

STATE OF ARIZONA

ANNUAL BUDGET

FY 1990

SUMMARY OF RECOMMENDATIONS

AND

ECONOMIC AND REVENUE FORECAST

JLBC

PREPARED BY THE STAFF

OF THE

JOINT LEGISLATIVE BUDGET COMMITTEE

February 6, 1989

The Honorable John Wettaw
Chairman
Joint Legislative Budget Committee
State of Arizona

The Honorable Pat Wright
Vice-Chairman
Joint Legislative Budget Committee
State of Arizona

Dear Representative Wettaw and Senator Wright:

On behalf of the Staff of the Joint Legislative Budget Committee, it is my pleasure to transmit to you and the entire 39th legislature of the State of Arizona, our budget analysis and recommendations for Fiscal Year 1990, which begins on July 1 of this year.

Once again, our budget recommendation has been developed under the constraint of a revenue forecast which falls far short of a "Baseline Budget", or current services requirement. Accordingly, you will find that a number of budget reduction measures are included in the Analysis and Recommendations book. That book has been expanded to include a new section this year. It is called "Other Issues for Legislative Consideration" and is presented at the program level. Its purpose is to provide further options for increasing or reducing programs that may be considered during the preparation of the Fiscal Year 1990 Appropriations.

Our recommendations are contained in four volumes:

- (1) A Summary of Recommendations and Economic and Revenue Forecast;
- (2) An Analysis and Recommendations book, which contains detailed recommendations, by agency, and by program;
- (3) Fiscal Year 1990 Capital Outlay Budget Recommendations By The Staff of the Joint Committee On Capital Review.
- (4) An appendix report entitled, Non-Appropriated Funds and Specific Funds Which Include Appropriated Dollars.

The Staff of the Joint Legislative Budget Committee looks forward to working with you, the Senate and House Appropriations Committees, and the entire 39th Arizona Legislature in developing the Appropriations Acts and related Appropriations Report for FY 1990.

Sincerely,



Theodore A. Ferris
Staff Director and
Legislative Budget Analyst

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DESCRIPTION OF METHODOLOGY
EMPLOYED IN DEVELOPING JLBC STAFF RECOMMENDED BUDGET
FOR FY 1990

BASELINE BUDGET

As a major step in developing the JLBC budget recommendation for FY 1990, a "Baseline Budget" was prepared for each agency, department or budget category. The baseline budget represents a spending plan which would allow each agency, department, or budget area to provide or maintain a comparable set of services or level of real financial support as was provided in the previous fiscal period, subject to certain adjustments. A Baseline Budget serves two purposes:

- 1) It allows for an important early comparison of estimated FY 1990 revenues to estimated FY 1990 current services spending and, thereby, facilitates better planning and the establishment of realistic guidelines for JLBC staff and the legislature in developing a balanced budget for FY 1990;
- 2) It provides a "benchmark" against which to set targets for the establishment of priorities for both incremental and decremental changes to the budget.

A Baseline begins with the current year's budget (FY 1989) and makes adjustments for:

- o One-time appropriations (downward)
- o Annualization of partial year funding (upward)
- o General cost inflation (usually upward)
- o Specific cost considerations (usually upward)
- o Demographic changes such as population served, enrollments, etc. (up or down)
- o Statutory programmatic requirements, including scheduled start-ups, decreases, increases, or elimination of programs (up or down)
- o Vacancy Savings, based upon recent trend (downward)

The Baseline Budget includes a standard set of vacancy factors, which represent a percentage of an agency's unexpended Personal Services. Agencies typically do not spend 100% of Personal Services for a number of reasons. For example, employee turnover will normally result in positions being vacant for some period of time. In addition, the departure of long-term employees will often result in savings as they are replaced by less-experienced, lower-paid personnel.

The standard vacancy factors vary with the number of agency personnel. Larger organizations tend to have more turnover, which results in greater vacancy savings. The Executive has used these same factors in developing their recommendation:

<u>Agency FTE Positions</u>	<u>Vacancy Factor</u>
0-25	0.0%
26-50	1.0
51-100	1.5
101-250	2.0
251 and over	3.0

These factors are guidelines and may be adjusted if historical or other factors indicate a higher or lower rate.

The Baseline calculation of health insurance costs within Employee Related Expenditures has been revised from the prior year's method. An agency's health insurance cost was previously derived by using one single statewide rate, differentiated only for the agency's estimate of single or family coverage. To increase the estimates' accuracy, we have developed agency-specific rates, which reflect the actual mix of health plans selected by the employees and the actual mix of single and family coverages.

Each agency's average health insurance premium was also adjusted upward by 15%. This growth factor reflects the rapid increase in health insurance prices nationwide. It may be necessary to revise this estimate once the Department of Administration (DOA) receives insurance companies' bids for FY 1990 health coverage.

The JLBC Staff in projecting the baseline budgets requirements for FY 1990 used an estimated standard inflation factor of 4.0%. Motor pool rates were based upon the Department of Administration's FY 1990 schedule. For the second year in a row, we are not recommending monies to pay rent for agencies funded from the General Fund and occupying space in the Capitol Mall.

The JLBC Staff developed the above adjustments in consultation with the Executive Budget Office. For the most part, these adjustments were made uniformly throughout the various State agencies in both the JLBC Staff and Executive recommendations.

POLICY ISSUES

--JLBC STAFF RECOMMENDED POLICY ISSUES

A second major step in the development of the JLBC Staff budget recommendation is an analysis of policy issues. Such issues represent either an increase or decrease in the level of spending as compared to the Baseline Budget. As such, a policy issue either enhances or reduces the comparable set of services or level of real financial support that was provided in the previous fiscal period.

The JLBC Staff's recommended policy issues would significantly reduce the Baseline spending level. This amount primarily consists of actual reductions in agency operating budgets, but the recommendation includes additional funds for critical issues such as Behavioral Health.

In developing these options, the JLBC Staff reviewed each of the recommendations of the Arizona Cost Efficiency Commission (ACEC), otherwise known as the "Mini-Grace Commission" and incorporated them where appropriate.

—OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

A third step in the development of the budget recommendation is an analysis of other potential policy issues, not currently recommended by JLBC Staff. Most of the options represent alternatives for further reducing the level of spending. These options were designed to produce "hard" programmatic reductions, which would be of a permanent nature. These "reduction options" total \$121,877,900.

ANALYSIS OF THE EXECUTIVE RECOMMENDATION

Arizona Revised Statutes Section 41-1273(D) requires the Legislative Budget Analyst (JLBC) to ... "prepare for distribution an analysis of the Governor's budget as soon after the budget is presented to the legislature as is possible. The analysis, among other things, shall include recommendations of the budget analyst for revisions in expenditures."

We have highlighted the differences between the JLBC Staff and the Executive recommendation in each section of our analysis, namely, the Baseline Budget, Recommended Policy Issues and Other Issues for Legislative Consideration. The latter includes Executive recommendations not included in either the Baseline or the JLBC Staff Recommended Policy issues.

CALCULATION OF THE
STATE APPROPRIATIONS LIMIT
FY 1989 AND FY 1990

Article IX, Section 17 of the Constitution of the State of Arizona, establishes a limit on state appropriations. Under this limit, the appropriation of certain state revenues may not exceed 7.18% of Arizona Personal Income. In general, these revenues consist of (1) taxes, (2) University collections and (3) licenses, fees and permits. These revenues may be either general or earmarked for special purposes. The appropriation of certain other State revenues is not restricted by the appropriations limitation. These revenues include (1) interest and dividends, (2) amounts received from the issuance of bonds, (3) receipts from sales and rentals and consideration for services, (4) contributions, grants and gifts, (5) amounts received by the State in the capacity of trustee, custodian or agent, etc. These revenues too, may be general or earmarked for special purposes.

During most of the past decade, this appropriations limit was not a factor, as strong personal income growth outpaced the growth of appropriations subject to the limit. However, this may no longer be the case. Instead, as personal income growth has slowed, the growth of appropriations subject to the limit has exceeded the growth of personal income in FY 1988, FY 1989 and in our recommendations for FY 1990. As shown in the table below, the JLBC Staff now estimates that current year appropriations will fall some \$124 million (3.3%) short of the limit, while the JLBC Staff recommendation for FY 1990 is a similar \$123 million (3.0%) below the limit:

	FY 1989/FY 1990	
	STATE APPROPRIATIONS LIMIT	
	<u>JLBC STAFF ESTIMATE</u>	
	(\$ MILLIONS)	
	FY 1989	FY 1990
o AZ. PERSONAL INCOME	\$53,000	\$57,240
o LIMIT FACTOR	x .0718	x .0718
o EQUALS:		
APPROPRIATIONS LIMIT	\$ 3,805	\$ 4,110
o ESTIMATED APPROPRIATIONS FROM REVENUE SUBJECT TO THE LIMIT	\$ 3,681	\$ 3,987
o EQUALS: ADDITIONAL AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 124</u>	<u>\$ 123</u>

Given, (1) that the Executive recommendation exceeds the JLBC Staff by \$106 million in General Fund dollars alone, (2) that there is a lack of a formalized process for determining where we stand vis-a-vis the limit, and (3) given that there are many "grey areas" subject to interpretation, we strongly recommend that executive and legislative staff work cooperatively to reach a consensus on our status with regard to the appropriations limit.

JLBC STAFF RECOMMENDS
THE ESTABLISHMENT OF A
BUDGET STABILIZATION FUND

Like 47 other states, Arizona has a balanced-budget requirement (Art. IX, Sec. 3-4). Any unforeseen deficit in the general fund becomes the first obligation in the ensuing fiscal period. Attempts are made to eliminate prospective deficits prior to the conclusion of a fiscal year. Surpluses are returned to the people of the state either through tax cuts or new or expanded programs. However, the combination of a rapidly-growing, but highly-volatile state economy, and miniscule projected carry-forward balances has resulted in an unintended game of "budget roulette" in recent years.

Even more so than the national economy, Arizona's economy experiences expansions and recessions of varying magnitudes. During the recessionary phase of the business cycle, there is an increased need for state-provided services, particularly in the area of social services and protection and safety. However, the slow economic activity associated with a recession leaves the state with insufficient revenues to fund such programs. This places even greater strains on the economy itself by forcing decision-makers to choose between spending cuts or tax increases--two unpalatable alternatives during a recession.

In response to fluctuations in revenues and corresponding funding problems, a sizeable majority of states (34) have enacted a variety of counter-cyclical fiscal strategies. Although there are several types of Budget Stabilization Funds in effect today, all share a common theme: To set aside revenues during times of strong economic growth, and to spend these revenues during periods of weak growth or decline. Their common purpose is to provide a built-in revenue stabilizer in order to reduce the state's vulnerability to economic fluctuations.

Several benefits to Arizona would arise from the establishment of such a county-cyclical fiscal policy. Among these benefits, a Budget Stabilization Fund would:

1. Combat the "tax-spend syndrome", whereby recession-induced tax increases lead to revenue surpluses during periods of economic expansion, which lead to new program initiatives or tax cuts during an expansion, only to be followed by more severe revenues shortfalls in the next recession, and so on and so forth;
2. Cushion peaks and valleys in revenues and expenditures;
3. Achieve efficiencies in capital outlays in construction programs which typically are the first items to be cut in a recession (Resource prices, labor included, are typically cheaper in recessionary times.); and,
4. Lessen unemployment and the loss of income associated with economic recessions (i.e. it is anti-recessionary) and would smooth revenue and expenditure fluctuations over the business cycle.

The best time to start a BSF is when the economy is soft and no pay-in is required. Thereafter, as the economy rebounds, monies can be set aside to prepare for the next economic slowdown.

HB 2005 would establish a formula-driven, economically-determined BSF for Arizona. Although the formula may require "fine-tuning", it represents an approach which would accomplish all the objectives outlined above.

JOINT LEGISLATIVE BUDGET COMMITTEE

The Joint Legislative Budget Committee was first established on April 25, 1966, pursuant to Laws 1966, Ch. 96. Thereafter, Laws 1979, Ch. 187 expanded and altered the Committee membership. The Committee members are:

Representative John Wettaw, Chairman - 1989	Senator Pat Wright Chairman - 1990
Representative Carmen Cajero	Senator Jan Brewer
Representative Ruth Eskesen	Senator Jaime Gutierrez
Representative Henry Evans	Senator A. V. "Bill" Hardt
Representative Mark Killian	Senator John Hays
Representative Jim Meredith	Senator John Mawhinney
Representative Jim Miller	Senator Tom Patterson
Representative Polly Rosenbaum	Senator Doug Todd

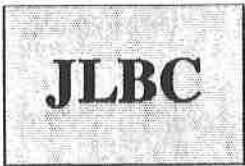
The primary powers and duties of the Joint Legislative Budget Committee relate to ascertaining facts and making recommendations to the legislature regarding all facets of the State budget, State revenues and expenditures, future fiscal needs, and the organization and functions of State government.

The Joint Legislative Budget Committee appoints a Staff Director and Chief Executive Officer who is responsible for providing staff support and sound technical analysis to the Committee. The objectives and major products of the staff of the Joint Legislative Budget Committee are:

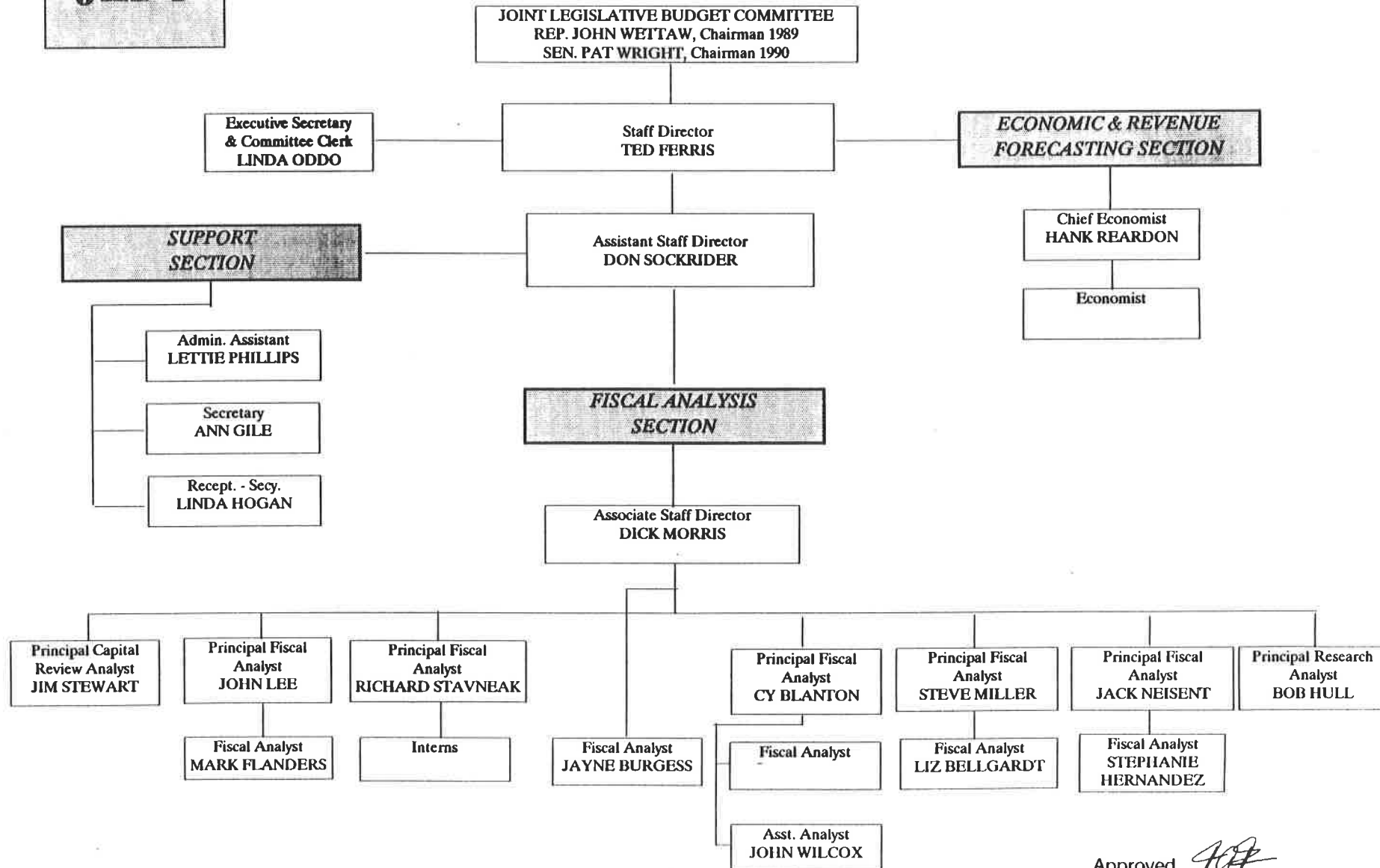
- *Analysis and Recommendations for the Annual State Budget*, which are presented in January of each year;
- Technical, analytical, and preparatory support in the development of *appropriations bills* considered by the legislature;
- An annual *Appropriations Report*, which is published shortly after the budget is completed and provides detail on the budget along with a further explanation of legislative intent;
- Support to the *Joint Committee on Capital Review* with respect to all capital outlay issues including land acquisition, new construction, and building renewal projects.
- Preparation of *fiscal notes* or those bills considered by the legislature having a fiscal impact on the state or any of its political subdivisions;
- *Management and Fiscal Research Reports* related to state programs and state agency operations;
- Periodic *economic and state revenue forecasts*;
- Periodic *analysis of economic activity, state budget conditions*, and the relationship of one to the other.


Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007
Ph: (602) 542-5491

Theodore A. Ferris,
Staff Director



STAFF ORGANIZATION



Approved 
Date: 1/10/89

**FY 1990
STATE OF ARIZONA
GENERAL FUND REVENUES AND EXPENDITURES
JLBC STAFF AND EXECUTIVE RECOMMENDATIONS**

	<u>Executive</u>	<u>JLBC Staff</u>	<u>Difference JLBC-Exec</u>
REVENUES:			
• Beginning Balance	\$ 5,000,000	\$ -0- ^{A/}	\$ (5,000,000)
• Estimated Revenue	2,986,255,800	2,974,297,400	(11,958,400)
• Increased Collections/Enforcement	14,272,300	6,989,500	(7,282,800)
• Recommended Increased Taxes	<u>255,000,000</u>	<u>-0-^{B/}</u>	<u>(255,000,000)</u>
Total Available Revenues	\$3,260,528,100	\$2,981,286,900	\$(279,241,200)
EXPENDITURES:			
• Recommended Appropriations	\$3,256,364,600	\$3,149,773,200 ^{C/}	\$(106,591,400)
• Supplemental Appropriations	10,000,000	-0-	(10,000,000)
• Adm. Adjustments & Emergencies	10,000,000	10,000,000	-0-
• Revertments	<u>(30,000,000)</u>	<u>(35,000,000)</u>	<u>(5,000,000)</u>
Total Estimated Expenditures	\$3,246,364,600	\$3,124,773,200	\$(121,591,400)
ENDING BALANCE:	<u>\$ 14,163,500</u>	<u>\$(143,486,300)</u>	<u>\$(157,649,800)</u>

A/ JLBC Staff assumes the current year budget will be balanced, but there will be no 'surplus' to carry-forward to FY 1990.

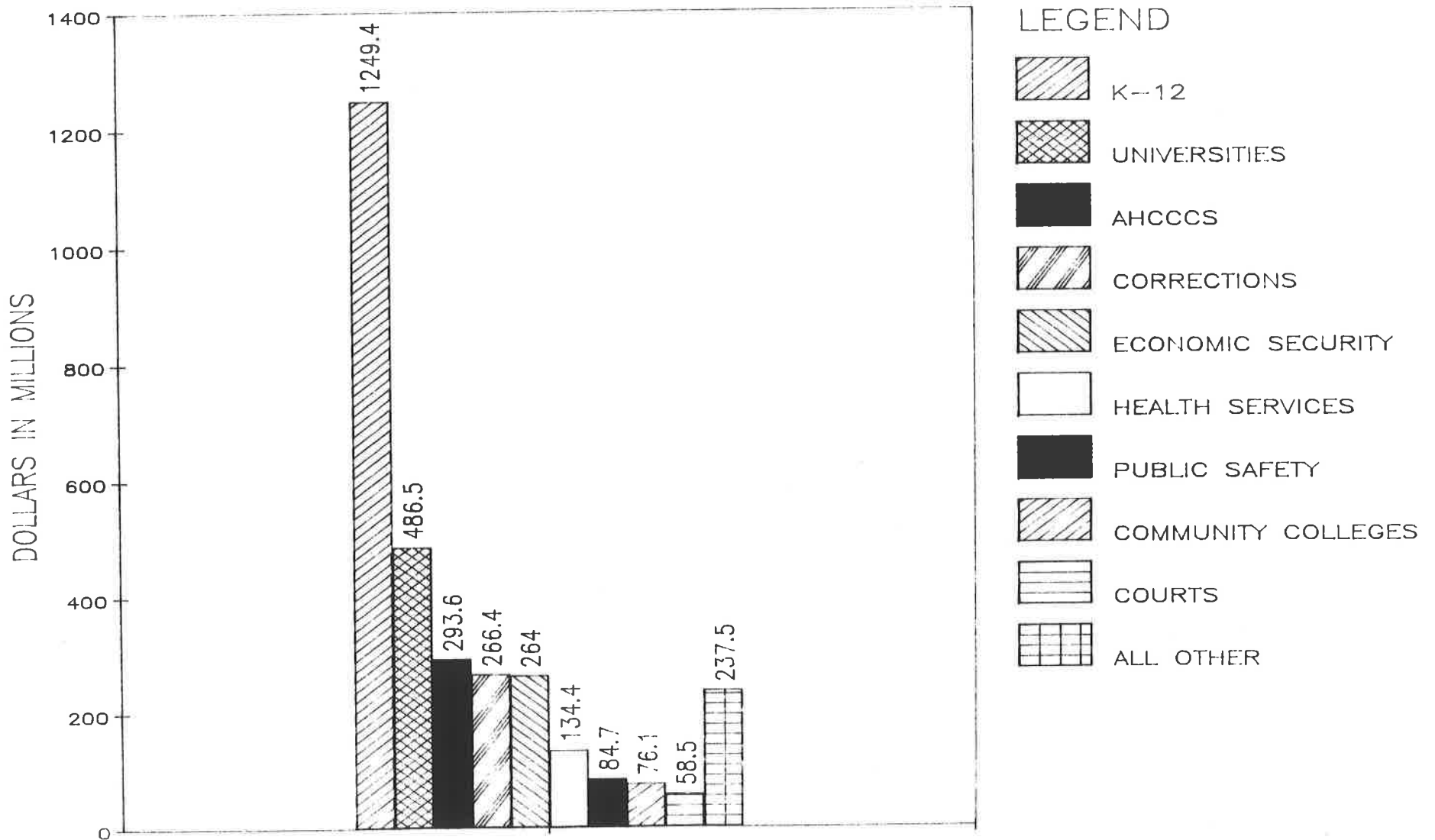
B/ JLBC Staff offers several options for raising revenue in addition to the Governor's proposals (see page A-12).

C/ JLBC Staff offers over 100 options for further reducing FY 1990 appropriations, which would save an additional \$121,877,900. See the individual agency recommendations for specific options available under the heading of "Other Issues for Legislative Consideration."

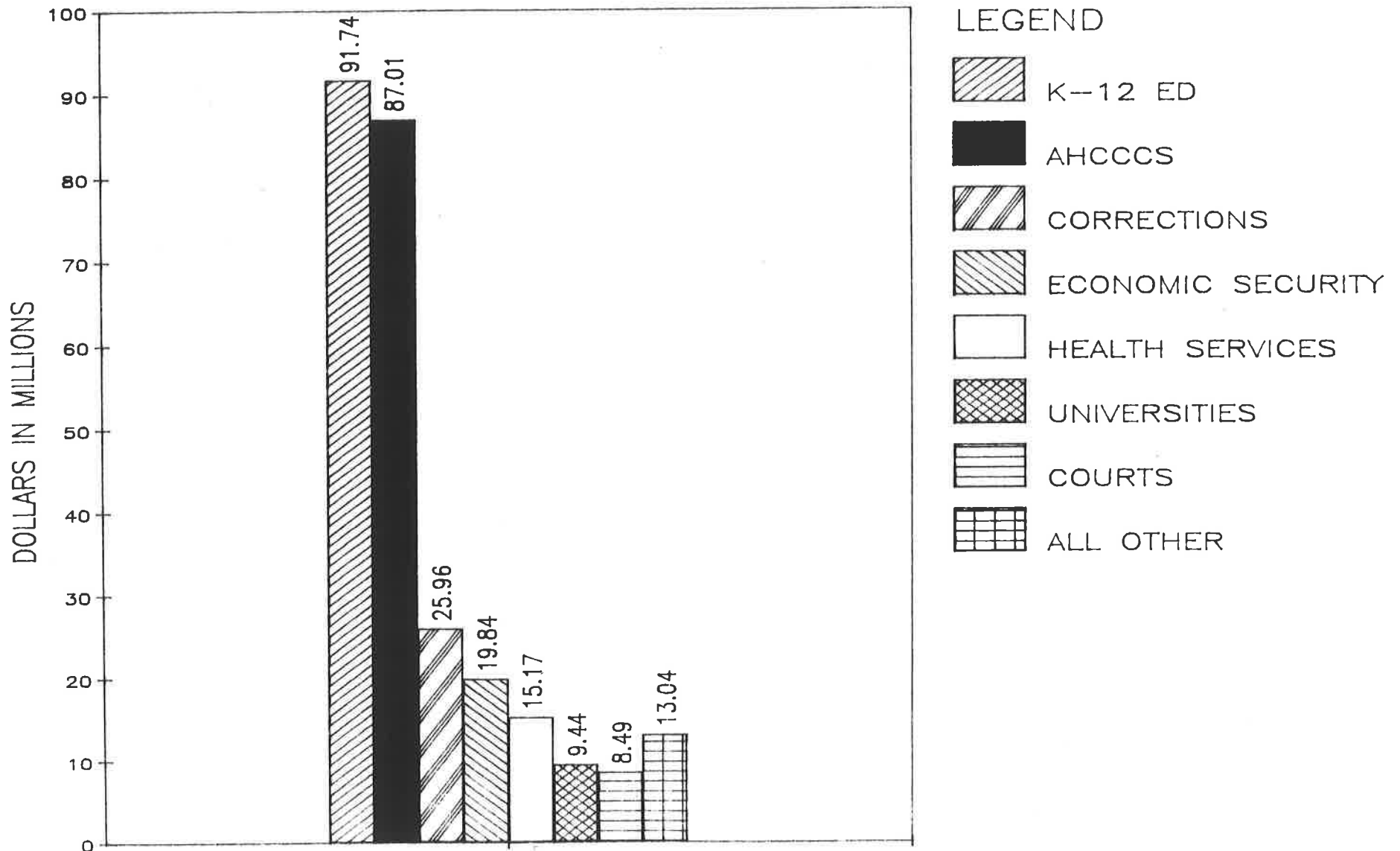
JLBC Staff

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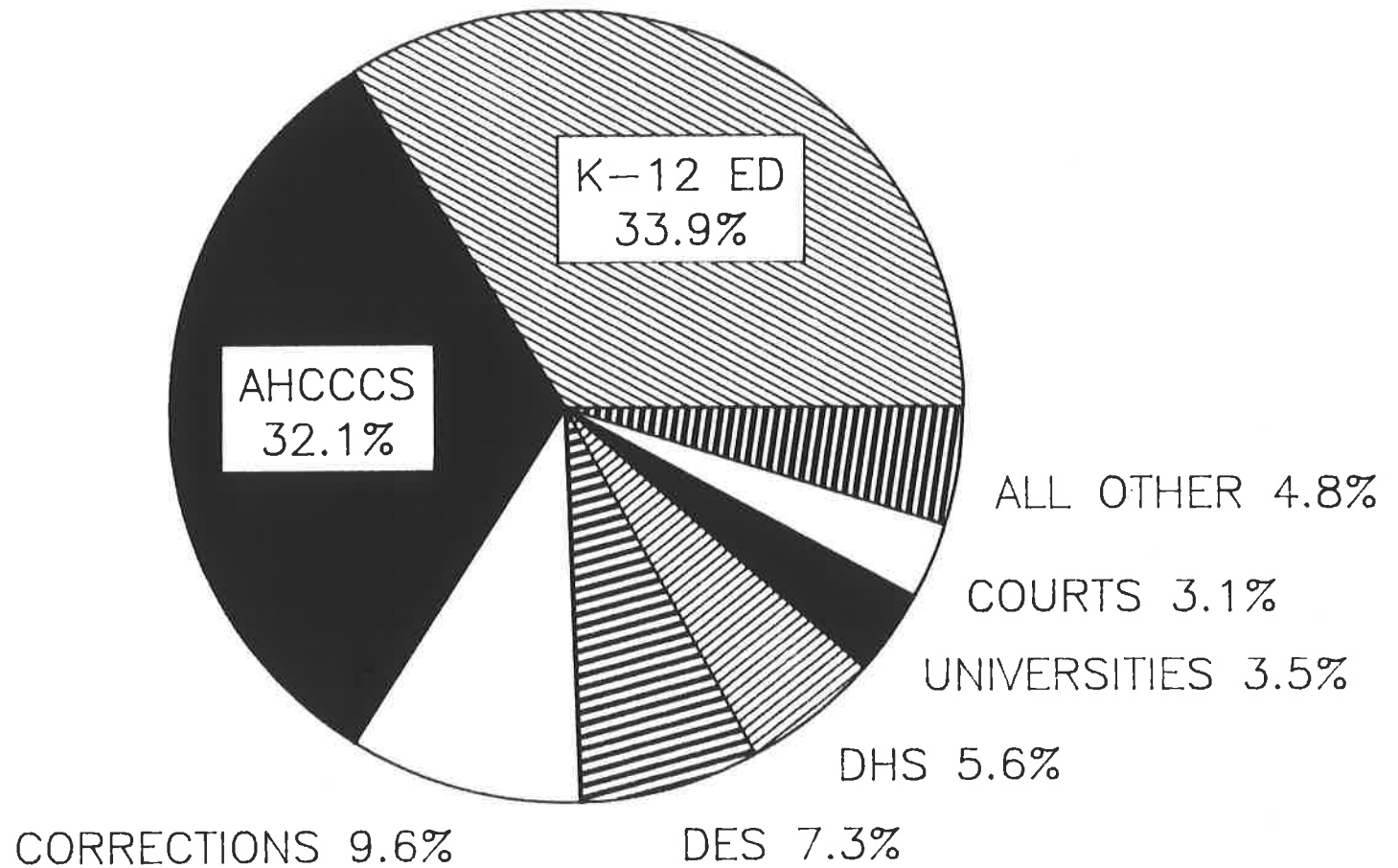
FISCAL YEAR 1990
 JLBC STAFF RECOMMENDATION
 MAJOR AGENCIES' OPERATING BUDGET
 GENERAL FUND



FISCAL YEAR 1990
 JLBC STAFF OPERATING BUDGET RECOMMENDATION
 TOTAL GENERAL FUND RECOMMENDED INCREASE



FISCAL YEAR 1990
JLBC STAFF OPERATING BUDGET RECOMMENDATION
PERCENT OF GENERAL FUND INCREASE



FY 1990
JLBC STAFF OPERATING BUDGET RECOMMENDATION
IMPACT OF DEMOGRAPHICS ON TOTAL GENERAL FUND RECOMMENDATION

<u>AGENCY</u>	<u>Increase Due To Demographics</u> ^{1/}	<u>Total Recommended Increase</u>	<u>Pct. Attributable To Demographics</u>
• K-12	\$ 56,435,400	\$ 91,742,000	61.5%
• AHCCCS	41,221,400	87,006,800	47.4
• CORRECTIONS	23,460,100	25,960,800	90.4
• ECONOMIC SECURITY	18,081,200	19,835,800	91.2
• HEALTH SERVICES	-0-	15,170,200	-0-
• UNIVERSITIES	9,597,100	9,439,900	101.7
• COURTS	6,271,700	8,487,100	73.9
• ALL OTHER	5,985,600	13,037,000	45.9
• UNALLOCATED RETIREMENT SAVINGS	<u>-0-</u>	<u>(19,908,300)</u>	-0-
SUB-TOTAL	\$ 161,052,500	\$ 250,770,200	64.2%

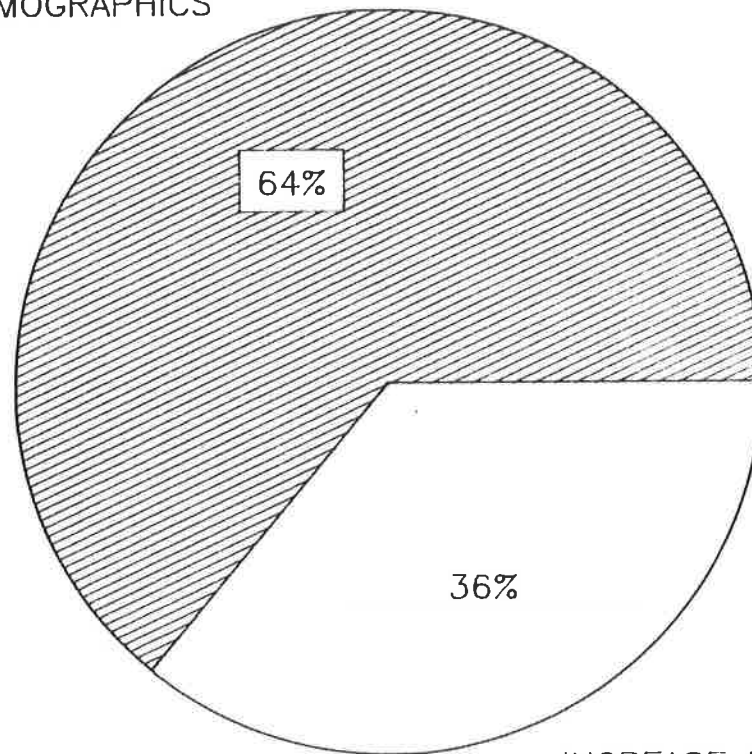
^{1/} "Demographics" refers to the increased population being served on the basis of constitutional and federal and state statutory requirements. For example, under state law, all children must attend school until 16 years of age. Accordingly, \$56.4 million of general fund monies are provided to allow for a 2.3% increase in Average Daily Membership at our public schools. Similarly, federal and state laws establish several classes of eligibility for our state-program of indigent health care (AHCCCS). Accordingly, a total of \$41.2 million of general fund monies are made available to finance the medical care costs of a 15.2% increase in AHCCCS member months. Increases in the number of prisoners, welfare caseloads, university enrollments and probationers explain the demographic changes for the other agencies, respectively.

JLBC Staff

2/6/89

FISCAL YEAR 1990
JLBC STAFF RECOMMENDATIONS
IMPACT OF DEMOGRAPHICS
ON TOTAL GENERAL FUND RECOMMENDATION

INCREASE DUE TO DEMOGRAPHICS



INCREASE DUE TO OTHER FACTORS

FY 1990
JLBC STAFF OPERATING BUDGET RECOMMENDATION
EXPLANATION OF CHANGES
MAJOR STATE AGENCIES
GENERAL FUND

<u>AGENCY</u>	<u>TOTAL GENERAL FUND CHANGE</u>
1. <u>Department of Education (K-12)</u>	\$91,742,000
A. Basic State Aid	\$79,934,700
• Base Adjustment--\$76,822,900 (Primarily \$80,000,000 Deferral of FY 1989 State Aid)	
• 3.3% Increase in GNP Deflator--\$54,352,500	
• 2.3% Increase in Average Daily Membership based on FY 1989 40th day counts--\$56,244,500	
• Savings from 4% Increase in A.V.--\$(26,973,600)	
• Deferral of FY 1990 State Aid--\$(80,000,000)	
• Other Basic State Aid Adjustments--\$(511,600)	
B. Prior Year State Aid	23,974,000
• FY 89 Deferral--\$80,250,000	
• FY 88 Deferral--\$(56,276,000)	
C. Additional State Aid	(13,176,100)
• FY 89 Original--\$170,176,100	
• FY 89 Final--\$143,859,300	
• FY 90 Estimated--\$157,000,000 (Based upon increase of 7% in Class 5 A.V. and 2% in average school tax rates)	
D. Other Considerations	1,009,400
2. <u>AHCCCS</u>	87,006,800
A. 15.2% Increase in Member Months	41,221,400
B. 6.7% Medical Cost Inflation	25,039,600
C. Other Considerations	20,745,800

FY 1990
JLBC STAFF OPERATING BUDGET RECOMMENDATION
EXPLANATION OF CHANGES
MAJOR STATE AGENCIES
GENERAL FUND

<u>AGENCY</u>	<u>TOTAL GENERAL FUND CHANGE</u>
3. <u>Corrections</u>	\$25,960,800
A. 13.6% Increase in Adult Population (+ 1,636)	\$23,460,100
B. Annualization of Costs of New Facilities	2,385,000
C. Arizona Corrections Industries/Elimination of Subsidy	(2,209,800)
D. Other Considerations	2,325,500
4. <u>Economic Security</u>	19,835,800
A. 12.4% Increase in AFDC/GA Caseloads, including a \$929,000 reduction in erroneous payments	12,242,000
B. Demographic and Average Cost Growth - Children Social Service Programs	8,228,600
C. D. D. Caseload Growth/Federal Funding Offset	(572,000)
D. Other Considerations	(62,800)
5. <u>Health Services</u>	15,170,200
A. Behavioral Health (Including \$5,000,000 for Children's Behavioral Health)	10,000,000
B. Regional Beds Program	1,684,000
C. Reduction in State Hospital Budget -- Offset to Regional Beds Program	(1,684,000)
D. Teen Prenatal Express	1,035,000
E. Increased Vaccine Cost	593,700
F. Certification of Day Care Centers (Implements H.B. 2431, L88)	287,000

FY 1990
JLBC STAFF OPERATING BUDGET RECOMMENDATION
EXPLANATION OF CHANGES
MAJOR STATE AGENCIES
GENERAL FUND

<u>AGENCY</u>	<u>TOTAL GENERAL FUND CHANGE</u>
5. <u>Health Services</u> (Continued)	
G. Other Considerations	\$3,254,500
6. <u>Universities</u>	\$9,439,900
A. Student Enrollment Growth	6,386,700
(Based upon +2,742 -- 3 year rolling average and 22:1.5 formula)	
B. ASU-West New Facilities Opening	3,210,400
C. 4% Inflation	3,916,700
D. New Facilities Support	2,110,000
E. Equity Funding	2,979,200
F. Policy Issues Added	11,023,100
G. Collections Adjustment (Reflects Tuition/Fee & Enrollment Increases)	(17,509,900)
(\$2,787,700 will be offset by higher building renewal formula cost: represents FY 1989 match amount)	
H. Other Considerations	(2,676,300)
7. <u>Courts</u>	8,487,100
A. Court of Appeals	1,256,500
• Establish 5th Panel in Div. 1 (Ch. 38, L88)--\$1,241,200	
• Other Court of Appeals--\$15,300	
B. Superior Court	7,062,000
• Demographic Growth in Probation Programs--\$4,995,100	
• Fund Shift (GF to replace JPSF)--\$1,267,600	
• Other Superior Court--\$799,300	

FY 1990
JLBC STAFF OPERATING BUDGET RECOMMENDATION
EXPLANATION OF CHANGES
MAJOR STATE AGENCIES
GENERAL FUND

<u>AGENCY</u>	<u>TOTAL GENERAL FUND CHANGE</u>
7. <u>Courts (Continued)</u>	
C. Supreme Court	\$168,600
8. <u>Public Safety</u>	\$3,359,200
A. Replacement Equipment	1,045,600
B. New Equipment -- Highway Patrol	725,100
C. Air Rescue Helicopters Final Payment	(350,000)
D. Increase in Risk Management Charges	1,075,400
E. Other Considerations	863,100
9. <u>Community Colleges</u>	915,200
A. 10.6% Increase in FTSE's (+6,800)	5,577,400
B. 3.3% Increase in GNP Deflator	1,168,100
C. Counties with Low Property Values	353,100
D. New Funding Limit -- Operating Aid	(5,941,700)
E. Recapture Retirement Rate Contribution Reduction	(497,100)
F. Other Considerations	255,400
10. <u>All Other State Agencies</u>	8,761,500
11. <u>Unallocated Retirement Savings</u>	(19,908,300)
12. TOTAL	\$250,770,200

FY 1990
STATE EMPLOYEES' RETIREMENT SAVINGS

5.09% to 4.69%

- The current FY 1989 contribution rate of 5.09% will drop to 4.69% in FY 1990 according to the State Actuary, pursuant to A.R.S. 38-781.05.
- The JLBC Staff recommendation for each agency was calculated assuming a contribution rate of 4.69%.
- However, local school districts will enjoy a 'windfall', if savings below the 5.09% rate are not recaptured.
- A recapture would save the state's General Fund a total of \$6.0 million. Both the JLBC Staff and the Executive recommend recapture.

4.69% to 4.12% (P.U.C. Method)

- The projected 4.69% contribution rate is based upon the "Entry Age Normal" method of valuation. By amending A.R.S. 38-781.05 and moving to the "Projected Unit Cost" method of valuation, as is becoming the standard, the contribution rate could be further lowered to 4.12%. Both the JLBC Staff and the Executive recommend this statutory change.
- If agency budgets are further reduced to reflect this 0.57% reduction in the actual contribution rate and, if monies are, again, recaptured from local school districts, the state's General Fund would save an additional \$13.9 million. Both the JLBC Staff and the Executive recommend this change.

Summary

- The total General Fund savings, including recapture, from these two actions would be \$19.91 million as follows.

	FY 1990 General Fund <u>State Employees' Retirement Savings</u> (\$ Millions)		
	<u>Agencies</u>	<u>Local Schools</u>	<u>Total</u>
• 5.09% to 4.69%	\$ *	\$ 6.00	\$ 6.00
• 4.69% to 4.12%	<u>5.31</u>	<u>8.60</u>	<u>13.91</u>
Total	<u>\$ 5.31</u>	<u>\$14.60</u>	<u>\$19.91</u>

*JLBC Staff recommendations for each state agency already reflect the decrease from FY 1989's contribution rate of 5.09% to FY 1990's rate of 4.69%.

- All employees participating in the State Employees Retirement System would enjoy a similar savings and, hence, an increase in their take-home pay. Also, Non-General Fund employees and agencies would experience commensurate savings.

JLBC Staff
2/5/89

POSSIBLE SOURCES OF INCREASED REVENUE

(Amounts in Millions)

1. Retain entire income tax windfall. The JLBC Revenue forecast currently assumes continuation of current legislation at \$27.2 million	..... \$150.0
2. Increase State Property Tax Rate (currently at \$.47/\$100 for Calendar 1988 only) or County equalization rate (currently \$.50/\$100):	
a) Increase State Property Tax rate to \$.77/\$100 (Governor's Proposal)	..... 58.0
b) Without Legislative action, the State Property Tax rate will become \$1.25/\$100 for calendar 1989	..... 158.0
c) Increase County Equalization rate by \$.50 to \$1/\$100	..... 97.0
3. Sales Tax Base:	
a) Expand to include food and remove regressivity with a low-income, refundable income tax credit of, say, \$30.0 million.	..... 118.0
b) Expand to include food with a low-income credit and change the State's share of the Distribution Base back to 41.4%.	..... 148.0 ^{1/}
c) Expand to include the following at 5%:	
-Non-health related Professional Services	..... 70.0
-Business Services (excluding advertising)	..... 82.0
-Personal Services	..... <u>40.0</u>
Sub-Total	..... 192.0
4. Increase remaining Sales Tax preferential rates to 5%	..... 8.8
5. Increase Luxury Tax Rates:	
a) Wine - from \$.84/gallon to \$1.00/gallon	..... 0.8
b) Beer - from \$.16/gallon to \$.32/gallon	..... 8.0
c) Cigarettes - from \$.15/pack to \$.20/pack	..... 15.0
d) Stamps/Discount	..... <u>1.3</u>
Sub-Total	..... 25.1 ^{2/}
6. Repeal HURF Transfer from Motor Vehicle License Tax	..... 14.9

- 7. Additional State Aid:
 - a) Reduce the state "buy-down" rate limiting homeowners property taxes from the current requirement of 56% to 50%. See Budget Book page ED-90. 16.8
 - b) Reduce the state cap per residential parcel of property from the current limit of \$500 to \$250. See Budget Book page ED-90. 17.5
- 8. Raise Qualifying Tax Rate (QTR) to allow school districts to pay for the teacher compensation adjustment to the Base Level as specified in Arizona Revised Statutes Section 15-952. See Budget Book page ED-90. 20.2

1/ As a result of the removal of the tax on food, the State share of the Distribution Base was reduced from 41.4% to 36.92%. If the Tax were put back on food, it would be reasonable to return to 41.4% for the State's share.

2/ A portion could be diverted to the Corrections Fund

GOVERNOR'S TAX PROPOSAL

(Amounts in Millions)

1. <u>Minimum School Tax</u> - Levy a tax equal to the appropriate qualifying tax rate on all properties located in school districts that do not currently qualify for state assistance.	\$125.0
2. <u>Property Tax</u> - Increase to \$.77/\$100 from the current rate of \$.47/\$100.	58.0
3. <u>Luxury Tax</u> - Increase the tax rate per pack of cigarettes from \$.15 to \$.25 and increase the rate per gallon of malt liquor from \$.16 to \$.26.	40.0
4. <u>Corporation Income Tax</u> - Eliminate the 80/20 exclusion, the Possessions exclusion and the Foreign Tax Credit.	10.0
5. <u>Mining Severance Tax</u> - Increase the rate to 5.0% from the current 2.5% and distribute the additional revenue entirely to the General Fund.	<u>22.0</u>
TOTAL	<u>\$255.0</u>

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 GENERAL FUND

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
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GENERAL GOVERNMENT				
DEPT. OF ADMINISTRATION	25,077,100	26,590,700	1,513,600	6.04
OFFICE/AFFIRMATIVE ACTION	198,500	224,300	25,800	13.00
ATTORNEY GENERAL	18,473,350	18,744,100	270,750	1.47
DEPARTMENT OF COMMERCE	3,160,100	3,428,700	268,600	8.50
SUPREME COURT	5,136,400	5,305,000	168,600	3.28
COURT OF APPEALS	5,687,300	6,943,800	1,256,500	22.09
SUPERIOR COURT	39,114,200	46,176,200	7,062,000	18.05
COMMISSION ON JUD QUAL.	60,000	60,000	0	0.00
COMMISSION ON APPEALS	4,000	4,000	0	0.00
OFFICE OF THE GOVERNOR	2,872,100	3,303,000	430,900	15.00
LAW ENF MERIT SYS CNCL	48,200	42,400	-5,800	-12.03
LEGISLATURE	27,134,600	27,860,900	726,300	2.68
PERSONNEL BOARD	217,900	197,400	-20,500	-9.41
DEPARTMENT OF REVENUE	35,865,200	38,916,500	3,051,300	8.51
DEPT OF ST. -SECY OF STATE	2,978,100	1,856,100	-1,122,000	-37.68
ST. BOARD OF TAX APPEALS	428,400	448,000	19,600	4.58
OFFICE OF TOURISM	3,451,200	3,496,200	45,000	1.30
STATE TREASURER	3,478,400	3,772,700	294,300	8.46
AZ COMM ON UNFRM ST LAWS	16,000	19,000	3,000	18.75
Subtotal	173,401,050	187,389,000	13,987,950	8.07
HEALTH & WELFARE				
AHCCCS	206,611,800	293,618,600	87,006,800	42.11
DEPT OF ECONOMIC SECURITY	244,191,500	264,027,300	19,835,800	8.12

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 GENERAL FUND

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
HEALTH & WELFARE (Continued)				
DEPT OF ENVIRON QUALITY	16,388,800	10,364,100	-6,024,700	-36.76
DEPT OF HEALTH SERVICES	119,220,800	134,391,000	15,170,200	12.72
AZ CNCL FOR HEARING IMPRD	127,400	127,200	-200	-.16
AZ COMM ON INDIAN AFFAIRS	147,800	156,800	9,000	6.09
PIONEERS' HOME	2,808,400	2,938,000	129,600	4.61
ARIZONA RANGERS' PENSIONS	16,200	16,800	600	3.70
VETERANS' SERVICES COMM	721,800	713,400	-8,400	-1.16
Subtotal	590,234,500	706,353,200	116,118,700	19.68
INSPECTION & REGULATION				
AG EMPL RELATIONS BD	191,100	190,100	-1,000	-.52
COMM OF AG & HORT	5,933,000	5,913,500	-19,500	-.33
BANKING DEPARTMENT	3,078,500	4,197,400	1,118,900	36.35
BUILDING AND FIRE SAFETY	2,645,600	2,800,400	154,800	5.85
REGISTRAR OF CONTRACTORS	4,103,000	4,086,900	-16,100	-.39
CORPORATION COMMISSION	4,904,300	4,997,800	93,500	1.91
DAIRY COMMISSIONER	466,900	518,200	51,300	10.99
DEPT. OF INSURANCE	2,467,000	2,737,900	270,900	10.98
DEPT OF LIQUOR LICENSES	2,152,700	2,173,900	21,200	.98
ARIZONA LIVESTOCK BOARD	3,753,900	3,896,900	143,000	3.81
STATE MINE INSPECTOR	751,300	721,300	-30,000	-3.99
OCCUP SFTY & HLTH REV BD	3,300	0	-3,300	-100.00
DEPARTMENT OF RACING	2,148,400	2,361,200	212,800	9.91
RADIATION REGULATORY AGCY	1,316,400	1,321,100	4,700	.36
REAL ESTATE DEPARTMENT	2,668,000	2,805,000	137,000	5.13

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 GENERAL FUND

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
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INSPECTION & REGULATION (Continued)				
DEPT OF WEIGHT/MEASURES	1,735,400	1,819,100	83,700	4.82
BOXING COMMISSION	37,400	57,100	19,700	52.67
Subtotal	38,356,200	40,597,800	2,241,600	5.84
EDUCATION				
AZ COMMISSION ON THE ARTS	1,554,000	1,540,300	-13,700	-.88
BD OF DIR FOR COMM COLL	75,204,400	76,119,600	915,200	1.22
SCH FOR THE DEAF & BLIND	11,003,600	11,664,800	661,200	6.01
DEPARTMENT OF EDUCATION	1,157,678,700	1,249,420,700	91,742,000	7.92
AZ HISTORICAL SOCIETY	1,889,300	2,022,700	133,400	7.06
PRESCOTT HIST SOCIETY	469,800	495,600	25,800	5.49
MED STUDENT LOANS BOARD	10,000	10,000	0	0.00
BOARD OF REGENTS	5,358,500	5,493,300	134,800	2.52
A.S.U. - MAIN CAMPUS	169,113,100	173,388,500	4,275,400	2.53
A.S.U. - WEST	11,055,600	14,263,700	3,208,100	29.02
NORTHERN AZ UNIVERSITY	61,500,000	62,359,100	859,100	1.40
U. OF A. - MAIN CAMPUS	188,452,200	188,793,300	341,100	.18
U. OF A. - COLL OF MED	41,575,500	42,196,900	621,400	1.49
Subtotal	1,724,864,700	1,827,768,500	102,903,800	5.97
PROTECTION & SAFETY				
DEPARTMENT OF CORRECTIONS	240,434,600	266,395,400	25,960,800	10.80
DEPT OF EMER & MIL AFFRS	4,060,500	4,062,300	1,800	.04

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 GENERAL FUND

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
PROTECTION & SAFETY (Continued)				
BD OF PARDONS AND PAROLES	1,483,100	1,504,500	21,400	1.44
DEPT OF PUBLIC SAFETY	81,341,000	84,700,200	3,359,200	4.13
Subtotal	327,319,200	356,662,400	29,343,200	8.96
TRANSPORTATION				
DEPT OF TRANSPORTATION	84,700	86,300	1,600	1.89
Subtotal	84,700	86,300	1,600	1.89
NATURAL RESOURCES				
COMM ON AZ ENVIRONMENT	114,800	112,100	-2,700	-2.35
ARIZONA GEOLOGICAL SURVEY	531,700	539,400	7,700	1.45
STATE LAND DEPARTMENT	7,503,100	7,902,900	399,800	5.33
DEPT OF MINERAL RESOURCES	468,100	365,800	-102,300	-21.85
OIL AND GAS CONSERVATION	189,600	188,900	-700	-.37
STATE PARKS BOARD	5,703,100	5,851,100	148,000	2.60
DEPT OF WATER RESOURCES	11,616,300	11,748,100	131,800	1.13
Subtotal	26,126,700	26,708,300	581,600	2.23
General Fund Total	2,880,387,050	3,145,565,500	265,178,450	9.21

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 OTHER FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
GENERAL GOVERNMENT				
DEPT. OF ADMINISTRATION	344,400	340,900	-3,500	-1.02
COLISEUM/EXPOSITION CNTR	9,215,200	10,304,300	1,089,100	11.82
DEPARTMENT OF COMMERCE	54,000	56,100	2,100	3.89
AZ. LOTTERY	38,033,200	45,041,700	7,008,500	18.43
STATE RETIREMENT SYSTEM	2,874,200	2,700,400	-173,800	-6.05
OFFICE OF TOURISM	2,000,000	2,000,000	0	0.00
Subtotal	52,521,000	60,443,400	7,922,400	15.08
HEALTH & WELFARE				
AHCCCS	123,906,100	158,659,300	34,753,200	28.05
DEPT OF ECONOMIC SECURITY	41,969,000	57,504,300	15,535,300	37.02
DEPT OF ENVIRON QUALITY	701,300	0	-701,300	-100.00
DEPT OF HEALTH SERVICES	2,505,000	2,388,300	-116,700	-4.66
VETERANS' SERVICES COMM	367,000	370,600	3,600	.98
Subtotal	169,448,400	218,922,500	49,474,100	29.20
INSPECTION & REGULATION				
COMM OF AG & HORT	1,296,600	1,354,600	58,000	4.47
CORPORATION COMMISSION	5,316,000	5,493,600	177,600	3.34
INDUSTRIAL COMMISSION	10,888,500	11,842,400	953,900	8.76
DEPARTMENT OF RACING	302,000	320,800	18,800	6.23
RADIATION REGULATORY AGCY	99,000	90,400	-8,600	-8.69

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 OTHER FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
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INSPECTION & REGULATION (Continued)				
RES UTILITY CONSUMER OFC	890,800	928,400	37,600	4.22
BOARD OF ACCOUNTANCY	612,300	652,600	40,300	6.58
BARBER EXAMINERS BD	133,900	133,500	-400	-.30
BOXING COMMISSION	8,800	6,100	-2,700	-30.68
CHIROPRACTIC EXAMINERS BD	189,000	187,200	-1,800	-.95
BOARD OF COSMETOLOGY	539,000	538,400	-600	-.11
BOARD OF DENTAL EXAMINERS	406,900	396,400	-10,500	-2.58
EGG INSPECTION BOARD	190,000	191,400	1,400	.74
FUNERAL DIR. & EMBALM BD	141,400	145,400	4,000	2.83
HOMEOPATHIC MED EXAM BD	9,000	8,400	-600	-6.67
BOARD OF MEDICAL EXAM	1,788,200	1,937,100	148,900	8.33
NATUROPATHIC PHYS EXAM BD	29,600	27,900	-1,700	-5.74
BOARD OF NURSING	893,900	929,000	35,100	3.93
NURS CARE INST ADMIN BD	59,900	61,600	1,700	2.84
DISPENSING OPTICIANS BD	54,300	52,400	-1,900	-3.50
BOARD OF OPTOMETRY	98,000	99,800	1,800	1.84
OSTEOPATHIC EXAMINERS BD	207,500	212,600	5,100	2.46
BOARD OF PHARMACY	591,400	604,200	12,800	2.16
PHYSICAL THERAPY EXAM BD	65,900	64,300	-1,600	-2.43
PODIATRY EXAMINERS BOARD	41,400	42,300	900	2.17
BD OF PRIV POSTSECOND ED	121,700	124,100	2,400	1.97
PSYCHOLOGIST EXAMINERS BD	124,400	124,700	300	.24
STRUCT. PEST CONTROL COMM	415,300	970,300	555,000	133.64
BD OF TECH REGISTRATION	696,400	713,500	17,100	2.46
VETERINARY MED EXAM BD	134,400	145,400	11,000	8.18
Subtotal	26,345,500	28,398,800	2,053,300	7.79

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 OTHER FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
EDUCATION				
SCH FOR THE DEAF & BLIND	3,546,300	3,958,600	412,300	11.63
A.S.U. - MAIN CAMPUS	47,885,100	52,911,900	5,026,800	10.50
A.S.U. - WEST	1,008,500	1,020,000	11,500	1.14
NORTHERN AZ UNIVERSITY	12,600,000	16,145,800	3,545,800	28.14
U. OF A. - MAIN CAMPUS	46,501,200	55,489,400	8,988,200	19.33
U. OF A. - COLL OF MED	1,974,300	1,911,900	-62,400	-3.16
Subtotal	113,515,400	131,437,600	17,922,200	15.77
PROTECTION & SAFETY				
AZ CRIMINAL JUSTICE COMM	8,300,200	3,694,800	-4,605,400	-55.49
DEPT OF PUBLIC SAFETY	1,822,000	1,822,000	0	0.00
Subtotal	10,122,200	5,516,800	-4,605,400	-45.50
TRANSPORTATION				
DEPT OF TRANSPORTATION	166,904,200	176,723,600	9,819,400	5.88
Subtotal	166,904,200	176,723,600	9,819,400	5.88
NATURAL RESOURCES				
GAME AND FISH DEPARTMENT	15,612,900	15,611,300	-1,600	-.01
STATE PARKS BOARD	3,269,500	1,908,900	-1,360,600	-41.61

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 OTHER FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
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NATURAL RESOURCES (Continued)				
Subtotal	18,882,400	17,520,200	-1,362,200	-7.21
Other Funds Total	557,739,100	638,962,900	81,223,800	14.56

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 ALL APPROPRIATED FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
GENERAL GOVERNMENT				
DEPT. OF ADMINISTRATION	25,421,500	26,931,600	1,510,100	5.94
OFFICE/AFFIRMATIVE ACTION	198,500	224,300	25,800	13.00
ATTORNEY GENERAL	18,473,350	18,744,100	270,750	1.47
COLISEUM/EXPOSITION CNTR	9,215,200	10,304,300	1,089,100	11.82
DEPARTMENT OF COMMERCE	3,214,100	3,484,800	270,700	8.42
SUPREME COURT	5,136,400	5,305,000	168,600	3.28
COURT OF APPEALS	5,687,300	6,943,800	1,256,500	22.09
SUPERIOR COURT	39,114,200	46,176,200	7,062,000	18.05
COMMISSION ON JUD QUAL.	60,000	60,000	0	0.00
COMMISSION ON APPEALS	4,000	4,000	0	0.00
OFFICE OF THE GOVERNOR	2,872,100	3,303,000	430,900	15.00
LAW ENF MERIT SYS CNCL	48,200	42,400	-5,800	-12.03
LEGISLATURE	27,134,600	27,860,900	726,300	2.68
AZ. LOTTERY	38,033,200	45,041,700	7,008,500	18.43
PERSONNEL BOARD	217,900	197,400	-20,500	-9.41
STATE RETIREMENT SYSTEM	2,874,200	2,700,400	-173,800	-6.05
DEPARTMENT OF REVENUE	35,865,200	38,916,500	3,051,300	8.51
DEPT OF ST-SECY OF STATE	2,978,100	1,856,100	-1,122,000	-37.68
ST. BOARD OF TAX APPEALS	428,400	448,000	19,600	4.58
OFFICE OF TOURISM	5,451,200	5,496,200	45,000	.83
STATE TREASURER	3,478,400	3,772,700	294,300	8.46
AZ COMM ON UNFRM ST LAWS	16,000	19,000	3,000	18.75
Subtotal	225,922,050	247,832,400	21,910,350	9.70

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 ALL APPROPRIATED FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
HEALTH & WELFARE				
AHCCCS	330,517,900	452,277,900	121,760,000	36.84
DEPT OF ECONOMIC SECURITY	286,160,500	321,531,600	35,371,100	12.36
DEPT OF ENVIRON QUALITY	17,090,100	10,364,100	-6,726,000	-39.36
DEPT OF HEALTH SERVICES	121,725,800	136,779,300	15,053,500	12.37
AZ CNCL FOR HEARING IMPRD	127,400	127,200	-200	-.16
AZ COMM ON INDIAN AFFAIRS	147,800	156,800	9,000	6.09
PIONEERS' HOME	2,808,400	2,938,000	129,600	4.61
ARIZONA RANGERS' PENSIONS	16,200	16,800	600	3.70
VETERANS' SERVICES COMM	1,088,800	1,084,000	-4,800	-.44
Subtotal	759,682,900	925,275,700	165,592,800	21.80
INSPECTION & REGULATION				
AG EMPL RELATIONS BD	191,100	190,100	-1,000	-.52
COMM OF AG & HORT	7,229,600	7,268,100	38,500	.53
BANKING DEPARTMENT	3,078,500	4,197,400	1,118,900	36.35
BUILDING AND FIRE SAFETY	2,645,600	2,800,400	154,800	5.85
REGISTRAR OF CONTRACTORS	4,103,000	4,086,900	-16,100	-.39
CORPORATION COMMISSION	10,220,300	10,491,400	271,100	2.65
DAIRY COMMISSIONER	466,900	518,200	51,300	10.99
INDUSTRIAL COMMISSION	10,888,500	11,842,400	953,900	8.76
DEPT. OF INSURANCE	2,467,000	2,737,900	270,900	10.98
DEPT OF LIQUOR LICENSES	2,152,700	2,173,900	21,200	.98
ARIZONA LIVESTOCK BOARD	3,753,900	3,896,900	143,000	3.81
STATE MINE INSPECTOR	751,300	721,300	-30,000	-3.99
OCCUP SFTY & HLTH REV BD	3,300	0	-3,300	-100.00

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 ALL APPROPRIATED FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
INSPECTION & REGULATION (Continued)				
DEPARTMENT OF RACING	2,450,400	2,682,000	231,600	9.45
RADIATION REGULATORY AGCY	1,415,400	1,411,500	-3,900	-.28
REAL ESTATE DEPARTMENT	2,668,000	2,805,000	137,000	5.13
RES UTILITY CONSUMER OFC	890,800	928,400	37,600	4.22
DEPT OF WEIGHT/MEASURES	1,735,400	1,819,100	83,700	4.82
BOARD OF ACCOUNTANCY	612,300	652,600	40,300	6.58
BARBER EXAMINERS BD	133,900	133,500	-400	-.30
BOXING COMMISSION	46,200	63,200	17,000	36.80
CHIROPRACTIC EXAMINERS BD	189,000	187,200	-1,800	-.95
BOARD OF COSMETOLOGY	539,000	538,400	-600	-.11
BOARD OF DENTAL EXAMINERS	406,900	396,400	-10,500	-2.58
EGG INSPECTION BOARD	190,000	191,400	1,400	.74
FUNERAL DIR. & EMBALM BD	141,400	145,400	4,000	2.83
HOMEOPATHIC MED EXAM BD	9,000	8,400	-600	-6.67
BOARD OF MEDICAL EXAM	1,788,200	1,937,100	148,900	8.33
NATUROPATHIC PHYS EXAM BD	29,600	27,900	-1,700	-5.74
BOARD OF NURSING	893,900	929,000	35,100	3.93
NURS CARE INST ADMIN BD	59,900	61,600	1,700	2.84
DISPENSING OPTICIANS BD	54,300	52,400	-1,900	-3.50
BOARD OF OPTOMETRY	98,000	99,800	1,800	1.84
OSTEOPATHIC EXAMINERS BD	207,500	212,600	5,100	2.46
BOARD OF PHARMACY	591,400	604,200	12,800	2.16
PHYSICAL THERAPY EXAM BD	65,900	64,300	-1,600	-2.43
PODIATRY EXAMINERS BOARD	41,400	42,300	900	2.17
BD OF PRIV POSTSECOND ED	121,700	124,100	2,400	1.97
PSYCHOLOGIST EXAMINERS BD	124,400	124,700	300	.24
STRUCT. PEST CONTROL COMM	415,300	970,300	555,000	133.64

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 ALL APPROPRIATED FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
INSPECTION & REGULATION (Continued)				
BD OF TECH REGISTRATION	696,400	713,500	17,100	2.46
VETERINARY MED EXAM BD	134,400	145,400	11,000	8.18
Subtotal	64,701,700	68,996,600	4,294,900	6.64
EDUCATION				
AZ COMMISSION ON THE ARTS	1,554,000	1,540,300	-13,700	-.88
BD OF DIR FOR COMM COLL	75,204,400	76,119,600	915,200	1.22
SCH FOR THE DEAF & BLIND	14,549,900	15,623,400	1,073,500	7.38
DEPARTMENT OF EDUCATION	1,157,678,700	1,249,420,700	91,742,000	7.92
AZ HISTORICAL SOCIETY	1,889,300	2,022,700	133,400	7.06
PRESCOTT HIST SOCIETY	469,800	495,600	25,800	5.49
MED STUDENT LOANS BOARD	10,000	10,000	0	0.00
BOARD OF REGENTS	5,358,500	5,493,300	134,800	2.52
A.S.U. - MAIN CAMPUS	216,998,200	226,300,400	9,302,200	4.29
A.S.U. - WEST	12,064,100	15,283,700	3,219,600	26.69
NORTHERN AZ UNIVERSITY	74,100,000	78,504,900	4,404,900	5.94
U. OF A. - MAIN CAMPUS	234,953,400	244,282,700	9,329,300	3.97
U. OF A. - COLL OF MED	43,549,800	44,108,800	559,000	1.28
Subtotal	1,838,380,100	1,959,206,100	120,826,000	6.57
PROTECTION & SAFETY				
DEPARTMENT OF CORRECTIONS	240,434,600	266,395,400	25,960,800	10.80
AZ CRIMINAL JUSTICE COMM	8,300,200	3,694,800	-4,605,400	-55.49

STATE OF ARIZONA
 JLBC STAFF RECOMMENDATIONS
 FISCAL YEAR 1990
 (COMPARED WITH FISCAL YEAR 1989 ESTIMATED EXPENDITURES)
 ALL APPROPRIATED FUNDS

	FY 1989 ESTIMATE	FY 1990 JLBC STAFF	INCREASE - DECREASE	PERCENT CHANGE
PROTECTION & SAFETY (Continued)				
DEPT OF EMER & MIL AFFRS	4,060,500	4,062,300	1,800	.04
BD OF PARDONS AND PAROLES	1,483,100	1,504,500	21,400	1.44
DEPT OF PUBLIC SAFETY	83,163,000	86,522,200	3,359,200	4.04
Subtotal	337,441,400	362,179,200	24,737,800	7.33
TRANSPORTATION				
DEPT OF TRANSPORTATION	166,988,900	176,809,900	9,821,000	5.88
Subtotal	166,988,900	176,809,900	9,821,000	5.88
NATURAL RESOURCES				
COMM ON AZ ENVIRONMENT	114,800	112,100	-2,700	-2.35
GAME AND FISH DEPARTMENT	15,612,900	15,611,300	-1,600	-.01
ARIZONA GEOLOGICAL SURVEY	531,700	539,400	7,700	1.45
STATE LAND DEPARTMENT	7,503,100	7,902,900	399,800	5.33
DEPT OF MINERAL RESOURCES	468,100	365,800	-102,300	-21.85
OIL AND GAS CONSERVATION	189,600	188,900	-700	-.37
STATE PARKS BOARD	8,972,600	7,760,000	-1,212,600	-13.51
DEPT OF WATER RESOURCES	11,616,300	11,748,100	131,800	1.13
Subtotal	45,009,100	44,228,500	-780,600	-1.73
All Funds Total	3,438,126,150	3,784,528,400	346,402,250	10.07

**FY 1990
STATE OF ARIZONA
GENERAL FUND RECOMMENDATIONS
JLBC STAFF VS. EXECUTIVE**

	<u>Executive</u>	<u>JLBC Staff</u>	<u>Difference JLBC-Exec</u>
• General Fund, Operating Budget, by Agency	\$3,211,593,600	\$3,145,565,500	\$ (66,028,100)
• Unallocated Retirement Savings	(28,974,800)	(19,908,300)	9,066,500
• Unallocated Portion of Governor's Pay Package	12,087,200	-0-	(12,087,200)
• Reserve for Budgetary Needs	40,000,000	-0-	(40,000,000)
• Long-Term Care, Counties - (Chapter 302, Laws 1988)	5,500,000	5,500,000	-0-
• Environmental Threats (Chapter 172, Laws 1988)	<u>2,069,000</u>	<u>-0-</u>	<u>(2,069,000)</u>
Operating Budget Sub-Total	\$3,242,275,000	\$3,131,157,200	\$(111,117,800)
• Capital Outlay	<u>14,089,600</u>	<u>18,616,000</u>	<u>4,526,400</u>
Total General Fund Recommendations	<u>\$3,256,364,600</u>	<u>\$3,149,773,200</u>	<u>\$ 106,591,400</u>

JLBC Staff

2/5/89

**FY 1990
 JLBC STAFF AND EXECUTIVE GENERAL FUND RECOMMENDATION
 COMPARISON WITH FY 1989**

<u>AGENCY</u>	<u>FY 1989 ESTIMATE</u>	<u>FY 1990 EXECUTIVE</u>	<u>FY 1990 JLBC STAFF</u>	<u>\$DIFFERENCE JLBC STAFF/FY 1989</u>	<u>%DIFF. JLBC STAFF/FY 1989</u>
● K-12	1,157,678,700	1,237,770,100	1,249,420,700	91,742,000	7.9
● AHCCCS	206,611,800	284,918,900	293,618,600	87,006,800	42.1
● CORRECTIONS	240,434,600	283,070,900	266,395,400	25,960,800	10.8
● ECONOMIC SECURITY	244,191,500	272,787,900	264,027,300	19,835,800	8.1
● HEALTH SERVICES	119,220,800	150,455,100	134,391,000	15,170,200	12.7
● UNIVERSITIES	477,054,900	510,073,600	486,494,800	9,439,900	2.0
● COURTS	50,001,900	62,473,300	58,489,000	8,487,100	4.1
● COMMUNITY COLLEGES	75,204,400	76,714,900	76,119,600	915,200	1.2
● PUBLIC SAFETY	81,341,000	86,306,700	84,700,200	3,359,200	4.1
● ALL OTHER	228,647,400	247,022,200	231,908,900	3,261,500	1.4
UNALLOCATED RETIREMENT SAVINGS	-0-	(28,974,800)	(19,908,300)	(19,908,300)	NA
UNALLOCATED PORTION OF GOVERNOR'S PAY PACKAGE	-0-	12,087,200	-0-	-0-	NA
LONG TERM CARE, COUNTIES (CHAPTER 302, LAWS 1988)	-0-	5,500,000	5,500,000	5,500,000	NA
ENVIRONMENTAL THREATS (CHAPTER 172, LAWS 1988)	-0-	2,069,000	-0-	-0-	NA
RESERVE FOR BUDGETARY NEEDS	<u>-0-</u>	<u>40,000,000</u>	<u>-0-</u>	<u>-0-</u>	<u>NA</u>
OPERATING BUDGET SUB-TOTAL	2,880,387,000	3,242,275,000	3,131,157,200	250,770,200	8.7
CAPITAL OUTLAY	<u>19,221,400</u>	<u>14,089,600</u>	<u>18,616,000</u>	<u>(605,400)</u>	<u>(3.2)</u>
TOTAL GENERAL FUND RECOMMENDATION	2,899,608,400	3,256,364,600	3,149,773,200	250,164,800	8.6

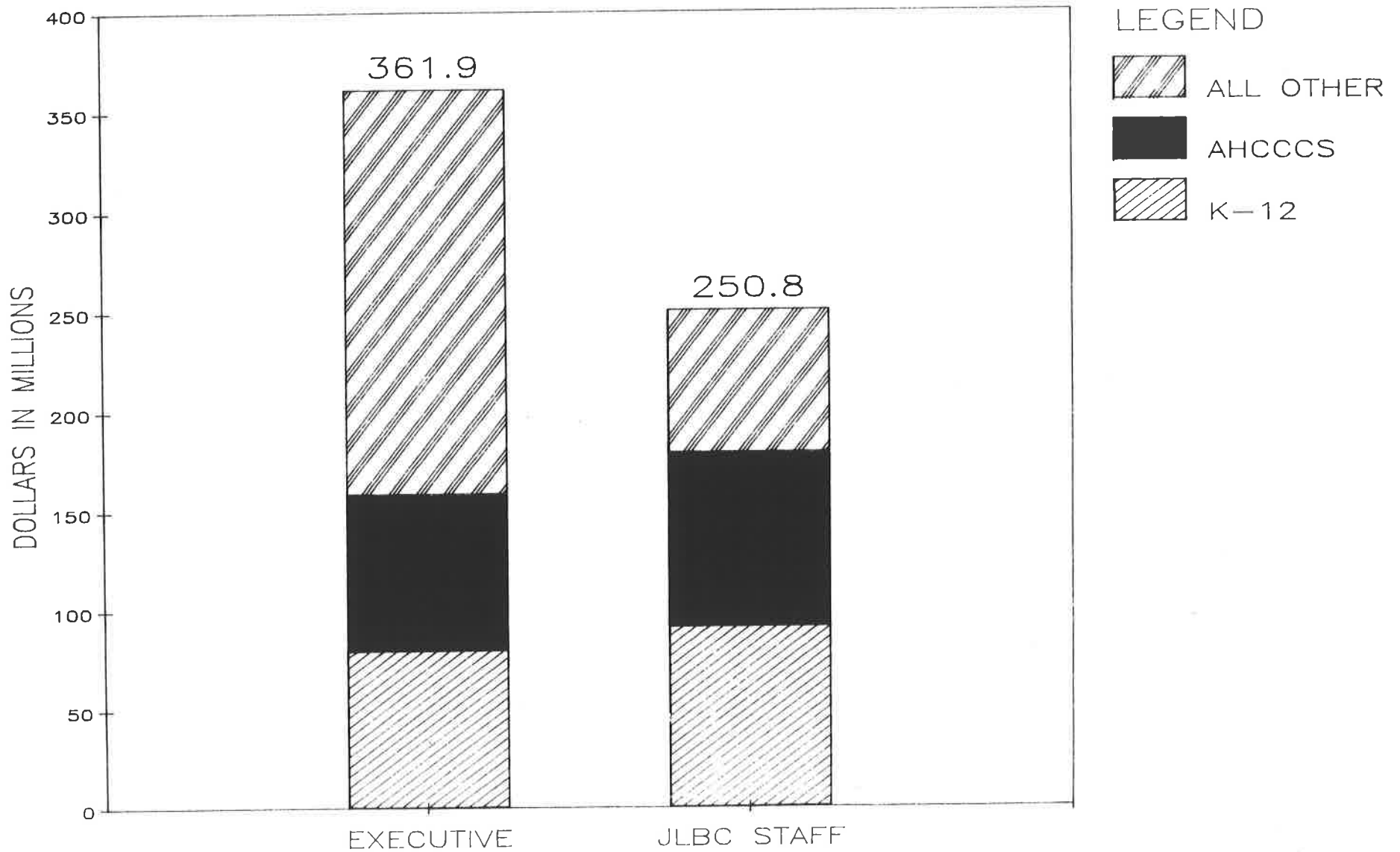
FY 1990
JLBC STAFF VS. EXECUTIVE RECOMMENDATIONS
INCREASE IN GENERAL FUND OPERATING BUDGETS

<u>AGENCY</u>	<u>Executive</u>	<u>JLBC Staff</u>	<u>Difference</u>
• K-12	\$80,091,400	\$91,742,000	\$11,650,600
• AHCCCS	78,307,100	87,006,800	8,699,700
• CORRECTIONS	42,636,300	25,960,800	(16,675,500)
• ECONOMIC SECURITY	28,596,400	19,835,800	(8,760,600)
• HEALTH SERVICES	31,234,300	15,170,200	(16,064,100)
• UNIVERSITIES	33,018,700	9,439,900	(23,578,800)
• ALL OTHER AGENCIES	44,891,400	21,523,000	(23,368,400)
• UNALLOCATED RETIREMENT SAVINGS	(28,974,800)	(19,908,300)	9,066,500
• UNALLOCATED PORTION OF GOVERNOR'S PAY PACKAGE	12,087,200	-0-	(12,087,200)
• RESERVE FOR BUDGETARY NEEDS	<u>40,000,000</u>	<u>-0-</u>	<u>(40,000,000)</u>
TOTAL	<u>\$361,888,000</u>	<u>\$250,770,200</u>	<u>\$(111,117,800)</u>

JLBC Staff

2/5/89

FISCAL YEAR 1990
JLBC STAFF VS. EXECUTIVE RECOMMENDATIONS
INCREASE IN GENERAL FUND OPERATING BUDGETS



FY 1990
EXPLANATION OF MAJOR DIFFERENCES BETWEEN
JLBC STAFF AND EXECUTIVE BUDGET RECOMMENDATIONS
GENERAL FUND

● Governor's Proposed Pay Package, Not Recommended by JLBC Staff	\$ 38,808,900
● Governor's Proposed Provider Increases, Not Recommended by JLBC Staff	3,415,100
● Governor's Proposed New Programs and Program Expansions Not Recommended by JLBC Staff	38,153,100
● Governor's Reserve for Budgetary Needs, Not Recommended by JLBC Staff	40,000,000
● JLBC Staff Recommended Net Budget Reductions, Not Recommended by the Governor	<u>10,740,700</u>
SUB-TOTAL	\$ 131,117,800
● Portion of K-12 "Roll-Over" Not Recommended by JLBC Staff	(20,000,000)
● Portion of Capital Outlay Budget Not Recommended by the Governor	<u>(4,526,400)</u>
TOTAL DIFFERENCE/EXECUTIVE MINUS JLBC STAFF	<u>\$ 106,591,400</u>

JLBC Staff

2/5/89

**FY 1990
GENERAL FUND
RECOMMENDED STATE EMPLOYEE PAY INCREASE**

<u>CATEGORY</u>	<u>Executive</u>	<u>JLBC Staff</u>
• Performance - Oriented Pay (2.75%)	\$ 26,721,700 ^{A/}	\$ -0-
• General Pay Increase (1.03%)	9,726,400 ^{B/}	-0-
• Inequity Adjustments (0.25%)	<u>2,360,800^{B/}</u>	<u>-0-</u>
	<u>\$ 38,808,900</u>	<u>\$ -0-</u>

A/ Included in the Personal Services Line Items of the Governor's Individual Agency Recommendations.

B/ Included as "Lump-Sum" in Governor's Budget.

NOTE: All Dollar Amounts Include Employee-Related Expenses

JLBC Staff

2/4/89

STATE OF ARIZONA
 COMPARISON OF JLBC STAFF TO EXECUTIVE BUDGET RECOMMENDATIONS
 ALL APPROPRIATED FUNDS
 FISCAL YEAR 1990

	-----EXECUTIVE RECOMMENDATIONS-----			-----JLBC STAFF RECOMMENDATIONS-----		
	GENERAL FUND	OTHER FUNDS	TOTAL	GENERAL FUND	OTHER FUNDS	TOTAL
GENERAL GOVERNMENT						
DEPT. OF ADMINISTRATION	29,164,600	358,500	29,523,100	26,590,700	340,900	26,931,600
OFFICE/AFFIRMATIVE ACTION	228,500	0	228,500	224,300	0	224,300
ATTORNEY GENERAL	19,854,300	0	19,854,300	18,744,100	0	18,744,100
COLISEUM/EXPOSITION CTR	0	10,337,400	10,337,400	0	10,304,300	10,304,300
DEPARTMENT OF COMMERCE	4,851,500	58,100	4,909,600	3,428,700	56,100	3,484,800
SUPREME COURT	6,405,000	0	6,405,000	5,305,000	0	5,305,000
COURT OF APPEALS	7,096,500	0	7,096,500	6,943,800	0	6,943,800
SUPERIOR COURT	48,892,800	0	48,892,800	46,176,200	0	46,176,200
COMMISSION ON JUD QUAL.	75,000	0	75,000	60,000	0	60,000
COMMISSION ON APPEALS	4,000	0	4,000	4,000	0	4,000
OFFICE OF THE GOVERNOR	3,303,000	0	3,303,000	3,303,000	0	3,303,000
LAW ENF MERIT SYS CNCL	43,500	0	43,500	42,400	0	42,400
LEGISLATURE	28,765,500	0	28,765,500	27,860,900	0	27,860,900
AZ. LOTTERY	0	45,215,600	45,215,600	0	45,041,700	45,041,700
PERSONNEL BOARD	196,300	0	196,300	197,400	0	197,400
STATE RETIREMENT SYSTEM	0	2,874,700	2,874,700	0	2,700,400	2,700,400
DEPARTMENT OF REVENUE	41,093,500	0	41,093,500	38,916,500	0	38,916,500
DEPT OF ST.-SECY OF STATE	1,838,900	0	1,838,900	1,856,100	0	1,856,100
ST. BOARD OF TAX APPEALS	460,800	0	460,800	448,000	0	448,000
OFFICE OF TOURISM	3,780,800	2,000,000	5,780,800	3,496,200	2,000,000	5,496,200
STATE TREASURER	3,912,700	0	3,912,700	3,772,700	0	3,772,700
AZ COMM ON UNFRM ST LAWS	19,000	0	19,000	19,000	0	19,000
Subtotal	199,986,200	60,844,300	260,830,500	187,389,000	60,443,400	247,832,400

STATE OF ARIZONA
 COMPARISON OF JLBC STAFF TO EXECUTIVE BUDGET RECOMMENDATIONS
 ALL APPROPRIATED FUNDS
 FISCAL YEAR 1990

	-----EXECUTIVE RECOMMENDATIONS-----			-----JLBC STAFF RECOMMENDATIONS-----		
	GENERAL FUND	OTHER FUNDS	TOTAL	GENERAL FUND	OTHER FUNDS	TOTAL
HEALTH & WELFARE						
AHCCCS	284,918,900	158,659,300	443,578,200	293,618,600	158,659,300	452,277,900
DEPT OF ECONOMIC SECURITY	272,787,900	51,733,400	324,521,300	264,027,300	57,504,300	321,531,600
DEPT OF ENVIRON QUALITY	10,949,800	5,000,000	15,949,800	10,364,100	0	10,364,100
DEPT OF HEALTH SERVICES	150,455,100	2,393,900	152,849,000	134,391,000	2,388,300	136,779,300
AZ CNCL FOR HEARING IMPRD	209,500	0	209,500	127,200	0	127,200
AZ COMM ON INDIAN AFFAIRS	145,800	0	145,800	156,800	0	156,800
PIONEERS' HOME	2,819,000	0	2,819,000	2,938,000	0	2,938,000
ARIZONA RANGERS' PENSIONS	16,800	0	16,800	16,800	0	16,800
VETERANS' SERVICES COMM	768,400	397,600	1,166,000	713,400	370,600	1,084,000
Subtotal	723,071,200	218,184,200	941,255,400	706,353,200	218,922,500	925,275,700
INSPECTION & REGULATION						
AG EMPL RELATIONS BD	198,600	0	198,600	190,100	0	190,100
COMM OF AG & HORT	6,306,400	1,410,200	7,716,600	5,913,500	1,354,600	7,268,100
BANKING DEPARTMENT	3,672,800	0	3,672,800	4,197,400	0	4,197,400
BUILDING AND FIRE SAFETY	3,071,900	0	3,071,900	2,800,400	0	2,800,400
REGISTRAR OF CONTRACTORS	4,576,700	0	4,576,700	4,086,900	0	4,086,900
CORPORATION COMMISSION	5,333,000	5,805,100	11,138,100	4,997,800	5,493,600	10,491,400
DAIRY COMMISSIONER	538,700	0	538,700	518,200	0	518,200
INDUSTRIAL COMMISSION	0	12,164,600	12,164,600	0	11,842,400	11,842,400
DEPT. OF INSURANCE	2,868,500	0	2,868,500	2,737,900	0	2,737,900
DEPT OF LIQUOR LICENSES	2,580,700	0	2,580,700	2,173,900	0	2,173,900
ARIZONA LIVESTOCK BOARD	4,113,800	0	4,113,800	3,896,900	0	3,896,900
STATE MINE INSPECTOR	802,400	0	802,400	721,300	0	721,300
OCCUP SFTY & HLTH REV BD	0	0	0	0	0	0
DEPARTMENT OF RACING	2,453,200	329,600	2,782,800	2,361,200	320,800	2,682,000

STATE OF ARIZONA
 COMPARISON OF JLBC STAFF TO EXECUTIVE BUDGET RECOMMENDATIONS
 ALL APPROPRIATED FUNDS
 FISCAL YEAR 1990

	-----EXECUTIVE RECOMMENDATIONS-----			-----JLBC STAFF RECOMMENDATIONS-----		
	GENERAL FUND	OTHER FUNDS	TOTAL	GENERAL FUND	OTHER FUNDS	TOTAL
INSPECTION & REGULATION (Continued)						
RADIATION REGULATORY AGCY	1,404,000	92,300	1,496,300	1,321,100	90,400	1,411,500
REAL ESTATE DEPARTMENT	2,941,300	0	2,941,300	2,805,000	0	2,805,000
RES UTILITY CONSUMER OFC	0	932,100	932,100	0	928,400	928,400
DEPT OF WEIGHT/MEASURES	2,273,900	0	2,273,900	1,819,100	0	1,819,100
BOARD OF ACCOUNTANCY	0	666,100	666,100	0	652,600	652,600
BARBER EXAMINERS BD	0	137,800	137,800	0	133,500	133,500
BOXING COMMISSION	61,500	6,100	67,600	57,100	6,100	63,200
CHIROPRACTIC EXAMINERS BD	0	208,400	208,400	0	187,200	187,200
BOARD OF COSMETOLOGY	0	554,100	554,100	0	538,400	538,400
DENTAL EXAMINERS BD	0	408,800	408,800	0	396,400	396,400
EGG INSPECTION BOARD	0	210,600	210,600	0	191,400	191,400
FUNERAL DIR./EMBALMERS BD	0	149,100	149,100	0	145,400	145,400
HOMEOPATHIC MED EXAM BD	0	9,500	9,500	0	8,400	8,400
BOARD OF MEDICAL EXAM	0	1,816,600	1,816,600	0	1,937,100	1,937,100
NATUROPATHIC PHYS EXAM BD	0	29,900	29,900	0	27,900	27,900
BOARD OF NURSING	0	959,600	959,600	0	929,000	929,000
NURS CARE INST ADMIN BD	0	62,400	62,400	0	61,600	61,600
DISPENSING OPTICIANS BD	0	53,300	53,300	0	52,400	52,400
BOARD OF OPTOMETRY	0	102,400	102,400	0	99,800	99,800
OSTEOPATHIC EXAM BD	0	218,600	218,600	0	212,600	212,600
BOARD OF PHARMACY	0	621,400	621,400	0	604,200	604,200
PHYSICAL THERAPY EXAM BD	0	65,500	65,500	0	64,300	64,300
PODIATRY EXAMINERS BOARD	0	42,300	42,300	0	42,300	42,300
BD OF PRIV POSTSECOND ED	0	149,800	149,800	0	124,100	124,100
PSYCHOLOGIST EXAMINERS BD	0	131,100	131,100	0	124,700	124,700
STRUCT. PEST CONTROL COMM	0	1,010,700	1,010,700	0	970,300	970,300
BD OF TECH REGISTRATION	0	728,600	728,600	0	713,500	713,500
VETERINARY MED EXAM BD	0	151,600	151,600	0	145,400	145,400

STATE OF ARIZONA
 COMPARISON OF JLBC STAFF TO EXECUTIVE BUDGET RECOMMENDATIONS
 ALL APPROPRIATED FUNDS
 FISCAL YEAR 1990

	-----EXECUTIVE RECOMMENDATIONS-----			-----JLBC STAFF RECOMMENDATIONS-----		
	GENERAL FUND	OTHER FUNDS	TOTAL	GENERAL FUND	OTHER FUNDS	TOTAL
INSPECTION & REGULATION (Continued)						
Subtotal	43,197,400	29,228,200	72,425,600	40,597,800	28,398,800	68,996,600
EDUCATION						
AZ COMMISSION ON THE ARTS	1,687,100	0	1,687,100	1,540,300	0	1,540,300
BD OF DIR FOR COMM COLL	76,714,900	0	76,714,900	76,119,600	0	76,119,600
SCH FOR THE DEAF & BLIND	11,900,600	3,958,600	15,859,200	11,664,800	3,958,600	15,623,400
DEPARTMENT OF EDUCATION	1,237,770,100	0	1,237,770,100	1,249,420,700	0	1,249,420,700
AZ HISTORICAL SOCIETY	2,093,700	0	2,093,700	2,022,700	0	2,022,700
PRESCOTT HIST SOCIETY	550,800	0	550,800	495,600	0	495,600
MED STUDENT LOANS BOARD	0	0	0	10,000	0	10,000
BOARD OF REGENTS	5,585,000	0	5,585,000	5,493,300	0	5,493,300
A.S.U. - MAIN CAMPUS	186,982,600	49,021,900	236,004,500	173,388,500	52,911,900	226,300,400
A.S.U. - WEST	11,936,900	1,020,000	12,956,900	14,263,700	1,020,000	15,283,700
NORTHERN AZ UNIVERSITY	65,997,800	14,921,700	80,919,500	62,359,100	16,145,800	78,504,900
U. OF A. - MAIN CAMPUS	196,703,200	51,759,500	248,462,700	188,793,300	55,489,400	244,282,700
U. OF A. - COLL OF MED	42,868,100	1,844,500	44,712,600	42,196,900	1,911,900	44,108,800
Subtotal	1,840,790,800	122,526,200	1,963,317,000	1,827,768,500	131,437,600	1,959,206,100
PROTECTION & SAFETY						
DEPARTMENT OF CORRECTIONS	283,070,900	0	283,070,900	266,395,400	0	266,395,400
AZ CRIMINAL JUSTICE COMM	0	3,718,300	3,718,300	0	3,694,800	3,694,800
DEPT OF EMER & MIL AFFRS	4,407,300	0	4,407,300	4,062,300	0	4,062,300
BD OF PARDONS AND PAROLES	1,662,900	0	1,662,900	1,504,500	0	1,504,500
DEPT OF PUBLIC SAFETY	86,306,700	5,500,000	91,806,700	84,700,200	1,822,000	86,522,200

STATE OF ARIZONA
 COMPARISON OF JLBC STAFF TO EXECUTIVE BUDGET RECOMMENDATIONS
 ALL APPROPRIATED FUNDS
 FISCAL YEAR 1990

	-----EXECUTIVE RECOMMENDATIONS-----			-----JLBC STAFF RECOMMENDATIONS-----		
	GENERAL FUND	OTHER FUNDS	TOTAL	GENERAL FUND	OTHER FUNDS	TOTAL
PROTECTION & SAFETY (Continued)						
Subtotal	375,447,800	9,218,300	384,666,100	356,662,400	5,516,800	362,179,200
TRANSPORTATION						
DEPT OF TRANSPORTATION	88,000	179,872,000	179,960,000	86,300	176,723,600	176,809,900
Subtotal	88,000	179,872,000	179,960,000	86,300	176,723,600	176,809,900
NATURAL RESOURCES						
COMM ON AZ ENVIRONMENT	120,300	0	120,300	112,100	0	112,100
GAME AND FISH DEPARTMENT	200,000	16,293,600	16,493,600	0	15,611,300	15,611,300
ARIZONA GEOLOGICAL SURVEY	600,000	0	600,000	539,400	0	539,400
STATE LAND DEPARTMENT	9,153,100	0	9,153,100	7,902,900	0	7,902,900
DEPT OF MINERAL RESOURCES	384,000	0	384,000	365,800	0	365,800
OIL AND GAS CONSERVATION	224,100	0	224,100	188,900	0	188,900
STATE PARKS BOARD	6,227,600	4,082,500	10,310,100	5,851,100	1,908,900	7,760,000
DEPT OF WATER RESOURCES	12,103,100	0	12,103,100	11,748,100	0	11,748,100
Subtotal	29,012,200	20,376,100	49,388,300	26,708,300	17,520,200	44,228,500
Total	3,211,593,600	640,249,300	3,851,842,900	3,145,565,500	638,962,900	3,784,528,400

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 GENERAL FUND

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
GENERAL GOVERNMENT							
DEPT. OF ADMINISTRATION	23,542,200	25,077,100	31,095,100	29,164,600	26,590,700	-2,573,900	-8.83
OFFICE/AFFIRMATIVE ACTION	191,100	198,500	395,300	228,500	224,300	-4,200	-1.84
ATTORNEY GENERAL	16,298,500	18,473,350	23,199,350	19,854,300	18,744,100	-1,110,200	-5.59
DEPARTMENT OF COMMERCE	4,215,700	3,160,100	5,115,400	4,851,500	3,428,700	-1,422,800	-29.33
SUPREME COURT	4,778,600	5,136,400	7,271,900	6,405,000	5,305,000	-1,100,000	-17.17
COURT OF APPEALS	5,627,700	5,687,300	8,379,600	7,096,500	6,943,800	-152,700	-2.15
SUPERIOR COURT	29,467,300	39,114,200	58,326,900	48,892,800	46,176,200	-2,716,600	-5.56
COMMISSION ON JUD QUAL.	57,800	60,000	126,800	75,000	60,000	-15,000	-20.00
COMMISSION ON APPEALS	1,000	4,000	4,000	4,000	4,000	0	0.00
OFFICE OF THE GOVERNOR	2,654,400	2,872,100	3,303,000	3,303,000	3,303,000	0	0.00
LAW ENF MERIT SYS CNCL	41,700	48,200	42,900	43,500	42,400	-1,100	-2.53
LEGISLATURE	23,531,200	27,134,600	28,841,000	28,765,500	27,860,900	-904,600	-3.14
PERSONNEL BOARD	181,200	217,900	228,700	196,300	197,400	1,100	.56
DEPARTMENT OF REVENUE	30,360,900	35,865,200	40,336,400	41,093,500	38,916,500	-2,177,000	-5.30
DEPT OF ST. -SECY OF STATE	1,832,200	2,978,100	2,040,000	1,838,900	1,856,100	17,200	.94
ST. BOARD OF TAX APPEALS	369,000	428,400	560,400	460,800	448,000	-12,800	-2.78
OFFICE OF TOURISM	3,096,600	3,451,200	5,893,900	3,780,800	3,496,200	-284,600	-7.53
STATE TREASURER	2,757,600	3,478,400	3,946,300	3,912,700	3,772,700	-140,000	-3.58
AZ COMM ON UNFRM ST LAWS	12,300	16,000	19,000	19,000	19,000	0	0.00
Subtotal	149,017,000	173,401,050	219,125,950	199,986,200	187,389,000	-12,597,200	-6.30
HEALTH & WELFARE							
AHCCCS	187,204,800	206,611,800	342,886,000	284,918,900	293,618,600	8,699,700	3.0'
DEPT OF ECONOMIC SECURITY	229,805,900	244,191,500	285,725,600	272,787,900	264,027,300	-8,760,600	-3.21
DEPT OF ENVIRON QUALITY	11,616,900	16,388,800	20,052,300	10,949,800	10,364,100	-585,700	-5.35
DEPT OF HEALTH SERVICES	92,803,300	119,220,800	159,725,400	150,455,100	134,391,000	-16,064,100	-10.68
AZ CNCL FOR HEARING IMPRD	122,600	127,400	215,000	209,500	127,200	-82,300	-39.28

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 GENERAL FUND

	FY 1988 ACTUAL -----	FY 1989 ESTIMATE -----	FY 1990 REQUEST -----	FY 1990 EXEC REC -----	FY 1990 JLBC STAFF -----	DIFFERENCE JLBC - EBO -----	PERCENT DIFFERENCE -----
HEALTH & WELFARE (Continued)							
AZ COMM ON INDIAN AFFAIRS	116,400	147,800	185,400	145,800	156,800	11,000	7.54
PIONEERS' HOME	2,601,400	2,808,400	2,975,800	2,819,000	2,938,000	119,000	4.22
ARIZONA RANGERS' PENSIONS	15,600	16,200	16,800	16,800	16,800	0	0.00
VETERANS' SERVICES COMM	667,300	721,800	853,600	768,400	713,400	-55,000	-7.16
Subtotal	524,954,200	590,234,500	812,635,900	723,071,200	706,353,200	-16,718,000	-2.31
INSPECTION & REGULATION							
AG EMPL RELATIONS BD	152,800	191,100	209,600	198,600	190,100	-8,500	-4.28
COMM OF AG & HORT	5,696,500	5,933,000	9,369,200	6,306,400	5,913,500	-392,900	-6.23
BANKING DEPARTMENT	2,673,100	3,078,500	5,409,600	3,672,800	4,197,400	524,600	14.28
BUILDING AND FIRE SAFETY	2,464,100	2,645,600	3,684,000	3,071,900	2,800,400	-271,500	-8.84
REGISTRAR OF CONTRACTORS	3,201,600	4,103,000	6,082,100	4,576,700	4,086,900	-489,800	-10.70
CORPORATION COMMISSION	4,694,900	4,904,300	6,094,300	5,333,000	4,997,800	-335,200	-6.29
DAIRY COMMISSIONER	457,200	466,900	552,600	538,700	518,200	-20,500	-3.81
DEPT. OF INSURANCE	2,106,900	2,467,000	2,920,800	2,868,500	2,737,900	-130,600	-4.55
DEPT OF LIQUOR LICENSES	2,022,500	2,152,700	4,330,000	2,580,700	2,173,900	-406,800	-15.76
ARIZONA LIVESTOCK BOARD	3,497,900	3,753,900	4,584,400	4,113,800	3,896,900	-216,900	-5.27
STATE MINE INSPECTOR	750,500	751,300	820,400	802,400	721,300	-81,100	-10.11
OCCUP SFTY & HLTH REV BD	600	3,300	0	0	0	0	0.00
DEPARTMENT OF RACING	1,816,500	2,148,400	2,686,600	2,453,200	2,361,200	-92,000	-3.75
RADIATION REGULATORY AGCY	1,176,200	1,316,400	1,889,000	1,404,000	1,321,100	-82,900	-5.90
REAL ESTATE DEPARTMENT	2,405,400	2,668,000	3,203,400	2,941,300	2,805,000	-136,300	-4.63
DEPT OF WEIGHT/MEASURES	1,380,300	1,735,400	2,587,900	2,273,900	1,819,100	-454,800	-20.00
BOXING COMMISSION	35,100	37,400	59,800	61,500	57,100	-4,400	-7.15
Subtotal	34,532,100	38,356,200	54,483,700	43,197,400	40,597,800	-2,599,600	-6.01

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 GENERAL FUND

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
EDUCATION							
AZ COMMISSION ON THE ARTS	1,319,200	1,554,000	3,300,000	1,687,100	1,540,300	-146,800	-8.70
BD OF DIR FOR COMM COLL	68,092,100	75,204,400	104,727,100	76,714,900	76,119,600	-595,300	-.78
SCH FOR THE DEAF & BLIND	9,441,100	11,003,600	15,206,600	11,900,600	11,664,800	-235,800	-1.98
DEPARTMENT OF EDUCATION	1,021,804,100	1,157,678,700	1,372,809,600	1,237,770,100	1,249,420,700	11,650,600	.94
AZ HISTORICAL SOCIETY	1,748,100	1,889,300	2,367,700	2,093,700	2,022,700	-71,000	-3.39
PRESCOTT HIST SOCIETY	442,300	469,800	549,100	550,800	495,600	-55,200	-10.02
MED STUDENT LOANS BOARD	75,000	10,000	60,000	0	10,000	10,000	0.00
BOARD OF REGENTS	4,865,400	5,358,500	6,019,400	5,585,000	5,493,300	-91,700	-1.64
A.S.U. - MAIN CAMPUS	151,521,600	169,113,100	203,143,700	186,982,600	173,388,500	-13,594,100	-7.27
A.S.U. - WEST	7,463,700	11,055,600	17,330,800	11,936,900	14,263,700	2,326,800	19.49
NORTHERN AZ UNIVERSITY	54,515,500	61,500,000	73,964,000	65,997,800	62,359,100	-3,638,700	-5.51
U. OF A. - MAIN CAMPUS	171,353,800	188,452,200	217,221,800	196,703,200	188,793,300	-7,909,900	-4.02
U. OF A. - COLL OF MED	39,698,600	41,575,500	47,473,400	42,868,100	42,196,900	-671,200	-1.57
Subtotal	1,532,340,500	1,724,864,700	2,064,173,200	1,840,790,800	1,827,768,500	-13,022,300	-0.71
PROTECTION & SAFETY							
DEPARTMENT OF CORRECTIONS	206,109,700	240,434,600	332,033,300	283,070,900	266,395,400	-16,675,500	-5.89
AZ CRIMINAL JUSTICE COMM	0	0	3,805,600	0	0	0	0.00
DEPT OF EMER & MIL AFFRS	3,693,300	4,060,500	4,886,500	4,407,300	4,062,300	-345,000	-7.83
BD OF PARDONS AND PAROLES	1,496,000	1,483,100	2,137,700	1,662,900	1,504,500	-158,400	-9.53
DEPT OF PUBLIC SAFETY	75,190,700	81,341,000	98,704,100	86,306,700	84,700,200	-1,606,500	-1.86
Subtotal	286,489,700	327,319,200	441,567,200	375,447,800	356,662,400	-18,785,400	-5.00
TRANSPORTATION							
DEPT OF TRANSPORTATION	56,800	84,700	87,500	88,000	86,300	-1,700	-1.93

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 GENERAL FUND

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
TRANSPORTATION (Continued)							
Subtotal	56,800	84,700	87,500	88,000	86,300	-1,700	-1.93
NATURAL RESOURCES							
COMM ON AZ ENVIRONMENT	118,200	114,800	235,500	120,300	112,100	-8,200	-6.82
GAME AND FISH DEPARTMENT	0	0	1,174,800	200,000	0	-200,000	-100.00
ARIZONA GEOLOGICAL SURVEY	379,300	531,700	656,300	600,000	539,400	-60,600	-10.10
STATE LAND DEPARTMENT	7,637,800	7,503,100	9,506,100	9,153,100	7,902,900	-1,250,200	-13.66
DEPT OF MINERAL RESOURCES	435,300	468,100	533,200	384,000	365,800	-18,200	-4.74
OIL AND GAS CONSERVATION	178,900	189,600	223,200	224,100	188,900	-35,200	-15.71
STATE PARKS BOARD	5,243,500	5,703,100	8,115,000	6,227,600	5,851,100	-376,500	-6.05
DEPT OF WATER RESOURCES	10,892,500	11,616,300	13,114,100	12,103,100	11,748,100	-355,000	-2.93
Subtotal	24,885,500	26,126,700	33,558,200	29,012,200	26,708,300	-2,303,900	-7.94
Total General Fund	2,552,275,800	2,880,387,050	3,625,631,650	3,211,593,600	3,145,565,500	-66,028,100	-2.06

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 OTHER APPROPRIATED FUNDS

	FY 1988 ACTUAL -----	FY 1989 ESTIMATE -----	FY 1990 REQUEST -----	FY 1990 EXEC REC -----	FY 1990 JLBC STAFF -----	DIFFERENCE JLBC - EBO -----	PERCENT DIFFERENCE -----
GENERAL GOVERNMENT							
DEPT. OF ADMINISTRATION	0	344,400	363,800	358,500	340,900	-17,600	-4.91
COLISEUM/EXPOSITION CNTR	9,143,300	9,215,200	10,337,400	10,337,400	10,304,300	-33,100	-.32
DEPARTMENT OF COMMERCE	47,900	54,000	58,100	58,100	56,100	-2,000	-3.44
AZ. LOTTERY	26,721,400	38,033,200	45,739,900	45,215,600	45,041,700	-173,900	-.38
STATE RETIREMENT SYSTEM	1,988,200	2,874,200	3,145,700	2,874,700	2,700,400	-174,300	-6.06
OFFICE OF TOURISM	0	2,000,000	2,000,000	2,000,000	2,000,000	0	0.00
Subtotal	37,900,800	52,521,000	61,644,900	60,844,300	60,443,400	-400,900	-0.66
HEALTH & WELFARE							
AHCCCS	76,131,600	123,906,100	159,474,400	158,659,300	158,659,300	0	0.00
DEPT OF ECONOMIC SECURITY	275,700	41,969,000	59,443,200	51,733,400	57,504,300	5,770,900	11.16
DEPT OF ENVIRON QUALITY	0	701,300	0	5,000,000	0	-5,000,000	-100.00
DEPT OF HEALTH SERVICES	2,311,400	2,505,000	1,846,900	2,393,900	2,388,300	-5,600	-.23
VETERANS' SERVICES COMM	279,100	367,000	459,000	397,600	370,600	-27,000	-6.79
Subtotal	78,997,800	169,448,400	221,223,500	218,184,200	218,922,500	738,300	0.34
INSPECTION & REGULATION							
COMM OF AG & HORT	1,063,100	1,296,600	1,452,000	1,410,200	1,354,600	-55,600	-3.94
CORPORATION COMMISSION	4,354,200	5,316,000	6,569,100	5,805,100	5,493,600	-311,500	-5.37
INDUSTRIAL COMMISSION	8,902,100	10,888,500	12,529,500	12,164,600	11,842,400	-322,200	-2.65
DEPARTMENT OF RACING	263,500	302,000	341,000	329,600	320,800	-8,800	-2.67
RADIATION REGULATORY AGCY	76,600	99,000	93,000	92,300	90,400	-1,900	-2.06
RES UTILITY CONSUMER OFC	659,600	890,800	969,100	932,100	928,400	-3,700	-.40
BOARD OF ACCOUNTANCY	439,600	612,300	709,900	666,100	652,600	-13,500	-2.03
BARBER EXAMINERS BD	111,500	133,900	146,300	137,800	133,500	-4,300	-3.12

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 OTHER APPROPRIATED FUNDS

	FY 1988 ACTUAL -----	FY 1989 ESTIMATE -----	FY 1990 REQUEST -----	FY 1990 EXEC REC -----	FY 1990 JLBC STAFF -----	DIFFERENCE JLBC - EBO -----	PERCENT DIFFERENCE -----
INSPECTION & REGULATION (Continued)							
BOXING COMMISSION	4,700	8,800	9,800	6,100	6,100	0	0.00
CHIROPRACTIC EXAMINERS BD	137,200	189,000	210,600	208,400	187,200	-21,200	-10.17
BOARD OF COSMETOLOGY	445,000	539,000	546,800	554,100	538,400	-15,700	-2.83
BOARD OF DENTAL EXAMINERS	362,000	406,900	410,700	408,800	396,400	-12,400	-3.03
EGG INSPECTION BOARD	144,500	190,000	223,400	210,600	191,400	-19,200	-9.12
FUNERAL DIR. & EMBALM BD	103,800	141,400	152,300	149,100	145,400	-3,700	-2.48
HOMEOPATHIC MED EXAM BD	4,800	9,000	9,500	9,500	8,400	-1,100	-11.58
BOARD OF MEDICAL EXAM	1,509,200	1,788,200	2,306,600	1,816,600	1,937,100	120,500	6.63
NATUROPATHIC PHYS EXAM BD	24,300	29,600	30,600	29,900	27,900	-2,000	-6.69
BOARD OF NURSING	817,000	893,900	1,038,400	959,600	929,000	-30,600	-3.19
NURS CARE INST ADMIN BD	41,600	59,900	62,300	62,400	61,600	-800	-1.28
DISPENSING OPTICIANS BD	46,700	54,300	54,700	53,300	52,400	-900	-1.69
BOARD OF OPTOMETRY	72,200	98,000	102,000	102,400	99,800	-2,600	-2.54
OSTEOPATHIC EXAMINERS BD	180,200	207,500	219,700	218,600	212,600	-6,000	-2.74
BOARD OF PHARMACY	533,400	591,400	638,800	621,400	604,200	-17,200	-2.77
PHYSICAL THERAPY EXAM BD	51,400	65,900	68,800	65,500	64,300	-1,200	-1.83
PODIATRY EXAMINERS BOARD	37,700	41,400	43,400	42,300	42,300	0	0.00
BD OF PRIV POSTSECOND ED	108,100	121,700	151,300	149,800	124,100	-25,700	-17.16
PSYCHOLOGIST EXAMINERS BD	85,700	124,400	132,000	131,100	124,700	-6,400	-4.88
STRUCT. PEST CONTROL COMM	166,900	415,300	1,200,300	1,010,700	970,300	-40,400	-4.00
BD OF TECH REGISTRATION	595,400	696,400	801,400	728,600	713,500	-15,100	-2.07
VETERINARY MED EXAM BD	103,900	134,400	146,500	151,600	145,400	-6,200	-4.09
Subtotal	21,445,900	26,345,500	31,369,800	29,228,200	28,398,800	-829,400	-2.84
EDUCATION							
SCH FOR THE DEAF & BLIND	3,515,700	3,546,300	3,831,800	3,958,600	3,958,600	0	0.00
A.S.U. - MAIN CAMPUS	45,073,700	47,885,100	49,335,600	49,021,900	52,911,900	3,890,000	7.94
A.S.U. - WEST	998,500	1,008,500	1,020,000	1,020,000	1,020,000	0	0.00

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 OTHER APPROPRIATED FUNDS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
EDUCATION (Continued)							
NORTHERN AZ UNIVERSITY	11,529,000	12,600,000	14,921,700	14,921,700	16,145,800	1,224,100	8.20
U. OF A. - MAIN CAMPUS	44,537,800	46,501,200	52,771,300	51,759,500	55,489,400	3,729,900	7.21
U. OF A. - COLL OF MED	1,554,500	1,974,300	1,911,900	1,844,500	1,911,900	67,400	3.65
Subtotal	107,209,200	113,515,400	123,792,300	122,526,200	131,437,600	8,911,400	7.27
PROTECTION & SAFETY							
AZ CRIMINAL JUSTICE COMM	1,820,300	8,300,200	379,800	3,718,300	3,694,800	-23,500	-.63
DEPT OF PUBLIC SAFETY	1,653,000	1,822,000	1,840,900	5,500,000	1,822,000	-3,678,000	-66.87
Subtotal	3,473,300	10,122,200	2,220,700	9,218,300	5,516,800	-3,701,500	-40.15
TRANSPORTATION							
DEPT OF TRANSPORTATION	145,630,400	166,904,200	182,366,200	179,872,000	176,723,600	-3,148,400	-1.75
Subtotal	145,630,400	166,904,200	182,366,200	179,872,000	176,723,600	-3,148,400	-1.75
NATURAL RESOURCES							
GAME AND FISH DEPARTMENT	13,487,300	15,612,900	16,621,000	16,293,600	15,611,300	-682,300	-4.19
STATE PARKS BOARD	2,771,800	3,269,500	4,088,700	4,082,500	1,908,900	-2,173,600	-53.24
Subtotal	16,259,100	18,882,400	20,709,700	20,376,100	17,520,200	-2,855,900	-14.02
Total Other Funds	410,916,500	557,739,100	643,327,100	640,249,300	638,962,900	-1,286,400	-0.20

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 ALL APPROPRIATED FUNDS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
GENERAL GOVERNMENT							
DEPT. OF ADMINISTRATION	23,542,200	25,421,500	31,458,900	29,523,100	26,931,600	-2,591,500	-8.78
OFFICE/AFFIRMATIVE ACTION	191,100	198,500	395,300	228,500	224,300	-4,200	-1.84
ATTORNEY GENERAL	16,298,500	18,473,350	23,199,350	19,854,300	18,744,100	-1,110,200	-5.59
COLISEUM/EXPOSITION CNTR	9,143,300	9,215,200	10,337,400	10,337,400	10,304,300	-33,100	-.32
DEPARTMENT OF COMMERCE	4,263,600	3,214,100	5,173,500	4,909,600	3,484,800	-1,424,800	-29.02
SUPREME COURT	4,778,600	5,136,400	7,271,900	6,405,000	5,305,000	-1,100,000	-17.17
COURT OF APPEALS	5,627,700	5,687,300	8,379,600	7,096,500	6,943,800	-152,700	-2.15
SUPERIOR COURT	29,467,300	39,114,200	58,326,900	48,892,800	46,176,200	-2,716,600	-5.56
COMMISSION ON JUD QUAL.	57,800	60,000	126,800	75,000	60,000	-15,000	-20.00
COMMISSION ON APPEALS	1,000	4,000	4,000	4,000	4,000	0	0.00
OFFICE OF THE GOVERNOR	2,654,400	2,872,100	3,303,000	3,303,000	3,303,000	0	0.00
LAW ENF MERIT SYS CNCL	41,700	48,200	42,900	43,500	42,400	-1,100	-2.53
LEGISLATURE	23,531,200	27,134,600	28,841,000	28,765,500	27,860,900	-904,600	-3.14
AZ. LOTTERY	26,721,400	38,033,200	45,739,900	45,215,600	45,041,700	-173,900	-.38
PERSONNEL BOARD	181,200	217,900	228,700	196,300	197,400	1,100	.56
STATE RETIREMENT SYSTEM	1,988,200	2,874,200	3,145,700	2,874,700	2,700,400	-174,300	-6.06
DEPARTMENT OF REVENUE	30,360,900	35,865,200	40,336,400	41,093,500	38,916,500	-2,177,000	-5.30
DEPT OF ST-SECY OF STATE	1,832,200	2,978,100	2,040,000	1,838,900	1,856,100	17,200	.94
ST. BOARD OF TAX APPEALS	369,000	428,400	560,400	460,800	448,000	-12,800	-2.78
OFFICE OF TOURISM	3,096,600	5,451,200	7,893,900	5,780,800	5,496,200	-284,600	-4.92
STATE TREASURER	2,757,600	3,478,400	3,946,300	3,912,700	3,772,700	-140,000	-3.58
AZ COMM ON UNFRM ST LAWS	12,300	16,000	19,000	19,000	19,000	0	0.00
Subtotal	186,917,800	225,922,050	280,770,850	260,830,500	247,832,400	-12,998,100	-4.98
HEALTH & WELFARE							
AHCCCS	263,336,400	330,517,900	502,360,400	443,578,200	452,277,900	8,699,700	1.96
DEPT OF ECONOMIC SECURITY	230,081,600	286,160,500	345,168,800	324,521,300	321,531,600	-2,989,700	-.92

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 ALL APPROPRIATED FUNDS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
HEALTH & WELFARE (Continued)							
DEPT OF ENVIRON QUALITY	11,616,900	17,090,100	20,052,300	15,949,800	10,364,100	-5,585,700	-35.02
DEPT OF HEALTH SERVICES	95,114,700	121,725,800	161,572,300	152,849,000	136,779,300	-16,069,700	-10.51
AZ CNCL FOR HEARING IMPRD	122,600	127,400	215,000	209,500	127,200	-82,300	-39.28
AZ COMM ON INDIAN AFFAIRS	116,400	147,800	185,400	145,800	156,800	11,000	7.54
PIONEERS' HOME	2,601,400	2,808,400	2,975,800	2,819,000	2,938,000	119,000	4.22
ARIZONA RANGERS' PENSIONS	15,600	16,200	16,800	16,800	16,800	0	0.00
VETERANS' SERVICES COMM	946,400	1,088,800	1,312,600	1,166,000	1,084,000	-82,000	-7.03
Subtotal	603,952,000	759,682,900	1,033,859,400	941,255,400	925,275,700	-15,979,700	-1.70
INSPECTION & REGULATION							
AG EMPL RELATIONS BD	152,800	191,100	209,600	198,600	190,100	-8,500	-4.28
COMM OF AG & HORT	6,759,600	7,229,600	10,821,200	7,796,400	7,268,100	-528,300	-6.78
BANKING DEPARTMENT	2,673,100	3,078,500	5,409,600	3,672,800	4,197,400	524,600	14.28
BUILDING AND FIRE SAFETY	2,464,100	2,645,600	3,684,000	3,071,900	2,800,400	-271,500	-8.84
REGISTRAR OF CONTRACTORS	3,201,600	4,103,000	6,082,100	4,576,700	4,086,900	-489,800	-10.70
CORPORATION COMMISSION	9,049,100	10,220,300	12,663,400	11,138,100	10,491,400	-646,700	-5.81
DAIRY COMMISSIONER	457,200	466,900	552,600	538,700	518,200	-20,500	-3.81
INDUSTRIAL COMMISSION	8,902,100	10,888,500	12,529,500	12,164,600	11,842,400	-322,200	-2.65
DEPT. OF INSURANCE	2,106,900	2,467,000	2,920,800	2,868,500	2,737,900	-130,600	-4.55
DEPT OF LIQUOR LICENSES	2,022,500	2,152,700	4,330,000	2,580,700	2,173,900	-406,800	-15.76
ARIZONA LIVESTOCK BOARD	3,497,900	3,753,900	4,584,400	4,113,800	3,896,900	-216,900	-5.27
STATE MINE INSPECTOR	750,500	751,300	820,400	802,400	721,300	-81,100	-10.11
OCCUP SFTY & HLTH REV BD	600	3,300	0	0	0	0	0.00
DEPARTMENT OF RACING	2,080,000	2,450,400	3,027,600	2,782,800	2,682,000	-100,800	-3.62
RADIATION REGULATORY AGCY	1,252,800	1,415,400	1,982,000	1,496,300	1,411,500	-84,800	-5.67
REAL ESTATE DEPARTMENT	2,405,400	2,668,000	3,203,400	2,941,300	2,805,000	-136,300	-4.63
RES UTILITY CONSUMER OFC	659,600	890,800	969,100	932,100	928,400	-3,700	-.40

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 ALL APPROPRIATED FUNDS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
INSPECTION & REGULATION (Continued)							
DEPT OF WEIGHT/MEASURES	1,380,300	1,735,400	2,587,900	2,273,900	1,819,100	-454,800	-20.00
BOARD OF ACCOUNTANCY	439,600	612,300	709,900	666,100	652,600	-13,500	-2.03
BARBER EXAMINERS BD	111,500	133,900	146,300	137,800	133,500	-4,300	-3.12
BOXING COMMISSION	39,800	46,200	69,600	67,600	63,200	-4,400	-6.51
CHIROPRACTIC EXAMINERS BD	137,200	189,000	210,600	208,400	187,200	-21,200	-10.17
BOARD OF COSMETOLOGY	445,000	539,000	546,800	554,100	538,400	-15,700	-2.83
BOARD OF DENTAL EXAMINERS	362,000	406,900	410,700	408,800	396,400	-12,400	-3.03
EGG INSPECTION BOARD	144,500	190,000	223,400	210,600	191,400	-19,200	-9.12
FUNERAL DIR. & EMBALM BD	103,800	141,400	152,300	149,100	145,400	-3,700	-2.43
HOMEOPATHIC MED EXAM BD	4,800	9,000	9,500	9,500	8,400	-1,100	-11.58
BOARD OF MEDICAL EXAM	1,509,200	1,788,200	2,306,600	1,816,600	1,937,100	120,500	6.63
NATUROPATHIC PHYS EXAM BD	24,300	29,600	30,600	29,900	27,900	-2,000	-6.69
BOARD OF NURSING	817,000	893,900	1,038,400	959,600	929,000	-30,600	-3.19
NURS CARE INST ADMIN BD	41,600	59,900	62,300	62,400	61,600	-800	-1.28
DISPENSING OPTICIANS BD	46,700	54,300	54,700	53,300	52,400	-900	-1.69
BOARD OF OPTOMETRY	72,200	98,000	102,000	102,400	99,800	-2,600	-2.54
OSTEOPATHIC EXAMINERS BD	180,200	207,500	219,700	218,600	212,600	-6,000	-2.74
BOARD OF PHARMACY	533,400	591,400	638,800	621,400	604,200	-17,200	-2.77
PHYSICAL THERAPY EXAM BD	51,400	65,900	68,800	65,500	64,300	-1,200	-1.83
PODIATRY EXAMINERS BOARD	37,700	41,400	43,400	42,300	42,300	0	0.00
BD OF PRIV POSTSECOND ED	108,100	121,700	151,300	149,800	124,100	-25,700	-17.16
PSYCHOLOGIST EXAMINERS BD	85,700	124,400	132,000	131,100	124,700	-6,400	-4.88
STRUCT. PEST CONTROL COMM	166,900	415,300	1,200,300	1,010,700	970,300	-40,400	-4.00
BD OF TECH REGISTRATION	595,400	696,400	801,400	728,600	713,500	-15,100	-2.07
VETERINARY MED EXAM BD	103,900	134,400	146,500	151,600	145,400	-6,200	-4.09
Subtotal	55,978,000	64,701,700	85,853,500	72,425,600	68,996,600	-3,429,000	-4.73

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 ALL APPROPRIATED FUNDS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
EDUCATION							
AZ COMMISSION ON THE ARTS	1,319,200	1,554,000	3,300,000	1,687,100	1,540,300	-146,800	-8.70
BD OF DIR FOR COMM COLL	68,092,100	75,204,400	104,727,100	76,714,900	76,119,600	-595,300	-.78
SCH FOR THE DEAF & BLIND	12,956,800	14,549,900	19,038,400	15,859,200	15,623,400	-235,800	-1.49
DEPARTMENT OF EDUCATION	1,021,804,100	1,157,678,700	1,372,809,600	1,237,770,100	1,249,420,700	11,650,600	.94
AZ HISTORICAL SOCIETY	1,748,100	1,889,300	2,367,700	2,093,700	2,022,700	-71,000	-3.39
PRESCOTT HIST SOCIETY	442,300	469,800	549,100	550,800	495,600	-55,200	-10.02
MED STUDENT LOANS BOARD	75,000	10,000	60,000	0	10,000	10,000	0.00
BOARD OF REGENTS	4,865,400	5,358,500	6,019,400	5,585,000	5,493,300	-91,700	-1.64
A.S.U. - MAIN CAMPUS	196,595,300	216,998,200	252,479,300	236,004,500	226,300,400	-9,704,100	-4.11
A.S.U. - WEST	8,462,200	12,064,100	18,350,800	12,956,900	15,283,700	2,326,800	17.96
NORTHERN AZ UNIVERSITY	66,044,500	74,100,000	88,885,700	80,919,500	78,504,900	-2,414,600	-2.98
U. OF A. - MAIN CAMPUS	215,891,600	234,953,400	269,993,100	248,462,700	244,282,700	-4,180,000	-1.68
U. OF A. - COLL OF MED	41,253,100	43,549,800	49,385,300	44,712,600	44,108,800	-603,800	-1.35
Subtotal	1,639,549,700	1,838,380,100	2,187,965,500	1,963,317,000	1,959,206,100	-4,110,900	-0.21
PROTECTION & SAFETY							
DEPARTMENT OF CORRECTIONS	206,109,700	240,434,600	332,033,300	283,070,900	266,395,400	-16,675,500	-5.89
AZ CRIMINAL JUSTICE COMM	1,820,300	8,300,200	4,185,400	3,718,300	3,694,800	-23,500	-.63
DEPT OF EMER & MIL AFFRS	3,693,300	4,060,500	4,886,500	4,407,300	4,062,300	-345,000	-7.83
BD OF PARDONS AND PAROLES	1,496,000	1,483,100	2,137,700	1,662,900	1,504,500	-158,400	-9.53
DEPT OF PUBLIC SAFETY	76,843,700	83,163,000	100,545,000	91,806,700	86,522,200	-5,284,500	-5.76
Subtotal	289,963,000	337,441,400	443,787,900	384,666,100	362,179,200	-22,486,900	-5.85
TRANSPORTATION							
DEPT OF TRANSPORTATION	145,687,200	166,988,900	182,453,700	179,960,000	176,809,900	-3,150,100	-1.75

JOINT LEGISLATIVE BUDGET COMMITTEE
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 ALL APPROPRIATED FUNDS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO	PERCENT DIFFERENCE
TRANSPORTATION (Continued)							
Subtotal	145,687,200	166,988,900	182,453,700	179,960,000	176,809,900	-3,150,100	-1.75
NATURAL RESOURCES							
COMM ON AZ ENVIRONMENT	118,200	114,800	235,500	120,300	112,100	-8,200	-6.82
GAME AND FISH DEPARTMENT	13,487,300	15,612,900	17,795,800	16,493,600	15,611,300	-882,300	-5.35
ARIZONA GEOLOGICAL SURVEY	379,300	531,700	656,300	600,000	539,400	-60,600	-10.10
STATE LAND DEPARTMENT	7,637,800	7,503,100	9,506,100	9,153,100	7,902,900	-1,250,200	-13.66
DEPT OF MINERAL RESOURCES	435,300	468,100	533,200	384,000	365,800	-18,200	-4.74
OIL AND GAS CONSERVATION	178,900	189,600	223,200	224,100	188,900	-35,200	-15.71
STATE PARKS BOARD	8,015,300	8,972,600	12,203,700	10,310,100	7,760,000	-2,550,100	-24.73
DEPT OF WATER RESOURCES	10,892,500	11,616,300	13,114,100	12,103,100	11,748,100	-355,000	-2.93
Subtotal	41,144,600	45,009,100	54,267,900	49,388,300	44,228,500	-5,159,800	-10.45
Total Funds	2,963,192,300	3,438,126,150	4,268,958,750	3,851,842,900	3,784,528,400	-67,314,500	-1.75

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 FULL TIME EQUIVALENT POSITIONS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO
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GENERAL GOVERNMENT						
DEPT. OF ADMINISTRATION	509.75	516.25	548.75	526.25	527.25	1.00
OFFICE/AFFIRMATIVE ACTION	5.00	5.00	8.00	5.00	5.00	0.00
ATTORNEY GENERAL	310.00	314.00	392.00	328.00	322.00	-6.00
COLISEUM/EXPOSITION CNTR	238.00	254.00	254.00	254.00	254.00	0.00
DEPARTMENT OF COMMERCE	42.00	43.00	55.00	55.00	45.00	-10.00
SUPREME COURT	99.30	101.30	114.30	101.30	101.30	0.00
COURT OF APPEALS	112.50	112.50	133.50	112.50	112.50	0.00
SUPERIOR COURT	103.00	104.00	104.00	104.00	104.00	0.00
LAW ENF MERIT SYS CNCL	1.00	1.00	1.00	1.00	1.00	0.00
LEGISLATURE	113.00	113.00	118.00	118.00	113.00	-5.00
AZ. LOTTERY	148.00	148.00	148.00	148.00	148.00	0.00
PERSONNEL BOARD	3.00	3.00	3.00	2.00	3.00	1.00
STATE RETIREMENT SYSTEM	57.00	62.00	83.50	76.00	78.50	2.50
DEPARTMENT OF REVENUE	922.00	956.00	990.00	991.00	1,001.00	10.00
DEPT OF ST-SECY OF STATE	30.00	30.00	31.00	31.00	31.00	0.00
ST. BOARD OF TAX APPEALS	7.50	7.50	8.50	7.50	7.50	0.00
OFFICE OF TOURISM	15.00	15.00	19.00	18.00	15.00	-3.00
STATE TREASURER	28.00	30.00	32.00	32.00	30.00	-2.00
Subtotal	2,744.05	2,815.55	3,043.55	2,910.55	2,899.05	-11.50
HEALTH & WELFARE						
AHCCGS	376.00	717.25	792.25	400.19	717.25	317.06
DEPT OF ECONOMIC SECURITY	2,660.80	2,781.90	3,181.40	2,855.70	2,938.90	83.20
DEPT OF ENVIRON QUALITY	255.00	254.00	305.50	265.00	259.00	-6.00
DEPT OF HEALTH SERVICES	1,454.50	1,459.50	1,653.25	1,588.25	1,504.50	-83.75

JOINT LEGISLATIVE BUDGET COMMITTEE
 AGENCY BUDGET COMPARISON SUMMARY
 FULL TIME EQUIVALENT POSITIONS

	FY 1988 ACTUAL	FY 1989 ESTIMATE	FY 1990 REQUEST	FY 1990 EXEC REC	FY 1990 JLBC STAFF	DIFFERENCE JLBC - EBO
HEALTH & WELFARE (Continued)						
AZ CNCL FOR HEARING IMPRD	3.00	3.00	5.00	5.00	3.00	-2.00
AZ COMM ON INDIAN AFFAIRS	4.00	3.50	4.00	3.00	4.00	1.00
PIONEERS' HOME	110.00	110.00	110.00	110.00	110.00	0.00
VETERANS' SERVICES COMM	32.00	33.00	37.00	34.00	33.00	-1.00
Subtotal	4,895.30	5,362.15	6,088.40	5,261.14	5,569.65	308.51
INSPECTION & REGULATION						
AG EMPL RELATIONS BD	4.00	4.00	4.00	4.00	4.00	0.00
COMM OF AG & HORT	194.00	198.00	261.00	199.00	204.00	5.00
BANKING DEPARTMENT	79.00	79.00	112.00	81.00	95.00	14.00
BUILDING AND FIRE SAFETY	68.00	70.00	81.00	73.00	70.00	-3.00
REGISTRAR OF CONTRACTORS	99.00	107.60	150.60	115.60	108.60	-7.00
CORPORATION COMMISSION	219.00	217.00	254.00	230.00	223.00	-7.00
DAIRY COMMISSIONER	8.00	7.50	8.00	8.00	8.00	0.00
INDUSTRIAL COMMISSION	218.00	245.00	247.00	247.00	247.00	0.00
DEPT. OF INSURANCE	61.00	69.00	78.00	78.00	78.00	0.00
DEPT OF LIQUOR LICENSES	60.50	59.00	99.00	66.00	60.00	-6.00
ARIZONA LIVESTOCK BOARD	108.20	108.20	108.20	108.20	108.20	0.00
STATE MINE INSPECTOR	16.00	16.00	16.00	16.00	15.00	-1.00
DEPARTMENT OF RACING	68.70	54.90	62.30	59.70	59.70	0.00
RADIATION REGULATORY AGCY	29.00	28.00	37.00	29.00	28.00	-1.00
REAL ESTATE DEPARTMENT	73.00	73.00	78.00	77.00	75.00	-2.00
RES UTILITY CONSUMER OFC	10.00	12.25	12.25	12.30	12.00	-.30
DEPT OF WEIGHT/MEASURES	36.00	46.00	60.00	59.00	49.00	-10.00
BOARD OF ACCOUNTANCY	8.00	9.00	10.00	9.00	9.00	0.00
BARBER EXAMINERS BD	3.00	3.00	3.00	0.00	3.00	3.00

JOINT LEGISLATIVE BUDGET COMMITTEE
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 FULL TIME EQUIVALENT POSITIONS

	FY 1988 ACTUAL -----	FY 1989 ESTIMATE -----	FY 1990 REQUEST -----	FY 1990 EXEC REC -----	FY 1990 JLBC STAFF -----	DIFFERENCE JLBC - EBO -----
INSPECTION & REGULATION (Continued)						
BOXING COMMISSION	1.00	1.00	1.50	1.50	1.50	0.00
CHIROPRACTIC EXAMINERS BD	3.00	4.00	4.00	4.00	4.00	0.00
BOARD OF COSMETOLOGY	14.50	14.50	14.50	14.50	14.50	0.00
BOARD OF DENTAL EXAMINERS	7.00	7.00	8.00	8.00	8.00	0.00
EGG INSPECTION BOARD	5.00	5.00	6.00	6.00	5.00	-1.00
FUNERAL DIR. & EMBALM BD	1.50	1.50	1.50	1.50	1.50	0.00
BOARD OF MEDICAL EXAM	30.00	31.00	41.00	33.00	33.00	0.00
BOARD OF NURSING	19.20	19.20	21.20	19.20	19.20	0.00
NURS CARE INST ADMIN BD	.50	.70	.70	.70	.70	0.00
DISPENSING OPTICIANS BD	.80	.80	.80	.80	.80	0.00
BOARD OF OPTOMETRY	1.50	1.50	1.50	1.50	1.50	0.00
OSTEOPATHIC EXAMINERS BD	4.50	4.50	4.50	4.50	4.50	0.00
BOARD OF PHARMACY	11.00	11.00	11.00	11.00	11.00	0.00
PHYSICAL THERAPY EXAM BD	1.00	1.00	1.00	1.00	1.00	0.00
BD OF PRIV POSTSECOND ED	3.00	3.00	4.20	4.00	3.20	-.80
PSYCHOLOGIST EXAMINERS BD	1.00	1.00	1.00	1.00	1.00	0.00
STRUCT. PEST CONTROL COMM	12.00	12.00	21.00	21.00	21.00	0.00
BD OF TECH REGISTRATION	14.00	15.00	15.00	15.00	15.00	0.00
VETERINARY MED EXAM BD	1.50	2.00	2.00	2.00	2.00	0.00
Subtotal	1,494.40	1,542.15	1,841.75	1,622.00	1,604.90	-17.10
EDUCATION						
AZ COMMISSION ON THE ARTS	11.50	11.50	19.50	13.50	11.50	-2.00
BD OF DIR FOR COMM COLL	8.00	9.00	9.00	9.00	9.00	0.00
SCH FOR THE DEAF & BLIND	427.40	431.90	506.90	452.90	446.40	-6.50
DEPARTMENT OF EDUCATION	179.80	180.80	190.80	182.80	181.80	-1.00

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 FULL TIME EQUIVALENT POSITIONS

	FY 1988 ACTUAL -----	FY 1989 ESTIMATE -----	FY 1990 REQUEST -----	FY 1990 EXEC REC -----	FY 1990 JLBC STAFF -----	DIFFERENCE JLBC - EBO -----
EDUCATION (Continued)						
AZ HISTORICAL SOCIETY	46.30	46.30	56.80	48.30	48.30	0.00
PRESCOTT HIST SOCIETY	14.50	14.50	16.00	16.00	14.50	-1.50
BOARD OF REGENTS	34.75	39.75	49.08	39.80	39.75	-.05
A.S.U. - MAIN CAMPUS	4,471.40	4,645.40	5,088.90	4,777.80	4,783.60	5.80
A.S.U. - WEST	217.90	255.90	354.70	255.90	322.65	66.75
NORTHERN AZ UNIVERSITY	1,530.00	1,606.50	1,842.50	1,751.00	1,729.00	-22.00
U. OF A. - MAIN CAMPUS	4,640.40	5,023.50	5,400.60	5,137.20	5,219.90	82.70
U. OF A. - COLL OF MED	568.70	591.70	651.40	591.70	592.50	.80
Subtotal	12,150.65	12,856.75	14,186.18	13,275.90	13,398.90	123.00
PROTECTION & SAFETY						
DEPARTMENT OF CORRECTIONS	5,634.70	6,094.20	6,878.20	6,141.20	5,980.70	-160.50
AZ CRIMINAL JUSTICE COMM	4.00	5.00	5.00	5.00	5.00	0.00
DEPT OF EMER & MIL AFFRS	62.00	62.00	67.00	65.00	60.00	-5.00
BD OF PARDONS AND PAROLES	40.00	40.00	52.00	44.00	41.00	-3.00
DEPT OF PUBLIC SAFETY	1,620.00	1,620.00	1,684.00	1,658.00	1,620.00	-38.00
Subtotal	7,360.70	7,821.20	8,686.20	7,913.20	7,706.70	-206.50
TRANSPORTATION						
DEPT OF TRANSPORTATION	2,262.00	2,378.00	2,491.00	2,491.00	2,491.00	0.00
Subtotal	2,262.00	2,378.00	2,491.00	2,491.00	2,491.00	0.00

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 AGENCY BUDGET COMPARISON SUMMARY
 FULL TIME EQUIVALENT POSITIONS

	FY 1988 ACTUAL -----	FY 1989 ESTIMATE -----	FY 1990 REQUEST -----	FY 1990 EXEC REC -----	FY 1990 JLBC STAFF -----	DIFFERENCE JLBC - EBO -----
NATURAL RESOURCE						
COMM ON AZ ENVIRONMENT	3.00	3.00	6.00	3.00	3.00	0.00
GAME AND FISH DEPARTMENT	268.00	278.00	300.00	291.00	276.00	-15.00
ARIZONA GEOLOGICAL SURVEY	10.90	13.25	16.25	14.25	13.25	-1.00
STATE LAND DEPARTMENT	155.00	153.00	168.67	167.00	159.00	-8.00
DEPT OF MINERAL RESOURCES	11.50	11.50	12.50	8.50	8.50	0.00
OIL AND GAS CONSERVATION	4.00	4.00	4.00	4.00	4.00	0.00
STATE PARKS BOARD	153.85	154.85	199.00	163.85	156.85	-7.00
DEPT OF WATER RESOURCES	223.20	223.20	258.20	238.20	237.20	-1.00
Subtotal	829.45	840.80	964.62	889.80	857.80	-32.00
Total General Fund	31,736.55	33,616.60	37,301.70	34,363.59	34,528.00	164.41

THE U.S. ECONOMY

I. FY 1988 IN REVIEW

At this time last year, the prospects for the U.S. Economy for FY 1988 were uncertain at best. The stock market had just crashed in October and many economists were forecasting a recession.

Actually, the National Economy in FY 1988 was surprisingly strong, showing an increase of 4.5% in Real Gross National Product. Furthermore, we now recognize that the October stock market crash was a non-event as a significant deterrent to economic growth. It now seems clear that the sharp drop in the market was simply a correction of the speculative bubble that developed during late 1986 and 1987, as the rise in the market far outpaced the growth in the real economy. It is also clear that the prospect of higher interest rates in the U.S. and abroad was the single biggest factor in bursting the market bubble. In its effect on the U.S. economy, both the direct wealth effect and the indirect effect on consumer and business confidence was short-lived. The impact of the crash on household wealth and on consumer spending was modest; consumer spending slowed in the final quarter of 1987, but rose in early 1988. Consumer confidence responded to pre-crash levels and business investments, particularly in equipment, was little affected.

For the fiscal year, Real Consumption Expenditures (approximately two-thirds of Real Gross National Product) grew a modest 2.4%. Real Gross Private Domestic Investment, however, showed strong growth at 11.2%. Real Net Exports also preformed favorably and unlike FY 1987, Real Exports increased faster than Real Imports with growth rates of 19.3% and 9.9% respectively. Although the 9.9% increase in Real Imports is lower than the increase in Real Exports, it is still excessive. Real Net Exports increased from a negative \$138.3 billion in FY 1987 to a negative \$114.6 billion in FY 1988.

II. FY 1989 IN MID-PASSAGE

FY 1988 showed strong growth with Real Gross National Product growing at 4.5%. In FY 1989, Real Gross National Product will show growth of 3.1%, not at the ebullient level of FY 1988, but evidence of a still strong economy. As a result of the strong performance in FY 1988 and so far in 1989, fears of a recession have receded somewhat - for the short term. Inflation, however, has become a pressing concern of policymakers. Tight labor and materials markets as well as the lower dollar are forces exerting upward pressure on prices. These developments have the attention of the Federal Reserve which has been raising interest rates in response to these inflationary expectations.

II. FY 1989 IN MID-PASSAGE (Continued)

For FY 1989, Real Personal Consumption Expenditures will grow at 2.9%, up from 2.4% in FY 1988. Real Gross Private Domestic Investment will slow to an increase of only 2.6% after a very strong FY 1988. Real Net Exports again will perform favorably with Real Exports increasing at 11.6%, faster than the growth of Real Imports of 5.2%. Government purchases remain relatively flat at 0.7% growth.

III. FY 1990 FORECAST

FY 1990 is expected to see a slowing of growth with Real GNP growing at 2.3%. While this represents a continuation of our six-year expansion, it might be called a "muddling-through" forecast in view of the below average growth. The current issue of Blue Chip Economic Indicators, which forecasts growth in Real GNP for FY 1990 at 2.0%, indicates that 35% of the forecasters anticipate a recession in 1989 and 30% anticipate a recession in 1990. Since most of those forecasting a 1989 recession expect it to start in the last two quarters, a reasonable estimate is that over 50% of the forecasters expect a recession in FY 1990. In view of the forecasted slow growth and the possibility of a recession, the forecast for FY 1990 involves a higher than normal level of risk and contingency plans might be in order.

An increase in the inflation rate is expected with the GNP Deflator increasing from 4.2% in FY 1989 to 4.4% in FY 1990. The Consumer Price Index expected to rise more rapidly from 4.7% in FY 1989 to 5.2% in FY 1990.

Real Exports will continue to be a source of strength although at a declining rate of growth, showing an increase of 4.5% down from the 11.6% increase in FY 1989.

Table I shows details of Real Gross National Product for actual FY 1987 and FY 1988 and the forecast for FY 1989 and FY 1990. We are using the forecast of Wharton Econometric Forecasting Associates (WEFA).

Table II shows important Economic Indicators with actuals for FY 1985 through FY 1988 and the forecast for FY 1989 and FY 1990. For comparative purposes we have shown the forecasts of Blue Chip Economic Indicators, a forecast which we value highly. WEFA and Blue Chip do not differ greatly although Blue Chip, in terms of Real GNP and Industrial Production, is showing slightly less growth.

IV. RISKS TO THE FORECAST

Positive

1. Stronger Exports. The baseline forecast calls for export growth to fall from 11.6% in FY 1989 to 4.5% in FY 1990. Stronger growth abroad could increase the demand for U.S. products while the expected weakening of U.S. domestic demand will reduce capacity constraints on domestic producers, allowing them to pursue export markets more vigorously.
2. Lower Near-term Interest Rates. Interest rates could come down in the near term if the rise in inflation included in our baseline outlook does not develop. Mounting wage pressures could produce a recession in 1990, however, if the Fed waits too long to respond and then tightens too much.

Negative

1. Debt Overhang. The servicing burdens from the high levels of personal and corporate debt could become more of a problem than anticipated as interest rates rise. Bankruptcies and reductions in consumer and business spending would exacerbate any downturn induced by tightened monetary policy.
2. Fiscal Policy Statement. President Bush and Congress may fail to achieve an agreement on the appropriate fiscal policy needed to keep the deficit on a downward course. Such a statement could produce a dollar crisis, a larger-than-expected rise in interest rates, and a near-term recession as foreigners might no longer purchase U.S. securities and underwrite our debt.

TABLE I

REAL GROSS NATIONAL PRODUCT^{1/}
(Billions of 1982 Dollars)

	Actual				Forecast			
	FY 1987		FY 1988		FY 1989		FY 1990	
Real Gross National Product	\$3,763.9	2.2%	\$3,932.4	4.5%	\$4,053.1	3.1%	\$4,146.7	2.3%
Personal Consumption Expenditures	2,492.9	3.7	2,553.9	2.4	2,627.4	2.9	2,689.6	2.4
Durable	393.0	7.4	401.5	2.2	410.9	2.3	423.3	3.0
Non-durable	886.6	2.5	892.2	0.6	908.7	1.8	915.0	0.7
Services	1,213.3	3.3	1,260.3	3.9	1,307.8	3.8	1,351.3	3.3
Gross Private Domestic Investment	637.7	(1.8)	709.2	11.2	727.6	2.6	731.7	0.6
Fixed Investment	625.1	(0.9)	663.8	6.2	691.6	4.2	704.7	1.9
Non-Residential	426.5	(4.6)	472.8	10.9	498.7	5.5	510.7	2.4
Structures	121.9	(14.0)	127.3	4.4	125.0	(1.8)	122.6	(1.9)
Producer's Durable Equipment	304.6	(0.2)	345.5	13.4	373.6	8.1	388.1	3.9
Residential	198.7	8.0	191.0	(3.9)	192.9	1.0	194.0	0.5
Change in Business Inventories	12.5	(31.7)	45.4	263.2	36.0	(20.7)	27.0	(25.0)
Net Exports	(138.3)	13.1	(114.6)	(17.1)	(90.8)	(20.8)	(74.7)	(17.7)
Exports	394.6	6.9	470.8	19.3	525.2	11.6	548.7	4.5
Imports	(532.8)	8.4	(585.4)	9.9	(616.0)	5.2	(623.4)	1.2
Government Purchases	771.6	2.8	783.9	1.6	789.0	0.7	800.1	1.4

^{1/} Details may not add to totals due to rounding.

TABLE II

KEY U.S. ECONOMIC INDICATORS

	<u>Actual</u>				<u>Forecasts</u>			
	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>		<u>FY 1990</u>	
					<u>WEFA</u>	<u>BLUE CHIP</u>	<u>WEFA</u>	<u>BLUE CHIP</u>
Real Gross National Product ^{1/}	4.5%	3.5%	2.2%	4.5%	3.1%	3.1%	2.3%	2.0%
GNP Deflator ^{1/}	3.3	2.7	3.2	3.0	4.2	4.2	4.4	4.3
Consumer Price Index ^{1/}	3.9	2.8	2.2	4.1	4.7	4.4	5.2	4.8
Industrial Production ^{1/}	5.3	1.4	1.5	5.7	5.0	4.7	2.7	2.2
Three Month T-Bill ^{2/}	8.7	6.8	5.5	6.0	7.5	7.7	7.4	7.5
Aaa Corporate Bonds ^{2/}	12.3	10.0	8.8	9.8	10.1	9.9	10.2	9.6
Wage and Salary Employment ^{1/}	4.1	2.5	2.2	3.4	3.2	--	1.3	--
Manufacturing Employment ^{1/}	2.3	(1.7)	(1.0)	2.2	2.0	--	0.9	--
Unemployment Rate ^{2/}	7.3	7.1	6.7	5.8	5.4	--	5.7	--

^{1/} Annual Percent Change.^{2/} Average Rate for Year.

CHART I U.S. NET EXPORTS AND DOLLAR EXCHANGE RATE INDEX

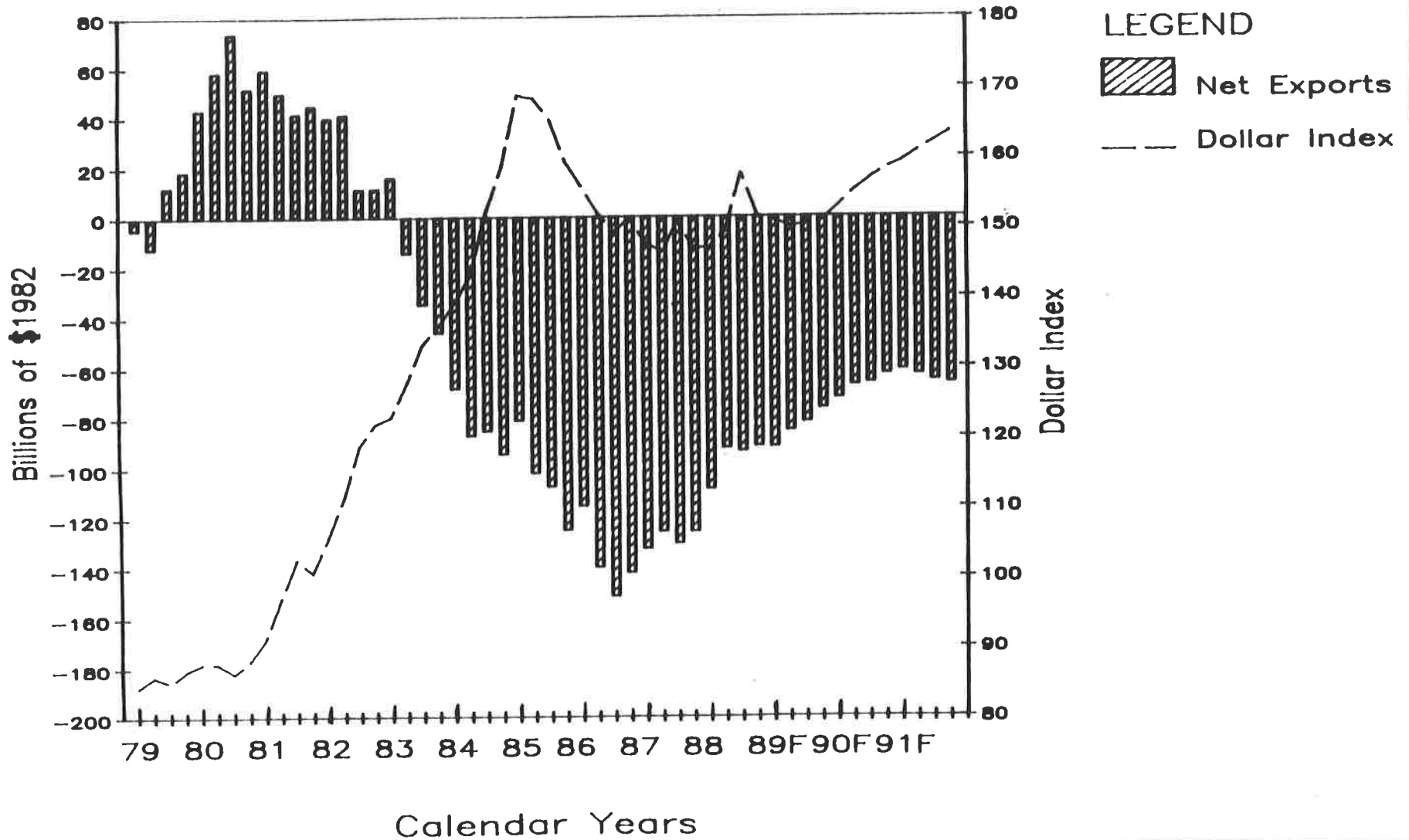


CHART II
U.S. REAL GNP

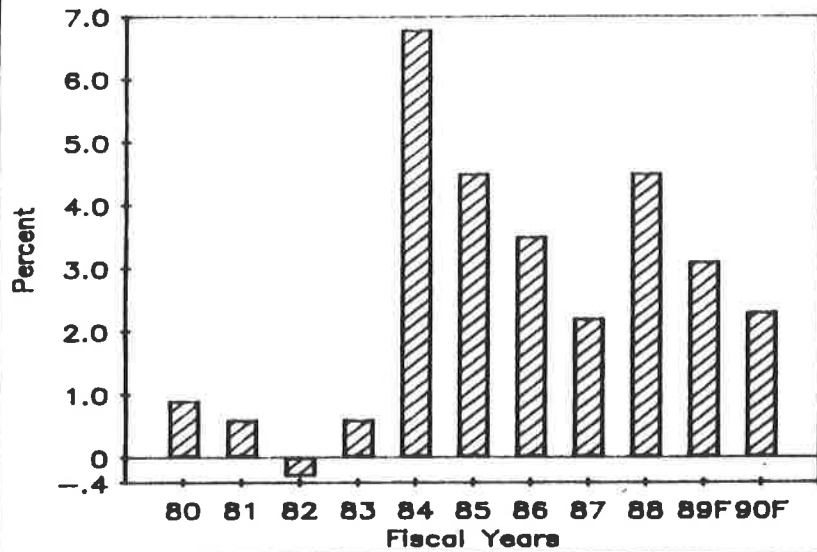


CHART III
CONSUMPTION SPENDING

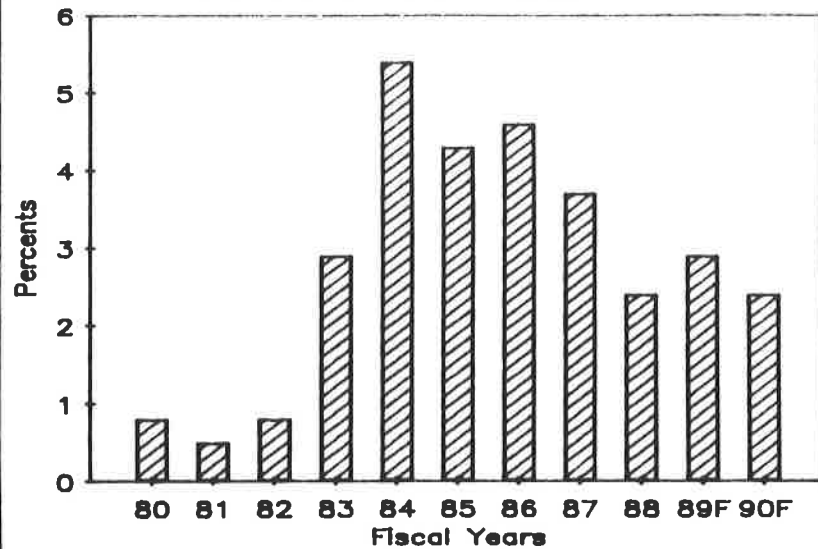


CHART IV
GOVERNMENT SPENDING

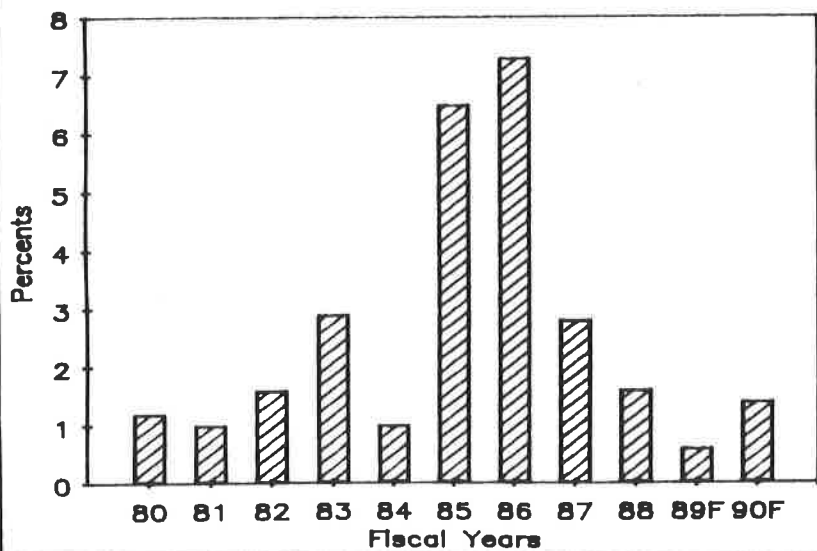


CHART V
INVESTMENT SPENDING

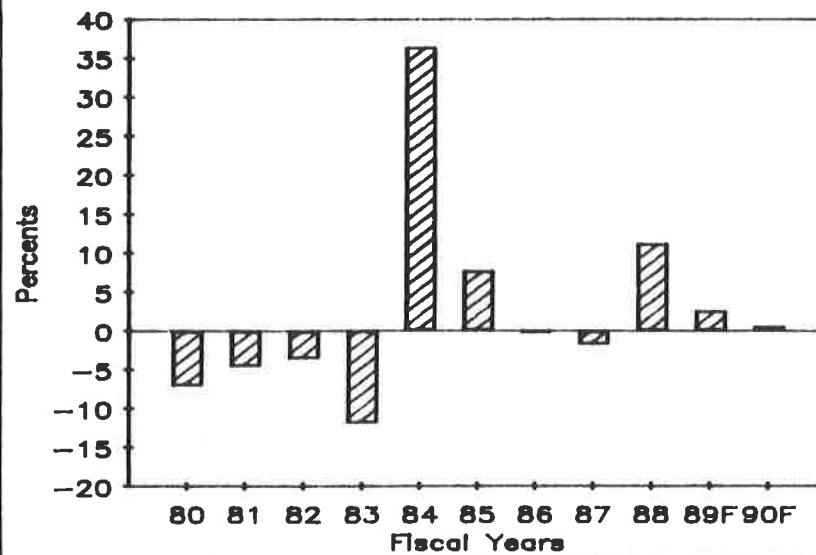


CHART VI
U.S. UNEMPLOYMENT RATE

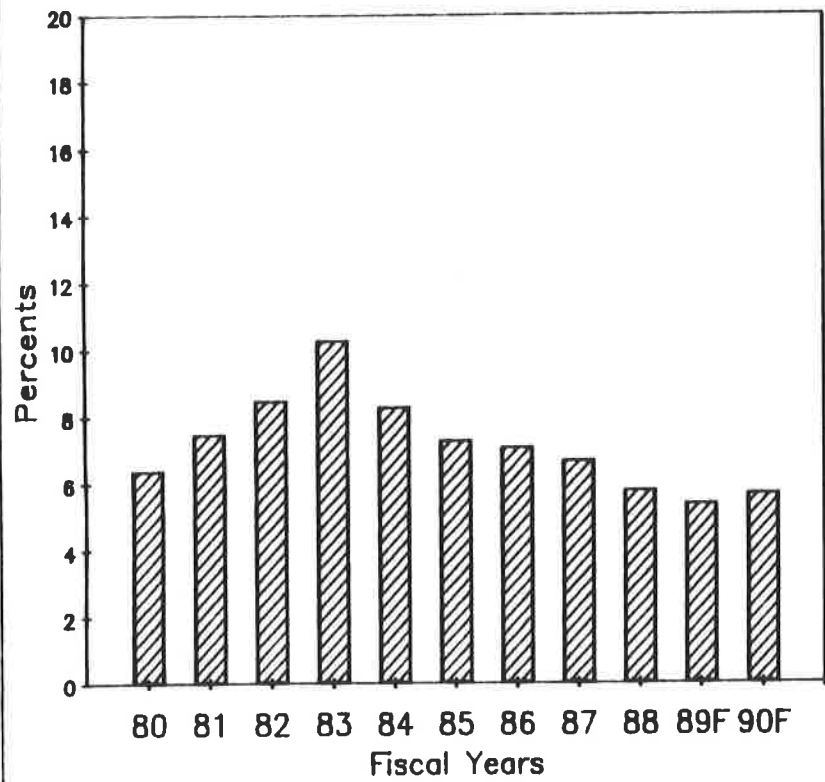
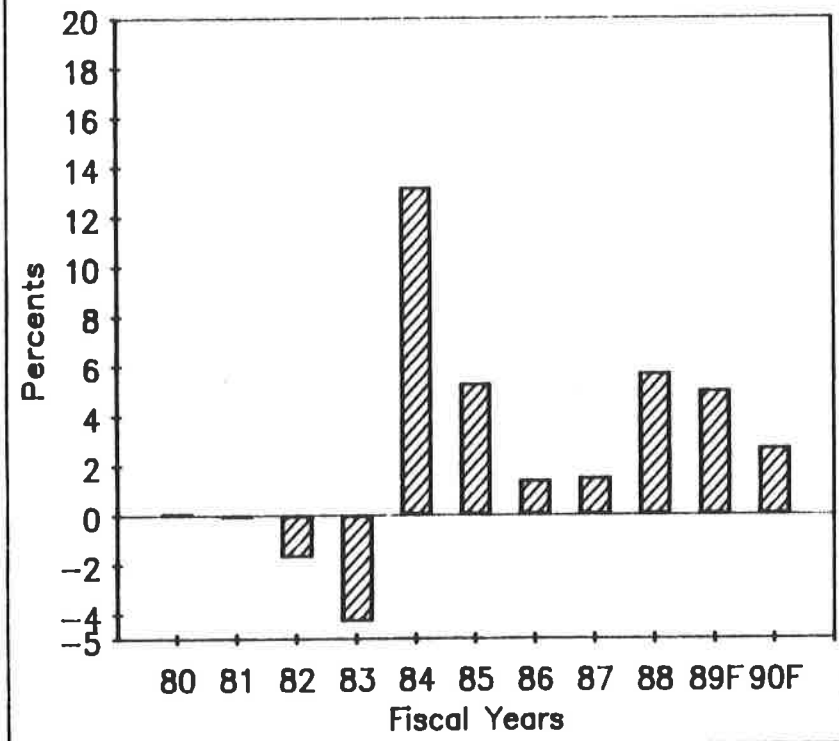
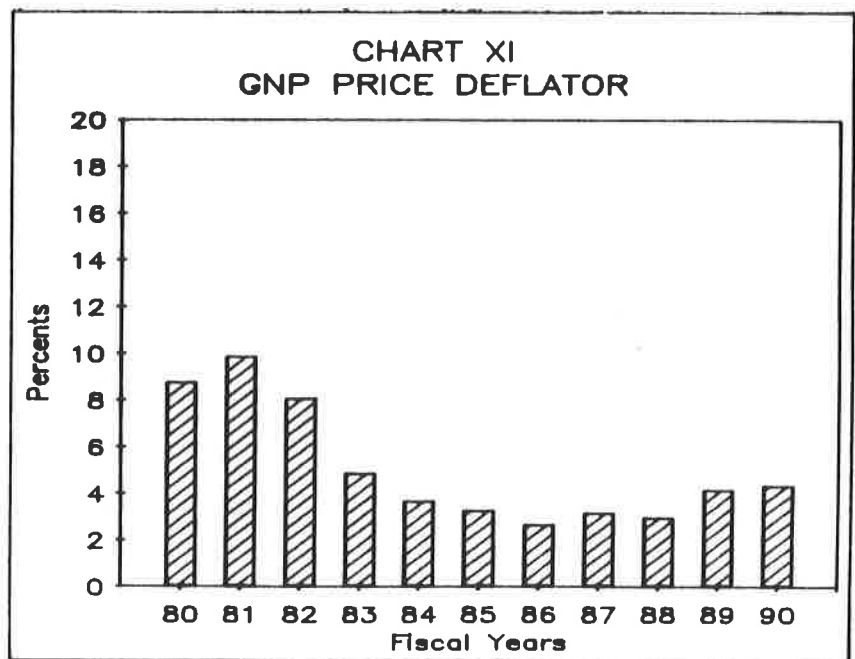
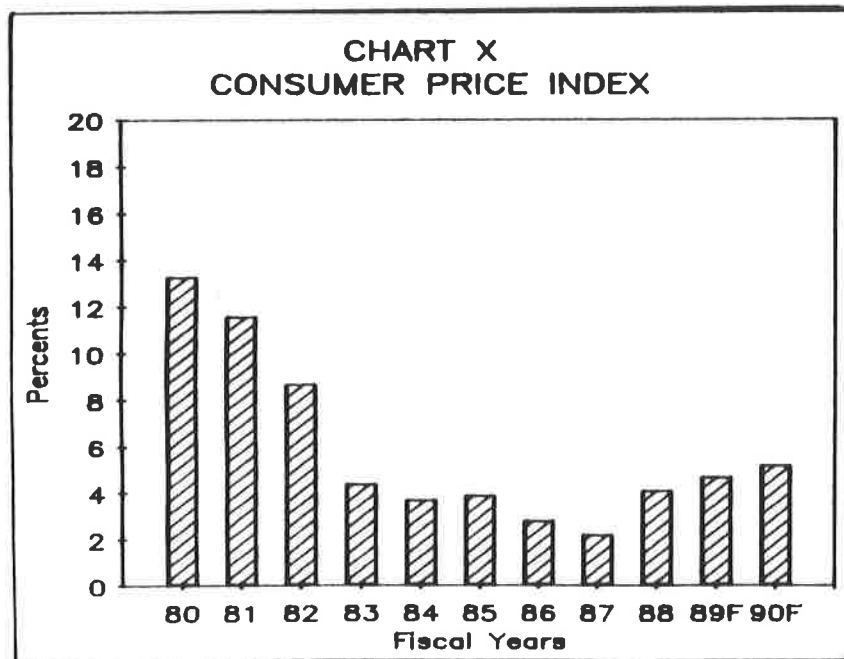
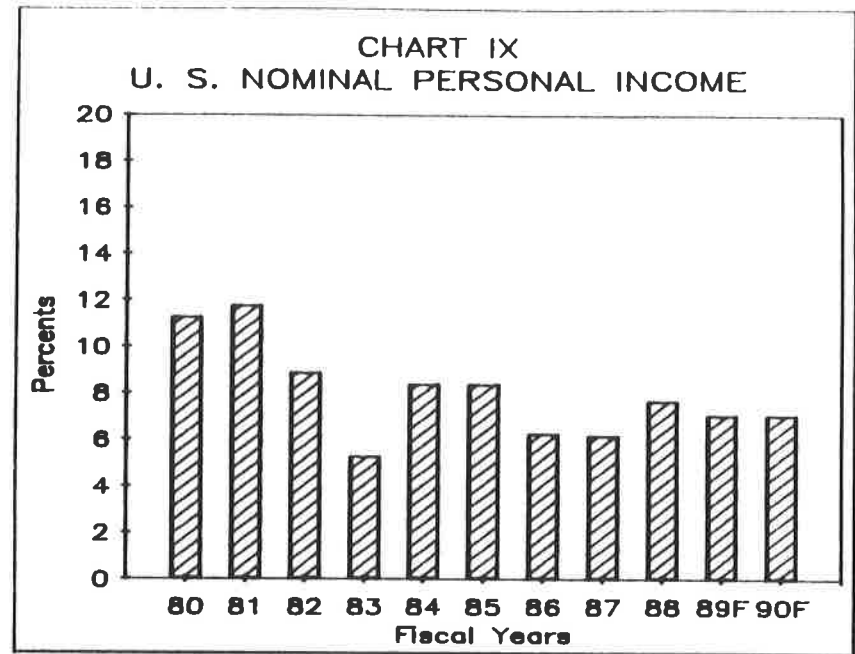
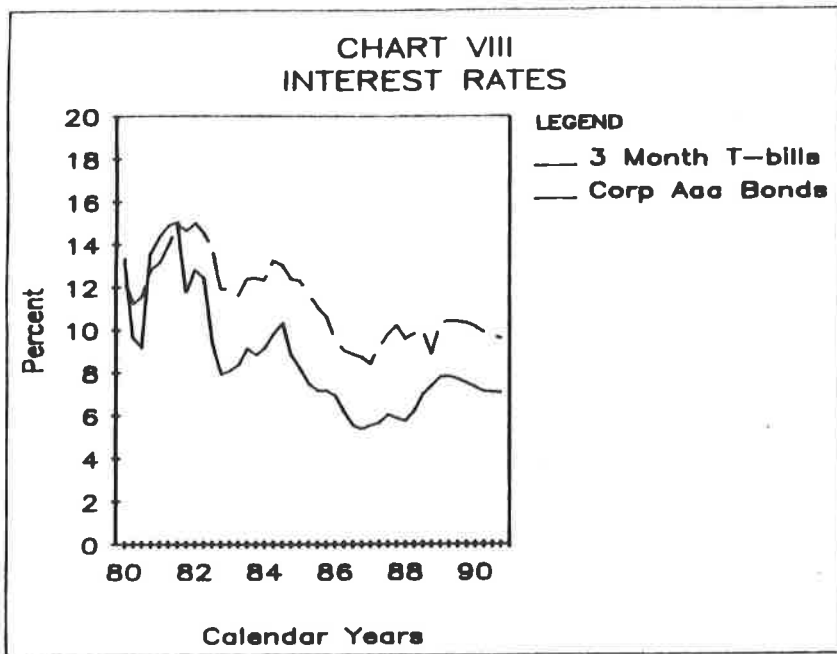


CHART VII
FEDERAL RESERVE BOARD
INDUSTRIAL PRODUCTION INDEX





THE ARIZONA ECONOMY

THE OUTLOOK ONE YEAR AGO

Our outlook for FY 1989 has not changed significantly since January 1988. In general, FY 1989 was expected to be a low-growth "muddling through" sort of year. This is still our expectation, although our expectations are now at a slightly lower level than one year ago. Arizona personal income is probably the best overall measure of the state of the Arizona economy. In current dollars, this was forecasted to increase by 7.0% and that is also our current forecast. Our forecast in constant dollar terms (adjusted for inflation), however, has declined from last year, an indication that this year's 7.0% forecast includes more inflation than did the 7.0% forecast a year ago.

In terms of employment, our forecast for total wage and salary employment in FY 1989 is now calling for an increase of 2.4%, down from our year-ago forecast of 2.7%.

Probably the most significant change in the outlook is in Retail Sales. Our forecast last year was for an increase of 6.3%. Since this area has been in the doldrums in recent months, this forecast has been reduced to 4.2%.

Other indicators of interest include population which, for FY 1989, was expected to increase by 2.7% and is now expected to increase by 2.4%. The employment rate was expected to be 5.9% one year ago and is now expected to be 7.0%.

TABLE III

KEY ARIZONA ECONOMIC INDICATORS
YEAR-AGO FORECAST VS CURRENT FORECAST

	<u>Forecast FY 1989</u>	
	<u>Year Ago</u>	<u>Current</u>
Personal Income - Current Dollars	7.0%	7.0%
- Constant Dollars	3.7	2.7
Retail Sales	6.3	4.2
Population	2.7	2.4
Wage and Salary Employment	2.7	2.4
Unemployment Rate	5.9	7.0

THE ARIZONA ECONOMY
(Continued)

THE CURRENT FORECAST

Arizona's economy continued to lose momentum as calendar 1988 drew to a close. Table IV, ARIZONA WAGE AND SALARY EMPLOYMENT, compares job growth in December 1988 with that of one year earlier, in December 1987. We estimate that as of December 1988, the important Goods-Producing^{1/} sector showed a decline of 2.9% from December 1987. The Service Providing^{2/} sector is estimated to have increased at only 2.2% over December 1987, far below its normal growth.

The overall outlook for Arizona, however, remains positive, despite a Construction recession and a weak Manufacturing sector. Probably the greatest potential risk to the Arizona economy during our forecast period is the possibility of a national recession superimposed upon the Arizona Construction recession. Overall, we expect employment to show modest growth improvement during FY 1989 and FY 1990.

Mining, which at one time employed over 27,000 persons, was down to 10,700 person during 1986. The price of copper has soared in recent months bringing current employment up to 12,300 persons. We expect Mining employment to show an average increase of 5.7% in FY 1989, followed by an increase of 1.2% in FY 1990.

Construction employment reached its peak in mid-1986 and has been declining to its present depressed state since that time. Arizona has four areas of over-building -- offices, apartments industrial and retail. We expect the Construction industry to remain depressed throughout our entire forecast period.

The Service-Producing sector accounts for over three-quarters of the employment in Arizona. Historically, this area has been a pillar of strength, but growth has been declining.

Tables V and VI summarize the JLBC Staff view of significant positive and negative factors for FY 1989 and FY 1990. We have seen the end of the decline in the computer and semi-conductor industries and this has been reflected in modest manufacturing employment growth. The end of the recession in the Arizona Construction industry is not expected to come until after our forecast period.

^{1/} Manufacturing, Construction, Mining

^{2/} Transportation, Communications, Public Utilities, Trade, Finance, Insurance, Real Estate, Services, Government

THE ARIZONA ECONOMY
(Continued)

THE CURRENT FORECAST

Table VII shows the JLBC Staff forecast for eight Arizona variables. We expect growth in Arizona Personal Income to be at 7.0% for FY 1989 and 7.3% for FY 1990 in current dollar terms with growth in real terms at 2.7% in FY 1989 and 2.9% in FY 1990. Arizona Blue Chip publishes its forecasts in calendar, not fiscal years, but the JLBC forecast of Arizona Personal Income in both Real and Nominal terms is consistent with those of Arizona Blue Chip.

Growth in Retail Sales is expected to be in the 4.0% to 5.0% range during the forecast period.

Population growth is expected to slow to 2.4% for FY 1989 and to 2.1% for FY 1990.

Table VIII ARIZONA WAGE AND SALARY EMPLOYMENT, PERCENT GROWTH OVER PRIOR YEAR shows anticipated employment growth in each sector for FY 1989 and 1990 together with estimated actual growth in FY 1988.

Chart XII is a bar chart which compares growth rates for current and constant dollar Arizona personal income for FY 1974 through FY 1990.

Chart XIII is a bar chart which compares growth rates for U.S. and Arizona nominal personal income for FY 1974 through FY 1990.

Chart XIV is a bar chart which compares growth rates for U.S. and Arizona real personal income for FY 1974 through FY 1990.

Chart XV is a bar chart which compares U.S. and Arizona growth rates for real per-capita personal income. In recent years Arizona growth has shown a substantial slowing relative to the U.S. and our forecast indicates that this will continue. In general, this chart shows that the Arizona economy is dependent upon population growth. Actually, much of our stronger growth than the U.S. is illusory, in that it reflects our stronger population growth. Per capita income in Arizona remains some 10% below the U.S. average.

Chart XVI is a line graph which compares U.S. and Arizona unemployment rates for 1974 through 1990.

TABLE IV

ARIZONA WAGE AND SALARY EMPLOYMENT

	Estimated ^{1/} December 1987		Estimated ^{1/} December 1988	
	<u>Employment</u>	<u>% Change</u> ^{2/}	<u>Employment</u>	<u>% Change</u> ^{2/}
<u>Good Producing</u>				
Manufacturing	\$ 190,200	1.5%	\$194,000	2.0%
Mining	11,600	4.5	12,330	6.3
Construction	<u>99,700</u>	(7.5)	<u>86,340</u>	(13.4)
Total Goods Producing	<u>301,500</u>	(1.6)	<u>292,670</u>	(2.9)
<u>Service Providing</u>				
Transportation, Communication, etc.	75,600	9.7	75,520	(0.1)
Trade	359,700	4.7	360,780	0.3
Finance, Insurance, Real Estate	96,100	4.2	95,620	(0.5)
Services	360,000	8.1	378,360	5.1
Government	<u>250,600</u>	6.1	<u>256,870</u>	2.5
Total Service Producing	<u>1,142,000</u>	6.3	<u>1,167,150</u>	2.2
<u>Total Wage and Salary Employment</u>	<u>\$1,443,500</u>	<u>4.6%</u>	<u>\$1,459,820</u>	<u>1.1%</u>
Memo: Certain Manufacturing sectors				
Machinery	\$ 66,100	2.3%	\$ 69,100	4.5%
Aircraft and Missiles	27,000	(2.5)	26,200	(3.0)

^{1/} Employment numbers for 1987 and 1988 will be rebenched early in 1989. Employment numbers for 1988 will be rebenched again early in 1990. Amounts shown include an estimate of the effect of rebenching.

^{2/} Percentage change column shows change from corresponding month in prior year.

ARIZONA OUTLOOK - FY 1989

FY 1989 Summary: The Arizona economy reflects a "muddling through" scenario, far-removed from the growth levels of yesteryear. Arizona growth continues to be negatively impacted by a deeply depressed Construction industry.

FY 1989

Positive Factors	Negative Factors
1) Modest growth in the computer and semi-conductor industries.	1) Continued recession in Construction industry, spilling over into secondary and tertiary industries, such as trade and the finance, insurance and real estate sector.
2) Continued strong highway construction activity.	2) Little, if any, growth in employment in defense related industries.
3) Price of copper at a very high level, with closed mines reopening.	3) Increasing growth in U.S. inflation - but still far below historic highs.
4) Low value of U.S. dollar continues to help Arizona tourism and the competitiveness of Arizona industries.	

ARIZONA OUTLOOK - FY 1990

FY 1990 Summary: The forecast for the Arizona economy reflects modest growth. There is a significant risk of a national recession on top of our Arizona Construction recession.

FY 1990

Positive Factors	Negative Factors
1) Continuation of modest growth in computer and semi-conductor industries.	1) Continuation of recession in Construction industry.
2) Low value of U.S. dollar will continued to bolster Arizona tourism and the competitiveness of Arizona industries.	2) Significant risk of national recession on top of our Arizona Construction recession.
3) Continued strength in Arizona copper industry despite anticipated decline in price from current high levels.	3) Continued increase in rate of inflationary growth in U.S.
	4) Slow in-migration to Arizona.

TABLE VII

KEY ARIZONA ECONOMIC INDICATORS

	<u>Actual</u> <u>FY 1985</u>	<u>Actual</u> <u>FY 1986</u>	<u>Actual</u> <u>FY 1987</u>	<u>Actual</u> <u>FY 1988</u>	<u>Forecast</u> <u>FY 1989</u>	<u>Forecast</u> <u>FY 1990</u>
Personal Income - Current Dollars ^{1/}	11.6	10.2	8.5	7.5	7.0	7.3
- Constant Dollars ^{1/}	8.1	7.3	5.1	4.4	2.7	2.9
Retail Sales ^{1/3/}	9.8	7.3	5.3	4.8	4.2	4.4
Population ^{1/}	4.3	4.4	3.8	3.1	2.4	2.1
Wage and Salary Employment ^{1/}	8.9	6.4	3.7	3.8	2.4	2.9
Manufacturing Employment ^{1/}	9.2	2.1	2.2	1.4	2.3	2.7
Construction Employment ^{1/}	19.0	8.9	(5.9)	(10.0)	(11.2)	(4.8)
Unemployment Rate ^{2/}	5.5	6.8	6.7	5.8	7.0	7.0

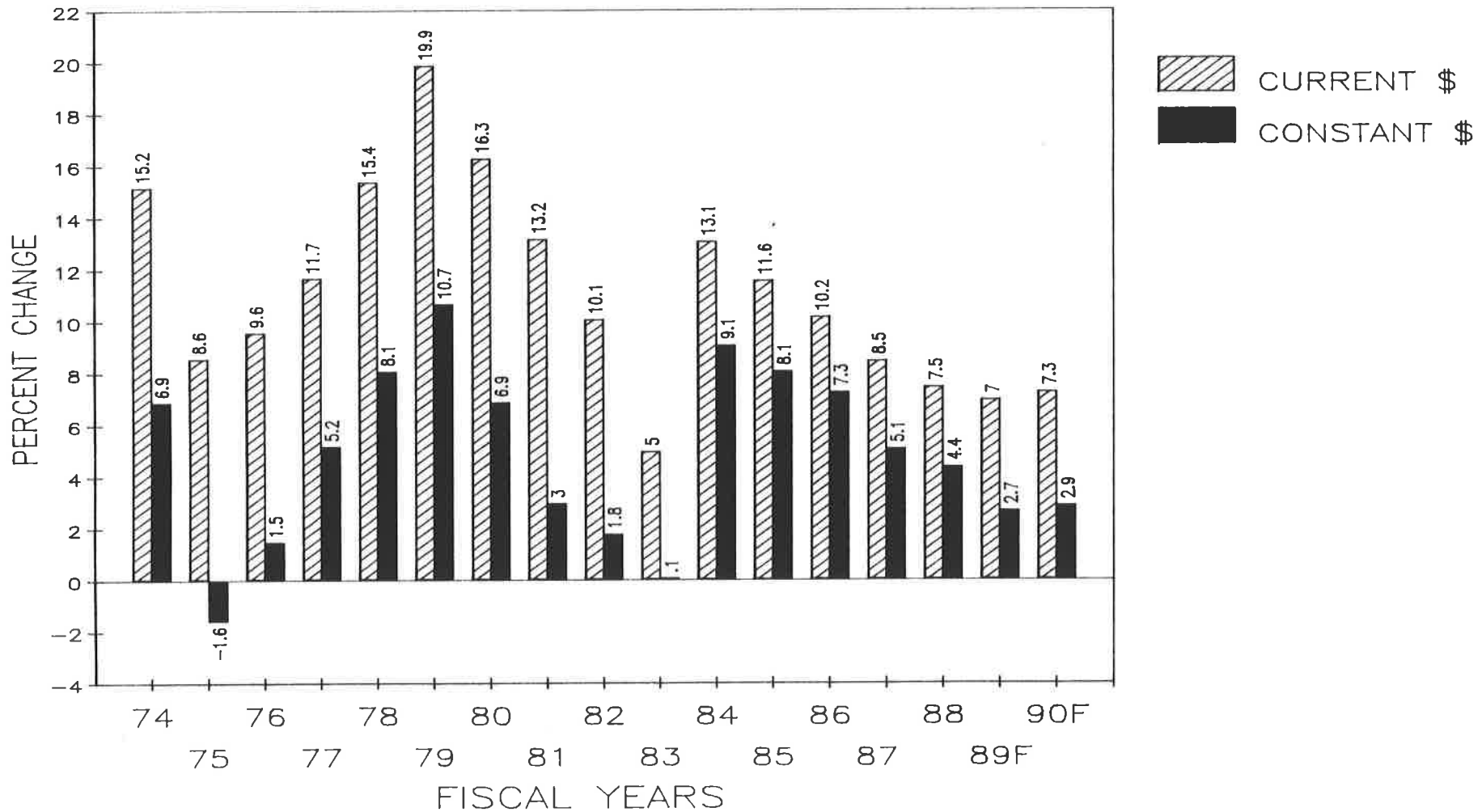
^{1/} Annual Percent Change.^{2/} Average Rate for Year.^{3/} Based on DOR definition of Retail Sales.

TABLE VIII

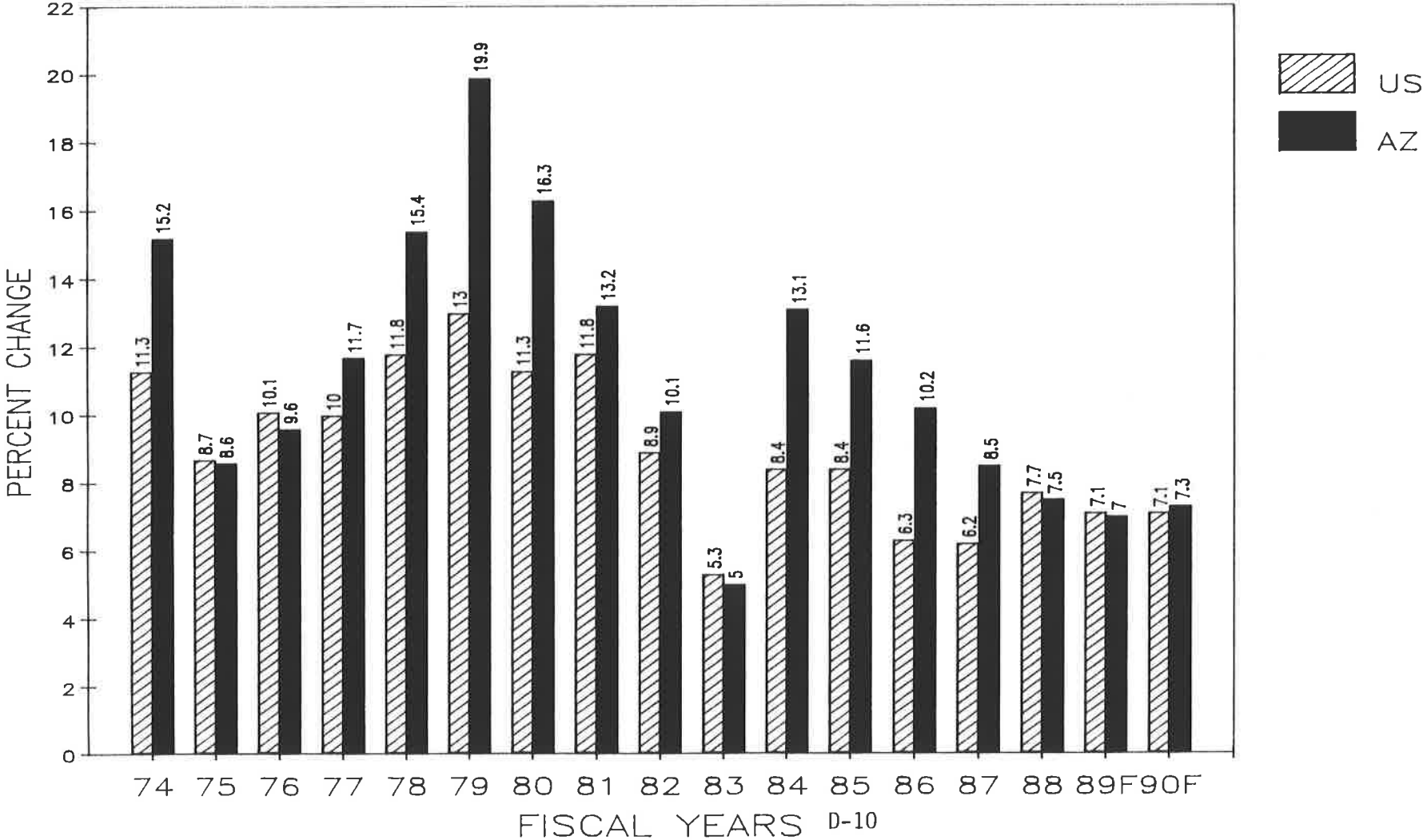
ARIZONA WAGE AND SALARY EMPLOYMENT
PERCENT GROWTH OVER PRIOR YEAR
 (Based on Average Employment)

	<u>Estimated FY 1988</u>	<u>Forecast</u>	
		<u>FY 1989</u>	<u>FY 1990</u>
<u>Good Producing</u>			
Manufacturing	1.4%	2.3%	2.7%
Mining	5.2	5.7	1.2
Construction	(10.0)	(11.2)	(4.8)
Total Goods Producing	(2.5)	(1.6)	(0.6)
 <u>Service Providing</u>			
Transportation, Communication, and Public Utilities	7.4	1.0	1.3
Trade	3.5	1.2	1.7
Finance, Insurance, Real Estate Services	3.4	1.3	3.0
Government	9.3	6.7	6.7
Total Service Producing	4.7	3.3	2.0
	5.8	3.5	3.2
 <u>Total Wage and Salary Employment</u>	<u>3.8%</u>	<u>2.4%</u>	<u>2.9%</u>

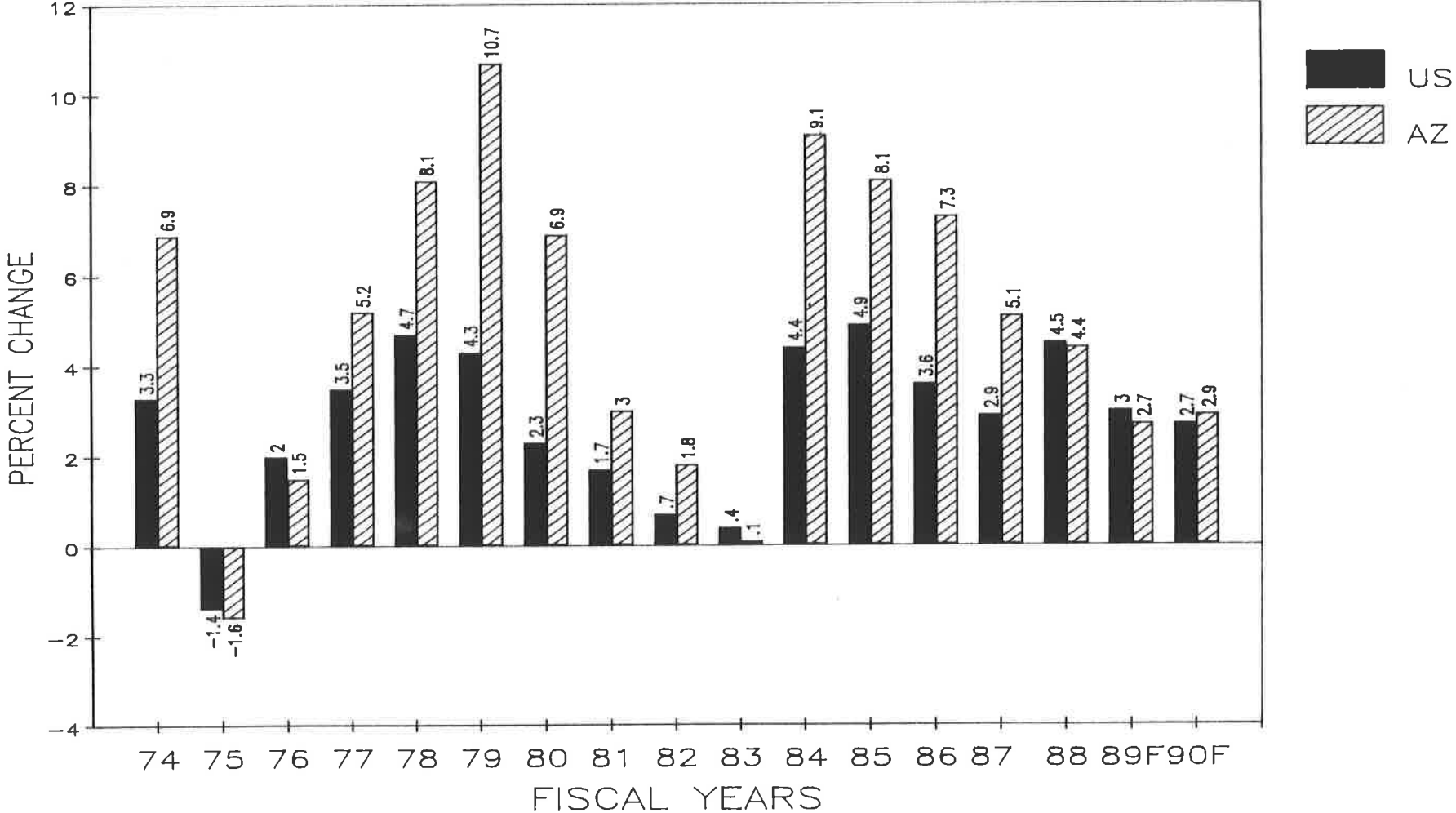
ARIZONA PERSONAL INCOME CURRENT AND CONSTANT DOLLAR GROWTH RATES



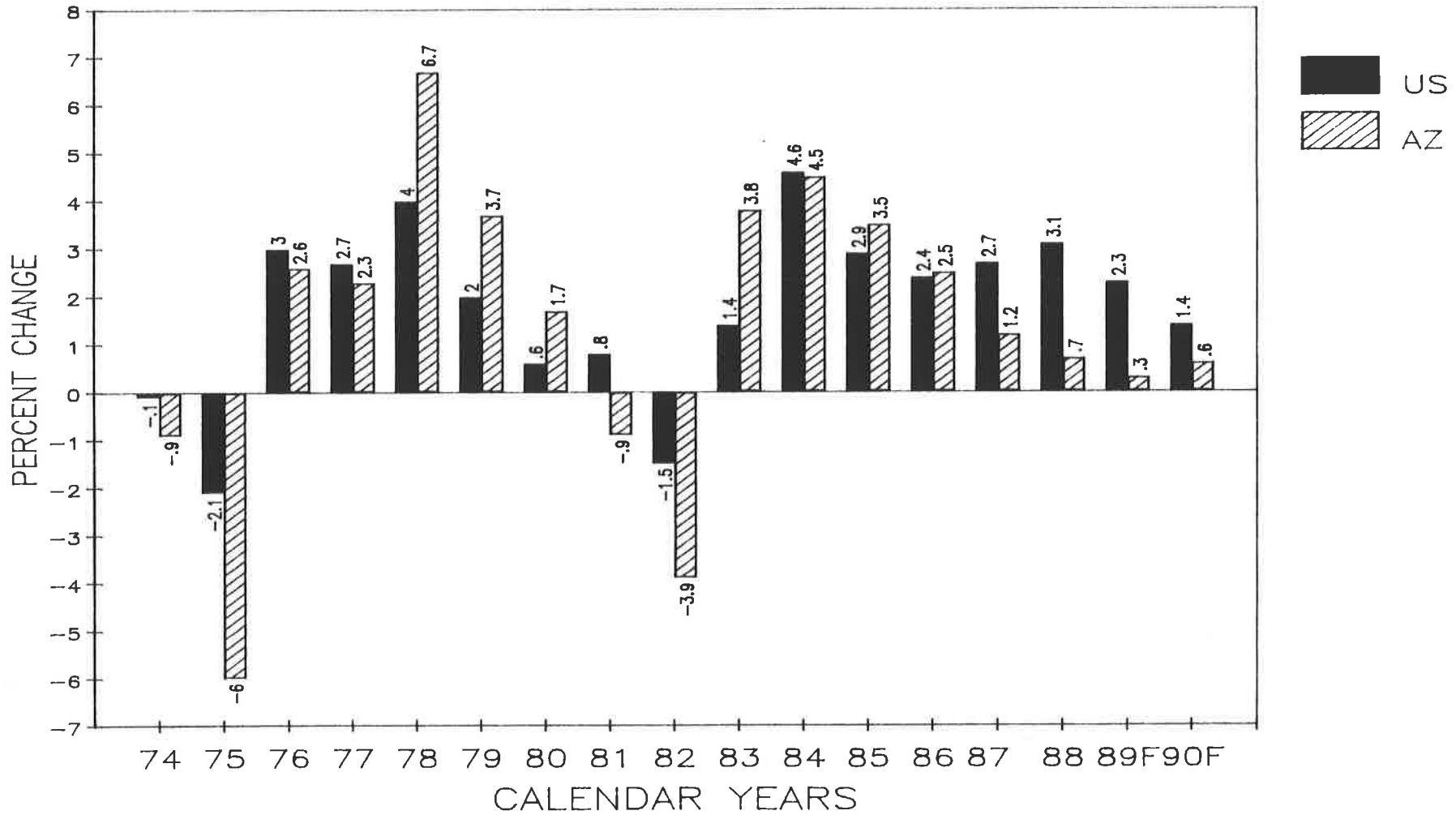
U.S. AND ARIZONA NOMINAL PERSONAL INCOME GROWTH RATES



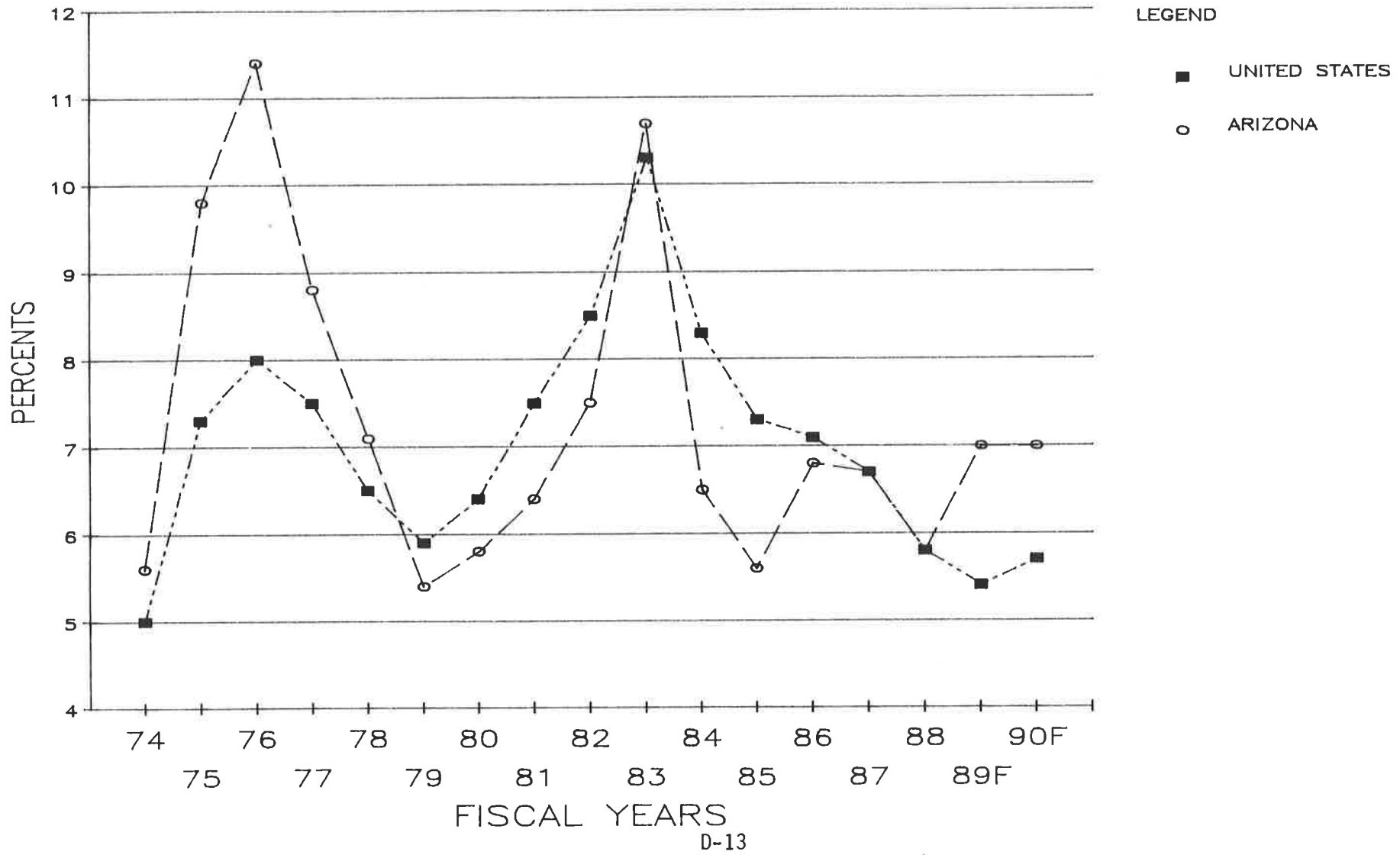
U.S. AND ARIZONA REAL PERSONAL INCOME GROWTH RATES



U.S. AND ARIZONA REAL PER CAPITA PERSONAL INCOME GROWTH RATES



UNEMPLOYMENT RATES UNITED STATES and ARIZONA



GENERAL FUND REVENUE

FY 1989 AND FY 1990 FORECAST

Our forecast reflects the slowing of revenue collections experienced in recent years with Total Revenue forecast to increase by only 3.8% in FY 1990. Our forecast for FY 1989 is for an increase of 11.6%. FY 1989, however, included for the first time \$197.9 million of revenue enhancements passed by the Thirty-Eighth Legislature, Second Regular Session. If the effects of these new revenues are removed, the net general fund revenue growth is estimated to be just 3.9%. See Table XI for details of enhancements.

The Sales and Use Tax category has been forecast to increase by 5.0% in FY 1990 and by 5.9% in FY 1989. Here again, the increase in FY 1989 is largely the result of revenue enhancements. While the Construction recession affects all areas of revenue, it's effect in the Sales and Use Tax area is particularly significant.

Income Tax Collections will show an increase of 5.2% in FY 1990 compared with an increase of 10.1% in FY 1989. Here too, revenue enhancements were the major factor in the above normal FY 1989 growth.

Property Tax Collections are expected to grow by 7.8% in FY 1990 compared with the enhancement expanded growth of 43.2% in FY 1989.

Growth in the Insurance Premium Tax is forecasted at 12.9% in FY 1990 and 13.8% in FY 1989. FY 1989 includes a one-half year effect of the increase in the Insurance Tax rate, effective in mid-1989. Significant amounts have been deducted from the forecast in both years due to large Guaranty Fund Assessments.

Growth in the Motor Vehicle License Tax will be high in FY 1989 due to the return to the General Fund of a portion of this tax which had been diverted to the Highway Fund. In FY 1990 we expect growth of 6.2% before deduction of the HURF transfer.

With respect to non-tax revenues, growth in interest collections is primarily a function of the level of interest rates. Lottery Collections are forecast to increase by 117.4% in FY 1989 and 14.7% in FY 1990. The increase in FY 1989 is due to (1) addition of a second weekly "Pick" drawing, (2) generally stronger growth and (3) the fact that 100% of incremental profits now go to the General Fund. Lottery revenues are now distributed to: Local Transportation Assistance Fund (\$23 million), County Assistance Fund (\$7.65 million) and all remaining profits to the General Fund. Amounts going to the first two categories are fixed with the General Fund receiving the entire remaining distribution.

GENERAL FUND REVENUE
(Continued)

FY 1989 AND FY 1990 FORECAST

The following exhibits and charts follow this narrative:

Table IX, STATEMENT OF PROJECTED REVENUE, JLBC STAFF ESTIMATE has been discussed previously in some detail. Essentially, the exhibit compares each of the three years shown with the preceding year.

Table X, STATEMENT OF PROJECTED REVENUE, JLBC STAFF ESTIMATE shows that, for FY 1989, the Executive forecast exceeds that of the JLBC Staff by \$3.5 million, primarily resulting from an Executive overage of \$14.0 million in Taxes, mostly offset by a JLBC Staff overage of \$10.6 million in Other Non-Tax Revenues. For FY 1990, the Executive forecast exceeds that of the JLBC Staff by \$12.0 million, with the major differences in (1) Sales and Use Taxes and (2) Lottery.

Table XI, BILLS HAVING A SIGNIFICANT FY 1989 GENERAL FUND REVENUE IMPACT details the major revenue items passed by the Thirty-Eighth Legislature, Second Regular Session.

Chart XVII shows, in graphic form, the percent growth in FY 1990 over FY 1989 for significant categories of General Fund revenue based on JLBC Staff estimates.

Chart XVIII shows, for FY 1990, major categories of General Fund revenue as a percent of total Revenue.

Chart XIX shows, for 15 years, dollars of General Fund Revenue as a bar chart and percent change as a line graph. In terms of percent change, Arizona has had very strong years and also some years which exhibited much lower growth. It should be noted that the Fiscal Years 1979 through 1982 were years when the CPI showed at or near double digit inflation. Revenue enhancements make growth higher than would otherwise have been the case in FY 1989. FY 1990 shows lower than average growth and is consistent with our slow growth economic environment.

TABLE IX

STATE OF ARIZONA
GENERAL FUND
STATEMENT OF PROJECTED REVENUE
JLBC STAFF ESTIMATE
(Thousands)

	<u>Actual FY 1988</u>		<u>Forecast FY 1989</u>		<u>Forecast FY 1990</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
<u>Taxes</u>						
Sales and Use	\$1,250,132.6	4.2%	\$1,324,295.4	5.9%	\$1,390,997.1	5.0%
Income	873,497.1	4.5	961,301.2	10.1	1,011,685.3	5.2
Property	67,365.6	13.6	96,500.0	43.2	104,000.0	7.8
Luxury	70,804.6	1.8	71,400.0	0.8	72,500.0	1.5
Insurance Premium	76,835.1	9.0	87,400.0	13.8	98,700.0	12.9
Motor Vehicle License - Regular	59,819.3	8.6	81,000.0	35.4	86,000.0	6.2
- HURF Transfer	(12,421.6)	21.7	(13,700.0)	10.3	(14,900.0)	8.8
Pari Mutuel	6,188.3	(9.9)	7,000.0	13.1	6,800.0	(2.9)
Estate	30,978.3	20.6	29,000.0	(6.4)	32,000.0	10.3
Other Taxes	<u>4,510.0</u>	22.6	<u>2,825.0</u>	(37.4)	<u>1,515.0</u>	(46.4)
Sub-Total - Taxes	<u>2,427,709.3</u>	4.8	<u>2,647,021.6</u>	9.0	<u>2,789,297.4</u>	5.4
<u>Other Non-Tax Revenues</u>						
Lottery	34,501.6	72.5	75,000.0	117.4	86,000.0	14.7
Licenses, Fees and Permits	34,318.6	12.0	31,800.0	(7.3)	33,400.0	5.0
Interest	26,796.5	31.3	27,500.0	2.6	28,500.0	3.6
Sales and Services	7,662.4	2.1	5,300.0	(30.8)	5,600.0	5.7
Miscellaneous, Transfers, Reimbursements	<u>31,819.9</u>	21.2	<u>74,000.0</u>	132.6	<u>31,500.0</u>	(57.4)
Sub-Total - Other Non-Tax Revenues	<u>135,099.0</u>	28.9	<u>213,600.0</u>	58.1	<u>185,000.0</u>	(13.4)
<u>Total Revenue</u>	<u>\$2,562,808.3</u>	<u>5.8%</u>	<u>\$2,860,621.6</u>	<u>11.6%</u>	<u>\$2,974,297.4</u>	<u>3.8%</u>

TABLE X

STATE OF ARIZONA
GENERAL FUND
STATEMENT OF PROJECTED REVENUES
COMPARISON OF EXECUTIVE AND JLBC STAFF ESTIMATES
(Thousands)

	FY 1989			FY 1990		
	Executive Estimate	JLBC Staff Estimate	Difference	Executive Estimate	JLBC Staff Estimate	Difference
<u>Taxes</u>						
Sales and Use	\$1,334,260.4	\$1,324,295.4	\$ (9,965.0)	\$1,403,641.9	\$1,390,997.1	\$(12,644.8)
Income	968,739.6	961,301.2	(7,438.4)	1,010,976.6	1,012,685.3	1,708.7
Property	98,775.5	96,500.0	(2,275.5)	105,097.2	104,000.0	(1,097.2)
Luxury	72,043.7	71,400.0	(643.7)	73,304.5	72,500.0	(804.5)
Insurance Premium	88,468.0	87,400.0	(1,068.0)	101,186.8	98,700.0	(2,486.8)
Motor Vehicle Licenses - Regular	80,720.0	81,000.0	280.0	88,280.0	86,000.0	(2,280.0)
- HURF Transfer	(13,700.0)	(13,700.0)	0.0	(14,900.0)	(14,900.0)	0.0
Pari Mutuel	6,547.2	7,000.0	452.8	6,940.1	6,800.0	(140.1)
Estate	23,000.0	29,000.0	6,000.0	23,000.0	31,000.0	8,000.0
Other Taxes	2,213.4	2,825.0	611.6	1,078.2	1,515.0	436.8
Sub-Total - Taxes	<u>2,661,067.8</u>	<u>2,647,021.6</u>	<u>(14,046.2)</u>	<u>2,798,605.3</u>	<u>2,789,297.4</u>	<u>(9,307.9)</u>
<u>Other Non-Tax Revenues</u>						
Lottery	64,000.0	75,000.0	11,000.0	72,377.6	86,000.0	13,622.4
Licenses, Fees and Permits	33,806.7	31,800.0	(2,006.7)	36,371.7	33,400.0	(2,971.7)
Interest	28,109.6	27,500.0	(609.6)	30,805.4	28,500.0	(2,305.4)
Sales and Services	9,377.3	5,300.0	(4,077.3)	9,977.6	5,600.0	(4,377.6)
Miscellaneous, Transfers, Reimbursements	67,720.7	74,000.0	6,279.3	38,118.2	31,500.0	(6,618.2)
Sub-Total - Other Non-Tax Revenues	<u>203,014.3</u>	<u>213,600.0</u>	<u>10,585.7</u>	<u>187,650.5</u>	<u>185,000.0</u>	<u>(2,650.5)</u>
<u>Total Revenues</u>	<u>\$2,864,082.1</u>	<u>\$2,860,621.6</u>	<u>\$ (3,460.5)</u>	<u>\$2,986,255.8</u>	<u>\$2,974,297.4</u>	<u>\$(11,958.4)</u>

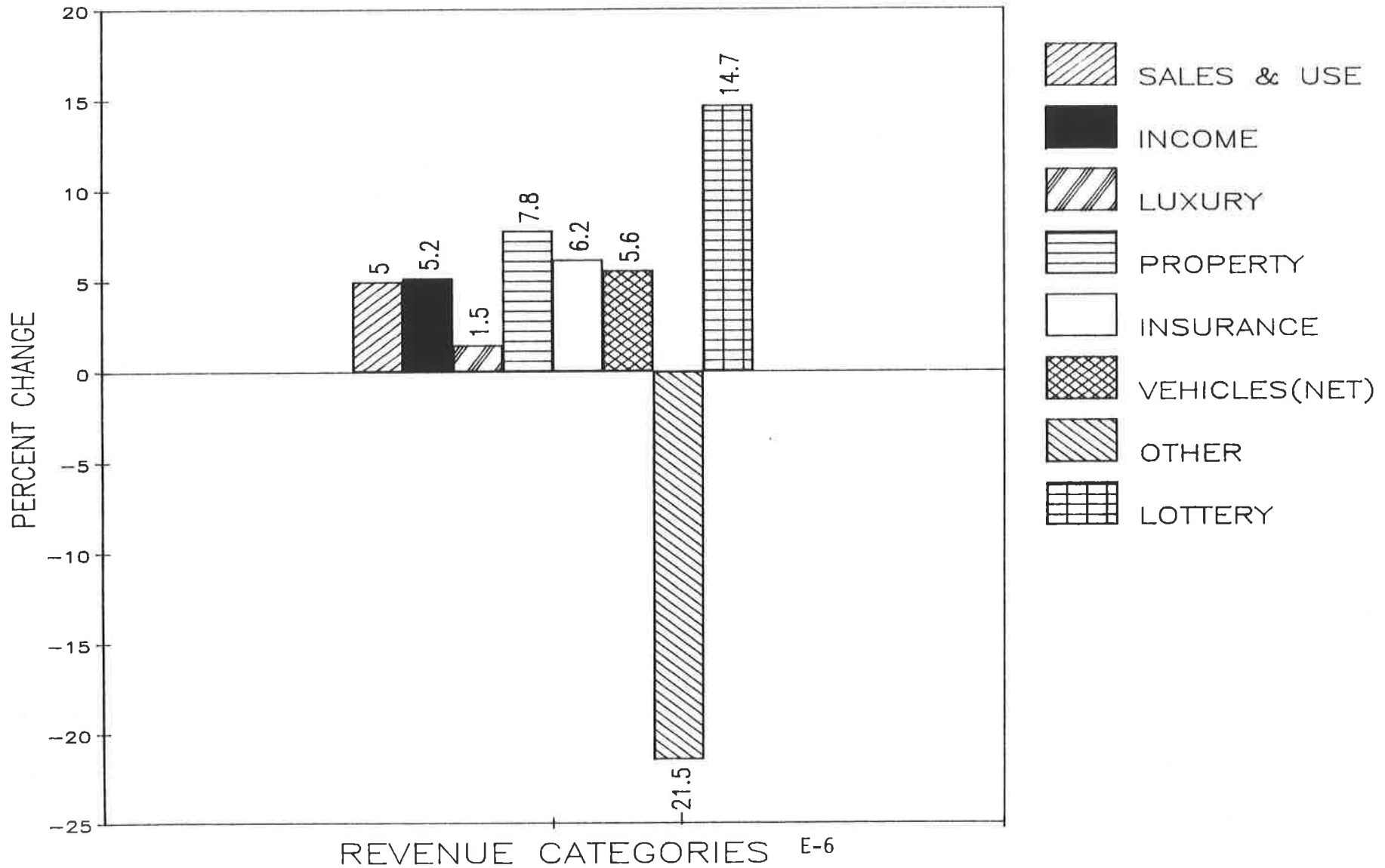
THIRTY-EIGHTH LEGISLATURE
SECOND REGULAR SESSION
BILLS HAVING A SIGNIFICANT FY 1989 GENERAL FUND REVENUE IMPACT

TABLE XI

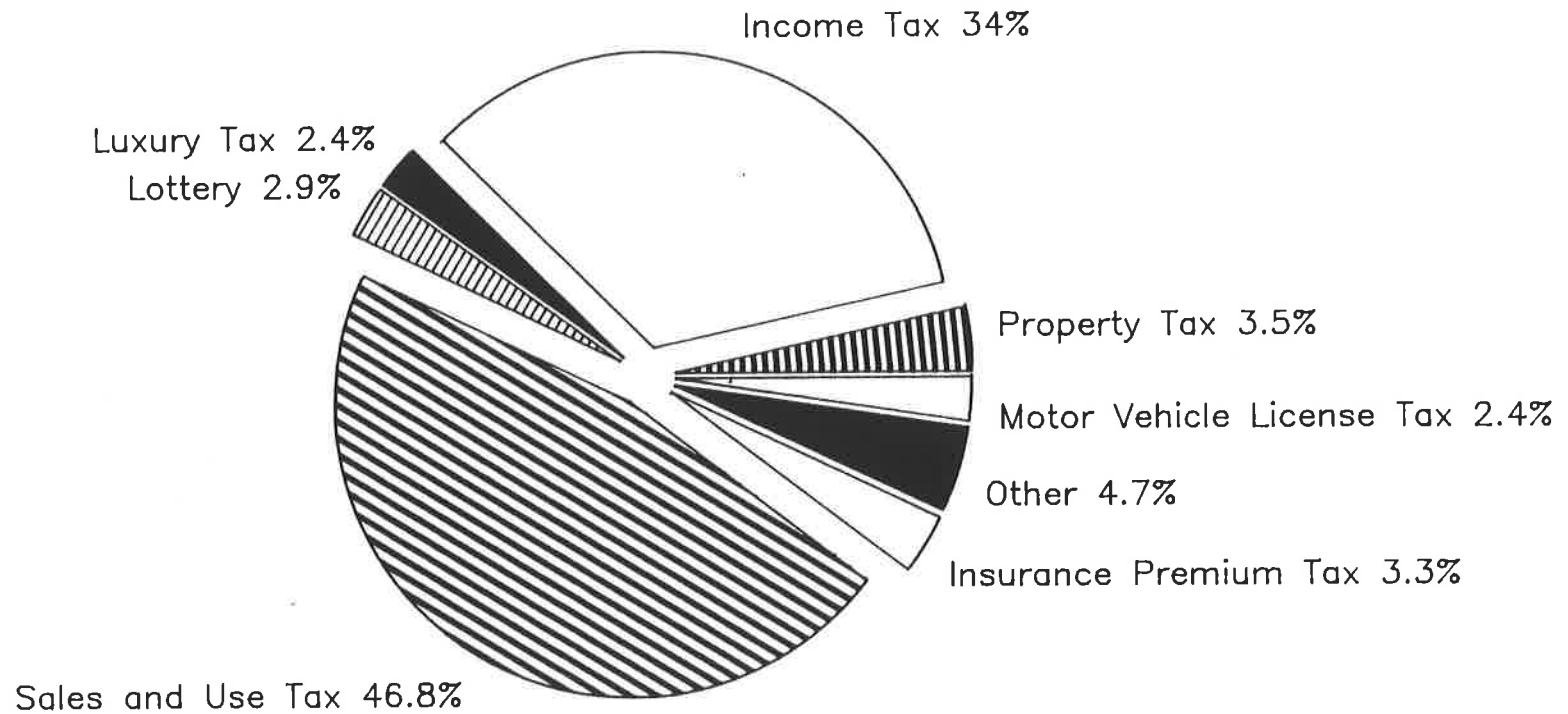
	<u>Property</u>	<u>Sales and Use</u>	<u>Individual Income</u>	<u>Corporation Income</u>	<u>Other</u>	<u>Total</u>
1. Ch. 4 (H.B. 2081) additional Lottery drawing.					\$16,000,000	\$ 16,000,000
2. Ch. 10 (S.B. 1123) Repayment of appropriated amount from proceeds of lease-purchase financing.					3,200,000	3,200,000
3. Ch. 29 (S.B. 1188) Parks Board collections which were formerly deposited in the General Fund will be deposited in State Parks Acquisition and Development Fund.					(1,866,300)	(1,866,300)
4. Ch. 108 (S.B. 1055) Certain Bingo collections which formerly were used for administration expenses will now be deposited in the General Fund.					270,000	270,000
5. Ch. 260 (H.B. 2142) Commitment by Department of Revenue for additional revenue to be generated by increased enforcement resources.		\$ 6,160,400	\$ 8,731,300	\$ 608,300		15,500,000
6. Ch. 271 (S.B. 1261)						
A. Assessment ratio freeze at 1987 levels.	\$ 1,600,000					1,600,000
B. Qualifying tax rate in unorganized districts with homeowners capped at 50¢ for 1988.	9,300,000					9,300,000
C. State education rate set at 9¢.	17,300,000					17,300,000
D. Accounting allowance capped at \$500.		3,000,000				3,000,000
E. Repeal of semi-conductor exemption.		1,700,000				1,700,000
F. Taxation of casual commercial rentals.		3,300,000				3,300,000
G. Hotel/Motel Tax rate raised to 5½% and \$2.0 million transferred to Tourism Fund.		4,200,000				4,200,000
H. Rental of Real Property Tax rate raised to 5%.		10,900,000				10,900,000
I. Special Corporation Capital Gains Tax Rate eliminated.				14,000,000		14,000,000
J. Controlled Corporation dividends conformed to U.S. Tax code.				13,000,000		13,000,000
K. Minimum Corporation tax set at \$50.				1,000,000		1,000,000
L. Depletion deduction conformed to U.S. Tax code.				1,000,000		1,000,000
M. Gasoline tax deduction repealed.			10,000,000			10,000,000
N. Windfall capped at 63% of Federal Income Tax liability and maximum of \$20,000.			25,400,000			25,400,000
O. Increase Insurance Premium Tax to 2.0%.					6,000,000	6,000,000
P. Increase in General Fund share of Auto License Tax.					17,100,000	17,100,000
Q. Transfer to General Fund from the Tax Protest Fund.					24,000,000	24,000,000
7. Ch. 275 (S.B. 2442) Repayment of appropriated amount from proceeds of lease-purchase financing					3,096,600	3,096,600
8. Ch. 351 (H.B. 2436) Transfers 35% of unclaimed property collections to the Housing Trust Fund.					(1,100,000)	(1,100,000)
TOTAL	<u>\$ 28,200,000</u>	<u>\$ 29,260,400</u>	<u>\$44,131,300</u>	<u>\$29,608,300</u>	<u>\$66,700,300</u>	<u>\$197,900,300</u>

FY 1990 GENERAL FUND REVENUE

PERCENT CHANGE FROM PRIOR YEAR



GENERAL FUND REVENUE SOURCES AS A PERCENT OF TOTAL



FY 1990

GENERAL FUND REVENUE

