Executive Director]	602-542-5995
Retirement System, Arizona State	Marge Zylla	Paul Matson [Director]	602-240-2031
Revenue, Department of	Eric Billings	Gale Garriott [Director]	602-716-6090
School Facilities Board	Jack Brown	Dean Gray [Executive Director]	602-542-6501
Secretary of State, Department of State	Ben Beutler	Honorable Ken Bennett [Secretary of State]	602-542-4285
Senate	Bob Hull	Honorable Russell Pearce [President of the Senate]	602-926-5584
State Boards' Office	Steve Grunig	Megan Darian [Office Manager]	602-542-3095
Superior Court	James Alcantar	David K. Byers [Director]	602-452-3301
Supreme Court	James Alcantar	Rebecca White Berch [Chief Justice]	602-452-3536

<u>AGENCY/DEPT./BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS</u>	<u>TELEPHONE NUMBER</u>
Tax Appeals, State Board of	Bob Hull	Janice C. Washington [Chairperson]	602-364-1102
Technical Registration, State Board of	Steve Grunig	Ronald W. Dalrymple [Executive Director]	602-364-4930
Tourism, Office of	Ted Nelson	Sherry Henry [Director]	602-364-3700
Transportation, Department of	Ben Beutler	John Halikowski [Director]	602-712-7227
Treasurer, State	Eric Billings	Honorable Doug Ducey [State Treasurer]	602-604-7800
University of Arizona	Leatta McLaughlin	Robert Shelton, Ph.D [President]	520-621-5511
Veterans' Services, Department of	Amy Upston	Colonel Joey Strickland [Director]	602-234-8410
Veterinary Medical Examining Board, AZ State	Steve Grunig	Jenna Jones [Executive Director]	602-542-8150
Water Resources, Department of	Aaron Galeener	Herb Guenther [Director]	602-771-8426
Weights & Measures, Department of	Ben Beutler	Kevin Tyne [Director]	602-771-4920
<u>OTHER ASSIGNMENTS</u>			
Capital Review	Leatta McLaughlin		
Capital Review - Debt Financing	Jack Brown		
Economic & Revenue Forecast	Eric Jorgensen		
	Hans Olofsson		
	Ben Beutler		
	Eric Billings		
	Ted Nelson		
Federal/Non-Appropriated Funds	Stefan Shepherd		
Fiscal Note Manager	Stefan Shepherd		

[] Denotes Title for Information Purposes

1/14/11

**STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE**

- Director..... Richard Stavneak
- Office Manager..... Linda Monsanto
- Deputy Directors Steve Schimpp
..... Stefan Shepherd
- Assistant Directors Eric Jorgensen
..... Leatta McLaughlin
- Chief Economist Hans Olofsson
- Principal Fiscal Analysts Bob Hull
..... Amy Upston
- Senior Fiscal Analysts Eric Billings
..... Jack Brown
..... Steve Grunig
..... Art Smith
..... Marge Zylla
- Fiscal Analysts James Alcantar
..... Benjamin Beutler
..... Aaron Galeener
..... Ted Nelson
- Administrative Assistant/JLBC Clerk Sandy Schumacher
- Administrative Assistant/JCCR Clerk Mya Trivison