

**ANNUAL BUDGET**  
**FY 1991**  
**ANALYSIS AND RECOMMENDATIONS**

**JLBC**

**Prepared By:**  
**THE STAFF OF THE**  
**JOINT LEGISLATIVE BUDGET COMMITTEE**  
**STATE OF ARIZONA**  
**JANUARY 22, 1990**

ALPHABETICAL INDEX OF STATE AGENCIES  
WITH DEPARTMENT NUMBER REFERENCE

<u>Dept.</u> <u>No.</u>	<u>Page</u> <u>No.</u>	<u>Dept.</u> <u>No.</u>	<u>Page</u> <u>No.</u>	<u>Dept.</u> <u>No.</u>	<u>Page</u> <u>No.</u>	
0352	Accountancy, Board of . . . . .	IR-150	0366	Funeral Directors & Embalmers, Bd of	IR-171	
0101	Administration, Department of . . . . .	GG-1	0720	Game and Fish Department . . . . .	NR-4	
0104	Affirmative Action, Gov's Ofc. of . . . . .	GG-37	0730	Geological Survey, Arizona . . . . .	NR-22	
	Agriculture, Department of . . . . .	IR-4	0125	Governor - Office of . . . . .	GG-117	
0302	Agricultural Employment Rel. Bd. . . . .	IR-1	0235	Health Services, Department of . . . . .	HW-60	
0306	Agri. and Horticulture, Comm. of . . . . .	IR-5	0244	Hearing Impaired, Council for the . . . . .	HW-3	
0201	AHCCCS . . . . .	HW-96	0422	Historical Society, Arizona . . . . .	ED-83	
0119	Appellate & Trial Court Appointments	GG-115	0424	Historical Society, Prescott . . . . .	ED-88	
0434	Arizona State University . . . . .	ED-15	0368	Homeopathic Medical Examiners Board.	IR-173	
0438	A.S.U. West. . . . .	ED-20	0150	House of Representatives . . . . .	GG-124	
0402	Arts, Commission on the . . . . .	ED-79	0250	Indian Affairs, Commission on. . . . .	HW-130	
0105	Attorney General - Department of Law	GG-40	0324	Industrial Commission. . . . .	IR-66	
0150	Auditor General. . . . .	GG-130	0328	Insurance, Department of . . . . .	IR-84	
0308	Banking Department . . . . .	IR-22	0150	Joint Legislative Budget Committee . . . . .	GG-128	
0354	Barber Examiners, Board of . . . . .	IR-152	0118	Judicial Conduct, Comm. on . . . . .	GG-113	
0355	Behavioral Health Examiners, Bd. of.	IR-154	0525	Juvenile Corrections, Dept. of . . . . .	PS-42	
0356	Boxing Commission. . . . .	IR-157	0740	Land Department. . . . .	NR-25	
0310	Building & Fire Safety, Dept. of . . . . .	IR-27	0130	Law Enforcement Merit System Council	GG-119	
0358	Chiropractic Examiners, Board of . . . . .	IR-160	0150	Legislative Council. . . . .	GG-126	
0110	Coliseum and Exposition Center . . . . .	GG-76	0150	Library, Archives & Public Records . . . . .	GG-132	
0113	Commerce, Department of. . . . .	GG-79	0332	Liquor Licenses & Control, Dept. of.	IR-90	
0408	Community Colleges, Bd. of Dir. for.	ED-32	0336	Livestock Board. . . . .	IR-94	
0314	Contractors, Registrar of. . . . .	IR-31	0160	Lottery, Arizona . . . . .	GG-136	
0316	Corporation Commission . . . . .	IR-36	0370	Medical Examiners, Board of. . . . .	IR-175	
0520	Corrections, Department of . . . . .	PS-1	0426	Medical Student Loans, Board of. . . . .	ED-30	
0360	Cosmetology, Board of. . . . .	IR-162	0338	Mine Inspector . . . . .	IR-110	
0116	Court of Appeals, Div. I . . . . .	GG-100	0750	Mineral Resources, Department of . . . . .	NR-30	
0116	Court of Appeals, Div. II. . . . .	GG-104	0372	Naturopathic Board of Examiners. . . . .	IR-178	
0530	Criminal Justice Comm., Arizona. . . . .	PS-29	0440	Northern Arizona University. . . . .	ED-25	
0320	Dairy Commissioner . . . . .	IR-62	0374	Nursing, Board of. . . . .	IR-180	
0414	Deaf and Blind, School for the . . . . .	ED-60	0376	Nursing Care Institution Admin Bd of	IR-183	
0362	Dental Examiners, Board of . . . . .	IR-164	0340	Occup. Safety & Health Act Review Bd	IR-114	
0209	Economic Security, Department of . . . . .	HW-7	0760	Oil and Gas Conservation Commission.	NR-33	
0418	Education, Department of . . . . .	ED-37	0378	Opticians Board, Dispensing. . . . .	IR-167	
0364	Egg Inspection Board . . . . .	IR-169	0380	Optometry, Board of. . . . .	IR-185	
0550	Emer. Services and Military Affairs.	PS-33	0382	Osteopathic Examiners, Board of. . . . .	IR-187	
0705	Environment, Commission on Arizona . . . . .	NR-1	0770	Outdoor Recreation Coord. Comm.. . . .	NR-45	
0215	Environmental Quality, Dept. of. . . . .	HW-92	0570	Pardons and Paroles, Board of. . . . .	PS-47	
				0770	Parks Board. . . . .	NR-37
				0165	Personnel Board. . . . .	GG-140
				0384	Pharmacy, Board of . . . . .	IR-189
				0386	Physical Therapy Examiners, Bd of. . . . .	IR-192
				0260	Pioneers' Home . . . . .	HW-133
				0388	Podiatry Examiners, Board of . . . . .	IR-194
				0390	Priv. Postsecondary Ed., Board of. . . . .	IR-196
				0392	Psychologist Examiners, Board of . . . . .	IR-198
				0580	Public Safety, Department of . . . . .	PS-51
				0342	Racing, Department of. . . . .	IR-116
				0344	Radiation Regulatory Agency. . . . .	IR-128
				0265	Rangers' Pension . . . . .	HW-1
				0346	Real Estate Department . . . . .	IR-136
				0430	Regents, Board of. . . . .	ED-1
				0348	Residential Util. Consumer Ofc.. . . .	IR-141
				0177	Retirement System. . . . .	GG-143
				0179	Revenue, Department of . . . . .	GG-146
				0180	Secretary of State - Dept. of State.	GG-177
				0150	Senate . . . . .	GG-122
				0394	Structural Pest Control Comm.. . . .	IR-200
				0117	Superior Courts. . . . .	GG-108
				0115	Supreme Court. . . . .	GG-85
				0188	Tax Appeals, Board of. . . . .	GG-181
				0396	Technical Registration, Bd of. . . . .	IR-202
				0191	Tourism, Office of . . . . .	GG-185
				0610	Transportation, Department of. . . . .	TR-1
				0192	Treasurer, State . . . . .	GG-189
				0196	Uniform State Laws, Comm. of . . . . .	GG-193
				0450	University of AZ - Main Campus . . . . .	ED-5
				0455	University of AZ - College of Med. . . . .	ED-10
				0271	Veterans' Services Commission. . . . .	HW-135
				0398	Veterinary Medical Examining Board . . . . .	IR-204
				0790	Water Resources, Department of . . . . .	NR-50
				0350	Weights and Measures, Department of.	IR-144
				0430	WICHE. . . . .	ED-1
					* * * *	
				0800	Capital Budget Section . . . . .	CB-1

**This document is designed to be used in conjunction with the Summary of Recommendations and Economic and Revenue Forecast.**

**Information presented in the Summary volume has not been repeated in this document.**

SENATE APPROPRIATIONS COMMITTEE  
 PAT WRIGHT - Chairman  
 Subcommittee Assignments - 39th Legislature 1989-90

<u>CRIMINAL JUSTICE/TRANS.</u>	<u>HEALTH/WELFARE/AGRIC.</u>	<u>GENERAL GOVERNMENT/LEG.</u>	<u>EDUCATION/NAT.</u>
PATTERSON, Chairman Members: Steiner, Hardt, Wright	GILLESPIE, Chairman Members: Mawhinney, Alston, Wright	BREWER, Chairman Members: Hays, Gabaldon, Higuera, Wright	WRIGHT, Chairman Members: Todd, Gutierrez
Attorney General Boxing Commission Corporation Commission CORRECTIONS, DEPT. OF COURTS Appellate/Trial Court Jud. Qual. Commission Court of Appeals Superior Courts Supreme Court Criminal Justice Comm. Juvenile Corr., Dept. of Law Enforce. Merit Syst. Liquor Licenses & Control Pardons & Paroles, Bd. of PUBLIC SAFETY, DEPT. OF Radiation Reg. Agency Residential Util. Cnsmr Ofc.	Ag. & Hort., Comm. of Agricultural Empl. Rel. Bd. AHCCCS Behavioral Hlth Exam., Bd of Bldg. & Fire Sfty. Coliseum & Expo. Ctr. Contractors, Registrar of Dairy Commission ECONOMIC SECURITY, DEPT. OF Emer. Svcs. & Mil. Affairs Environment, Comm. on AZ. ENVIRONMENTAL QUAL., DEPT OF HEALTH SERVICES, DEPT. OF Hearing Impaired, Council Industrial Commission Livestock Board Occup. Sfty & Hlth Rev. Bd. Pioneers' Home Rangers' Pension Tax Appeals Board WATER RESOURCES, DEPT. OF Weights & Measures, Dept. of	ADMINISTRATION, DEPT. OF Affirmative Action, Off. of Auditor General Banking Department Commerce, Dept. of DEAF & BLIND, SCHOOL FOR Governor, Office of the Insurance, Dept. of Joint Legislative Bud. Cmte. Legislative Council Library, Archives & Pub. Rec Lottery Commission Personnel Board Private Postsecond. Ed. Racing, Dept. of Real Estate Department Retirement System REVENUE, DEPT. OF Secretary of State Senate/House Tourism, Office of TRANSPORTATION, DEPT. OF Treasurer Uniform State Laws, Comm. on Veterans' Services Comm.	Arts, Comm. on the COMMUNITY COLLEGES EDUCATION, DEPT. OF (K-12) Game & Fish Department Geological Survey Historical Society, AZ Historical Society, Prescott Indian Affairs, Comm. of Land Department Medical Student Loans Bd. Mine Inspector Mines & Mineral Res., Dept. Oil & Gas Conserv. Comm. Parks Board UNIVERSITIES ASU ASU-West NAU Regents, Bd. of U of A U of A/Medical College

Revised  
 1/19/90

HOUSE APPROPRIATIONS COMMITTEE  
 JOHN WETTAW - Chairman  
 Subcommittee Assignments - 39th Legislature 1989-90

BURNS, Chairman Members: Williams, Rosenbaum Wilcox, Wettaw	ESKESEN, Chairman Members: Hermon, Evans Wettaw	GERARD, Chairman Members: Wessel, Pacheco, Wettaw	MILLER, Chairman Members: Barnes, McLendon Cajero, Wettaw
Accountancy, Bd. of AHCCCS ATTORNEY GENERAL Boxing Commission Chiropractic Exam. Bd. CORRECTIONS, DEPT. OF COURTS Appellate/Trial Court Court of Appeals Jud. Qual. Commission Superior Courts Supreme Court Criminal Justice Comm. Juvenile Corr., Dept. of <u>1</u> / Law Enforce. Merit Syst. Liquor Licenses & Control Nursing Board Pardons & Paroles, Bd. of Pharmacy Board Radiation Reg. Agency Structural Pest Control Bd. Technical Registration, Bd of	Ag. & Hort. Comm. of Agricultural Empl. Rel. Bd. Behav. Hlth. Exm., Bd. of <u>1</u> / Bldg. & Fire Sfty. Coliseum & Expo. Ctr. Contractors, Reg. of Dairy Commission Dental Exam. Bd. ECONOMIC SECURITY, DEPT. OF Egg Inspection Bd. Emer. Svcs. & Mil. Affairs Environment, Comm. on AZ. ENVIRONMENTAL QUAL., DEPT OF HEALTH SERVICES, DEPT. OF Hearing Impaired, Council Industrial Commission Livestock Board Occup. Sfty & Hlth Rev. Bd. Pioneers' Home PUBLIC SAFETY, DEPT. OF Rangers' Pension Veterans' Services Comm. WATER RESOURCES, DEPT. OF Weights & Measures, Dept. of	ADMINISTRATION, DEPT. OF Affirmative Action, Off. of Auditor General Banking Department Barber Exam. Bd. Corporation Commission Cosmetology, Bd. of *Funeral Dir. & Embalm Bd. Governor, Office of the *Homeopathic Med. Exam. Bd. Insurance, Dept. of Joint Legislative Bud. Cmte. Legislative Council Library, Archives & Pub Rec. Lottery Commission Medical Exam., Bd. of *Naturopathic Physicians *Nursing Care Inst. Admin. *Opticians, Bd of Dispensing *Optometry, Board of Osteopathic Exam. Bd. Personnel Board *Physical Therapy Exam. Bd. *Podiatry Examiners Bd. *Psychological Exam. Bd. Racing, Dept. of Real Estate Department Residential Util. Cnsmr Ofc. Retirement System REVENUE, DEPT. OF Secretary of State Senate/House Tax Appeals Board Treasurer Uniform State Laws, Comm. on *Veterinarian Med. Exam	Arts, Comm. on the Commerce, Dept. of COMMUNITY COLLEGES DEAF & BLIND, SCHOOL FOR EDUCATION, DEPT. OF (K-12) Game & Fish Department Geological Survey Historical Society, AZ Historical Society, Prescott Indian Affairs, Comm. of Land Department Medical Student Loans Bd. Mine Inspector Mines & Mineral Res., Dept. Oil & Gas Conserv. Comm. Parks Board Private Postsecond. Ed. Tourism, Office of TRANSPORTATION, DEPT. OF UNIVERSITIES ASU ASU-West NAU Regents, Bd. of U of A U of A/Medical College
*Central Board Services - Department of Administration			
<u>1/</u> Indicates new department			
Revised 1/16/90			

DIRECTORY OF JLBC ANALYSTS  
AND AGENCY/DEPARTMENT HEADS

<u>AGENCY/DEPT./BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>DIRECTOR</u>	<u>TELEPHONE NUMBER</u>
Accountancy, Board of Administration, Department of Affirmative Action, Gov's Office of Agricultural Employment Relations Board Agriculture & Horticulture, Comm. of	Michelle Fusak Scot Pitcairn Marge Cawley Brian McNeil Brian McNeil	Ruth R. Lee Catherine Eden Brenda Smith Maxine McCarthy Dr. Ivan J. Shields	255-3648 542-1500 542-3711 542-5989 542-4373
AHCCCS	Brian McNeil (1) Monika Comick (2)	Dr. Leonard Kirschner	234-3655
Appellate & Trial Court Appointments, Comm. on Arizona State University Arts, Commission on the Attorney General - Department of Law	Jayne Burgess John Lee Marge Cawley Marge Cawley	Hon. Frank X. Gordon, Chief Justice Dr. Lattie Coor Shelley Cohn Hon. Robert K. Corbin, Attorney General	542-4531 965-5606 255-5882 542-4266
Auditor General Banking Department Barber Examiners, Board of Behavioral Health Examiners, Board of Boxing Commission	Dick Morris Scot Pitcairn John Wilcox Monika Comick Michael Bradley	Douglas R. Norton William H. Rivoir III Mario Herrera Patricia Conditt John Montano	255-4385 255-4421 542-4498 542-1882 542-1417
Building & Fire Safety, Dept. of Chiropractic Examiners, Board of Coliseum & Exposition Center Commerce, Department of Community Colleges, Bd. of Directors for	Michelle Fusak Monika Comick Michael Bradley Stephanie Hernandez Stephanie Hernandez	Don Reville Sylva Aldredge Gary D. Montgomery David Jankofsky Wayne McGrath	255-4072 255-1444 252-6771 542-5371 255-4037
Contractors, Registrar of Corporation Commission Corrections, Department of	Michelle Fusak Scot Pitcairn Dick Morris (1) Michael Bradley (2)	Rhonda K. Davis Marcia Weeks Samuel A. Lewis	542-1525 542-4143 542-5497
Cosmetology, Board of Court of Appeals, Division I	John Wilcox Jayne Burgess	Sue Sansom Hon. Sarah D. Grant, Chief Judge	542-5301 542-4828
Court of Appeals, Division II Criminal Justice Commission, Arizona Dairy Commissioner Deaf and Blind, School for the Dental Examiners, Board of	Jayne Burgess Jayne Burgess Brian McNeil Jack Neisent John Wilcox	Hon. Lloyd Fernandez, Chief Judge Rex Holgerson, Interim Exec. Director Roy Collier Barry L. Griffing, Ed.D. Mathew Wheeler	884-1346 255-1928 255-4189 628-5261 255-3696

DIRECTORY OF JLBC ANALYSTS  
AND AGENCY/DEPARTMENT HEADS

Economic Security, Department of	Richard Stavneak (1)	Linda Moore-Cannon	542-5678
Education, Department of	Marge Cawley (2)		
	Jack Neisent (1)	Hon. C. Diane Bishop, Superintendent	542-4361
Egg Inspection Board	Stephanie Hernandez (2)		
	Brian McNeil	Dart Easterday	542-5741
Emer. Services and Military Affairs	Stephanie Hernandez	MG Donald Owens	267-2710
Environment, Commission on Arizona	Jayne Burgess	Alicia Bristow	542-2102
Environmental Quality, Dept. of	Cy Blanton	Randolph Wood	257-2300
Funeral Directors & Embalmers, Bd. of	Michelle Fusak	Jean Ellzey	542-3095
Game and Fish Department	Keith Brainard	Duane Schroufe	942-3000
Geological Survey, Arizona	Keith Brainard	Larry D. Fellows, Ph.D.	882-4795
Governor - Office of	Dick Morris	Hon. Rose Mofford, Governor	542-4331
Health Services, Department of	Cy Blanton (1)	Ted Williams	542-1024
Hearing Impaired, Council for the	Monika Comick (2)		
Historical Society, Arizona	Michelle Fusak	Stuart Brackney	542-3323
Historical Society, Prescott	Stephanie Hernandez	Dr. Michael F. Weber	628-5774
Homeopathic Medical Examiners Board	Stephanie Hernandez	Dr. Kenneth Kimsey	445-3122
	Michelle Fusak	John C. Reed, M.D.	542-3095
House of Representatives	Dick Morris	Hon. Jane Dee Hull, Speaker	542-5836
Indian Affairs, Commission of	Jayne Burgess	Tony Machukay	542-3123
Industrial Commission	Jayne Burgess	Larry Etchechury	542-4411
Insurance, Department of	Scot Pitcairn	Susan Gallinger	255-5400
Joint Legislative Budget Committee	Dick Morris	Ted Ferris	542-5491
Judicial Conduct, Commission on	Jayne Burgess	Hon. Noel Fidel, Chairman	795-6898
Juvenile Corrections, Department of	Dick Morris (1)		
	Michael Bradley (2)		
Land Department	John Wilcox	M. J. Hassell	542-4621
Law Enforcement Merit System Council	Cy Blanton	Mike Denney	223-2286
Legislative Council	Dick Morris	Don Jansen	542-4236

DIRECTORY OF JLBC ANALYSTS  
AND AGENCY/DEPARTMENT HEADS

Library, Archives and Public Records	Marge Cawley	Sharon Womack	542-4035
Liquor Licenses & Control, Department of	Jayne Burgess	Hugh Ennis	542-5141
Livestock Board	Brian McNeil	William Allen	542-4196
Lottery Commission	Michael Bradley	Bill Henry	921-4400
Medical Examiners, Board of	John Wilcox	Doug N. Cerf	255-3751
Medical Student Loans, Board of	Keith Brainard	Andrew M. Goldner, Ph.D., Vice-Chairman	626-7145
Mine Inspector	Jayne Burgess	Hon. Douglas K. Martin	542-5971
Mines & Mineral Resources, Dept. of	Jayne Burgess	Leroy Kissinger	255-3791
Naturopathic Physicians Exam. Board	Michelle Fusak	Glenn T. Ozalan, N.D.	542-3095
Northern Arizona University	John Lee (1)	Dr. Eugene M. Hughes	523-3232
	Keith Brainard (2)		
Nursing, Board of	John Wilcox	Fran Roberts	255-5092
Nursing Care Institution Admin., Bd. of	Michelle Fusak	Christine Springer	542-3095
Occup. Safety & Health Act Review Bd.	Jayne Burgess	Jack Duncan	864-0893
Oil and Gas Conservation Commission	Keith Brainard	Daniel Brennan	255-5161
Opticians Board, Dispensing	Michelle Fusak	Cathy Feagan	542-3095
Optometry, Board of	Michelle Fusak	Florence Moore	542-3095
Osteopathic Examiners, Board of	John Wilcox	Mary Tucker	255-1747
Pardons and Paroles, Board of	Jayne Burgess	Arter Johnson, Chairman	542-5656
Parks Board	Keith Brainard	Kenneth Travous	542-4174
Personnel Board	John Wilcox	Patricia Conditt	255-3888
Pharmacy, Board of	John Wilcox	Llyn Lloyd	255-5125
Physical Therapy Examiners, Bd. of	Michelle Fusak	Patricia Plack	542-3095
Pioneers' Home	Monika Comick	Doris Marlowe, R.N.	445-2181
Podiatry Examiners, Board of	Michelle Fusak	Michael Kates, D.P.N.	542-3095
Priv. Postsecondary Education, Bd. of	Keith Brainard	Dona Markley	542-5709
Psychologist Examiners, Board of	Michelle Fusak	Peggy C. LaVoy	542-3095
Public Safety, Department of	Cy Blanton	Col. Rick Ayars	223-2359
Racing, Department of	Michael Bradley	William Linton	542-5151
Radiation Regulatory Agency	Michelle Fusak	Charles F. Tedford	255-4845
Rangers' Pension	Monika Comick	See Governor's Office	542-4331



**DIRECTORY OF JLBC ANALYSTS  
AND AGENCY/DEPARTMENT HEADS**

Real Estate Department	Scot Pitcairn	Joe Sotello	255-4670
Regents, Board of	John Lee	Margaret C. Broad	255-4082
Residential Util. Consumer Office	Scot Pitcairn	Douglas Brooks	255-1431
Retirement System	Keith Brainard	Edward Gallison	255-5131
Revenue, Department of	Scot Pitcairn	Paul Waddell	542-3572
Secretary of State - Dept. of State	Marge Cawley	Hon. Jim Shumway, Secretary of State	542-4285
Senate	Dick Morris	Hon. Robert Usdane, President	542-4233
Structural Pest Control Commission	Michelle Fusak	Jack Root	255-3664
Superior Courts	Jayne Burgess	William L. McDonald, Admin. Director	253-5700
Supreme Court	Jayne Burgess	Hon. Frank X. Gordon, Chief Justice	542-4531
Tax Appeals, Board of	Michael Bradley	Barbara E. Fisher (Division I)	542-5462
 		Wilma Langfitt (Division II)	542-3288
Technical Registration, Bd. of	Keith Brainard	Ronald Dalrymple	255-4053
Tourism, Office of	Stephanie Hernandez	Vic Heller	542-8687
Transportation, Department of	Cy Blanton	Charles Miller	255-7226
Treasurer, State	Michael Bradley	Hon. Ray Rottas, Treasurer	542-5815
Uniform State Laws, Comm. of	Michael Bradley	Edward F. Lowry, Jr.	949-8998
University of Arizona	John Lee	Dr. Henry Koffler	621-5511
Veterans' Services Commission	Monika Comick	Norman O. Gallion	255-4713
Veterinary Medical Examining Board	Michelle Fusak	Judy Zingg	542-3095
Water Resources, Department of	John Wilcox	Bill Plummer	542-1553
Weights & Measures, Department of	Brian McNeil	Ray Helmick	255-5211

**OTHER ASSIGNMENTS:**

Capital Budgeting	Jim Stewart (1)
	Keith Brainard (2)
Data Processing	John Wilcox
Federal Funds	Richard Stavneak
Fiscal Note Manager	Richard Stavneak

(1) Lead Assignment

(2) Secondary Assignment

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	557.25	682.75	597.90	613.75	443.50	
<u>BY PROGRAM/ORGANIZATION</u>						
OFFICE OF DIRECTOR	536,900	562,400	509,800	481,900	481,900	
EXECUTIVE BUDGET OFFICE	1,133,300	1,148,400	1,082,400	1,138,000	1,018,800	
DATA MANAGEMENT	3,860,100	5,641,600	4,723,800	4,947,700	3,780,700	
FINANCE	5,316,700	6,076,200	5,028,100	5,658,100	4,671,100	
PERSONNEL	4,205,600	5,055,200	4,204,200	4,355,400	3,878,900	
FACILITIES MANAGEMENT	12,004,300	16,732,900	14,214,700	14,083,500	13,007,400	
GENERAL SERVICES	0	117,700	90,900	95,500	95,500	
<u>A G E N C Y T O T A L</u>	<u>27,056,900</u>	<u>35,334,400</u>	<u>29,853,900</u>	<u>30,760,100</u>	<u>26,934,300</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	12,803,800	14,362,300	13,230,500	13,080,600	10,665,500	
EMPLOYEE RELATED EXP	2,684,100	3,806,800	3,294,500	3,251,700	2,601,500	
PROFESSIONAL/OUTSIDE SVCS	2,789,600	4,095,500	3,860,300	3,864,800	4,382,900	
TRAVEL - IN STATE	154,100	193,000	159,000	161,600	158,100	
TRAVEL - OUT OF STATE	13,200	35,000	21,400	19,200	19,200	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
OTHER OPERATING EXP	2,137,400	3,016,400	2,440,500	2,248,000	2,022,100	
EQUIPMENT	224,800	1,149,300	233,200	260,500	238,300	
ALL OTHER OPERATING	5,319,100	8,489,200	6,714,400	6,554,100	6,820,600	
<u>OPERATING SUBTOTAL</u>	<u>20,807,000</u>	<u>26,658,300</u>	<u>23,239,400</u>	<u>22,886,400</u>	<u>20,087,600</u>	
<u>SPECIAL LINE ITEMS</u>						
HEARING OFFICE	171,300	171,300	171,300	121,300	121,300	
GRC	14,400	14,400	14,400	14,400	14,400	
SLIAG	133,300	238,300	238,300	238,300	133,300	
RENT	651,500	619,400	619,400	619,400	619,400	
GAAP	682,300	682,300	660,500	682,300	437,300	
SPECIAL RECRUITMENT	38,500	40,400	38,500	18,500	18,500	
RELOCATION	161,800	730,000	730,000	600,000	500,000	
UTILITIES	4,396,800	6,080,000	5,629,700	5,202,500	5,002,500	
EXECUTIVE TRAINING	0	100,000	0	0	0	
PASS-THROUGH AUDITS	0	0	0	377,000	0	
SPENDING REDUCTION PGM	0	0	-1,487,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>6,249,900</u>	<u>8,676,100</u>	<u>6,614,500</u>	<u>7,873,700</u>	<u>6,846,700</u>	
<u>AGENCY TOTAL</u>	<u>27,056,900</u>	<u>35,334,400</u>	<u>29,853,900</u>	<u>30,760,100</u>	<u>26,934,300</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	26,719,200	34,979,100	29,503,700	30,414,500	26,588,700	_____
OTHER FUNDS	337,700	355,300	350,200	345,600	345,600	_____
OTHER NON APPROPRIATED	35,889,800	36,668,600	0	36,668,600	36,668,600	_____
<b>AGENCY TOTAL-ALL SOURCES</b>	<b>62,946,700</b>	<b>72,003,000</b>	<b>29,853,900</b>	<b>67,428,700</b>	<b>63,602,900</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
 COST CENTER: SUMMARY

The JLBC Staff recommends a total appropriation of \$30,760,100 -- a net increase of \$3,703,200, or 13.7%, to the adjusted FY 1990 appropriation. This includes a) a total General Fund appropriation of \$30,414,500 -- a net increase of \$3,695,300, or 13.8%, to the adjusted FY 1990 General Fund appropriation, and b) a total Corrections Fund appropriation of \$345,600 -- a net increase of \$7,900, or 2.3%, to the adjusted FY 1990 appropriation from the Corrections Fund.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (164,800)
o ERE Rate Adjustments	465,300
o Travel Rate Adjustments	2,500
o General Inflation	277,800
o Data Processing Charges	325,200
o Rent	(32,100)
o Risk Management	(65,100)
o Equipment	(37,300)
o New Buildings	2,118,200
o All Other	(5,400)

**JLBC Staff Recommended Policy Issues**

The total net impact of the following Policy Issues on the General Fund appropriation is \$818,900, including \$1,366,700 in increased funding and \$(547,800) in decreased funding.

o <u>General Inflation</u>	(277,800)
Elimination of 4.5% General Inflation.	
o <u>Reduce Energy Consumption</u>	(200,000)
o <u>Hearing Office</u>	(50,000)
o <u>Special Recruitment</u>	(20,000)
o <u>Statewide Accounting System</u>	750,000
o <u>Centralized Auditing of Pass-Through Grants</u>	377,000
o <u>SLIAG Oversight</u>	105,000
o <u>Increased Security Staffing</u>	74,200

- o Personnel Analyst 35,100
- o On-Line Use of Payroll/Personnel System 16,200
- o Special Hiring Rates 9,200

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$29,595,600 (General Fund). The following Budget Reduction Options represent a \$(3,006,900), or (10.1)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (747,800)
  - General Inflation
  - Hearing Office
  - Special Recruitment
  - Reduce Energy Consumption (increase reduction from \$200,000 to \$400,000)
- o Reduce Relocation Funding (100,000)
- o Reduce Service to Department of Health Services (141,100)
- o Abolish Training Unit (132,500)
- o Eliminate Seasonal Landscaping and Plantings (63,800)
- o Reduce System Development Funding (335,000)
- o Classification Unit Service Reduction (151,600)
- o Contract Custodial Service (424,000)
- o Reduce Facilities Planning Staff (105,000)
- o Clerical Support Reduction (63,300)
- o Reduce System Enhancement Funding (82,000)
- o Reduce Minor Repair Service (45,800)
- o EBO Enhanced Funding (110,000)
- o Reduce GAAP Funding (245,000)
- o Reduce the Level of Service to State Agencies (260,000)

Other Issues for Legislative Consideration

- o Printing  
The Executive has recommended \$10,000 for printing new forms for the Statewide Accounting System.
- o Enhanced Procurement  
The agency has requested \$60,000 to fund 2 FTE Procurement positions, citing potential cost savings.
- o Fund Maintenance Contracts  
The agency is requesting \$265,800 in General Funds for maintenance contracts now paid from the Building Renewal Fund.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: OFFICE OF DIRECTOR

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	7.00	7.00	7.00	7.00	7.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	297,900	297,900	285,000	285,800	285,800	
EMPLOYEE RELATED EXP	48,200	69,600	55,700	55,200	55,200	
TRAVEL - IN STATE	700	700	700	800	800	
TRAVEL - OUT OF STATE	500	3,700	3,700	500	500	
OTHER OPERATING EXP	18,300	19,200	19,100	18,300	18,300	
ALL OTHER OPERATING	19,500	23,600	23,500	19,600	19,600	
<u>OPERATING SUBTOTAL</u>	<u>365,600</u>	<u>391,100</u>	<u>364,200</u>	<u>360,600</u>	<u>360,600</u>	
<u>SPECIAL LINE ITEMS</u>						
HEARING OFFICE	171,300	171,300	171,300	121,300	121,300	
SPENDING REDUCTION PGM	0	0	-25,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>171,300</u>	<u>171,300</u>	<u>145,600</u>	<u>121,300</u>	<u>121,300</u>	
<u>PROGRAM TOTAL</u>	<u>536,900</u>	<u>562,400</u>	<u>509,800</u>	<u>481,900</u>	<u>481,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: OFFICE OF DIRECTOR

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	536,900	562,400	509,800	481,900	481,900	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>536,900</b>	<b>562,400</b>	<b>509,800</b>	<b>481,900</b>	<b>481,900</b>	_____



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
COST CENTER: OFFICE OF THE DIRECTOR

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The JLBC Staff recommends a total appropriation of \$481,900 -- a net decrease of \$(55,000), or (10.2%), from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, which includes no vacancy factor \$ (12,100)  
     The personal services base was adjusted downward by \$12,100 due to position changes resulting in lower overall salaries.
- o ERE Rate Adjustments 7,000
- o Travel Rate Adjustments 100
- o General Inflation 700

**JLBC Staff Recommended Policy Issues**

- o General Inflation (700)  
     Elimination of 4.5% General Inflation.
- o Hearing Office (50,000)  
     The JLBC Staff recommends reducing the Below the Line budget for the Hearing Office to more closely reflect recent expenditure levels. A.R.S. § 49-321, enacted in 1986, gives the department the responsibility of administering hearings of the Water Quality Appeals Board, which hears appeals of Department of Environmental Quality decisions. Actual expenditures for the department's Hearing Office budget in FY 1989 were \$62,600, which reflects the shifting of the Mobile Home Hearing Office responsibilities to the Fire Marshall's Office and the start-up of the Water Quality Appeals Board. Reducing the appropriation for this function from \$171,300 to \$121,300 should still allow for a substantial increase in the number of hearings.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$532,600 (General Fund). The following Budget Reduction Options represent a \$(50,700), or (9.5)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (50,700)
  - General Inflation
  - Hearing Office

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: EXECUTIVE BUDGET OFFICE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	22.00	22.00	22.00	22.00	19.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	787,800	795,400	795,400	795,400	701,100	
EMPLOYEE RELATED EXP	142,000	181,500	170,500	170,300	150,100	
PROFESSIONAL/OUTSIDE SVCS	60,000	60,000	60,000	60,000	60,000	
TRAVEL - IN STATE	8,800	8,800	8,800	9,100	7,600	
TRAVEL - OUT OF STATE	4,000	4,000	4,000	4,000	4,000	
OTHER OPERATING EXP	69,400	72,900	72,500	69,800	66,600	
EQUIPMENT	46,900	11,400	11,400	15,000	15,000	
ALL OTHER OPERATING	189,100	157,100	156,700	157,900	153,200	
<u>OPERATING SUBTOTAL</u>	<u>1,118,900</u>	<u>1,134,000</u>	<u>1,122,600</u>	<u>1,123,600</u>	<u>1,004,400</u>	
<u>SPECIAL LINE ITEMS</u>						
GRRC	14,400	14,400	14,400	14,400	14,400	
SPENDING REDUCTION PGM	0	0	-54,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>14,400</u>	<u>14,400</u>	<u>-40,200</u>	<u>14,400</u>	<u>14,400</u>	
<u>PROGRAM TOTAL</u>	<u>1,133,300</u>	<u>1,148,400</u>	<u>1,082,400</u>	<u>1,138,000</u>	<u>1,018,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: EXECUTIVE BUDGET OFFICE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,133,300	1,148,400	1,082,400	1,138,000	1,018,800	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>1,133,300</u>	<u>1,148,400</u>	<u>1,082,400</u>	<u>1,138,000</u>	<u>1,018,800</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
 COST CENTER: EXECUTIVE BUDGET OFFICE

The JLBC Staff recommends a total appropriation of \$1,138,000 -- a net increase of \$4,700, or 0.4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments 26,700
- o Travel Rate Adjustments 300
- o General Inflation 3,100
- o One-Time Equipment (46,900)
- o Replacement Equipment and New Equipment 15,000
  - This amount provides funding for replacement of four personal computers which do not function properly on the new system, and purchase of a full size conference table and 24 chairs.
- o All Other 400

**JLBC Staff Recommended Policy Issues**

- o General Inflation (3,100)
  - Elimination of 4.5% General Inflation.
- o Special Hiring Rates 9,200
  - The JLBC Staff recommends additional Personal Services funding to cover special hiring rates for new budget analysts hired during FY 1990. The Division was not able to attract the level of expertise it was seeking at the current entry rates.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$1,131,900 (General Fund). The following Budget Reduction Options represent a \$(113,100), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (3,100)
  - General Inflation

o EBO Enhanced Funding

(110,000)

For FY 1990 the Executive Budget Office was appropriated \$294,300 to add 6 FTE Budget Analyst positions and related operating expenses. This option would eliminate 3 FTE positions recently added. The impact would be to reduce the desired level of budget analysis and diminish the effectiveness of the rules review process. Cost savings potentially achieved through more careful agency budget and rules analysis could also be diminished.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: DATA MANAGEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	39.00	39.00	39.00	39.00	37.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,360,100	1,362,100	1,348,500	1,348,500	1,279,700	
EMPLOYEE RELATED EXP	230,200	274,700	256,100	256,900	243,700	
PROFESSIONAL/OUTSIDE SVCS	2,138,400	3,209,100	3,209,100	3,209,100	2,124,100	
TRAVEL - OUT OF STATE	2,900	6,800	2,900	2,900	2,900	
OTHER OPERATING EXP	128,500	135,400	133,800	118,700	118,700	
EQUIPMENT	0	653,500	11,600	11,600	11,600	
ALL OTHER OPERATING	2,269,800	4,004,800	3,357,400	3,342,300	2,257,300	
<u>OPERATING SUBTOTAL</u>	<u>3,860,100</u>	<u>5,641,600</u>	<u>4,962,000</u>	<u>4,947,700</u>	<u>3,780,700</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-238,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-238,200</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>3,860,100</u>	<u>5,641,600</u>	<u>4,723,800</u>	<u>4,947,700</u>	<u>3,780,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: DATA MANAGEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,860,100	5,641,600	4,723,800	4,947,700	3,780,700	_____
OTHER NON APPROPRIATED	27,785,300	28,413,600	0	28,413,600	28,413,600	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>31,645,400</b>	<b>34,055,200</b>	<b>4,723,800</b>	<b>33,361,300</b>	<b>32,194,300</b>	_____



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
 COST CENTER: DATA MANAGEMENT

The JLBC Staff recommends a total appropriation of \$4,947,700 -- a net increase of \$1,087,600, or 28.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- |   |             |
|---|-------------|
| o Personal Services/ERE Adjustments, including a vacancy factor of 1%   | \$ (13,800) |
| o ERE Rate Adjustments  | 28,900      |
| o General Inflation   | 4,800       |
| o Data Processing   | 320,700     |
| <p>This 15% increase in data processing is to cover the increase in the rates for the Honeywell system. The actual rate increase is 50% due to phasing out of the system, but the current year funding includes offsetting one-time expenditures.</p> |             |
| o One-Time Non-Capitalized Equipment  |             |
| o Equipment   | (9,800)     |
| <p>This amount is for two advanced personal computers to be used as File Servers to enable the division to convert from the DPS-6 Honeywell mini-computer to the NAS system. By FY 1992, there should be offsetting savings.</p>                      |             |
|   | 11,600      |

**JLBC Staff Recommended Policy Issues**

- |   |         |
|---|---------|
| o <u>General Inflation</u>  | (4,800) |
| <p>Elimination of 4.5% General Inflation.</p>   |         |
| o <u>Statewide Accounting System/Transition from Honeywell to IBM</u>   | 750,000 |
| <p>The JLBC Staff, as a user of AFIS for budget tracking purposes, recommends funding a two year \$1.5 million program to enable the State to a) change from the current AFIS accounting system to a new system, and b) move its accounting off the Honeywell and onto the IBM-compatible hardware. The funds are to purchase the software for the new system, and the amount represents the lowest cost proposal received.</p> |         |

The State's accounting is one of the major functions remaining on the Honeywell mainframe. Should this transition from the Honeywell to IBM be delayed, the higher costs of operating two systems would be continued. Currently agencies

still using the Honeywell computer are experiencing substantial rate increases due to fewer users supporting the system. The annual cost to run the Honeywell system is in excess of \$ 1 million annually.

The rationale for installing a new accounting system is that the current AFIS system is not providing agencies with the detail they need for planning purposes, and the end of the month balances are not able to be provided in a timely manner. Should the system not be installed, larger agencies will continue to develop their own accounting systems, at greater cost and duplication. With the new software, agencies will be able to extract data from the statewide system and then build their own subprograms on personal computers for planning purposes. The Executive has also recommended this issue.

\* \* \* \* \*

#### **Budget Reduction Options**

The Current Services Budget (CSB) is \$4,202,500 (General Fund). The following Budget Reduction Options represent a \$(421,800), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (4,800)  
    General Inflation
- o Reduce System Development Funding (335,000)

The Data Management Division has allocated funding to develop and test new applications. The primary system being developed currently is the HRMS (Human Resources Management System) for payroll/personnel accounting. To date, \$128,000 has been spent for the software and \$200,000 for consultants to develop the HRMS system, and a January 1, 1991 start-up date is planned. To indefinitely postpone developing this system and the new statewide accounting system (see Recommended Policy Issue above) and related developments would save primarily in computer charges from the Revolving Fund. However, because the current payroll/personnel system does not allow for on-line changes, any rate changes or system maintenance changes are more costly than with the system planned. In addition, this reduction would prevent the State from switching from the Honeywell to the IBM system, resulting in continuing use of both systems and the associated higher operating costs. (See Policy Issue above.) Note also that a savings in Revolving Fund charges may only spread the costs to other state users unless positions are eliminated.

o Reduce System Enhancement Funding

(82,000)

This option involves eliminating 2 FTE Program Analyst positions which are responsible for responding to user agencies' problems with the existing payroll/personnel accounting system. This reduction would result in slower response to agency requests for assistance in accessing their personnel records for planning and budgeting purposes, or no response at all in certain cases.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: FINANCE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	112.00	123.00	88.00	121.00	96.00	
<b>OPERATING BUDGET</b>						
PERSONAL SERVICES	2,224,600	2,456,000	2,157,900	2,157,900	1,950,900	
EMPLOYEE RELATED EXP	434,600	625,800	471,700	471,900	426,600	
PROFESSIONAL/OUTSIDE SVCS	532,400	687,900	532,400	536,900	535,200	
TRAVEL - IN STATE	10,300	28,300	300	300	300	
TRAVEL - OUT OF STATE	0	2,200	0	0		
OTHER OPERATING EXP	640,200	714,000	601,100	574,100	568,100	
EQUIPMENT	7,500	22,000	0	0		
ALL OTHER OPERATING	1,190,400	1,454,400	1,133,800	1,111,300	1,103,600	
<b>OPERATING SUBTOTAL</b>	<b>3,849,600</b>	<b>4,536,200</b>	<b>3,763,400</b>	<b>3,741,100</b>	<b>3,481,100</b>	
<b>SPECIAL LINE ITEMS</b>						
SLIAG	133,300	238,300	238,300	238,300	133,300	
RENT	651,500	619,400	619,400	619,400	619,400	
GAAP	682,300	682,300	660,500	682,300	437,300	
PASS-THROUGH AUDITS	0	0	0	377,000	0	
SPENDING REDUCTION PGM	0	0	-253,500	0	0	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>1,467,100</b>	<b>1,540,000</b>	<b>1,264,700</b>	<b>1,917,000</b>	<b>1,190,000</b>	
<b>PROGRAM TOTAL</b>	<b>5,316,700</b>	<b>6,076,200</b>	<b>5,028,100</b>	<b>5,658,100</b>	<b>4,671,100</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: FINANCE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	5,316,700	6,076,200	5,028,100	5,658,100	4,671,100	_____
PROGRAM TOTAL-ALL SOURCES	5,316,700	6,076,200	5,028,100	5,658,100	4,671,100	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
COST CENTER: FINANCE

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The JLBC Staff recommends a total appropriation of \$5,658,100 -- a net increase of \$341,400, or 6.4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ (66,700)  
This decrease includes a 1.5% vacancy factor and a \$63,000 reduction due to transfer of the mailroom budget to the General Services Division, where it is already administered. This results in a reduction of 4 FTE positions in this cost center.
- o ERE Rate Adjustments 37,300
- o In-State Travel (10,000)  
This reduction reflects the transfer of the mailroom function described above and its associated motor pool costs.
- o Risk Management (65,100)
- o General Inflation 16,800
- o Data Processing 4,500
- o One-Time Equipment (7,500)
- o Below the Line (32,100)  
The department's rent charges, contained in a Below the Line item, have decreased. The Below the Line budgets for the State Legislation Impact Assistance Grant (SLIAG) and for the transition to the Generally Accepted Accounting Practices (GAAP) have been continued at the same levels.
- o All Other (1,000)

**JLBC Staff Recommended Policy Issues**

- o General Inflation (16,800)  
Elimination of 4.5% General Inflation.
- o Centralized Auditing of Pass-Through Grants 377,000  
The JLBC Staff recommends 10 FTE positions to audit federal grants which have been received by State agencies and then passed through to recipients such as non-profit organizations, school districts and local governments. The federal

Single Audit Act of 1984 established requirements for states to audit these pass through grants. Currently this auditing is being done by several agencies using differing standards. Affected agencies have approached the department requesting that it handle this auditing function centrally. The department may be able to recover up to 50% of these costs by charging them against the grants. JLBC Staff recommends a Below the Line appropriation.

o State Legalization Impact Assistance Grants (SLIAG)

105,000

The State receives federal monies to administer programs for legalized aliens. The costs are usually paid from State funds then immediately reimbursed by the federal government. The department was appropriated \$133,300 Below the Line for FY 1990, and is requesting an increase to respond to the increased client base and the recent requirement that grant recipients be audited. As noted, any expenditures for SLIAG are reimbursed, resulting in no net increase in costs to the General Fund. The SLIAG budgets for other state agencies have been reduced substantially for FY 1991 to reflect recent actual expenditures. The department's requirements, however, do not parallel these other agencies' spending levels. The Executive has also recommended this issue.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$5,192,900 (General Fund). The following Budget Reduction Options represent a \$(521,800), or (10)%, decrease from the CSB.

o Reductions described in the JLBC Staff Recommended Policy Issues

(16,800)

General Inflation

o Reduce GAAP Funding

(245,000)

The Below the Line appropriation for "GAAP" of \$682,300 in the current year is to fund centralized preparation of GAAP financial statements for all State agencies receiving federal funds. The federal Single Audit Act of 1984 required states to provide a central point of contact for reviewing state agency audits. By agreement with the State Auditor General, the department was given the responsibility of preparing the necessary financial statements for the Auditor to perform agency audits. The funds support 17 FTE positions and related expenses. If the funding were reduced, 8 FTE positions would need to be eliminated. The auditing schedule would fall substantially behind, and presumably the Auditor General would attempt to absorb some of the load. However, when the program was established, the Auditor General estimated its

costs to prepare the statements would exceed that of the department. Federal penalties for non-compliance include loss of all or part of the federal funds received by various agencies for administering grants.

o Reduce the Level of Service to State Agencies

(260,000)

There are few functions in this cost center that do not relate to general accounting operations of the State or the department itself. If 8 FTE positions are indefinitely held open in payroll, claims processing, department operations and procurement the following impacts are likely:

- Increased errors in coding of agency expenditures to the various funds.
- Slower or no response to questions from the press and public regarding State expenditures.
- More errors in checks sent to vendors, possibly resulting in overpayment. Currently 4 clerks verify only signature and batch numbers on approximately 2 million warrants annually. Little or no review of the transaction is done.
- A reduction of 1 to 2 FTE Buyer positions in the State Procurement Office would likely result in state agencies overpaying on some goods and services, resulting in offsetting higher costs.
- The division's response time to department requests for internal management information would be slowed.

Other Issues for Legislative Consideration

o Printing

The Executive recommends \$10,000 for redesign and printing of forms and manuals for the new payroll/personnel system (HRMS) being developed.

o Enhanced Procurement

The State Procurement Office has prepared a report demonstrating the potential savings resulting from centralized purchasing of goods and services. For example, the State contract price for most office furniture, equipment and supplies is an average of 10% below the wholesale price available to individual agencies. Consulting contracts can often be negotiated downward by the State compared to individual agencies' best efforts. An expenditure of \$60,000 will pay for 2 FTE Buyer positions and 1 FTE Information Processing Specialist II. Currently there are 16 FTE Buyer positions in the State Procurement Office.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: PERSONNEL

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	114.00	125.50	114.00	115.00	102.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,146,000	3,394,200	3,180,700	3,153,700	2,773,300	
EMPLOYEE RELATED EXP	580,600	772,900	726,200	723,000	635,800	
PROFESSIONAL/OUTSIDE SVCS	38,500	117,200	38,500	38,500	59,300	
TRAVEL - IN STATE	18,600	21,000	19,500	19,300	19,300	
TRAVEL - OUT OF STATE	4,300	6,800	4,300	4,300	4,300	
OTHER OPERATING EXP	366,800	422,100	383,300	369,300	355,800	
EQUIPMENT	12,300	180,600	25,200	28,800	12,600	
ALL OTHER OPERATING	440,500	747,700	470,800	460,200	451,300	
<u>OPERATING SUBTOTAL</u>	<u>4,167,100</u>	<u>4,914,800</u>	<u>4,377,700</u>	<u>4,336,900</u>	<u>3,860,400</u>	
<u>SPECIAL LINE ITEMS</u>						
SPECIAL RECRUITMENT	38,500	40,400	38,500	18,500	18,500	
EXECUTIVE TRAINING	0	100,000	0	0	0	
SPENDING REDUCTION PGM	0	0	-212,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>38,500</u>	<u>140,400</u>	<u>-173,500</u>	<u>18,500</u>	<u>18,500</u>	
<u>PROGRAM TOTAL</u>	<u>4,205,600</u>	<u>5,055,200</u>	<u>4,204,200</u>	<u>4,355,400</u>	<u>3,878,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: PERSONNEL

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,205,600	5,055,200	4,204,200	4,355,400	3,878,900	_____
PROGRAM TOTAL-ALL SOURCES	<u>4,205,600</u>	<u>5,055,200</u>	<u>4,204,200</u>	<u>4,355,400</u>	<u>3,878,900</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
 COST CENTER: PERSONNEL

The JLBC Staff recommends a total appropriation of \$4,355,400 -- a net increase of \$149,800, or 3.6%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 2%	\$ (23,100)
o ERE Rate Adjustments	140,600
o Travel Rate Adjustments	700
o General Inflation	15,500
o One-Time Equipment	(12,300)
o Replacement Equipment	12,600
For replacement of one of two copiers requested.	

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(15,500)
Elimination of 4.5% General Inflation.	
o <u>Special Recruitment</u>	(20,000)
The JLBC Staff Recommendation includes a reduction in Below the Line funding used to pay costs of recruiting certain management positions from across the nation. Most of this funding is for advertising in national and regional newspapers and journals. If funding is reduced, this activity would need to be reserved for either fewer positions, fewer publications, or both.	
o <u>On-Line Use of Payroll/Personnel System</u>	16,200
The JLBC Staff recommends funds to purchase computer equipment to enable the Personnel Division to have on-line access to the new payroll/personnel system (HRMS). This funding covers 5 of the 10 terminals requested.	
o <u>Personnel Analyst</u>	35,100
JLBC Staff recommends 1 FTE Personnel Analyst position to help alleviate the increasing workload from job applicants. During the past ten years, the number of jobs in the State has increased by over 40%, while the Personnel Division's staff has decreased by 26%. Although growth in State employees has slowed recently, the number of job applicants continues to increase. Between FY 1988	

and 1989 the number of applications received increased from 92,136 to 112,527, and a similar rate of increase is occurring so far in FY 1990.

\* \* \* \* \*

### Budget Reduction Options

The Current Services Budget (CSB) is \$4,339,600 (General Fund). The following Budget Reduction Options represent a \$(460,700), or (10.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (35,500)
  - General Inflation
  - Special Recruitment
- o Reduce Service to Department of Health Services (141,100)

The Personnel Division has staff assigned to several of the largest agencies. This section, known as Agency Personnel Management Services, assists the agencies in making personnel decisions and processing the paperwork. The section was established in 1977 as a result of A.R.S. § 41-761, consolidating the various agency personnel staff under the Personnel Division. This reduction would eliminate 4 FTE positions assigned to the Department of Health Services. The impact would be to severely restrict personnel services to the agency, leaving 1 FTE Analyst position to act as liaison with the Capitol Personnel Office.
- o Abolish the Training Unit (132,500)

The Training Unit provides training for managers/supervisors, new employee orientation and pre-retirement seminars. This net reduction would eliminate 4 FTE positions: 1 Training Manager, 2 Training Officer I and an Administrative Secretary I, but leave funds for a consultant currently on contract. The result of this reduction would be to cause more questions to be transferred to other Personnel staff, to possibly allow more management hiring/firing errors, and to provide less information for employees to plan for retirement. The contract with the consultant is retained to help alleviate the potential increase in employment law violations which could result in increased litigation.
- o Classification Unit Service Reduction (151,600)

The Classification Unit provides advice to agencies regarding classifications and reorganization, and also performs annual and periodic reviews of job classifications and updates qualification standards. By eliminating 4 FTE positions in this unit, the advisory opinions and reorganization consultations would have to be eliminated, as well as updating of standards.

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: FACILITIES MANAGEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	263.25	361.25	323.90	305.75	178.50	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	4,987,400	5,983,000	5,400,000	5,276,300	3,611,700	
EMPLOYEE RELATED EXP	1,248,500	1,852,800	1,592,800	1,552,900	1,068,600	
PROFESSIONAL/OUTSIDE SVCS	20,300	21,300	20,300	20,300	1,604,300	
TRAVEL - IN STATE	115,700	120,700	119,700	122,100	120,100	
TRAVEL - OUT OF STATE	1,500	11,500	6,500	7,500	7,500	
OTHER OPERATING EXP	914,200	1,651,800	1,229,700	1,096,800	893,600	
EQUIPMENT	158,100	281,800	185,000	205,100	199,100	
ALL OTHER OPERATING	1,209,800	2,087,100	1,561,200	1,451,800	2,824,600	
<u>OPERATING SUBTOTAL</u>	<u>7,445,700</u>	<u>9,922,900</u>	<u>8,554,000</u>	<u>8,281,000</u>	<u>7,504,900</u>	
<u>SPECIAL LINE ITEMS</u>						
RELOCATION	161,800	730,000	730,000	600,000	500,000	
UTILITIES	4,396,800	6,080,000	5,629,700	5,202,500	5,002,500	
SPENDING REDUCTION PGM	0	0	-699,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>4,558,600</u>	<u>6,810,000</u>	<u>5,660,700</u>	<u>5,802,500</u>	<u>5,502,500</u>	
<u>PROGRAM TOTAL</u>	<u>12,004,300</u>	<u>16,732,900</u>	<u>14,214,700</u>	<u>14,083,500</u>	<u>13,007,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: FACILITIES MANAGEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	11,666,600	16,377,600	13,864,500	13,737,900	12,661,800	_____
OTHER FUNDS	337,700	355,300	350,200	345,600	345,600	_____
PROGRAM TOTAL-ALL SOURCES	12,004,300	16,732,900	14,214,700	14,083,500	13,007,400	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
 COST CENTER: FACILITIES MANAGEMENT

The JLBC Staff recommends a total appropriation of \$14,083,500, or \$13,737,900, from the General Fund and \$345,600 from the Corrections Fund (to administer the Department of Corrections Building Program). This is a net increase of \$2,071,300, or 17.8%, to the adjusted FY 1990 General Fund appropriation and \$7,900 or 2.3%, to the adjusted FY 1990 appropriation from the Corrections Fund.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a 3% vacancy factor \$ (127,000)
  - o ERE Rate Adjustments, including a \$1,700 increase in the Uniform Allowance 218,200
  - o Travel Rate Adjustments 1,400
  - o General Inflation, including \$197,900 for utilities 236,900
  - o Other Operating Expenses (Corrections Fund) (5,000)
  - o Risk Management (Corrections Fund) (800)
  - o Operation of Newly constructed or Acquired Buildings 2,118,200
- This amount includes funding to operate the following facilities:

<u>Building</u>	<u>FY 1991-Months in Oper.</u>	<u>FY 1991 Est. Cost</u>	<u>FY 1992 Est. Cost</u>
Supreme Court	8 months	627,500 <sup>1/</sup>	932,700
State Comp. Fund	12 months	519,400	519,400
Tucson	1 month	64,400 <sup>2/</sup>	766,000
DES West	6 months	535,300	830,900
Records Center Add'n.	9 months	98,500 <sup>3/</sup>	131,400
Evans House	12 months	22,300	22,300
Shrine Auditorium	12 months	168,400	168,400
Unallocated to Specific Bldgs.		779,500 <sup>4/</sup>	175,600
TOTAL		2,815,300	3,546,700
Less DES West Building Funding		(535,300) <sup>5/</sup>	(830,900)
Less Current Relocation Funding		(161,800)	(-0-)
Net Increase in DOA Costs		2,118,200	2,715,800

NOTES:

- 1/ Operating costs for the Supreme Court Building include \$563,000 for utilities and \$64,500 for grounds maintenance. The Courts will be taking care of custodial, minor maintenance and security services under this recommendation.
- 2/ The Tucson Office Building will be completed near the end of FY 1991 or beginning of FY 1992. This funding is for one month's operation.
- 3/ Construction funding for the Records Management Expansion building and acquisition funding for the Evans House have not yet been authorized by the Legislature or Joint Committee on Capital Review. Should these projects not be carried out, the operating funding would be deleted.
- 4/ These unallocated costs include supervisory staff (\$38,300), motor pool costs (\$5,000), travel for HVAC and other training (\$6,000), equipment (\$45,000) and relocation/minor improvements (\$600,000 or approximately \$1.65/sq. ft.).
- 5/ The JLBC Staff recommends that all operating funding for the DES West Building be included in the DES appropriation so that federal matching funds may be used to cover 50% of these operating costs. The amount includes funding for 4 FTE Maintenance positions, 1 FTE Groundskeeper and 2 Security Aides. The Department of Administration has indicated it wishes to manage the building and staff. JLBC Staff recommends DES and the department enter into some form of Intergovernmental Agreement.

The operating expenses breakdown by line items is as follows (does not include DES West):

	<u>FY 1991</u>	<u>Est. FY 1992</u>
Personal Services (38.5 FTE positions on annualized basis)	\$ 332,300	\$ 553,000
ERE	97,600	165,900
Travel-In-State (Motor pool)	5,000	5,000
Travel-Out-of-State (For training)	6,000	2,000
Other Operating Expenses	186,400	327,100
Equipment	47,000	-0-
Subtotal	<u>674,300</u>	<u>1,053,000</u>
Relocation	600,000	-0-
Utilities	<u>1,005,700</u>	<u>1,662,800</u>
Total	2,280,000	<u>2,715,800</u>
Less current relocation funding	<u>(161,800)</u>	
Net Total Costs for FY 1991	<u>2,118,200</u>	



The Executive recommends \$2,802,700 and 62.6 FTE positions to operate and maintain the buildings described above. The Executive has not recommended that funding to operate the DES West Building be included in the Department of Economic Security's appropriation.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (236,900)  
Elimination of 4.5% General Inflation, including \$197,900 for utilities. State building tenants may need to adjust thermostats and reduce lighting, depending on actual inflation. See "Energy Consumption" issue below.
- o Reduce Energy Consumption (200,000)  
The total utilities bill for DOA owned or operated buildings is estimated to be \$5.2 million in FY 1991 with the addition of the new buildings described above. Of this amount, approximately \$4.9 million is for energy costs for lighting, heating, cooling and electrical use. If building tenants are directed to adjust thermostats and turn off non-essential lighting, this reduction should be attainable with little discomfort. Facilities Management can provide building tenants with energy consumption information and objections to help achieve this goal. Note that the elimination of funding for utilities inflation will also affect the need for energy consumption reductions, depending on the actual rate of inflation for each utility.
- o Increased Security Staffing 74,200  
The JLBC Staff recommends 4 FTE Security Aide positions to increase security in the capitol mall area. There has been an increasing problem of vehicle break-ins in the capitol area, particularly with the addition of the new parking garages, as well as concern for the safety of employees working at night. The problem has been particularly bad north of the Capitol Campus and adjacent to Van Buren Street. The addition of 4 FTE Security Aides to the 20 FTE now authorized will allow the Capitol Police to do more patrolling.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$14,100,600 (General Fund). The following Budget Reduction Options represent a \$(1,438,800), or (10.2)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (636,900)
  - General Inflation
  - Reduce Energy Consumption
    - The issue described above involved a \$200,000 reduction in energy consumption in State buildings. By increasing the savings to \$400,000, more employees are likely to experience discomfort, and many will need to make greater lifestyle adjustments.
- o Reduce Relocation Funding (100,000)
  - For the new buildings described above, \$600,000 is budgeted for relocation, or approximately \$1.65 per square foot (the department requested \$730,000 or \$2.00 per square foot). Moving costs run approximately \$1.00 per square foot. Should this line be cut, the department would need to put strict limits on any improvements other than painting, and minimal office space changes. (Moving walls, for example, can cause space improvement costs to reach \$8.00/square foot or more.)
- o Eliminate Seasonal Landscaping and Plantings (63,800)
  - By not planting winter rye grass and seasonal flowers, funding for 2 Groundskeepers and related operating expenses could be saved. The actual impact on staff would be to terminate 4 full-time employees and replace with 4 summer employees.
- o Contract Custodial Service (424,000)
  - The JLBC Staff estimates that money could be saved by contracting with a private custodial service to clean the State-operated office space. The cost for the department to clean the 1.9 million square feet of office space with the addition of the new buildings (2.1 million square feet counting storage and miscellaneous space) is estimated to be \$2.1 million annually or \$1.11/sq. ft. The cost to have this work performed by private contract is estimated to be \$1.7 million, or 89¢/sq. ft. There would be some direct and indirect termination costs for the 102 FTE custodial positions currently authorized which would be terminated. The department has also expressed concern about the potential for increased theft of office materials and lessening of security from using cleaning personnel not under department control. The Arizona Department of Transportation has used custodial contracts, but is studying the possibility of reverting to in-house staff because of quality control and supervisory problems. Such problems may not be inherent in all private contracts, however.
- o Reduce Facilities Planning Staff (105,000)
  - The division currently is falling behind on space planning and project design requests. By eliminating 2 FTE planning positions and 1 FTE clerical position, current projects would fall further behind or the design and documentation standards would need to be changed.

- o Clerical Support Reduction (75,000)  
By eliminating 3 FTE positions among the division's clerical support staff, there would generally be a slowing of response time in completing reports and in correspondence to other agencies and to the public. Management staff would need to divert more of their time to clerical work.
- o Reduce Minor Repair Service (45,800)  
By eliminating 2 of 8 FTE Maintenance Technicians, many minor repairs would have to be delayed or ignored. Currently, the maintenance section works on a reactive basis only, with no preventative maintenance performed. With this reduction those repairs affecting employee safety and building structural value would be addressed first, and more minor or cosmetic repairs only as time permitted.

Other Issues for Legislative Consideration

- o Fund Maintenance Contracts from General Fund  
The department is requesting that it receive a \$265,800 General Fund appropriation to pay for maintenance contracts on HVAC and elevator equipment which are now being paid for out of the Building Renewal Fund. (Currently \$185,000 in General Fund funding is paying for part of the contracts.) The department is aware that the practice is a violation of Chapter 85 regarding use of the Building Renewal Funds. The department had requested replacement funds for FY 1987, 1988, and 1989.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION  
 COST CENTER: GENERAL SERVICES

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	5.00	4.00	4.00	4.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	0	73,700	63,000	63,000	63,000	
EMPLOYEE RELATED EXP	0	29,500	21,500	21,500	21,500	
TRAVEL - IN STATE	0	13,500	10,000	10,000	10,000	
OTHER OPERATING EXP	0	1,000	1,000	1,000	1,000	
ALL OTHER OPERATING	0	14,500	11,000	11,000	11,000	
<u>OPERATING SUBTOTAL</u>	<u>0</u>	<u>117,700</u>	<u>95,500</u>	<u>95,500</u>	<u>95,500</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-4,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-4,600</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M T O T A L</u>	<u>0</u>	<u>117,700</u>	<u>90,900</u>	<u>95,500</u>	<u>95,500</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	0	117,700	90,900	95,500	95,500	
OTHER NON APPROPRIATED	8,104,500	8,255,000	0	8,255,000	8,255,000	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>8,104,500</u>	<u>8,372,700</u>	<u>90,900</u>	<u>8,350,500</u>	<u>8,350,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION  
COST CENTER: GENERAL SERVICES

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The JLBC Staff recommends a total appropriation of \$95,500 -- a net increase of \$95,500, to the adjusted FY 1990 appropriation. (This reflects the shifting of funding for the department's mailroom from the Finance Division to General Services.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ 77,900  
 This figure represents the current personal services and ERE costs for the 4 FTE mailroom positions now funded from the General Fund in the Finance Division. The agency has requested, and the JLBC Staff recommends, that this funding be transferred to the General Services Division, which presently administers the program. The Executive has also recommended this change.
- o ERE Rate Adjustments (increase over the ERE calculated for Finance Division) 6,600
- o Travel 10,000
- o Other Operating Expenses 1,000

NOTE: The recommended Current Service Budget is a \$6,600 increase over the funding currently allocated for this function in the Finance Division. All of the increase is due to ERE Rate Adjustments because of the higher ERE rate calculated for this Cost Center. Actual expenditures, however, would not be higher.

**JLBC Staff Recommended Policy Issues**

- o The JLBC Staff recommends no change from the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$95,500 (General Fund). The JLBC Staff has not included Budget Reduction Options for this Cost Center.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE/AFFIRMATIVE ACTION  
 COST CENTER: OFFICE/AFFIRMATIVE ACTION

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	5.00	8.00	5.00	5.00	4.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	151,000	226,000	151,000	151,000	126,900	
EMPLOYEE RELATED EXP	28,300	56,300	32,400	33,900	28,500	
PROFESSIONAL/OUTSIDE SVCS	200	200	4,300	200	200	
TRAVEL - IN STATE	13,300	36,700	16,300	13,900	12,400	
OTHER OPERATING EXP	29,600	63,900	31,100	29,500	28,000	
EQUIPMENT	0	9,300	0	0		
ALL OTHER OPERATING	43,100	110,100	51,700	43,600	40,600	
<u>OPERATING SUBTOTAL</u>	<u>222,400</u>	<u>392,400</u>	<u>235,100</u>	<u>228,500</u>	<u>196,000</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-11,300	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-11,300</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>222,400</u>	<u>392,400</u>	<u>223,800</u>	<u>228,500</u>	<u>196,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE/AFFIRMATIVE ACTION      JLBC ANALYST: CAWLEY      HOUSE SUBCOMMITTEE CHAIR: GERARD  
 COST CENTER: OFFICE/AFFIRMATIVE ACTION      SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	222,400	392,400	223,800	228,500	196,000	
FEDERAL FUNDS	35,200	0	0	0		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>257,600</b>	<b>392,400</b>	<b>223,800</b>	<b>228,500</b>	<b>196,000</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE/AFFIRMATIVE ACTION  
COST CENTER: OFFICE/AFFIRMATIVE ACTION

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The JLBC Staff recommends a total appropriation of \$228,500 -- a net increase of \$6,100, or 2.7%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments \$ 5,600
- o General Inflation 1,300
- o Travel Adjustment 600
- o Risk Management Insurance (100)

**JLBC Staff Recommended Policy Issues**

- o General Inflation (1,300)  
Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$229,800 (General Fund). The following Budget Reduction Options represent a \$(33,800), or (14.7)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (1,300)  
General Inflation
- o Staff Reduction (32,500)

The elimination of 1 Equal Opportunity Specialist (EOS) will leave the office with 1 State funded EOS and 1 federally funded EOS. Under a prior Executive Order, 87-9, the Office of Affirmative Action was directed to consolidate and supervise all equal employment and affirmative action activities within the State. GOAA had identified 22 Equal Employment and Affirmative Action positions in several large State agencies. If consolidated into 1 office, these positions would help pick up the workload of the eliminated position.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	364.00	364.00	364.00	363.00	318.00	
<u>BY PROGRAM/ORGANIZATION</u>						
ADMINISTRATION	2,761,100	2,886,600	2,650,900	2,706,800	2,472,600	
ORGANIZED CRIME	2,359,100	2,487,200	2,268,100	2,321,100	2,128,300	
CIVIL	3,875,800	4,200,400	3,882,800	3,949,600	3,557,900	
CIVIL RIGHTS	577,100	626,400	580,000	593,200	537,400	
FINANCIAL FRAUD	2,055,100	2,160,900	2,006,900	2,065,900	1,860,700	
SOLICITOR GENERAL	226,800	276,300	257,300	231,900	191,600	
ANTITRUST	293,800	316,500	295,100	296,800	296,800	
CRIMINAL	1,954,600	2,222,300	2,023,700	1,966,700	1,766,400	
SPECIAL INVESTIGATIONS	2,534,900	2,662,500	2,437,700	2,539,400	2,295,800	
TAX	1,176,200	1,258,900	1,167,400	1,185,300	1,063,300	
<u>A G E N C Y T O T A L</u>	<u>17,814,500</u>	<u>19,098,000</u>	<u>17,569,900</u>	<u>17,856,700</u>	<u>16,170,800</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	12,170,800	13,635,800	12,432,500	12,011,700	10,687,300	
EMPLOYEE RELATED EXP	2,066,400	2,765,500	2,381,400	2,300,900	2,049,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
PROFESSIONAL/OUTSIDE SVCS	54,100	94,600	54,100	54,200	54,200	
TRAVEL - IN STATE	108,400	170,200	109,500	108,800	108,800	
TRAVEL - OUT OF STATE	32,600	44,600	32,600	29,500	32,700	
OTHER OPERATING EXP	1,392,700	1,567,500	1,389,300	1,362,500	1,362,500	
EQUIPMENT	99,400	149,000	91,300	91,100	91,100	
ALL OTHER OPERATING	1,687,200	2,025,900	1,676,800	1,646,100	1,649,300	
<u>OPERATING SUBTOTAL</u>	<u>15,924,400</u>	<u>18,427,200</u>	<u>16,490,700</u>	<u>15,958,700</u>	<u>14,386,100</u>	
<u>SPECIAL LINE ITEMS</u>						
LIBRARY	78,800	78,800	78,800	50,000	50,000	
OUTSIDE LITIGATION	62,400	62,400	62,400	62,400	62,400	
MAJOR LITIGATION	22,900	22,900	22,900	22,900	0	
COMPUTER SERVICES	204,900	255,100	242,600	204,900	204,900	
MEDICAL FRAUD CONT. UNIT	200,000	251,600	200,000	200,000	200,000	
ENVIRONMENTAL QUALITY	198,700	0	197,900	200,400	200,400	
ENVIRONMENTAL QUALITY	259,800	0	269,400	268,600	268,600	
WATER LITIGATION	681,800	0	704,100	702,400	702,400	
FAIR HOUSING	93,600	0	96,600	96,000	96,000	
ELDERLY ABUSE PROGRAM	87,200	0	90,400	90,400	0	
SPENDING REDUCTION PGM	0	0	-885,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>1,890,100</u>	<u>670,800</u>	<u>1,079,200</u>	<u>1,898,000</u>	<u>1,784,700</u>	
<u>AGENCY TOTAL</u>	<u>17,814,500</u>	<u>19,098,000</u>	<u>17,569,900</u>	<u>17,856,700</u>	<u>16,170,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	17,814,500	19,098,000	17,569,900	17,856,700	16,170,800	
FEDERAL FUNDS	1,587,600	1,587,900	1,587,900	1,587,900	1,587,900	
OTHER NON APPROPRIATED	6,675,500	5,723,600	0	5,723,600	5,723,600	
<b>AGENCY TOTAL-ALL SOURCES</b>	<b>26,077,600</b>	<b>26,409,500</b>	<b>19,157,800</b>	<b>25,168,200</b>	<b>23,482,300</b>	

**NOTE:** Although legislative intent requires agencies receiving lump sum appropriations to provide budget requests by functional or programmatic categories, the Attorney General did not provide their budget in this manner. JLBC Staff's budget does present this information. For comparability, JLBC Staff distributed the Executive recommendation to the applicable cost centers and special line item programs. The agency request was not allocated as such.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: AGENCY SUMMARY

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The JLBC Staff recommends a total appropriation of \$17,856,700 -- a net increase of \$42,200, or 0.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (149,000)
The Executive recommends an additional \$420,800 to bring the agency to full funding.	
o ERE Rate Adjustments	265,100
The Executive recommends an additional \$80,500 to bring the agency to full funding.	
o Travel Adjustment	600
o General Inflation	28,600
o Other Operating Adjustments	(12,300)
o Risk Management	(21,600)
o Rent	(4,600)
o Computer Services - General Inflation	9,200
o Environmental Quality (Organized Crime)	1,700
o Environmental Quality (Civil)	9,500
o Water Litigation	22,100
o Fair Housing	3,000
o Elderly Abuse Program	3,200

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(40,600)
Elimination of 4.5% General Inflation.	
o <u>Reduce Library Acquisition Fund</u>	(28,800)
o <u>Reduce Out-of-State Travel</u>	(3,200)
o <u>Eliminate 1 FTE Position</u>	(40,700)

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$17,970,000 (General Fund). The following Budget Reduction Options represent a \$(1,799,200), or (10)%, decrease from the CSB.

- Reductions described in the JLBC Staff Recommended Policy Issues (69,400)
  - General Inflation
  - Reduce Library Acquisition Fund
- Eliminate Major Litigation Program (22,900)
- Eliminate 43 FTE Positions (1,616,500)
- Eliminate Elderly Abuse Program - 3 FTE Positions (90,400)

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: ADMINISTRATION

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	41.00	41.00	41.00	41.00	36.00	
<b>OPERATING BUDGET</b>						
PERSONAL SERVICES	1,374,700	1,374,700	1,361,000	1,361,000	1,183,900	
EMPLOYEE RELATED EXP	248,800	279,100	263,100	263,100	228,900	
PROFESSIONAL/OUTSIDE SVCS	6,400	6,400	6,400	6,400	6,400	
TRAVEL - IN STATE	3,000	3,000	3,000	3,100	3,100	
TRAVEL - OUT OF STATE	5,400	5,400	5,400	5,400	5,400	
OTHER OPERATING EXP	734,100	779,100	720,200	708,900	708,900	
EQUIPMENT	19,700	19,700	18,700	18,700	18,700	
ALL OTHER OPERATING	768,600	813,600	753,700	742,500	742,500	
<b>OPERATING SUBTOTAL</b>	<b>2,392,100</b>	<b>2,467,400</b>	<b>2,377,800</b>	<b>2,366,600</b>	<b>2,155,300</b>	
<b>SPECIAL LINE ITEMS</b>						
LIBRARY	78,800	78,800	78,800	50,000	50,000	
OUTSIDE LITIGATION	62,400	62,400	62,400	62,400	62,400	
MAJOR LITIGATION	22,900	22,900	22,900	22,900	0	
COMPUTER SERVICES	204,900	255,100	242,600	204,900	204,900	
SPENDING REDUCTION PGM	0	0	-133,600	0	0	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>369,000</b>	<b>419,200</b>	<b>273,100</b>	<b>340,200</b>	<b>317,300</b>	
<b>PROGRAM TOTAL</b>	<b>2,761,100</b>	<b>2,886,600</b>	<b>2,650,900</b>	<b>2,706,800</b>	<b>2,472,600</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: ADMINISTRATION

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,761,100	2,886,600	2,650,900	2,706,800	2,472,600	_____
OTHER NON APPROPRIATED	4,168,400	3,003,900	0	3,003,900	3,003,900	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>6,929,500</u>	<u>5,890,500</u>	<u>2,650,900</u>	<u>5,710,700</u>	<u>5,476,500</u>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: ADMINISTRATION

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The JLBC Staff recommends a total appropriation of \$2,706,800 -- a net decrease of \$(54,300), or (2)%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1% for non-elected positions.	\$ (16,300)
o ERE Rate Adjustments	16,900
o Travel Adjustment	100
o General Inflation	5,800
o Risk Management Insurance	(21,600)
o Computer Services - General Inflation	9,200
The Executive recommends a \$37,700 increase for additional equipment and software.	
o Rent	(4,600)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(15,000)
o <u>Reduce Library Acquisition Fund</u> A savings can be achieved by reducing this special line item. The impact of this reduction would result in less maintenance of the law library. However, the Law Library in the new Courts Building which will open during FY 1991 should help alleviate any detrimental impact due to this reduction.	(28,800)

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,750,600 (General Fund). The following Budget Reduction Options represent a \$(278,000), or (10.1)%, decrease from the CSB.



- o Reductions described in the JLBC Staff Recommended Policy Issues (43,800)
  - General Inflation
  - Reduce Library Acquisition Fund
- o Eliminate Major Litigation Funding (22,900)
  - A savings can be achieved by eliminating funding for this special line item. If a major litigation occurs, the Attorney General will have to seek a supplemental appropriation to protect Arizona's interest.
- o Reduction in Force (211,300)
  - A savings can be achieved by eliminating 5 FTE positions. This reduction in force may hinder the division's ability to provide support for the remaining staff and to provide information to the public.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: ORGANIZED CRIME

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	44.00	44.00	44.00	43.00	38.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,600,500	1,771,800	1,595,800	1,550,100	1,384,500	
EMPLOYEE RELATED EXP	258,000	338,500	294,100	284,000	253,600	
PROFESSIONAL/OUTSIDE SVCS	7,000	18,100	7,000	7,000	7,000	
TRAVEL - IN STATE	3,000	6,900	3,400	3,200	3,200	
TRAVEL - OUT OF STATE	6,400	8,900	6,400	3,200	6,400	
OTHER OPERATING EXP	78,100	72,600	65,800	73,100	73,100	
EQUIPMENT	7,400	18,800	12,100	100	100	
ALL OTHER OPERATING	101,900	125,300	94,700	86,600	89,800	
<u>OPERATING SUBTOTAL</u>	<u>1,960,400</u>	<u>2,235,600</u>	<u>1,984,600</u>	<u>1,920,700</u>	<u>1,727,900</u>	
<u>SPECIAL LINE ITEMS</u>						
MEDICAL FRAUD CONT. UNIT	200,000	251,600	200,000	200,000	200,000	
ENVIRONMENTAL QUALITY	198,700	0	197,900	200,400	200,400	
SPENDING REDUCTION PGM	0	0	-114,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>398,700</u>	<u>251,600</u>	<u>283,500</u>	<u>400,400</u>	<u>400,400</u>	
<u>PROGRAM TOTAL</u>	<u>2,359,100</u>	<u>2,487,200</u>	<u>2,268,100</u>	<u>2,321,100</u>	<u>2,128,300</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: ORGANIZED CRIME

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,359,100	2,487,200	2,268,100	2,321,100	2,128,300	
FEDERAL FUNDS	1,194,100	1,194,400	1,194,400	1,194,400	1,194,400	
OTHER NON APPROPRIATED	1,553,000	1,708,300	0	1,708,300	1,708,300	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>5,106,200</b>	<b>5,389,900</b>	<b>3,462,500</b>	<b>5,223,800</b>	<b>5,031,000</b>	

**NOTE:** Although legislative intent requires agencies receiving lump sum appropriations to provide budget requests by functional or programmatic categories, the Attorney General did not provide their budget in this manner. JLBC Staff's budget does present this information. For comparability, JLBC Staff distributed the Executive recommendation to the applicable cost centers and special line item programs. The agency request was not allocated as such.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: ORGANIZED CRIME

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The JLBC Staff recommends a total appropriation of \$2,321,100 -- a net decrease of \$(38,000), or (1.6)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1%	\$ (18,900)
o ERE Rate Adjustments	35,200
o Travel Adjustment	200
o General Inflation	700
o Other Operating Adjustments	(12,300)
o Environmental Quality	1,700

This change is an ERE Adjustment for 5 FTE positions.

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(700)
Elimination of 4.5% General Inflation.	
o <u>50% Reduction In Out-of-State Travel</u>	(3,200)
The reduction in Out-of-State Travel may hinder the Attorney General's ability to effectively fight organized crime. The Anti-Racketeering Revolving Fund should be able to compensate for these lost resources.	
o <u>Reduction in Force</u>	(40,700)
The elimination of 1 Attorney may weaken the division's efficiency in combatting organized crime. The Anti-Racketeering Revolving Fund may be able to compensate for these lost resources.	

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,365,700 (General Fund). The following Budget Reduction Options represent a \$(237,400), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (700)
  - General Inflation
- o Reduction in Force (236,700)
  - A savings can be achieved by eliminating 4 Attorneys and 2 Legal Secretaries. This reduction may weaken the State's fight against organized crime. Although the Anti-Racketeering Revolving Fund may be able to compensate for some of these lost resources, criminal prosecution against organized crime may be diminished.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: CIVIL

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	89.00	89.00	89.00	89.00	78.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,379,300	3,254,800	2,446,700	2,343,600	2,014,600	
EMPLOYEE RELATED EXP	375,800	652,300	476,500	455,900	393,200	
PROFESSIONAL/OUTSIDE SVCS	15,400	33,600	15,400	15,400	15,400	
TRAVEL - IN STATE	3,000	15,600	3,500	3,000	3,000	
TRAVEL - OUT OF STATE	5,500	9,000	5,500	5,500	5,500	
OTHER OPERATING EXP	140,000	206,400	147,000	140,000	140,000	
EQUIPMENT	15,200	28,700	10,500	15,200	15,200	
ALL OTHER OPERATING	179,100	293,300	181,900	179,100	179,100	
<u>OPERATING SUBTOTAL</u>	<u>2,934,200</u>	<u>4,200,400</u>	<u>3,105,100</u>	<u>2,978,600</u>	<u>2,586,900</u>	
<u>SPECIAL LINE ITEMS</u>						
ENVIRONMENTAL QUALITY	259,800	0	269,400	268,600	268,600	
WATER LITIGATION	681,800	0	704,100	702,400	702,400	
SPENDING REDUCTION PGM	0	0	-195,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>941,600</u>	<u>0</u>	<u>777,700</u>	<u>971,000</u>	<u>971,000</u>	
<u>PROGRAM TOTAL</u>	<u>3,875,800</u>	<u>4,200,400</u>	<u>3,882,800</u>	<u>3,949,600</u>	<u>3,557,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: CIVIL

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,875,800	4,200,400	3,882,800	3,949,600	3,557,900	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>3,875,800</b>	<b>4,200,400</b>	<b>3,882,800</b>	<b>3,949,600</b>	<b>3,557,900</b>	

**NOTE:** Although legislative intent requires agencies receiving lump sum appropriations to provide budget requests by functional or programmatic categories, the Attorney General did not provide their budget in this manner. JLBC Staff's budget does present this information. For comparability, JLBC Staff distributed the Executive recommendation to the applicable cost centers and special line item programs. The agency request was not allocated as such.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: CIVIL

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The JLBC Staff recommends a total appropriation of \$3,949,600 -- a net increase of \$73,800, or 1.9%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1.5% \$ (42,600)
- o ERE Rate Adjustments 87,000
- o General Inflation 7,000
- o Environmental Quality 9,500  
    This change includes \$8,800 in an ERE Adjustment for 7 FTE positions and \$700 for General Inflation.
- o Water Litigation 22,100  
    This funding includes \$20,400 in an ERE Adjustment for 21 FTE positions, \$1,500 for General Inflation and \$200 Travel Adjustment.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (9,200)  
    Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$3,958,800 (General Fund). The following Budget Reduction Options represent a \$(400,900), or (10.1)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (9,200)  
    General Inflation
- o Reduction in Force (391,700)  
    The elimination of 8 Attorneys and 3 Legal Secretaries may reduce the capacity of the Civil Division to meet the daily legal needs of State agencies. Delays may increase and the quality of legal services provided may be diminished.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: CIVIL RIGHTS

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	15.00	15.00	15.00	15.00	13.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	393,300	472,100	403,400	393,300	346,700	
EMPLOYEE RELATED EXP	64,100	98,900	79,700	77,800	68,600	
PROFESSIONAL/OUTSIDE SVCS	0	1,000	0	0	0	
TRAVEL - IN STATE	1,600	7,700	1,600	1,600	1,600	
TRAVEL - OUT OF STATE	0	1,000	0	0	0	
OTHER OPERATING EXP	21,800	40,700	22,900	21,800	21,800	
EQUIPMENT	2,700	5,000	5,000	2,700	2,700	
ALL OTHER OPERATING	26,100	55,400	29,500	26,100	26,100	
<u>OPERATING SUBTOTAL</u>	<u>483,500</u>	<u>626,400</u>	<u>512,600</u>	<u>497,200</u>	<u>441,400</u>	
<u>SPECIAL LINE ITEMS</u>						
FAIR HOUSING	93,600	0	96,600	96,000	96,000	
SPENDING REDUCTION PGM	0	0	-29,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>93,600</u>	<u>0</u>	<u>67,400</u>	<u>96,000</u>	<u>96,000</u>	
<u>P R O G R A M T O T A L</u>	<u>577,100</u>	<u>626,400</u>	<u>580,000</u>	<u>593,200</u>	<u>537,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: CIVIL RIGHTS

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	577,100	626,400	580,000	593,200	537,400	
FEDERAL FUNDS	301,000	301,000	301,000	301,000	301,000	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>878,100</b>	<b>927,400</b>	<b>881,000</b>	<b>894,200</b>	<b>838,400</b>	

**NOTE:** Although legislative intent requires agencies receiving lump sum appropriations to provide budget requests by functional or programmatic categories, the Attorney General did not provide their budget in this manner. JLBC Staff's budget does present this information. For comparability, JLBC Staff distributed the Executive recommendation to the applicable cost centers and special line item programs. The agency request was not allocated as such.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: CIVIL RIGHTS

The JLBC Staff recommends a total appropriation of \$593,200 -- a net increase of \$16,100, or 2.8%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments \$ 13,700
  - o General Inflation 1,000
  - o Fair Housing 3,000
- This change includes \$2,400 for ERE Adjustments for 3 FTE positions and \$600 for General Inflation.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (1,600)  
Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$594,800 (General Fund). The following Budget Reduction Options represent a \$(57,400), or (9.7)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (1,600)  
General Inflation
- o Reduction in Force (55,800)  
The elimination of 2 Equal Opportunity Specialists may cause delays in the resolution of equal opportunity complaints and may diminish the protection of civil rights.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: FINANCIAL FRAUD

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	41.00	41.00	41.00	41.00	36.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,636,800	1,662,300	1,645,700	1,620,400	1,447,000	
EMPLOYEE RELATED EXP	270,100	336,000	301,900	297,200	265,400	
PROFESSIONAL/OUTSIDE SVCS	11,200	11,200	11,200	11,200	11,200	
TRAVEL - IN STATE	1,600	1,600	1,600	1,600	1,600	
TRAVEL - OUT OF STATE	2,400	2,400	2,400	2,500	2,500	
OTHER OPERATING EXP	125,300	133,700	131,600	125,300	125,300	
EQUIPMENT	7,700	13,700	13,700	7,700	7,700	
ALL OTHER OPERATING	148,200	162,600	160,500	148,300	148,300	
<u>OPERATING SUBTOTAL</u>	<u>2,055,100</u>	<u>2,160,900</u>	<u>2,108,100</u>	<u>2,065,900</u>	<u>1,860,700</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-101,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-101,200</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M T O T A L</u>	<u>2,055,100</u>	<u>2,160,900</u>	<u>2,006,900</u>	<u>2,065,900</u>	<u>1,860,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: FINANCIAL FRAUD

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,055,100	2,160,900	2,006,900	2,065,900	1,860,700	_____
OTHER NON APPROPRIATED	276,100	303,700	0	303,700	303,700	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>2,331,200</b>	<b>2,464,600</b>	<b>2,006,900</b>	<b>2,369,600</b>	<b>2,164,400</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: FINANCIAL FRAUD

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The JLBC Staff recommends a total appropriation of \$2,065,900 -- a net increase of \$10,800, or 0.5%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1%	\$ (19,400)
o ERE Rate Adjustments	30,100
o Travel Adjustment	100
o General Inflation	5,600

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(5,600)
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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,071,500 (General Fund). The following Budget Reduction Options represent a \$(210,800), or (10.2)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u> <u>General Inflation</u>	(5,600)
o <u>Reduction in Force</u>	(205,200)

The elimination of 2 Attorneys, 1 Legal Secretary, 1 Administrative Assistant and 1 Legal Assistant may diminish the output of the Financial Fraud Division. The 6 finance-related State agencies may receive less representation with more delays. There may be less prosecution of consumer fraud cases resulting in less public protection and a much longer response time to consumer complaints. The State's anti-racketeering laws may receive less enforcement.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: SOLICITOR GENERAL

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	4.00	4.00	4.00	4.00	3.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	185,000	218,200	218,200	185,000	150,600	
EMPLOYEE RELATED EXP	26,500	37,600	37,000	31,500	25,600	
PROFESSIONAL/OUTSIDE SVCS	700	700	700	700	700	
TRAVEL - IN STATE	700	700	700	800	800	
TRAVEL - OUT OF STATE	2,200	3,000	2,200	2,200	2,200	
OTHER OPERATING EXP	10,900	13,900	11,500	10,900	10,900	
EQUIPMENT	800	2,200	0	800	800	
ALL OTHER OPERATING	15,300	20,500	15,100	15,400	15,400	
<u>OPERATING SUBTOTAL</u>	<u>226,800</u>	<u>276,300</u>	<u>270,300</u>	<u>231,900</u>	<u>191,600</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-13,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-13,000</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>226,800</u>	<u>276,300</u>	<u>257,300</u>	<u>231,900</u>	<u>191,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: SOLICITOR GENERAL

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	226,800	276,300	257,300	231,900	191,600	_____
OTHER NON APPROPRIATED	37,100	0	0	0	0	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>263,900</b>	<b>276,300</b>	<b>257,300</b>	<b>231,900</b>	<b>191,600</b>	_____



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: SOLICITOR GENERAL

The JLBC Staff recommends a total appropriation of \$231,900 -- a net increase of \$5,100, or 2.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments \$ 5,000
- o Travel Adjustment 100
- o General Inflation 500

**JLBC Staff Recommended Policy Issues**

- o General Inflation (500)  
 Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$232,400 (General Fund). The following Budget Reduction Options represent a \$(40,800), or (17.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (500)  
General Inflation
- o Reduction in Force (40,300)  
 The elimination of 1 Attorney leaves the Chief Counsel, 1 Attorney and 1 Legal Secretary to coordinate all civil appellate work and offer legal representation in cases where the other divisions of the office have some conflict of interest.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: ANTITRUST

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	5.00	5.00	5.00	5.00	5.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	256,500	267,900	267,900	256,500	256,500	
EMPLOYEE RELATED EXP	37,300	48,600	42,100	40,300	40,300	
<u>OPERATING SUBTOTAL</u>	<u>293,800</u>	<u>316,500</u>	<u>310,000</u>	<u>296,800</u>	<u>296,800</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-14,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-14,900</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M T O T A L</u>	<u>293,800</u>	<u>316,500</u>	<u>295,100</u>	<u>296,800</u>	<u>296,800</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	293,800	316,500	295,100	296,800	296,800	
OTHER NON APPROPRIATED	395,700	438,000	0	438,000	438,000	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>689,500</u>	<u>754,500</u>	<u>295,100</u>	<u>734,800</u>	<u>734,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: ANTTTRUST

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The JLBC Staff recommends a total appropriation of \$296,800 -- a net increase of \$3,000, or 1%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments \$ 3,000

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$296,800 (General Fund). JLBC Staff recommends no Budget Reduction Options to the CSB.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: CRIMINAL

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	40.00	40.00	40.00	40.00	35.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,558,400	1,706,400	1,689,300	1,542,800	1,373,800	
EMPLOYEE RELATED EXP	256,100	324,900	310,700	283,700	252,400	
PROFESSIONAL/OUTSIDE SVCS	3,000	8,400	3,000	3,100	3,100	
TRAVEL - IN STATE	5,000	8,900	5,100	5,000	5,000	
TRAVEL - OUT OF STATE	5,000	9,200	5,000	5,000	5,000	
OTHER OPERATING EXP	94,200	121,200	98,900	94,200	94,200	
EQUIPMENT	32,900	43,300	13,700	32,900	32,900	
ALL OTHER OPERATING	140,100	191,000	125,700	140,200	140,200	
<u>OPERATING SUBTOTAL</u>	<u>1,954,600</u>	<u>2,222,300</u>	<u>2,125,700</u>	<u>1,966,700</u>	<u>1,766,400</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-102,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-102,000</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>1,954,600</u>	<u>2,222,300</u>	<u>2,023,700</u>	<u>1,966,700</u>	<u>1,766,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: CRIMINAL

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,954,600	2,222,300	2,023,700	1,966,700	1,766,400	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>1,954,600</u>	<u>2,222,300</u>	<u>2,023,700</u>	<u>1,966,700</u>	<u>1,766,400</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: CRIMINAL

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The JLBC Staff recommends a total appropriation of \$1,966,700 -- a net increase of \$12,100, or 0.6%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1% \$ (18,500)
- o ERE Rate Adjustments 30,500
- o Travel Adjustment 100
- o General Inflation 4,700

**JLBC Staff Recommended Policy Issues**

- o General Inflation (4,700)  
Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$1,971,400 (General Fund). The following Budget Reduction Options represent a \$(205,000), or (10.4)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (4,700)  
General Inflation
- o Reduction in Force (200,300)

The elimination of 4 Attorneys and 1 Legal Secretary may shift a large burden to the County Attorneys. The Criminal Division may no longer be able to offer much assistance to counties or to take over county criminal cases on request. Criminal prosecution in the state may suffer as court deadlines are missed and less preparation is devoted to each case.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS

COST CENTER: SPECIAL INVESTIGATIONS

SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>FULL TIME EQUIVALENT POS.</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>53.00</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,835,700	1,928,100	1,825,000	1,808,200	1,682,300	
EMPLOYEE RELATED EXP	366,900	453,500	399,400	395,700	368,400	
PROFESSIONAL/OUTSIDE SVCS	2,200	2,200	2,200	2,200	2,200	
TRAVEL - IN STATE	90,000	125,100	90,000	90,000	90,000	
TRAVEL - OUT OF STATE	2,400	2,400	2,400	2,400	2,400	
OTHER OPERATING EXP	141,000	141,700	141,700	141,000	141,000	
EQUIPMENT	9,500	9,500	9,500	9,500	9,500	
ALL OTHER OPERATING	245,100	280,900	245,800	245,100	245,100	
<u>OPERATING SUBTOTAL</u>	<u>2,447,700</u>	<u>2,662,500</u>	<u>2,470,200</u>	<u>2,449,000</u>	<u>2,295,800</u>	
<u>SPECIAL LINE ITEMS</u>						
ELDERLY ABUSE PROGRAM	87,200	0	90,400	90,400	0	
SPENDING REDUCTION PGM	0	0	-122,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>87,200</u>	<u>0</u>	<u>-32,500</u>	<u>90,400</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,534,900</u>	<u>2,662,500</u>	<u>2,437,700</u>	<u>2,539,400</u>	<u>2,295,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: SPECIAL INVESTIGATIONS

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<b><u>BY FUND SOURCE</u></b>						
GENERAL FUND	2,534,900	2,662,500	2,437,700	2,539,400	2,295,800	_____
FEDERAL FUNDS	92,500	92,500	92,500	92,500	92,500	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>2,627,400</b>	<b>2,755,000</b>	<b>2,530,200</b>	<b>2,631,900</b>	<b>2,388,300</b>	_____

**NOTE:** Although legislative intent requires agencies receiving lump sum appropriations to provide budget requests by functional or programmatic categories, the Attorney General did not provide their budget in this manner. JLBC Staff's budget does present this information. For comparability, JLBC Staff distributed the Executive recommendation to the applicable cost centers and special line item programs. The agency request was not allocated as such.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: SPECIAL INVESTIGATIONS

The JLBC Staff recommends a total appropriation of \$2,539,400 -- a net increase of \$4,500, or 0.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1.5% \$ (33,500)
  - o ERE Rate Adjustments 34,800
  - o General Inflation 700
  - o Elderly Abuse Program 3,200
- This change is an ERE Adjustment for 3 FTE positions.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (700)  
 Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,540,100 (General Fund). The following Budget Reduction Options represent a \$(244,300), or (9.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (700)  
General Inflation
- o Eliminate Elderly Abuse Program (90,400)  
 A savings can be achieved by eliminating this special line program. This program consists of 3 FTE positions and volunteers who provide public education, training and technical assistance to prevent crimes against the elderly, to assist victims and to improve prosecutorial efforts against elderly abuse.
- o Reduction in Force (153,200)  
 The elimination of 3 Special Agent Unit Supervisors, 1 Financial Investigative Auditor and 1 Clerk Typist may curtail investigations and special operations. Legal cases may be delayed or altered.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: TAX

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	24.00	24.00	24.00	24.00	21.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	950,600	979,500	979,500	950,800	847,400	
EMPLOYEE RELATED EXP	162,800	196,100	176,900	171,700	153,100	
PROFESSIONAL/OUTSIDE SVCS	8,200	13,000	8,200	8,200	8,200	
TRAVEL - IN STATE	500	700	600	500	500	
TRAVEL - OUT OF STATE	3,300	3,300	3,300	3,300	3,300	
OTHER OPERATING EXP	47,300	58,200	49,700	47,300	47,300	
EQUIPMENT	3,500	8,100	8,100	3,500	3,500	
ALL OTHER OPERATING	62,800	83,300	69,900	62,800	62,800	
<u>OPERATING SUBTOTAL</u>	<u>1,176,200</u>	<u>1,258,900</u>	<u>1,226,300</u>	<u>1,185,300</u>	<u>1,063,300</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-58,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-58,900</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>1,176,200</u>	<u>1,258,900</u>	<u>1,167,400</u>	<u>1,185,300</u>	<u>1,063,300</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
 COST CENTER: TAX

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,176,200	1,258,900	1,167,400	1,185,300	1,063,300	_____
OTHER NON APPROPRIATED	245,200	269,700	0	269,700	269,700	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>1,421,400</b>	<b>1,528,600</b>	<b>1,167,400</b>	<b>1,455,000</b>	<b>1,333,000</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL  
COST CENTER: TAX

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The JLBC Staff recommends a total appropriation of \$1,185,300 -- a net increase of \$9,100, or 0.8%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ 200
- o ERE Rate Adjustments 8,900
- o General Inflation 2,600

**JLBC Staff Recommended Policy Issues**

- o General Inflation (2,600)  
Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$1,187,900 (General Fund). The following Budget Reduction Options represent a \$(124,600), or (10.5)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (2,600)
  - General Inflation
- o Reduction in Force (122,000)  
The elimination of 1 Attorney, 1 Legal Assistant and 1 Legal Secretary may diminish the output of the Tax Division. The 3 agencies represented by the division (Department of Revenue, Department of Transportation and the Auditor General) may receive less representation with more delays.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COLISEUM/EXPOSITION CNTR      JLBC ANALYST: BRADLEY      HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 COST CENTER: COLISEUM/EXPOSITION CNTR      SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	248.00	248.00	248.00	248.00	248.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	4,055,000	4,055,000	4,055,000	4,055,000	4,055,000	
EMPLOYEE RELATED EXP	936,600	880,900	839,200	880,900	880,900	
PROFESSIONAL/OUTSIDE SVCS	1,460,000	1,595,000	1,595,000	1,595,000	1,595,000	
TRAVEL - IN STATE	9,100	12,000	12,000	12,000	12,000	
TRAVEL - OUT OF STATE	19,300	27,800	27,800	27,800	27,800	
OTHER OPERATING EXP	3,188,200	4,488,800	3,709,000	4,488,800	3,865,900	
EQUIPMENT	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
ALL OTHER OPERATING	6,676,600	8,123,600	7,343,800	8,123,600	7,500,700	
<u>OPERATING SUBTOTAL</u>	<u>11,668,200</u>	<u>13,059,500</u>	<u>12,238,000</u>	<u>13,059,500</u>	<u>12,436,600</u>	
<u>SPECIAL LINE ITEMS</u>						
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>11,668,200</u>	<u>13,059,500</u>	<u>12,238,000</u>	<u>13,059,500</u>	<u>12,436,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COLISEUM/EXPOSITION CNTR  
COST CENTER: COLISEUM/EXPOSITION CNTR

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
OTHER FUNDS	11,668,200	13,059,500	12,238,000	13,059,500	12,436,600	
PROGRAM TOTAL-ALL SOURCES	<u>11,668,200</u>	<u>13,059,500</u>	<u>12,238,000</u>	<u>13,059,500</u>	<u>12,436,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COLISEUM AND EXPOSITION CENTER  
COST CENTER: COLISEUM AND EXPOSITION CENTER

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The JLBC Staff recommends a total appropriation of \$13,059,500 -- a net increase of \$1,391,300, or 11.9%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Reduction	\$ (55,700)
o Increased Professional Services Cost	135,000
o Increased Travel Costs	11,400
o Increased Risk Management Assessment	21,000
o Increased Utilities	92,500
o Repair, Maintenance and Capital Improvements Increased Costs	1,146,600
o Other Costs	40,500

**JLBC Staff Recommended Policy Issues**

- o The JLBC Staff recommends no changes to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$13,059,500. The following Budget Reduction Options represent a \$(622,900), or (4.8)%, decrease from the CSB.

- o Transfer Racing Revenues to General Fund (622,900)  
 The Coliseum and Exposition Center is entitled to spend 100% of its receipts and is not subject to reversion under A.R.S. § 3-1005. The Coliseum and Exposition Center also receives 6% of all racing revenues which is estimated at \$622,900. This money could go to the General Fund instead. This would require a statutory change and legal evaluation of Coliseum bond contracts to ensure it is not in violation of contract. The result would be a large drop in net revenue, and a likely need for General Fund appropriations 3 to 4 years later, as reserves are drained.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF COMMERCE  
 COST CENTER: DEPARTMENT OF COMMERCE

JLBC ANALYST: HERNANDEZ

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	63.00	79.00	71.00	74.00	73.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,923,100	2,329,200	2,124,600	2,142,800	2,124,100	
EMPLOYEE RELATED EXP	405,600	576,700	458,000	466,300	462,200	
PROFESSIONAL/OUTSIDE SVCS	100,400	100,400	100,400	100,400	100,400	
TRAVEL - IN STATE	121,100	148,300	133,100	128,400	115,600	
TRAVEL - OUT OF STATE	105,700	140,500	111,800	113,800	112,800	
OTHER OPERATING EXP	509,000	766,000	645,900	645,400	643,600	
EQUIPMENT	37,100	320,200	57,300	195,500	48,800	
ALL OTHER OPERATING	873,300	1,475,400	1,048,500	1,183,500	1,021,200	
<u>OPERATING SUBTOTAL</u>	<u>3,202,000</u>	<u>4,381,300</u>	<u>3,631,100</u>	<u>3,792,600</u>	<u>3,607,500</u>	
<u>SPECIAL LINE ITEMS</u>						
ECON DEVT MATCHING FUNDS	104,000	109,200	104,000	104,000	104,000	
ADVERTISING & PROMOTION	763,000	703,600	785,900	782,300	753,600	
ASIAN PACIFIC TRADE OFC	140,900	157,800	157,800	157,800	0	
RURAL COMMUNITY DEVT	31,600	35,400	0	0	0	
REDI MATCHING GRANTS	45,000	45,000	45,000	45,000	45,000	
MOTION PICTURE BOARD	25,000	25,000	25,000	25,000	25,000	
SOLAR PROJECTS	81,300	85,400	81,300	81,300	0	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF COMMERCE  
 COST CENTER: DEPARTMENT OF COMMERCE

JLBC ANALYST: HERNANDEZ

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
INFAC	750,000	750,000	0	0	0	
OIL OVERCHARGE ADMIN	120,000	126,000	126,000	120,000	120,000	
CEDC COMMISSION	200,000	200,000	0	200,000	200,000	
PROCURE ASSIST NETWORK	0	50,000	50,000	50,000	50,000	
LIBRARY ACQUISITIONS	0	200,000	0	0	0	
HOUSING NEEDS ASSESSMENT	0	75,000	0	75,000	75,000	
SPENDING REDUCTION PGM	0	0	-187,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>2,260,800</u>	<u>2,562,400</u>	<u>1,187,300</u>	<u>1,640,400</u>	<u>1,372,600</u>	
<u>PROGRAM TOTAL</u>	<u>5,462,800</u>	<u>6,943,700</u>	<u>4,818,400</u>	<u>5,433,000</u>	<u>4,980,100</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,166,700	5,796,900	3,723,500	3,708,000	3,255,100	
OTHER FUNDS	1,296,100	1,346,800	1,295,600	1,725,000	1,725,000	
FEDERAL FUNDS	30,448,600	16,613,700	0	16,613,700	16,613,700	
OTHER NON APPROPRIATED	169,400	177,600	0	177,600	177,600	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>36,080,800</u>	<u>23,935,000</u>	<u>5,019,100</u>	<u>22,224,300</u>	<u>21,771,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF COMMERCE  
COST CENTER: DEPARTMENT OF COMMERCE

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The JLBC Staff recommends a total appropriation of \$5,433,000 -- a net decrease of \$(29,800), or (0.5)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

**GENERAL FUND**

- o Personal Services/ERE Adjustments, including a vacancy factor of 3% \$ 55,800  
    The Executive recommends a vacancy factor of 1.5%
- o ERE Rate Adjustments 18,100
- o In-State Travel Adjustments 2,700
- o Out-of-State Travel Adjustments 4,000
- o General Inflation 45,900
- o Replacement Equipment (includes capitalized and non-capitalized) 47,700
- o Currency Fluctuations 16,900
- o Commercial Rent 89,100
- o Risk Management (2,500)
- o INFAC Adjustment (750,000)  
    Laws 1989, Chapter 1, appropriated \$750,000 to the Department of Commerce for the operating expenses of the Instrumented Factory for Precision Gears (INFAC). The U.S. Defense Logistics Agency did not select ASU to operate the INFAC program, so the appropriation did not become effective.
- o Move Rural Development Above-the-Line (31,600)  
    Eliminates this special line item and moves administrative expenses into agency's regular operating budget. The Executive also made this change.

**COMMERCE & ECONOMIC DEVELOPMENT COMMISSION FUND (CEDC)**

- o Personal Services/ERE Adjustments (3,200)
- o ERE Rate Adjustments (4,000)
- o In-State Travel Adjustments 100
- o Out-of-State Travel Adjustments 100
- o General Inflation 23,600
- o Replacement Equipment (30,500)

## BOND FUND

- o Personal Services/ERE Adjustments (2,100)
- o ERE Rate Adjustments (900)

## JLBC Staff Recommended Policy Issues

- o General Inflation (GF) (45,900)  
Elimination of 4.5% General Inflation.
- o Freeze Five Intern Positions (GF) (39,500)  
This reduction would freeze 5 of the 11 agency's half-time intern positions. The interns allow the department's professional staff to devote their time to more technical and complex responsibilities. The department believes that the loss of the interns would hamper its ability to respond to information needs, recruit new businesses, promote business expansion and retain new businesses. The Executive did not recommend this issue.
- o Arizona Business Connection (CEDC) 296,800  
Many state and local governments have created "One-Stop Development Centers" of various kinds. Although the centers are known by a variety of different names, the common underlying concept is that entrepreneurs can gather all the information they need and apply for any licenses required--all in one location. In fact, Laws 1989, Chapter 203, mandated the agency to offer centralized permitting. A One-Stop Center is an essential component of an effective economic development effort.  
  
JLBC Staff recommends adding 8 FTE positions to answer phones and provide assistance to walk-in visitors. \$35,000 is included for printing brochures and other handouts on business retention topics. Development of the information contained within the brochures will be done by existing staff in the Research Division. Businesspersons will be able to call in on a toll-free "800" number (which the agency already has).  
  
Although requested as a General Fund issue, JLBC Staff recommends funding this policy issue from the CEDC Fund. The Executive recommends 4 FTE positions and \$127,800, to be funded by the General Fund.
- o Housing Needs Assessment (HOUSE) 99,000  
Changes in legislation over the last several years have greatly increased the department's responsibilities without adding any additional support staff. The agency also needs to conduct a statewide housing assessment to determine the housing needs of each county. The assessment would be used to develop a

statewide housing plan, which would allow the State to maximize its investment in housing and avoid duplicating programs offered by the cities and counties. This policy issue would fund a secretarial position to provide support for the professional staff's increased workload, plus a one-time expense of \$75,000 for the housing assessment study.

If A.R.S. § 41-1512 is changed to authorize expenditures from the Housing Trust Fund for administrative expenses, this policy issue can be funded from the Housing Trust Fund. JLBC Staff recommends that funding of this policy issue should be made contingent upon passage of such legislation. The Executive did not recommend this issue.

o Arizona Procurement Technical Assistance Network

(CEDC) 50,000

The Arizona Procurement Technical Assistance Network (located in Tucson, funded by DOD) matches companies with all bid opportunities listed in the Commerce Business Daily (a national publication). Arizona businesses can then prepare bids for procurement contracts. Arizona companies subscribing to the network include a number of small businesses owned by women and minorities.

The recommended amount would be used to expand the system's programming and provide for maintenance of the expanded system (data input, etc.). The funds would allow the Network to access approximately \$1 billion of contracts offered by State Purchasing, school districts, local governments, and major non-defense private sector companies. These new contracts are all Arizona-based, unlike the DOD contracts offered in the Commerce Business Daily, so Arizona vendors are extremely likely to reap extra contracts from the Network.

Although requested as a General Fund policy issue, JLBC Staff recommends funding this issue from the CEDC Fund. The Executive recommends \$50,000 from the General Fund for this purpose.

o Implementation of Automation Plan

(GF) 130,600

The Department of Commerce has had its 3-year automation plan reviewed and approved by DOA. The recommended amount includes 1 FTE position to manage the computer system, plus \$105,000 for computer equipment. The automation plan allows the agency to input information once and only once, permits each division to share their independently-developed databases, and permits on-line information inquiries, which benefit the general public as well as department staff. The Executive did not recommend this policy issue.

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### **Budget Reduction Options**

The Current Services Budget (CSB) is \$3,616,900 (General Fund). The following Budget Reduction Options represent a \$(366,300), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (85,400)
  - General Inflation
  - Freeze Five Intern Positions
- o In-State Travel Reductions (12,800)
  - Represents approximately 12% of the department's General Fund allocation for In-State travel.
- o Eliminate Solar Energy Funding (81,300)
  - This proposal would eliminate the special line item for solar energy demonstration projects. The solar energy program receives a significant amount of federal funding, so loss of State funding would not have a major impact.
- o Eliminate the Asian Pacific Trade Office (157,800)
  - In 1988, the Arizona Cost Efficiency Commission recommended closing this office, citing lack of private sector investment in its operating costs and lack of verifiable results.
- o Reduction in Advertising and Promotions (24,500)
  - This budget reduction option represents approximately 7.3% of the department's General Fund allocation for advertising and promotions.

### **Other Issues for Legislative Consideration**

- o Enterprise Zone Planner
  - The Executive recommends 1 FTE position and \$37,800 from the General Fund to administer the enterprise zone program.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	103.30	116.30	103.30	140.30	115.30	
<u>BY PROGRAM/ORGANIZATION</u>						
SUPREME COURT	4,508,300	7,869,800	4,643,700	6,192,600	5,446,900	
FOSTER CARE REVIEW BOARD	848,900	981,700	894,300	927,700	777,300	
<u>AGENCY TOTAL</u>	<u>5,357,200</u>	<u>8,851,500</u>	<u>5,538,000</u>	<u>7,120,300</u>	<u>6,224,200</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,499,400	4,058,400	3,849,400	3,663,400	2,932,700	
EMPLOYEE RELATED EXP	532,800	816,800	586,100	709,800	568,200	
PROFESSIONAL/OUTSIDE SVCS	20,200	298,300	22,200	20,200	20,200	
TRAVEL - IN STATE	123,900	154,400	136,300	129,800	127,200	
OTHER OPERATING EXP	888,200	977,900	977,000	936,900	931,200	
EQUIPMENT	18,500	648,500	20,300	65,600	50,100	
ALL OTHER OPERATING	1,050,800	2,079,100	1,155,800	1,152,500	1,128,700	
<u>OPERATING SUBTOTAL</u>	<u>5,083,000</u>	<u>6,954,300</u>	<u>5,591,300</u>	<u>5,525,700</u>	<u>4,629,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
JUDICIAL ASSISTANCE	40,800	160,000	44,900	40,800	40,800	
JUDICIAL EDUCATION	233,400	318,500	256,700	233,400	233,400	
NAT'L CONF. APP. CRT. CLK	0	15,000	0	0		
CONF. OF CHIEF JUSTICES	0	15,000	0	0		
NEW BUILDING SUPPORT	0	1,388,700	0	1,320,400	1,320,400	
SPENDING REDUCTION PGM	0	0	-354,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>274,200</u>	<u>1,897,200</u>	<u>-53,300</u>	<u>1,594,600</u>	<u>1,594,600</u>	
<u>AGENCY TOTAL</u>	<u>5,357,200</u>	<u>8,851,500</u>	<u>5,538,000</u>	<u>7,120,300</u>	<u>6,224,200</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	5,357,200	8,851,500	5,538,000	7,120,300	6,224,200	
OTHER NON APPROPRIATED	3,591,100	3,381,700	0	3,381,700	3,381,700	
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>8,948,300</u>	<u>12,233,200</u>	<u>5,538,000</u>	<u>10,502,000</u>	<u>9,605,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
COST CENTER: AGENCY SUMMARY

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The JLBC Staff recommends a total appropriation of \$7,120,300 -- a net increase of \$1,763,100, or 32.9%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (3,300)
o ERE Rate Adjustments	144,200
o Annualization of new positions partially funded in FY 1990.	24,500
o All Other	46,300
o General Inflation	45,700
o Replacement Equipment	31,600
o New Building Support	1,320,400

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(45,700)
Elimination of 4.5% General Inflation.	
o <u>Vacancy Savings</u>	(21,900)
o <u>Replacement Equipment</u>	(23,600)
o <u>Staff Attorney's Office</u>	100,200
o <u>Clerk of the Court's Office</u>	75,300
o <u>Program Specialist and Secretary</u>	69,400

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$6,966,600 (General Fund). The following Budget Reduction Options represent a \$(742,400), or (10.7)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(45,700)
<u>General Inflation</u>	
o <u>Reduction in Force</u>	(696,700)



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
 COST CENTER: SUPREME COURT

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	82.30	93.30	82.30	117.30	97.30	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,000,800	3,515,900	3,300,900	3,125,900	2,504,000	
EMPLOYEE RELATED EXP	420,500	672,600	462,600	575,400	460,900	
PROFESSIONAL/OUTSIDE SVCS	15,000	263,100	16,500	15,000	15,000	
TRAVEL - IN STATE	70,600	93,500	77,700	72,000	71,400	
OTHER OPERATING EXP	710,900	792,600	782,000	757,700	753,900	
EQUIPMENT	16,300	634,900	17,900	52,000	47,100	
ALL OTHER OPERATING	812,800	1,784,100	894,100	896,700	887,400	
<u>OPERATING SUBTOTAL</u>	<u>4,234,100</u>	<u>5,972,600</u>	<u>4,657,600</u>	<u>4,598,000</u>	<u>3,852,300</u>	
<u>SPECIAL LINE ITEMS</u>						
JUDICIAL ASSISTANCE	40,800	160,000	44,900	40,800	40,800	
JUDICIAL EDUCATION	233,400	318,500	256,700	233,400	233,400	
NAT'L CONF. APP. CRT. CLK	0	15,000	0	0		
CONF. OF CHIEF JUSTICES	0	15,000	0	0		
NEW BUILDING SUPPORT	0	1,388,700	0	1,320,400	1,320,400	
SPENDING REDUCTION PGM	0	0	-315,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>274,200</u>	<u>1,897,200</u>	<u>-13,900</u>	<u>1,594,600</u>	<u>1,594,600</u>	
<u>PROGRAM TOTAL</u>	<u>4,508,300</u>	<u>7,869,800</u>	<u>4,643,700</u>	<u>6,192,600</u>	<u>5,446,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
 COST CENTER: SUPREME COURT

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,508,300	7,869,800	4,643,700	6,192,600	5,446,900	_____
OTHER NON APPROPRIATED	3,591,100	3,381,700	0	3,381,700	3,381,700	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>8,099,400</b>	<b>11,251,500</b>	<b>4,643,700</b>	<b>9,574,300</b>	<b>8,828,600</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
 COST CENTER: SUPREME COURT

The JLBC Staff recommends a total appropriation of \$6,192,600 -- a net increase of \$1,684,300, or 37.4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1.5% on non-elected positions.	\$ (3,300)
o ERE Rate Adjustments	131,800
o Annualization of new positions partially funded in FY 1990	24,500
o All Other	43,800
o General Inflation	37,500
o Replacement Equipment	30,800
o New Building Support	1,320,400
<p>Includes costs of maintaining the new Courts building (31 FTE positions for security, maintenance and custodial staff, maintenance equipment, and all other operating expenses) as well as moving costs for the Supreme Court, Court of Appeals Division I, and Administrative Office of the Courts. Wiring and installation of telephones, computers, etc., and necessary equipment and furnishings not currently available are also included.</p>	

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(37,500)
o <u>Vacancy Savings</u> By increasing the vacancy factor to 2%, an additional savings can be attained.	(15,600)
o <u>Replacement Equipment</u> A savings can be achieved by providing 50% funding of replacement equipment. However, replacement equipment was reduced greatly in the FY 1990 budget and the Supreme Court's operations will be impaired.	(23,600)
o <u>Staff Attorney's Office</u> JLBC Staff recommends funding for 2 FTE positions, a Staff Attorney and a Legal Secretary, to support the Court's appellate review responsibilities.	100,200

- o Clerk of the Court's Office 75,300  
 JLBC Staff recommends funding for 2 FTE positions: 1 Deputy Clerk Specialist,  
 and 1 Legal Secretary.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$6,093,800 (General Fund). The following Budget Reduction Options represent a \$(646,900), or (10.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (37,500)  
General Inflation
- o Reduction in Force (609,400)  
 In order to achieve the 10.6% savings, a reduction of 16 or 17 FTE positions  
 would be necessary. A reduction in force of this magnitude would not allow the  
 Supreme Court to fulfill its constitutional or statutory mandates.

Other Issues for Legislative Consideration

- o Automation  
 The Supreme Court requests funding for enhancements for the automation systems supporting the Court, the Clerk's Office, and the Staff Attorney's Office. A request for \$48,300 includes Personal Services of \$36,700 for 1 FTE Automation Manager position, \$6,800 Employee Related Expenditures, \$300 In-State Travel, \$900 Other Operating Expenditures, and \$3,600 Equipment. Also requested is \$513,100 for other automation equipment: \$477,600 for computer hardware and software, \$30,000 for a computerized microfilm reader/printer with software, \$3,000 for a cassette tape duplicator, and \$2,500 for a laser printer.
- o Judicial Assistance  
 The Supreme Court requests an additional \$119,200 for Judicial Assistance. In FY 1989 the Court incurred \$227,400 for judicial assistance, of which \$40,800 was paid from the Judicial Assistance account, \$79,100 from vacancy savings, and \$107,500 was unpaid.
- o Chief Justice's Staff  
 The Supreme Court requests \$84,300 for 2 FTE positions, a Judicial Administrative Assistant and an Administrative Secretary. This amount includes \$60,700 Personal Services, \$11,200 Employee Related Expenditures, \$300 In-State Travel, \$1,900 Other Operating Expenditures, and \$10,200 Equipment.
- o National Conference of Appellate Court Clerks  
 The Supreme Court requests \$15,000 financial support for the 17th Annual National Conference of Appellate Court Clerks to be held in Tucson in August, 1990. The funds are requested for expenses incurred in the planning and hosting of this prestigious event. This is a national conference which will be attended by guests from the major U.S. metropolitan cities. The Conference will generate revenue to the state.

o Conference of Chief Justices

The Supreme Court requests \$15,000 financial support for hosting the 1991 Midyear Meeting of the Conference of Chief Justices in January, 1991. This is a national conference which will be attended by guests from every state, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the territories of American Samoa, Guam, and the Virgin Islands. It will generate revenue to the state.

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
 COST CENTER: FOSTER CARE REVIEW BOARD

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	21.00	23.00	21.00	23.00	18.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	498,600	542,500	548,500	537,500	428,700	
EMPLOYEE RELATED EXP	112,300	144,200	123,500	134,400	107,300	
PROFESSIONAL/OUTSIDE SVCS	5,200	35,200	5,700	5,200	5,200	
TRAVEL - IN STATE	53,300	60,900	58,600	57,800	55,800	
OTHER OPERATING EXP	177,300	185,300	195,000	179,200	177,300	
EQUIPMENT	2,200	13,600	2,400	13,600	3,000	
ALL OTHER OPERATING	238,000	295,000	261,700	255,800	241,300	
<u>OPERATING SUBTOTAL</u>	<u>848,900</u>	<u>981,700</u>	<u>933,700</u>	<u>927,700</u>	<u>777,300</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-39,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-39,400</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>848,900</u>	<u>981,700</u>	<u>894,300</u>	<u>927,700</u>	<u>777,300</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
 COST CENTER: FOSTER CARE REVIEW BOARD

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	848,900	981,700	894,300	927,700	777,300	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>848,900</u>	<u>981,700</u>	<u>894,300</u>	<u>927,700</u>	<u>777,300</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT  
COST CENTER: FOSTER CARE REVIEW BOARD

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The JLBC Staff recommends a total appropriation of \$927,700 -- a net increase of \$78,800, or 9.3%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o ERE Rate Adjustments	\$ 12,400
o General Inflation	8,200
o All Other	2,500
o Replacement Equipment	800

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(8,200)
o <u>Vacancy Savings</u> By imposing a 1% vacancy factor, an additional savings can be achieved.	(6,300)
o <u>Program Specialist and Secretary</u> JLBC Staff recommends funding for 2 FTE positions, a Program Specialist and Secretary, to support the increased caseload. An increase is anticipated due to a 10% budgeted increase in Child Protective Services.	69,400

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$872,800 (General Fund). The following Budget Reduction Options represent a \$(95,500), or (10.9)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u> <u>General Inflation</u>	(8,200)
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- o Reduction in Force

(87,300)

In order to achieve the 10.9% savings, a reduction of 3 FTE positions would be necessary. This reduction would result in workload increases and, thus, reduced productivity. A.R.S. § 8-515.03 requires each dependent foster child's case to be reviewed once every 6 months. The Foster Care Review Board is also required to submit to the Juvenile Court, within 30 days of its review, its findings and recommendations. The reduction in staffing would result in this requirement no longer being achievable.

Other Issues for Legislative Consideration

- o Computer System Programming

The Foster Care Review Board requests \$30,000 to contract with consultants for computerization of the Foster Care Review Board membership list, records, dependent child index, and closed case records. This amount also includes reprogramming the statistical base used to generate summary information that is incorporated into the Annual Report as required by A.R.S. § 8-515.04(C).

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	132.50	142.50	132.50	133.50	111.50	
<u>BY PROGRAM/ORGANIZATION</u>						
COURT OF APPEALS (DIV. I)	4,808,900	6,554,600	5,027,000	5,481,600	5,033,000	
COURT OF APPEALS (DIV. II)	1,835,700	2,566,500	1,916,300	2,175,900	1,969,100	
<b>A G E N C Y T O T A L</b>	<b>6,644,600</b>	<b>9,121,100</b>	<b>6,943,300</b>	<b>7,657,500</b>	<b>7,002,100</b>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	5,205,100	6,130,700	5,725,600	5,505,200	4,821,900	
EMPLOYEE RELATED EXP	548,400	979,000	603,200	966,700	847,400	
PROFESSIONAL/OUTSIDE SVCS	3,100	15,100	3,400	3,100	3,100	
TRAVEL - IN STATE	69,500	97,000	76,400	86,300	86,100	
TRAVEL - OUT OF STATE	18,300	44,300	20,100	19,300	19,300	
OTHER OPERATING EXP	653,700	655,600	719,100	560,800	560,100	
EQUIPMENT	146,500	155,600	161,200	46,800	43,300	
ALL OTHER OPERATING	891,100	967,600	980,200	716,300	711,900	
<u>OPERATING SUBTOTAL</u>	<u>6,644,600</u>	<u>8,077,300</u>	<u>7,309,000</u>	<u>7,188,200</u>	<u>6,381,200</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
NEW BUILDING SUPPORT	0	612,000	0	229,900	342,000	
NEW BUILDING SUPPORT	0	431,800	0	239,400	278,900	
SPENDING REDUCTION PGM	0	0	-365,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>1,043,800</u>	<u>-365,700</u>	<u>469,300</u>	<u>620,900</u>	
<u>AGENCY TOTAL</u>	<u>6,644,600</u>	<u>9,121,100</u>	<u>6,943,300</u>	<u>7,657,500</u>	<u>7,002,100</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	6,644,600	9,121,100	6,943,300	7,657,500	7,002,100	
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>6,644,600</u>	<u>9,121,100</u>	<u>6,943,300</u>	<u>7,657,500</u>	<u>7,002,100</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS  
COST CENTER: AGENCY SUMMARY

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The JLBC Staff recommends a total appropriation of \$7,657,500 -- a net increase of \$1,012,900, or 15.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 54,400
o ERE Rate Adjustments	363,800
o Annualization of salaries for Fifth Appellate Panel	278,200
o All Other	(76,000)
o General Inflation	23,100
o Replacement Equipment	(103,200)
o New Building Support	620,900

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(23,100)
o <u>Vacancy Savings</u>	(4,500)
o <u>New Building Support</u>	(151,600)
o <u>Deputy Clerk</u>	30,900

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$7,805,800 (General Fund). The following Budget Reduction Options represent a \$(803,700), or (10.3)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u> <u>General Inflation</u>	(23,100)
o <u>Reduction in Force</u>	(780,600)

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

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DEPARTMENT: COURT OF APPEALS

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR:

BURNS

COST CENTER: COURT OF APPEALS (DIV. I)

SENATE SUBCOMMITTEE CHAIR:

PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	100.50	105.50	100.50	100.50	85.50	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,805,900	4,596,400	4,186,500	4,083,300	3,607,700	
EMPLOYEE RELATED EXP	360,200	735,400	396,200	735,100	650,000	
PROFESSIONAL/OUTSIDE SVCS	1,000	11,000	1,100	1,000	1,000	
TRAVEL - IN STATE	42,100	58,100	46,300	55,900	55,900	
TRAVEL - OUT OF STATE	11,000	29,000	12,100	11,400	11,400	
OTHER OPERATING EXP	448,200	411,700	493,000	355,000	355,000	
EQUIPMENT	140,500	101,000	154,600	10,000	10,000	
ALL OTHER OPERATING	642,800	610,800	707,100	433,300	433,300	
<u>OPERATING SUBTOTAL</u>	<u>4,808,900</u>	<u>5,942,600</u>	<u>5,289,800</u>	<u>5,251,700</u>	<u>4,691,000</u>	
<u>SPECIAL LINE ITEMS</u>						
NEW BUILDING SUPPORT	0	612,000	0	229,900	342,000	
SPENDING REDUCTION PGM	0	0	-262,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>612,000</u>	<u>-262,800</u>	<u>229,900</u>	<u>342,000</u>	
<u>PROGRAM TOTAL</u>	<u>4,808,900</u>	<u>6,554,600</u>	<u>5,027,000</u>	<u>5,481,600</u>	<u>5,033,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS  
 COST CENTER: COURT OF APPEALS (DIV.I)

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,808,900	6,554,600	5,027,000	5,481,600	5,033,000	_____
PROGRAM TOTAL-ALL SOURCES	4,808,900	6,554,600	5,027,000	5,481,600	5,033,000	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS  
COST CENTER: DIVISION I

The JLBC Staff recommends a total appropriation of \$5,481,600 -- a net increase of \$672,700, or 14%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1.5% on non-elected positions. \$ 49,200
- o ERE Rate Adjustments 324,900
- o Annualization of salaries for Fifth Appellate Panel. 278,200
- o All Other (79,000)
- o General Inflation 13,600
- o Replacement Equipment (130,500)
- o New Building Support 342,000
  - Includes wiring and installation of telephones and computers and furnishings not currently available. No replacement furnishings are included.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (13,600)  
Elimination of 4.5% General Inflation.
- o New Building Support (112,100)  
By postponing funding for portions of the new Courts building, a savings of \$112,100 can be achieved.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$5,607,300 (General Fund). The following Budget Reduction Options represent a \$(574,300), or (10.2)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (13,600)  
General Inflation

o Reduction in Force

(560,700)

In order to achieve the 10.2% savings, a reduction of 15 or 16 FTE positions would be necessary. A reduction in force of this magnitude would not allow the Court of Appeals Division I to fulfill its constitutional or statutory mandate.

Other Issues for Legislative Consideration

o Additional Judge and Staff

The Court of Appeals Division I requests funding for an additional Judge along with 3 FTE positions as support staff: a Judicial Secretary and 2 Law Clerks. The Court of Appeals requests \$181,000 in Personal Services, \$32,600 in Employee Related Expenditures, \$2,000 in In-State Travel, \$4,000 in Out-of-State Travel, \$41,000 in Other Operating Expenditures, and \$36,000 in Equipment, for a total of \$296,600. JLBC Staff estimates that total funding for these positions is \$268,800.

o Automation

The Court of Appeals Division I requests \$52,700 funding for a Systems Manager FTE position. This includes \$37,000 in Personal Services, \$6,700 Employee Related Expenditures, \$700 Other Operating Expenditures, and \$8,300 in Equipment.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS  
 COST CENTER: COURT OF APPEALS (DIV. II)

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	32.00	37.00	32.00	33.00	26.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,399,200	1,534,300	1,539,100	1,421,900	1,214,200	
EMPLOYEE RELATED EXP	188,200	243,600	207,000	231,600	197,400	
PROFESSIONAL/OUTSIDE SVCS	2,100	4,100	2,300	2,100	2,100	
TRAVEL - IN STATE	27,400	38,900	30,100	30,400	30,200	
TRAVEL - OUT OF STATE	7,300	15,300	8,000	7,900	7,900	
OTHER OPERATING EXP	205,500	243,900	226,100	205,800	205,100	
EQUIPMENT	6,000	54,600	6,600	36,800	33,300	
ALL OTHER OPERATING	248,300	356,800	273,100	283,000	278,600	
<u>OPERATING SUBTOTAL</u>	<u>1,835,700</u>	<u>2,134,700</u>	<u>2,019,200</u>	<u>1,936,500</u>	<u>1,690,200</u>	
<u>SPECIAL LINE ITEMS</u>						
NEW BUILDING SUPPORT	0	431,800	0	239,400	278,900	
SPENDING REDUCTION PGM	0	0	-102,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>431,800</u>	<u>-102,900</u>	<u>239,400</u>	<u>278,900</u>	
<u>PROGRAM TOTAL</u>	<u>1,835,700</u>	<u>2,566,500</u>	<u>1,916,300</u>	<u>2,175,900</u>	<u>1,969,100</u>	

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: COURT OF APPEALS

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS

COST CENTER: COURT OF APPEALS (DIV. II)

SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,835,700	2,566,500	1,916,300	2,175,900	1,969,100	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>1,835,700</u>	<u>2,566,500</u>	<u>1,916,300</u>	<u>2,175,900</u>	<u>1,969,100</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS  
 COST CENTER: DIVISION II

The JLBC Staff recommends a total appropriation of \$2,175,900 -- a net increase of \$340,200, or 18.5%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 0.5% on non-elected positions.	\$ 5,200
o ERE Rate Adjustments	38,900
o All Other	3,000
o General Inflation	9,500
o Replacement Equipment	27,300
o New Building Support	278,900
Includes a special air conditioning unit for the computer equipment, window coverings and other build-out expenses in the new Tucson State Building. Also included are moving expenses, wiring and installation of telephones and computers and furnishings not currently available. No replacement furniture is included.	

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(9,500)
o <u>Vacancy Savings</u> A savings may be attained by delaying the filling of 3 temporary law clerk positions.	(4,500)
o <u>New Building Support</u> By postponing funding for portions of the new Tucson building, a savings can be achieved.	(39,500)
o <u>Deputy Clerk</u> JLBC Staff recommends 1 Deputy Clerk FTE position to support the Court's appellate review responsibilities.	30,900

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,198,500 (General Fund). The following Budget Reduction Options represent a \$(229,400), or (10.4)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (9,500)  
General Inflation
- o Reduction in Force (219,900)  
In order to achieve the 10.4% savings, a reduction of 6 or 7 employees would be necessary. A reduction in force of this magnitude would not allow the Court of Appeals Division II to fulfill its constitutional or statutory mandates.

Other Issues for Legislative Consideration

- o Law Clerks  
The Court of Appeals Division II requests \$33,000 in Personal Services for 4 Law Clerks, along with \$14,000 Equipment for the new positions.
- o Automation  
The Court of Appeals Division II requests \$51,800 for office automation. This includes \$12,400 for 1 FTE Systems Manager position for 3 months, \$2,000 Professional and Outside Services for establishing an automated bookkeeping system, and \$11,300 Other Operating Expenditures for data processing supplies and non-capitalized equipment. Another \$26,100 is included in Equipment for furniture for the new position, a computer work station, a microcomputer and laser printer, and 4 word processors.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPERIOR COURT  
 COST CENTER: SUPERIOR COURT

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	107.00	118.00	107.00	112.00	112.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	4,280,000	4,600,000	4,708,000	4,480,000	4,480,000	
EMPLOYEE RELATED EXP	179,300	459,900	197,200	584,800	584,800	
OTHER OPERATING EXP	812,000	620,000	893,200	619,600	619,600	
ALL OTHER OPERATING	812,000	620,000	893,200	619,600	619,600	
<u>OPERATING SUBTOTAL</u>	<u>5,271,300</u>	<u>5,679,900</u>	<u>5,798,400</u>	<u>5,684,400</u>	<u>5,684,400</u>	
<u>SPECIAL LINE ITEMS</u>						
MEDICAL MALPRACTICE	15,000	0	16,500	0		
FAMILY COUNSELING	321,800	366,600	354,000	366,600	324,400	
PROBATION STATE AID	1,705,400	2,136,500	1,875,900	1,605,400	1,509,300	
PROBATION ENHANCEMENT	9,694,600	12,648,700	10,664,100	11,174,700	9,889,600	
INTENSIVE PROBATION-ADULT	7,723,800	9,720,100	8,496,200	9,258,600	8,140,800	
INTENSIVE PROB.-JUVENILE	5,065,600	5,838,700	5,572,200	5,158,300	4,536,100	
JUVENILE PROBATION SERV.	16,160,800	19,267,900	17,778,900	17,644,500	15,615,400	
CT. APPOINT. SP. ADVOCATE	200,000	683,400	220,000	200,000	177,000	
COMMUNITY PUNISHMENT	2,629,000	5,738,300	2,891,900	2,629,000	2,326,700	
CHILD SUPPORT ENFORCEMENT	46,400	53,300	51,000	46,400	41,000	
SPENDING REDUCTION PGM	0	0	-2,491,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>43,562,400</u>	<u>56,453,500</u>	<u>45,429,500</u>	<u>48,083,500</u>	<u>42,560,300</u>	
<u>PROGRAM TOTAL</u>	<u>48,833,700</u>	<u>62,133,400</u>	<u>51,227,900</u>	<u>53,767,900</u>	<u>48,244,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPERIOR COURT  
 COST CENTER: SUPERIOR COURT

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	48,833,700	62,133,400	51,227,900	53,767,900	48,244,700	_____
PROGRAM TOTAL-ALL SOURCES	48,833,700	62,133,400	51,227,900	53,767,900	48,244,700	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: SUPERIOR COURT  
 COST CENTER: SUPERIOR COURT

The JLBC Staff recommends a total appropriation of \$53,767,900 -- a net increase of \$4,934,200, or 10.1%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 26,100
o ERE Rate Adjustments	379,400
o Annualization	200,000
One-half of salaries for 5 new judges (4 in Maricopa County, 1 in Pima County) pursuant to A.R.S. § 12-128.	
o Risk Management Insurance	(192,400)
o Medical Malpractice Review Board	(15,000)
A.R.S. § 12-567 repealed, Laws 1989, Chapter 289.	
o General Inflation	713,700
o Family Counseling	44,800
3.4% Caseload Increase	
o Probation Enhancement	1,480,100
A.R.S. § 12-251 sets out a standard ratio of 1:60; that is, 1 probation officer for every 60 probationers. This ratio, however, has not yet been attained. The increase will add 41 probation officer positions which provides a 1:60 ratio for the estimated 10% increase in probationers.	
o Adult Intensive Probation	1,534,800
Pursuant to A.R.S. §§ 12-293(B) and 13-603(E), the increase allows for maintenance of the program and for an increase in caseload capacity from 1,760 to 1,090.	
o Juvenile Intensive Probation	92,700
Pursuant to A.R.S. § 8-273(B), the increase allows for maintenance of the program and for an increase in caseload capacity from 860 to 875.	
o Juvenile Probation Services Fund	1,483,700
Pursuant to the requirements of A.R.S. § 8-230.02, the increase provides for additional placements in residential treatment and increases the caseload capacity due to increased law enforcement activities and population increases in juveniles.	

**JLBC Staff Recommended Policy Issues**

- o General Inflation (713,700)  
Elimination of 4.5% General Inflation.
- o Probation State Aid Fund (100,000)  
Probation State Aid provides funding to the superior courts pursuant to A.R.S. § 12-261 et seq. for maintaining, expanding, and improving juvenile probation services. The reduction may impede county probation department operations and decrease the number of juveniles that can be placed on probation.

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**Budget Reduction Options** (5,623,200)

The Current Services Budget (CSB) is \$54,581,600 (General Fund). The following Budget Reduction Options represent a \$(6,336,900), or (11.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (713,700)
  - o General Inflation
  - o Family Counseling Program (42,200)  
This reduction would cut the number of children and families served by 327.
  - o Probation State Aid Fund (196,100)  
This reduction would severely impact probation statewide. A loss of at least seven probation officers would be imminent. This would result in greater caseloads and increased risk to the community due to the inability to comply with minimum supervision standards.
  - o Probation Enhancement Fund (1,285,100)  
This reduction will severely impede the efforts to attain the 1:60 probation officer to probationer ratio. It would also reduce drug testing, travel, and clerical support in order to maintain as many probation officers as possible. It is projected that 36 to 40 officers would have to be terminated, resulting a caseloads of approximately 1:100.
  - o Adult Intensive Probation (1,117,800)  
The reduction would virtually eliminate all program expansion and limit future caseload capacity to the current fiscal year level of 1,760 intensive probationers. This will have a direct impact on the Department of Corrections.
  - o Juvenile Intensive Probation (622,200)  
The reduction would eliminate all program expansion and reduce caseload capacity from 860 to 810. Future caseload capacity would be frozen at this level.



- Juvenile Probation Services Fund (2,029,100)  
The reduction would severely reduce the amount of treatment services available to juvenile offenders. It is estimated that only 60 children could receive services.
- Court Appointed Special Advocate (23,000)  
The reduction would severely inhibit the function of the program. New volunteers would be limited without sufficient funds to train them. Lack of travel reimbursement funds would restrict volunteer participation.
- Community Punishment Program (302,300)  
The reduction would cause significant disruption to the programs, particularly contractual services. Lack of these services would reduce the number of cases diverted from jails and prisons.
- Child Support Enforcement Program (5,400)  
The reduction would eliminate all operational costs, thus crippling efforts to provide statewide coordination in enforcing child support.

#### Other Issues for Legislative Consideration

- Additional Judgeships  
The Superior Court requests \$120,000 for half-year funding of 6 judgeships that are anticipated to be approved by county boards of supervisors in FY 1991.
- Probation Enhancement  
The Superior Court has requested \$1,241,600 to annualize salary adjustments and cost of living increases awarded by the counties to their probation personnel.
- Juvenile Probation Services Fund  
It is requested that \$760,800 be appropriated to increase payment to residential centers for the cost of care. Also requested is \$403,200 for drug testing and evaluations.
- Court Appointed Special Advocate  
\$483,400 is requested to expand the CASA program to all of Arizona's counties.
- Community Punishment Program  
\$655,500 is requested to annualize funding for services only provided for a portion of FY 1990. In addition, \$2,453,800 is requested to expand the program statewide.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM. ON JUDICIAL CONDUCT  
 COST CENTER: COMM. ON JUDICIAL CONDUCT

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	2.00	0.00	0.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	0	28,600	0	0		
EMPLOYEE RELATED EXP	0	14,300	0	0		
OTHER OPERATING EXP	100,000	100,000	110,000	100,000	100,000	
ALL OTHER OPERATING	100,000	100,000	110,000	100,000	100,000	
<u>OPERATING SUBTOTAL</u>	<u>100,000</u>	<u>142,900</u>	<u>110,000</u>	<u>100,000</u>	<u>100,000</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-5,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-5,700</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M T O T A L</u>	<u>100,000</u>	<u>142,900</u>	<u>104,300</u>	<u>100,000</u>	<u>100,000</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	100,000	142,900	104,300	100,000	100,000	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>100,000</u>	<u>142,900</u>	<u>104,300</u>	<u>100,000</u>	<u>100,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMMISSION ON JUDICIAL CONDUCT  
COST CENTER: COMMISSION ON JUDICIAL CONDUCT

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The JLBC Staff recommends a total appropriation of \$100,000, which represents no increase to the adjusted FY 1990 appropriation.

Other Issues for Legislative Consideration

o Executive Director

The Commission requests \$28,600 to fund the Executive Director position full-time. Currently, it is a half-time position.

o State FTE Positions

The positions of Executive Director and Executive Assistant are currently contractual. The Commission requests that these become State FTE positions and that \$20,100 be appropriated for Employee Related Expenditures.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM ON APP & TRL CRT APT      JLBC ANALYST: BURGESS      HOUSE SUBCOMMITTEE CHAIR: BURNS  
 COST CENTER: COMM ON APP & TRL CRT APT      SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>OPERATING BUDGET</u>						
OTHER OPERATING EXP	4,000	4,000	4,400	4,000	4,000	
ALL OTHER OPERATING	4,000	4,000	4,400	4,000	4,000	
<u>OPERATING SUBTOTAL</u>	<u>4,000</u>	<u>4,000</u>	<u>4,400</u>	<u>4,000</u>	<u>4,000</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-200</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>4,000</u>	<u>4,000</u>	<u>4,200</u>	<u>4,000</u>	<u>4,000</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,000	4,000	4,200	4,000	4,000	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>4,000</u>	<u>4,000</u>	<u>4,200</u>	<u>4,000</u>	<u>4,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMMISSION ON APPELLATE & TRIAL COURT APPOINTMENTS  
COST CENTER: COMMISSION ON APPELLATE & TRIAL COURT APPOINTMENTS

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The JLBC Staff recommends a total appropriation of \$4,000, which represents no increase to the adjusted FY 1990 appropriation.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE OF THE GOVERNOR  
 COST CENTER: OFFICE OF THE GOVERNOR

JLBC ANALYST: MORRIS

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	.00	0.00	0.00	0.00		
<u>SPECIAL LINE ITEMS</u>						
Lump Sum Appropriation	3,279,300	3,335,000	3,335,000	3,335,000	3,001,500	
SPENDING REDUCTION PGM	0	0	-160,100	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>3,279,300</u>	<u>3,335,000</u>	<u>3,174,900</u>	<u>3,335,000</u>	<u>3,001,500</u>	
<u>P R O G R A M T O T A L</u>	<u>3,279,300</u>	<u>3,335,000</u>	<u>3,174,900</u>	<u>3,335,000</u>	<u>3,001,500</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,279,300	3,335,000	3,174,900	3,335,000	3,001,500	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>3,279,300</u>	<u>3,335,000</u>	<u>3,174,900</u>	<u>3,335,000</u>	<u>3,001,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE OF THE GOVERNOR  
COST CENTER: OFFICE OF THE GOVERNOR

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The JLBC Staff recommends a total appropriation of \$3,335,000 -- a net increase of \$55,700, or 1.7%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o The recommended level is a net increase of \$55,700, as requested by the Office of the Governor. The Executive recommendation reflects a 4.8% spending reduction program from the amount requested.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$3,335,000 (General Fund). The following Budget Reduction Options represent a \$(333,500), or (10)%, decrease from the CSB.

- o General Reduction \$ (333,500)  
No specific impact of this reduction was determined.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LAW ENF MERIT SYS CNCL  
 COST CENTER: LAW ENF. MERIT SYS CNCL

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	1.00	1.00	1.00	1.00	1.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	24,400	24,400	23,400	23,400	23,400	
EMPLOYEE RELATED EXP	5,100	5,100	4,900	5,000	5,000	
PROFESSIONAL/OUTSIDE SVCS	4,100	5,100	5,800	4,100	2,500	
TRAVEL - IN STATE	4,000	4,400	4,000	4,000	2,700	
OTHER OPERATING EXP	4,500	5,700	3,100	4,500	3,300	
EQUIPMENT	0	5,700	0	0	0	
ALL OTHER OPERATING	12,600	20,900	12,900	12,600	8,500	
<u>OPERATING SUBTOTAL</u>	<u>42,100</u>	<u>50,400</u>	<u>41,200</u>	<u>41,000</u>	<u>36,900</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-2,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-2,000</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>42,100</u>	<u>50,400</u>	<u>39,200</u>	<u>41,000</u>	<u>36,900</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LAW ENF MERIT SYS CNCL  
 COST CENTER: LAW ENF. MERIT SYS CNCL

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	42,100	50,400	39,200	41,000	36,900	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>42,100</u>	<u>50,400</u>	<u>39,200</u>	<u>41,000</u>	<u>36,900</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LAW ENF. MERIT SYS CNCL  
COST CENTER: LAW ENF. MERIT SYS CNCL

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The JLBC Staff recommends a total appropriation of \$41,000 -- a net decrease of \$(1,100), or (2.6)% from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustment \$ (1,200)
- o ERE Rate Adjustments 100
- o General Inflation 400

**JLBC Staff Recommended Policy Issues**

- o General Inflation (400)  
Eliminates inflation for Professional and Outside Services and the 15% increase for lodging.
- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$41,400 (General Fund). The following Budget Reduction Options represent a \$(4,100), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (400)
  - General Inflation
- o Base Reduction (3,700)  
Permanent reduction in available operational resources which will hamper the Council's ability to carry out their functions.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: SENATE

JLBC ANALYST: MORRIS

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	6,063,900	5,580,000	5,580,000	5,580,000	5,022,000	
SPENDING REDUCTION PGM	0	0	-267,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>6,063,900</u>	<u>5,580,000</u>	<u>5,312,200</u>	<u>5,580,000</u>	<u>5,022,000</u>	
<u>P R O G R A M T O T A L</u>	<u>6,063,900</u>	<u>5,580,000</u>	<u>5,312,200</u>	<u>5,580,000</u>	<u>5,022,000</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	6,063,900	5,580,000	5,312,200	5,580,000	5,022,000	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>6,063,900</u>	<u>5,580,000</u>	<u>5,312,200</u>	<u>5,580,000</u>	<u>5,022,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
COST CENTER: SENATE

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The JLBC Staff recommends a total appropriation of \$5,580,000 -- a net decrease of \$(483,900), or (8)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o The recommended level is a net decrease of \$(483,900), as requested by the Senate. The Executive recommendation reflects a 4.8% spending reduction program from the amount requested.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$5,580,000 (General Fund). The following Budget Reduction Options represent a \$(558,000), or (10)%, decrease from the CSB.

- o General Reduction \$ (558,000)  
No specific impact of this reduction was determined.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: HOUSE OF REPRESENTATIVES

JLBC ANALYST: MORRIS

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	6,130,600	6,258,000	6,258,000	6,258,000	5,632,200	
SPENDING REDUCTION PGM	0	0	-300,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>6,130,600</u>	<u>6,258,000</u>	<u>5,957,600</u>	<u>6,258,000</u>	<u>5,632,200</u>	
<u>P R O G R A M T O T A L</u>	<u>6,130,600</u>	<u>6,258,000</u>	<u>5,957,600</u>	<u>6,258,000</u>	<u>5,632,200</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	6,130,600	6,258,000	5,957,600	6,258,000	5,632,200	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>6,130,600</u>	<u>6,258,000</u>	<u>5,957,600</u>	<u>6,258,000</u>	<u>5,632,200</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
COST CENTER: HOUSE OF REPRESENTATIVES

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The JLBC Staff recommends a total appropriation of \$6,258,000 -- a net increase of \$127,400, or 2.1%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o The recommended level is a net increase of \$127,400, as requested by the House of Representatives. The Executive recommendation reflects a 4.8% spending reduction program from the amount requested.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$6,258,000 (General Fund). The following Budget Reduction Options represent a \$(625,800), or (10)%, decrease from the CSB.

- o General Reduction \$ (625,800)  
No specific impact of this reduction was determined.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: LEGISLATIVE COUNCIL

JLBC ANALYST: MORRIS

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	2,342,000	2,566,000	2,566,000	2,566,000	2,309,400	
SPENDING REDUCTION PGM	0	0	-123,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>2,342,000</u>	<u>2,566,000</u>	<u>2,442,800</u>	<u>2,566,000</u>	<u>2,309,400</u>	
<u>PROGRAM TOTAL</u>	<u>2,342,000</u>	<u>2,566,000</u>	<u>2,442,800</u>	<u>2,566,000</u>	<u>2,309,400</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,342,000	2,566,000	2,442,800	2,566,000	2,309,400	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>2,342,000</u>	<u>2,566,000</u>	<u>2,442,800</u>	<u>2,566,000</u>	<u>2,309,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
COST CENTER: LEGISLATIVE COUNCIL

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The JLBC Staff recommends a total appropriation of \$2,566,000 -- a net increase of \$224,000, or 9.6%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o The recommended level is a net increase of \$224,000, as requested by the Legislative Council. The Executive recommendation reflects a 4.8% spending reduction from the amount requested.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,566,000 (General Fund). The following Budget Reduction Options represent a \$(256,600), or (10)%, decrease from the CSB.

- o General Reduction \$ (256,600)  
No specific impact of this reduction was determined.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: JT LEGIS BUDGET COMMITTEE

JLBC ANALYST: MORRIS

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	1,537,700	1,583,100	1,583,100	1,583,100	1,424,800	
SPENDING REDUCTION PGM	0	0	-76,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>1,537,700</u>	<u>1,583,100</u>	<u>1,507,100</u>	<u>1,583,100</u>	<u>1,424,800</u>	
<u>PROGRAM TOTAL</u>	<u>1,537,700</u>	<u>1,583,100</u>	<u>1,507,100</u>	<u>1,583,100</u>	<u>1,424,800</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,537,700	1,583,100	1,507,100	1,583,100	1,424,800	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>1,537,700</u>	<u>1,583,100</u>	<u>1,507,100</u>	<u>1,583,100</u>	<u>1,424,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
COST CENTER: JOINT LEGISLATIVE BUDGET COMMITTEE

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The JLBC Staff recommends a total appropriation of \$1,583,100 -- a net increase of \$45,400, or 3%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o The recommended level is a net increase of \$45,400, as requested by the Joint Legislative Budget Committee. The Executive recommendation reflects a 4.8% spending reduction program from the amount requested.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$1,583,100 (General Fund). The following Budget Reduction Options represent a \$(158,300), or (10)%, decrease from the CSB.

- o General Reduction \$ (158,300)  
No specific impact of this reduction was determined.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: AUDITOR GENERAL

JLBC ANALYST: MORRIS

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	6,646,600	7,410,700	7,410,700	7,266,300	6,539,700	
SPENDING REDUCTION PGM	0	0	-355,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>6,646,600</u>	<u>7,410,700</u>	<u>7,055,000</u>	<u>7,266,300</u>	<u>6,539,700</u>	
<u>P R O G R A M T O T A L</u>	<u>6,646,600</u>	<u>7,410,700</u>	<u>7,055,000</u>	<u>7,266,300</u>	<u>6,539,700</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	6,646,600	7,410,700	7,055,000	7,266,300	6,539,700	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>6,646,600</u>	<u>7,410,700</u>	<u>7,055,000</u>	<u>7,266,300</u>	<u>6,539,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
COST CENTER: AUDITOR GENERAL

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The JLBC Staff recommends a total appropriation of \$7,266,300 -- a net increase of \$619,700, or 9.3%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o The recommended level is a net increase of \$619,700. The Executive recommendation reflects a 4.8% spending reduction program from the amount requested.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$7,266,300 (General Fund). The following Budget Reduction Options represent a \$(726,600), or (10)%, decrease from the CSB.

- o General Reduction \$ (726,600)  
No specific impact of this reduction was determined.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: LIB, ARCH & PUB RCDS

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	113.00	143.00	0.00	122.00	113.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,294,700	2,790,500	0	2,408,700	2,291,300	
EMPLOYEE RELATED EXP	482,800	783,100	0	586,000	557,400	
PROFESSIONAL/OUTSIDE SVCS	106,200	138,600	0	107,600	106,200	
TRAVEL - IN STATE	13,800	18,000	0	14,500	14,500	
TRAVEL - OUT OF STATE	10,700	15,800	0	5,900	5,900	
OTHER OPERATING EXP	769,400	1,078,000	0	853,800	746,000	
EQUIPMENT	90,400	233,900	0	196,700	89,600	
ALL OTHER OPERATING	990,500	1,484,300	0	1,178,500	962,200	
<u>OPERATING SUBTOTAL</u>	<u>3,768,000</u>	<u>5,057,900</u>	<u>0</u>	<u>4,173,200</u>	<u>3,810,900</u>	
<u>SPECIAL LINE ITEMS</u>						
ACQUISITIONS	350,000	405,000	0	405,000	380,000	
GRANTS-IN-AID	620,000	682,000	0	572,200	520,000	
MUSEUM FURNISHINGS	34,000	35,700	0	9,000	34,000	
RADIO READING	45,000	45,000	0	45,000	45,000	
LUMP SUM APPROPRIATION	0	0	5,052,300	0	0	
SPENDING REDUCTION PGM	0	0	-242,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>1,049,000</u>	<u>1,167,700</u>	<u>4,809,800</u>	<u>1,031,200</u>	<u>979,000</u>	
<u>PROGRAM TOTAL</u>	<u>4,817,000</u>	<u>6,225,600</u>	<u>4,809,800</u>	<u>5,204,400</u>	<u>4,789,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: LIB, ARCH & PUB RCDS

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,817,000	6,225,600	4,809,800	5,204,400	4,789,900	_____
FEDERAL FUNDS	1,866,300	0	0	0	0	_____
OTHER NON APPROPRIATED	85,000	70,100	70,100	70,100	70,100	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>6,768,300</b>	<b>6,295,700</b>	<b>4,879,900</b>	<b>5,274,500</b>	<b>4,860,000</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE  
 COST CENTER: LIB. ARCH & PUB RCDS

The JLBC Staff recommends a total appropriation of \$5,204,400 -- a net increase of \$387,400, or 8%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 2%	\$ (4,300)
o ERE Rate Adjustments	75,500
o Travel Adjustment	(4,100)
o General Inflation	27,900
o Replacement Equipment	(800)
o Risk Management Insurance	(2,800)
o Other Operating Adjustments	(20,600)
Includes \$59,200 of savings through the lease/purchase of the Library for the Blind property and a \$38,600 cost to the Department for the purchase of telecommunication services through DOA.	
o Library Acquisitions	30,000
This change increases acquisitions 8.5%. Acquisitions increased 16% in FY 1989 and 9.4% in FY 1990. The increase allows the library to maintain, update and acquire new periodicals, serials and mimeographs.	
o Museum Furnishings - General Inflation	1,500
o Courts Law Library Support	396,500
Includes funding for 9 new FTE positions for 9 months, capital and non-capital equipment, and acquisitions to provide materials and support for the new Court's Building law library. Currently, discussions are taking place between legislative leaders, Library and Archives, and the judiciary, as to which volumes, if any, will be moved from the present law library location at the State Capitol to the new Courts Building. The amount appropriated herein will ultimately be related to the outcome of these discussions. In FY 1992, an additional \$32,500 will be needed to fully fund the 9 FTE positions.	

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(29,400)
Elimination of 4.5% General Inflation.	

- o Decrease Museum Furnishings Budget (25,000)  
A decrease in funds limits the museum's ability to purchase items for the museum collection, thereby inhibiting the Capitol Museum's ability to preserve Arizona heritage.
- o Reduce Grants-In-Aid (47,800)  
Currently, \$620,000 is provided to county libraries through the Department. The Department of Library, Archives and Public Records has no administrative costs tied to these funds. In 1986, the Legislature passed legislation creating county-free library districts which are political taxing subdivisions. A.R.S. § 48-3903 states "The board of directors, after a county free library is established, shall annually levy in the same manner and at the same time as other county secondary property taxes are levied a county free library district tax sufficient to establish the district and to insure the payment of salaries, maintenance and upkeep and other necessary expenses of the county free library district." Any cut in the Grants-In-Aid may hamper county libraries development and service.
- o Replacement Equipment (9,200)

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$5,315,800 (General Fund). The following Budget Reduction Options represent a \$(525,900), or (9.9)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (29,400)  
General Inflation
- o Eliminate Courts Law Library Support (396,500)  
By keeping the law library in the Capitol building, new staff, equipment and operating costs can be eliminated. The Capitol library is presently 125% over capacity. More space to hold the ever-increasing essential law collection is needed. If the law library is not moved, it may be necessary to store some of its collection elsewhere.
- o Reduce Grants-In-Aid (100,000)



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AZ. LOTTERY  
 COST CENTER: AZ. LOTTERY

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	148.00	148.00	148.00	134.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,313,200	3,625,700	3,313,200	3,297,900		
EMPLOYEE RELATED EXP	727,900	978,900	790,000	848,400		
PROFESSIONAL/OUTSIDE SVCS	492,600	587,700	483,800	444,000		
TRAVEL - IN STATE	207,800	208,800	208,800	208,300		
TRAVEL - OUT OF STATE	29,400	28,900	28,900	17,400		
OTHER OPERATING EXP	3,428,200	3,620,300	3,296,900	3,105,800		
EQUIPMENT	0	28,600	28,600	28,600		
ALL OTHER OPERATING	4,158,000	4,474,300	4,047,000	3,804,100		
<u>OPERATING SUBTOTAL</u>	<u>8,199,100</u>	<u>9,078,900</u>	<u>8,150,200</u>	<u>7,950,400</u>		
<u>SPECIAL LINE ITEMS</u>						
ADVERTISING	7,125,000	7,125,000	7,125,000	7,125,000		
ON-LINE VENDOR FEE'S	11,150,000	7,440,000	7,440,000	7,440,000		
RETAILER COMMISSIONS	18,525,000	21,700,000	20,150,000	18,600,000		
<u>SPECIAL ITEM SUBTOTAL</u>	<u>36,800,000</u>	<u>36,265,000</u>	<u>34,715,000</u>	<u>33,165,000</u>		
<u>PROGRAM TOTAL</u>	<u>44,999,100</u>	<u>45,343,900</u>	<u>42,865,200</u>	<u>41,115,400</u>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AZ. LOTTERY  
 COST CENTER: AZ. LOTTERY

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
OTHER FUNDS	44,999,100	45,343,900	42,865,200	41,115,400		
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>44,999,100</u>	<u>45,343,900</u>	<u>42,865,200</u>	<u>41,115,400</u>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LOTTERY  
 COST CENTER: ARIZONA LOTTERY

The JLBC Staff recommends a total appropriation of \$41,115,400 -- a net decrease of \$(3,883,700), or (8.6)%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE, including a vacancy factor reduced to 2% from 9%	\$ 330,700
o ERE Rate Adjustments	124,400
o 14 Vacant FTE Positions Deleted	(349,900)
o Reduction of Legal Costs to Actual Contracted Amount	(48,600)
o 15% In-State Lodging Cost Increase	500
o Reduction of Out-of-State Travel due to funding only 1 person per trip	(12,000)
o Decreased Risk Management Assessment	(17,100)
o Increased Rent	2,900
o Removal of Depreciation	(308,200)
o Replacement Equipment	28,600
o Decreased On-Line Vendor Fees	(3,710,000)
o Increased Retailer Commissions due to increased sales forecast	75,000
o General Inflation	170,700

**JLBC Staff Recommended Policy Issues**

- o General Inflation (170,700)  
 Elimination of 4.5% General Inflation.
- o The JLBC Staff recommends the following footnotes to the Appropriation Act:  
Advertising  
 "If net sales exceed the estimated \$310,000,000, amounts above \$7,125,000 may be expended for advertising in accordance with A.R.S. § 5-505, which states that not more than 4% of the annual gross revenues shall be expended for advertising."  
Retailer Commissions  
 "If net sales exceed the estimated \$310,000,000, amounts above \$18,600,000 may be expended for sales commissions at the rate of 6% of net sales plus incentives, in accordance with A.A.C. R4-37-206.B and 301.N."

On-Line Vendor Fees

"If net on-line Pick game ticket sales exceed the estimated \$248,000,000, amounts above \$7,440,000 may be expended for on-line vendor fees, in accordance with the matrix of percentages set forth in contract."

Other Issues for Legislative Consideration

- o The Executive recommends \$1,550,000 for Retailer Commission incentives. This represents .5% of total sales. JLBC Staff analysis indicates that prior incentive programs were much smaller and had no apparent benefit in increasing sales.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: PERSONNEL BOARD  
 COST CENTER: PERSONNEL BOARD

JLBC ANALYST: WILCOX

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	3.00	3.00	3.00	3.00	3.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	78,700	78,700	78,700	78,700	78,700	
EMPLOYEE RELATED EXP	20,400	23,100	22,200	22,500	22,500	
PROFESSIONAL/OUTSIDE SVCS	73,700	143,500	73,700	91,300	73,700	
TRAVEL - IN STATE	1,600	3,200	3,200	2,000	3,000	
TRAVEL - OUT OF STATE	0	0	0	0	38,900	
OTHER OPERATING EXP	43,300	50,800	45,600	40,700	3,400	
EQUIPMENT	0	12,400	3,400	3,400		
ALL OTHER OPERATING	118,600	209,900	125,900	137,400	119,000	
<u>OPERATING SUBTOTAL</u>	<u>217,700</u>	<u>311,700</u>	<u>226,800</u>	<u>238,600</u>	<u>220,200</u>	
<u>SPECIAL LINE ITEMS</u>						
BUDGET REDUCTION PGM	0	0	-10,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-10,900</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M T O T A L</u>	<u>217,700</u>	<u>311,700</u>	<u>215,900</u>	<u>238,600</u>	<u>220,200</u>	

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: PERSONNEL BOARD  
 COST CENTER: PERSONNEL BOARD

JLBC ANALYST: WILCOX

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	217,700	311,700	215,900	235,200	220,200	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>217,700</b>	<b>311,700</b>	<b>215,900</b>	<b>235,200</b>	<b>220,200</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: PERSONNEL BOARD  
COST CENTER: PERSONNEL BOARD

The JLBC Staff recommends a total appropriation of \$235,200 -- a net increase of \$17,500, or 8%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Changes \$ 2,100
- o Statutory Changes - A.R.S. §§ 38-531 and 38-532 Whistle Blowers Law 15,000  
     Effective 9/15/89, the Personnel Board was mandated (A.R.S. §§ 38-531 and 38-532) to provide an appeals process for State employees who allege a prohibited personnel action was taken against them due to their disclosure of information. The Board projects an additional 30 cases a year due to this new mandate.
- o Other 2,300
- o Rent/Risk Management (4,400)
- o Replacement Equipment 3,400

**JLBC Staff Recommended Policy Issues**

- o General Inflation (900)  
     Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$236,100 (General Fund). The following Budget Reduction Options represent a \$(15,000), or (6.4)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (900)  
     General Inflation
- o Whistle Blowers Law (15,000)  
     This option would provide no additional funds to process Whistle Blower appeals. The Board would have to process the increased number of cases with the current funds. This would result in longer periods to complete each case. In addition, delays may result in violation of State regulations regarding personnel appeals, subjecting the state to possible legal action.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE RETIREMENT SYSTEM  
 COST CENTER: STATE RETIREMENT SYSTEM

JLBC ANALYST: BRAINARD

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	78.50	97.50	87.50	84.50		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,652,000	2,010,100	1,799,100	1,758,800		
EMPLOYEE RELATED EXP	324,200	463,900	454,000	437,400		
PROFESSIONAL/OUTSIDE SVCS	269,300	5,225,700	342,200	249,300		
TRAVEL - IN STATE	24,200	37,200	25,300	25,300		
TRAVEL - OUT OF STATE	10,000	24,900	10,500	10,000		
OTHER OPERATING EXP	404,700	600,400	525,900	409,100		
EQUIPMENT	124,300	289,500	107,500	115,200		
ALL OTHER OPERATING	832,500	6,177,700	1,011,400	808,900		
<b>P R O G R A M T O T A L</b>	<b>2,808,700</b>	<b>8,651,700</b>	<b>3,264,500</b>	<b>3,005,100</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	2,808,700	8,651,700	3,264,500	3,005,100		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>2,808,700</b>	<b>8,651,700</b>	<b>3,264,500</b>	<b>3,005,100</b>		



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE RETIREMENT SYSTEM  
 COST CENTER: STATE RETIREMENT SYSTEM

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The JLBC Staff recommends a total appropriation of \$3,005,100 -- a net increase of \$196,400, or 7%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1.5% A vacancy factor of 1.5% was used by the Executive.	\$ (31,000)
o ERE Rate Adjustments	86,700
o Replacement Equipment	(33,100)
o Risk Management Insurance	(2,100)
o General Inflation	18,200
o Travel Rate Adjustment	1,100
o Professional & Outside Services Adjustment	(35,000)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(18,200)
o <u>Actuarial Contract</u> JLBC Staff recommends increasing the appropriation for the Retirement System's actuarial contract to \$115,000. The contract price is expected to increase due to increased actuarial requirements.	15,000
o <u>Benefits Calculation</u> JLBC Staff recommends 4 FTE positions to assist the agency reduce its backlog of initial benefits calculation reviews and its workload resulting from the Retirement Incentive Window. A recent audit of the Retirement System reported that the agency is 32 months behind in reviewing initial benefits calculations. The Executive recommends \$192,100 and 7 FTE positions.	125,100
o <u>Automated Facilities</u> JLBC Staff recommends funding to hire an EDP Data Base Administrator, responsible for the day-to-day operations of the agency's automated facilities. This would permit the EDP Manager I now on staff to oversee the data migration from DOA currently being performed and to prepare the agency for any future	45,800

upgrades in its data processing environment. The Executive recommends \$38,000 for 1 EDP Programmer/ Analyst III position to assist the Data Processing Division with training and education, and to enhance programming capabilities.

o Tucson Office

23,900

JLBC Staff recommends funding to provide 1 Administrative Secretary I position to alleviate the workload at the agency's Tucson office. The Executive recommends \$22,600 for this policy issue.

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Other Issues for Legislative Consideration

o Automated Facilities System

The Retirement System request includes \$2,418,000 for FY 1991 as the first step in development of an automated facilities system projected to cost \$11,021,029 over the next 4 to 5 years. This request is based on a study performed by a private consultant of the agency's automated facilities environment and projected needs. The Executive recommends \$50,000 for Professional & Outside Services to contract an additional study. JLBC Staff recognizes as critical the agency's need for improved automated facilities, but believes that the total cost of the requested system, which includes over \$4,000,000 for consultant charges, is excessive. JLBC Staff agrees with the Executive that additional options and proposals warrant consideration.

o Quarterly Newsletter

The Executive recommends \$45,000 to permit the agency to publish its quarterly newsletter on a monthly basis. JLBC Staff believes a quarterly newsletter is sufficient.

o Monthly Statements

The Executive recommends \$50,000 to permit the Retirement System to print and distribute monthly statements for members. JLBC Staff believes annual statements are sufficient; members may receive a statement upon request.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991' EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	1,152.00	1,158.00	1,152.00	1,152.00	990.00	
<u>BY PROGRAM/ORGANIZATION</u>						
DIRECTOR'S OFFICE	413,300	431,200	404,000	423,700	388,900	
ADMINISTRATIVE SERVICES	9,514,200	9,584,400	9,039,900	9,308,000	8,983,500	
PROPERTY VALUATION	4,210,100	4,499,800	4,036,600	4,249,500	3,182,600	
SPECIAL SUPPORT	2,144,900	2,240,400	1,893,900	2,019,800	1,804,200	
ENFORCEMENT	15,581,400	15,200,300	14,159,200	14,844,100	13,149,100	
TAX PAYER SUP & ED SER.	2,735,200	2,731,400	2,487,300	2,613,000	2,283,000	
DATA MANAGEMENT	10,389,600	11,769,900	10,986,100	11,613,500	10,995,700	
<u>AGENCY TOTAL</u>	<u>44,988,700</u>	<u>46,457,400</u>	<u>43,007,000</u>	<u>45,071,600</u>	<u>40,787,000</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	24,079,700	24,229,800	24,066,400	24,114,000	21,142,000	
EMPLOYEE RELATED EXP	5,147,600	6,666,900	5,673,600	5,655,100	4,960,800	
PROFESSIONAL/OUTSIDE SVCS	2,294,900	2,125,600	2,087,600	2,077,800	1,857,300	
TRAVEL - IN STATE	686,800	692,200	686,800	717,400	662,400	
TRAVEL - OUT OF STATE	699,200	701,200	699,200	699,200	693,400	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
OTHER OPERATING EXP	10,610,700	11,770,700	9,877,300	9,723,600	9,386,600	
EQUIPMENT	1,219,800	21,000	1,834,500	1,834,500	1,834,500	
ALL OTHER OPERATING	15,511,400	15,310,700	15,185,400	15,052,500	14,434,200	
<u>OPERATING SUBTOTAL</u>	<u>44,738,700</u>	<u>46,207,400</u>	<u>44,925,400</u>	<u>44,821,600</u>	<u>40,537,000</u>	
<u>SPECIAL LINE ITEMS</u>						
AUTOMATED COLLECTION SYS	250,000	250,000	250,000	250,000	250,000	
SPENDING REDUCTION PGM	0	0	-2,168,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>250,000</u>	<u>250,000</u>	<u>-1,918,400</u>	<u>250,000</u>	<u>250,000</u>	
<u>A G E N C Y T O T A L</u>	<u>44,988,700</u>	<u>46,457,400</u>	<u>43,007,000</u>	<u>45,071,600</u>	<u>40,787,000</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	44,988,700	46,457,400	43,007,000	45,071,600	40,787,000	
OTHER NON APPROPRIATED	190,100	201,000	0	201,000	201,000	
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>45,178,800</u>	<u>46,658,400</u>	<u>43,007,000</u>	<u>45,272,600</u>	<u>40,988,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$45,071,600 -- a net increase of \$82,900, or 0.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 42,000
o ERE Rate Adjustments	499,800
o Travel Rate Adjustments	30,500
o General Inflation	292,500
o Rent	38,800
o Risk Management	(54,400)
o One-Time Costs (including Auto Dial and PIER program)	(2,170,000)
o Replacement of Mainframe Computer	1,694,100
o All Other	2,100

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(292,500)
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**Budget Reduction Options**

For FY 1990, the Department of Revenue was authorized to spend \$6.3 million to implement the Program for Increased Enforcement Revenue (PIER). The program was estimated to bring in nearly \$20 million in increased revenues from the 115 new positions. In addition, the Property Valuation Division was appropriated funding for 44 FTE positions to recanvass properties. This effort is also anticipated to result in increased revenues to both the State and local governments by achieving more equalization in values. Substantial reductions in the department's appropriation, therefore, will result in reduced revenues, probably far exceeding the savings, either directly by reducing audit, collection and assessment activities, or indirectly by impeding support services for the department and the public.

The Current Services Budget (CSB) is \$45,364,100 (General Fund). The following Budget Reduction Options represent a \$(4,577,100), or (10.1)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(292,500)
<u>General Inflation</u>	
o <u>Reduce Tax Policy and Internal Audit Staff</u>	(141,000)
o <u>Reduce Revenue Forecasting Staff</u>	(74,600)
o <u>Program Development</u>	(142,300)
o <u>Taxpayer Services</u>	(330,000)
o <u>Reduce Clerical and Accounting Staff</u>	(174,500)
o <u>Eliminate Secretarial Position</u>	(34,800)
o <u>Data Processing Operations</u>	(475,500)
o <u>Reduce Temporary Services</u>	(150,000)
o <u>Property Recanvassing</u>	(1,066,900)
o <u>Taxpayer Compliance</u>	(1,695,000)

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: DIRECTOR'S OFFICE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991' EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	6.00	6.00	6.00	6.00	5.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	287,800	287,800	287,800	287,800	260,800	
EMPLOYEE RELATED EXP	46,700	61,800	55,000	55,000	48,200	
PROFESSIONAL/OUTSIDE SVCS	55,000	55,000	55,000	55,000	55,000	
TRAVEL - IN STATE	2,200	2,200	2,200	2,300	2,300	
TRAVEL - OUT OF STATE	4,600	4,600	4,600	4,600	4,600	
OTHER OPERATING EXP	17,000	19,800	19,800	19,000	18,000	
ALL OTHER OPERATING	78,800	81,600	81,600	80,900	79,900	
<u>OPERATING SUBTOTAL</u>	<u>413,300</u>	<u>431,200</u>	<u>424,400</u>	<u>423,700</u>	<u>388,900</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-20,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-20,400</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>413,300</u>	<u>431,200</u>	<u>404,000</u>	<u>423,700</u>	<u>388,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: DIRECTOR'S OFFICE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991' EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
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BY FUND SOURCE

GENERAL FUND	413,300	431,200	404,000	423,700	388,900	
PROGRAM TOTAL-ALL SOURCES	413,300	431,200	404,000	423,700	388,900	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: DIRECTOR'S OFFICE

The JLBC Staff recommends a total appropriation of \$423,700 -- a net increase of \$10,400, or 2.5%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments \$ 8,300
  - o General Inflation 800
  - o All Other 2,100
- Includes funding for an increase in the professional dues and to bring the office supplies line up to actual spending levels.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (800)  
 Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$424,500 (General Fund). The following Budget Reduction Options represent a \$(35,600), or (8.4)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (800)  
General Inflation
- o Eliminate Secretarial Position (34,800)  
 The Director's Office staff consists of the Director, Deputy Director, Administrative Information/Legislative Services position, an Executive Assistant and 2 Secretaries. If 1 of the Secretary positions were eliminated, the workflow of that office would slow substantially and it is assumed some work would be transferred to secretaries in other divisions. Phone calls would fall more on remaining staff, further impeding their productivity.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: ADMINISTRATIVE SERVICES

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991' EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	98.00	98.00	98.00	98.00	88.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,741,900	1,741,900	1,738,300	1,738,300	1,603,300	
EMPLOYEE RELATED EXP	404,400	518,000	444,300	444,300	409,800	
PROFESSIONAL/OUTSIDE SVCS	249,500	261,200	260,000	249,500	99,500	
TRAVEL - IN STATE	16,500	16,500	16,500	16,900	16,900	
OTHER OPERATING EXP	7,068,000	7,046,800	7,036,600	6,859,000	6,854,000	
EQUIPMENT	33,900	0	0	0	0	
ALL OTHER OPERATING	7,367,900	7,324,500	7,313,100	7,125,400	6,970,400	
<u>OPERATING SUBTOTAL</u>	<u>9,514,200</u>	<u>9,584,400</u>	<u>9,495,700</u>	<u>9,308,000</u>	<u>8,983,500</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-455,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-455,800</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>9,514,200</u>	<u>9,584,400</u>	<u>9,039,900</u>	<u>9,308,000</u>	<u>8,983,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE                      JLBC ANALYST: PITCAIRN                      HOUSE SUBCOMMITTEE CHAIR: GERARD  
 COST CENTER: ADMINISTRATIVE SERVICES                      SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	9,514,200	9,584,400	9,039,900	9,308,000	8,983,500	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>9,514,200</u>	<u>9,584,400</u>	<u>9,039,900</u>	<u>9,308,000</u>	<u>8,983,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: ADMINISTRATIVE SERVICES

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The JLBC Staff recommends a total appropriation of \$9,308,000 -- a net decrease of \$(206,200), or (2.2)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 3% \$ (4,500)
- o ERE Rate Adjustments 40,800
- o Travel Rate Adjustments 400
- o General Inflation 203,900
- o Rent 34,400
- o Risk Management (54,400)
- o One-Time Equipment (33,900)
- o All Other (189,000)

This reduction in Other Operating Expenses reflects the one-time costs in the current year of implementing the Program for Increased Enforcement Revenues (PIER), and includes \$8,600 remaining for Non-Capitalized Equipment.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (203,900)  
Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$9,511,900 (General Fund). The following Budget Reduction Options represent a \$(528,400), or (5.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (203,900)  
General Inflation

o Reduce Clerical and Accounting Staff

(174,500)

By eliminating funding for 5 FTE clerical positions and 5 FTE accounting positions, internal correspondence and correspondence with the public would be delayed, and turnaround time for internal accounting management information would be delayed. These functions received increased funding in the current fiscal year to support the enhanced enforcement activity in the PIER program. While not directly reducing enforcement revenues, this reduction would impede the effectiveness of the general operation of the Department, cause greater overtime worked, and perhaps result in increased turnover among remaining support staff. In addition, there may be an increase in internal audit problems due to greater errors in transaction documentation.

o Reduce Temporary Services

(150,000)

In the current year, \$250,000 is budgeted for Temporary Services to microfilm tax documents during peak periods, and for microfilm duplication contracts. The Department can achieve one-day turnaround of film for the other Department's programs such as Enforcement and Taxpayer Services. The temporary services also assist in the mailing of income tax booklets and forms. If this funding were to be reduced, the microfilming turnaround would be slowed, causing delays and inconvenience for other personnel trying to access the data, and possibly duplication of correspondence between the Department and the public.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: PROPERTY VALUATION

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	116.00	120.00	116.00	116.00	72.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,750,000	2,845,000	2,778,300	2,778,400	2,029,200	
EMPLOYEE RELATED EXP	527,100	768,700	635,400	635,500	458,800	
PROFESSIONAL/OUTSIDE SVCS	306,000	311,200	311,200	306,000	306,000	
TRAVEL - IN STATE	270,400	272,900	270,400	283,600	283,600	
TRAVEL - OUT OF STATE	16,500	16,500	16,500	16,500	16,500	
OTHER OPERATING EXP	250,100	271,500	228,300	229,500	88,500	
EQUIPMENT	90,000	14,000	0	0	0	
ALL OTHER OPERATING	933,000	886,100	826,400	835,600	694,600	
<u>OPERATING SUBTOTAL</u>	<u>4,210,100</u>	<u>4,499,800</u>	<u>4,240,100</u>	<u>4,249,500</u>	<u>3,182,600</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-203,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-203,500</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>4,210,100</u>	<u>4,499,800</u>	<u>4,036,600</u>	<u>4,249,500</u>	<u>3,182,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: PROPERTY VALUATION

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,210,100	4,499,800	4,036,600	4,249,500	3,182,600	
PROGRAM TOTAL-ALL SOURCES	4,210,100	4,499,800	4,036,600	4,249,500	3,182,600	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: PROPERTY VALUATION

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The JLBC Staff recommends a total appropriation of \$4,249,500 -- a net increase of \$39,400, or 0.9%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 34,900
This adjustment includes reducing the vacancy factor from 3% to 2% (the general guideline vacancy factor for this number of FTE positions is 1.5%). The division has experienced less turnover recently and this change should more closely reflect normal vacancy experience. The Executive is also recommending this change.	
o ERE Rate Adjustments	101,900
o Travel Rate Adjustments	13,200
o General Inflation	10,400
o Rent	4,400
o One-Time Non-Capitalized Equipment	(25,000)
o One-Time Equipment	(90,000)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(10,400)
Elimination of 4.5% General Inflation.	

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$4,259,900 (General Fund). The following Budget Reduction Options represent a \$(1,077,300), or (25.3)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(10,400)
<u>General Inflation</u>	



o Property Recanvassing

(1,066,900)

The Statewide Recanvassing Program was implemented in FY 1990 with an appropriation of \$1.4 million and 44 FTE positions for the 3 year project. The goal is to update property values and add properties to the tax rolls. The updated information will be incorporated into the automated Construction Cost System. In the FY 1990 Appropriations Report, it was estimated that the State would realize substantial revenues from a) increased centrally-assessed property values and b) reduced State aid payments due to higher valuations and additional properties and improvements being added to the tax rolls. The net increase to the General Fund was estimated last year to be \$3 million in FY 1990, increasing to \$20 million annually by FY 1992. By eliminating these 44 FTE positions, the Department's expenditures would be reduced by \$1,066,900, but General Fund losses would far outweigh these savings. Only the results from the first year of the study would be included in the tax rolls. The coefficient of dispersion for commercial property would remain at 30.6% by FY 1992. The new construction cost system would be ineffectively utilized and local government would likely lose potential income. Inequities among counties would result in numerous appeals. If the program is started up at a future date, the first year's work, costing \$1.4 million, would probably need to be redone.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: SPECIAL SUPPORT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991' EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	55.00	57.00	55.00	55.00	48.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,595,100	1,678,800	1,571,200	1,595,100	1,422,100	
EMPLOYEE RELATED EXP	322,400	425,700	319,100	323,900	285,800	
PROFESSIONAL/OUTSIDE SVCS	73,500	3,500	3,500	3,500	3,000	
TRAVEL - IN STATE	18,200	21,100	18,200	19,300	19,300	
TRAVEL - OUT OF STATE	13,500	15,500	13,500	13,500	13,500	
OTHER OPERATING EXP	99,500	88,800	63,900	64,500	60,500	
EQUIPMENT	22,700	7,000	0	0	0	
ALL OTHER OPERATING	227,400	135,900	99,100	100,800	96,300	
<u>OPERATING SUBTOTAL</u>	<u>2,144,900</u>	<u>2,240,400</u>	<u>1,989,400</u>	<u>2,019,800</u>	<u>1,804,200</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-95,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-95,500</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,144,900</u>	<u>2,240,400</u>	<u>1,893,900</u>	<u>2,019,800</u>	<u>1,804,200</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: SPECIAL SUPPORT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991' EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,144,900	2,240,400	1,893,900	2,019,800	1,804,200	
PROGRAM TOTAL-ALL SOURCES	2,144,900	2,240,400	1,893,900	2,019,800	1,804,200	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: SPECIAL SUPPORT

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The JLBC Staff recommends a total appropriation of \$2,019,800 -- a net decrease of \$(125,100), or (5.8)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments \$ 1,500
- o Travel Rate Adjustments 1,100
- o General Inflation 2,700
- o One-Time Professional and Outside Services (70,000)  
This reduction reflects completion of the corporate Tax Model development during the current fiscal year.
- o One-Time Non-Capitalized Equipment (35,000)  
This reduction reflects the completed implementation of the Program for Increased Enforcement Revenue (PIER).
- o One-Time Equipment (22,700)  
This reduction also reflects the completed implementation of the PIER program.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (2,700)  
Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,022,500 (General Fund). The following Budget Reduction Options represent a \$(218,300), or (10.8)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (2,700)  
General Inflation

- o Reduce Tax Policy and Internal Audit Staff (141,000)  
By eliminating 5 FTE positions responsible for tax policy and internal audit, the Department's development of rules and regulations and background information for tax appeals would be hampered, as well as internal audit control. The result would likely be a delay in implementing changes in the tax code, reduced support for staff attorneys hearing appeals, and a decrease in internal efficiencies and cost control. There could be an indirect effect on tax revenues if the criminal investigations process is slowed.
- o Reduce Revenue Forecasting Staff (74,600)  
If 2 FTE Economist positions of the 4 positions responsible for Revenue Forecasting were eliminated, the level of accuracy and detail achieved in forecasting and analyzing revenue trends would decline. It is likely that developments in the forecasting of corporate income tax revenues would be deferred as well as analysis of the State's tax structure. The forecasts and tax analysis may become less useful as a planning tool for the Department, the Executive, and the Legislature, if less detailed information is available.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: ENFORCEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	505.00	505.00	505.00	505.00	444.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	10,502,600	10,474,000	10,487,800	10,511,700	9,301,700	
EMPLOYEE RELATED EXP	2,270,300	2,876,200	2,518,100	2,494,900	2,207,900	
PROFESSIONAL/OUTSIDE SVCS	137,700	137,700	137,700	137,700	112,700	
TRAVEL - IN STATE	349,500	349,500	349,500	364,600	309,600	
TRAVEL - OUT OF STATE	664,600	664,600	664,600	664,600	606,600	
OTHER OPERATING EXP	860,400	448,300	465,400	420,600	360,600	
EQUIPMENT	546,300	0	0	0	0	
ALL OTHER OPERATING	2,558,500	1,600,100	1,617,200	1,587,500	1,389,500	
<u>OPERATING SUBTOTAL</u>	<u>15,331,400</u>	<u>14,950,300</u>	<u>14,623,100</u>	<u>14,594,100</u>	<u>12,899,100</u>	
<u>SPECIAL LINE ITEMS</u>						
AUTOMATED COLLECTION SYS	250,000	250,000	250,000	250,000	250,000	
SPENDING REDUCTION PGM	0	0	-713,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>250,000</u>	<u>250,000</u>	<u>-463,900</u>	<u>250,000</u>	<u>250,000</u>	
<u>PROGRAM TOTAL</u>	<u>15,581,400</u>	<u>15,200,300</u>	<u>14,159,200</u>	<u>14,844,100</u>	<u>13,149,100</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: ENFORCEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	15,581,400	15,200,300	14,159,200	14,844,100	13,149,100	_____
PROGRAM TOTAL-ALL SOURCES	<u>15,581,400</u>	<u>15,200,300</u>	<u>14,159,200</u>	<u>14,844,100</u>	<u>13,149,100</u>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: ENFORCEMENT

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The JLBC Staff recommends a total appropriation of \$14,844,100 -- a net decrease of \$(737,300), or (4.7)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Rate Adjustments, including a vacancy factor of 3% \$ 11,200
- o ERE Rate Adjustments 222,500
- o Travel Rate Adjustments 15,100
- o General Inflation 21,100
- o One-Time Other Operating Expenses (439,800)  
This reduction reflects the completed implementation of the Program for Increased Enforcement (PIER), including \$402,100 for Non-Capitalized Equipment and \$37,700 for miscellaneous supplies.
- o One-Time Equipment (546,300)  
This reduction also reflects completed implementation of the PIER Program.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (21,100)  
Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$14,865,200 (General Fund). The following Budget Reduction Options represent a \$(1,716,100), or (11.5)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (21,100)  
General Inflation



o Taxpayer Compliance

(1,695,000)

For the current fiscal year, funding was provided through the Program for Increased Enforcement Revenue (PIER) to hire 115 additional FTE positions in Audit and Collections in the Enforcement Division. This reduction in funding for the PIER program would result in elimination of 61 FTE positions in Auditing and Collections added this year.

The Department is currently tracking the revenues produced by the new PIER positions. In the first quarter of FY 1990, revenues exceeded expenditures by 58.5%. The publicity from the PIER program has resulted in a noted increase in voluntary compliance. At the time the program was proposed, the Department estimated the \$6.3 million in PIER funding would result in nearly \$20 million in added tax revenues in FY 1990. By reducing this staff by 61 positions, additional tax revenues would presumably be reduced by \$10 to \$11 million annually and the level of voluntary compliance being achieved would likely drop.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: TAX PAYER SUP & ED SER.

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	114.00	114.00	114.00	114.00	99.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,919,800	1,919,800	1,920,100	1,919,800	1,710,000	
EMPLOYEE RELATED EXP	448,200	571,700	466,000	465,900	420,500	
PROFESSIONAL/OUTSIDE SVCS	110,000	115,500	110,000	110,000	80,000	
TRAVEL - IN STATE	19,900	19,900	19,900	20,300	20,300	
TRAVEL - OUT OF STATE	0	0	0	0	52,200	
OTHER OPERATING EXP	125,800	104,500	96,700	97,000	0	
EQUIPMENT	111,500	0	0	0	0	
ALL OTHER OPERATING	367,200	239,900	226,600	227,300	152,500	
<u>OPERATING SUBTOTAL</u>	<u>2,735,200</u>	<u>2,731,400</u>	<u>2,612,700</u>	<u>2,613,000</u>	<u>2,283,000</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-125,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-125,400</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,735,200</u>	<u>2,731,400</u>	<u>2,487,300</u>	<u>2,613,000</u>	<u>2,283,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE                      JLBC ANALYST: PITCAIRN                      HOUSE SUBCOMMITTEE CHAIR: GERARD  
 COST CENTER: TAX PAYER SUP & ED SER.                      SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,735,200	2,731,400	2,487,300	2,613,000	2,283,000	_____
OTHER NON APPROPRIATED	99,600	104,300	0	104,300	104,300	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>2,834,800</u>	<u>2,835,700</u>	<u>2,487,300</u>	<u>2,717,300</u>	<u>2,387,300</u>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: TAXPAYER SUPPORT AND EDUCATION SERVICES

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The JLBC Staff recommends a total appropriation of \$2,613,000 -- a net decrease of \$(122,200), or (4.5)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 3% \$ -0-
- o ERE Rate Adjustments 17,700
- o Travel Rate Adjustments 400
- o General Inflation 5,300
- o One-Time Other Operating Expenses (28,800)  
This net reduction reflects completion of implementation for the Program for Increased Enforcement Revenues (PIER), including a reduction of \$20,400 in Non-Capitalized Equipment and \$8,400 in software.
- o One-Time Equipment (111,500)  
This figure also reflects the completion of implementation for the PIER program.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (5,300)  
Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,618,300 (General Fund). The following Budget Reduction Options represent a \$(335,300), or (12.8)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (5,300)  
General Inflation

o Taxpayer Services

(330,000)

If the staff responding to taxpayer inquiries and complaints were reduced by 15 FTE positions, the Department estimates that 50% of taxpayers' tax inquiries would not be answered or would be handled by other areas such as Audit & Collections. If the inquiries are shifted to the Enforcement Division, it would divert time from audit and collection work, and likely result in reduced revenue collection. If the inquiries are delayed or ignored, complaints to the Governor and Legislature would increase and voluntary taxpayer compliance could suffer. A 50% reduction in income tax correspondence would likely cause backlogs of up to a year or more.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: DATA MANAGEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	258.00	258.00	258.00	258.00	234.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	5,282,500	5,282,500	5,282,900	5,282,900	4,814,900	
EMPLOYEE RELATED EXP	1,128,500	1,444,800	1,235,700	1,235,600	1,129,800	
PROFESSIONAL/OUTSIDE SVCS	1,363,200	1,241,500	1,210,200	1,216,100	1,201,100	
TRAVEL - IN STATE	10,100	10,100	10,100	10,400	10,400	
OTHER OPERATING EXP	2,189,900	3,791,000	1,966,600	2,034,000	2,005,000	
EQUIPMENT	415,400	0	1,834,500	1,834,500	1,834,500	
ALL OTHER OPERATING	3,978,600	5,042,600	5,021,400	5,095,000	5,051,000	
<u>OPERATING SUBTOTAL</u>	<u>10,389,600</u>	<u>11,769,900</u>	<u>11,540,000</u>	<u>11,613,500</u>	<u>10,995,700</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-553,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-553,900</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>10,389,600</u>	<u>11,769,900</u>	<u>10,986,100</u>	<u>11,613,500</u>	<u>10,995,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
 COST CENTER: DATA MANAGEMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	10,389,600	11,769,900	10,986,100	11,613,500	10,995,700	
OTHER NON APPROPRIATED	90,500	96,700	0	96,700	96,700	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>10,480,100</b>	<b>11,866,600</b>	<b>10,986,100</b>	<b>11,710,200</b>	<b>11,092,400</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE  
COST CENTER: DATA MANAGEMENT

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The JLBC Staff recommends a total appropriation of \$11,613,500 -- a net increase of \$1,223,900, or 11.8%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- |   |           |
|---|-----------|
| o Personal Services/ERE Adjustments   | \$ 400    |
| o ERE Rate Adjustments  | 107,100   |
| o Travel Rate Adjustments   | 300       |
| o General Inflation   | 48,300    |
| o One-Time Professional and Outside Services  | (147,100) |
| This reduction reflects completion of the software purchase for the Auto Dial installation.   |           |
| o One-Time Other Operating Expenses   | (15,500)  |
| o One-Time Equipment  | (415,400) |
| This reduction of equipment funding from the current fiscal year includes one-time equipment for the Program for Increased Enforcement Revenue (PIER) program and final payment on the Auto Dial System.  |           |
| o Replacement of Mainframe Computer   | 1,694,100 |
| The Department has been using a computer which belongs to the Department of Economic Security. By agreement, this equipment must be returned by next year, so the Department of Revenue must acquire a replacement. In addition, the current system can no longer handle the increasing demand. The plan they have selected involves a 3-stage/3-year process of purchasing and trading up to greater capacity until a system is achieved which will meet the Department's needs for at least the next several years. This plan also accomplishes a goal of avoiding a major one-time outlay of cash. |           |

The equipment to be purchased includes IBM-compatible processors. Replacing used processors is, according to the Department, less costly than upgrading new equipment. The Department of Administration has very favorably recommended this approach, and the Executive has concurred. The Executive is recommending \$1,681,300 in first year funding.



The net cost of each of the 3 years will be approximately \$1.7 million. The FY 1991 cost breaks down as follows:

Equipment: Mainframe	\$ 763,800
Peripherals	379,300
Software/Misc.	691,400
Air Conditioning/Maintenance Contracts	174,600
Final Lease payment on previous mainframe (FY 1990)	<u>(315,000)</u>
Net Total	<u>\$1,694,100</u>

**JLBC Staff Recommended Policy Issues**

- o General Inflation (48,300)  
     Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$11,661,800 (General Fund). The following Budget Reduction Options represent a \$(666,100), or (5.7)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (48,300)  
     General Inflation
- o Program Development (142,300)  
     The Department is undertaking a 4 to 5 year development of new software which will enable the various tax programs to be interactive and allow changes in tax laws to be incorporated far more simply and at less expense. Enforcement staff, for example, will be able to determine immediately whether a taxpayer who is delinquent on sales tax also owes income tax. By reducing staff dedicated to the new system by 4 FTE positions, the program could be delayed for at least a year longer. The savings would eventually be offset by the continued higher cost in making program changes and in not being able to access all tax programs simultaneously.
- o Data Processing Operations (475,500)  
     By eliminating 20 FTE positions from the Data Management staff (Program Analysts, Computer Operators, Data Entry, and Clerk Typists) the daily enhancements and "troubleshooting" for the various tax programs would be reduced. Entry of tax and revenue collections data would be slowed. Taxpayers may receive delinquent notices due to errors or delays in the processing of taxpayer data.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: DEPT OF ST-SECY OF STATE  
 COST CENTER: DEPT OF ST-SECY OF STATE

JLBC ANALYST: CAWLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	31.00	34.00	32.00	32.00	31.00	
<b>OPERATING BUDGET</b>						
PERSONAL SERVICES	607,800	636,500	627,600	617,700	604,700	
EMPLOYEE RELATED EXP	132,000	171,900	161,400	156,400	153,100	
PROFESSIONAL/OUTSIDE SVCS	82,500	109,000	91,300	82,500	82,500	
TRAVEL - IN STATE	13,100	11,600	11,600	12,600	12,600	
TRAVEL - OUT OF STATE	11,400	8,000	8,000	8,100	8,100	
OTHER OPERATING EXP	466,800	498,900	441,700	441,500	443,000	
EQUIPMENT	3,500	25,800	4,000	8,700		
ALL OTHER OPERATING	577,300	653,300	556,600	553,400	546,200	
<b>OPERATING SUBTOTAL</b>	<b>1,317,100</b>	<b>1,461,700</b>	<b>1,345,600</b>	<b>1,327,500</b>	<b>1,304,000</b>	
<b>SPECIAL LINE ITEMS</b>						
RULES - PUBLICATIONS DIV	251,900	306,400	271,400	249,900	249,900	
ELECTIONS EXPENSE	105,400	4,877,600	1,318,400	1,318,400	1,067,900	
PROPOSITION 200	145,300	156,600	152,500	146,500	146,500	
SPENDING REDUCTION PGM	0	0	-148,200	0	0	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>502,600</b>	<b>5,340,600</b>	<b>1,594,100</b>	<b>1,714,800</b>	<b>1,464,300</b>	
<b>PROGRAM TOTAL</b>	<b>1,819,700</b>	<b>6,802,300</b>	<b>2,939,700</b>	<b>3,042,300</b>	<b>2,768,300</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ST-SECY OF STATE      JLBC ANALYST: CAWLEY      HOUSE SUBCOMMITTEE CHAIR: GERARD  
 COST CENTER: DEPT OF ST-SECY OF STATE      SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,819,700	6,802,300	2,939,700	3,042,300	2,768,300	_____
OTHER NON APPROPRIATED	18,800	425,000	0	425,000	425,000	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>1,838,500</u>	<u>7,227,300</u>	<u>2,939,700</u>	<u>3,467,300</u>	<u>3,193,300</u>	_____

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ST-SECY OF STATE  
COST CENTER: DEPT OF ST-SECY OF STATE

The JLBC Staff recommends a total appropriation of \$3,042,300 -- a net increase of \$1,222,600, or 67.2%, to the adjusted FY 1990 appropriation.

### Current Services Budget Changes

- o Personal Services/ERE Adjustments, including a vacancy factor of 1% on non-elected positions. \$ (3,900)
- o ERE Rate Adjustments 21,900
- o Replacement Equipment (3,500)
- o Risk Management Insurance (7,600)
- o General Inflation 22,500
- o Travel Adjustment (3,800)
- o Other Operating Adjustments (20,400)
- o Rent Adjustment (Commercial, records storage) 4,200
- o Elections Expense 1,213,000
  - Includes funding for 1990 election expenses such as publicity pamphlets, initiatives, referendums, constitutional amendments, candidate filings, sample ballot reimbursement, monitoring and dissemination of election returns and other expenses.
- o Rules and Regulations - General Inflation 11,300
- o Proposition 200 1,200
  - Includes ERE Adjustments for 5 FTE positions.
- o New Position 21,800
  - Includes 1 FTE position to provide support for registrations of telemarketing and charitable solicitation groups, as mandated under A.R.S. § 44, Chapter 9, Article 6 and A.R.S. § 44, Chapter 19. The Executive recommends 1 FTE position and \$26,500 to fund this issue.

### JLBC Staff Recommended Policy Issues

- o General Inflation (33,800)
  - Elimination of 4.5% General Inflation.
- o Rules and Regulations Desk Top Publishing Computer System (2,000)
  - The JLBC Staff recommends funding the purchase of a desk top publishing computer system. Funding for this issue will save in composition costs. This

computer system may also be used for production of publications in the Elections Division, resulting in additional cost savings.

- o IGA Data Processing Program and Computer 1,700  
 JLBC Staff recommends funding the purchase of a microcomputer and hard disk for the Secretary of State to store and retrieve Intergovernmental Agreement Files (IGA). Funding for this issue will save in storage costs. In addition, the microcomputer will provide a more efficient method of storing and retrieving IGA information.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$3,076,400 (General Fund). The following Budget Reduction Options represent a \$(308,100), or (10)%, decrease from the Current Services Budget described above.

- o Reductions described in the JLBC Staff Recommended Policy Issues (35,800)  
General Inflation  
Rules and Regulations Desk Top Publishing Computer System
- o Eliminate New Position for Telemarketing and Charitable Solicitation Registrations (21,800)  
 Not funding this new position will hinder the department's ability to fulfill its mandate to properly enforce A.R.S. §§ 44-1281 and 44-6554. Currently, the department is utilizing temporary help to fulfill its responsibilities. Fees are collected by the department from telemarketing organizations. Based on collections to date, \$11,500 will annually be collected and placed in the General Fund.
- o Reinstate Counties Contribution to Cost of Sample Ballots (233,000)  
 Prior to 1980, the Secretary of State reimbursed counties "up to the amount of fifteen cents for the actual cost of printing and postage of each such sample ballot actually mailed." Chapter 209 passed in 1979 changed the wording to "for the actual cost". If the counties were asked to contribute per sample ballot mailed, the General Fund contribution could be decreased. A.R.S. § 16-461-D. must be amended changing the Secretary of State's responsibility to reimburse the counties at full cost. Currently, the counties have no budgeted funds or income to print and mail sample ballots.
- o Reduce Temporary Help for Data Entry of Candidate and Committee Filings (17,500)  
 Reduction of data entry temporary help during the 5 month election cycle may delay the public's access to candidates' campaign finance information. The State's Constitution mandates the Secretary of State to provide public access to this information.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ST. BOARD OF TAX APPEALS  
 COST CENTER: ST. BOARD OF TAX APPEALS

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	7.50	10.50	9.50	8.50		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	264,900	477,500	441,500	287,100	0	
EMPLOYEE RELATED EXP	40,100	53,000	51,700	48,000	0	
PROFESSIONAL/OUTSIDE SVCS	37,500	55,400	49,500	37,500	0	
TRAVEL - IN STATE	25,800	49,000	37,800	26,700	0	
TRAVEL - OUT OF STATE	4,800	11,700	4,800	4,800	0	
OTHER OPERATING EXP	56,600	68,800	65,100	57,500	0	
EQUIPMENT	15,400	6,600	0	1,500	0	
ALL OTHER OPERATING	140,100	191,500	157,200	128,000	0	
<u>OPERATING SUBTOTAL</u>	<u>445,100</u>	<u>722,000</u>	<u>650,400</u>	<u>463,100</u>	<u>0</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-31,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-31,200</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>445,100</u>	<u>722,000</u>	<u>619,200</u>	<u>463,100</u>	<u>0</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ST. BOARD OF TAX APPEALS      JLBC ANALYST: BRADLEY      HOUSE SUBCOMMITTEE CHAIR: GERARD  
 COST CENTER: ST. BOARD OF TAX APPEALS      SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	445,100	722,000	619,200	463,100	0	_____
PROGRAM TOTAL-ALL SOURCES	445,100	722,000	619,200	463,100	0	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: BOARD OF TAX APPEALS  
COST CENTER: BOARD OF TAX APPEALS

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The JLBC Staff recommends a total appropriation of \$463,100 -- a net increase of \$18,000, or 4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o ERE Rate Adjustments	\$ 4,200
o 15% In-State Lodging Cost Increase	900
o Decreased Risk Management Assessment	(100)
o Non-recurring Equipment Costs	(13,900)
o General Inflation	4,400

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(4,400)
Elimination of 4.5% General Inflation.	
o <u>Additional FTE Position</u>	26,900
One additional FTE position of Property Appraiser II is recommended for Division I. Since 1978, Division I's tax appeals have increased from 1,659 to over 6,200 in 1989, with no addition of employees. The Auditor General's Report dated October, 1989, cites the lack of sufficient staffing to handle increased workload. The recommended position will raise Division I's staffing from 4 to 5 FTE positions. The Executive recommended 2 additional FTE positions to include the Property Appraiser II and 1 Administrative Assistant I. The Executive recommends \$49,400 for this policy issue.	

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$440,600 (General Fund). The following Budget Reduction Options represent a \$(440,600), or (100)%, decrease from the CSB.



o Abolish the Board of Tax Appeals

(440,600)

County assessed properties have 2 other levels of administrative appeals that can be filed, 1 at the Assessor's office, the other at the County Board of Equalization. Centrally assessed properties and non-property tax complaints can be accommodated under the existing administrative procedures at the Department of Revenue. Cases formerly handled by the Board of Tax Appeals will be handled at these levels. The results would be increased workload at the county level, at the Department of Revenue, and at the Arizona State Tax Court. Smaller cuts to the existing budget would remove the Board of Tax Appeals ability to perform its statutory duties.

Other Issues for Legislative Consideration

- o The Executive recommends \$81,100 to double the number of board members in Division I, from 3 to 6.
- o The Executive recommends \$66,700 to increase board member per diem compensation from \$50 per day to \$150 per day.
- o The Executive recommends \$5,000 to increase usage of temporary hearing officers in Division I.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: OFFICE OF TOURISM  
 COST CENTER: OFFICE OF TOURISM

JLBC ANALYST: HERNANDEZ

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	18.00	25.00	18.00	19.00	18.00	
<b>OPERATING BUDGET</b>						
PERSONAL SERVICES	468,400	592,700	462,600	486,200	468,400	
EMPLOYEE RELATED EXP	108,700	137,900	94,700	114,200	110,000	
PROFESSIONAL/OUTSIDE SVCS	49,300	138,500	126,500	130,900	55,900	
TRAVEL - IN STATE	32,700	59,400	34,200	39,600	35,600	
TRAVEL - OUT OF STATE	40,000	76,600	41,800	41,400	41,400	
OTHER OPERATING EXP	548,900	1,366,400	818,600	814,700	544,200	
EQUIPMENT	0	18,700	0	3,500	0	
ALL OTHER OPERATING	670,900	1,659,600	1,021,100	1,030,100	677,100	
<b>OPERATING SUBTOTAL</b>	<b>1,248,000</b>	<b>2,390,200</b>	<b>1,578,400</b>	<b>1,630,500</b>	<b>1,255,500</b>	
<b>SPECIAL LINE ITEMS</b>						
MEDIA ADVERTISING	4,310,600	7,826,100	2,095,100	4,310,600	4,069,500	
SPENDING REDUCTION PGM	0	0	-176,300	0	0	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>4,310,600</b>	<b>7,826,100</b>	<b>1,918,800</b>	<b>4,310,600</b>	<b>4,069,500</b>	
<b>PROGRAM TOTAL</b>	<b>5,558,600</b>	<b>10,216,300</b>	<b>3,497,200</b>	<b>5,941,100</b>	<b>5,325,000</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE OF TOURISM  
 COST CENTER: OFFICE OF TOURISM

JLBC ANALYST: HERNANDEZ

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,558,600	8,216,300	3,497,200	3,941,100	3,325,000	_____
OTHER FUNDS	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	_____
OTHER NON APPROPRIATED	20,200	20,000	0	20,000	20,000	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>5,578,800</b>	<b>10,236,300</b>	<b>5,497,200</b>	<b>5,961,100</b>	<b>5,345,000</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE OF TOURISM  
COST CENTER: OFFICE OF TOURISM

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The JLBC Staff recommends a total appropriation of \$5,941,100, -- a net increase of \$382,500, or 6.9%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o ERE Rate Adjustments	\$ 1,300
o General Inflation	128,300
o Increased Costs for Mail Services Contracts and Marketing Seminars	6,600
o In-State Travel Adjustment	2,900
o Out-of-State Lodging Increase	1,400
o Risk Management	(200)
o Rent	(4,500)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(128,300)
o <u>Annualization of Costs</u> Annualization of costs for Lupton/Painted Rock Welcome Center, less one-time expenses. The construction of the Welcome Centers has been delayed to allow the architect to downsize the project and build two welcome centers for the price of one. Because of these delays, annualization of costs for the first welcome center should allow operation of two welcome centers for half of the fiscal year.	21,900
o <u>"800" Toll-Free Number</u> JLBC Staff recommends funding to set up a 24-hour-per-day, 7-days-per-week toll-free number. Independent marketing studies show an additional 15% response rate with toll-free numbers, increasing the number of visitors to Arizona. The toll-free number can also be used as a measurement of advertising responsiveness.	326,100

The Office of Tourism estimates that adding the "800" number will increase the number of visitors to Arizona by 45,351 over the current level, and that they will generate an additional \$18 million in revenue to the state.

The amount recommended will be used for a contract with an answering service to provide the 24-hour-per-day responses, and increased operating expenses to cover the cost of additional brochures and postage.

The Executive recommends \$320,000 for this policy issue, along with a concurrent decrease of \$320,000 from media advertising, for a net increase of zero.

o Staff Increase

27,000

JLBC Staff recommends 1 FTE position for an additional staff member to keep up with the increased workload. Legislative appropriations have enabled the Office of Tourism to step up its media advertising efforts, resulting in a dramatic increase in workload, but no corresponding increase in staff. Delays in responding to potential tourists or rushed, brusque contacts with callers and visitors would be counterproductive to the purpose of the agency. The Executive did not recommend this option.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$3,694,400 (General Fund). The following Budget Reduction Options represent a \$(369,400), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (128,300)
- General Inflation
- o Decrease Media Advertising (241,100)

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE TREASURER  
 COST CENTER: STATE TREASURER

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	32.00	32.00	32.00	32.00	27.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	865,700	912,600	880,100	843,900	732,700	
EMPLOYEE RELATED EXP	169,800	200,000	185,100	188,800	163,100	
PROFESSIONAL/OUTSIDE SVCS	110,700	116,300	116,300	110,700	110,700	
TRAVEL - IN STATE	300	300	300	300	300	
TRAVEL - OUT OF STATE	9,000	9,000	9,000	9,000	9,000	
OTHER OPERATING EXP	97,600	103,600	90,700	97,100	97,100	
EQUIPMENT	52,400	54,800	20,000	54,800	54,800	
ALL OTHER OPERATING	270,000	284,000	236,300	271,900	271,900	
<u>OPERATING SUBTOTAL</u>	<u>1,305,500</u>	<u>1,396,600</u>	<u>1,301,500</u>	<u>1,304,600</u>	<u>1,167,700</u>	
<u>SPECIAL LINE ITEMS</u>						
JUSTICE OF PEACE SALARIES	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	
STATE GRAND JURY FUND	600,000	700,000	600,000	550,000	400,000	
SPENDING REDUCTION PGM	0	0	-177,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>2,400,000</u>	<u>2,500,000</u>	<u>2,222,300</u>	<u>2,350,000</u>	<u>2,200,000</u>	
<u>PROGRAM TOTAL</u>	<u>3,705,500</u>	<u>3,896,600</u>	<u>3,523,800</u>	<u>3,654,600</u>	<u>3,367,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE TREASURER  
 COST CENTER: STATE TREASURER

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,705,500	3,896,600	3,523,800	3,654,600	3,367,700	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>3,705,500</b>	<b>3,896,600</b>	<b>3,523,800</b>	<b>3,654,600</b>	<b>3,367,700</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE TREASURER  
COST CENTER: STATE TREASURER

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The JLBC Staff recommends a total appropriation of \$3,654,600 -- a net decrease of \$(50,900), or (1.4)%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o ERE Rate Adjustment	\$ 22,900
o Decreased Risk Management Assessment	(500)
o Increased Replacement Equipment Costs	2,400
o General Inflation	9,200

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(9,200)
Elimination of 4.5% General Inflation.	
o <u>Increase Vacancy Factor</u>	(25,700)
The State Treasurer's Office has maintained higher than normal vacancy savings many years in a row. The average in unexpended personal services over the last 5 years has been 14%. Two positions authorized last year are yet to be filled, and the turnover rate at the Treasurer's Office was 52% in FY 89, and is 76% in the current year. The vacancy factor of 3% should be raised to 5% to accurately reflect this. The Executive recommended a 1% vacancy factor.	
o <u>Reduce Grand Jury Funding</u>	(50,000)
With the exception of 1 year of unique activity, the Grand Jury Fund has continually had large revertments. The appropriation to this fund should be reduced from \$600,000 to \$550,000.	

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$3,739,500 (General Fund). The following Budget Reduction Options represent a \$(371,800), or (10)%, decrease from the CSB.



- Reductions described in the JLBC Staff Recommended Policy Issues (9,200)
  - General Inflation
  - Reduce Grand Jury Funding (Included Below)
- Reduce Grand Jury Funding (200,000)
  - Reduce Grand Jury Funding to a total of \$400,000. This will result in fewer funds to house grand jury witnesses and for purchase of expert witnesses and other investigation related expenditures by the counties and the Attorney General's Office.
- Delete 5 FTE Positions (162,600)
  - Delete 5 FTE positions to include 1 Accounting Technician II, 1 Fiscal Services Specialist I, a Program Compliance Auditor I, an Executive Consultant, and a State Accounting Administrator. The result will be greater workload on personnel and a possible backlog of transfers that would result in a decrease in interest income for the state. Programs and statutory requirements would not be maintained in a timely or appropriate manner due to personnel shortage.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AZ COMM ON UNFRM ST LAWS  
 COST CENTER: AZ COMM ON UNFRM ST LAWS

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,600	1,800	1,800	1,800	1,400	
EMPLOYEE RELATED EXP	100	100	100	100	100	
TRAVEL - IN STATE	500	500	500	400	300	
TRAVEL - OUT OF STATE	7,300	5,500	5,500	5,500	4,100	
OTHER OPERATING EXP	9,500	9,800	9,800	9,800	9,800	
ALL OTHER OPERATING	17,300	15,800	15,800	15,700	14,200	
<u>OPERATING SUBTOTAL</u>	<u>19,000</u>	<u>17,700</u>	<u>17,700</u>	<u>17,600</u>	<u>15,700</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-800</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>19,000</u>	<u>17,700</u>	<u>16,900</u>	<u>17,600</u>	<u>15,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AZ COMM ON UNFRM ST LAWS  
 COST CENTER: AZ COMM ON UNFRM ST LAWS

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	19,000	17,700	16,900	17,600	15,700	
PROGRAM TOTAL-ALL SOURCES	19,000	17,700	16,900	17,600	15,700	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: UNIFORM LAWS COMMISSION  
COST CENTER: UNIFORM LAWS COMMISSION

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The JLBC Staff recommends a total appropriation of \$17,600 -- a net decrease of \$(1,400), or (7.4)%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- |  |         |
|--|---------|
| o Personal Services Increase do to new member involvement      | \$ 200  |
| o Reduced In-State Travel Cost                                 | (100)   |
| o Reduced Out-of-State Travel Cost, due to destination changes | (2,000) |
| o Increased Dues   | 500     |

**JLBC Staff Recommended Policy Issues**

- o The JLBC Staff recommends no changes to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$17,600 (General Fund). The following Budget Reduction Options represent a \$(1,900), or (10.8)%, decrease from the CSB.

- o Eliminate Lifetime Members (1,900)  
Eliminate the statutory clause in A.R.S. § 41-1306 that includes lifetime members from Arizona on the Commission. This would eliminate 1 of the 4 present commissioners. The effect of this would be to reduce the Commission's ability to function and reduce its voting power by one-fourth at the National Convention.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: ARIZONA RANGERS' PENSIONS  
 COST CENTER: ARIZONA RANGERS' PENSIONS

JLBC ANALYST: COMICK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>OPERATING BUDGET</u>						
OTHER OPERATING EXP	16,800	8,800	8,800	8,800		
ALL OTHER OPERATING	16,800	8,800	8,800	8,800		
<u>OPERATING SUBTOTAL</u>	<u>16,800</u>	<u>8,800</u>	<u>8,800</u>	<u>8,800</u>		
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-400	0		
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-400</u>	<u>0</u>		
<u>P R O G R A M T O T A L</u>	<u>16,800</u>	<u>8,800</u>	<u>8,400</u>	<u>8,800</u>		
<u>BY FUND SOURCE</u>						
GENERAL FUND	16,800	8,800	8,400	8,800		
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>16,800</u>	<u>8,800</u>	<u>8,400</u>	<u>8,800</u>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RANGER'S PENSION  
COST CENTER: RANGER'S PENSION

The JLBC Staff recommends a total appropriation of \$8,800 -- a net decrease of \$(8,000), or (47.6)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Loss of Recipient
- o General Inflation \$ (8,400)  
400

Due to the death of one widow, pension payments decreased by \$8,400. The Staff recommends an inflationary increase of \$400 to continue the pension for the sole survivor (Laws 1987, Chapter 342, First Regular Session).

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$8,800 (General Fund). No Budget Reduction Options are presented for the Arizona Ranger's Pension.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AZ CNCL FOR HEARING IMPRD  
 COST CENTER: AZ CNCL FOR HEARING IMPRD

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	5.00	6.00	5.00	5.00	4.80	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	126,400	139,200	127,000	127,000	124,200	
EMPLOYEE RELATED EXP	24,900	36,100	30,300	30,200	29,800	
PROFESSIONAL/OUTSIDE SVCS	7,200	15,200	8,100	5,400	5,400	
TRAVEL - IN STATE	6,600	6,900	6,900	6,500	4,100	
TRAVEL - OUT OF STATE	3,300	3,300	3,300	3,000		
OTHER OPERATING EXP	27,600	32,000	28,300	26,400	18,700	
EQUIPMENT	7,800	0	0	0		
ALL OTHER OPERATING	52,500	57,400	46,600	41,300	28,200	
<u>OPERATING SUBTOTAL</u>	<u>203,800</u>	<u>232,700</u>	<u>203,900</u>	<u>198,500</u>	<u>182,200</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-9,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-9,800</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>203,800</u>	<u>232,700</u>	<u>194,100</u>	<u>198,500</u>	<u>182,200</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AZ CNCL FOR HEARING IMPRD  
 COST CENTER: AZ CNCL FOR HEARING IMPRD

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	203,800	232,700	194,100	198,500	182,200	
FEDERAL FUNDS	50,000	50,000	50,000	50,000	50,000	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>253,800</b>	<b>282,700</b>	<b>244,100</b>	<b>248,500</b>	<b>232,200</b>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA COUNCIL FOR THE HEARING IMPAIRED  
COST CENTER: ARIZONA COUNCIL FOR THE HEARING IMPAIRED

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The JLBC Staff recommends a total appropriation of \$198,500 -- a net decrease of \$(5,300), or (2.6)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 700
o ERE Rate Adjustments	5,200
o Travel Rate Adjustment	(400)
o Risk Management Insurance	100
o General Inflation and All Other	1,000
o Replacement Equipment	(7,800)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(1,000)
Elimination of 4.5% General Inflation.	
o <u>Consumer Workshops</u>	(3,100)
Reduce the number of consumer workshops by two, a (33)% decrease. The hearing impaired would not be as well informed about specialized programs and services.	

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$202,600 (General Fund). The following Budget Reduction Options represent a \$(20,400), or (10.1)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(4,100)
<u>General Inflation</u>	
<u>Consumer Workshops</u>	
o <u>News Bulletin</u>	(7,700)
Discontinue the Quarterly News bulletin received by 5,000 hearing impaired households.	

o Travel Reduction

Eliminate Out-of-State Travel and reduce In-State Travel funds by 32%. In-State Travel will be restricted to board member and office staff travel to and from the 4 yearly council meetings. The number of community contact meetings and presentations will be reduced by 30 (43%).

(5,400)

o Staff Reductions

One Administrative Assistant III position's hours will be reduced from 40 to 32 hours per week. Two research projects will be cancelled per year, a (20)% decrease.

(3,200)

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	2,447.00	3,264.30	2,784.10	2,792.30	2,519.20	
<u>BY PROGRAM/ORGANIZATION</u>						
ADMINISTRATION	22,736,700	30,991,200	28,073,300	24,472,000	22,257,600	
DEVELOP. DISABILITIES	48,387,900	66,817,300	46,746,400	43,678,900	40,781,600	
LONG TERM CARE	33,960,100	43,570,700	39,149,400	38,933,600	38,716,700	
FAMILY SUPPORT	82,223,900	102,909,100	96,875,400	96,525,600	92,936,500	
SOCIAL SERVICES	96,806,300	135,003,200	112,030,300	113,573,300	93,741,700	
CHILD PROT.SVCS TRAINING	430,200	446,600	443,500	440,600	440,600	
EMPLOYMENT & REHAB	4,153,400	6,394,300	11,667,900	11,586,100	7,804,000	
<b>A G E N C Y T O T A L</b>	<b>288,698,500</b>	<b>386,132,400</b>	<b>334,986,200</b>	<b>329,210,100</b>	<b>296,678,700</b>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	53,641,200	70,532,100	63,716,600	56,059,600	53,415,500	
EMPLOYEE RELATED EXP	11,441,600	18,513,800	15,835,700	13,815,200	13,171,700	
PROFESSIONAL/OUTSIDE SVCS	2,158,700	3,660,400	2,677,500	2,212,000	2,212,000	
TRAVEL - IN STATE	1,348,500	2,370,200	1,751,000	1,475,000	1,389,600	
TRAVEL - OUT OF STATE	53,700	100,400	56,200	53,900	53,900	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
OTHER OPERATING EXP	13,606,400	22,890,600	16,892,400	14,670,900	13,489,900	
FOOD	546,100	573,400	573,400	546,100	546,100	
EQUIPMENT	1,311,900	4,927,300	3,415,800	1,351,400	1,046,000	
ALL OTHER OPERATING	19,025,300	34,522,300	25,366,300	20,309,300	18,737,500	
<u>OPERATING SUBTOTAL</u>	<u>84,108,100</u>	<u>123,568,200</u>	<u>104,918,600</u>	<u>90,184,100</u>	<u>85,324,700</u>	
<u>SPECIAL LINE ITEMS</u>						
ASSISTS AUTOMATION	150,000	1,744,000	1,519,800	0	0	
AZTECS MODIFICATION	700,200	777,400	776,100	669,300	669,300	
FMCS MODIFICATION	131,300	517,300	379,000	131,300	131,300	
PUB ASSIST COLLECT FUND	184,500	199,600	192,100	190,700	175,600	
WELFARE REFORM START-UP	330,000	330,000	1,887,300	1,427,000	0	
ASH COMMUNITY PLACEMENT	152,300	223,800	213,200	152,300	152,300	
ASSISTANCE TO FAMILIES	413,200	851,300	413,200	413,200	413,200	
DD/LTC PERMANENT SHIFT	0	0	0	4,759,200	2,379,600	
DD COOLIDGE DELAY	8,892,000	0	0	0	0	
DD FOSTER CARE	4,006,100	4,267,500	4,006,100	4,006,100	4,006,100	
HOUSEKEEPING PAYMENTS	444,400	444,400	444,400	444,400	444,400	
OUT-OF-DISTRICT PLACEMENT	908,700	954,100	908,700	908,700	908,700	
DD PURCHASE OF CARE	21,521,400	33,474,100	24,739,100	20,821,100	20,270,300	
STIPENDS & ALLOWANCES	10,400	10,900	10,900	10,400	10,400	
VOC REHAB CONTRACTS	119,200	250,400	119,200	119,200	119,200	
ACUTE CARE	4,136,400	6,779,300	5,678,100	6,225,100	6,225,100	
LTC COOLIDGE DELAY	-1,192,800	0	0	0	0	
DD/LTC PERMANENT SHIFT	0	0	0	-1,873,500	-936,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FEE FOR SERVICE	2,137,000	2,856,200	2,380,200	2,252,500	2,252,500	
LTC FOSTER CARE	2,430,300	2,859,100	2,762,900	2,580,700	2,580,700	
LTC PURCHASE OF CARE	14,584,300	19,553,800	18,120,100	17,661,200	16,661,200	
STIPENDS & ALLOWANCES	205,400	215,700	215,700	205,400	205,400	
AFDC	47,550,200	54,727,200	54,065,100	53,251,300	53,251,300	
CHILD SUPPORT AUTOMATION	299,800	480,200	480,200	291,100	291,100	
CHILD SUPT. RESTRUCTURING	1,200,000	1,388,400	1,388,400	1,200,000	1,200,000	
EMERGENCY ASSISTANCE	1,093,000	1,318,700	1,237,500	820,000	820,000	
GENERAL ASSISTANCE	11,510,300	14,150,200	14,114,900	14,348,700	14,348,700	
SLIAG	738,700	116,400	89,700	0	0	
TUBERCULOSIS CONTROL	27,800	32,200	32,200	29,400	29,400	
FOOD DISTRIBUTION INFO	23,200	24,400	23,200	23,200	0	
HOMELESS SHELTER	264,400	558,600	264,400	264,400	0	
INFORMATION AND REFERRAL	87,800	92,200	87,800	87,800	0	
RURAL FOOD BANK PROJECT	62,600	168,100	62,600	62,600	62,600	
ADOPTION SERVICES	12,589,500	16,429,600	14,348,400	15,002,500	13,021,500	
ADULT SERVICES	7,157,000	12,951,800	7,546,300	6,734,400	6,684,500	
CHILDREN SERVICES	31,543,100	42,733,400	39,706,500	37,777,200	34,343,100	
CHILD SEVERANCE PROJ.	182,600	191,700	182,600	182,600	182,600	
CMDP	9,350,000	14,571,200	11,729,200	11,416,400	9,957,800	
DAY CARE	17,888,900	21,949,900	19,222,500	18,810,400	9,352,900	
LTC OMBUDSMAN	116,000	121,800	116,000	116,000	116,000	
INSTITUTION SUPP. PYMTS.	490,300	679,300	486,300	490,800	490,800	
COMP SVCS FOR IND LIVING	533,500	717,600	533,500	533,500	533,500	
VOCATIONAL REHAB SERVICES	1,702,000	2,068,500	1,784,800	1,702,000	1,702,000	
JOB SEARCH STIPENDS	139,100	139,100	139,100	139,100	139,100	
MANPOWER SERVICES	143,500	150,700	143,500	0	0	
NAVAJO EMPLOYMENT SERVICE	257,000	257,000	257,000	257,000	257,000	
WORK INCENTIVE PROJECT	119,700	125,700	119,700	0	0	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
OTHER RECEIPTS	-850,000	0	-850,000	-850,000	-850,000	
WELFARE REFORM - FAM SUPT	0	0	3,484,700	3,484,700	3,108,600	
WELFARE REFORM - DAY CARE	106,100	111,400	3,675,100	3,569,000	1,784,500	
WELFARE REFORM - JOBS	0	0	7,688,300	7,642,300	3,858,200	
DES WEST OPERATING COSTS	0	0	0	535,300	0	
SPENDING REDUCTION PGM	0	0	-16,858,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>204,590,400</u>	<u>262,564,200</u>	<u>230,067,600</u>	<u>239,026,000</u>	<u>211,354,000</u>	
<u>AGENCY TOTAL</u>	<u>288,698,500</u>	<u>386,132,400</u>	<u>334,986,200</u>	<u>329,210,100</u>	<u>296,678,700</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	287,933,800	385,486,200	334,350,600	328,578,800	296,062,500	
OTHER FUNDS	764,700	646,200	635,600	631,300	616,200	
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>288,698,500</u>	<u>386,132,400</u>	<u>334,986,200</u>	<u>329,210,100</u>	<u>296,678,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
COST CENTER: AGENCY SUMMARY

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The JLBC Staff recommends a total appropriation of \$329,210,100 -- a net increase of \$40,511,600, or 14%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (2,600)
o ERE Rate Adjustments	1,784,700
o General Inflation	554,600
o Equipment Adjustments	(574,800)
o Welfare Reform -- Federal Requirements	15,686,900

The federal Family Support Act of 1988 (Public Law 100-485) requires states to revise their welfare programs. To implement these changes, DES is requesting an operating budget of \$5,121,900 and 148.5 state-funded FTE positions plus \$10,565,000 for additional caseload and contracted services. DES describes the following proposals as "mandatory" elements of welfare reform:

-- Aid to Families with Dependent Children Unemployed Parent (AFDC-UP) program for two-parent households and other Family Support programs	\$3,484,700
-- Job Opportunities and Basic Skills (JOBS) program to assist in education, employment and training activities	7,642,300
-- Child Care guarantee for former welfare households and JOBS participants	3,462,900
-- Administrative costs	1,097,000

Since the JLBC Staff did not receive the DES proposal in sufficient time to analyze the request, these costs reflect DES estimates and not a JLBC Staff calculation. The Staff will subsequently provide its own estimates.

o Developmental Disabilities/Long Term Care Caseload	1,680,300
Includes the following major adjustments:	
-- 25.7% caseload growth in the statutory long term care program,	\$3,139,000
-- Acute care services to all eligible long term care clients,	2,088,700
-- Replacement residential and day programs for clients no longer eligible to receive foster care or a public education,	1,365,100

- Savings from the federal certification of the Arizona Training Program at Coolidge, (4,912,500)
- Transfer 99.4 FTE positions from federal to state funding in line with higher percentage of 100% state-funded clients. -0-
- o AFDC/General Assistance Caseload Growth 11,353,800  
 Funds a continuation of the current 13.1% growth in AFDC and 20.0% growth in General Assistance. In addition, the Recommendation includes an additional 102 state-funded eligibility workers and related positions, which would allow the staff to grow in proportion to the overall rise in welfare caseloads.
- o Social Services Caseload Growth 12,628,900  
 Funds a continuation of the current caseload growth in the following statutory or "traditional" entitlements:

<u>Program</u>	<u>Caseload Growth</u>	<u>\$ Increase</u>
Adoption Services	12.0%	\$2,413,000
Adult Services/Supp. Payments	4.2	72,900
Children Services	10.0	6,234,100
Comprehensive Medical & Dental	10.0	2,066,400
Day Care	10.3	1,842,500

- These estimates also include 11% medical inflation in the Adoption Services and Comprehensive Medical and Dental programs.
- o DES West Operating Costs 535,300  
 Provides funding and 3.5 state-funded FTE positions to open the new DES West building in the Capitol Mall Complex on January 1, 1991.
- o All Other (641,800)

**JLBC Staff Recommended Policy Issues**

- o Elimination of Vacant Positions -0-  
 The Staff recommends eliminating 56 FTE positions held vacant for 2 years. As part of the FY 1988 ex-appropriation bill, otherwise known as SB 1119, the Legislature eliminated funding for these positions. While funding has yet to be restored, the FTE count has never been adjusted. Removing these state positions would also eliminate some number of federal "match" positions.
- o General Inflation (554,600)  
 Elimination of 4.5% General Inflation.



- o Equipment Adjustments 33,300  
 Replacement equipment below \$1,000 is funded in Other Operating Expenses while acquisitions above that amount are funded from the Equipment line item. The Staff recommends funding replacement equipment at 50% of Current Services, which would reduce Other Operating Expenses by \$94,500 and Equipment by \$128,900. The Legislature funded replacement equipment at roughly 50% of Current Services in FY 1987 and FY 1988, 100% in FY 1989 and 75% in FY 1990. The Staff also recommends \$256,700 to expand DES' almost-saturated computer capacity.
- o Welfare Reform Offsets (1,457,200)  
 In light of the \$15.7 million welfare reform expansion described above, the Staff recommends reductions in duplicative existing programs. These reductions include \$921,000 in Day Care, \$273,000 in Emergency Assistance, \$143,500 in Manpower Services and \$119,700 in the Work Incentive Demonstration Project.
- o DD Preschool Education Funds Transfer (1,911,000)  
 Based upon an agreement between the respective agencies, this recommendation transfers these funds from DES to the Department of Education.
- o Other DD Initiatives 66,700  
 In line with two primary DD initiatives, the Staff recommends \$162,700 and 2.3 FTE positions to assist in certifying the Coolidge training facility for federal funding and a savings of \$96,000 and 5 FTE positions from placing clients in less restrictive settings.
- o Contracted Housekeeping Payments (495,000)  
 This recommendation would provide housekeeping services at a lower cost and permit better monitoring of service delivery.
- o Cost Containment Staff 477,200  
 Since FY 1991, Adoption and Comprehensive Medical and Dental Program expenses have grown dramatically. To provide better case management and review of medical expenditures, the Staff recommends \$260,500 and 7 FTE positions for CMDP and \$201,600 and 6 FTE positions for Adoption Services. In addition, the Staff recommends \$15,100 in Other Appropriated Funds for 0.6 FTE position to prepare court documents to recoup public assistance overpayments.
- o Child Protective Services Staffing 1,346,900  
 In recognition of the substantial increase in Child Protective Service (CPS) reports, the Staff recommends \$1,218,500 and 34 FTE positions for direct CPS personnel and \$128,400 and 3 FTE positions for legal representation of these cases.

\* \* \* \* \*

### Budget Reduction Options

The Current Services Budget (CSB) is \$331,081,700 (General Fund). The following Budget Reduction Options represent a \$(35,019,200), or (10.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (3,586,900)
  - General Inflation (General Fund Only)
  - Contracted Housekeeping Payments
  - Developmental Disabilities (DD) Preschool Education Funds Transfer
  - Other DD Initiatives -- Less Restrictive Settings
  - Welfare Reform Offsets (Excluding Day Care)
  - Elimination of Vacant Positions
- o Modify Welfare Reform Expansion (7,371,700)
 

This option reduces the Current Services adjustment for welfare reform by approximately 50%, which could be achieved by permanently scaling back the expansion or simply slowing its implementation. This option funds 85 of the 148.5 proposed new state FTE positions.
- o DD Reductions (2,993,400)
 

This option a) applies current federal asset limits to institutional clients (\$1,442,600); b) eliminates new discretionary caseload expansions (\$550,800) and reduces Long Term Care Purchase of Care expenditures by 5% (\$1,000,000).
- o Family Support Program Eliminations (417,100)
 

This option eliminates the state contribution to the following discretionary Family Support programs: Food Distribution Information (\$64,900); Homeless Shelter Subsidy (\$264,400); and Information and Referral (\$87,800).
- o Eliminate New AFDC/Food Stamp Eligibility Staff (2,812,700)
 

This option removes the Current Services Budget adjustment of 102 new state-funded FTE positions.
- o Social Services Caseload Freeze (6,923,600)
 

This option eliminates caseload growth and reduces the medical inflation factor from 11% to 6.5% in Social Services programs, which saves \$1,981,000 in Adoption Services, \$49,900 in Adult Services, \$3,434,100 in Children Services and \$1,458,600 in the Comprehensive Medical and Dental Program.
- o Day Care Reduction (10,378,500)
 

This option reduces the current Day Care program by approximately 50%.
- o No DES West Funds (535,300)
 

This option removes the Current Services Budget adjustment for costs related to opening the new DES West building in the Capitol Mall complex.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: ADMINISTRATION

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	334.00	389.50	343.30	341.50	316.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	8,908,300	10,749,900	9,682,100	8,978,900	8,897,700	
EMPLOYEE RELATED EXP	1,727,900	2,562,400	2,194,500	2,014,000	1,995,800	
PROFESSIONAL/OUTSIDE SVCS	600,200	795,100	772,500	600,200	600,200	
TRAVEL - IN STATE	179,100	224,200	190,400	184,000	184,000	
TRAVEL - OUT OF STATE	47,800	53,300	47,800	47,800	47,800	
OTHER OPERATING EXP	8,541,500	9,846,800	9,198,100	8,515,500	8,509,900	
EQUIPMENT	1,235,900	3,191,200	2,639,400	1,178,000	1,046,000	
ALL OTHER OPERATING	10,604,500	14,110,600	12,848,200	10,525,500	10,387,900	
<u>OPERATING SUBTOTAL</u>	<u>21,240,700</u>	<u>27,422,900</u>	<u>24,724,800</u>	<u>21,518,400</u>	<u>21,281,400</u>	
<u>SPECIAL LINE ITEMS</u>						
ASSISTS AUTOMATION	150,000	1,744,000	1,519,800	0	0	
AZTECS MODIFICATION	700,200	777,400	776,100	669,300	669,300	
FMCS MODIFICATION	131,300	517,300	379,000	131,300	131,300	
PUB ASSIST COLLECT FUND	184,500	199,600	192,100	190,700	175,600	
WELFARE REFORM START-UP	330,000	330,000	1,887,300	1,427,000	0	
DES WEST OPERATING COSTS	0	0	0	535,300	0	
SPENDING REDUCTION PGM	0	0	-1,405,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>1,496,000</u>	<u>3,568,300</u>	<u>3,348,500</u>	<u>2,953,600</u>	<u>976,200</u>	
<u>PROGRAM TOTAL</u>	<u>22,736,700</u>	<u>30,991,200</u>	<u>28,073,300</u>	<u>24,472,000</u>	<u>22,257,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: ADMINISTRATION

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	22,402,200	30,791,600	27,881,200	24,281,300	22,082,000	
OTHER FUNDS	334,500	199,600	192,100	190,700	175,600	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>22,736,700</b>	<b>30,991,200</b>	<b>28,073,300</b>	<b>24,472,000</b>	<b>22,257,600</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
 COST CENTER: ADMINISTRATION

The JLBC Staff recommends a total appropriation of \$24,472,000 -- a net increase of \$1,735,300, or 7.6%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 3%. \$ (13,000)
- o ERE Rate Adjustments 270,300
- o General Inflation 266,100
- o Equipment and Other One-Time Appropriations (437,000)

In terms of General Fund adjustments, the recommendation removes \$78,600 for one-time equipment purchases and reduces computer equipment acquisition funding by \$208,400 in line with the current 5-year lease-purchase schedule. The recommendation also removes a \$150,000 one-time non-General Fund appropriation to help establish the Arizona Social Services Information Statistical Tracking System (ASSISTS).

- o Welfare Reform 1,097,000

DES is requesting this amount and 41.4 new staff, including 18.4 state-funded FTE positions, to provide automation and indirect administrative support for the new federal welfare reform requirements. DES describes these proposals as "mandatory" elements of welfare reform. Since the JLBC Staff did not receive the DES proposal in sufficient time to analyze the request, these costs reflect DES estimates and not a JLBC Staff calculation. The Staff will subsequently provide its own estimates. The DES proposal includes:

-- \$466,300 and 19 new staff, including 9.5 state-funded FTE positions, for indirect administrative support. These costs would be offset by an initial \$330,000 FY 1990 start-up appropriation:

	<u>FTEs</u>	<u>\$</u>
Accounting	2.0	57,500
Appeals Board	2.0	71,300
Facilities Management	1.0	132,600
Fingerprinting	1.0	34,000
Internal Audit	1.0	43,200

Mail Room	1.0	79,900
Payroll	0.5	15,000
Personnel	1.0	32,800
FY 1990 Start-up Offset	0.0	(330,000)
<b>TOTAL</b>		<b>\$136,300</b>

-- \$960,700 and 22.4 new staff, including 8.9 state-funded FTE positions, for automation support. This staff will help maintain the current interim system and will develop a plan for a comprehensive case tracking and data collection system. DES would request funding for this new system in FY 1992. This staff would also help with the installation of a second mainframe computer complex. The second mainframe costs approximately \$4.1 million. DES proposes to acquire the machine as part of a 5-year lease-purchase. With federal participation, the state's first-year lease cost would be approximately \$500,000.

The Executive has recommended \$1,887,300 for administrative and automation support. The Executive recommendation is higher as a result of double counting the FY 1990 appropriation for start-up costs.

o **DES West Operating Costs**

535,300

Provides funding and 7 new staff, including 3.5 state-funded FTE positions, to open the new DES West building on January 1, 1991. The one-time phone installation and moving costs equal \$67,200. The new staff would be funded for 6 months. DES estimates a full year FY 1992 cost of approximately \$864,000. The Executive has recommended \$693,400 for FY 1991 DES West opening costs -- \$298,200 in the DES budget and \$395,200 in the Department of Administration budget. The lower JLBC Staff estimate results from funding all costs within DES to take advantage of available federal funds. The Executive does not assume federal matching of their DOA funds.

o **All Other**

30,600

Includes a General Fund increase of a) \$25,200 for risk management, which raises the department's General Fund contribution to \$2,981,300 and b) \$9,400 to annualize lease-purchase rent payments. Also includes a non-General Fund adjustment of \$(8,900) for the Public Assistance Collection Fund.

**JLBC Staff Recommended Policy Issues**

o General Inflation

(266,100)

Elimination of 4.5% General Inflation.

- o Fund 50% of Replacement Equipment (148,100)  
Reduces Other Operating Expenses by \$19,200 and Equipment by \$128,900.
- o Eliminate Vacant Positions -0-  
The JLBC Staff recommends eliminating 18 FTE positions held vacant for 2 years. As part of the FY 1988 ex-appropriation bill, otherwise known as SB 1119, the Legislature eliminated funding for these positions. While funding has yet to be restored, the positions have never been eliminated. According to a March 1988 EBO report, the SB 1119 Personal Services reductions had the effect of delaying personnel and payroll actions, vendor claims, legal services, special fraud investigations and internal audit requirements. The Executive recommends adding \$564,300 to fund the positions.
- o Expand DES Automation Capacity 256,700  
The JLBC Staff and the Executive both recommend financing the first year of a 5-year lease purchase to ensure that the DES mainframe computer has adequate memory and storage capacity.
- o Expand Protective Services Representation 128,400  
The JLBC Staff recommends funding 3 new FTE positions to expand the Attorney General staff for Child Protective Services. This recommendation would increase the staffing for this function by 14%, which equals the percentage growth in the number of dependency petitions filed between FY 1988 and FY 1989. The Executive recommends \$267,800 and 6 FTE positions for this policy issue.
- o Increase Public Assistance Collection Clerical Support 15,100  
The JLBC Staff recommends 1 new clerical position (.6 state-funded, .4 federal funded) to prepare court documents to recoup public assistance overpayments. This position would be financed from Other Appropriated Funds.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$24,310,400 (General Fund). The following Budget Reduction Options represent a \$(2,228,400), or (9.2)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (266,100)  
General Inflation
- o Eliminate Welfare Reform Administrative Costs (1,427,000)  
This option eliminates the initial FY 1990 start-up appropriation and the Current Services Budget adjustment, which would have provided automation and administrative funds to implement federally-mandated welfare reform proposals. The existing administrative staff would have their workload increased and

computer response times would probably begin to lag. As noted above, the Staff will be further analyzing revisions in the DES request.

o Eliminate DES West Operating Costs

This option eliminates the Current Services Budget adjustment, which would have provided funding to open the new DES West building. This option would require DES to pay this cost from its existing operating budget or delay its planned January 1, 1991, opening date.

(535,300)

Other Issues for Legislative Consideration

o Automated System Support

The Executive recommends \$1,753,100 for various automation proposals:

-- ASSISTS The Executive recommends \$1,519,800 to expand the Arizona Social Services Information Statistical Tracking System (ASSISTS). This policy issue provides 46 new staff, including 42 state-funded FTE positions. This management information system would provide financial and demographic data to the Division of Developmental Disabilities (DDD), Aging and Adult Administration (AAA) and the Administration for Children, Youth and Families (ACYF). DDD already expended over \$600,000 to implement an automation system as part of the federal long term care program. AAA already received \$150,000 in FY 1990 for its portion of ASSISTS and will use carryover FY 1989 federal funds to purchase its equipment. ACYF, which administers the Adoption, Foster Care and Day Care programs, is in need of improved automated systems. The Executive, however, has not provided workload data to justify the two main components of its ACYF ASSISTS request: 30 Information Processing Specialists and 109 mainframe terminals.

-- AZTECS Modification The Executive recommends \$106,800 to provide the programming necessary to modify the Arizona Technical Eligibility Computer System (AZTECS) to reduce on-line processing time. This policy issue would provide 5 new staff, including 2.5 state-funded positions. As an alternative, DES could rely on the existing \$358,000 Professional and Outside Services contract for this project.

-- Microcomputer Support The Executive recommends \$126,500 to expand the number of microcomputers and local area network technology in several offices. While additional automation capacity would increase efficiency, this issue can be deferred for another year.

o Provide In-house Telecommunications Support

The Executive recommends \$33,800 and 1.1 state-funded FTE position to install and repair telecommunications equipment. Instead of an additional appropriation, however, this policy issue could be funded by eliminating the current contracted repair agreements.

o Computer Replacement Equipment

The Executive recommends \$1,087,900 in automation replacement equipment. Given the expense of this type of equipment, the Legislature has recently approved such acquisitions on an item by item basis. The Executive has not provided the details of its proposed replacement purchases.



o FMCS Enhancements

The Executive recommends \$247,700 above the FY 1991 Current Services Budget of \$131,300 to enhance the Financial Management Control System. This policy issue would fund 6 new staff, including 2.3 state-funded positions. As an alternative, the Staff recommends utilizing the existing \$131,300 Professional and Outside Services contract to implement further adjustments in FMCS.

o Proportional Business Functions Staff

The Executive recommends \$197,100 and 6.5 FTE positions to increase administrative staff commensurate with the requested increase in new programmatic positions. A larger organization, however, may produce economies of scale that would reduce the need for new administrative staff. If the Legislature concurs with this proposal, the exact funding level could vary depending on the number of newly-approved program positions.

o Internal Audit Staff

The Executive recommends \$53,300 and 1.5 FTE positions to expand the Internal Audit staff. DES, however, has not substantiated that the current 17-auditor operation has resulted in any significant cost avoidance and is worthy of further expansion.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: DEVELOP. DISABILITIES

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	518.40	763.40	469.20	654.70	574.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	8,363,900	16,091,700	12,442,400	8,269,300	8,269,300	
EMPLOYEE RELATED EXP	1,927,600	4,529,800	3,309,700	2,198,900	2,198,900	
PROFESSIONAL/OUTSIDE SVCS	548,800	1,530,000	577,300	571,200	571,200	
TRAVEL - IN STATE	198,600	427,900	210,500	199,200	199,200	
OTHER OPERATING EXP	674,600	3,300,300	1,518,900	624,900	658,000	
FOOD	180,800	189,800	189,800	180,800	180,800	
EQUIPMENT	25,900	271,300	0	0	0	
ALL OTHER OPERATING	1,628,700	5,719,300	2,496,500	1,576,100	1,609,200	
<u>OPERATING SUBTOTAL</u>	<u>11,920,200</u>	<u>26,340,800</u>	<u>18,248,600</u>	<u>12,044,300</u>	<u>12,077,400</u>	
<u>SPECIAL LINE ITEMS</u>						
ASH COMMUNITY PLACEMENT	152,300	223,800	213,200	152,300	152,300	
ASSISTANCE TO FAMILIES	413,200	851,300	413,200	413,200	413,200	
DD/LTC PERMANENT SHIFT	0	0	0	4,759,200	2,379,600	
DD COOLIDGE DELAY	8,892,000	0	0	0	0	
DD FOSTER CARE	4,006,100	4,267,500	4,006,100	4,006,100	4,006,100	
HOUSEKEEPING PAYMENTS	444,400	444,400	444,400	444,400	444,400	
OUT-OF-DISTRICT PLACEMENT	908,700	954,100	908,700	908,700	908,700	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: DEVELOP. DISABILITIES

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
DD PURCHASE OF CARE	21,521,400	33,474,100	24,739,100	20,821,100	20,270,300	
STIPENDS & ALLOWANCES	10,400	10,900	10,900	10,400	10,400	
VOC REHAB CONTRACTS	119,200	250,400	119,200	119,200	119,200	
SPENDING REDUCTION PGM	0	0	-2,357,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>36,467,700</u>	<u>40,476,500</u>	<u>28,497,800</u>	<u>31,634,600</u>	<u>28,704,200</u>	
<u>P R O G R A M T O T A L</u>	<u>48,387,900</u>	<u>66,817,300</u>	<u>46,746,400</u>	<u>43,678,900</u>	<u>40,781,600</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	48,387,900	66,817,300	46,746,400	43,678,900	40,781,600	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>48,387,900</u>	<u>66,817,300</u>	<u>46,746,400</u>	<u>43,678,900</u>	<u>40,781,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
 COST CENTER: DEVELOPMENTAL DISABILITIES

The JLBC Staff recommends a total appropriation of \$43,678,900 -- a net decrease of \$(4,709,000), or (9.7)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 2.5%. \$ (1,500)  
 While direct line staff such as eligibility workers are fully funded, administrative positions are subject to a 3% vacancy factor.
- o ERE Rate Adjustments 296,400
- o General Inflation 48,400
- o One-time Equipment Purchases (34,900)  
 The Executive does not include a \$9,000 downward adjustment for one-time equipment in Other Operating Expenses. The Executive also adds \$131,800 for replacement equipment purchases.
- o Coolidge Delay (4,220,700)
  - o The FY 1990 adjusted appropriation funded the cost of care of 116 clients at the Arizona Training Program at Coolidge during their phase-in to the federal long term care program. Before becoming eligible for the federal program, the state pays 100 percent of their care from this budget program. Since DES estimates that all 116 clients will be federally eligible by June 1, 1990, the phase-in funds are not needed in FY 1991. DES could incur a significant shortfall if the 116 are not certified as the Department projects.
  - o The Staff Recommendation also transfers 161 FTE positions from Long Term Care to Developmental Disabilities in line with a Personal Services funding shift between the two programs in the FY 1990 supplemental. Since the positions are 38% state-funded in Long Term Care and 100% state-funded in this program, the net number of state-funded FTE positions increases by 99.4.
- o Purchase of Care 1,149,100
  - o Includes \$598,300 to annualize the cost of three programs funded for six months in the FY 1990 budget:
    - residential services for 14 clients who will reach the age of 18 during FY 1990 and will no longer qualify for foster care, \$126,400;
    - adult day services for 24 clients who will reach the age of 22 during FY 1990 and will no longer receive a public school education, \$70,600; and

- infant and preschool services for 219 children, \$401,300.
- Based upon higher reimbursement rates, the Executive recommends \$701,900.
- o Includes \$550,800 to fund clients newly eligible in FY 1991:
  - "aging out" residential services for 12 clients, \$144,900. Based upon higher reimbursement rates, the Executive recommends \$162,500.
  - "aging out" day programs for 40 clients, \$133,100. The Executive also recommends this amount.
  - infant and preschool summer services for 254 children, \$272,800. The Executive does not recommend funding this adjustment.
- o These programs are not statutory entitlements, but have been traditionally funded by the Legislature.
- o All Other 124,500

**JLBC Staff Recommended Policy Issues**

- o Preschool Transfer to Department of Education (1,911,000)

Federal legislation (PL 99-457) mandates that the state set standards for handicapped preschool services by the 1991-92 school year. To ensure that a single state agency is responsible for all educational services to children with special needs, DES and the Department of Education (ADE) have proposed transferring all DD preschool education funds from DES to ADE. This transfer would provide funding for 452 children. DES would retain at least short-term responsibility for the children's summer program. Based upon earlier information, the Executive recommends transferring \$1,251,500 to ADE.
- o Increase Community-Based Settings (77,800)

DES believes that at least two Arizona Training Program clients would benefit from a community-based placement. As a result, the JLBC Staff recommends transferring 2 clients to a vendor-operated group home, which saves funding for 4 FTE positions. The Executive recommends a reduction of \$71,600 and 4 FTE positions.
- o Eliminate Vacant Positions -0-

The JLBC Staff recommends eliminating 21 FTE positions held vacant for 2 years. As part of the FY 1988 ex-appropriation bill, otherwise known as SB 1119, the Legislature eliminated funding for these positions. While funding has yet to be restored, the positions have never been eliminated. According to a March 1988 EBO report, the SB 1119 Personal Services reductions were achieved with the savings from overfunded positions. The Executive recommends adding \$538,300 to fund these positions.
- o General Inflation (48,400)

Elimination of 4.5% General Inflation.

- o Fund 50% of Replacement Equipment (33,100)

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$45,749,200 (General Fund). The following Budget Reduction Options represent a \$(4,967,600), or (10.9)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (2,037,200)
  - Preschool Transfer to Department of Education
  - Increase Community-Based Placements
  - General Inflation
- o Require Use of Federal Resource Limits (2,379,600)
  - o Approximately 70 residents of the Arizona Training Program may be able to qualify for the federal long term care program, but have resources in excess of allowable federal limits. As a result, the state must continue to fund the clients' entire cost of care rather than have the federal government pay 62% of this cost under the long term care program.
  - o This option would require that the 70 clients contribute their excess resources to their cost of care until the level falls within the \$2,000 federal eligibility limit.
  - o This option would not become effective until January 1991, which would provide DES lead time to prepare facilities for federal certification. DES is currently having difficulty certifying the Coolidge facility for federal funding. Even with the lagged implementation, this option may further exacerbate the problem.
  - o In FY 1991, this proposal would save \$2,379,600 in the 100% state-funded Developmental Disabilities program and cost \$937,000 in the Long Term Care program, for a net savings of \$1,443,000. With a full year implementation in FY 1992, the proposal would save \$2,886,000.
  - o Before implementation, this option would need to be reviewed for compliance with federal regulations. This option may also require changes in state law. Parents and guardians of the clients would also need to be consulted.
- o Eliminate Discretionary Caseload Expansions (550,800)
 

This option eliminates 3 discretionary caseload expansions described above in the Current Services Budget Changes for Purchase of Care. These expansions included residential services for 12 clients, an adult day program for 40 clients and an infant or preschool summer program for 254 children.

Other Issues for Legislative Consideration

o Arizona State Hospital Community Placements

The Executive recommends \$167,700 to provide services to 8 clients being relocated from the Arizona State Hospital to community-based programs.

o Stipends and Allowances

The Executive recommends \$500 to increase the allowances to individuals residing in state-operated institutions.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: LONG TERM CARE

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	348.30	336.40	382.60	287.70	316.40	
FULL TIME EQUIVALENT POS.	(T)	898.90	867.90	987.80	741.00	815.70	
<u>OPERATING BUDGET</u>							
PERSONAL SERVICES	(S)	7,724,000	6,678,300	7,667,400	7,677,100	7,621,100	
PERSONAL SERVICES	(T)	19,932,900	17,364,300	19,835,500	19,997,600	19,851,600	
EMPLOYEE RELATED EXP	(S)	1,826,200	1,930,000	2,053,300	2,055,900	2,040,900	
EMPLOYEE RELATED EXP	(T)	4,712,800	5,018,300	5,314,400	5,355,300	5,316,200	
PROFESSIONAL/OUTSIDE SV	(S)	818,900	1,117,100	923,600	845,600	845,600	
PROFESSIONAL/OUTSIDE SV	(T)	2,113,300	2,904,700	2,385,500	2,202,700	2,202,700	
TRAVEL - IN STATE	(S)	174,200	249,400	203,900	184,300	177,600	
TRAVEL - IN STATE	(T)	449,500	648,200	529,200	479,900	462,400	
OTHER OPERATING EXP	(S)	704,800	623,700	638,600	694,100	677,800	
OTHER OPERATING EXP	(T)	1,818,800	1,621,600	1,690,200	1,808,100	1,765,700	
FOOD	(S)	365,300	383,600	383,600	365,300	365,300	
FOOD	(T)	646,600	678,900	679,000	646,600	646,600	
EQUIPMENT	(S)	46,100	324,500	95,900	59,900	0	
EQUIPMENT	(T)	119,000	567,600	386,700	156,000	0	
ALL OTHER OPERATING	(S)	2,109,300	2,698,300	2,245,600	2,149,200	2,066,300	
ALL OTHER OPERATING	(T)	5,147,200	6,421,000	5,670,600	5,293,300	5,077,400	
<u>OPERATING SUBTOTAL</u>	(S)	<u>11,659,500</u>	<u>11,306,600</u>	<u>11,966,300</u>	<u>11,882,200</u>	<u>11,728,300</u>	
<u>OPERATING SUBTOTAL</u>	(T)	<u>29,792,900</u>	<u>28,803,600</u>	<u>30,820,500</u>	<u>30,646,200</u>	<u>30,245,200</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: LONG TERM CARE

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>							
ACUTE CARE	(S)	4,136,400	6,779,300	5,678,100	6,225,100	6,225,100	
ACUTE CARE	(T)	9,664,600	15,839,400	13,405,400	14,544,500	14,544,500	
LTC COOLIDGE DELAY	(S)	-1,192,800	0	0	0	0	
LTC COOLIDGE DELAY	(T)	-3,078,100	0	0	0	0	
DD/LTC PERMANENT SHIFT	(S)	0	0	0	-1,873,500	-936,500	
DD/LTC PERMANENT SHIFT	(T)	0	0	0	-4,880,100	-2,440,000	
FEE FOR SERVICE	(S)	2,137,000	2,856,200	2,380,200	2,252,500	2,252,500	
FEE FOR SERVICE	(T)	5,514,700	7,426,500	6,188,600	5,867,300	5,867,300	
LTC FOSTER CARE	(S)	2,430,300	2,859,100	2,762,900	2,580,700	2,580,700	
LTC FOSTER CARE	(T)	6,449,500	6,447,600	7,155,100	6,449,500	6,449,500	
LTC PURCHASE OF CARE	(S)	14,584,300	19,553,800	18,120,100	17,661,200	16,661,200	
LTC PURCHASE OF CARE	(T)	39,166,000	50,636,400	46,581,100	48,031,600	45,426,800	
STIPENDS & ALLOWANCES	(S)	205,400	215,700	215,700	205,400	205,400	
STIPENDS & ALLOWANCES	(T)	205,400	215,700	215,700	205,400	205,400	
SPENDING REDUCTION PGM	(S)	0	0	-1,973,900	0	0	
SPENDING REDUCTION PGM	(T)	0	0	-5,009,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	(S)	<u>22,300,600</u>	<u>32,264,100</u>	<u>27,183,100</u>	<u>27,051,400</u>	<u>26,988,400</u>	
<u>SPECIAL ITEM SUBTOTAL</u>	(T)	<u>57,922,100</u>	<u>80,565,600</u>	<u>68,536,000</u>	<u>70,218,200</u>	<u>70,053,500</u>	
PROGRAM TOTAL(S)	(S)	33,960,100	43,570,700	39,149,400	38,933,600	38,716,700	
PROGRAM TOTAL(T)	(T)	87,715,000	109,369,200	99,356,500	100,864,400	100,298,700	
<u>BY FUND SOURCE</u>							
GENERAL FUND	(S)	33,960,100	43,570,700	39,149,400	38,933,600	38,716,700	
OTHER NON APPROPRIATED	(T)	53,754,900	65,798,500	60,207,100	61,930,800	61,582,000	
PROGRAM TOTAL-ALL SOURCES	(S)	33,960,100	43,570,700	39,149,400	38,933,600	38,716,700	
PROGRAM TOTAL-ALL SOURCES	(T)	87,715,000	109,369,200	99,356,500	100,864,400	100,298,700	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
 COST CENTER: LONG TERM CARE SYSTEM FUND

The JLBC Staff recommends a total appropriation of \$38,933,600 in state General Funds (S) and \$100,864,400 in Total Expenditure Authority (T) -- a net increase of \$4,973,500, or 14.6%, to the adjusted FY 1990 General Fund appropriation and a net increase of \$13,149,400, or 15%, to the adjusted FY 1990 Total Expenditure Authority.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a 1.7% vacancy factor.
  - (2,800) (S)
  - (7,300) (T)
  - While direct line staff are fully funded, administrative positions are subject to a 3% vacancy factor.
- o ERE Rate Adjustment
  - 240,100 (S)
  - 625,200 (T)
- o General Inflation
  - 68,900 (S)
  - 165,700 (T)
- o One-time Equipment Purchases
  - (65,300) (S)
  - (170,100) (T)
  - The Executive does not include a \$19,600 (S) and \$51,100 (T) downward adjustment for one-time equipment in Other Operating Expenses. The Executive also adds \$35,700 (S) and \$93,500 (T) for replacement equipment purchases.
- o Federal Match Rate Adjustment
  - (133,900) (S)
  - 0- (T)
- o Coolidge Delay/Participation Adjustment
  - (691,800) (S)
  - (1,802,000) (T)
  - o The original FY 1990 appropriation was reduced by \$(1,192,800) (S) and \$(3,078,100) (T) to reflect that 186 Arizona Training Program at Coolidge residents were not certified for the federal long term care program as originally projected. The clients' cost of care was shifted to the state Developmental Disabilities (DD) program. While the federal government pays over 60% of long term care costs, the state fully funds non-long term care clients in the DD program.

- o Of the 186 Coolidge clients, DES now estimates that 70 will never be eligible for long term care and the remaining 116 will be certified at the beginning of FY 1991. As a result of the 70 clients not being certified, the total long term care cost will be reduced by \$(1,884,600) (S) and \$(4,880,100) (T). The net difference between the FY 1990 and FY 1991 estimates is an additional reduction of \$(691,800) (S) and \$(1,802,000) (T).
  - o This reduction in long term care costs is offset by having to pay for the cost of care of the 70 Coolidge clients in the 100% state-funded DD program. The funds to cover this cost were appropriated as part of the FY 1990 DES supplemental.
  - o The Staff Recommendation also transfers 61.9 (S) and 161.0 (T) positions from Long Term Care to Developmental Disabilities in line with the Personal Services adjustments in the FY 1990 supplemental. Given the different state share of costs in the two budget programs, this transfer increases the net number of state-funded FTE positions by 99.4.
- o Acute Care 2,088,700 (S)  
4,879,900 (T)
- o Includes \$1,307,200 (S) and \$3,054,100 (T) to fund caseload growth of 20.8%. These funds would add 679 persons to the program for a total of 3,932 recipients. The Executive recommends \$1,076,000 (S) and \$2,652,900 (T) to fund 744 new clients.
  - o Includes \$616,900 (S) and \$1,441,300 (T) for 11% medical inflation. The Executive recommends \$301,100 (S) and \$603,400 (T) for 7% inflation.
  - o Includes \$164,600 (S) and \$384,500 (T) to fund an FY 1990 shortfall.
  - o Federal law requires the state to provide acute care services to all long term care clients.
- o Long Term Care Caseload 3,139,000 (S)  
8,566,000 (T)
- o Includes \$3,003,600 (S) and \$8,213,400 (T) to fund a 25.7% caseload growth in 4 Purchase of Care programs. This estimate is based upon the following growth pattern:
    - the October caseload of 2,292 recipients will grow to 3,065 by the end of June 1990, a 33.7% increase and
    - a 10% increase in caseload from June 1990 to June 1991.
  - o In terms of yearly averages, these funds would add 657 unduplicated persons to the program for a total of 3,218 recipients. Since adult day clients also receive residential or support services, they are excluded from the client totals to avoid a duplicated count.

<u>Service</u>	<u>Gen. Fund</u>	<u>Exp. Auth.</u>	<u>New Clients</u>	<u>Total Clients</u>
Residential	\$1,932,500	\$5,458,800	254	1,138
Children	170,200	437,800	139	523
Support	273,300	702,800	264	1,557
Adult Day	627,600	1,614,000	288	1,142

- o The Staff Recommendation also includes \$135,400 (S) and \$352,600 (T) to fund caseload growth for ventilator dependent children and American Indians. These funds would increase the ventilator dependent and American Indian population by 1 and 11 clients, respectively. The Executive concurs with this adjustment and adds \$123,600 (S) and \$321,400 (T) for annualization expenses.
- o Federal law requires the state to serve all clients eligible for long term care services.
- o "Aging Out" Purchase of Care Initiatives
  - o Includes \$98,400 (S) and \$256,300 (T) to annualize the cost of 2 programs funded for 6 months in the FY 1990 budget:
    - residential services for 14 clients who will reach the age of 18 during FY 1990 and will no longer qualify for foster care, \$71,300 (S) and \$185,700 (T). Based upon higher reimbursement rates, the Executive recommends \$98,300 (S) and \$208,000 (T) to serve these clients.
    - adult day services for 24 clients who will reach the age of 22 during FY 1990 and will no longer receive a public school education, \$27,100 (S) and \$70,600 (T). Based upon higher reimbursement rates, the Executive recommends \$39,800 (S) and \$103,400 (T).
  - o Includes \$117,600 (S) and \$323,200 (T) to fund clients newly eligible in FY 1991:
    - "aging out" residential services for 17 clients, \$85,200 (S) and \$238,900 (T). Based upon a higher state share of costs, the Executive recommends \$112,900 (S).
    - "aging out" day programs for 23 clients, \$32,400 (S) and \$84,300 (T). The Executive concurs with this recommendation.
- o All Other
  - 216,000 (S)
  - 579,500 (T)
  - 47,800 (S)
  - 124,500 (T)

**JLBC Staff Recommended Policy Issues**

o Increase Community-Based Settings

(18,200) (S)  
(47,300) (T)

DES believes that 26 Arizona Training Program clients would benefit from less restrictive residential or day placements. As a result, the JLBC Staff recommends transferring the funds for these clients to the Purchase of Care line item, which would save \$18,200 (S) and \$47,300 (T) and 1 (S) and 2.6 (T) FTE positions. Based upon different reimbursement rates, the Executive recommends a savings of \$24,200 (S) and \$41,600 (T) for this issue.

o General Inflation

(68,900) (S)  
(165,700) (T)

Elimination of 4.5% General Inflation.

o Fund Replacement Equipment at 50%

(8,800) (S)  
(22,900) (T)

o Provide Staffing for Federal Certification

162,700 (S)  
423,900 (T)

The JLBC Staff recommends adding 6 new staff, including 2.3 state-funded FTE positions, to help meet federal certification standards. This policy issue would fund a) 2 certification coordinators who would monitor compliance with federal standards and b) 4 nurses who would provide direct therapy to clients. The Executive has recommended \$192,500 (S) and \$500,600 (T) and 2.7 (S) and 7 (T) FTE positions.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$38,866,800 (General Fund). The following Budget Reduction Options represent a \$(150,100), or (0.4)%, decrease from the CSB.

o Reductions described in the JLBC Staff Recommended Policy Issues

(87,100) (S)  
(213,000) (T)

Increase Community-Based Settings

General Inflation

o Require Use of Federal Resource Limits

937,000 (S)  
2,440,100 (T)

o Approximately 70 residents of the Arizona Training Program may be able to qualify for the federal long term care program, but have resources in excess of allowable federal limits. As a result, the state must continue to fund the clients' entire cost of care rather than have the federal government pay 62% of this cost under the long term care program.

- o This option would require that the 70 clients contribute their excess resources to their cost of care until the level falls within the \$2,000 federal eligibility limit.
- o This option would not become effective until January 1991, which would provide DES lead time to prepare facilities for federal certification. DES is currently having difficulty certifying the Coolidge facility for federal funding. Even with the lagged implementation, this option may further exacerbate this problem.
- o In FY 1991, this proposal would save \$2,379,600 in the 100% state-funded Developmental Disabilities program and cost \$937,000 (S) and \$2,440,100 (T) in the Long Term Care program, for a net state General Fund savings of \$1,443,000. With a full year implementation in FY 1992, the proposal has net state General Fund savings of \$2,886,000 and 49.7 state FTE positions.
- o Before implementation, this option would need to be reviewed for compliance with federal regulations. This option may also require changes in state law. Parents and guardians of the clients would also need to be consulted.
- o Reduce Purchase of Care Services by 5%

(1,000,000)(S)  
(2,604,800)(T)

This option would require DES to reduce Purchase of Care expenditures by 5%. The residential provider rate would decrease from \$76.99 per person per day to \$73.84 while the adult day rate would decline from \$29.10 per person per day to \$27.53. Several providers may no longer be willing to contract with DES at these lower rates.

#### Other Issues for Legislative Consideration

- o Behavior Management Training  
The Executive recommends \$88,500 (S) and \$230,000 (T) to instruct staff on management of clients displaying inappropriate behavior. As an alternative, the Staff recommends that DES continue to rely on the existing \$82,600 (T) in Professional and Outside Services funding to provide such services. The Executive proposal would also fund curriculum development, since the proposed training has not been used in other states. Although the Executive has described this policy issue as a "mandated" increase, this training will only be required by rule, not statute.
- o Additional Nurse and Administrative Staff Support  
The Executive recommends \$374,800 (S) and \$974,600 (T) and 8.8 (S) and 23 (T) FTE positions to provide nurse and administrative staff support. Of the 23 positions, 14 would be Habilitation Nurses. The original rationale for the additional nurses was a proposed federal requirement for in-depth quarterly medical review of all DD clients. After receiving comments on its proposed rule, however, the federal government has indefinitely postponed the medical review requirement.

o Licensing and Monitoring

The Executive recommends \$153,000 (S) and \$397,800 (T) and 4.6 (S) and 12 (T) FTE positions to license and monitor community residential placements. Even though the current workload appears reasonable, the Executive recommendation would substantially cut the number of licensing and monitoring visits per worker. This policy issue would reduce the licensing workload from 66 to 38 settings per person per year and the monitoring workload from 72 to 43 settings per person per year. Based upon the overtime being accrued by the licensing staff in meeting its current workload, DES could possibly utilize a half-time position. DES should be able to absorb this increase among the 174 new long term care staff approved in the prior 2 years.

o Arizona State Hospital Community Placements

The Executive recommends \$477,000 (S) and \$1,104,800 (T) and .4 (S) and 1 (T) FTE position to relocate 21 clients from the Arizona State Hospital to community-based programs.

o Foster Care Annualization

The Executive recommends \$345,300 (S) and \$704,500 (T) to annualize the cost of 30 clients added to the foster care system during FY 1990. The FY 1990 base, however, appears adequate to cover the cost of these clients without annualization.

o Stipends and Allowances

The Executive recommends \$10,300 (S) and (T) to increase the allowances to individuals residing in state-operated institutions.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: FAMILY SUPPORT

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>FULL TIME EQUIVALENT POS.</u>	<u>709.90</u>	<u>978.50</u>	<u>968.00</u>	<u>863.40</u>	<u>750.10</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	13,812,700	18,330,700	17,676,400	15,326,100	13,797,000	
EMPLOYEE RELATED EXP	2,976,800	4,899,800	4,496,900	3,857,500	3,475,100	
PROFESSIONAL/OUTSIDE SVCS	50,100	57,800	56,300	50,100	50,100	
TRAVEL - IN STATE	284,700	569,900	497,200	346,900	303,600	
TRAVEL - OUT OF STATE	0	15,300	0	0	0	
OTHER OPERATING EXP	2,237,800	5,456,300	3,192,000	2,999,600	2,199,000	
EQUIPMENT	4,000	522,700	510,400	82,200	0	
ALL OTHER OPERATING	2,576,600	6,622,000	4,255,900	3,478,800	2,552,700	
<u>OPERATING SUBTOTAL</u>	<u>19,366,100</u>	<u>29,852,500</u>	<u>26,429,200</u>	<u>22,662,400</u>	<u>19,824,800</u>	
<u>SPECIAL LINE ITEMS</u>						
AFDC	47,550,200	54,727,200	54,065,100	53,251,300	53,251,300	
CHILD SUPPORT AUTOMATION	299,800	480,200	480,200	291,100	291,100	
CHILD SUPT. RESTRUCTURING	1,200,000	1,388,400	1,388,400	1,200,000	1,200,000	
EMERGENCY ASSISTANCE	1,093,000	1,318,700	1,237,500	820,000	820,000	
GENERAL ASSISTANCE	11,510,300	14,150,200	14,114,900	14,348,700	14,348,700	
SLIAG	738,700	116,400	89,700	0	0	
TUBERCULOSIS CONTROL	27,800	32,200	32,200	29,400	29,400	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: FAMILY SUPPORT

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FOOD DISTRIBUTION INFO	23,200	24,400	23,200	23,200	0	
HOMELESS SHELTER	264,400	558,600	264,400	264,400	0	
INFORMATION AND REFERRAL	87,800	92,200	87,800	87,800	0	
RURAL FOOD BANK PROJECT	62,600	168,100	62,600	62,600	62,600	
WELFARE REFORM - FAM SUPT	0	0	3,484,700	3,484,700	3,108,600	
SPENDING REDUCTION PGM	0	0	-4,884,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>62,857,800</u>	<u>73,056,600</u>	<u>70,446,200</u>	<u>73,863,200</u>	<u>73,111,700</u>	
<u>PROGRAM TOTAL</u>	<u>82,223,900</u>	<u>102,909,100</u>	<u>96,875,400</u>	<u>96,525,600</u>	<u>92,936,500</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	82,223,900	102,909,100	96,875,400	96,525,600	92,936,500	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>82,223,900</u>	<u>102,909,100</u>	<u>96,875,400</u>	<u>96,525,600</u>	<u>92,936,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
 COST CENTER: FAMILY SUPPORT

The JLBC Staff recommends a total appropriation of \$96,525,600 -- a net increase of \$14,301,700, or 17.4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1%. \$ 16,700  
 While direct line staff such as eligibility workers are fully funded, administrative positions are subject to a 3.0% vacancy factor. This amount also includes \$24,400 to annualize the cost of classification maintenance review adjustments for eligibility workers.
- o ERE Rate Adjustments 499,900
- o General Inflation 101,600
- o One-time Equipment Purchases (35,100)  
 The Executive did not include this adjustment.
- o State Legalization Impact Assistance Grant (SLIAG) (738,700)  
 The state pays the administrative expenses of operating this program with its own funds and then is reimbursed by the federal government. In FY 1989, the Legislature initially approved over \$800,000 in funding to prevent a cash-flow problem. Given that DES only spent \$26,100 in FY 1989, however, the need for "up-front" funding has declined. While this adjustment would eliminate the "up-front" funding, the Executive recommends \$89,700.
- o Aid to Families with Dependent Children 5,701,100  
 This program is required by federal law. The Current Services adjustment is based upon the following assumptions:  
 -- continuation of the current 13.1% caseload growth rate through FY 1991. This growth factor would add 15,909 individuals to the program for a total of 137,359 recipients. FY 1986-1991 caseload growth averaged 12.4% annually.  
 -- continuation of the current 0.6% average payment growth, which would increase the average cost by 53 cents for a total of \$88.95 per person per month.  
 -- a state match rate of 36.3% and  
 -- continuation of the current error rate.  
 The Executive recommends \$6,514,900 for AFDC benefits, based upon 137,406 recipients at an average monthly payment of \$89.51 and a 36.6% state match rate.

- o AFDC/Food Stamp Eligibility 2,812,700

This adjustment funds 65 AFDC and Food Stamp eligibility workers and 37 related positions. Since the federal government will match AFDC and Food Stamp state administrative expenses on a dollar-for-dollar basis, there would be an overall increase of 130 eligibility workers and 204 total staff. This adjustment would increase the number of eligibility workers by 18.3%, the same percentage growth as occurred in the AFDC/Food Stamp program during the last year. The Executive recommends \$6,269,000 and 296 FTE positions for this function.
- o Welfare Reform -- Family Support 3,484,700

DES has requested \$4,085,400 to implement several provisions of federal welfare reform. The Current Services adjustment of \$3,484,700 and 88 new staff, including 44 state-funded FTE positions, would fund the elements that DES describes as "mandatory." Since the JLBC Staff did not receive the DES proposal in sufficient time to analyze the request, these costs reflect DES estimates and not a JLBC Staff calculation. The Staff will subsequently provide its own estimates. The DES proposal includes:

  - \$2,695,900 and 44 new staff, including 22 state-funded FTE positions, to implement the AFDC-Unemployed Parent (UP) program. Federal law requires the state to implement AFDC-UP by October 1, 1990. While the state had previously opted to assist only one-parent households, this program provides cash payments to two-parent families if the principal wage earner is unemployed or otherwise incapacitated. This amount includes a) \$1,896,200 in state funds (and \$3,334,000 in federal matching funds) to serve 7,403 recipients at an average cost of \$78.50 per month and b) \$799,700 in state funds (and \$799,400 in federal funds) for the additional staff. The DES proposal is based upon a 9 month program and would require an additional \$900,000 in state dollars to fund a full twelve months in FY 1992.
  - \$42,100 and 2 new staff, including 1 state-funded FTE position to increase the staff responsible for measuring the program's error rate.
  - \$637,200 and 36 new staff, including 18 state-funded positions, to meet the federal requirements to provide recipients with information on support services and to assess their job readiness.
  - \$109,500 and 6 new staff, including 3 state-funded FTE positions, to increase staff to determine eligibility for transitional child and health care.

The Executive recommends the DES request.
- o General Assistance 2,840,000
  - o This amount would increase spending at the current 20% rate. As a result of data collection problems, reliable caseload and average cost per case data are not available. FY 1986-1991 expenditure growth averaged 20.9% annually. The Executive has recommended \$2,604,600 based upon 15.2% growth in FY 1990 and 22.6% in FY 1991.

- o While A.R.S. § 46-231 authorizes a General Assistance program, DES has by tradition tied the eligibility and benefit level to the AFDC standards.
- o This amount also includes \$1,600 for Tuberculosis Control. The Executive recommendation is \$4,400.
- o All Other 10,200

**JLBC Staff Recommended Policy Issues**

- o Eliminate Vacant Positions -0-  
 The JLBC Staff recommends eliminating 8 FTE positions held vacant for two years. As part of the FY 1988 ex-appropriation bill, otherwise known as SB 1119, the Legislature eliminated funding for these positions. While funding has yet to be restored, the positions have never been eliminated. According to a March 1988 EBO report, the SB 1119 Personal Services reductions were achieved with the savings from overfunded positions. The Executive recommends adding \$192,400 to fund these positions.
- o General Inflation (101,600)  
 Elimination of 4.5% General Inflation.
- o Fund Replacement Equipment at 50% (16,800)
- o Reduce Emergency Assistance by 25% (273,000)  
 This state-funded program provides temporary financial assistance in emergency situations without reference to certain eligibility factors required for other welfare programs. The implementation of the AFDC-UP program, as described above, reduces the need for this type of service. AFDC-UP is projected to increase the level of cash benefits in the state by \$5,230,200. As a result, the JLBC Staff recommends reducing the level of Emergency Assistance by 25%, which would result in 183 fewer recipients per month. Rather than reduce the program, the Executive recommends adding \$144,500 to expand caseload by 13%.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$96,917,000 (General Fund). The following Budget Reduction Options represent a \$(3,980,500), or (4.1)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (374,600)
  - General Inflation
  - Reduce Emergency Assistance by 25%

- Eliminate the Food Distribution Information Program (64,900)

This program provides a) 3,428 low-income individuals with information on potential food assistance and b) 28 donors with a toll-free telephone line to notify food banks of the availability of food. The low-income information is provided at \$3.64 per contact while the toll-free line is provided at \$425 per call. Besides eliminating the \$23,200 special line item, this option would also reduce the operating budget by 1.5 FTE positions and \$41,700 for the DES staff associated with overseeing the program.
- Eliminate the Homeless Shelter Subsidy (264,400)

This option eliminates the state government's subsidy of homeless shelters. This subsidy provides 5,048 individuals an average of six nights of shelter per week at an average cost of \$8.73 per night. In FY 1989, federal, state and local sources contributed \$3.2 million to homeless programs in the state.
- Eliminate the Information and Referral Subsidy (87,800)

This program subsidizes 12.8% of the overall cost of information and referral services in Phoenix and Tucson. The primary method of communication is a 24-hour toll-free, statewide telephone system. This option would require the two organizations to a) rely more heavily on existing federal and other sources to replace the lost state funds or b) reduce the size of its operation. At an average cost of \$3.33 per contact, the state's current subsidy finances 26,366 contacts per year.
- Do Not Add AFDC/Food Stamp Eligibility Staff (2,812,700)

This option deletes the Current Services Budget adjustment for AFDC/Food Stamp eligibility workers, which would have added 204 state and federal-funded positions. Under this adjustment, the number of eligibility positions would have grown in proportion to the overall caseload. This proposal may hinder the Department's efforts to reduce errors and speed application processing. DES had recently begun to reduce the AFDC error rate, which had been near the nation's highest. Because of delays in Food Stamp processing, DES has agreed in court to grant presumptive eligibility to applicants whose paperwork is not processed within certain time limits.
- Reduce Welfare Reform Costs by 50% (376,100)

This option reduces the Current Service Budget adjustments, excluding AFDC-UP, by 50%. This option would reduce DES' request for 44 new staff to provide information on support services and to administer the transitional child and health care. As noted above, the Staff will be further analyzing the effects of revising the DES request.

Other Issues for Legislative Considerationo Child Support Enforcement Administrative Restructuring

Based upon the DES request, the Executive recommends \$377,500 to expand the Child Support Enforcement Administration (CSEA). Of this amount, \$189,100 is the state share of the costs of an enhanced automation plan. The Executive proposal appears to fund both "smart" and "dumb" computer terminals for the same positions. As of this writing, DES is reviewing the automation plan to remove any duplication.

The Executive also recommends increasing the state General Fund contribution to the CSEA operation by \$188,400 -- from \$1,200,000 to \$1,388,400. The Legislature approved the \$1,200,000 as part of a multi-year restructuring plan to increase child support collections by reducing collector caseloads from 5,600 to 1,500:1. The FY 1990 appropriation funded 113 new positions, including 38.4 state-funded FTE positions.

Under the restructuring proposal originally promoted by DES, the CSEA operation would eventually become self-sufficient through the use of retained AFDC child support collections. The DES plan would have reduced the state General Fund contribution to \$600,000 in FY 1991. Since DES has had difficulty filling its new positions, the increase in collections will be less than expected. As a result, CSEA will not generate sufficient revenue to permit a reduction in the General Fund contribution and still hire more staff to reduce the collector caseload ratios.

The JLBC Staff recommends retaining the \$1,200,000 General Fund subsidy in FY 1991, which will still permit collector ratios to decline. With the same level of General Fund support, CSEA will have sufficiently higher retained collections to hire another 175 positions. The Executive recommendation would permit the hiring of 203 positions.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: SOCIAL SERVICES

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	462.00	703.00	539.00	520.80	464.40	
<b>OPERATING BUDGET</b>						
PERSONAL SERVICES	13,078,400	16,510,900	14,327,000	14,054,900	13,077,100	
EMPLOYEE RELATED EXP	2,626,700	4,055,000	3,338,300	3,274,800	3,046,900	
PROFESSIONAL/OUTSIDE SVCS	39,500	41,400	239,500	39,500	39,500	
TRAVEL - IN STATE	405,700	779,100	537,200	447,400	412,000	
TRAVEL - OUT OF STATE	0	24,000	2,500	0	0	
OTHER OPERATING EXP	1,232,500	3,269,200	2,071,500	1,626,100	1,232,500	
EQUIPMENT	0	583,500	150,000	31,300	0	
ALL OTHER OPERATING	1,677,700	4,697,200	3,000,700	2,144,300	1,684,000	
<b>OPERATING SUBTOTAL</b>	<b>17,382,800</b>	<b>25,263,100</b>	<b>20,666,000</b>	<b>19,474,000</b>	<b>17,808,000</b>	
<b>SPECIAL LINE ITEMS</b>						
ADOPTION SERVICES	12,589,500	16,429,600	14,348,400	15,002,500	13,021,500	
ADULT SERVICES	7,157,000	12,951,800	7,546,300	6,734,400	6,684,500	
CHILDREN SERVICES	31,543,100	42,733,400	39,706,500	37,777,200	34,343,100	
CHILD SEVERANCE PROJ.	182,600	191,700	182,600	182,600	182,600	
CMDP	9,350,000	14,571,200	11,729,200	11,416,400	9,957,800	
DAY CARE	17,888,900	21,949,900	19,222,500	18,810,400	9,352,900	
LTC OMBUDSMAN	116,000	121,800	116,000	116,000	116,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: SOCIAL SERVICES

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
INSTITUTION SUPP. PYMTS.	490,300	679,300	486,300	490,800	490,800	
WELFARE REFORM - DAY CARE	106,100	111,400	3,675,100	3,569,000	1,784,500	
SPENDING REDUCTION PGM	0	0	-5,648,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>79,423,500</u>	<u>109,740,100</u>	<u>91,364,300</u>	<u>94,099,300</u>	<u>75,933,700</u>	
<u>P R O G R A M T O T A L</u>	<u>96,806,300</u>	<u>135,003,200</u>	<u>112,030,300</u>	<u>113,573,300</u>	<u>93,741,700</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	96,806,300	135,003,200	112,030,300	113,573,300	93,741,700	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>96,806,300</u>	<u>135,003,200</u>	<u>112,030,300</u>	<u>113,573,300</u>	<u>93,741,700</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
COST CENTER: SOCIAL SERVICES

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The JLBC Staff recommends a total appropriation of \$113,573,300 -- a net increase of \$16,767,000, or 17.3%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 0.7%  
While direct line staff are fully funded, administrative positions are subject to a 3% vacancy factor. \$ (1,600)
- o ERE Rate Adjustments 420,500
- o Adoption Services 2,413,000
  - o Includes \$1,594,300 to fund caseload growth at the current 12% growth rate. These funds would add 190 persons to the program for a total of 1,774 recipients. From FY 1986 - FY 1990, caseload growth averaged 10.1% annually.
  - o Includes \$818,700 to fund an 11% increase in medical costs, which represent approximately 50% of overall program costs. As a result, the overall average cost would increase by 5.5% for a total subsidy of \$8,852.50 per year. These amounts do not reflect any change in the adoptive parents' average cash subsidy, which is adjusted as part of the overall provider increase. The average cost per case increased by 21.8% in FY 1989 and is projected to increase by 12.1% in FY 1990.
  - o Assumes a total other funds contribution of \$701,800.
  - o While Adoption Services' status as a statutory entitlement is unclear (A.R.S. § 8-142), the Legislature has by tradition fully funded the program.
  - o The Executive recommends \$1,758,900 to fund a 12% caseload growth and a 7% medical inflation. Included, also, in the Executive recommendation is a \$300,000 cost savings as a consequence of adding an independent medical review of services, which is discussed in more detail below. Based upon past experience, JLBC Staff does not recommend incorporating the cost avoidance savings. Prior cost containment initiatives have not produced savings as quickly as anticipated. In addition, the program's chronic shortfalls argue against inclusion of cost avoidance. The program has required supplementals in the past 4 years.

o Adult Services

72,400

- o Includes \$22,500 for the state match to comply with federal cost sharing requirements of Title III-B of the Older Americans Act and \$49,900 for the Supplemental Payments programs.
- o The \$49,900 funds additional caseload in the three Supplemental Payment programs at their current rates of growth. The average cost is based upon DES estimates which are lower than FY 1990 predictions and thereby represent a savings.

	Current Growth Rate	New FY 1991 Caseload	Total FY 1991 Caseload	Average Monthly Cost
Housekeeping	4.3%	140	3,403	\$68.05
Visiting Nurse	10.1	39	431	54.52
Home Health Aid	0.0	0	600	63.85

- o From FY 1986 - FY 1990, caseload growth averaged 13.5% annually.
- o While the Legislature has by tradition fully funded caseload in all 3 programs, DES is only mandated to provide Housekeeping Payments (A.R.S. § 46-252).
- o The Executive recommends \$22,500 for the Older Americans Act state match and caseload growth funding of \$252,000 for the Supplemental Payments programs based upon an average caseload of 3,459 clients receiving Housekeeping Services, 650 receiving Home Health-aid services and 452 receiving Visiting Nurses services. The Executive also includes a higher average cost per client.

o Children Services

6,234,100

- o Includes \$3,434,100 to fund FY 1991 caseload growth due to DES' estimate of a 10% increase in Child Protective Services reports "appropriate for investigation." More investigations result in the greater use of contracted services such as shelter care, foster care and in-home counseling. During FY 1990, reports "appropriate for investigation" are expected to increase by 12.5%. Between FY 1986 and FY 1990, these reports increased at a 6.1% annual rate.
- o Includes \$2,800,000 to replace other non-appropriated funds which were used by DES to offset a \$4,000,000 shortfall during FY 1990.
- o DES is required to provide foster care and protective services (A.R.S. §§ 46-134, and 8-546, respectively).
- o The Executive recommends \$8,163,400, which would provide a 15.6% increase in services.

- o Comprehensive Medical and Dental Program 2,066,400
  - o Includes \$935,000 to fund caseload at a DES estimate of 10% growth. These funds would add 515 children to the program for a total of 5,664 recipients. From FY 1986 - FY 1990, caseload growth averaged 7.7% annually.
  - o Includes \$1,131,400 to fund an 11% increase in medical costs. As a result, the FY 1991 average annual cost per child would total \$2,789.
  - o Assumes a total other funds contribution of \$4,379,700.
  - o According to A.R.S. § 8-512, the state shall provide comprehensive medical and dental care to the extent that funds are available.
  - o The Executive recommends \$2,379,200 for an anticipated 10% caseload growth and increased utilization of services in CMDP. Based upon the \$200,000 appropriated for independent medical reviews, the Executive has incorporated \$364,000 of cost avoidance. As noted above, the JLBC Staff does not recommend incorporating this savings as prior cost containment proposals have not reduced expenditures as quickly as anticipated.
- o Day Care 1,842,500
  - o Funds caseload at the current 10.3% growth rate. These funds would add 2,129 children to the program for a total of 22,799 recipients. From FY 1986 - FY 1990, caseload growth averaged 4.6% annually.
  - o The average cost per child would remain at the projected FY 1990 level of \$92.32.
  - o Assumes that the Social Services Block Grant (SSBG) will share proportionally in the increased cost of the program. The SSBG contribution would increase by \$516,000 in FY 1991 to a total of \$5,526,200.
  - o The Staff Recommendation would continue the existing \$290,400 contract to recruit day care providers in Pima County.
  - o Day Care is not a statutory entitlement and gets its legislative authority only from the annual Appropriations Act. Nonetheless, the Legislature has by tradition fully-funded this program.
  - o The Executive recommends \$1,333,600 to fund an estimated 6.5% caseload growth, which is substantially lower than the current rate of 10%.
- o Institution Supplemental Payments 500
  - o Includes \$9,200 to fund caseload at the current 2.3% growth rate in Supervisory Care Homes. These funds would add 16 individuals to the program for a total of 725 recipients. From FY 1986 - FY 1990, caseload growth averaged 4.7% annually.
  - o As a result of a declining caseload, Public and Private Nursing Home Payments decreases \$8,700. The Staff Recommendation funds 56 Private Nursing Home recipients at \$80 per month and 1 Public Nursing Home recipient at \$174 per month.
  - o DES is required to fund all eligible recipients (A.R.S. § 46-252).

- o Based upon different caseload assumptions, the Executive recommends a \$4,000 decrease.
- o Welfare Reform -- Day Care 3,462,900
  - o DES is requesting this amount and 37.5 new staff, including 18.8 state-funded FTE positions, to implement several provisions of federal welfare reform. DES describes these proposals as "mandatory" elements of welfare reform. Since the JLBC Staff did not receive the DES proposal in sufficient time to analyze the request, these costs reflect DES estimates and not a JLBC Staff calculation. The Staff will subsequently provide its own estimates. In combination with a \$106,100 FY 1990 start-up appropriation, the DES proposal includes:
    - \$1,341,000 and 9.5 new staff, including 4.8 state-funded FTE positions, to implement transitional day care assistance. Federal law requires the state by April 1, 1990 to guarantee child care for 1 year to former Aid to Dependent Families with Children (AFDC) recipients who are no longer eligible for cash assistance due to increased earnings. This amount includes a) \$1,180,200 in state funds (and \$1,848,500 in federal matching funds) to serve 2,384 children at an average cost of \$175 per month, and b) \$160,800 in both state and federal funds for the added staff.
    - \$2,228,000 and 28 new staff, including 14 state-funded FTE positions, to implement day care assistance for AFDC recipients in job training. Federal law requires the state to provide child care for AFDC recipients participating in an education, training or employment activity under the Job Opportunities and Basic Skills (JOBS) program. This amount includes a) \$1,797,800 in state funds (and \$2,737,400 in federal matching funds) to serve 4,701 children at an average cost of \$139 per month, and b) \$430,200 in state funds (and \$429,700 in federal funds) for the added staff.
  - o The Executive recommends \$3,675,100 for this program.
- o General Inflation 57,200
- o All Other 6,300

**JLBC Staff Recommended Policy Issues**

- o General Inflation (57,200)
  - Elimination of 4.5% General Inflation.
- o Eliminate Vacant Positions -0-
  - The JLBC Staff recommends eliminating 7 FTE positions held vacant for 2 years. As part of the FY 1988 ex-appropriation bill, otherwise known as S.B. 1119, the Legislature eliminated funding for these positions. While funding has yet to be restored, the positions have never been eliminated. According to a March, 1988,

EBO report, the S.B. 1119 Personal Services reductions were achieved with the savings from overfunded positions. The Executive recommends adding \$210,500 to fund these positions.

o Reduce Replacement Equipment by 50%

(14,600)

o Convert All Housekeeping Cash Payments to a Contracted Service

(495,000)

- o DES is required by law to pay any qualified Supplemental Security Income (SSI) recipient \$70 a month for housekeeping. Almost 87% of the caseload is given a \$70 cash payment, which they then use to arrange their own housekeeping. The remaining 13% receive a contracted service, which costs an average of \$55.74 per person per month. By negotiating a group rate, DES is able to provide the service at a lower cost.
- o This conversion will limit the recipients' flexibility in arranging their own housekeeping and may cause some to leave the program. In addition, a statutory change may be required since the current language may mandate a cash payment. The original FY 1990 appropriation was based upon all clients converting to a contracted service, but DES has not pursued this option.

o Limit Day Care Growth

(921,000)

- JLBC Staff recommends reducing the Current Service Budget adjustment for the state Day Care program. The \$921,000 savings may be achieved through 3 options.
- Eliminate the overlap between the state Day Care program and the Federal JOBS Child Care program. The state Day Care program currently serves all households with incomes below 65% of the state median income, while the federal program will provide child care to AFDC participants in training. Presently, 20% of the approximate 9,500 families in state Day Care are in job training or searching for a job. The \$921,000 in savings may be achieved if one-fifth (20%) of the state Day Care households in job training or looking for a job transfer to the federal program.
  - Eliminate the overlap between the state Day Care program and the federal Transitional Child Care program. Savings may be achieved through the utilization of the federal Transitional Child Care program where the federal government funds 60% of day care costs for 1 year for families transitioning from AFDC to working. Since the state program already aids these types of families, the savings may be achieved by moving them to the federal program.
  - Lower the income eligibility level. Since the 2 federal child care programs have not yet begun, we lack definitive evidence of the overlaps with the state program. We would more likely guarantee the savings by lowering the income eligibility level from the current annual income of \$20,900 to approximately \$18,800 for a family of four, which is 59% of the state median income schedule. Under this option, approximately 1,100 fewer children would participate in the state Day Care program.

- o Add 7 Medical Review FTE Positions 260,500

JLBC Staff recommends 4 Psychological Program Evaluation Analysts, 1 Administrative Service Officer I, 1 Claims Specialist and 1 Clerk Typist III. Between FY 1987 and FY 1991, Adoption Services expenditures are expected to grow 250% while CMDP costs are expected to rise 100%. This increase, in large part, is due to mental health expenditures. These 7 new FTE positions will review the utilization of mental health services. The Executive recommends \$200,000 in Professional and Outside Services to perform this function.
- o Add 6 Adoption Services FTE Positions 201,600
  - o JLBC Staff recommends 1 Human Service Specialist III, 3 Human Service Specialist IIs, 1 Human Program Development Specialist and 1 Secretary to increase case monitoring and support services. In addition, these FTE positions will review the appropriateness of services as well as the reasonableness of the Adoption Subsidy expenditures. As noted previously, Adoption Services expenditures are projected to increase by 250% between FY 1987 and FY 1991. A 1989 Auditor General report found some questionable and unallowable expenditures paid by the Adoption Services program.
  - o This recommendation would reduce the current case manager ratio from 560:1 to 300:1. These lower caseload ratios will permit case managers to perform annual re-negotiations of subsidy agreements, review each case quarterly and increase the documentation of need for special services.
- o Add 34 CPS FTE Positions 1,218,500
  - o JLBC Staff recommends adding 24 Human Service Specialists IIIs, 3 Human Service Worker IIs, 3 Human Service Unit Supervisors and 4 Secretaries to maintain current levels of reporting and investigation in Child Protective Services (CPS). This recommendation would fund a 6.8% increase in CPS staff. If staffing were to grow proportionately to the expected rise in CPS reports, personnel should increase by 10%.
  - o CPS, on the other hand, has demonstrated that it can absorb additional reports without lowering its investigation rate or increasing staff's workload. Despite a 20.2% increase in reports appropriate for investigation during the last year, the investigation rate has remained near 85% and workloads are only slightly higher than DES desired standards.
  - o Balancing these 2 factors -- another expected increase in reports with CPS' proven ability to absorb new cases -- the Staff has recommended half of the Executive proposal. The Executive recommends funding for an 8-month phase-in of \$2,058,200 and 68 FTE positions. To fully fund the Executive recommendation in FY 1992, approximately another \$1,000,000 would be needed.

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## Budget Reduction Options

The Current Services Budget (CSB) is \$113,380,500 (General Fund). The following Budget Reduction Options represent a \$(19,638,800), or (17.3)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (552,200)
  - General Inflation
    - Convert All Housekeeping Payments to a Contracted Service
- o Social Services Caseload Proposals

For any of the following items to achieve savings, it may be necessary for the Legislature to explicitly specify their intent as already noted in A.R.S. § 46-138 that the total amount to be expended by DES shall not exceed its appropriation. In lieu of such legislative guidance, DES has traditionally operated the Social Services programs as mandatory entitlements. DES has treated funding below the full caseload growth as a supplemental request and has not voluntarily reduced service.
- o Eliminate Additional Supplemental Payment Funding (49,900)

This option would eliminate the Current Services Budget adjustment, which would have provided Supplemental Payments for an additional 179 clients. A.R.S. § 46-252 requires DES to provide Housekeeping Payments.
- o Adoptions Services -- Reduce Inflation and Eliminate Caseload Growth (1,981,000)

This option eliminates \$1,594,300 to fund caseload growth, which would have added 190 recipients. In addition, this option reduces the medical inflation rate from 11.0% to 6.5%, which saves \$386,700. Since medical costs represent approximately 50% of overall program costs, the overall average cost would increase by 3.25% for a total subsidy of \$8,663.70.
- o Children Services -- Eliminate Caseload Growth (3,434,100)

This option eliminates the Current Services Budget adjustment for 10% caseload growth. A.R.S. §§ 46-134 and 8-546 mandate DES to provide foster care and protective services.
- o CMDP -- Reduce Inflation and Eliminate Caseload Growth (1,458,600)

This option eliminates the Current Services Budget adjustment for caseload growth, \$935,000, which would have added 515 recipients. In addition, the inflation factor for medical costs has been reduced from 11% to 6.5%, which saves \$523,600. According to A.R.S. § 8-152, the state shall provide comprehensive medical and dental care to the extent that funds are available.
- o Reduce Day Care Funding by Approximately 50% (10,378,500)

This option reduces state Day Care funding by approximately 50% by lowering the income eligibility level from 65% to roughly 30% of the state median income. The income eligibility level would be lowered from \$20,900 to

approximately \$9,600. The current top 3 subsidy levels (5, 6 and 7) and part of level 4 would be eliminated. Approximately 10,500 fewer children would participate in state Day Care.

o Reduce Welfare Reform Funding by 50%

(1,784,500)

This option would reduce the Current Services Budget adjustment, which provides Transitional and JOBS Day Care funds to implement federally-mandated welfare reform proposals. DES could achieve these savings by either permanently reducing its proposal or slowing its implementation. As noted above, the Staff will be further analyzing the DES request.

Other Issues for Legislative Consideration

o Adult Services

The Executive recommends \$125,000 for the Older Americans Act to fund the 8 Area Agencies on Aging. In addition, the Executive recommends \$353,900 and 9 FTE positions to maintain Adult Protective Services' investigation rates at current levels.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: CHILD PROT.SVCS TRAINING

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>FULL TIME EQUIVALENT POS.</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	181,400	181,400	181,400	181,400	181,400	
EMPLOYEE RELATED EXP	36,200	45,600	42,900	42,900	42,900	
PROFESSIONAL/OUTSIDE SVCS	59,800	62,800	62,800	59,800	59,800	
TRAVEL - IN STATE	74,900	74,900	74,900	80,900	80,900	
TRAVEL - OUT OF STATE	5,900	6,200	5,900	6,100	6,100	
OTHER OPERATING EXP	72,000	75,700	75,600	69,500	69,500	
ALL OTHER OPERATING	212,600	219,600	219,200	216,300	216,300	
<u>P R O G R A M   T O T A L</u>	<u>430,200</u>	<u>446,600</u>	<u>443,500</u>	<u>440,600</u>	<u>440,600</u>	
<u>BY FUND SOURCE</u>						
OTHER FUNDS	430,200	446,600	443,500	440,600	440,600	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>430,200</u>	<u>446,600</u>	<u>443,500</u>	<u>440,600</u>	<u>440,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
COST CENTER: CHILD PROTECTIVE SERVICES TRAINING

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The JLBC Staff recommends a total appropriation of \$440,600 -- a net increase of \$10,400, or 2.4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ -0-
o ERE Rate Adjustments	6,700
o General Inflation	5,900
o One-Time Equipment Purchases	(2,500)
o Travel Adjustment	6,200

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(5,900)
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**Budget Reduction Options**

The Current Services Budget (CSB) is \$446,500 (Other Appropriated Fund). The following Budget Reduction Options represent a \$(5,900), or (1.3)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u> <u>General Inflation</u>	(5,900)
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Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: EMPLOYMENT & REHAB

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	67.40	86.50	75.00	117.20	91.30	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,572,500	1,989,200	1,739,900	1,571,900	1,571,900	
EMPLOYEE RELATED EXP	320,200	491,200	400,100	371,200	371,200	
PROFESSIONAL/OUTSIDE SVCS	41,400	56,200	45,500	45,600	45,600	
TRAVEL - IN STATE	31,300	44,800	36,900	32,300	32,300	
TRAVEL - OUT OF STATE	0	1,600	0	0	0	
OTHER OPERATING EXP	143,200	318,600	197,700	141,200	143,200	
EQUIPMENT	0	34,100	20,100	0	0	
ALL OTHER OPERATING	215,900	455,300	300,200	219,100	221,100	
<u>OPERATING SUBTOTAL</u>	<u>2,108,600</u>	<u>2,935,700</u>	<u>2,440,200</u>	<u>2,162,200</u>	<u>2,164,200</u>	
<u>SPECIAL LINE ITEMS</u>						
COMP SVCS FOR IND LIVING	533,500	717,600	533,500	533,500	533,500	
VOCATIONAL REHAB SERVICES	1,702,000	2,068,500	1,784,800	1,702,000	1,702,000	
JOB SEARCH STIPENDS	139,100	139,100	139,100	139,100	139,100	
MANPOWER SERVICES	143,500	150,700	143,500	0	0	
NAVAJO EMPLOYMENT SERVICE	257,000	257,000	257,000	257,000	257,000	
WORK INCENTIVE PROJECT	119,700	125,700	119,700	0	0	
OTHER RECEIPTS	-850,000	0	-850,000	-850,000	-850,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY  
 COST CENTER: EMPLOYMENT & REHAB

JLBC ANALYST: STAVNEAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
WELFARE REFORM - JOBS SPENDING REDUCTION PGM	0 0	0 0	7,688,300 -588,200	7,642,300 0	3,858,200 0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>2,044,800</u>	<u>3,458,600</u>	<u>9,227,700</u>	<u>9,423,900</u>	<u>5,639,800</u>	
<u>P R O G R A M T O T A L</u>	<u>4,153,400</u>	<u>6,394,300</u>	<u>11,667,900</u>	<u>11,586,100</u>	<u>7,804,000</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,153,400	6,394,300	11,667,900	11,586,100	7,804,000	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>4,153,400</u>	<u>6,394,300</u>	<u>11,667,900</u>	<u>11,586,100</u>	<u>7,804,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY  
COST CENTER: EMPLOYMENT AND REHABILITATIVE SERVICES

The JLBC Staff recommends a total appropriation of \$11,586,100 -- a net increase of \$7,432,700, or 179%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1.8%. \$ (700)  
While direct line staff such as Vocational Rehabilitation Services Specialists are fully funded, administrative positions are subject to a 3% vacancy factor.
- o ERE Rate Adjustments 51,100
- o General Inflation 6,500
- o Welfare Reform -- JOBS Program 7,642,300

DES has requested \$7,742,300 to implement the employment-related aspects of federal welfare reform. The Current Services adjustment of \$7,642,300 would fund the provisions that DES describes as "mandatory." Since the JLBC Staff did not receive the DES proposal in sufficient time to analyze the request, these costs reflect DES estimates and not a JLBC Staff calculation. The Staff will subsequently provide its own estimates of the cost of welfare reform. The DES proposal includes:

-- \$3,029,500 and 51.8 state-funded positions to implement the Job Opportunities and Basic Skills (JOBS) program for single-headed Aid to Families with Dependent Children (AFDC) households. Federal law requires the state to begin offering an education, employment and/or training program to AFDC recipients by October 1, 1990. This amount includes:

- \$1,060,200 in state funds (and \$591,400 in federal matching funds) to serve 3,853 clients at an average cost of \$428.65 per person. The services include assessment and employment activities, support services, training, basic education and a teen parent program. The DES proposal is based upon a 9-month program and would require additional state dollars to fund a full 12 months in FY 1992.
- \$1,969,300 in state funds (and \$1,098,300 in federal funds) for the additional staff. This proposal is based upon employing staff for 10.5 months and would require annualization in FY 1992.

Although the federal government would normally pay 60% of the cost, DES proposes that the state fund 64% of the overall cost. This higher state

match is the result of two factors: 1) DES does not expect to meet the criteria for the enhanced federal match and 2) DES would serve more individuals than the federal government is willing to reimburse, which results in the state paying 100% of some costs.

-- \$4,612,800 to provide a JOBS program for AFDC-Unemployed Parent families, which are essentially two-parent households. The state's welfare reform legislation (Laws 1989, Chapter 295) requires both parents in a two-parent household to participate in JOBS. DES would not hire its own staff to manage the JOBS-UP program, but would instead contract with local entities to provide services to 7,946 primary wage earners and their spouses. As a 9-month program, JOBS-UP would also require annualization in FY 1992. The Executive recommends \$7,688,300 to fund the overall JOBS program.

o All Other

5,200

**JLBC Staff Recommended Policy Issues**

o Eliminate Vacant Positions

The JLBC Staff recommends eliminating 2 FTE positions held vacant for 2 years. As part of the FY 1988 ex-appropriation bill, otherwise known as SB 1119, the Legislature reduced funding for these positions. While funding has yet to be restored, the positions have never been eliminated. The Executive recommends adding \$59,800 to fund these positions. According to a March 1988 EBO report, \$17,400 of the SB 1119 Personal Services reductions delayed technical assistance and compliance reviews of new and existing program sponsors.

-0-

o General Inflation

Elimination of 4.5% General Inflation.

(6,500)

o Fund Replacement Equipment at 50%

(2,000)

o Welfare Reform Transfer

Given the new federal JOBS program, the JLBC Staff recommends eliminating funding for Manpower Services (\$143,500) and the Work Incentive Demonstration Project (\$119,700). Manpower Services provides state matching funds for job training, transportation, stipends and other training-related expenses. The Work Incentive Demonstration Project provides remedial education services to AFDC recipients. Both types of services could be funded under JOBS. These programs would probably continue until the federal program starts on October 1. The first quarter funding could be provided from the JOBS appropriation.

(263,200)

\* \* \* \* \*

## Budget Reduction Options

The Current Services Budget (CSB) is \$11,857,800 (General Fund). The following Budget Reduction Options represent a \$(4,053,800), or (34.2)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (269,700)
  - General Inflation
  - Welfare Reform Transfer
- o Reduce Welfare Reform -- JOBS Program Funds by 50% (3,784,100)

This option would reduce the Current Services Budget adjustment for the federal JOBS program described above. DES could achieve this cut by either permanently scaling back their proposal or slowing implementation. For example, this option could halve the DES plan to serve 11,799 AFDC and AFDC-UP recipients and hire 51.8 new staff.

## Other Issues for Legislative Consideration

- o Vocational Rehabilitative Services

The Executive recommends \$138,400 to provide services to an additional 545 persons. The federal government matches the state funds at an 80/20 rate. This amount would fund a total of 7 new staff, including 1.6 state-funded FTE positions. Four of these positions are caseworkers, which would maintain the current ratio of 1 counselor per 135 clients. The other 3 staff are support positions. DES estimates that a total of \$550,000 above the FY 1990 funding level would be required to draw down all available federal vocational rehabilitation funds.
- o State-wide Labor Market Information System

The Executive recommends \$140,000 and 4 FTE positions to continue funding the development of labor market information. This proposal would not expand the program, but would only shift its cost from the Executive's discretionary federal funds budget to the state General Fund.
- o Data Center Census

The Executive recommends \$68,300 and 2 FTE positions for the State Data Center to install computer capability, provide user assistance and prepare census data reports. The Executive, however, has not recommended a separate \$22,800 policy issue to purchase computer software packages for these 2 staff. According to DES, the new positions would need the software to function effectively. If the publication of the 1990 census data temporarily increases workload, DES may want to consider a short-term reallocation of existing staff to respond to information requests.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	1,501.50	1,774.50	1,532.50	1,514.50	1,491.50	
<b>BY PROGRAM/ORGANIZATION</b>						
OFFICE OF THE DIRECTOR	9,403,400	14,077,000	10,159,800	10,205,200	9,701,800	
EMS/HEALTH CARE FACIL	6,470,300	8,497,700	6,820,800	6,817,000	6,664,100	
DISEASE PREVENTION SVCS	6,663,500	12,367,400	6,993,200	6,922,300	5,759,700	
FAMILY HEALTH	16,709,400	24,133,800	23,725,800	17,594,900	16,641,400	
BEHAVIORAL HEALTH	100,615,800	137,900,400	112,780,400	113,437,700	103,436,400	
DIVISION OF LAB SERVICES	2,480,300	8,654,000	2,633,100	2,581,600	2,581,600	
<b>A G E N C Y T O T A L</b>	<b>142,342,700</b>	<b>205,630,300</b>	<b>163,113,100</b>	<b>157,558,700</b>	<b>144,785,000</b>	
<b>OPERATING BUDGET</b>						
PERSONAL SERVICES	33,571,600	40,064,500	33,691,800	33,338,100	32,833,700	
EMPLOYEE RELATED EXP	7,510,800	10,594,400	8,614,900	8,531,200	8,414,900	
PROFESSIONAL/OUTSIDE SVCS	4,105,900	6,097,500	4,378,600	4,337,800	4,251,000	
TRAVEL - IN STATE	473,900	794,400	501,000	505,900	483,600	
TRAVEL - OUT OF STATE	52,900	84,800	53,400	52,900	52,900	
OTHER OPERATING EXP	6,975,100	13,984,800	8,033,500	7,609,000	7,541,200	
FOOD	795,000	910,800	795,000	795,000	795,000	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
EQUIPMENT	682,200	3,968,200	655,000	447,800	272,500	
ALL OTHER OPERATING	13,085,000	25,840,500	14,416,500	13,748,400	13,396,200	
<u>OPERATING SUBTOTAL</u>	<u>54,167,400</u>	<u>76,499,400</u>	<u>56,723,200</u>	<u>55,617,700</u>	<u>54,644,800</u>	
<u>SPECIAL LINE ITEMS</u>						
AMBULANCE EMER. CONTRACT	400,000	0	400,000	400,000	400,000	
ARIZONA POISON CONTROL	450,000	450,000	450,000	450,000	450,000	
STATE EMS SPEC. PROJECTS	200,000	200,000	200,000	200,000	200,000	
RURAL AMB. RESPONSE DVLP.	150,000	0	150,000	150,000	150,000	
EMSCOM DEVELOPMENT	100,000	100,000	100,000	100,000	100,000	
AMB CNTR/RURAL RESP DVLP	0	550,000	0	0	0	
EMER MED SVCS OPER FUND	1,527,300	1,686,800	1,661,500	1,621,300	1,621,300	
CMI PILOT	6,100,000	1,825,000	1,825,000	1,825,000	1,825,000	
REGION RESID./PSYCH. BEDS	3,677,400	5,680,500	5,662,100	5,515,000	5,515,000	
CHILDREN'S BEH HLTH. SVCS	13,495,500	24,170,300	24,102,800	20,795,500	15,834,000	
CHRON. MENTALLY ILL SVCS.	20,408,600	36,024,700	26,327,000	26,847,900	22,493,000	
MENTAL HEALTH SERVICES	9,147,600	11,559,400	10,559,200	9,617,600	9,313,800	
SUBSTANCE ABUSE	12,056,500	15,659,300	13,599,000	12,687,500	12,282,500	
DIRECT GRANTS	578,000	606,900	578,000	578,000	578,000	
REIMBURSEMENT TO COUNTIES	700,000	735,000	700,000	700,000	700,000	
TB PROVIDER HOSPITAL CARE	966,100	1,014,400	1,009,600	966,100	331,400	
SEX TRANS. DIS. CONTROL	76,800	230,600	80,300	76,800	76,800	
AIDS REPORT/SURVEILLANCE	125,000	631,300	480,600	125,000	125,000	
VACCINES	1,931,900	4,144,700	2,125,100	2,125,100	2,125,100	
MEASLES ASSIST. COUNTIES	0	240,000	0	0	0	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
KIDNEY PROGRAM	100,000	105,000	100,000	100,000	100,000	
HEALTH EFFECTS STUDIES	157,500	0	157,500	157,500	157,500	
ENVIRONMENTAL ASSESS-PHX.	300,000	315,000	300,000	300,000	0	
CHRONIC DISEASE SURVEILL.	192,500	0	192,500	192,500	192,500	
HEALTH PROM. PLAN/INTERV.	0	290,000	0	0	0	
ADULT CYSTIC FIBROSIS	221,400	393,500	221,400	221,400	0	
ADULT SICKLE CELL ANEMIA	69,400	72,900	69,400	69,400	0	
INFORMATION/REFERRAL SVC.	52,000	54,600	52,000	52,000	0	
CHILD REHAB. SERVICES	7,012,400	8,832,600	14,956,400	7,688,200	52,000	
NEWBORN INTENSIVE CARE	4,485,600	5,561,300	4,775,500	4,872,400	7,688,200	
PERINATAL CARE SERVICES	262,900	2,310,700	276,200	269,400	4,872,400	
TEEN PRENATAL EXPRESS	1,035,000	1,086,800	1,081,600	1,035,000	269,400	
RURAL OBSTETRICAL SVCS.	195,000	204,800	203,800	195,000	489,000	
INJURY PREVENTION PROGRAM	0	250,000	0	0	195,000	
NUTRITION SUBVENTIONS	330,100	521,700	345,000	330,100	0	
WIC SERVICES	0	500,000	0	0	330,100	
CMI MEDICATIONS	1,300,000	1,365,000	1,358,500	1,306,500	0	
TRANSITIONAL LIVING UNIT	370,800	389,300	387,500	370,800	1,302,400	
SEVERE. MENTAL. ILL ELDER	0	1,368,800	0	0	370,800	
SPENDING REDUCTION PGM	0	0	-8,097,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>88,175,300</u>	<u>129,130,900</u>	<u>106,389,900</u>	<u>101,941,000</u>	<u>90,140,200</u>	
<u>AGENCY TOTAL</u>	<u>142,342,700</u>	<u>205,630,300</u>	<u>163,113,100</u>	<u>157,558,700</u>	<u>144,785,000</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	139,965,400	203,643,500	160,601,600	155,087,400	142,313,700	
OTHER FUNDS	2,377,300	1,986,800	2,511,500	2,471,300	2,471,300	
FEDERAL FUNDS	47,203,600	48,833,700	48,833,700	48,833,700	48,833,700	
OTHER NON APPROPRIATED	4,954,400	0	0	0	0	
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>194,500,700</u>	<u>254,464,000</u>	<u>211,946,800</u>	<u>206,392,400</u>	<u>193,618,700</u>	

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES  
COST CENTER: AGENCY SUMMARY

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The JLBC Staff recommends a total appropriation of \$157,558,700 -- a net increase of \$15,216,000, or 10.7%, to the adjusted FY 1990 appropriation. The General Fund portion of the recommendation is \$155,087,400 -- a net increase of \$15,122,000, or 10.8%, to the adjusted FY 1990 appropriation.

### Current Services Budget Changes

o Includes \$63,500 for a FY 1990 Classification Maintenance Review.	
o Personal Services/ERE Adjustments, including a vacancy factor of 3%. A vacancy factor of 3% was used by the Executive.	\$ (393,200)
o ERE Rate Adjustments	1,086,700
o DOA Data Center	169,000
o One-Time Equipment	(682,200)
o One-Time Adjustment (Chronically Mentally Ill and Professional & Outside Services)	(4,495,500)
o Equipment	257,600
o Other Operating Expenses (Equipment)	(63,800)
o Lodging Adjustment	17,300
o General Inflation	3,314,500
o Medical Inflation	1,435,300
o Risk Management	547,600
o Rent (Commercial)	(78,600)
o EMS Operating Fund	94,000
o Vaccines	193,200
o Behavioral Health Subventions	16,684,400
o Small Group Homes	168,600

### JLBC Staff Recommended Policy Issues

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(3,314,500)
o <u>Human Resources Development</u>	(164,700)
o <u>Automation System Development</u>	287,900
o <u>Child Day Care Center Licensing</u>	152,900
o <u>Contract Laundry Services</u>	-0-
o <u>Intra-Departmental Transfer</u>	(500)

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$158,126,300 (General Fund). The following Budget Reduction Options represent a \$(15,812,600), or (10)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(3,479,200)
<u>General Inflation</u>	
<u>Human Resources Development</u>	
o <u>Behavioral Health Services</u>	(10,029,300)
o <u>Teen Prenatal Express</u>	(546,000)
o <u>Office of Special Investigations</u>	(103,100)
o <u>Sanitation Program</u>	(227,900)
o <u>Office of Local Border Health</u>	(94,800)
o <u>Adult Cystic Fibrosis</u>	(221,400)
o <u>Adult Sickle Cell Anemia</u>	(69,400)
o <u>TB Provider Hospital Care</u>	(634,700)
o <u>Dental Treatment</u>	(89,200)
o <u>Library</u>	(17,600)
o <u>Environmental Assessment</u>	(300,000)

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: OFFICE OF THE DIRECTOR

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>FULL TIME EQUIVALENT POS.</u>	187.00	225.00	200.00	187.00	176.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	4,465,800	5,484,600	4,740,800	4,450,400	4,199,900	
EMPLOYEE RELATED EXP	904,000	1,233,600	1,111,000	1,042,700	984,000	
PROFESSIONAL/OUTSIDE SVCS	619,300	1,121,400	750,500	723,300	723,300	
TRAVEL - IN STATE	40,900	85,400	41,500	41,800	39,000	
TRAVEL - OUT OF STATE	6,200	10,600	6,200	6,200	6,200	
OTHER OPERATING EXP	1,879,700	3,918,200	2,566,900	2,494,800	2,471,400	
EQUIPMENT	209,500	881,300	177,200	168,000	0	
ALL OTHER OPERATING	2,755,600	6,016,900	3,542,300	3,434,100	3,239,900	
<u>OPERATING SUBTOTAL</u>	<u>8,125,400</u>	<u>12,735,100</u>	<u>9,394,100</u>	<u>8,927,200</u>	<u>8,423,800</u>	
<u>SPECIAL LINE ITEMS</u>						
DIRECT GRANTS	578,000	606,900	578,000	578,000	578,000	
REIMBURSEMENT TO COUNTIES	700,000	735,000	700,000	700,000	700,000	
SPENDING REDUCTION PGM	0	0	-512,300	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>1,278,000</u>	<u>1,341,900</u>	<u>765,700</u>	<u>1,278,000</u>	<u>1,278,000</u>	
<u>PROGRAM TOTAL</u>	<u>9,403,400</u>	<u>14,077,000</u>	<u>10,159,800</u>	<u>10,205,200</u>	<u>9,701,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: OFFICE OF THE DIRECTOR

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	9,403,400	14,077,000	10,159,800	10,205,200	9,701,800	_____
FEDERAL FUNDS	348,100	277,500	277,500	277,500	277,500	_____
OTHER NON APPROPRIATED	51,700	0	0	0	0	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>9,803,200</b>	<b>14,354,500</b>	<b>10,437,300</b>	<b>10,482,700</b>	<b>9,979,300</b>	_____

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES  
COST CENTER: OFFICE OF THE DIRECTOR

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The JLBC Staff recommends a total appropriation of \$10,205,200 -- a net increase of \$801,800, or 8.5%, to the adjusted FY 1990 appropriation.

### Current Services Budget Changes

- o Personal Services/ERE Adjustments, including a vacancy factor of 3%.  
A vacancy factor of 3% was used by the Executive. \$ 27,200
- o ERE Rate Adjustments 142,300
- o One-Time Equipment (209,500)
- o Lodging Adjustment 2,000
- o General Inflation 123,200
- o Risk Management 547,600  
The difference between the FY 1991 account determined by the Risk Management Division of DOA and the FY 1990 appropriation. Total FY 1991 cost is \$1.53 million.
- o DOA Data Center 169,000  
The cost of services for data processing for programs running on the Honeywell Computer are increasing by 47% over FY 1990 rates. The Department continues to convert programs from this system to IBM in order to avoid these increasing operating costs.

### JLBC Staff Recommended Policy Issues

- o General Inflation (123,200)  
Elimination of 4.5% General Inflation.
- o Human Resources Development (164,700)  
This will eliminate the total capability of the Department to provide management training employee orientation and other training to employees of the Department. It will result in the elimination of 5 FTE positions.
- o Automation System Development 287,900  
The JLBC Staff recommends funding 5 new FTE positions to provide increased automation capability to the Department. Although automated systems within the Department have increased several-fold over the past 5 years, only 4 new FTE

positions have been recommended and approved by the Legislature, to match positions shifted from other less important areas. The Department has a comprehensive data automation plan and has shifted all possible assets from other activities. There is a need for additional staff and equipment to convert programs from the DQA Honeywell mainframe and to provide automated system support. This recommendation provides 8 months funding and additional equipment as a minimal investment to optimize efficiency within the Department. The Executive recommends \$394,900 and 8 FTE positions funded for 9 months.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$10,205,200 (General Fund). The following Budget Reduction Options represent a \$(503,400), or (4.9)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (287,900)
  - General Inflation
  - Human Resource Development
- o Office of Special Investigations (103,100)
 

This option eliminates 3 FTE positions and the capability of the Department to investigate falsifying applications for employment and licenses, patient abuse, and other fraudulent activities. Without criminal justice authority internally, the Department will be forced to ask the Department of Public Safety or the Attorney General's office to take jurisdiction. In the past, these departments have declined most requests for assistance.
- o Office of Local and Border Health (94,800)
 

Deletion of 2 of the existing 3 Public Health Consultants will severely reduce the Department's ability to perform its coordination, interface, and technical assistance efforts with the counties. The greatest impact will be in the smaller counties.
- o Library (17,600)
 

The impact of eliminating the Clerk Typist position will be delay in delivering audiovisuals to schools and community groups for health education programs. Additionally, inspection and repair of audiovisuals will be reduced resulting in less than optimal service to users.



## Other Issues for Legislative Consideration

### o Internal Auditing

The Executive recommends \$100,500 for 3 Auditor positions as a minimal staff to implement an internal audit and procedural review program within the Department. The Department has never had an internal audit capability. The recommendation will provide audits and procedural reviews that can be used as management tools, and which will point out more efficient and economical operating procedures.

### o Support Staff

The Executive recommends \$39,500 and 2 FTE positions in the Office of Material and Capital Equipment Control in the Director's Office. A Warehouse Worker will expand the staff which maintains the Department-wide receipt of all materials and the operation of a supply point distribution system, as well as the responsibility for the coordination and inventory control aspects of the ten million dollar equipment inventory. There has been no increase in staff for several years. A Clerk Typist is recommended for the support of 11 staff members and the voluminous records of the office. This support has been provided by temporary and clerical pool positions and the lack of continuity and constant training required has proven ineffective.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: EMS/HEALTH CARE FACIL

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	91.50	145.00	115.50	110.50	101.50	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,117,900	3,246,800	2,341,100	2,277,800	2,192,100	
EMPLOYEE RELATED EXP	434,900	798,700	568,000	552,600	531,800	
PROFESSIONAL/OUTSIDE SVCS	156,600	164,300	156,600	156,600	156,600	
TRAVEL - IN STATE	117,000	233,000	143,500	138,400	133,400	
TRAVEL - OUT OF STATE	12,400	12,400	12,400	12,400	12,400	
OTHER OPERATING EXP	768,800	953,600	808,100	735,700	701,600	
EQUIPMENT	35,400	102,100	46,900	22,200	14,900	
ALL OTHER OPERATING	1,090,200	1,465,400	1,167,500	1,065,300	1,018,900	
<u>OPERATING SUBTOTAL</u>	<u>3,643,000</u>	<u>5,510,900</u>	<u>4,076,600</u>	<u>3,895,700</u>	<u>3,742,800</u>	
<u>SPECIAL LINE ITEMS</u>						
AMBULANCE EMER. CONTRACT	400,000	0	400,000	400,000	400,000	
ARIZONA POISON CONTROL	450,000	450,000	450,000	450,000	450,000	
STATE EMS SPEC. PROJECTS	200,000	200,000	200,000	200,000	200,000	
RURAL AMB. RESPONSE DVLP.	150,000	0	150,000	150,000	150,000	
EMSCOM DEVELOPMENT	100,000	100,000	100,000	100,000	100,000	
AMB CNTR/RURAL RESP DVLP	0	550,000	0	0	0	
EMER MED SVCS OPER FUND	1,527,300	1,686,800	1,661,500	1,621,300	1,621,300	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: EMS/HEALTH CARE FACIL

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
SPENDING REDUCTION PGM	0	0	-217,300	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>2,827,300</u>	<u>2,986,800</u>	<u>2,744,200</u>	<u>2,921,300</u>	<u>2,921,300</u>	
<u>P R O G R A M T O T A L</u>	<u>6,470,300</u>	<u>8,497,700</u>	<u>6,820,800</u>	<u>6,817,000</u>	<u>6,664,100</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,093,000	6,510,900	4,309,300	4,345,700	4,192,800	
OTHER FUNDS	2,377,300	1,986,800	2,511,500	2,471,300	2,471,300	
FEDERAL FUNDS	2,417,600	2,961,700	2,961,700	2,961,700	2,961,700	
OTHER NON APPROPRIATED	14,000	0	0	0	0	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>8,901,900</u>	<u>11,459,400</u>	<u>9,782,500</u>	<u>9,778,700</u>	<u>9,625,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES  
 COST CENTER: EMS/HEALTH CARE FACILITIES

The JLBC Staff recommends a total appropriation of \$6,817,000 -- a net increase of \$346,700, or 5.4%, to the adjusted FY 1990 appropriation. The General Fund portion of the recommendation is \$4,345,700 -- a net increase of \$252,700, or 6.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 3%. \$ (28,200)  
 A vacancy factor of 3% was used by the Executive.
- o ERE Rate Adjustments 78,900
- o One-Time Equipment (35,400)
- o Lodging Adjustment 5,600
- o General Inflation 25,700
- o Rent (Commercial) (89,700)
- o EMS Operating Fund 94,000
- o Small Group Home Certification 168,600  
 The JLBC Staff recommends funding an additional 10 FTE positions to provide capability in processing, certifying and monitoring caregivers caring for 5-10 children in a private residence. Laws 1988, Chapter 322 (H.B. 2431) established Day Care Group Homes and directs the Health Department to certify homes and conduct biannual inspections. It also requires fingerprinting of all group home personnel. In recognition of these mandated requirements, the FY 1990 appropriation provides \$175,300 and 6 FTE positions to start this program. Six months funding is provided and will increase the capability of the Department to comply with the law. The annual requirement is estimated to be \$285,200. The Executive recommendation provides \$178,400 and 10 FTE positions funded for 6 months.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (25,700)  
 Elimination of 4.5% inflation.

o Child Day Care Center Licensing

152,900

The JLBC Staff recommends funding 9 new FTE positions for 6 months to provide for additional hours for the surveying of day care centers, for a more vigorous complaint investigations program and for increased enforcement activities. The July 1988 performance audit by the Auditor General cites the Department's enforcement actions as ineffective and fails to bring day care centers into compliance. The recommendation will provide for additional staff to take escalated enforcement action. The Executive recommends \$159,900 and 8 FTE positions.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$4,218,500 (General Fund). The following Budget Reduction Options represent a \$(25,700), or (0.6)%, decrease from the CSB.

o Reductions described in the JLBC Staff Recommended Policy Issues  
General Inflation

(25,700)

Other Issues for Legislative Consideration

o Health Care Facilities Support

The Executive recommends \$109,700 and 10 FTE positions to allow the Department to provide additional inspection, complaint investigation and enforcement of long term care, medical facilities and HMOs throughout the state. A recent interpretation of the licensing statutes from the Attorney General's Office now requires the Department to perform follow-up surveys on all facilities in which deficiencies have been cited. This requirement automatically increases the number of visits necessary and the number of staff required to accomplish the tasks. The additional staff, which is to be funded from January 1991, will also allow continued matching of positions to take full advantage of the Medicare/Medicaid funding, and to carry out all mandated responsibilities in a timely manner. The recommendation will compensate for much of the program's growth and will provide the Department with a greater opportunity to maintain an adequate licensure program.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: DISEASE PREVENTION SVCS

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	67.00	118.00	67.00	67.00	60.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,670,600	2,787,600	1,676,200	1,676,200	1,508,200	
EMPLOYEE RELATED EXP	344,800	692,600	392,900	392,900	353,500	
PROFESSIONAL/OUTSIDE SVCS	133,700	279,000	133,700	133,700	133,700	
TRAVEL - IN STATE	96,100	159,200	96,100	100,100	85,600	
TRAVEL - OUT OF STATE	10,000	27,100	10,500	10,000	10,000	
OTHER OPERATING EXP	552,500	1,370,500	579,600	559,000	553,000	
EQUIPMENT	6,000	80,400	11,200	7,400	7,400	
ALL OTHER OPERATING	798,300	1,916,200	831,100	810,200	789,700	
<u>OPERATING SUBTOTAL</u>	<u>2,813,700</u>	<u>5,396,400</u>	<u>2,900,200</u>	<u>2,879,300</u>	<u>2,651,400</u>	
<u>SPECIAL LINE ITEMS</u>						
TB PROVIDER HOSPITAL CARE	966,100	1,014,400	1,009,600	966,100	331,400	
SEX TRANS. DIS. CONTROL	76,800	230,600	80,300	76,800	76,800	
AIDS REPORT/SURVEILLANCE	125,000	631,300	480,600	125,000	125,000	
VACCINES	1,931,900	4,144,700	2,125,100	2,125,100	2,125,100	
MEASLES ASSIST. COUNTIES	0	240,000	0	0	0	
KIDNEY PROGRAM	100,000	105,000	100,000	100,000	100,000	
HEALTH EFFECTS STUDIES	157,500	0	157,500	157,500	157,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: DISEASE PREVENTION SVCS

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
ENVIRONMENTAL ASSESS-PHX.	300,000	315,000	300,000	300,000	0	
CHRONIC DISEASE SURVEILL.	192,500	0	192,500	192,500	192,500	
HEALTH PROM. PLAN/INTERV.	0	290,000	0	0	0	
SPENDING REDUCTION PGM	0	0	-352,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>3,849,800</u>	<u>6,971,000</u>	<u>4,093,000</u>	<u>4,043,000</u>	<u>3,108,300</u>	
<u>PROGRAM TOTAL</u>	<u>6,663,500</u>	<u>12,367,400</u>	<u>6,993,200</u>	<u>6,922,300</u>	<u>5,759,700</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	6,663,500	12,367,400	6,993,200	6,922,300	5,759,700	
FEDERAL FUNDS	4,666,100	4,699,700	4,699,700	4,699,700	4,699,700	
OTHER NON APPROPRIATED	9,800	0	0	0	0	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>11,339,400</u>	<u>17,067,100</u>	<u>11,692,900</u>	<u>11,622,000</u>	<u>10,459,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES  
COST CENTER: DISEASE PREVENTION SERVICES

The JLBC Staff recommends a total appropriation of \$6,922,300 -- a net increase of \$258,800, or 3.9%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Includes \$3,300 for a FY 1990 Classification Maintenance Review.
- o Personal Services/ERE Adjustments, including a vacancy factor of 3%. \$ 7,000  
  - A vacancy factor of 3% was used by the Executive.
- o ERE Rate Adjustments 46,700
- o One-Time Equipment (6,000)
- o Equipment 7,400  
  - Funding to replace 2 printers.
- o Other Operating Expenses (Equipment) (2,900)
- o Lodging Adjustment 4,000
- o General Inflation 92,800
- o Rent (Commercial) 9,400
- o Vaccines 193,200  
  - This is a 10% inflationary increase to provide the same level of preventive vaccines to the counties for the immunization program as in FY 1990.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (92,800)  
  - Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$7,015,100 (General Fund). The following Budget Reduction Options represent a \$(1,255,400), or (17.9)%, decrease from the CSB.



- o Reductions described in the JLBC Staff Recommended Policy Issues (92,800)  
General Inflation
- o Sanitation Program (227,900)  
 Approximately 100 bedding establishments and 85 children's camps will go unlicensed and uninspected. Nine hundred plus foster homes and child-caring agencies will not be certified for health and safety issues. County and state jails and prisons will not be inspected for sanitation issues. One hundred plus complaints will not be investigated. The Sanitarian's Council would not function, therefore, sanitarians would not be able to continue their current registration on an annual basis. The FDA contract would not be able to be administered since there would not be any state sanitarians to supervise the contract inspectional activities, as well as, perform the necessary liaison with the Attorney General's Office in carrying out enforcements and litigation provisions.
- o TB Provider Hospital Care (634,700)  
 Elimination of this reduction in funding will cause subvention funds routinely subverted to counties and Indian nations for TB surveillance, case investigations, and follow-up and treatment of cases and at risk contacts. Counties will continue to be responsible for providing treatment in accordance with A.R.S. § 36-717.
- o Environmental Assessment - Phoenix (300,000)  
 Elimination of this funding will preclude the proposed case-control study and evaluation of the role of toxic substances in the home environment in the occurrence of selected childhood cancers.

Other Issues for Legislative Consideration

- o AIDS Reporting and Surveillance  
 The Executive recommends \$350,000 for the purchase of Zidovudine (AZT) for the treatment of HIV-infected individuals. The federal government funded a life-prolonging AIDS drug therapy program for individuals who were otherwise unable to obtain such treatment. Current funding will lapse in September 1989, and is reportedly not expected to be renewed. The recommendation provides only for the purchase of the AZT and/or other FDA-approved drug therapies for the continued life-prolonging treatment of the number of patients enrolled in the AIDS AZT program. In the event that unanticipated federal grants are received, the \$350,000 shall revert to the General Fund.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: FAMILY HEALTH

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>FULL TIME EQUIVALENT POS.</u>	<u>75.00</u>	<u>103.00</u>	<u>76.00</u>	<u>76.00</u>	<u>73.00</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,776,500	2,440,200	1,812,900	1,812,900	1,725,100	
EMPLOYEE RELATED EXP	365,000	598,400	432,200	432,200	411,600	
PROFESSIONAL/OUTSIDE SVCS	364,300	176,700	150,300	143,800	143,800	
TRAVEL - IN STATE	92,500	140,200	92,500	95,700	95,700	
TRAVEL - OUT OF STATE	3,000	3,000	3,000	3,000	3,000	
OTHER OPERATING EXP	429,600	862,600	449,900	374,400	366,100	
EQUIPMENT	14,700	123,800	0	0	0	
ALL OTHER OPERATING	904,100	1,306,300	695,700	616,900	608,600	
<u>OPERATING SUBTOTAL</u>	<u>3,045,600</u>	<u>4,344,900</u>	<u>2,940,800</u>	<u>2,862,000</u>	<u>2,745,300</u>	
<u>SPECIAL LINE ITEMS</u>						
ADULT CYSTIC FIBROSIS	221,400	393,500	221,400	221,400	0	
ADULT SICKLE CELL ANEMIA	69,400	72,900	69,400	69,400	0	
INFORMATION/REFERRAL SVC.	52,000	54,600	52,000	52,000	52,000	
CHILD REHAB. SERVICES	7,012,400	8,832,600	14,956,400	7,688,200	7,688,200	
NEWBORN INTENSIVE CARE	4,485,600	5,561,300	4,775,500	4,872,400	4,872,400	
PERINATAL CARE SERVICES	262,900	2,310,700	276,200	269,400	269,400	
TEEN PRENATAL EXPRESS	1,035,000	1,086,800	1,081,600	1,035,000	489,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: FAMILY HEALTH

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
RURAL OBSTETRICAL SVCS.	195,000	204,800	203,800	195,000	195,000	
INJURY PREVENTION PROGRAM	0	250,000	0	0	0	
NUTRITION SUBVENTIONS	330,100	521,700	345,000	330,100	330,100	
WIC SERVICES	0	500,000	0	0	0	
SPENDING REDUCTION PGM	0	0	-1,196,300	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>13,663,800</u>	<u>19,788,900</u>	<u>20,785,000</u>	<u>14,732,900</u>	<u>13,896,100</u>	
<u>PROGRAM TOTAL</u>	<u>16,709,400</u>	<u>24,133,800</u>	<u>23,725,800</u>	<u>17,594,900</u>	<u>16,641,400</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	16,709,400	24,133,800	23,725,800	17,594,900	16,641,400	
FEDERAL FUNDS	26,049,900	28,060,200	28,060,200	28,060,200	28,060,200	
OTHER NON APPROPRIATED	413,500	0	0	0	0	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>43,172,800</u>	<u>52,194,000</u>	<u>51,786,000</u>	<u>45,655,100</u>	<u>44,701,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
COST CENTER: FAMILY HEALTH

The JLBC Staff recommends a total appropriation of \$17,594,900 -- a net increase of \$885,500, or 5.3%, to the adjusted FY 1990 appropriation.

Current Services Budget Changes

- o Personal Services/ERE Adjustments, including a vacancy factor of 3%. \$ 21,600
A vacancy factor of 3% was used by the Executive.
o ERE Rate Adjustments 58,500
o One-Time Professional & Outside Services Adjustment (220,500)
o One-Time Equipment (14,700)
o Other Operating Expenses (Equipment) (60,900)
o Lodging Adjustment 3,200
o General Inflation 191,400
o Medical Inflation 1,070,100
11% inflation for medical services/physicians.
o Rent (Commercial) 700

JLBC Staff Recommended Policy Issues

- o General Inflation (191,400)
Elimination of 4.5% General Inflation.
o Intra-Departmental Transfer 27,500
The JLBC Staff recommends the transfer-in of 1 FTE position from the Division of Behavioral Health. This shift will realign resources with financial responsibility and will have virtually no dollar impact on the agency budget. The Executive also recommends the transfer.

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Budget Reduction Options

The Current Services Budget (CSB) is \$17,758,800 (General Fund). The following Budget Reduction Options represent a \$(1,117,400), or (6.3)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (191,400)
  - General Inflation
- o Teen Prenatal Express (546,000)
  - Reduction of this program by 50% will require a decrease in the number of county health department contracts from 5 to 4 and the number of pregnant teenagers receiving services to approximately 350 girls receiving care management and 114 receiving maternity services. This is roughly one-half of those currently receiving services.
- o Adult Cystic Fibrosis (221,400)
  - The elimination of this program would immediately be felt by the 43 patients currently enrolled. Most of these patients have no other resources and are often unable to obtain health insurance. They would not be able to obtain such services since home health is provided by vendors who must be paid and cannot write off losses in the same manner as hospitals. The result would be a deterioration in their health status and more frequent illness and hospitalization.
- o Adult Sickle Cell Anemia Program (69,400)
  - Elimination of this program would mean that these unique services would not be available since they cannot be supported by traditional fee-for-service. Health insurance from employment frequently will not cover pre-existing conditions. Therefore, subsequent crises would cause frequent absences from work and loss of employment.
- o Dental Treatment (89,200)
  - Loss of funding to this dental program will result in the loss of 2 FTE positions. Approximately 1,000 high-risk children will not receive comprehensive dental services. The resulting dental problem could affect school absenteeism, academic performance and contribute to significant future dental expenditures. Not placing dental sealants on the teeth of over 500 children will result in additional increases in the dental caries rate. The loss of dental health education instruction including efforts to reduce the incidence of smokeless tobacco use among these youth will be significant.

Other Issues for Legislative Considerationo Children's Rehabilitative Services

The Executive recommendation supports the transfer of \$7,453,100 from the Acute Care Programmatic Budget of the Arizona Health Care Costs Containment System to the Department. It is considered by the Directors of both agencies that good management principles require that funds should be with the entity responsible for the CRS Program. The recommendation moves the state funding for CRS services, which are delivered to AHCCCS enrolled children, into the FY 1991 Budget of the Department of Health Services, without any additional cost to the state. The JLBC Staff opposes such a transfer since there are no positive gains that have been demonstrated and the transfer understates the true cost of the AHCCCS program while overstating the cost of public health services.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: BEHAVIORAL HEALTH

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	1,021.00	1,080.50	1,014.00	1,014.00	1,021.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	22,038,700	23,715,700	21,617,300	21,617,300	21,704,900	
EMPLOYEE RELATED EXP	5,147,700	6,656,000	5,743,800	5,743,800	5,767,000	
PROFESSIONAL/OUTSIDE SVCS	2,823,200	4,159,400	3,037,100	3,171,600	3,084,800	
TRAVEL - IN STATE	105,400	127,200	105,400	107,100	107,100	
TRAVEL - OUT OF STATE	15,100	18,100	15,100	15,100	15,100	
OTHER OPERATING EXP	2,903,200	3,936,000	3,116,600	2,976,200	2,980,200	
FOOD	795,000	910,800	795,000	795,000	795,000	
EQUIPMENT	231,100	334,900	215,300	45,800	45,800	
ALL OTHER OPERATING	6,873,000	9,486,400	7,284,500	7,110,800	7,028,000	
<u>OPERATING SUBTOTAL</u>	<u>34,059,400</u>	<u>39,858,100</u>	<u>34,645,600</u>	<u>34,471,900</u>	<u>34,499,900</u>	
<u>SPECIAL LINE ITEMS</u>						
CMI PILOT	6,100,000	1,825,000	1,825,000	1,825,000	1,825,000	
REGION RESID./PSYCH. BEDS	3,677,400	5,680,500	5,662,100	5,515,000	5,515,000	
CHILDREN'S BEH HLTH. SVCS	13,495,500	24,170,300	24,102,800	20,795,500	15,834,000	
CHRON. MENTALLY ILL SVCS.	20,408,600	36,024,700	26,327,000	26,847,900	22,493,000	
MENTAL HEALTH SERVICES	9,147,600	11,559,400	10,559,200	9,617,600	9,313,800	
SUBSTANCE ABUSE	12,056,500	15,659,300	13,599,000	12,687,500	12,282,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: BEHAVIORAL HEALTH

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
CMI MEDICATIONS	1,300,000	1,365,000	1,358,500	1,306,500	1,302,400	
TRANSITIONAL LIVING UNIT	370,800	389,300	387,500	370,800	370,800	
SEVERE. MENTAL. ILL ELDER	0	1,368,800	0	0	0	
SPENDING REDUCTION PGM	0	0	-5,686,300	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>66,556,400</u>	<u>98,042,300</u>	<u>78,134,800</u>	<u>78,965,800</u>	<u>68,936,500</u>	
<u>P R O G R A M T O T A L</u>	<u>100,615,800</u>	<u>137,900,400</u>	<u>112,780,400</u>	<u>113,437,700</u>	<u>103,436,400</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	100,615,800	137,900,400	112,780,400	113,437,700	103,436,400	
FEDERAL FUNDS	13,721,900	12,834,600	12,834,600	12,834,600	12,834,600	
OTHER NON APPROPRIATED	4,465,400	0	0	0	0	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>118,803,100</u>	<u>150,735,000</u>	<u>125,615,000</u>	<u>126,272,300</u>	<u>116,271,000</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES  
COST CENTER: BEHAVIORAL HEALTH

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The JLBC Staff recommends a total appropriation of \$113,437,700 -- a net increase of \$12,821,900, or 12.7%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Includes \$18,900 for a FY 1990 Classification Maintenance Review.
- o Personal Services/ERE Adjustments, including a vacancy factor of 3%. \$ (422,500)
  - A vacancy factor of 3% was used by the Executive.
- o ERE Rate Adjustments 708,000
- o One-Time Equipment. (231,100)
- o CMI Pilot Program (4,275,000)
  - Laws 1987, Chapter 398 established the program to develop, implement, test and evaluate an alternative service delivery system for a limited number of CMI patients. The law specified that contracts were to be awarded for the period July 1, 1987 to October 31, 1990. Consequently, funding for this program ceases on October 31, 1990 and funded is being reduced accordingly. The Executive concurs in this reduction.
- o Equipment 45,800
  - Replacement capitalized equipment includes lab centrifuzer, pharmacy dose machines, a computer for the medical library, hospital beds, maintenance equipment and groundskeeping equipment.
- o Lodging Adjustment 1,700
- o General Inflation 2,872,700
- o Medical Inflation 337,600
  - 11% inflation for medical services/physicians.
- o Rent (Commercial) 1,000
- o Behavioral Health Services 16,684,400
  - The JLBC Staff recommends increased funding for Behavioral Health program enhancements. This is the third year of a program to improve the delivery of Behavioral Health services to clients in need and to keep a balance of continuum of need services. A total of \$33.4 million has been provided the last 2 years. The CSB amount provides the following:

	<u>JLBC Staff</u>	<u>Executive</u>
-- Regional Beds/Psych. Beds program	\$1,837,600	\$ 1,819,200
-- Childrens Behavioral Health	7,300,000	10,000,000
-- Chronically Mentally Ill (CMI)	6,380,800	5,000,000
-- Mental Health Services	470,000	1,000,000
-- Substance Abuse	631,000	1,000,000
-- CMI Medications	65,000	-0-

The Executive concurs in the issue, however, the recommendation is \$18,819,200, distributed as shown above. This recommendation when combined with previous efforts result in a three year program total of \$50 million, or a 175% increase over FY 1988 funding for these services. This continuation of recent funding increases is considered non-discretionary pursuant to the Arizona Supreme Court decision in the case of "Arnold vs. Sam".

**JLBC Staff Recommended Policy Issues**

- o General Inflation (2,872,700)  
 Elimination of 4.5% General Inflation.
- o Intra-Departmental Transfer (28,000)  
 The JLBC Staff recommends the transfer out of 1 FTE position to the Division of Family Health. This shift will realign resources with financial responsibilities and will have virtually no net dollar impact on the agency budget. The Executive also recommends this transfer.
- o Contract Laundry Services -0-  
 The JLBC Staff recommends the elimination of 6 FTE laundry worker positions and shifting the dollars to Professional and Outside Services in order that flat laundry services can be contracted out. This shift is cost effective in that the cost of new laundry equipment can be avoided. There will be no employee laid off as a result of this action. The Executive also recommends elimination of 6 FTE laundry worker positions and the funding shift.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$116,338,400 (General Fund). The following Budget Reduction Options represent a \$(12,902,000), or (11.1)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (2,872,700)
  - General Inflation
- o Behavioral Health Services (10,029,300)
  - Eliminating the funding for the continuum of behavioral health care will retard the efforts of the past two years of adequately meeting the needs of those needing treatment, will show a lack of good faith to the Supreme Court decision in the "Arnold vs. Sarn" case and may subject the state to further legal action.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: DIVISION OF LAB SERVICES

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>FULL TIME EQUIVALENT POS.</u>	<u>60.00</u>	<u>103.00</u>	<u>60.00</u>	<u>60.00</u>	<u>60.00</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,502,100	2,389,600	1,503,500	1,503,500	1,503,500	
EMPLOYEE RELATED EXP	314,400	615,100	367,000	367,000	367,000	
PROFESSIONAL/OUTSIDE SVCS	8,800	196,700	150,400	8,800	8,800	
TRAVEL - IN STATE	22,000	49,400	22,000	22,800	22,800	
TRAVEL - OUT OF STATE	6,200	13,600	6,200	6,200	6,200	
OTHER OPERATING EXP	441,300	2,943,900	512,400	468,900	468,900	
EQUIPMENT	185,500	2,445,700	204,400	204,400	204,400	
ALL OTHER OPERATING	663,800	5,649,300	895,400	711,100	711,100	
<u>OPERATING SUBTOTAL</u>	<u>2,480,300</u>	<u>8,654,000</u>	<u>2,765,900</u>	<u>2,581,600</u>	<u>2,581,600</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-132,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-132,800</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,480,300</u>	<u>8,654,000</u>	<u>2,633,100</u>	<u>2,581,600</u>	<u>2,581,600</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES  
 COST CENTER: DIVISION OF LAB SERVICES

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,480,300	8,654,000	2,633,100	2,581,600	2,581,600	
PROGRAM TOTAL-ALL SOURCES	2,480,300	8,654,000	2,633,100	2,581,600	2,581,600	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES  
 COST CENTER: DIVISION OF LAB SERVICES

The JLBC Staff recommends a total appropriation of \$2,581,600 -- a net increase of \$101,300, or 4.1%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Includes \$41,300 for a FY 1990 Classification Maintenance Review.
- o Personal Services/ERE Adjustments, including a vacancy factor of 3%.  
 A vacancy factor of 3% was used by the Executive. \$ 1,700
- o ERE Rate Adjustments 52,300
- o One-Time Equipment (185,500)
- o Equipment 204,400  
 Funding to replace a gas chromatograph and related computer equipment, 1 Technicon, 1 Autotibator, 1 HPLC Detector and pumps and a copy machine.
- o Lodging Adjustment 800
- o General Inflation 8,700
- o Medical Inflation 27,600  
 11% inflation for medical services/physicians.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (8,700)  
 Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,590,300 (General Fund). The following Budget Reduction Options represent a \$(8,700), or (0.3)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (8,700)  
General Inflation

## Other Issues for Legislative Consideration

### o State Laboratory Space Requirements

The Executive recommends \$189,800 to support moving 15 FTE positions from the Health Services Laboratory in Phoenix to a location outside the Capitol complex. These positions are administrative and licensure personnel, and the move will allow the Laboratory to reallocate space in better proportion to the testing requirements of the Department. All available space has been utilized, and expansion of the laboratory analytical services cannot be accomplished because of the limitations of space. These limitations have already necessitated assigning staff to evening work shifts, as well as weekend duty. Since there are no immediate plans for the building of a larger structure to accommodate the increase Health Laboratory requirements, the recommendation offers an inexpensive temporary solution to the space problem. All but \$3,600 of the funds are one-time expenses for converting the space to laboratory use and will not be needed in subsequent years.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ENVIRON QUALITY  
 COST CENTER: ENVIRONMENTAL QUALITY

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	259.00	286.00	261.00	259.00	229.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	6,669,200	7,837,700	6,786,300	6,884,700	6,266,700	
EMPLOYEE RELATED EXP	1,344,000	1,837,200	1,510,700	1,628,900	1,482,700	
PROFESSIONAL/OUTSIDE SVCS	402,500	520,400	321,500	214,500	62,300	
TRAVEL - IN STATE	244,400	291,300	247,100	251,700	214,900	
TRAVEL - OUT OF STATE	18,700	62,800	18,700	18,700	13,300	
OTHER OPERATING EXP	1,490,700	1,804,500	1,456,800	1,447,600	1,394,300	
EQUIPMENT	108,900	272,800	68,500	71,900	71,900	
ALL OTHER OPERATING	2,265,200	2,951,800	2,112,600	2,004,400	1,756,700	
<u>OPERATING SUBTOTAL</u>	<u>10,278,400</u>	<u>12,626,700</u>	<u>10,409,600</u>	<u>10,518,000</u>	<u>9,506,100</u>	
<u>SPECIAL LINE ITEMS</u>						
WATER QUALITY ASSURANCE SPENDING REDUCTION PGM	6,000,000 0	5,000,000 0	5,000,000 -499,700	5,000,000 0	4,500,000 0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>6,000,000</u>	<u>5,000,000</u>	<u>4,500,300</u>	<u>5,000,000</u>	<u>4,500,000</u>	
<u>PROGRAM TOTAL</u>	<u>16,278,400</u>	<u>17,626,700</u>	<u>14,909,900</u>	<u>15,518,000</u>	<u>14,006,100</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF ENVIRON QUALITY  
 COST CENTER: ENVIRONMENTAL QUALITY

JLBC ANALYST: BLANTON

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	16,278,400	17,626,700	9,909,900	15,518,000	14,006,100	
OTHER FUNDS	0	0	5,000,000	0	0	
FEDERAL FUNDS	7,538,800	7,616,100	7,616,100	7,616,100	7,616,100	
OTHER NON APPROPRIATED	10,267,100	4,983,900	4,983,900	4,983,900	4,983,900	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>34,084,300</b>	<b>30,226,700</b>	<b>27,509,900</b>	<b>28,118,000</b>	<b>26,606,100</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ENVIRONMENTAL QUALITY  
 COST CENTER: ENVIRONMENTAL QUALITY

The JLBC Staff recommends a total appropriation of \$15,518,000 -- a net decrease of (\$760,400), or (4.7)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 3%. A vacancy factor of 3% was used by the Executive.	\$ 266,500
o ERE Rate Adjustments	233,900
o One-Time Equipment	(108,900)
o One-Time Professional & Outside Services Adjustment	(212,400)
o Equipment	71,900
o Other Operating Expenses (Equipment)	(26,900)
o Lodging Adjustment	7,300
o General Inflation	44,300
o Medical Inflation	1,100
o Water Quality Assurance Revolving Fund Laws 1989, Chapter 311, section 18 (S.B. 1141) repealed Laws 1986, Chapter 368, section 148, which required the sum of \$1 million be transferred to the Tax Protest Fund through 1992. As a result, the \$1 million need not be appropriated in FY 1991.	(1,000,000)
o Risk Management	(4,500)
o Rent Commercial	(11,700)
o DOA Data Center	23,300

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(44,300)
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## Budget Reduction Options

The Current Services Budget (CSB) is \$15,562,300 (General Fund). The following Budget Reduction Options represent a \$(1,556,200), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (44,300)
  - o General Inflation
- o Staff Reduction (546,300)
  - This option reduces departmental staff by 19 FTE positions in Air, Water, Waste and Administrative/Planning Services. As a result there will be delays in permitting/certification, facility compliance, water quality data assessment and a reduction in program planning and evaluation, budget/grants administration and public information activities. All attempts will be made to avoid Reduction in Force (RIF) procedures.
- o Staff Reduction (465,600)
  - This option reduces the departmental staff by an additional 11 FTE positions. Further reduction will result in greater delays and less response to environmental issues.
- o Water Quality Assurance Revolving Fund (500,000)
  - Reducing the amount of General Funds by 10% will result in less funding available for toxic waste cleanup.

## Other Issues for Legislative Consideration

- o Funding Shift
  - The Executive recommends that a source of funds for the Water Quality Assurance Revolving Fund (WQARF) other than General Funds be found. The Executive recommendation does not include the \$5,000,000 appropriation for the WQARF from the General Fund as required by law. This amount is in the JLBC Staff recommendation.
- o State Revolving Fund Program Development
  - The Executive recommends \$31,600 and 1 FTE position to develop and implement the State Revolving Fund for construction of publicly-owned sewage collection and treatment facilities. This fund was established by the Legislature in FY 1989. According to the Executive the state will lose \$5,000,000 during FY 1990 and \$55,000,000 by October of 1994, if this program is not implemented. The JLBC Staff believes shifting resources and/or funding from the fund is appropriate.
- o Underground Storage Tanks Remedial Support
  - The Executive recommends \$47,400 and 1 FTE position to implement Laws 1989, Chapter 201 which prescribes the management of underground storage tanks and cleanup of releases from these tanks in order to prevent and remediate groundwater contamination and minimize potential impacts on public health. This recommendation will enable the department to investigate the 25 leakage reports received per month and the required compliance response.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

HW-96

DEPARTMENT: AHCCCS  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	482.35	554.95	991.00	500.50	488.95	
FULL TIME EQUIVALENT POS.	(T)	877.00	1,009.00	991.00	910.00	889.00	
<b>BY PROGRAM/ORGANIZATION</b>							
OPERATIONS AND POLICY	(S)	14,498,900	18,724,600	14,225,100	14,849,000	14,849,000	
OPERATIONS AND POLICY	(T)	27,707,000	35,754,100	28,237,600	28,861,500	28,861,500	
MEMBER SRVCS. & OVERSIGHT	(S)	11,675,200	16,336,600	13,273,100	13,039,300	13,301,800	
MEMBER SRVCS. & OVERSIGHT	(T)	21,382,300	27,971,900	24,173,500	23,593,200	23,838,000	
MIS/PMMIS	(S)	4,471,800	14,476,600	11,263,100	6,809,500	6,522,100	
MIS/PMMIS	(T)	11,937,400	25,397,500	20,941,700	16,160,100	15,637,500	
ACUTE CARE	(S)	289,842,500	418,532,200	355,314,000	351,258,100	304,690,100	
ACUTE CARE	(T)	577,681,100	800,299,600	715,593,000	722,043,600	669,621,000	
LONG TERM CARE	(S)	0	116,820,600	0	0	0	
LONG TERM CARE	(T)	293,473,700	356,612,100	355,251,100	356,612,100	356,612,100	
<b>AGENCY TOTAL</b>	(S)	320,488,400	584,890,600	394,075,300	385,955,900	339,363,000	
<b>AGENCY TOTAL</b>	(T)	932,181,500	1,246,035,200	1,144,196,900	1,147,270,500	1,094,570,100	
<b>OPERATING BUDGET</b>							
PERSONAL SERVICES	(S)	9,833,600	12,917,100	11,474,500	10,712,000	10,500,500	
PERSONAL SERVICES	(T)	17,871,000	22,495,200	20,717,600	19,455,600	19,071,400	
EMPLOYEE RELATED EXP	(S)	1,988,800	3,585,600	2,862,100	2,650,800	2,599,000	
EMPLOYEE RELATED EXP	(T)	3,594,500	6,244,500	5,167,700	4,794,900	4,700,600	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
PROFESSIONAL/OUTSIDE SV(S)		5,385,100	12,858,400	11,643,300	7,045,100	7,493,100	_____
PROFESSIONAL/OUTSIDE SV(T)		12,591,700	22,060,300	20,776,600	15,555,800	16,137,700	_____
TRAVEL - IN STATE (S)		235,900	293,400	254,500	254,500	246,200	_____
TRAVEL - IN STATE (T)		434,100	501,700	454,300	468,100	453,000	_____
TRAVEL - OUT OF STATE (S)		21,200	28,600	21,900	21,200	21,200	_____
TRAVEL - OUT OF STATE (T)		35,300	49,600	39,000	35,300	35,300	_____
OTHER OPERATING EXP (S)		3,293,300	4,498,200	3,690,700	3,418,800	3,401,900	_____
OTHER OPERATING EXP (T)		6,341,000	7,970,200	6,831,500	6,569,200	6,538,400	_____
EQUIPMENT (S)		375,300	1,763,900	629,800	291,000	106,600	_____
EQUIPMENT (T)		876,800	3,051,700	1,104,100	529,100	193,800	_____
ALL OTHER OPERATING (S)		9,310,800	19,442,500	16,240,200	11,030,600	11,269,000	_____
ALL OTHER OPERATING (T)		20,278,900	33,633,500	29,205,500	23,157,500	23,358,200	_____
<u>OPERATING SUBTOTAL (S)</u>		<u>21,133,200</u>	<u>35,945,200</u>	<u>30,576,800</u>	<u>24,393,400</u>	<u>24,368,500</u>	_____
<u>OPERATING SUBTOTAL (T)</u>		<u>41,744,400</u>	<u>62,373,200</u>	<u>55,090,800</u>	<u>47,408,000</u>	<u>47,130,200</u>	_____
<u>SPECIAL LINE ITEMS</u>							
ACUTE CARE CAPITATION (S)		166,597,100	239,945,300	220,620,700	204,675,300	129,048,200	_____
ACUTE CARE CAPITATION (T)		403,291,800	537,770,700	500,543,300	494,420,200	422,127,500	_____
LTC CAPITATION (S)		3,991,800	1,184,100	1,055,100	1,184,100	1,184,100	_____
LTC CAPITATION (T)		5,696,100	1,557,800	1,411,800	1,557,800	1,557,800	_____
FEE FOR SERVICE (S)		37,474,800	49,581,100	44,106,600	50,877,400	107,080,600	_____
FEE FOR SERVICE (T)		58,285,600	82,130,500	75,240,500	83,090,800	136,907,000	_____
REINSURANCE (S)		17,774,700	36,656,400	32,527,900	24,971,300	14,509,500	_____
REINSURANCE (T)		22,509,300	44,617,400	40,276,000	32,932,300	19,428,200	_____
DEFERRED LIABILITY (S)		48,763,000	70,183,900	62,203,300	49,327,100	32,644,800	_____
DEFERRED LIABILITY (T)		53,916,200	81,069,800	72,934,400	58,212,800	37,770,800	_____

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

HW-98

DEPARTMENT: AHCCCS  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
CHILDRENS REHAB. SVCS	(S)	5,700,000	7,234,100	0	6,475,600	6,475,600	
CHILDRENS REHAB. SVCS	(T)	7,069,400	8,356,100	1,106,100	7,597,400	7,597,400	
MEDICARE PREMIUMS	(S)	3,379,800	3,325,500	3,046,200	3,325,500	3,325,500	
MEDICARE PREMIUMS	(T)	7,612,100	9,987,100	9,326,300	9,422,100	9,422,100	
QMB	(S)	6,161,300	10,421,800	9,669,200	10,421,800	10,421,800	
QMB	(T)	19,300,600	34,810,200	32,669,600	34,810,200	34,810,200	
SNF/ICF	(S)	0	104,648,000	0	0	0	
SNF/ICF	(T)	228,681,900	261,323,700	259,962,700	261,323,700	261,323,700	
HOME/COMM BASED SVCS	(S)	0	12,172,600	0	0	0	
HOME/COMM BASED SVCS	(T)	12,035,900	30,337,100	30,337,100	30,337,100	30,337,100	
DES ELIG.	(S)	8,518,200	12,337,500	8,993,400	9,078,000	9,078,000	
DES ELIG.	(T)	16,849,600	23,432,900	17,195,800	17,968,900	17,968,900	
DES-DDSA	(S)	308,300	170,300	170,300	170,300	170,300	
DES-DDSA	(T)	616,700	340,700	340,700	340,700	340,700	
DES-PASAR	(S)	89,000	98,400	98,400	94,400	94,400	
DES-PASAR	(T)	355,600	393,500	393,500	377,500	377,500	
DHS-LIC.	(S)	337,900	480,600	419,600	465,400	465,400	
DHS-LIC.	(T)	675,900	961,100	839,200	930,700	930,700	
DHS-PAS	(S)	208,900	458,000	409,400	448,600	448,600	
DHS-PAS	(T)	734,100	1,526,600	1,351,800	1,493,600	1,493,600	
IND. ADVISORY COUNCIL	(S)	50,400	47,700	47,700	47,700	47,700	
IND. ADVISORY COUNCIL	(T)	50,400	95,400	95,400	95,400	95,400	
DES LONG TERM CARE	(S)	0	0	0	0	0	
DES LONG TERM CARE	(T)	52,755,900	64,951,300	64,951,300	64,951,300	64,951,300	
SPENDING REDUCTION PGM	(S)	0	0	-19,869,300	0	0	
SPENDING REDUCTION PGM	(T)	0	0	-19,869,300	0	0	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>(S)</b>	<b>299,355,200</b>	<b>548,945,300</b>	<b>363,498,500</b>	<b>361,562,500</b>	<b>314,994,500</b>	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>(T)</b>	<b>890,437,100</b>	<b>1,183,661,900</b>	<b>1,089,106,200</b>	<b>1,099,862,500</b>	<b>1,047,439,900</b>	
<b>AGENCY TOTAL</b>	<b>(S)</b>	<b>320,488,400</b>	<b>584,890,600</b>	<b>394,075,300</b>	<b>385,955,900</b>	<b>339,363,000</b>	
<b>AGENCY TOTAL</b>	<b>(T)</b>	<b>932,181,500</b>	<b>1,246,035,200</b>	<b>1,144,196,900</b>	<b>1,147,270,500</b>	<b>1,094,570,100</b>	

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>							
GENERAL FUND	(S)	320,488,400	584,890,600	394,075,300	385,955,900	339,363,000	
FEDERAL FUNDS	(T)	452,218,700	597,108,200	569,111,000	580,457,600	581,675,400	
OTHER NON APPROPRIATED	(T)	159,474,400	64,036,400	181,010,600	180,857,000	173,531,700	
AGENCY TOTAL-ALL SOURCES	(S)	320,488,400	584,890,600	394,075,300	385,955,900	339,363,000	
AGENCY TOTAL-ALL SOURCES	(T)	932,181,500	1,246,035,200	1,144,196,900	1,147,270,500	1,094,570,100	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

HW-100

DEPARTMENT: AHCOCS  
COST CENTER: SUMMARY

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The JLBC Staff recommends a total appropriation of \$385,955,900 in State General Funds (S) and \$1,147,270,500 in total expenditure authority (T) -- a net increase of \$65,467,500, or 20.4%, to the adjusted FY 1990 General Fund appropriation, and a net increase of \$215,089,000, or 23.1%, to the adjusted FY 1990 total expenditure authority.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 384,600 (S)
	688,900 (T)
o ERE Rate Adjustments	464,500 (S)
	845,800 (T)
o Annualization	199,800 (S)
	363,400 (T)
o General Inflation	387,500 (S)
	780,500 (T)
o Medical Inflation	11,900 (S)
	21,600 (T)
o Travel Rate Increase	9,800 (S)
	17,900 (T)
o Risk Management	86,900 (S)
	158,000 (T)
o Professional and Outside Services Adjustments	1,486,300 (S)
	2,732,400 (T)
o One-Time Equipment	(375,300) (S)
	(876,800) (T)
o Replacement Equipment	86,700 (S)
	157,600 (T)
o Indian Advisory Board	(2,700) (S)
	45,000 (T)



o New FTE positions mandated by statute or demographic increases	880,300 (S)
	1,277,000 (T)
o DES/DHS Special Line Items	794,400 (S)
	1,879,500 (T)
o Acute Care	61,415,600 (S)
	144,362,500 (T)
o Long Term Care	-0- (S)
	63,138,400 (T)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(387,500) (S)
Elimination of 4.5% General Inflation.	(780,500) (T)
o <u>New FTE Positions</u>	24,700 (S)
Thirty-four new positions with related costs (See administrative cost centers).	277,800 (T)
o <u>FTE Position Exchange</u>	
Twelve vacant positions were deleted in Operations & Policy and Member Services & Oversight cost centers. Twelve new positions are recommended in exchange. While there is a change in the net number of FTE positions in these 2 cost centers, there is no change to the authorized FTE positions agency-wide.	

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**Budget Reduction Options**

The Current Services Budget is \$386,318,700 (S) and \$1,147,773,200 (T). The following Budget Reduction Options represent a \$(46,955,500) (S) and a \$(53,203,100) (T), or a (12.2)% (S) and a (4.6)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	
<u>General Inflation</u>	(387,500) (S)
	(780,500) (T)
o <u>Medically Needy/Medically Indigent (MN/MI) Catastrophic Program</u>	(46,568,000) (S)
See Acute Care Cost Center for details.	(52,422,600) (T)

Other Issues for Legislative Consideration

- o If the MN/MI Budget Reduction Option described in the Acute Care Cost Center is adopted, the staff has estimated that there will be additional administrative tasks requiring an additional \$2,000,000 (S) and \$3,703,700 (T). These monies would be required for staffing and programming costs in the MIS/PMMIS and Member Services & Oversight Cost Centers.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: OPERATIONS AND POLICY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. (S)		65.45	72.60	131.00	67.10	67.10	
FULL TIME EQUIVALENT POS. (T)		119.00	132.00	131.00	122.00	122.00	
<u>OPERATING BUDGET</u>							
PERSONAL SERVICES (S)		2,002,800	1,917,400	1,838,900	1,801,200	1,801,200	
PERSONAL SERVICES (T)		3,377,200	3,363,800	3,343,400	3,003,400	3,003,400	
EMPLOYEE RELATED EXP (S)		416,000	532,200	458,600	378,700	378,700	
EMPLOYEE RELATED EXP (T)		701,700	933,700	833,700	632,300	632,300	
PROFESSIONAL/OUTSIDE SV(S)		901,400	1,000,900	919,500	727,000	727,000	
PROFESSIONAL/OUTSIDE SV(T)		1,481,300	1,755,900	1,672,800	1,194,300	1,194,300	
TRAVEL - IN STATE (S)		31,800	29,900	29,000	33,100	33,100	
TRAVEL - IN STATE (T)		51,900	52,600	52,400	54,300	54,300	
TRAVEL - OUT OF STATE (S)		12,600	14,200	13,100	12,600	12,600	
TRAVEL - OUT OF STATE (T)		20,800	24,900	21,700	20,800	20,800	
OTHER OPERATING EXP (S)		1,500,000	1,610,800	1,533,900	1,587,500	1,587,500	
OTHER OPERATING EXP (T)		2,582,200	2,826,200	2,790,400	2,741,400	2,741,400	
EQUIPMENT (S)		121,600	26,700	16,400	4,500	4,500	
EQUIPMENT (T)		209,600	46,800	29,900	8,200	8,200	
ALL OTHER OPERATING (S)		2,567,400	2,682,500	2,511,900	2,364,700	2,364,700	
ALL OTHER OPERATING (T)		4,345,800	4,706,400	4,567,200	4,019,000	4,019,000	
<u>OPERATING SUBTOTAL (S)</u>		<u>4,986,200</u>	<u>5,132,100</u>	<u>4,809,400</u>	<u>4,544,600</u>	<u>4,544,600</u>	
<u>OPERATING SUBTOTAL (T)</u>		<u>8,424,700</u>	<u>9,003,900</u>	<u>8,744,300</u>	<u>7,654,700</u>	<u>7,654,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

HW-104

DEPARTMENT: AHCCCS  
 COST CENTER: OPERATIONS AND POLICY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>							
DES ELIG.	(S)	8,518,200	12,337,500	8,993,400	9,078,000	9,078,000	
DES ELIG.	(T)	16,849,600	23,432,900	17,195,800	17,968,900	17,968,900	
DES-DDSA	(S)	308,300	170,300	170,300	170,300	170,300	
DES-DDSA	(T)	616,700	340,700	340,700	340,700	340,700	
DES-PASAR	(S)	89,000	98,400	98,400	94,400	94,400	
DES-PASAR	(T)	355,600	393,500	393,500	377,500	377,500	
DHS-LIC.	(S)	337,900	480,600	419,600	465,400	465,400	
DHS-LIC.	(T)	675,900	961,100	839,200	930,700	930,700	
DHS-PAS	(S)	208,900	458,000	409,400	448,600	448,600	
DHS-PAS	(T)	734,100	1,526,600	1,351,800	1,493,600	1,493,600	
IND. ADVISORY COUNCIL	(S)	50,400	47,700	47,700	47,700	47,700	
IND. ADVISORY COUNCIL	(T)	50,400	95,400	95,400	95,400	95,400	
SPENDING REDUCTION PGM	(S)	0	0	-723,100	0	0	
SPENDING REDUCTION PGM	(T)	0	0	-723,100	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	(S)	<u>9,512,700</u>	<u>13,592,500</u>	<u>9,415,700</u>	<u>10,304,400</u>	<u>10,304,400</u>	
<u>SPECIAL ITEM SUBTOTAL</u>	(T)	<u>19,282,300</u>	<u>26,750,200</u>	<u>19,493,300</u>	<u>21,206,800</u>	<u>21,206,800</u>	
<u>PROGRAM TOTAL(S)</u>		<u>14,498,900</u>	<u>18,724,600</u>	<u>14,225,100</u>	<u>14,849,000</u>	<u>14,849,000</u>	
<u>PROGRAM TOTAL(T)</u>		<u>27,707,000</u>	<u>35,754,100</u>	<u>28,237,600</u>	<u>28,861,500</u>	<u>28,861,500</u>	
<u>BY FUND SOURCE</u>							
GENERAL FUND	(S)	14,498,900	18,724,600	14,225,100	14,849,000	14,849,000	
FEDERAL FUNDS	(T)	13,208,100	17,029,500	14,012,500	14,012,500	14,012,500	
PROGRAM TOTAL-ALL SOURCES	(S)	14,498,900	18,724,600	14,225,100	14,849,000	14,849,000	
PROGRAM TOTAL-ALL SOURCES	(T)	27,707,000	35,754,100	28,237,600	28,861,500	28,861,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
COST CENTER: OPERATIONS AND POLICY

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The JLBC Staff recommends a total appropriation of \$14,849,000 in State General Funds (S) and \$28,861,500 in total expenditure authority (T) -- a net increase of \$350,100, or 2.4%, to the adjusted FY 1990 General Fund appropriation, and a net increase of \$1,154,500, or 4.2%, to the adjusted FY 1990 total expenditure authority.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy of 5%	\$ (270,500) (S) (494,000) (T)
o ERE Rate Adjustments	10,000 (S) 18,200 (T)
o Hospital Reimbursement Methodology	26,700 (S) 42,000 (T)
One FTE (Adm. Svs. Officer, Grade 22) position is recommended for the development of the new hospital reimbursement methodology mandated by Laws 1989, Chapter 293 (S.B. 1348) to replace the current Adjusted Bill Charges (ABC) system. The new methodology should provide greater budgetary control over programmatic costs. The Executive recommends 2.0 FTE positions and associated costs at a 75% phase-in for a total of \$140,300 (S), \$255,200 (T).	
o Base Adjustment in Professional and Outside Services	(174,400) (S) (287,000) (T)
The decrease includes the elimination of an Emergency Fund and \$30,000 federal pass through monies to the Nursing Board for an Intergovernmental Agreement.	
o Travel	1,300 (S) 2,400 (T)
o General Inflation	320,400 (S) 658,400 (T)
o Rent/Risk Management	86,900 (S) 158,000 (T)
o One-Time Equipment	(121,600) (S) (209,600) (T)
o Indian Advisory Council	(2,700) (S) 45,000 (T)

- o The Following special lines are pass through monies to other agencies who perform certain functions for the AHCCCS program:

DES - Eligibility Determination	559,800 (S)
	1,119,300 (T)
DES - Disability Determination Services Administration	(138,000) (S)
	(276,000) (T)
DES - Preadmission Screening Annual Resident Review	5,400 (S)
	21,900 (T)
DHS - Licensure	127,500 (S)
	254,800 (T)
DHS - Preadmission Screening Annual Resident Review	239,700 (S)
	759,500 (T)

**JLBC Staff Recommended Policy Issues**

- o General Inflation Elimination of 4.5% General Inflation. (320,400) (S)
- o FTE Position Exchange (658,400) (T)

Medical Services Administration Accounting System (MSA)

-- Two new FTE positions are recommended for the Division of Business, Finance and Research due to the 28% increase in administrative transaction processing and a 23% increase in programmatic transaction processing between FY 1988 and FY 1989. The Executive recommends 2 FTE positions and associated costs of 21,200 (S), \$38,600 (T).

Pre-Investigation and Recovery Unit

-- One new FTE position is recommended for the Pre-Investigation and Recovery Unit. This position will pre-investigate third party liability cases identifying those that have potential for recovery of funds. This position will enable the recovery teams to work more efficiently and potentially recover more funds. The Executive recommends 5 FTE positions and associated costs at a 75% phase-in for a total cost of \$52,900 (S), \$96,100 (T).

\* \* \* \* \*

### **Budget Reduction Options**

The Current Services Budget (CSB) is \$15,148,900 in State General Funds (S), \$29,482,900 (T). The following Budget Reduction Options represent a \$(320,400) (S), or (2.1)%, \$(658,400) (T), or (2.2)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues
  - General Inflation (320,400) (S)
- o The remainder of the reduction has been accomplished within the acute care program. (658,400) (T)

### **Other Issues for Legislative Consideration**

- o Policy Development - Mental Health  
The Executive recommends 1 FTE position and associated costs at a 75% phase-in for a total of \$26,600 (S), \$48,400 (T).
- o Increased Internal EDP Audit Capabilities  
The Executive recommends 1 FTE position and associated costs at a 75% phase-in for a total of \$16,800 (S), \$30,600 (T).
- o Adding Staff for Processing Personnel Grievances  
The Executive recommends 1 FTE position and associated costs at a 75% phase-in for a total of \$15,600 (S), \$28,200 (T).

This cost center represents a combination of the following administration divisions: Director's Office; Policy and Intergovernmental Relations; and Business, Finance and Research. The JLBC Staff recommends appropriating to 3 administrative cost centers for better accountability of appropriations. FY 1990 administrative dollars were appropriated as one cost center.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

HW-108

DEPARTMENT: AHCCCS

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS

COST CENTER: MEMBER SRVCS. & OVERSIGHT

SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	373.45	416.35	745.00	379.50	372.90	
FULL TIME EQUIVALENT POS.	(T)	679.00	757.00	745.00	690.00	678.00	
<b>OPERATING BUDGET</b>							
PERSONAL SERVICES	(S)	6,949,800	8,916,200	7,879,000	7,692,900	7,567,600	
PERSONAL SERVICES	(T)	12,396,000	15,476,200	14,180,300	13,741,800	13,514,300	
EMPLOYEE RELATED EXP	(S)	1,391,900	2,475,000	1,965,600	2,002,300	1,969,500	
EMPLOYEE RELATED EXP	(T)	2,462,100	4,296,100	3,537,900	3,570,200	3,510,400	
PROFESSIONAL/OUTSIDE SV	(S)	1,474,700	2,552,800	2,076,800	1,648,400	2,096,400	
PROFESSIONAL/OUTSIDE SV	(T)	2,656,100	3,980,400	3,387,600	2,887,800	3,469,700	
TRAVEL - IN STATE	(S)	198,300	254,900	219,800	215,300	207,000	
TRAVEL - IN STATE	(T)	368,400	434,100	388,000	399,400	384,300	
TRAVEL - OUT OF STATE	(S)	6,200	11,000	6,600	6,200	6,200	
TRAVEL - OUT OF STATE	(T)	8,600	18,800	11,400	8,600	8,600	
OTHER OPERATING EXP	(S)	1,450,000	1,908,700	1,603,200	1,461,700	1,450,700	
OTHER OPERATING EXP	(T)	2,941,500	3,426,700	3,034,600	2,962,700	2,942,700	
EQUIPMENT	(S)	204,300	218,000	186,600	12,500	4,400	
EQUIPMENT	(T)	549,600	339,600	298,200	22,700	8,000	
ALL OTHER OPERATING	(S)	3,333,500	4,945,400	4,093,000	3,344,100	3,764,700	
ALL OTHER OPERATING	(T)	6,524,200	8,199,600	7,119,800	6,281,200	6,813,300	
OPERATING SUBTOTAL	(S)	11,675,200	16,336,600	13,937,600	13,039,300	13,301,800	
OPERATING SUBTOTAL	(T)	21,382,300	27,971,900	24,838,000	23,593,200	23,838,000	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: MEMBER SRVCS. & OVERSIGHT

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM (S)	0	0	-664,500	0	0	
SPENDING REDUCTION PGM (T)	0	0	-664,500	0	0	
<u>SPECIAL ITEM SUBTOTAL (S)</u>	<u>0</u>	<u>0</u>	<u>-664,500</u>	<u>0</u>	<u>0</u>	
<u>SPECIAL ITEM SUBTOTAL (T)</u>	<u>0</u>	<u>0</u>	<u>-664,500</u>	<u>0</u>	<u>0</u>	
P R O G R A M T O T A L(S)	11,675,200	16,336,600	13,273,100	13,039,300	13,301,800	
P R O G R A M T O T A L(T)	21,382,300	27,971,900	24,173,500	23,593,200	23,838,000	
<u>BY FUND SOURCE</u>						
GENERAL FUND (S)	11,675,200	16,336,600	13,273,100	13,039,300	13,301,800	
FEDERAL FUNDS (T)	9,707,100	11,635,300	10,900,400	10,553,900	10,536,200	
PROGRAM TOTAL-ALL SOURCES (S)	11,675,200	16,336,600	13,273,100	13,039,300	13,301,800	
PROGRAM TOTAL-ALL SOURCES (T)	21,382,300	27,971,900	24,173,500	23,593,200	23,838,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

HW-110

DEPARTMENT: AHCCCS  
COST CENTER: MEMBERS SERVICES AND OVERSIGHT

The JLBC Staff recommends a total appropriation of \$13,039,300 in State General Funds (S) and \$23,593,200 in total expenditure authority (T) -- a net increase of \$1,364,100, or 11.7%, to the adjusted FY 1990 General Fund appropriation, and a net increase of \$2,210,900, or 10.3%, to the adjusted FY 1990 total expenditure authority.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy of 5%	\$ 540,000 (S) 973,500 (T)
o Annualization for 109 positions funded for only 10 months For the QMB program which was legislated in Chapter 5 (S.B. 1151)	199,800 (S) 363,400 (T)
o ERE Rate Adjustment	437,000 (S) 795,700 (T)
o Long Term Care	
-- One FTE position (Program Compliance Auditor Supervisor, grade 20) to comply with A.R.S. § 36-2932 E & F which requires auditing the Long Term Care System. This position would schedule and oversee the outside consulting firm performing the statutorily required certified audits.	24,400 (S) 44,200 (T)
-- Certified auditing services for Long Term Care mandated by A.R.S. § 36-2932. Current statute requires that the Long Term Care audits be performed by non-agency Certified Public Accountants. This amount is based on the assumption that 44 audits will be done at \$18,000 per audit.	609,800 (S) 792,000 (T)
o Medical Review Services An inflationary increase	11,900 (S) 21,600 (T)
o Travel Rate Increase	8,200 (S) 14,900 (T)
o General Inflation	47,000 (S) 85,500 (T)
o One-Time Equipment	(204,300) (S) (549,600) (T)

## JLBC Staff Recommended Policy Issues

- o General Inflation  
Elimination of 4.5% General Inflation. (47,000) (S)  
(85,500) (T)
- o Mandated Quarterly Assessments  
Five FTE positions are recommended to enable AHCCCS to comply with HCFA mandates as explained in 42 CFR 483.20 for timely preadmission screening annual resident reviews (within 4 days beginning October 1, 1990) and for reassessments of all residents. These reassessments must occur once every 3 months and/or promptly after a significant change in the residents' physical or mental condition. The Executive recommends 9 FTE positions and associated costs at a 75% phase-in for a total of \$153,400 (S), \$295,000 (T). 106,000 (S)  
192,900 (T)
- o ALTEC Long Term Care Audit Alternative  
If proposed AHCCCS legislation removes the restriction that all nursing homes must be audited by an outside CPA firm, the following can be done:
  - Reduce recommended Professional & Outside Services dollars to reflect the agency's ability to perform these audits. (448,100) (S)  
(582,000) (T)
  - Add 5 additional FTE positions to oversee and perform nursing home audits. 79,400 (S)  
The Executive recommends 6 FTE positions and associated costs including consulting costs for the actual auditing tasks for a total of \$550,800 (S), \$734,100 (T). 144,300 (T)
- o FTE Position Exchange
  - Fraud & Abuse  
Two FTE positions are recommended for a provider fraud and abuse unit. AHCCCS has estimated that similar activities occurring in the office of the Medical Director achieve a cost avoidance ratio of \$11.16 program dollars for every \$1 administrative dollar spent. Therefore, the program dollars have been decreased by \$410,600 (S), \$746,600 (T). The Executive recommends 2 FTE positions and associated costs for a total of \$44,000 (S), \$58,700 (T).
  - Provider Assistance and Claims Review  
Four FTE positions are recommended for the provider assistance unit and 3 FTE positions for the claims processing unit. The increase in AHCCCS members directly increases the number of claims. These claims must be processed in a timely manner to avoid sanctions and penalties. In addition to the increased number of claims, an estimated 75% of all submitted claims require some type of correction. Provider Assistance staff will train and assist physician offices to reduce the number of claims with errors thereby reducing the claims processing volume. The Executive recommends 19 FTE positions and

associated costs at a 37.5% phase-in for a total cost of \$167,400 (S), \$304,200 (T).

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$13,262,700 in State General Fund (S), \$23,766,500 (T). The following Budget Reduction Options represent a \$(47,000) (S), or (.4)%, \$(85,500) (T), or (.4)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (47,000)(S)  
General Inflation (85,500)(T)
- o The remainder of the reduction has been accomplished within the acute care program.

Other Issues for Legislative Consideration

- o Member Information and Verification Services  
 The Executive recommends 5 FTE positions and associated costs at a 75% phase-in for a total of \$45,700 (S), \$87,800 (T).
- o PASARR/PAS Quality Control Teams  
 The Executive recommends 4 FTE positions and associated costs at a 75% phase-in for a total of \$66,000 (S), \$127,000 (T).
- o Expanded Fee-For-Service Program  
 The Executive recommends 6 FTE positions and associated costs at 75% phase-in for a total of \$79,700 (S), \$145,000 (T).
- o Reclassification of Member File Integrity Section  
 The Executive recommends a total of \$33,700 (S), \$64,800 (T), to upgrade existing FTE positions.
- o Reducing Request for Hearing Backlog  
 The Executive recommends 3 FTE positions and associated costs at a 75% phase-in for a total of \$104,300 (S), \$163,100 (T).
- o Automation of the Office of Program Compliance and Review  
 The Executive recommends a total of \$108,300 (S), \$144,400 (T), to allow the Office of Program Compliance and Review to purchase the necessary equipment to automate its daily activities.
- o QMB Increase in Overall Caseload  
 The Executive recommends 10 FTE positions and associated costs at a 75% phase-in for a total of \$103,600 (S), \$199,300 (T).
- o PAS Team in Chinle  
 The Executive recommends 2 FTE positions and associated costs at 75% phase-in for a total of \$28,100 (S), \$55,200 (T).

This cost center represents a combination of the following administrative divisions: Office of Medical Director, Grievance and Appeals, Division of Member Services, and Program Compliance and Review. The JLBC Staff recommends appropriating to 3 administrative cost centers for better appropriations accountability. FY 1990 administrative dollars were appropriated as one cost center.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

HW-114

DEPARTMENT: AHCCCS  
 COST CENTER: MIS/PMMIS

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	43.45	66.00	115.00	53.90	48.95	
FULL TIME EQUIVALENT POS.	(T)	79.00	120.00	115.00	98.00	89.00	
<u>OPERATING BUDGET</u>							
PERSONAL SERVICES	(S)	881,000	2,083,500	1,756,600	1,217,900	1,131,700	
PERSONAL SERVICES	(T)	2,097,800	3,655,200	3,193,900	2,710,400	2,553,700	
EMPLOYEE RELATED EXP	(S)	180,900	578,400	437,900	269,800	250,800	
EMPLOYEE RELATED EXP	(T)	430,700	1,014,700	796,100	592,400	557,900	
PROFESSIONAL/OUTSIDE SV	(S)	3,009,000	9,304,700	8,647,000	4,669,700	4,669,700	
PROFESSIONAL/OUTSIDE SV	(T)	8,454,300	16,324,000	15,716,200	11,473,700	11,473,700	
TRAVEL - IN STATE	(S)	5,800	8,600	5,700	6,100	6,100	
TRAVEL - IN STATE	(T)	13,800	15,000	13,900	14,400	14,400	
TRAVEL - OUT OF STATE	(S)	2,400	3,400	2,200	2,400	2,400	
TRAVEL - OUT OF STATE	(T)	5,900	5,900	5,900	5,900	5,900	
OTHER OPERATING EXP	(S)	343,300	978,700	553,600	369,600	363,700	
OTHER OPERATING EXP	(T)	817,300	1,717,300	1,006,500	865,100	854,300	
EQUIPMENT	(S)	49,400	1,519,200	426,800	274,000	97,700	
EQUIPMENT	(T)	117,600	2,665,300	776,000	498,200	177,600	
ALL OTHER OPERATING	(S)	3,409,900	11,814,600	9,635,300	5,321,800	5,139,600	
ALL OTHER OPERATING	(T)	9,408,900	20,727,500	17,518,500	12,857,300	12,525,900	
<u>OPERATING SUBTOTAL</u>	(S)	<u>4,471,800</u>	<u>14,476,500</u>	<u>11,829,800</u>	<u>6,809,500</u>	<u>6,522,100</u>	
<u>OPERATING SUBTOTAL</u>	(T)	<u>11,937,400</u>	<u>25,397,400</u>	<u>21,508,500</u>	<u>16,160,100</u>	<u>15,637,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: MIS/PMMIS

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM (S)	0	0	-566,700	0	0	
SPENDING REDUCTION PGM (T)	0	0	-566,700	0	0	
<u>SPECIAL ITEM SUBTOTAL (S)</u>	<u>0</u>	<u>0</u>	<u>-566,700</u>	<u>0</u>	<u>0</u>	
<u>SPECIAL ITEM SUBTOTAL (T)</u>	<u>0</u>	<u>0</u>	<u>-566,700</u>	<u>0</u>	<u>0</u>	
PROGRAM TOTAL(S)	4,471,800	14,476,500	11,263,100	6,809,500	6,522,100	
PROGRAM TOTAL(T)	11,937,400	25,397,400	20,941,800	16,160,100	15,637,500	
<u>BY FUND SOURCE</u>						
GENERAL FUND (S)	4,471,800	14,476,600	11,263,100	6,809,500	6,522,100	
FEDERAL FUNDS (T)	7,465,600	10,920,900	9,678,600	9,350,600	9,115,400	
PROGRAM TOTAL-ALL SOURCES (S)	4,471,800	14,476,600	11,263,100	6,809,500	6,522,100	
PROGRAM TOTAL-ALL SOURCES (T)	11,937,400	25,397,500	20,941,700	16,160,100	15,637,500	

DEPARTMENT: AHCCCS  
 COST CENTER: MIS/PMIS

The JLBC Staff recommends a total appropriation of \$6,809,500 in the State General Funds (S) and \$16,160,100 in total expenditure authority (T) -- a net increase of \$2,337,700, or 52.3%, to the adjusted FY 1990 General Fund appropriation, and a net increase of \$4,222,700, or 35.4%, to the adjusted FY 1990 total expenditure authority.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments including a vacancy factor of 5% \$ 115,100 (S)
- o ERE Rate Adjustment 209,400 (T)
- o Prepaid Medical Management Information System (PMIS) 17,500 (S)
- o 31,900 (T)

The PMIS project began October 1985 and has enhanced Federal/State funding of 90%/10% until the original completion date of July 1989. HCFA has agreed to extend the deadline until September 30, 1990 after which time the current level of Federal financial participation in the project is in jeopardy. The following recommended FTE positions are necessary for the critical framework of personnel needed for the task of transitioning from the current system to the new PMIS system and assuming responsibility from the consultants who have developed it.

Ten positions are recommended for the basic transition of the new prepaid medical management information system 219,400 (S)  
398,800 (T)

- o Increase in DOA data processing costs due to July 1990 PMIS implementation plus ongoing consulting costs for PMIS implementation 1,660,700 (S)
- o Travel Rate Increase 3,019,400 (T)
- o General Inflation 300 (S)
- o 600 (T)
- o 20,100 (S)
- o 36,600 (T)



- o One-Time Equipment (49,400) (S)  
(117,600) (T)
- o Replacement Equipment 86,700 (S)  
157,600 (T)

**JLBC Staff Recommended Policy Issues**

- o General Inflation (20,100) (S)  
Elimination of 4.5% General Inflation (36,600) (T)
- o Prepaid Medical Management Information System (PMMIS) Implementation  
In addition to the 10 FTE positions recommended to ensure that a transition between systems is possible, these 9 positions are essential to meet adequate staffing levels which may satisfy Federal concerns about the State's ability to manage this project. Secondly, these additional FTE positions are necessary both in meeting critical target dates and for efficient on-going operations.  
Nine additional FTE positions are recommended to ensure efficient operation of the PMMIS in FY 1991.  
These positions include:
  - 1 EDP Computer Operator, Grade 11 111,100 (S)
  - 4 EDP Operator Analyst I, Grade 17 202,000 (T)
  - 2 EDP Operator Supervisor I, Grade 17
  - 1 Technical Support Specialist, Grade 20
  - 1 EDP Program Analyst I, Grade 17
 These positions are funded at 85%. The Executive recommends 35 FTE positions and associated costs at a 90% phase-in for a total of \$1,332,600 (S), \$2,423,000 (T).
- o Capital Equipment 176,300 (S)  
Capital Equipment is necessary to expand maximized capacity of the existing computer system and to provide other hardware and software needed to implement PMMIS. 320,600 (T)  
The Executive recommends \$267,500 (S), \$486,400 (T) for capital equipment.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$6,648,900 in State General Funds (S), \$15,868,100 (T). The following Budget Reduction Options represent a \$(20,100), or (.3)%, \$(36,600) (T), or (.2)% (T), decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues  
General Inflation
- o The remainder of the reduction has been accomplished within the acute care program.

(20,100)(S)  
(36,600)(T)

Other Issues for Legislative Consideration

- o Computer Programs Enhancements and Workstation Support  
The Executive recommends 1 FTE position and associated costs at a 75% phase-in for a total of \$293,600 (T), \$161,600 (S).

This cost center represents the one division of MIS/PMIS. The JLBC Staff recommends appropriating to 3 administrative cost centers for better appropriations accountability. FY 1990 administrative dollars were appropriated as one cost center

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: ACUTE CARE

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. (S)		0.00	0.00	0.00	0.00		
FULL TIME EQUIVALENT POS. (T)		0.00	0.00	0.00	0.00	0.00	

OPERATING BUDGET

OPERATING SUBTOTAL (S)		0	0	0	0	0	
OPERATING SUBTOTAL (T)		0	0	0	0	0	

SPECIAL LINE ITEMS

ACUTE CARE CAPITATION (S)		166,597,100	239,945,300	220,620,700	204,675,300	129,048,200	
ACUTE CARE CAPITATION (T)		403,291,800	537,770,700	500,543,300	494,420,200	422,127,500	
LTC CAPITATION (S)		3,991,800	1,184,100	1,055,100	1,184,100	1,184,100	
LTC CAPITATION (T)		5,696,100	1,557,800	1,411,800	1,557,800	1,557,800	
FEE FOR SERVICE (S)		37,474,800	49,581,100	44,106,600	50,877,400	107,080,600	
FEE FOR SERVICE (T)		58,285,600	82,130,500	75,240,500	83,090,800	136,907,000	
REINSURANCE (S)		17,774,700	36,656,400	32,527,900	24,971,300	14,509,500	
REINSURANCE (T)		22,509,300	44,617,400	40,276,000	32,932,300	19,428,200	
DEFERRED LIABILITY (S)		48,763,000	70,183,900	62,203,300	49,327,100	32,644,800	
DEFERRED LIABILITY (T)		53,916,200	81,069,800	72,934,400	58,212,800	37,770,800	
CHILDRENS REHAB. SVCS (S)		5,700,000	7,234,100	0	6,475,600	6,475,600	
CHILDRENS REHAB. SVCS (T)		7,069,400	8,356,100	1,106,100	7,597,400	7,597,400	
MEDICARE PREMIUMS (S)		3,379,800	3,325,500	3,046,200	3,325,500	3,325,500	
MEDICARE PREMIUMS (T)		7,612,100	9,987,100	9,326,300	9,422,100	9,422,100	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

HW-120

DEPARTMENT: AHCCCS  
 COST CENTER: ACUTE CARE

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION		FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED OPTION	LEGISLATIVE WORK SPACE
QMB	(S)	6,161,300	10,421,800	9,669,200	10,421,800	10,421,800	
QMB	(T)	19,300,600	34,810,200	32,669,600	34,810,200	34,810,200	
SPENDING REDUCTION PGM	(S)	0	0	-17,915,000	0	0	
SPENDING REDUCTION PGM	(T)	0	0	-17,915,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	(S)	<u>289,842,500</u>	<u>418,532,200</u>	<u>355,314,000</u>	<u>351,258,100</u>	<u>304,690,100</u>	
<u>SPECIAL ITEM SUBTOTAL</u>	(T)	<u>577,681,100</u>	<u>800,299,600</u>	<u>715,593,000</u>	<u>722,043,600</u>	<u>669,621,000</u>	
PROGRAM TOTAL	(S)	289,842,500	418,532,200	355,314,000	351,258,100	304,690,100	
PROGRAM TOTAL	(T)	577,681,100	800,299,600	715,593,000	722,043,600	669,621,000	
<u>BY FUND SOURCE</u>							
GENERAL FUND	(S)	289,842,500	418,532,200	355,314,000	351,258,100	304,690,100	
FEDERAL FUNDS	(T)	223,802,200	317,731,000	295,643,000	306,749,100	308,219,800	
OTHER NON APPROPRIATED	(T)	64,036,400	64,036,400	64,636,000	64,036,400	56,711,100	
PROGRAM TOTAL-ALL SOURCES	(S)	289,842,500	418,532,200	355,314,000	351,258,100	304,690,100	
PROGRAM TOTAL-ALL SOURCES	(T)	577,681,100	800,299,600	715,593,000	722,043,600	669,621,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
COST CENTER: ACUTE CARE

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The JLBC Staff recommends a total appropriation of \$351,258,100 in State General Funds (S) and \$722,043,600 in total expenditure authority (T) -- a net increase of \$61,415,600, or 21.2%, to the adjusted FY 1990 General Fund appropriation, and a net increase of \$144,362,500, or 25.0%, to the adjusted FY 1990 total expenditure authority.

**Current Services Budget Changes**

The JLBC Staff has used the FY 1990 line item totals approved by the JLBC in its October 18, 1989 meeting. The approved totals were based on estimates of the line items after the break-out of the Plan Adjustment and Demographics line found in Laws 1989, Chapter 311. Although they have used the same grand total, the Executive has used different FY 1990 line item totals than has the JLBC Staff. Comparisons between the JLBC Staff and Executive recommendations are, therefore, much more difficult to make.

Additionally, the JLBC Staff has taken a fundamentally different approach to developing the AHCCCS budget than has the Executive. The JLBC Staff has attempted to develop a micro-approach to programmatic budgeting by analyzing programmatic costs and growth at the rate code level. This methodology enables the JLBC Staff to identify and alter budgetary assumptions much more readily. The macro-approach taken by the Executive, though, does not provide the type of detail required for the JLBC Staff to adequately analyze their recommendation vis-a-vis our own.

The JLBC Staff is continuing to analyze the implications of the Medicaid changes in the 1989 Federal Budget Reconciliation Act. The changes made to Sixth Omnibus Budget Reconciliation Act (SOBRA) eligibility and the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT) may create additional FY 1991 funding requirements.

Finally, when the JLBC Staff refers to Other Non-Appropriated Funds, it is referring to the combination of the Counties' Acute Care Contributions and miscellaneous collections.

o Acute Care Capitation

Includes funding for a straight 11% increase in capitated rates  
(new rates effective October 1, 1990) with the following new member months over  
JLBC Staff FY 1990 adjusted estimates:

- 578,200 new capitated member months (18% increase).
- 1,047 new CMDP member months (4.1% increase).
- 2,595 new SOBRA deliveries (24.7% increase).

\$38,078,200 (S)  
91,128,400 (T)

Implicit in the Current Services Budget are the following:

- An increase in the federal reimbursement rates for categorical enrollees (after the first quarter of FY 1991).
- A decrease of \$236,800 due to a shift of Other Non-Appropriated Funds into this line item.

The Executive recommendation also includes an 11% increase in capitated rates, however, the Staff cannot speak to the Executive's member month estimates.

- o Long Term Care Capitation (2,807,700) (S)  
This reduction is due to a decline in the county residual long term care population that is eligible for AHCCCS acute care services. (4,138,300) (T)
- o Fee for Service 13,402,600 (S)  
Includes an 11% increase in amounts paid per claim in FY 1990. Where FY 1990 year-to-date (YTD) data was not adequate for analysis, we have inflated FY 1989 rates by 11% for both FY 1990 and FY 1991. FY 1989 claims data was used to derive an FY 1991 paid claims estimate. This total increase also includes an adjustment of \$648,000 that is required due to a shift of Other Non-Appropriated Funds to different acute care line items. 24,805,200 (T)

Based on the FY 1989 - FY 1990 experience of a minimal capacity-related non-capitated population, the Staff recommendation does not include any funding for a non-capitated Fee-for-Service population in FY 1991.

Additionally, our recommendation reflects a reduction of \$410,600 (S) and \$746,600 (T) due to the enhancement in Provider Fraud Investigations recommended in the Member Services and Oversight Cost Center.

- o Reinsurance 7,196,600 (S)  
Includes an 11% increase over FY 1990 in terms of the amount of reinsurance paid per member month. The amount also includes a base reduction of \$1,806,000 due to a shift of Other Non-Appropriated Funds into this line item. This line also contains \$300,000 (S) and \$787,000 (T) for Bone Marrow Transplants in keeping with the provisions of Laws 1989, Chapter 293 (S.B. 1348). 10,423,000 (T)
- o Deferred Liability 564,100 (S)  
Includes an 11% increase in the amount paid per claim in FY 1990. Where FY 1990 YTD data was not adequate, we have inflated FY 1989 rates by 11% for both FY 1990 and FY 1991. FY 1989 claims data was used to derive an FY 1991 paid claims estimate. In addition, the JLBC Staff included increases over first quarter FY 1990 paid claims amounts of 50% and 58.5% for ELICs and SOBRA Children, respectively. These special increases were factored in, primarily, due to the escalating costs of neonatal care. Finally, the Staff has included a 4,296,600 (T)

flat increase of \$2 million to account for a special contract between AHCCCS and one of the health plans regarding the payment of deferred liability. Without this adjustment, the Staff would have recommended a decrease in Deferred Liability from the FY 1990 appropriated level. AHCCCS stated that it disagreed with the CSB estimates we presented during the Joint Appropriations Committee hearings held in late-December 1989. The JLBC Staff has continued to discuss the disagreement with AHCCCS, but in terms of this recommendation, we maintain the stance that there is currently not enough evidence in our possession to recommend a significant increase in this line item. In fact, the Staff's recommendation is lower than the estimate we provided in the Joint Appropriations Committee hearings due to our interpretation of available data.

The amount also includes an adjustment of \$459,000 that is required due to a shift of Other Non-Appropriated Funds to different acute care line items.

- o Childrens Rehabilitative Services 775,600 (S)  
528,000 (T)  
 Includes \$528,000 for inflation-related increases in medical, ancillary, and administrative services and \$200 for an ERE adjustment. The amount also includes an adjustment of \$247,400 that is required due to a shift of Other Non-Appropriated Funds to different acute care line items. The JLBC Staff has not included funding for the Physician's Parity issue or any new services. These funds are passed through to the Department of Health Services (DHS).

The JLBC Staff has included this line in the AHCCCS recommendation based on past appropriations to the agency. The Executive has transferred the line item to the DHS budget.

- o Medicare Premiums (54,300) (S)  
1,810,000 (T)  
 The reduction reflects the sum of a shift of Other Non-Appropriated funds and a change in federal reimbursement for AHCCCS expenditures on Medicare premiums. The Staff is continuing to examine the implications of the Medicare Catastrophic Act's repeal. These implications include the possibility of a downward adjustment in the JLBC recommendation for this line item.

- o Qualified Medicare Beneficiaries (QMBs) (Medicare Catastrophic) 4,260,500 (S)  
15,509,600 (T)  
 At this time, the JLBC Staff accepts the agency's FY 1991 estimate, however, we are continuing to develop a new estimate of the FY 1991 QMB population. Additionally, we are attempting to finalize our conclusions on the effects of the Medicare Catastrophic Act's repeal on QMB costs.

The amount includes a base reduction of \$248,800 due to a shift of Other Non-Appropriated Funds into this line item.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$351,258,100 (S) and \$722,043,600 (T). The following Budget Reduction Option represents a \$(46,568,000) (S) and a \$(52,422,600) (T), or a (13.3%) (S) and a (7.3%) (T), decrease from the CSB.

- o Medically Needy/Medically Indigent (MN/MI) Catastrophic Program (46,568,000) (S)  
(52,422,600) (T)

The concept envisioned with an MN/MI Catastrophic Program is one that would, effective October 1, 1990, reinsure hospital/health care providers for medically needy/indigent individuals whose total bills are greater than or equal to \$7,500. Once the threshold amount is reached, the State (through AHCCCS) would step in and pick up 90% of the costs after \$7,500. The Staff has used an October 1st start date to avoid problems associated with AHCCCS' Year VIII (10/1/89 to 9/30/90) contracts.

The current system of enrolling MN/MI members into a health plan would cease. Additionally, the imposition of a "minimum bill" criteria (i.e., \$7500 of charges for covered services) is new. Under the current system, any individual who meets MN/MI eligibility criteria receives coverage, regardless of the absolute size of his/her medical bills. (It is true, though, that the size of an individual's medical bills, relative to his/her income, is the key factor in most MN/MI eligibility determinations). Eligibility work would continue under this programmatic reform, since hospital/health care providers would only be eligible for cost-sharing in catastrophic cases that met the current income/resources standards set forth in A.R.S. § 11-297 and A.R.S. § 36-2905.

The JLBC Staff believes that the AHCCCS Administration will be forced to set up a case management system to track potential MN/MI catastrophic cases to ensure, for example, that the threshold amount is reached only through approved charges for covered services. This latter effort and the cost of modifying MIS/PMMIS are reasons the JLBC Staff believes that AHCCCS will require an administrative increase to accomplish this programmatic reform. The Staff has roughly estimated this increase at \$2,000,000 (S) and \$3,703,700 (T). The required changes would affect divisions within the MIS/PMMIS and Member Services &



Oversight Cost Centers.

The JLBC Staff used the following assumptions to derive the net Acute Care General Fund reduction:

	<u>FY 1991 Member Months</u>	<u>FY 1991 \$ Impact</u>
Elimination of the Current MN/MI Acute Care Program	(368,963)	\$(112,908,400)
New Catastrophic Program	55,345	67,745,000
Conversion to New Rate Codes	42,659	13,754,200
Retention of County MN/MI Specific Acute Care Contribution	-0-	(15,158,800)
Total	<u>(270,959)</u>	<u>(46,568,000)</u>

The JLBC Staff has included a reduction in the County acute care contribution since the primary responsibility to care for the medically indigent falls on the counties. We used the following methodology to determine the FY 1991 contribution reduction of \$7,325,300:

MN/MI-Specific FY 1991 Acute Care Contribution:	\$28,044,900
MN/MI FY 1991 General Fund Estimates:	\$150,544,500
County Contribution Ratio:	18.6%
Catastrophic Program + Conversions (CP+C):	\$81,499,200
CP+C multiplied by the County Contribution Ratio:	\$15,158,800
1st Quarter FY 1991 County MN/MI Cost:	\$5,560,800
New FY 1991 County MN/MI Contribution:	
\$28,044,900 - (\$15,158,800 + \$5,560,800) =	\$7,325,300
New FY 1991 County Acute Care Contribution:	
\$58,432,600 - \$7,325,300 =	\$51,107,300

The first quarter FY 1991 amount of \$5.56 million is our estimate of the counties' share of the cost of operating the current MN/MI program for the final quarter of contract year VIII, which happens to be the first quarter of FY 1991. The Staff has estimated the General Fund share of operating the current MN/MI system during the 1st quarter at over \$30 million.

The JLBC Staff believes that the MN/MI option offered here would force the counties to begin offering care that is currently available to individuals through AHCCCS. The Staff, however, has some serious doubts about the ability

of certain counties to deliver these services. During the last few years, a number of county public health delivery systems have basically been dismantled. The Staff is not sure of the expenses various counties would face because of this MN/MI programmatic reform.

The probability that a number of counties will not be able to fully handle the non-catastrophic health care needs of the medically indigent means an inevitable/forced increase in the level of uncompensated care provided by Arizona physicians and hospitals. Estimates indicate that the level of uncompensated care provided by hospitals in Arizona currently exceeds \$200 million annually. The response of the medical community to an increase in uncompensated care is difficult for the JLBC Staff to determine. At issue are such subjects as hospital/physician rates, insurance premiums, and the financial viability of certain hospitals whose service population includes a significant number of MN/MIs. The potential implications for health insurance rates are particularly noteworthy, given the recent revelations about the already poor state of health care coverage in Arizona.

The JLBC Staff estimates on savings are basically driven by a series of assumptions. There is an absence of data (or prior programmatic experience) to help us confirm, for example, whether \$7,500 is an appropriate threshold; how many people will convert to new rate-codes; or what impact the MN/MI programmatic change will have on the counties, hospitals, or consumers. The Staff would, therefore, caution that the relative softness of the assumptions we have used make our cost-savings estimate of \$46.6 million subject to change.

Finally, determining the statutory requirements of this programmatic change and preparing appropriate legislation will require the coordination of the JLBC Staff and the staffs of both Houses of the legislature. At this point, the JLBC Staff is still evaluating what changes to A.R.S. would be required for implementation of this program. The JLBC Staff is also continuing to research a number of issues such as the "optimal" threshold, cost-shifting, and specific demographic implications.

#### Other Issues for Legislative Consideration

##### o County Contribution

The JLBC Staff recommendation assumes that the resolution of the litigation involving the Cochise County contributions to Acute and Long Term Care will not have any General Fund implications.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: LONG TERM CARE

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. (S)	0.00	0.00	0.00	0.00		
FULL TIME EQUIVALENT POS. (T)	0.00	0.00	0.00	0.00	0.00	
<u>OPERATING BUDGET</u>						
OPERATING SUBTOTAL (S)	0	0	0	0	0	
OPERATING SUBTOTAL (T)	0	0	0	0	0	
<u>SPECIAL LINE ITEMS</u>						
SNF/ICF (S)	0	104,648,000	0	0	0	
SNF/ICF (T)	228,681,900	261,323,700	259,962,700	261,323,700	261,323,700	
HOME/COMM BASED SVCS (S)	0	12,172,600	0	0	0	
HOME/COMM BASED SVCS (T)	12,035,900	30,337,100	30,337,100	30,337,100	30,337,100	
DES LONG TERM CARE (S)	0	0	0	0	0	
DES LONG TERM CARE (T)	52,755,900	64,951,300	64,951,300	64,951,300	64,951,300	
SPECIAL ITEM SUBTOTAL (S)	0	116,820,600	0	0	0	
SPECIAL ITEM SUBTOTAL (T)	293,473,700	356,612,100	355,251,100	356,612,100	356,612,100	
PROGRAM TOTAL(S)	0	116,820,600	0	0	0	
PROGRAM TOTAL(T)	293,473,700	356,612,100	355,251,100	356,612,100	356,612,100	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
 COST CENTER: LONG TERM CARE

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
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BY FUND SOURCE

GENERAL FUND	(S)	0	116,820,600	0	0	0	_____
FEDERAL FUNDS	(T)	198,035,700	239,791,500	238,876,500	239,791,500	239,791,500	_____
OTHER NON APPROPRIATED	(T)	95,438,000	0	116,374,600	116,820,600	116,820,600	_____
PROGRAM TOTAL-ALL SOURCES	(S)	0	116,820,600	0	0	0	_____
PROGRAM TOTAL-ALL SOURCES	(T)	293,473,700	356,612,100	355,251,100	356,612,100	356,612,100	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS  
COST CENTER: LONG TERM CARE

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The JLBC Staff recommends a total appropriation of \$0 in State General Funds (S) and \$356,612,100 in total expenditure authority (T) -- a net increase of \$0, or 0%, to the adjusted FY 1990 General Fund appropriation, and a net increase of \$63,138,400, or 21.5%, to the FY 1990 total expenditure authority. The JLBC Staff does not recommend a General Fund appropriation. The Staff, instead, recommends that A.R.S. § 11-292 be amended to reflect a county contribution to the Arizona Long Term Care System (ALTCSS) of \$116,820,600 for FY 1991 as compared to \$95,438,000 for FY 1990.

**Current Services Budget Changes**

o Skilled Nursing/Intermediate Care Facilities	\$ -0- (S) 32,641,800 (T)
o Home/Community Based Services	-0- (S) 18,301,200 (T)
o DES Long Term Care	-0- (S) 12,195,400 (T)

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Other Issues for Legislative Consideration**

- o **County Long Term Care Contribution**

The Executive has not written to the issue of the County Long Term Care contribution. However, the Executive's lack of a General Fund recommendation and the information which they have provided to us indicate that the Governor supports a County Long Term Care contribution of \$116,820,600.

Additionally, the JLBC Staff recommendation assumes that the resolution of the litigation involving the Cochise County contributions to Acute and Long Term Care will not have any General Fund implications.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AZ COMM ON INDIAN AFFAIRS  
 COST CENTER: AZ COMM ON INDIAN AFFAIRS

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: CORBET

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	4.00	4.00	4.00	4.00	3.50	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	106,600	106,600	106,600	106,400	96,100	
EMPLOYEE RELATED EXP	23,700	23,600	26,400	26,400	23,800	
TRAVEL - IN STATE	10,600	14,500	10,600	11,600	9,600	
OTHER OPERATING EXP	14,500	28,200	15,900	14,400	14,400	
EQUIPMENT	0	7,900	4,000	0		
ALL OTHER OPERATING	25,100	50,600	30,500	26,000	24,000	
<u>OPERATING SUBTOTAL</u>	<u>155,400</u>	<u>180,800</u>	<u>163,500</u>	<u>158,800</u>	<u>143,900</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-7,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-7,800</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>155,400</u>	<u>180,800</u>	<u>155,700</u>	<u>158,800</u>	<u>143,900</u>	

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: AZ COMM ON INDIAN AFFAIRS  
 COST CENTER: AZ COMM ON INDIAN AFFAIRS

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: CORBET

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<b><u>BY FUND SOURCE</u></b>						
GENERAL FUND	155,400	180,800	155,700	158,800	143,900	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>155,400</b>	<b>180,800</b>	<b>155,700</b>	<b>158,800</b>	<b>143,900</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA COMMISSION OF INDIAN AFFAIRS  
COST CENTER: ARIZONA COMMISSION OF INDIAN AFFAIRS

The JLBC Staff recommends a total appropriation of \$158,800 -- a net increase of \$3,400, or 2.2% from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ 2,500
- o Travel Rate Adjustments 1,000
- o Risk Management Insurance (100)
- o General Inflation 700

**JLBC Staff Recommended Policy Issues**

- o General Inflation (700)  
Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$159,500 (General Fund). The following Budget Reduction Options represent a \$(15,600), or (9.8)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (700)  
General Inflation
- o Field Coordinator Position (14,900)  
A savings may be achieved by making the Field Coordinator Position half-time. An additional savings in In-State Travel will also be achieved. However, this will severely limit the Commission's communications with the Indian tribes and significantly decrease its ability to carry out its statutory directives.

Other Issues for Legislative Consideration

- o Office Automation  
The Commission of Indian Affairs has requested \$21,200 for office automation equipment and training. The Executive recommends \$4,000 for equipment only.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: PIONEERS' HOME  
 COST CENTER: PIONEERS' HOME

JLBC ANALYST: COMICK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	110.00	110.00	110.00	110.00	97.50	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,055,900	2,055,400	2,055,900	2,025,100	1,842,600	
EMPLOYEE RELATED EXP	634,400	698,800	641,600	598,800	550,900	
FOOD	222,700	233,800	233,800	222,700	213,300	
ALL OTHER OPERATING	222,700	233,800	233,800	222,700	213,300	
<u>OPERATING SUBTOTAL</u>	<u>2,913,000</u>	<u>2,988,000</u>	<u>2,931,300</u>	<u>2,846,600</u>	<u>2,606,800</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-140,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-140,700</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,913,000</u>	<u>2,988,000</u>	<u>2,790,600</u>	<u>2,846,600</u>	<u>2,606,800</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,913,000	2,988,000	2,790,600	2,846,600	2,606,800	
OTHER NON APPROPRIATED	719,200	706,400	0	706,400		
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>3,632,200</u>	<u>3,694,400</u>	<u>2,790,600</u>	<u>3,553,000</u>	<u>2,606,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: PIONEERS' HOME  
 COST CENTER: PIONEERS' HOME

The JLBC Staff recommends a total appropriation of \$2,846,600 -- a net decrease of \$(66,400), or (2.3)%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Includes \$567.00 for a FY 90 CMR
- o ERE Adjustments
- o Food \$ (26,500)
- 10,000

**JLBC Staff Recommended Policy Issues**

- o General Inflation
- o Vacancy Rate (10,000)
- A 1.5% vacancy savings factor could be applied since the agency experiences a high turnover rate. However, since the agency attempts to fill all vacant positions as quickly as possible to meet mandated staff/patient ratios, forced understaffing might be required. (39,900)

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**Budget Reduction Options**

The Current Services Budget is \$2,896,500 (General Fund). The following Budget Reduction Options represent a \$(289,700), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (10,000)
- General Inflation
- o FTE Positions (270,300)
- To achieve a 10% budget reduction, 12.5 FTE positions with related ERE costs will be eliminated. The positions include nursing staff, nursing support, maintenance workers, food handlers, laundry workers and patient support workers. Loss of staff might require that the number of residents would need to be reduced to maintain both a safe environment and to provide State and federal mandated services. In addition, there would be some loss of revenue to the General Fund; although, this would be offset by less money needed for subsidized care.
- o Food (9,400)
- If the number of residents is reduced as a result of FTE position reductions, the amount of food required will also be reduced.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICES COMM  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: COMICK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	34.00	34.00	34.00	34.00	18.00	
<u>BY PROGRAM/ORGANIZATION</u>						
VETERANS' AFFAIRS	969,700	1,133,000	788,000	1,045,500	736,100	
VETERANS' CONSERVATORSHIP	390,000	409,900	336,300	337,400		
<b>A G E N C Y T O T A L</b>	<b>1,359,700</b>	<b>1,542,900</b>	<b>1,124,300</b>	<b>1,382,900</b>	<b>736,100</b>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	694,600	680,700	656,400	657,500	413,400	
EMPLOYEE RELATED EXP	170,800	188,100	176,900	170,300	103,100	
TRAVEL - IN STATE	32,300	48,200	42,300	28,200	27,500	
TRAVEL - OUT OF STATE	8,300	9,800	2,000	6,400	8,300	
OTHER OPERATING EXP	152,900	203,400	156,400	157,700	97,400	
EQUIPMENT	11,800	46,300	0	0		
ALL OTHER OPERATING	205,300	307,700	200,700	192,300	133,200	
<u>OPERATING SUBTOTAL</u>	<u>1,070,700</u>	<u>1,176,500</u>	<u>1,034,000</u>	<u>1,020,100</u>	<u>649,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICES COMM  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: COMICK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
VETERANS ORG CONTRACTS	40,000	40,000	40,000	40,000		
VETERANS CEMETERY FUND	0	90,000	90,000	86,400	86,400	
SPENDING REDUCTION PGM	0	0	-39,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>40,000</u>	<u>130,000</u>	<u>90,300</u>	<u>126,400</u>	<u>86,400</u>	
<u>AGENCY TOTAL</u>	<u>1,110,700</u>	<u>1,306,500</u>	<u>1,124,300</u>	<u>1,146,500</u>	<u>736,100</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	720,700	896,600	788,000	809,100	736,100	
OTHER FUNDS	639,000	646,300	336,300	573,800		
FEDERAL FUNDS	116,900	141,600	0	141,600		
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>1,476,600</u>	<u>1,684,500</u>	<u>1,124,300</u>	<u>1,524,500</u>	<u>736,100</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICES COMM  
 COST CENTER: VETERANS' AFFAIRS

JLBC ANALYST: COMICK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	20.00	20.00	20.00	20.00	18.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	445,600	444,300	444,300	444,300	413,400	
EMPLOYEE RELATED EXP	99,100	115,200	111,400	111,400	103,100	
TRAVEL - IN STATE	26,800	38,400	36,800	22,500	27,500	
TRAVEL - OUT OF STATE	8,300	8,300	2,000	6,400	8,300	
OTHER OPERATING EXP	95,100	126,600	103,200	98,100	97,400	
EQUIPMENT	5,800	33,800	0	0		
ALL OTHER OPERATING	136,000	207,100	142,000	127,000	133,200	
<u>OPERATING SUBTOTAL</u>	<u>680,700</u>	<u>766,600</u>	<u>697,700</u>	<u>682,700</u>	<u>649,700</u>	
<u>SPECIAL LINE ITEMS</u>						
VETERANS ORG CONTRACTS	40,000	40,000	40,000	40,000		
VETERANS CEMETERY FUND	0	90,000	90,000	86,400	86,400	
SPENDING REDUCTION PGM	0	0	-39,700	0		
<u>SPECIAL ITEM SUBTOTAL</u>	<u>40,000</u>	<u>130,000</u>	<u>90,300</u>	<u>126,400</u>	<u>86,400</u>	
<u>PROGRAM TOTAL</u>	<u>720,700</u>	<u>896,600</u>	<u>788,000</u>	<u>809,100</u>	<u>736,100</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICES COMM  
COST CENTER: VETERANS' AFFAIRS

JLBC ANALYST: COMICK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	720,700	896,600	788,000	809,100	736,100	
OTHER FUNDS	249,000	236,400	0	236,400		
FEDERAL FUNDS	116,900	141,600	0	141,600		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>1,086,600</b>	<b>1,274,600</b>	<b>788,000</b>	<b>1,187,100</b>	<b>736,100</b>	

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: VETERAN SERVICES COMMISSION  
COST CENTER: VETERANS' AFFAIRS

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The JLBC Staff recommends a total appropriation of \$809,100 -- a net increase of \$88,400, or 12.2%, to the adjusted FY 1990 appropriation.

### **Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (1,600)
o ERE Rate Adjustments	12,600
o Travel	700
o General Inflation	1,900
o Risk Management	(700)
o Rent	3,700
o Veterans Cemetery Fund	86,400
The \$86,400 is necessary to fulfill the terms of agreement between the State and Federal government for maintenance of the Arizona Veteran's Cemetery (Chap. 29 (H.B. 2096)). In accordance with this agreement, a final payment of approximately \$80,000 will be required in FY 1992.	
o One-Time Equipment	(5,800)

### **JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(1,900)
Elimination of 4.5% General Inflation.	
o <u>Out-of-State Travel</u>	(1,900)
Elimination of 2 trips to attend one NASDVA Convention and the National Association of State Veterans Homes will not allow the Arizona Veteran Community to be represented in Washington or at the annual conference which will discuss concerns involving patient care for the new Arizona State Veterans Home.	
o <u>In-State Travel</u>	(5,000)
Reduction of In-State Travel will require changing the Veteran Service Office's travel schedule from monthly to bi-monthly visits and eliminating home visits and field examinations. This will decrease the agency's ability to serve the Veteran community although claims work will be accomplished at a reduced rate via telephone and the postal service.	

o Electronic File System

Veterans' Affairs currently uses a 30,000 index card catalog to store information on veterans. To better serve the veteran population and to improve security of these files, the JLBC Staff supports the transfer of computer equipment from the Treasurer as the first part of a phase-in project. This phase would enable the data from the card file to be stored electronically. After completion of phase one, the agency will develop plans for future hardware needs and research the possibility of networking with the VA system.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$817,900. The following Budget Reduction Options represent a (\$81,800), or (10)%, decrease from the CSB.

o General Inflation

(1,900)

o Clerical Staff

(39,200)

Eliminate 2 Clerk Typist II positions which will save Personal Services and ERE costs. Loss of these positions will require that professional staff assume more responsibility for clerical tasks thereby reducing services and benefits to veterans causing a potential loss of revenue to the state.

o Operating Expenses

(700)

Reduce operating supplies and miscellaneous expenses due to loss of FTE positions and less claim's work being processed.

o Veterans Organization Contracts

(40,000)

The four contracted veterans' organizations would no longer provide claims benefits assistance to veterans causing the projected savings. Loss of these contracts potentially causes both loss of revenue to the State due to fewer claims being processed and loss of jobs within these organizations.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICES COMM  
 COST CENTER: VETERANS' CONSERVATORSHIP

JLBC ANALYST: COMICK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	14.00	14.00	14.00	14.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	249,000	236,400	212,100	213,200		
EMPLOYEE RELATED EXP	71,700	72,900	65,500	58,900		
TRAVEL - IN STATE	5,500	9,800	5,500	5,700		
TRAVEL - OUT OF STATE	0	1,500	0	0		
OTHER OPERATING EXP	57,800	76,800	53,200	59,600		
EQUIPMENT	6,000	12,500	0	0		
ALL OTHER OPERATING	69,300	100,600	58,700	65,300		
<b>P R O G R A M   T O T A L</b>	<b>390,000</b>	<b>409,900</b>	<b>336,300</b>	<b>337,400</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	390,000	409,900	336,300	337,400		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>390,000</b>	<b>409,900</b>	<b>336,300</b>	<b>337,400</b>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS SERVICES COMMISSION  
 COST CENTER: VETERANS CONSERVATORSHIP

The JLBC Staff recommends a total appropriation of \$337,400 -- a net decrease of \$(52,600), or (13.5%), from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (12,100)
o ERE Rate Adjustments	(2,900)
o General Inflation	700
o Rent	2,200
o Risk Management	(400)
o One Time Equipment	(6,000)
o Travel Rate Increase	200

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(700)
o <u>Personal Services/ERE Adjustments</u>	(33,600)

Due to revenues which are below FY 1990 projections, the staff recommends that a vacancy savings rate of 11% be applied until such time that revenues increase sufficiently to fund all positions.

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Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AG EMPL RELATIONS BD  
 COST CENTER: AG EMPL RELATIONS BD

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	4.00	4.00	4.00	4.00	3.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	116,200	115,300	115,300	115,300	100,200	
EMPLOYEE RELATED EXP	22,800	27,400	28,200	26,700	23,200	
PROFESSIONAL/OUTSIDE SVCS	29,500	29,500	29,500	29,500	29,500	
TRAVEL - IN STATE	9,200	9,200	9,200	9,400	8,300	
OTHER OPERATING EXP	11,300	11,300	11,300	11,300	11,300	
ALL OTHER OPERATING	50,000	50,000	50,000	50,200	49,100	
<u>OPERATING SUBTOTAL</u>	<u>189,000</u>	<u>192,700</u>	<u>193,500</u>	<u>192,200</u>	<u>172,500</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-9,300	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-9,300</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>189,000</u>	<u>192,700</u>	<u>184,200</u>	<u>192,200</u>	<u>172,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AG EMPL RELATIONS BD  
 COST CENTER: AG EMPL RELATIONS BD

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	189,000	192,700	184,200	192,200	172,500	_____
PROGRAM TOTAL-ALL SOURCES	189,000	192,700	184,200	192,200	172,500	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: AG. EMPL. RELATIONS BD.  
COST CENTER: AG. EMPL. RELATIONS BD.

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The JLBC Staff recommends a total appropriation of \$192,200 -- a net increase of \$3,200, or 1.7%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ (1,100)
- o ERE Rate Adjustments 4,100
- o In-State Travel - Lodging 200

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$192,200 (General Fund). The following Budget Reduction Options represent a \$(19,700), or (10.2)%, decrease from the CSB.

- o In-State Travel (1,100)  
Provide funding for only POV mileage. Currently, the AERB Budget contains funding for private air mileage (1 Yuma board member) and commercial air (2 Yuma board members).
- o Eliminate the Legal Secretary Position (18,600)  
Eliminate the Board's Legal Secretary I (Grade 15) position, however, leave 15% of the funding in the budget for temporary help. In an agency this small, any substantial cut can have serious repercussions on the organization's ability to adequately perform its mandated function. The JLBC Staff believes that the elimination of a full-time position, or across-the-board reductions in personal services, could cripple the Board's ability to adequately respond to labor disputes. This option would require a reduction in force.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF AGRICULTURE  
 COST CENTER: AGENCY SUMMARY

Laws 1989, Chapter 162 (H.B. 2090), created the Department of Agriculture. Effective January 1, 1991, the Department will succeed to the authority, powers, duties, and responsibilities of the following:

- o Arizona Commission of Agriculture and Horticulture
- o Arizona Livestock Board
- o State Egg Inspection Board
- o State Dairy Commissioner

The following represents the FY 1990 appropriation and the FY 1991 Executive and JLBC Staff recommendations for the 4 agencies that will comprise the Department:

	<u>FY 1990</u>	<u>FY 1991 Executive Recommendation</u>	<u>FY 1991 JLBC Staff Recommendation</u>
Commission of Ag & Hort	\$ 7,003,800	\$ 6,777,200	\$ 7,105,900
Livestock Board	3,842,200	3,612,800	3,780,300
Egg Inspection Board	190,900	188,500	187,000
Dairy Commissioner	<u>526,900</u>	<u>486,200</u>	<u>508,500</u>
TOTAL	11,563,800	11,064,700	11,581,700
 Fund Summary:			
General Fund	10,027,400	9,474,900	10,010,800
Other Appropriated Funds	<u>1,536,400</u>	<u>1,589,800</u>	<u>1,570,900</u>
TOTAL	11,563,800	11,064,700	11,581,700

Effective January 1, 1991, Chapter 162 provides that all unexpended and unencumbered monies appropriated to the agencies listed above will be transferred to the Department of Agriculture.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	196.00	278.00	205.00	197.00	172.00	
<u>BY PROGRAM/ORGANIZATION</u>						
OFFICE OF THE DIRECTOR	639,200	2,188,200	666,500	762,300	762,300	
FIELD OPERATIONS	5,019,100	7,497,000	4,709,400	4,959,700	4,409,000	
STATE CHEMIST	562,600	597,100	582,700	560,100	560,100	
FRUIT/VEG STANDARDIZATION	782,900	806,500	818,600	823,800	823,800	
<u>AGENCY TOTAL</u>	<u>7,003,800</u>	<u>11,088,800</u>	<u>6,777,200</u>	<u>7,105,900</u>	<u>6,555,200</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	4,309,700	5,438,300	4,341,200	4,363,400	3,930,700	
EMPLOYEE RELATED EXP	847,000	1,190,200	1,138,000	1,148,600	1,030,600	
PROFESSIONAL/OUTSIDE SVCS	183,000	608,500	206,600	233,000	233,000	
TRAVEL - IN STATE	389,200	508,600	389,200	390,300	390,300	
TRAVEL - OUT OF STATE	26,800	91,700	26,800	26,800	26,800	
OTHER OPERATING EXP	695,000	1,151,100	695,400	711,500	711,500	
EQUIPMENT	66,100	621,200	110,900	80,800	80,800	
ALL OTHER OPERATING	1,360,100	2,981,100	1,428,900	1,442,400	1,442,400	
<u>OPERATING SUBTOTAL</u>	<u>6,516,800</u>	<u>9,609,600</u>	<u>6,908,100</u>	<u>6,954,400</u>	<u>6,403,700</u>	

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
MARKET NEWS	42,500	70,300	44,300	49,500	49,500	
DEPARTMENT OF AGRICULTURE	0	949,400	20,900	27,000	27,000	
AG. LABORATORY EQUIPMENT	384,500	384,500	0	0		
CO-OP AGREEMENT WATERMLN	60,000	75,000	75,000	75,000	75,000	
SPENDING REDUCTION PGM	0	0	-271,100	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>487,000</u>	<u>1,479,200</u>	<u>-130,900</u>	<u>151,500</u>	<u>151,500</u>	
<u>AGENCY TOTAL</u>	<u>7,003,800</u>	<u>11,088,800</u>	<u>6,777,200</u>	<u>7,105,900</u>	<u>6,555,200</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	5,658,300	9,685,200	5,375,900	5,722,000	5,171,300	
OTHER FUNDS	1,345,500	1,403,600	1,401,300	1,383,900	1,383,900	
FEDERAL FUNDS	155,300	147,300	147,300	147,300	147,300	
OTHER NON APPROPRIATED	4,141,100	1,741,900	0	1,740,100	1,740,100	
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>11,300,200</u>	<u>12,978,000</u>	<u>6,924,500</u>	<u>8,993,300</u>	<u>8,442,600</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
COST CENTER: AGENCY SUMMARY

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The JLBC Staff recommends a total appropriation of \$7,105,900 -- a net increase of \$102,100, or 1.5%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 67,000
o ERE Rate Adjustments	288,300
o Professional and Outside Services	50,000
o Travel	1,100
o Other Operating Expenses	16,500
o One-Time Equipment	(66,100)
o Replacement Equipment	90,900
o Market News	7,000
o Department of Agriculture	27,000
o Ag Laboratory Equipment	(384,500)
o Cooperative Agreement	15,000
o General Inflation	22,900

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(22,900)
Elimination of 4.5% General Inflation.	
o <u>Delay Equipment Replacement</u>	(10,100)
See Field Operations Cost Center for details.	

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$5,751,600 (General Fund). The following Budget Reduction Options represent a \$(580,300), or (10.1)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (29,600)
  - General Inflation
  - Delay Equipment Replacement
- o Reduction of Field Operations (550,700)
  - See the Field Operations Cost Center for a description of this option.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: OFFICE OF THE DIRECTOR

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	13.00	25.00	14.00	15.00	15.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	312,500	396,400	341,600	333,300	333,300	
EMPLOYEE RELATED EXP	62,000	88,700	78,200	76,300	76,300	
PROFESSIONAL/OUTSIDE SVCS	71,500	448,500	71,500	121,500	121,500	
TRAVEL - IN STATE	9,700	12,200	9,700	8,700	8,700	
TRAVEL - OUT OF STATE	4,700	18,700	4,700	4,700	4,700	
OTHER OPERATING EXP	136,300	419,600	123,400	141,300	141,300	
EQUIPMENT	0	5,800	5,800	0		
ALL OTHER OPERATING	222,200	904,800	215,100	276,200	276,200	
<u>OPERATING SUBTOTAL</u>	<u>596,700</u>	<u>1,389,900</u>	<u>634,900</u>	<u>685,800</u>	<u>685,800</u>	
<u>SPECIAL LINE ITEMS</u>						
MARKET NEWS	42,500	70,300	44,300	49,500	49,500	
DEPARTMENT OF AGRICULTURE	0	728,000	20,900	27,000	27,000	
SPENDING REDUCTION PGM	0	0	-33,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>42,500</u>	<u>798,300</u>	<u>31,600</u>	<u>76,500</u>	<u>76,500</u>	
<u>PROGRAM TOTAL</u>	<u>639,200</u>	<u>2,188,200</u>	<u>666,500</u>	<u>762,300</u>	<u>762,300</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: OFFICE OF THE DIRECTOR

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	639,200	2,188,200	666,500	762,300	762,300	
OTHER NON APPROPRIATED	4,026,100	1,356,900	0	1,356,900	1,356,900	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>4,665,300</b>	<b>3,545,100</b>	<b>666,500</b>	<b>2,119,200</b>	<b>2,119,200</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
COST CENTER: OFFICE OF THE DIRECTOR

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The JLBC Staff recommends a total appropriation of \$762,300 -- a net increase of \$123,100, or 19.3%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ 25,600  
The amount includes funding for a salary change to be made in accordance with Personnel Rule 2-5-303 D-4. The amount also includes funding a Secretary for the Integrated Pest Management (IPM) Program. The Executive has not recommended any changes to the IPM Program.
- o ERE Rate Adjustments 9,500
- o Professional and Outside Services 50,000  
Includes first year funding for a 4-year phase-in of \$200,000 for the implementation of IPM research results. This research has been funded by the State during the past 4 fiscal years under the authority of A.R.S. § 3-381 through 3-383. The Executive has not recommended any changes to the IPM Program.
- o Travel (1,000)  
The current Commission of Agriculture and Horticulture will cease to exist on December 31, 1990. The JLBC Staff recommends a 33% reduction in reimbursable Commissioner mileage due to this change. The Staff has not reduced the mileage by 50% ( $\frac{1}{2}$  of fiscal year) under the assumption that the current Commission may be forced to travel more often to Phoenix to help facilitate the transition into the Department of Agriculture. This reduction is offset by a lodging increase of \$300.
- o Risk Management Insurance (700)
- o Non-Capitalized Equipment 5,700  
Includes \$4,500 for purchases on non-capitalized equipment for the IPM Program. The remaining \$1,200 is for the replacement of non-capitalized office equipment.
- o General Inflation 4,000
- o Market News 7,200  
Includes \$7,000 for a Personal Services/ERE Adjustment and \$200 for General Inflation.

- o Department of Agriculture 27,000  
 Includes funding for an Administrative Secretary III (Grade 14) to serve as the new Director's secretary. This staff position is recommended based on the statutory obligation of the Commission to provide clerical and staff support to the Director (Laws 1989, Chapter 162). The Executive has recommended 1 unspecified position and a total of \$20,900.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (4,200)  
 Elimination of 4.5% General Inflation (includes \$200 from the Market Service News).

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$766,500 (General Fund). The following Budget Reduction Options represent a \$(4,200), or (.5)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (4,200)  
General Inflation

**Other Issues for Legislative Consideration**

- o Program and Projects Specialist  
 The Executive has recommended the annualization of a position currently funded with monies from Risk Management. The position was initially filled as part of a settlement with an individual who had a personnel-related suit against the State. The Executive has recommended this position at a total cost of \$27,300.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: FIELD OPERATIONS

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	152.00	222.00	160.00	151.00	126.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,292,000	4,335,700	3,293,400	3,323,900	2,891,200	
EMPLOYEE RELATED EXP	616,100	941,500	882,000	890,300	772,300	
PROFESSIONAL/OUTSIDE SVCS	48,300	73,200	48,300	48,300	48,300	
TRAVEL - IN STATE	217,800	334,700	217,800	218,800	218,800	
TRAVEL - OUT OF STATE	9,000	45,600	9,000	9,000	9,000	
OTHER OPERATING EXP	406,900	558,200	404,500	401,800	401,800	
EQUIPMENT	44,500	602,200	91,900	67,600	67,600	
ALL OTHER OPERATING	726,500	1,613,900	771,500	745,500	745,500	
<u>OPERATING SUBTOTAL</u>	<u>4,634,600</u>	<u>6,891,100</u>	<u>4,946,900</u>	<u>4,959,700</u>	<u>4,409,000</u>	
<u>SPECIAL LINE ITEMS</u>						
DEPARTMENT OF AGRICULTURE	0	221,400	0	0	0	
AG. LABORATORY EQUIPMENT	384,500	384,500	0	0	0	
SPENDING REDUCTION PGM	0	0	-237,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>384,500</u>	<u>605,900</u>	<u>-237,500</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>5,019,100</u>	<u>7,497,000</u>	<u>4,709,400</u>	<u>4,959,700</u>	<u>4,409,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: FIELD OPERATIONS

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	5,019,100	7,497,000	4,709,400	4,959,700	4,409,000	_____
FEDERAL FUNDS	155,300	147,300	147,300	147,300	147,300	_____
OTHER NON APPROPRIATED	115,000	385,000	0	383,200	383,200	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>5,289,400</b>	<b>8,029,300</b>	<b>4,856,700</b>	<b>5,490,200</b>	<b>4,939,500</b>	_____



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
COST CENTER: FIELD OPERATIONS

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The JLBC Staff recommends a total appropriation of \$4,959,700 -- a net decrease of \$(59,400), or (1.2)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 2%. The Executive used a vacancy factor of 3.8%. The Staff has lowered the vacancy factor from FY 1990's level of 4% (3% in FY 1988 - 1989) due to a reduction in turnover and the number of seasonal inspectors employed by the Commission. The amount also reflects the elimination of the vacant Associate Director position. Given the fact that this position has not been filled for at least the past three years, the JLBC Staff would suggest that the position's elimination would not impair the current delivery of services. The Executive has not recommended this change. \$ 40,200
- o ERE Rate Adjustments 265,900
- o Travel 1,000
- o Rent Increase 14,000
- o Non-Capitalized Equipment (19,100)
- o One-Time Equipment (44,500)
- o Replacement Equipment 77,700
- o General Inflation 15,300
- o Ag Lab Equipment (384,500)

This amount found in Laws 1989, Chapter 311, does not lapse until June 30, 1991.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (15,300)  
Elimination of 4.5% General Inflation.
- o Delay Equipment Replacement (10,100)  
Delay the replacement of small copy machines at the Sanders, Ehrenberg and Winterhaven sites.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$4,985,100 (General Fund). The following Budget Reduction Options represent a \$(576,100), or (11.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (25,400)
  - General Inflation
  - Delay Equipment Replacement
- o Reduction of Field Operations (550,700)
 

This option would involve a reduction in force of 25 Ag Inspectors. This represents 25% reduction of the Commission's Level II-IV Ag Inspector staff. The Commission's ability to conduct inspections of commercial vehicles will certainly be adversely affected, as well as its ability to carry out other field operations. Because the Commission's activities are generally preventative in nature, it is impossible to determine an exact impact to this reduction.

This budget reduction option will require a reduction in force.

Other Issues for Legislative Consideration

- o Restoration of FTE Positions

The Executive has recommended restoration of the 8 FTE positions cut in the JLBC Staff Appropriations Report. They have not recommended restoration of funding, only a restoration of the FTE count.
- o Increase the Vacancy Factor

The Executive has recommended the inclusion of a 3.8% vacancy factor. The factor saves an additional \$77,000 beyond the 2% factor used by the JLBC Staff. The Staff has not recommended a factor higher than 2% due to a decline in turnover and a reduction in the number of seasonal inspectors employed by the Commission.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: STATE CHEMIST

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	11.00	11.00	11.00	11.00	11.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	297,100	297,200	297,200	297,200	297,200	
EMPLOYEE RELATED EXP	64,800	67,600	71,100	72,100	72,100	
PROFESSIONAL/OUTSIDE SVCS	49,500	73,100	73,100	49,500	49,500	
TRAVEL - IN STATE	27,500	27,500	27,500	27,900	27,900	
TRAVEL - OUT OF STATE	12,000	25,300	12,000	12,000	12,000	
OTHER OPERATING EXP	96,400	98,900	94,300	93,900	93,900	
EQUIPMENT	15,300	7,500	7,500	7,500	7,500	
ALL OTHER OPERATING	200,700	232,300	214,400	190,800	190,800	
<b>P R O G R A M   T O T A L</b>	<b>562,600</b>	<b>597,100</b>	<b>582,700</b>	<b>560,100</b>	<b>560,100</b>	
<u>BY FUND SOURCE</u>						
OTHER FUNDS	562,600	597,100	582,700	560,100	560,100	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>562,600</b>	<b>597,100</b>	<b>582,700</b>	<b>560,100</b>	<b>560,100</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
COST CENTER: STATE CHEMIST

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The JLBC Staff recommends a total appropriation of \$560,100 -- a net decrease of \$(2,500), or (.4)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services Adjustment	\$ 100
o ERE Rate Adjustments	7,300
o Travel	400
o Non-Capitalized Equipment	(2,500)
o One-Time Equipment	(15,300)
o Replacement Equipment	7,500
o General Inflation	3,400

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(3,400)
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Other Issues for Legislative Consideration

- o Professional and Outside Services  
The Executive has recommended an increase of \$23,600 for Professional and Outside Services related to lab testing and consulting. The JLBC Staff does not recommend this increase given the Office's Professional and Outside Services spending pattern during the past 4 fiscal years. The Office, during FY 1986 through FY 1989, averaged \$15,100 in actual Professional and Outside Services expenditures, or \$35,200 below the average appropriation over the same time period.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
 COST CENTER: FRUIT/VEG STANDARDIZATION

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	20.00	20.00	20.00	20.00	20.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	408,100	409,000	409,000	409,000	409,000	
EMPLOYEE RELATED EXP	104,100	92,400	106,700	109,900	109,900	
PROFESSIONAL/OUTSIDE SVCS	13,700	13,700	13,700	13,700	13,700	
TRAVEL - IN STATE	134,200	134,200	134,200	134,900	134,900	
TRAVEL - OUT OF STATE	1,100	2,100	1,100	1,100	1,100	
OTHER OPERATING EXP	55,400	74,400	73,200	74,500	74,500	
EQUIPMENT	6,300	5,700	5,700	5,700	5,700	
ALL OTHER OPERATING	210,700	230,100	227,900	229,900	229,900	
<u>OPERATING SUBTOTAL</u>	<u>722,900</u>	<u>731,500</u>	<u>743,600</u>	<u>748,800</u>	<u>748,800</u>	
<u>SPECIAL LINE ITEMS</u>						
CO-OP AGREEMENT WATERMLN	60,000	75,000	75,000	75,000	75,000	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>60,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	
<u>P R O G R A M   T O T A L</u>	<u>782,900</u>	<u>806,500</u>	<u>818,600</u>	<u>823,800</u>	<u>823,800</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: COMM OF AG & HORT  
COST CENTER: FRUIT & VEGETABLE STANDARDIZATION

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The JLBC Staff recommends a total appropriation of \$823,800 -- a net increase of \$40,900, or 5.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 1,100
o ERE Rate Adjustments	5,600
o Travel	700
o Rent	18,600
o Non-Capitalized Equipment	1,900
o Other Operating Expenses	(1,400)
o One-Time Equipment	(6,300)
o Replacement Equipment	5,700
o Cooperative Agreement	15,000

Additional tonnage anticipated due to the extension of the Federal-State Watermelon Inspection Agreement to the San Luis, Mexico crossing.

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: BANKING DEPARTMENT  
 COST CENTER: BANKING DEPARTMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	98.00	118.00	88.00	94.00	88.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,278,700	2,884,500	2,354,800	2,197,100	2,053,100	
EMPLOYEE RELATED EXP	485,800	635,400	518,100	497,400	465,100	
PROFESSIONAL/OUTSIDE SVCS	142,600	149,700	92,600	142,600	142,600	
TRAVEL - IN STATE	105,900	134,300	105,900	106,200	97,900	
TRAVEL - OUT OF STATE	25,700	38,300	25,700	22,700	18,300	
OTHER OPERATING EXP	272,700	369,700	273,300	268,900	234,900	
EQUIPMENT	17,000	48,800	12,600	12,600	12,600	
ALL OTHER OPERATING	563,900	740,800	510,100	553,000	506,300	
<u>OPERATING SUBTOTAL</u>	<u>3,328,400</u>	<u>4,260,700</u>	<u>3,383,000</u>	<u>3,247,500</u>	<u>3,024,500</u>	
<u>SPECIAL LINE ITEMS</u>						
RECEIVERSHIP	499,200	917,600	449,800	654,900	499,200	
SPENDING REDUCTION PGM	0	0	-184,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>499,200</u>	<u>917,600</u>	<u>265,800</u>	<u>654,900</u>	<u>499,200</u>	
<u>P R O G R A M T O T A L</u>	<u>3,827,600</u>	<u>5,178,300</u>	<u>3,648,800</u>	<u>3,902,400</u>	<u>3,523,700</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: BANKING DEPARTMENT  
 COST CENTER: BANKING DEPARTMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,827,600	5,178,300	3,648,800	3,902,400	3,523,700	_____
OTHER NON APPROPRIATED	305,600	150,000	0	150,000	150,000	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>4,133,200</b>	<b>5,328,300</b>	<b>3,648,800</b>	<b>4,052,400</b>	<b>3,673,700</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: BANKING DEPARTMENT  
COST CENTER: BANKING DEPARTMENT

The JLBC Staff recommends a total appropriation of \$3,902,400 -- a net increase of \$74,800, or 2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 17,700
The JLBC Staff recommends reducing the vacancy factor from 3.1% to 2.5%. The Executive recommends eliminating the current year's vacancy factor of 3.1%, which would restore \$73,200 to the salary base.	
o ERE Rate Adjustments	30,000
o Travel Rate Adjustments	7,300
o Rent	32,100
o Risk Management	(7,900)
o General Inflation	12,900
o One-Time Equipment	(17,000)
o Replacement Equipment (high speed copier)	12,600

The Banking Department has historically brought in revenues equal to or exceeding its General Fund operating expenditures. However, with the disappearance of the State chartered savings and loan institutions through insolvency or voluntary shifting to federal charters, the revenues have decreased drastically. Revenues from savings and loan fees and assessments have decreased from \$927,000 in FY 1987 to an estimated \$5,000 by FY 1991. In addition, there is a worsening problem in collecting examination fees from certain of the non-bank financial institutions which are billed in arrears.

A report released by the department on December 1, 1989 estimated that fee revenues could fall short of expenditures by as much as \$1.4 million in the current fiscal year if the department spends its appropriation. In actuality, the shortfall may be well under \$500,000 due to the department holding vacant 16 of 88 authorized positions (not including the 10 FTE positions in the Receivership line) and other cost saving measures. The report also contains a plan to increase fees, charge non-bank financial enterprises in advance for examinations, and allow the Receivership Division to accept fees from the

Trustees. Currently, no fees are generated from Receiverships. The Current Services Budget, and to a somewhat lesser extent the Recommendation, assumes that a revenue solution in some form will be enacted by the Legislature.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (12,900)  
Elimination of 4.5% General Inflation.
- o Savings and Loan/Mortgage Broker Examinations (155,700)

By FY 1991, only one of the five state chartered savings and loans may remain. Currently, there are 4 FTE Examiners assigned to examine savings and loans. The number of mortgage brokers has declined by 17% within the past 6 months. In light of these changes, the JLBC Staff recommends eliminating 4 FTE Examiner positions from the 52 now authorized. As noted above, 9 FTE Examiner positions were added last year but never filled, and another 7 FTE positions are being held open. The net impact would be to reduce the number of vacant positions that can be filled from 16 to 12.

The department has had difficulty in the past filling positions and then holding them. However, as the table below shows, the gap was narrowing until this year.

	<u>Auth. FTE/Filled FTE</u>	<u>Personal Services Appropriation</u>	<u>Actual Expenditures</u>	<u>Expenditures as % of Approp.</u>
FY 1990	88.0/79.0*	\$ 2,278,700	\$ ----	----
FY 1989	79.0/79.0	2,000,100	1,886,900	94.3%
FY 1988	79.0/79.0	1,937,900	1,770,600	91.4
FY 1987	79.0/63.0	1,667,400	1,389,500	83.3
FY 1986	73.5/53.0	1,567,900	1,038,700	66.2

\* Filled FTE's include those newly authorized positions initially filled but not necessarily filled throughout the year. Currently (January 4, 1990), 7 FTE positions are vacant that were filled and 9 newly authorized FTE's have not yet been filled for the first time (reflected in the 79.0 FTE shown in FY 1990). Note that these FTE figures do not include the 10 FTE positions in the Receivership line.

- o Receivership 155,700  
The JLBC Staff recommends increasing the appropriation to the Receivership line. This increase would bring the Receivership budget closer to the actual level of expenditures - a level which will likely increase substantially with the growing

number of insolvent financial enterprises. In FY 1989 the Receivership funds were depleted by February, at which time the department supported the activity from the main operating budget. For FY 1990, the Receivership appropriation was increased by more than \$200,000. The department anticipates funds may be adequate for most of FY 1990, but anticipates a short fall again by FY 1991 and has requested an additional \$405,000 appropriation. No additional FTE positions need to be added since only 5 of the 10 FTE positions authorized in the Receivership line are currently filled. The Executive has recommended that the current year's appropriation of \$499,800 be reduced by \$49,400. This reduction was based on the department's overstatement of Risk Management expenditures in the Receivership line for FY 1990.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$3,915,300 (General Fund). The following Budget Reduction Options represent a \$(391,600), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (168,600)
  - General Inflation
  - Savings and Loan/Mortgage Broker Examinations
- o Examiner Staffing (223,000)
  - By eliminating an additional 6 FTE Examiner positions, the department's staffing level would be reduced a total of 10 FTE positions. This would reduce the number of Examiners to one less than the number authorized for FY 1989. Nine FTE Examiner positions were added last year to assist with the troubled or insolvent financial institutions and enterprises, and to meet the mandated schedule for examining financial enterprises. If these positions are eliminated, members of the public with investments or deposits in the non-guaranteed financial enterprises could experience greater losses and fraud due to problems not being identified in a timely manner.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: BUILDING AND FIRE SAFETY  
 COST CENTER: BUILDING AND FIRE SAFETY

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	73.00	81.00	73.50	72.00	64.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,814,200	2,043,900	1,837,900	1,784,600	1,611,100	
EMPLOYEE RELATED EXP	403,900	532,800	453,500	444,300	401,100	
PROFESSIONAL/OUTSIDE SVCS	4,200	4,200	4,200	5,900	4,200	
TRAVEL - IN STATE	222,800	258,400	220,600	224,400	200,500	
TRAVEL - OUT OF STATE	9,400	9,700	9,400	9,400	9,400	
OTHER OPERATING EXP	367,200	431,900	357,900	357,500	341,900	
EQUIPMENT	27,000	87,700	18,400	16,800	16,800	
ALL OTHER OPERATING	630,600	791,900	610,500	614,000	572,800	
<u>OPERATING SUBTOTAL</u>	<u>2,848,700</u>	<u>3,368,600</u>	<u>2,901,900</u>	<u>2,842,900</u>	<u>2,585,000</u>	
<u>SPECIAL LINE ITEMS</u>						
FIRE TRAINING	24,000	30,000	24,000	30,000	30,000	
SPENDING REDUCTION PGM	0	0	-140,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>24,000</u>	<u>30,000</u>	<u>-116,400</u>	<u>30,000</u>	<u>30,000</u>	
<u>PROGRAM TOTAL</u>	<u>2,872,700</u>	<u>3,398,600</u>	<u>2,785,500</u>	<u>2,872,900</u>	<u>2,615,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: BUILDING AND FIRE SAFETY  
 COST CENTER: BUILDING AND FIRE SAFETY

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,872,700	3,398,600	2,785,500	2,872,900	2,615,000	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>2,872,700</u>	<u>3,398,600</u>	<u>2,785,500</u>	<u>2,872,900</u>	<u>2,615,000</u>	_____

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: BUILDING AND FIRE SAFETY  
COST CENTER: BUILDING AND FIRE SAFETY

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The JLBC Staff recommends a total appropriation of \$2,872,900 -- a net increase of \$200, or 0.01%, to the adjusted FY 1990 appropriation.

### **Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1.5%.	\$ 6,200
o ERE Rate Adjustments	47,800
o Travel Rate Adjustments	1,600
o Risk Management Insurance	(4,900)
o Relocation Expenses	(13,000)
One-time expenditure for the Phoenix office relocation.	
o Replacement Equipment	(10,200)
Net decrease.	
o General Inflation	5,700
o Fire Training School	6,000

### **JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(5,700)
Elimination of 4.5% General Inflation.	
o <u>Eliminate Vacant Position</u>	(43,200)
Eliminate a Manufactured Housing Inspector Supervisor position which has been vacant for 2 years.	
o <u>Uniform Code Update</u>	8,200
The JLBC Staff recommends funding to purchase 15 sets of the 1988 National Building and Fire Code Books. Presently, the State codes are derived from 1985 National Code Books. The National Codes, which are updated every 3 years, will keep Arizona current with regional standards. The Executive recommends \$12,000 which is included in the Baseline adjustment.	
o <u>Temporary Help for Bullhead City Office</u>	1,700
The JLBC Staff recommends funding to hire temporary clerical help for the Bullhead City field office. When the Administrative Secretary I position is absent, a Grade 18 Field Inspector must perform all clerical duties. The inspectors are better utilized in the field. The Executive recommends \$9,300 for this policy issue.	

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,911,900 (General Fund). The following Budget Reduction Options represent a \$(296,900), or (10.2)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (48,900)
  - General Inflation
  - Eliminate Vacant Position
- o Support Staff (83,100)
  - Eliminating 3 FTE support positions will delay license issuance and payment of funds from the Recovery Fund. The work will have to be absorbed by employees in all agency divisions, impacting overall efficiency of the department.
- o Office of Manufactured Housing (57,100)
  - Eliminate the design/plan review and installation training FTE positions. The net saving from eliminating the Design/Plan Review Specialist is \$19,000. The 800 reviews performed each year brought in revenue totalling approximately \$50,000. Installation training will also be cancelled due to the elimination of the training officer. Finally, the agency will not be able to meet the mandated function of auditing 75 local jurisdictions under contract with the Office of Manufactured Housing.
- o Office of the State Fire Marshal (107,800)
  - Eliminate 3 of the 15 Deputy Fire Marshal I positions. Each Deputy Fire Marshal averages approximately 350 fire inspections per year. The agency could not perform annual fire inspections required for the licensure of 525 facilities by the Department of Economic Security and 855 facilities by the Department of Health Services.



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: REGISTRAR OF CONTRACTORS  
 COST CENTER: REGISTRAR OF CONTRACTORS

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>FULL TIME EQUIVALENT POS.</u>	<u>108.60</u>	<u>139.60</u>	<u>111.60</u>	<u>108.10</u>	<u>100.60</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,335,200	3,014,400	2,417,400	2,308,900	2,146,000	
EMPLOYEE RELATED EXP	532,100	764,000	616,000	592,500	551,400	
PROFESSIONAL/OUTSIDE SVCS	70,700	40,400	36,900	36,900	23,100	
TRAVEL - IN STATE	279,900	221,300	176,600	170,700	40,000	
TRAVEL - OUT OF STATE	1,800	5,000	1,800	1,800	1,800	
OTHER OPERATING EXP	661,400	793,800	688,100	669,800	665,100	
EQUIPMENT	140,100	147,600	6,900	11,100	8,400	
ALL OTHER OPERATING	1,153,900	1,208,100	910,300	890,300	738,400	
<u>OPERATING SUBTOTAL</u>	<u>4,021,200</u>	<u>4,986,500</u>	<u>3,943,700</u>	<u>3,791,700</u>	<u>3,435,800</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-189,300	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-189,300</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>4,021,200</u>	<u>4,986,500</u>	<u>3,754,400</u>	<u>3,791,700</u>	<u>3,435,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: REGISTRAR OF CONTRACTORS  
 COST CENTER: REGISTRAR OF CONTRACTORS

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	4,021,200	4,986,500	3,754,400	3,791,700	3,435,800	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>4,021,200</u>	<u>4,986,500</u>	<u>3,754,400</u>	<u>3,791,700</u>	<u>3,435,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: REGISTRAR OF CONTRACTORS  
COST CENTER: REGISTRAR OF CONTRACTORS

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The JLBC Staff recommends a total appropriation of \$3,791,700 -- a net decrease of \$(229,500), or (5.7)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 2%. A vacancy factor of 2% was used by the Executive.	\$ (100)
o ERE Rate Adjustments	67,200
o Professional and Outside Services Software application equipment and training completed.	(33,800)
o Travel Rate Adjustment Mileage revision; lodging.	(109,200)
o Risk Management Insurance	(1,300)
o Operating Supplies	6,700
o General Inflation	12,800
o Replacement Equipment (net decrease) The Executive recommends \$(135,900).	(131,700)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(12,800)
o <u>Recovery Fund</u> The JLBC Staff recommends paying the Recovery Fund Specialist's salary and one-half of the Hearing Officer's salary from the Recovery Fund instead of the General Fund. This year, the Recovery Fund is allowed to spend up to 10% of the \$1.1 million balance. Currently, the cost to the fund is \$45,000 annually for fund supervision and clerical support. The residual \$12,000 may be used for all other operating costs.	(53,000)
o <u>Automated Revenue Collection System</u> The JLBC Staff recommends funding to hire an Accounting Technician III. Currently, several employees collect license fees and issue receipts. A 1989 Arthur Young and Company performance audit recommends automation to decrease the error rate and reduce risk of theft or embezzlement. The Executive concurs with the recommended policy issue.	25,700

\* \* \* \* \*

**Budget Reduction Options**

Historically, the Registrar of Contractors has brought more revenue to the State through the licensure of contractors than its appropriation. The FY 1991 projected revenue for the Registrar of Contractors exceeds \$5,424,000. The agency will generate \$1,632,300 more than the JLBC Staff recommended budget for FY 1991.

The Current Services Budget (CSB) is \$3,831,800 (General Fund). The following Budget Reduction Options represent a \$(396,000), or (10.3)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (65,800)
  - General Inflation
  - Recovery Fund
- o Reduce Vehicle Mileage (13,700)
  - Limit each of the agency's 40 vehicles to 1,000 miles per month. Total miles traveled will be decreased 20%, from 600,000 miles to 480,000 miles. Individual vehicle mileage will be reduced from 15,000 miles per year to 12,000 miles per year. Maintenance costs will also be reduced.
- o Reduce Professional and Outside Services (13,800)
  - Reduce contract hearing officers hours and temporary clerical help. Existing staff will have to absorb the work.
- o Reduce Staff (127,600)
  - Reduce clerical support in all departments and eliminate the Assistant Chief of Licensing position. The agency will operate with half-time clerical staff in the 7 field offices. The issuance of licenses may be delayed.
- o Current Services Budget (CSB) Reduction (109,200)
  - As indicated in the CSB, reduce In-State Travel.
- o Close the Kingman Office (34,100)
  - Eliminate a construction investigator position currently based in the Kingman Office. The amount of "cease and desist" orders will decrease 5.6%, from 1,581 to 1,493 orders served. The potential loss in revenue is approximately \$85,000, leaving a net cost to the state of \$50,900.
- o Eliminate Phoenix Investigation (31,800)
  - Based on averages, the "cease and desist" orders will again decrease by 5.6%, or 1,581, to 1,493 orders served. Because the loss in revenue from serving orders is \$85,000, the State's net cost for this option is \$53,200.

Other Issues for Legislative Consideration

o Pinetop Office

The Executive recommends \$58,900 for 2 FTE positions to fund the Pinetop office. The agency is operating the office with a Flagstaff based investigator since the legislative cut in FY 1990 did not allow the agency to fund these positions. The JLBC Staff does not recommend this policy issue.

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	223.00	249.00	226.50	225.00	114.00	
<u>BY PROGRAM/ORGANIZATION</u>						
ADMINISTRATION/HEARING	1,827,400	1,990,600	1,814,200	1,795,600	1,753,700	
CORPORATIONS	1,058,800	1,421,900	1,021,000	1,084,000	939,000	
SECURITIES	1,566,500	1,890,400	1,532,200	1,651,100	1,605,500	
RAILROAD SAFETY	531,900	683,900	317,100	333,200	333,200	
UTILITIES	4,396,600	5,055,100	4,576,900	4,663,600		
LEGAL	852,300	1,217,000	958,800	902,800		
<b>A G E N C Y T O T A L</b>	<b>10,233,500</b>	<b>12,258,900</b>	<b>10,220,200</b>	<b>10,430,300</b>	<b>4,631,400</b>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	6,148,100	7,002,400	6,258,200	6,277,800	2,963,500	
EMPLOYEE RELATED EXP	1,193,100	1,695,700	1,448,000	1,445,000	719,400	
PROFESSIONAL/OUTSIDE SVCS	438,800	475,900	448,000	438,800	283,500	
TRAVEL - IN STATE	170,100	212,300	176,100	176,600	58,300	
TRAVEL - OUT OF STATE	88,300	104,500	87,600	89,500	22,300	
OTHER OPERATING EXP	1,395,500	1,594,000	1,468,200	1,457,000	559,400	
EQUIPMENT	49,600	424,100	19,000	20,600	0	
ALL OTHER OPERATING	2,142,300	2,810,800	2,198,900	2,182,500	923,500	
<u>OPERATING SUBTOTAL</u>	<u>9,483,500</u>	<u>11,508,900</u>	<u>9,905,100</u>	<u>9,905,300</u>	<u>4,606,400</u>	

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<b><u>SPECIAL LINE ITEMS</u></b>						
EXPERT TESTIMONY	25,000	25,000	25,000	25,000	25,000	
RAILROAD WARNING SYSTEMS	200,000	200,000	0	0	0	
AUDITS AND RATES HEARINGS	500,000	500,000	500,000	500,000		
ARIZONA ARTS TRUST FUND	25,000	25,000	25,000	0	0	
SPENDING REDUCTION PGM	0	0	-234,900	0	0	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>750,000</b>	<b>750,000</b>	<b>315,100</b>	<b>525,000</b>	<b>25,000</b>	
<b>A G E N C Y T O T A L</b>	<b>10,233,500</b>	<b>12,258,900</b>	<b>10,220,200</b>	<b>10,430,300</b>	<b>4,631,400</b>	
<b><u>BY FUND SOURCE</u></b>						
GENERAL FUND	4,959,600	5,961,800	4,659,500	4,863,900	4,631,400	
OTHER FUNDS	5,273,900	6,297,100	5,560,700	5,566,400		
FEDERAL FUNDS	173,200	175,000	175,000	175,000		
<b>AGENCY TOTAL-ALL SOURCES</b>	<b>10,406,700</b>	<b>12,433,900</b>	<b>10,395,200</b>	<b>10,605,300</b>	<b>4,631,400</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: SUMMARY

The JLBC Staff recommends a total appropriation of \$10,430,300 -- a net increase of \$196,800, or 1.9%, to the adjusted FY 1990 appropriation. This includes a total General Fund appropriation of \$4,863,900 -- a net decrease of \$(95,700), or (1.9)%, from the adjusted FY 1990 General Fund appropriation and a total appropriation of \$5,566,400 from the Utility Regulation Revolving Fund -- a net increase of \$292,500, or 5.5%, to the adjusted FY 1990 appropriation from that fund.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 30,100
o ERE Rate Adjustments	222,500
o Travel Rate Adjustments	4,100
o General Inflation	55,700
o Risk Management	61,100
o Equipment	(38,200)
o Arizona Arts Trust Fund	(25,000)

**JLBC Staff Recommended Policy Issues**

The following Policy Issues represent a net decrease of \$(277,000) from the General Fund Current Services Budget and a net increase of \$163,500 to the Current Services Budget from the Utility Regulation Revolving Fund.

o <u>General Inflation</u>	(55,700)
Elimination of 4.5% General Inflation.	
o <u>Railroad Warning Systems</u>	(200,000)
o <u>Transfer Funding of Docket Control Section</u>	-0-
o <u>Utility Diversification</u>	44,200
o <u>Hearing Officer</u>	41,900
o <u>Funding for Seasonal Law Clerk Positions</u>	34,600
o <u>Examiner Technician</u>	21,500

\* \* \* \* \*



### **Budget Reduction Options**

The Current Services Budget (CSB) is \$5,140,900 (General Fund). The following Budget Reduction Options represent a \$(509,500), or (9.9)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (340,400)
  - General Inflation
  - Railroad Warning Systems
  - Transfer Funding of Docket Control Section
- o Securities and Registration Enforcement (45,600)
- o Abolish Corporations Positions at Tucson Office (123,500)

### **Other Issues for Legislative Consideration**

- o Manager of Technical Analysis  
The Executive has recommended \$49,000 and 1 FTE position.
- o Attorney for Pipeline and Railroad Safety  
The Executive has recommended \$43,800 and 1 FTE position.
- o Arizona Arts Trust Fund  
The Executive has recommended continuing the \$25,000 appropriation from this fund.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

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DEPARTMENT: CORPORATION COMMISSION      JLBC ANALYST: PITCAIRN      HOUSE SUBCOMMITTEE CHAIR: GERARD  
 COST CENTER: ADMINISTRATION/HEARING      SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	38.00	40.00	39.00	35.00	34.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,074,000	1,127,600	1,099,900	1,034,900	1,002,600	
EMPLOYEE RELATED EXP	206,600	263,900	252,300	236,000	228,600	
PROFESSIONAL/OUTSIDE SVCS	210,700	219,900	219,900	210,700	210,700	
TRAVEL - IN STATE	10,200	10,600	10,600	11,100	10,700	
TRAVEL - OUT OF STATE	16,500	16,500	13,800	16,500	16,500	
OTHER OPERATING EXP	309,400	352,100	309,200	286,400	284,600	
ALL OTHER OPERATING	546,800	599,100	553,500	524,700	522,500	
<u>OPERATING SUBTOTAL</u>	<u>1,827,400</u>	<u>1,990,600</u>	<u>1,905,700</u>	<u>1,795,600</u>	<u>1,753,700</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-91,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-91,500</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M    T O T A L</u>	<u>1,827,400</u>	<u>1,990,600</u>	<u>1,814,200</u>	<u>1,795,600</u>	<u>1,753,700</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: ADMINISTRATION/HEARING

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,827,400	1,990,600	1,814,200	1,795,600	1,753,700	_____
PROGRAM TOTAL-ALL SOURCES	1,827,400	1,990,600	1,814,200	1,795,600	1,753,700	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: ADMINISTRATION/HEARING

The JLBC Staff recommends a total appropriation of \$1,795,600 -- a net decrease of \$(31,800), or (1.7)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personnel Services/ERE Adjustments, including a vacancy factor of 1% \$ (5,400)
- o ERE Rate Adjustments 38,600
- o Travel Rate Adjustments 500
- o General Inflation 19,500

**JLBC Staff Recommended Policy Issues**

- o General Inflation (19,500)  
 Elimination of 4.5% General Inflation.
- o Transfer Funding of Docket Control Section to Utilities Division (107,400)  
 JLBC Staff recommends funding the docket control positions and operating expenses from the Utility Regulation Revolving Fund rather than the General Fund. The 4 FTE positions who staff this section maintain the office records of the Utilities and Securities Divisions. About 70% of their work pertains to the hearings for the Utility Division, with the balance of their workload relating to Securities hearings and general administration. The Utility Regulation Revolving Fund receives its revenues from annual assessments against the State's utility companies. There is an adequate balance in that fund currently to support this function.
- o Hearing Officer 41,900  
 JLBC Staff recommends hiring 1 FTE Hearing Officer position to relieve the increasing workload in utilities and securities-related hearings. With major cases such as Pinnacle West involving all of the time of up to three of the five Hearing Officers currently on staff, the remaining Hearing Officers are required to handle the numerous other hearings simultaneously. This workload has caused the Hearings Division to be a bottleneck in the regulation process for securities and utilities. The Executive has recommended \$41,200 for this issue, pointing out that states with similar size commissions have an average of 7.2 Hearing Officers.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$1,880,600 (General Fund). The following Budget Reduction Options represent a \$(126,900), or (6.7)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (126,900)
  - General Inflation
  - Transfer Funding of Docket Control Section to Utilities Division

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: CORPORATIONS

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	38.00	42.00	37.00	38.00	32.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	645,300	698,700	625,400	660,200	559,400	
EMPLOYEE RELATED EXP	155,600	212,500	182,100	196,200	166,200	
PROFESSIONAL/OUTSIDE SVCS	45,800	70,800	45,800	45,800	45,800	
TRAVEL - IN STATE	100	100	100	100	100	
OTHER OPERATING EXP	187,000	204,800	182,800	181,700	167,500	
EQUIPMENT	0	210,000	10,000	0	0	
ALL OTHER OPERATING	232,900	485,700	238,700	227,600	213,400	
<u>OPERATING SUBTOTAL</u>	<u>1,033,800</u>	<u>1,396,900</u>	<u>1,046,200</u>	<u>1,084,000</u>	<u>939,000</u>	
<u>SPECIAL LINE ITEMS</u>						
ARIZONA ARTS TRUST FUND	25,000	25,000	25,000	0	0	
SPENDING REDUCTION PGM	0	0	-50,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>25,000</u>	<u>25,000</u>	<u>-25,200</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>1,058,800</u>	<u>1,421,900</u>	<u>1,021,000</u>	<u>1,084,000</u>	<u>939,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: CORPORATIONS

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,033,800	1,396,900	996,000	1,084,000	939,000	
OTHER FUNDS	25,000	25,000	25,000	0	0	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>1,058,800</b>	<b>1,421,900</b>	<b>1,021,000</b>	<b>1,084,000</b>	<b>939,000</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: CORPORATIONS

The JLBC Staff recommends a total appropriation of \$1,084,000 -- a net increase of \$50,200, or 4.9%, to the adjusted FY 1990 General Fund appropriation and \$25,200, or 2.4%, to the total adjusted FY 1990 appropriation. (This reflects the current year one-time effect of the \$25,000 appropriation from the Arizona Arts Trust Fund.)

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1% \$ -0-
- o ERE Rate Adjustments 36,200
- o General Inflation 7,900
- o One-Time Non-Capitalized Equipment (7,500)
- o Arizona Arts Trust Fund (25,000)

H.B. 2267, passed in the 1989 session, enacted a \$15 increase in corporate annual report filing fees to be deposited into the Arizona Arts Trust Fund. The agency received a \$25,000 appropriation for FY 1990 to implement this change, which appears to be a one-time appropriation. The Executive has recommended continuing this funding for the Commission. See "Other Issues" below.

**JLBC Staff Recommended Policy Issues**

- o General Inflation Elimination of 4.5% General Inflation. (7,900)
- o Examiner Technician 21,500  
 The JLBC Staff recommends adding 1 FTE position to the Corporations Division for processing annual corporation filings. The number of corporations in Arizona increased from 79,200 to 110,722 between 1984 and 1989, while the number of staff has remained the same. The Auditor General has criticized the agency for the one to four months time lag between receipt of the corporate filing fees and actual deposit of the funds.

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## **Budget Reduction Options**

The Current Services Budget (CSB) is \$1,070,400 (General Fund). The following Budget Reduction Options represent a \$(131,400), or (12.3)%, decrease from the CSB.

- o Reductions described in the JLBC Recommended Policy Issues (7,900)  
General Inflation
- o Abolish Corporations Staff at Tucson Office (123,500)  
The Commission has established an office in the Tucson Office Building to serve metropolitan Tucson and Southern Arizona. Of the seven General Fund positions at the Tucson Office, five work in the Corporations Division processing incorporations, changes in status, and annual reports, as well as responding to numerous questions. If these positions were to be eliminated, service to Tucson/Southern Arizona would be reduced and the workload would be shifted to the Phoenix Office. The Phoenix Office, as noted above, is already experiencing delays in processing filings and fees. In addition, it is possible that fee revenues may decrease due to less compliance. It should be pointed out when considering any substantial reductions in the budget for the Corporations Division that the division collects approximately \$14 million from licenses, fees, permits, fines and charges for service which are deposited to the General Fund, with another \$1 million expected to be deposited to the Arizona Arts Trust Fund from the increase in the annual filing fee included in H.B. 2267, 1989 Session.

## **Other Issues for Legislative Consideration**

- o Arizona Arts Trust Fund  
The Executive recommends continuing the \$25,000 appropriation from the Arizona Arts Trust Fund. H.B. 2267, 1989 Legislature, increased the annual corporation filing fee by \$15 and created the Arizona Arts Trust Fund into which these additional revenues are deposited. The Commission was appropriated \$25,000 from this fund in H.B. 2267 to implement the new collection procedure, but the appropriation appears to be for one year. Although part of the implementation costs is for one-time data processing charges, there are additional on-going costs of separating the fees for the over 100,000 annual filings.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: SECURITIES

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	41.00	43.00	41.00	41.00	40.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,192,400	1,294,200	1,184,400	1,221,000	1,185,500	
EMPLOYEE RELATED EXP	214,600	311,100	270,800	278,100	270,000	
PROFESSIONAL/OUTSIDE SVCS	27,000	28,100	27,000	27,000	27,000	
TRAVEL - IN STATE	7,100	7,100	7,100	7,200	6,200	
TRAVEL - OUT OF STATE	2,000	2,000	2,000	2,000	2,000	
OTHER OPERATING EXP	84,800	138,800	93,100	90,800	89,800	
EQUIPMENT	13,600	84,100	0	0	0	
ALL OTHER OPERATING	134,500	260,100	129,200	127,000	125,000	
<u>OPERATING SUBTOTAL</u>	<u>1,541,500</u>	<u>1,865,400</u>	<u>1,584,400</u>	<u>1,626,100</u>	<u>1,580,500</u>	
<u>SPECIAL LINE ITEMS</u>						
EXPERT TESTIMONY	25,000	25,000	25,000	25,000	25,000	
SPENDING REDUCTION PGM	0	0	-77,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>25,000</u>	<u>25,000</u>	<u>-52,200</u>	<u>25,000</u>	<u>25,000</u>	
<u>PROGRAM TOTAL</u>	<u>1,566,500</u>	<u>1,890,400</u>	<u>1,532,200</u>	<u>1,651,100</u>	<u>1,605,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: SECURITIES

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,566,500	1,890,400	1,532,200	1,651,100	1,605,500	
PROGRAM TOTAL-ALL SOURCES	1,566,500	1,890,400	1,532,200	1,651,100	1,605,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
COST CENTER: SECURITIES

The JLBC Staff recommends a total appropriation of \$1,651,100 -- a net increase of \$84,600, or 5.4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ 35,100  
     This adjustment reflects a reduction in the vacancy factor from the current 4% to 2% to more closely approximate the general budgeting guidelines and actual experience.
- o ERE Rate Adjustments 57,000
- o Travel Rate Adjustments 100
- o General Inflation 4,900
- o Replacement Equipment (Non-capitalized) 6,000  
     This amount is to replace typewriters and dictation equipment which are over 10 years old. There is no funding currently budgeted for non-capitalized equipment.
- o One-Time Equipment (13,600)

**JLBC Staff Recommended Policy Issues**

- o General Inflation (4,900)  
     Elimination of 4.5% General Inflation.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$1,656,000 (General Fund). The following Budget Reduction Options represent a \$(50,500), or (3)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (4,900)  
     General Inflation

o Reduce Securities and Registration Enforcement

(45,600)

The Legislature appropriated \$77,500 in the 1989 Legislative Session to add 1 FTE Securities Registration position and 1 FTE Securities Enforcement position. At that time, JLBC Staff pointed out that annual securities registrations had more than doubled in the past ten years and securities fraud hearings had increased 800% with no additional FTE positions added. This past year the trend has not increased as fast, but the Securities Division is still trying to catch up to the workload. By eliminating 1 FTE position, the division would fall further behind in the securities registration and fraud investigations. It is also possible that revenues from violation fines would decrease.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: RAILROAD SAFETY

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	8.00	11.00	8.00	8.00	8.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	215,700	282,700	215,300	216,000	216,000	
EMPLOYEE RELATED EXP	49,900	75,400	54,600	54,600	54,600	
TRAVEL - IN STATE	40,500	55,300	40,500	41,300	41,300	
TRAVEL - OUT OF STATE	3,800	7,400	3,800	3,800	3,800	
OTHER OPERATING EXP	22,000	27,300	18,900	17,500	17,500	
EQUIPMENT	0	35,800	0	0	0	
ALL OTHER OPERATING	66,300	125,800	63,200	62,600	62,600	
<u>OPERATING SUBTOTAL</u>	<u>331,900</u>	<u>483,900</u>	<u>333,100</u>	<u>333,200</u>	<u>333,200</u>	
<u>SPECIAL LINE ITEMS</u>						
RAILROAD WARNING SYSTEMS	200,000	200,000	0	0	0	
SPENDING REDUCTION PGM	0	0	-16,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>200,000</u>	<u>200,000</u>	<u>-16,000</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M T O T A L</u>	<u>531,900</u>	<u>683,900</u>	<u>317,100</u>	<u>333,200</u>	<u>333,200</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: RAILROAD SAFETY

The JLBC Staff recommends a total appropriation of \$333,200 -- a net decrease of \$(198,700), or (37.4)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 400
o ERE Rate Adjustments	4,600
o Travel Rate Adjustments	800
o General Inflation	700
o One-Time Non-Capitalized Equipment	(4,500)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(700)
Elimination of 4.5% General Inflation.	
o <u>Railroad Warning Systems</u>	(200,000)

The JLBC Staff recommends deleting the appropriation to the Below-the-Line "Railroad Warning Systems" for FY 1991. These funds are matched 9 to 1 by federal highway funds, and are used to install Railroad Warning Systems at railroad crossings. These funds are non-reverting, and currently the funding carries a balance of over \$700,000. Even if a major push were made in the next year, the fund balance would be more than adequate to meet the needs. In FY 1991 approximately \$1.5 million in federal funds was expended or encumbered. The state match, therefore, could be deleted for FY 1991 and possibly reduced for FY 1992 and the next few years without affecting the level of construction activity, assuming the federal program continues. The Executive has also recommended this issue.

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## Budget Reduction Options

The Current Services Budget (CSB) is \$533,900 (General Fund). The following Budget Reduction Options represent a \$(200,700), or (37.6)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (200,700)

- o General Inflation

- o Railroad Warning Systems

- o -- If the Railroad Warning Systems appropriation is eliminated permanently, the program could continue for possibly four or five more years at the current level of spending. Again, this assumes the Federal match program will continue.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: UTILITIES

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	84.00	92.00	85.00	89.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,469,700	2,809,300	2,516,600	2,566,200		
EMPLOYEE RELATED EXP	475,100	669,200	568,300	567,700		
PROFESSIONAL/OUTSIDE SVCS	94,300	94,300	94,300	94,300		
TRAVEL - IN STATE	107,200	131,200	111,800	111,600		
TRAVEL - OUT OF STATE	45,000	54,600	46,000	46,200		
OTHER OPERATING EXP	669,300	726,600	733,900	757,000		
EQUIPMENT	36,000	69,900	6,000	20,600		
ALI. OTHER OPERATING	951,800	1,076,600	992,000	1,029,700		
<u>OPERATING SUBTOTAL</u>	<u>3,896,600</u>	<u>4,555,100</u>	<u>4,076,900</u>	<u>4,163,600</u>		
<u>SPECIAL LINE ITEMS</u>						
AUDITS AND RATES HEARINGS	500,000	500,000	500,000	500,000		
<u>SPECIAL ITEM SUBTOTAL</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>		
<u>PROGRAM TOTAL</u>	<u>4,396,600</u>	<u>5,055,100</u>	<u>4,576,900</u>	<u>4,663,600</u>		



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: UTILITIES

The JLBC Staff recommends a total appropriation of \$4,663,600 -- a net increase of \$267,000, or 6.1%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 4.5%	\$	-0-
o ERE Rate Adjustments		70,500
o Travel Rate Adjustments		2,400
o General Inflation		16,900
o Risk Management		61,100
o One-Time Equipment		(36,000)
o Replacement Equipment		17,400
This funding is to replace 5 five year old monochrome personal computer systems (total number of PC's in inventory is 49).		

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(16,900)
Elimination of 4.5% General Inflation.	
o <u>Transfer Funding of Docket Control Section</u>	107,400
The JLBC Staff recommendation for the Administration/Hearings Division includes funding the Docket Control Section from the Utility Regulation Revolving Fund rather than the General Fund as is done currently. Approximately 70% of that section's workload is related to utility matters.	
o <u>Utility Diversification</u>	44,200
The JLBC Staff recommends 1 FTE position to address the increasing trend of utilities to engage in non-utility investments, mergers, acquisitions and other types of non-utility financial transactions. Conventional rate analysis does not take into account the financial effects of these non-utility related business activities. There should be offsetting savings from reduced use of outside consultants. The Commission has requested 2 FTE positions to address this issue.	

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Other Issues for Legislative Consideration

o Manager of Technical Analysis

The Executive recommends \$49,000 and 1 FTE Manager of Technical Analysis position to manage the reorganized Accounting and Rates section. The position will be responsible for the accounting analysis group assigned to analyzing utility rate filings and performing cost allocation studies.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
 COST CENTER: LEGAL

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	14.00	21.00	16.50	14.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	551,000	789,900	616,600	579,500		
EMPLOYEE RELATED EXP	91,300	163,600	119,900	112,400		
PROFESSIONAL/OUTSIDE SVCS	61,000	62,800	61,000	61,000		
TRAVEL - IN STATE	5,000	8,000	6,000	5,300		
TRAVEL - OUT OF STATE	21,000	24,000	22,000	21,000		
OTHER OPERATING EXP	123,000	144,400	130,300	123,600		
EQUIPMENT	0	24,300	3,000	0		
ALL OTHER OPERATING	210,000	263,500	222,300	210,900		
<b>P R O G R A M T O T A L</b>	<b>852,300</b>	<b>1,217,000</b>	<b>958,800</b>	<b>902,800</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	852,300	1,217,000	958,800	902,800		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>852,300</b>	<b>1,217,000</b>	<b>958,800</b>	<b>902,800</b>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: CORPORATION COMMISSION  
COST CENTER: LEGAL.

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The JLBC Staff recommends a total appropriation of \$902,800 -- a net increase of \$50,500, or 5.9%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- |                           |           |
|---------------------------|-----------|
| o ERE Rate Adjustments    | \$ 15,600 |
| o Travel Rate Adjustments | 300       |
| o General Inflation       | 5,800     |

**JLBC Staff Recommended Policy Issues**

- |  |         |
|--|---------|
| o <u>General Inflation</u>   | (5,800) |
| Elimination of 4.5% General Inflation.   |         |
| o <u>Funding for Seasonal Law Clerk Positions</u>  | 34,600  |
| The JLBC Staff recommends restoring funding for three seasonal legal interns. When funding was reduced for Professional and Outside Services for FY 1990, funding for these seasonal positions was also reduced or eliminated. The Commission has temporarily shifted funds from the Utilities Division to cover these costs. The Executive has recommended \$35,000 for this issue. |         |

\* \* \* \* \*

Other Issues for Legislative Consideration

- o Attorney for Pipeline and Railroad Safety  
The Executive is recommending \$43,800 and 1 FTE Attorney II position to handle the complaints, cases, and rules promulgation for pipeline and railroad safety issues. Currently, these duties are covered by an attorney who also is acting as counsel for major electric utility cases. The Blue Stake and Natural Gas Master Meter complaints and violations continue to increase in frequency and complexity. The average number of docketed issues per attorney increased from 15 in FY 1987 to 26 in FY 1989.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DAIRY COMMISSIONER  
 COST CENTER: DAIRY COMMISSIONER

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	8.00	8.00	8.00	8.00	7.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	233,000	226,300	225,300	226,300	203,200	
EMPLOYEE RELATED EXP	49,500	62,300	56,000	53,600	48,200	
PROFESSIONAL/OUTSIDE SVCS	128,700	135,300	137,600	135,100	112,300	
TRAVEL - IN STATE	30,300	29,100	29,100	30,600	30,600	
TRAVEL - OUT OF STATE	4,400	6,200	4,400	4,400	4,400	
OTHER OPERATING EXP	41,000	43,800	43,000	43,200	43,200	
EQUIPMENT	40,000	15,300	15,300	15,300	15,300	
ALL OTHER OPERATING	244,400	229,700	229,400	228,600	205,800	
<u>OPERATING SUBTOTAL</u>	<u>526,900</u>	<u>518,300</u>	<u>510,700</u>	<u>508,500</u>	<u>457,200</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-24,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-24,500</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>526,900</u>	<u>518,300</u>	<u>486,200</u>	<u>508,500</u>	<u>457,200</u>	





Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DAIRY COMMISSIONER  
COST CENTER: DAIRY COMMISSIONER

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The JLBC Staff recommends a total appropriation of \$508,500 -- a net decrease of \$(18,400), or (3.5)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (8,300)
o ERE Rate Adjustments	5,700
o Professional and Outside Services	6,400
Increase required for higher testing fees charged by the Department of Health Services and the State Agricultural Laboratory.	
o Travel	300
o Risk Management Insurance	(1,600)
o Other Operating Expenses	3,800
Funding for an additional line for a FAX machine, and for periodicals and reference materials.	
o One-Time Equipment	(40,000)
o Replacement Equipment	15,300
o General Inflation	700

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(700)
Elimination of 4.5% General Inflation.	

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$509,200 (General Fund). The following Budget Reduction Options represent a \$(52,000), or (10.2)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(700)
<u>General Inflation</u>	

- o Half-time FPS Inspector (14,800)

Return the vacant Food Processing Standardization (FPS) Inspector position to its FY 1989 half-time status. Since the position is currently vacant, the only clear impact to its elimination would be preventing the Commissioner from easily solving the limitation on the inspection of milk in schools and wholesale establishments.
- o Decreased Laboratory Testing (22,800)

Reduce the number of samples taken and tested for pesticide, antibiotic, and aflatoxin contamination. The Commissioner engages in the testing of milk for these contaminants as a preventative measure within the guidelines of A.R.S. § 3-605. This effort, however, is not explicitly required under A.R.S. § 3-605. Given the preventative nature of the testing, it would be very difficult to determine the degree to which public health would be threatened if sampling and testing were cut back. The contaminants themselves, however, are potentially harmful, and in some cases, lethal.
- o Half-time Public Health Sanitarian Position (13,700)

Due to the reduction in samples taken for pesticide/aflatoxin testing, eliminate .5 of Public Health Sanitarian position. This move would require a change in the workforce since all positions are currently full-time and filled. It is unclear whether the Commissioner would be able to employ an individual on a part-time basis.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	248.00	257.00	256.00	256.00		
<u>BY PROGRAM/ORGANIZATION</u>						
ADMINISTRATION	2,887,000	2,828,000	2,744,300	2,748,700		
CLAIMS	2,858,300	2,698,700	2,630,000	2,611,000		
ADMINISTRATIVE LAW JUDGE	3,185,900	3,205,800	3,204,700	3,194,100		
LABOR	339,900	398,800	395,900	391,800		
SPECIAL FUND	420,500	451,500	437,000	448,500		
OCCUPATIONAL SFTY/HEALTH	1,515,500	1,608,200	1,580,100	1,566,700		
LEGAL COUNSEL	594,600	653,900	655,600	629,500		
<b>A G E N C Y T O T A L</b>	<b>11,801,700</b>	<b>11,844,900</b>	<b>11,647,600</b>	<b>11,590,300</b>		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	5,819,000	6,008,700	5,878,700	5,943,900		
EMPLOYEE RELATED EXP	1,280,400	1,525,000	1,471,500	1,430,800		
PROFESSIONAL/OUTSIDE SVCS	1,908,500	1,465,400	1,464,300	1,429,300		
TRAVEL - IN STATE	149,700	158,500	158,500	158,300		
TRAVEL - OUT OF STATE	14,100	12,100	12,100	11,800		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
OTHER OPERATING EXP	2,588,800	2,628,100	2,615,400	2,587,300		
EQUIPMENT	41,200	47,100	47,100	28,900		
ALL OTHER OPERATING	4,702,300	4,311,200	4,297,400	4,215,600		
<b>A G E N C Y T O T A L</b>	<b>11,801,700</b>	<b>11,844,900</b>	<b>11,647,600</b>	<b>11,590,300</b>		
<b>BY FUND SOURCE</b>						
OTHER FUNDS	11,801,700	11,844,900	11,647,600	11,590,300		
FEDERAL FUNDS	892,900	923,400	0	923,400		
OTHER NON APPROPRIATED	115,000	135,000	0	135,000		
<b>AGENCY TOTAL-ALL SOURCES</b>	<b>12,809,600</b>	<b>12,903,300</b>	<b>11,647,600</b>	<b>12,648,700</b>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: AGENCY SUMMARY

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The JLBC Staff recommends a total appropriation of \$11,590,300 -- a net decrease of \$(211,400), or (1.8)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (30,400)
o ERE Rate Adjustments	121,200
o Professional and Outside Services	(479,200)
o Travel Rate Adjustments	7,100
o Out-of-State Travel Adjustments	(2,300)
o General Inflation	67,300
o Commercial Rent/Risk Management Adjustments	1,800
o Non-Capitalized Replacement Equipment	1,400
o Capitalized Replacement Equipment	(25,700)
o Miscellaneous	(10,000)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(67,300)
o <u>Investigator II</u>	35,000
o <u>Claims Specialist II</u>	26,000
o <u>Fiscal Services Specialist I</u>	23,800
o <u>Investigator II and Clerk Typist III</u>	48,400
o <u>Building Maintenance</u>	71,500

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: ADMINISTRATION

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	38.00	43.00	42.00	42.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	940,700	1,034,100	984,300	1,006,900		
EMPLOYEE RELATED EXP	203,000	265,000	241,000	230,400		
PROFESSIONAL/OUTSIDE SVCS	339,100	106,900	106,900	105,100		
TRAVEL - IN STATE	16,600	16,600	16,600	16,600		
TRAVEL - OUT OF STATE	5,500	3,500	3,500	3,200		
OTHER OPERATING EXP	1,367,500	1,384,700	1,374,800	1,369,300		
EQUIPMENT	14,600	17,200	17,200	17,200		
ALL OTHER OPERATING	1,743,300	1,528,900	1,519,000	1,511,400		
<b>P R O G R A M T O T A L</b>	<b>2,887,000</b>	<b>2,828,000</b>	<b>2,744,300</b>	<b>2,748,700</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	2,887,000	2,828,000	2,744,300	2,748,700		
FEDERAL FUNDS	32,200	43,400	0	43,400		
OTHER NON APPROPRIATED	13,000	13,000	0	13,000		
PROGRAM TOTAL-ALL SOURCES	2,932,200	2,884,400	2,744,300	2,805,100		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: ADMINISTRATION

The JLBC Staff recommends a total appropriation of \$2,748,700 -- a net decrease of \$(138,300), or (4.8)% from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1%. A vacancy factor of 1% was used by the Executive.	\$ (12,000)
o ERE Rate Adjustments	12,000
o Professional & Outside Services This reduction represents one-time costs for training on the Optical Disk System.	\$ (234,000)
o Out-of-State Travel Adjustment This reduction represents one-time costs for training on the Optical Disk System.	(2,300)
o General Inflation	17,500
o Commercial Rent and Risk Management Insurance Adjustments	1,800
o Replacement Equipment	900

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(17,500)
o <u>Fiscal Services Specialist I</u> JLBC Staff recommends a Fiscal Services Specialist I FTE position, to aid in collecting, recording, and reconciling premium tax returns. This position will also compile management reports and produce data for various financial statements. The Executive concurs with this recommendation.	23,800
o <u>Building Maintenance</u> JLBC Staff recommends 3 FTE positions for maintenance of the Industrial Commission building -- a Plant Supervisor II, Maintenance Technician II, and Maintenance Technician I. Currently the Commission contracts with the Department of Administration (DOA) and outside vendors to provide maintenance services. However, the Industrial Commission and DOA believe that more	71,500



efficient operations would result if these functions were transferred to the Industrial Commission. DOA will transfer the Plant Supervisor II and Maintenance Technician II positions to the Industrial Commission. The Executive concurs with this recommendation.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: CLAIMS

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	85.00	85.00	85.00	85.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,378,800	1,371,100	1,328,100	1,350,500		
EMPLOYEE RELATED EXP	354,600	420,800	395,900	392,200		
PROFESSIONAL/OUTSIDE SVCS	630,500	414,100	414,100	385,300		
TRAVEL - IN STATE	5,200	5,200	5,200	5,200		
TRAVEL - OUT OF STATE	4,700	4,700	4,700	4,700		
OTHER OPERATING EXP	473,100	482,800	482,000	473,100		
EQUIPMENT	11,400	0	0	0		
ALL OTHER OPERATING	1,124,900	906,800	906,000	868,300		
<b>P R O G R A M T O T A L</b>	<b>2,858,300</b>	<b>2,698,700</b>	<b>2,630,000</b>	<b>2,611,000</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	2,858,300	2,698,700	2,630,000	2,611,000		
OTHER NON APPROPRIATED	102,000	122,000	0	122,000		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>2,960,300</b>	<b>2,820,700</b>	<b>2,630,000</b>	<b>2,733,000</b>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
COST CENTER: CLAIMS

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The JLBC Staff recommends a total appropriation of \$2,611,000 -- a net decrease of \$(247,300), or (8.7)% from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1.5%. A vacancy factor of 1% was used by the Executive.	\$ (36,500)
o ERE Rate Adjustments	45,800
o Professional & Outside Services Reduction in anticipated data processing costs	(245,200)
o General Inflation	38,500
o Replacement Equipment	(11,400)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(38,500)
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Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION                      JLBC ANALYST: BURGESS                      HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 COST CENTER: ADMINISTRATIVE LAW JUDGE                      SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	50.00	50.00	50.00	50.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,686,200	1,687,300	1,657,800	1,670,400		
EMPLOYEE RELATED EXP	304,400	334,600	363,000	345,600		
PROFESSIONAL/OUTSIDE SVCS	834,300	834,300	834,300	834,300		
TRAVEL - IN STATE	13,600	13,600	13,600	13,600		
OTHER OPERATING EXP	345,600	336,000	336,000	330,200		
EQUIPMENT	1,800	0	0	0		
ALL OTHER OPERATING	1,195,300	1,183,900	1,183,900	1,178,100		
<u>P R O G R A M    T O T A L</u>	<u>3,185,900</u>	<u>3,205,800</u>	<u>3,204,700</u>	<u>3,194,100</u>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	3,185,900	3,205,800	3,204,700	3,194,100		
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>3,185,900</u>	<u>3,205,800</u>	<u>3,204,700</u>	<u>3,194,100</u>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
COST CENTER: ADMINISTRATIVE LAW JUDGE

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The JLBC Staff recommends a total appropriation of \$3,194,100 -- a net increase of \$8,200, or 0.3% to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1%. \$ (19,100)  
    A vacancy factor of 1% was used by the Executive.
- o ERE Rate Adjustments 44,500
- o Other Operating Expenditures (15,400)  
    This amount represents a requested decrease.
- o General Inflation 5,800
- o Replacement Equipment (1,800)

**JLBC Staff Recommended Policy Issues**

- o General Inflation (5,800)  
    Elimination of 4.5% General Inflation.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: LABOR

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	11.00	13.00	13.00	13.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	222,100	255,100	256,100	255,000		
EMPLOYEE RELATED EXP	56,100	70,000	66,800	67,400		
PROFESSIONAL/OUTSIDE SVCS	600	600	600	600		
TRAVEL - IN STATE	6,000	8,500	8,500	8,400		
TRAVEL - OUT OF STATE	1,400	1,400	1,400	1,400		
OTHER OPERATING EXP	53,700	61,500	60,800	57,300		
EQUIPMENT	0	1,700	1,700	1,700		
ALL OTHER OPERATING	61,700	73,700	73,000	69,400		
<b>P R O G R A M   T O T A L</b>	<b>339,900</b>	<b>398,800</b>	<b>395,900</b>	<b>391,800</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	339,900	398,800	395,900	391,800		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>339,900</b>	<b>398,800</b>	<b>395,900</b>	<b>391,800</b>		

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
COST CENTER: LABOR

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The JLBC Staff recommends a total appropriation of \$391,800 -- a net increase of \$51,900, or 15.3% to the adjusted FY 1990 appropriation.

### **Current Services Budget Changes**

o ERE Rate Adjustments	\$ 2,600
o Travel Rate Adjustments	900
o General Inflation	1,800

### **JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(1,800)
o <u>Investigator II and Clerk Typist III</u> JLBC Staff recommends 2 additional FTE positions, an Investigator II and a Clerk Typist III, to assist in processing wage claims. The Executive concurs with this recommendation but believes the issue should be funded for \$51,500.	48,400

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: SPECIAL FUND

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	14.00	15.00	15.00	15.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	280,600	296,300	289,500	296,300		
EMPLOYEE RELATED EXP	64,800	77,700	72,100	77,300		
PROFESSIONAL/OUTSIDE SVCS	16,700	17,800	16,700	16,700		
TRAVEL - IN STATE	4,700	4,700	4,700	4,700		
OTHER OPERATING EXP	52,100	55,000	54,000	53,500		
EQUIPMENT	1,600	0	0	0		
ALL OTHER OPERATING	75,100	77,500	75,400	74,900		
<b>P R O G R A M T O T A L</b>	<b>420,500</b>	<b>451,500</b>	<b>437,000</b>	<b>448,500</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	420,500	451,500	437,000	448,500		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>420,500</b>	<b>451,500</b>	<b>437,000</b>	<b>448,500</b>		



## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
COST CENTER: SPECIAL FUND

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The JLBC Staff recommends a total appropriation of \$448,500 -- a net increase of \$28,000 or 6.7% to the adjusted FY 1990 appropriation.

### **Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (6,200)
o ERE Rate Adjustments	8,400
o General Inflation	2,400
o Non-Capitalized Replacement Equipment	1,400
o Replacement Equipment	(1,600)

### **JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(2,400)
o <u>Claims Specialist II</u> JLBC Staff recommends a Claims Specialist II FTE position to review "no-insurance" files, audit complex billings, and confer with physicians and rehabilitation specialists on catastrophic injuries. The Executive concurs with the recommendation but estimates its cost at \$26,400.	26,000

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION      JLBC ANALYST: BURGESS      HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 COST CENTER: OCCUPATIONAL SFTY/HEALTH      SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	36.00	36.00	36.00	36.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	934,600	965,800	958,800	965,800		
EMPLOYEE RELATED EXP	209,900	257,500	236,700	229,600		
PROFESSIONAL/OUTSIDE SVCS	52,200	52,200	52,200	52,200		
TRAVEL - IN STATE	94,800	97,200	97,200	97,100		
TRAVEL - OUT OF STATE	2,000	2,000	2,000	2,000		
OTHER OPERATING EXP	220,000	220,300	220,000	220,000		
EQUIPMENT	2,000	13,200	13,200	0		
ALL OTHER OPERATING	371,000	384,900	384,600	371,300		
<u>P R O G R A M   T O T A L</u>	<u>1,515,500</u>	<u>1,608,200</u>	<u>1,580,100</u>	<u>1,566,700</u>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	1,515,500	1,608,200	1,580,100	1,566,700		
FEDERAL FUNDS	860,700	880,000	0	880,000		
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>2,376,200</u>	<u>2,488,200</u>	<u>1,580,100</u>	<u>2,446,700</u>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
COST CENTER: OCCUPATIONAL SAFETY AND HEALTH

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The JLBC Staff recommends a total appropriation of \$1,566,700 -- a net increase of \$51,200, or 3.4% to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 38,600
o ERE Rate Adjustments	12,300
o Travel Rate Adjustments	2,300
o General Inflation	400
o Replacement Equipment	(2,000)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(400)
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Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
 COST CENTER: LEGAL COUNSEL

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	14.00	15.00	15.00	15.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	376,000	399,000	404,100	399,000		
EMPLOYEE RELATED EXP	87,600	99,400	96,000	88,300		
PROFESSIONAL/OUTSIDE SVCS	35,100	39,500	39,500	35,100		
TRAVEL - IN STATE	8,800	12,700	12,700	12,700		
TRAVEL - OUT OF STATE	500	500	500	500		
OTHER OPERATING EXP	76,800	87,800	87,800	83,900		
EQUIPMENT	9,800	15,000	15,000	10,000		
ALL OTHER OPERATING	131,000	155,500	155,500	142,200		
<b>P R O G R A M   T O T A L</b>	<b>594,600</b>	<b>653,900</b>	<b>655,600</b>	<b>629,500</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	594,600	653,900	655,600	629,500		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>594,600</b>	<b>653,900</b>	<b>655,600</b>	<b>629,500</b>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: INDUSTRIAL COMMISSION  
COST CENTER: LEGAL

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The JLBC Staff recommends a total appropriation of \$629,500 -- a net increase of \$34,900, or 5.9% to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ 4,800
o ERE Rate Adjustments	(4,400)
o Travel Rate Adjustments and Annualization of travel for positions not filled for entire year	3,900
o Other Operating Expenditures This amount includes the maintenance contract on a copier whose warranty is expiring and additional printing due to increased workload.	5,400
o General Inflation	900
o Replacement Equipment	(9,800)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(900)
o <u>Investigator II</u> JLBC Staff recommends an Investigator II FTE position to assist with the increased workload. The Executive concurs with the recommendation but estimates the funding at \$39,600.	35,000

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF INSURANCE  
 COST CENTER: DEPARTMENT OF INSURANCE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	78.00	97.00	88.00	84.00	70.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,752,100	2,191,400	1,999,700	1,871,200	1,544,700	
EMPLOYEE RELATED EXP	354,700	511,500	455,700	440,300	365,900	
PROFESSIONAL/OUTSIDE SVCS	23,200	27,900	58,800	62,100	27,100	
TRAVEL - IN STATE	11,100	11,200	11,200	11,400	11,400	
TRAVEL - OUT OF STATE	16,200	41,800	16,200	16,200	16,200	
OTHER OPERATING EXP	533,400	682,100	628,300	614,900	568,200	
EQUIPMENT	26,900	25,200	12,600	12,600	12,600	
ALL OTHER OPERATING	610,800	788,200	727,100	717,200	635,500	
<u>OPERATING SUBTOTAL</u>	<u>2,717,600</u>	<u>3,491,100</u>	<u>3,182,500</u>	<u>3,028,700</u>	<u>2,546,100</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-152,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-152,800</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,717,600</u>	<u>3,491,100</u>	<u>3,029,700</u>	<u>3,028,700</u>	<u>2,546,100</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT. OF INSURANCE  
 COST CENTER: DEPARTMENT OF INSURANCE

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,717,600	3,491,100	3,029,700	3,028,700	2,546,100	
OTHER FUNDS	0	2,867,700	0	0	0	
OTHER NON APPROPRIATED	2,716,800	0	0	2,867,700	0	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>5,434,400</b>	<b>6,358,800</b>	<b>3,029,700</b>	<b>5,896,400</b>	<b>2,546,100</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF INSURANCE  
 COST CENTER: DEPARTMENT OF INSURANCE

The JLBC Staff recommends a total appropriation of \$3,028,700 -- a net increase of \$311,100, or 11.4%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1.5% and an adjustment for the Director's salary increase (See "Other Issues" for additional adjustments requested). \$ 11,300
- o ERE Rate Adjustments 58,300
- o Travel Rate Adjustments 300
- o General Inflation 13,100
- o Data Processing Expenses 36,300  
 The department installed a new computer system last year and the 1 year warranty coverage for maintenance and supplies has expired.
- o Legal Services 3,900
- o Rent 4,900
- o Risk Management (5,000)
- o Non-Capitalized Equipment 2,600  
 This amount is to allow for replacement of miscellaneous office equipment.
- o One-Time Equipment (26,900)
- o Replacement Equipment 12,600  
 This amount is to replace a 10 year old high speed copier.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (13,100)  
 Elimination of 4.5% General Inflation.
- o Consumer Affairs 64,600  
 The JLBC Staff recommends 3 FTE Consumer Specialist positions to respond to the increase in telephoned and written complaints from consumers. The Auditor General's Performance Audit of October 24, 1989 found that additional resources were needed in this area. In FY 1989, the department received 8,329 written complaints and 99,463 telephoned complaints. The number of written complaints



is projected to increase 32% by FY 1991. Adding more Consumer Specialist positions would enable staff responsible for fraud investigations to spend less time responding to consumer questions and complaints. The Executive has also recommended this issue.

- o Property and Casualty Section 80,800  
Funding for 3 FTE positions is recommended for the Property and Casualty sections. These positions will enable the department to review periodic payment malpractice claim awards, as required by Laws 1989, Chapter 289, and to respond to increased workload. The workload in the rate filing area is estimated to increase by 45% from FY 1989 to FY 1991, and the current backlog is 11,900, or more than the total number of filings reviewed in FY 1986. The Executive has also recommended these positions.
- o Legal Assistance 35,000  
The additional amount recommended in Professional and Outside Services will allow the department to contract with the Attorney General's Office for an additional 1 FTE Attorney II position to handle investigations. The Auditor General's Performance Audit pointed out that the department's legal workload exceeds the capacity of the 2 FTE Attorney positions currently on contract with the department. Currently there is a backlog of 150 cases ready or nearly ready for hearing that are being delayed due to lack of Attorney General staff time. The department has estimated these cases could result in the recovery of \$520,000 to the General Fund. The Executive has also recommended this issue.
- o Additional Office Space 32,400  
The JLBC Staff recommends funding for 2,500 sq. ft. of additional office space. The department added 9 FTE positions in FY 1990, and the addition of 6 more FTE positions will necessitate the department expanding into space on the floor below at the Abacus Building (State Compensation Fund). Currently, the department has run out of room for some of its files, and staff is crowded. If approved, the Consumer Affairs staff would be moved to the new space. The Executive has recommended \$33,400 for this issue.

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### **Budget Reduction Options**

In considering any reductions to the appropriation for the Department of Insurance, it is important to note that the department collects fees which it deposits to the General Fund which exceed its expenditures. A.R.S. § 20-167 authorizes the department to adjust its fees charged to agents and insurance companies within certain ranges set in statute in order to collect revenues amounting to no less than 95% and no more than 110% of its General Fund appropriation for the next fiscal year.

The department has adjusted its fees each year to bring in 110% of its appropriated budget. As a result any changes in the agency's appropriation will result in a corresponding change in its fees, so the net impact on the General Fund is zero. If events occur during the year causing vacancies or other changes from budgeted expenditures in the budget, then the General Fund would be affected. It should also be noted that the department collects premium tax revenues, projected to be \$90 million in FY 1991.

The Current Services Budget (CSB) is \$2,829,000 (General Fund). The following Budget Reduction Options represent a \$(282,600), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (13,100)
  - o General Inflation
  - o Consumer Affairs and Investigations (155,800)
    - By eliminating 5 FTE positions (2 FTE Consumer Specialists position, 1 FTE Investigator position and 1 FTE Clerk Typist position) from the division responsible for responding to consumer complaints, a portion of the nearly \$9 million in funds recovered for consumers would likely be lost. In FY 1989, the division received 8,329 written complaints and 99,463 telephone complaints. The Auditor General's Performance Audit found this division needed strengthening, and the JLBC Staff and Executive have recommended funding 3 additional FTE positions in this division.
  - o Review of Rates and Forms (114,000)
    - By eliminating 4 FTE positions responsible for reviewing property and casualty insurance rate filings and life and disability policy forms, the department would be forced to lower its review standards substantially. A.R.S. § 20-350 et seq. requires the department to notify property and casualty insurers within 30 days of any rate filings not meeting department standards. If staff is reduced and standards are lowered, consumer complaints and investigation costs could increase substantially. If life and disability forms receive only cursory, if any, review, the incidence of consumer misunderstandings and complaints could increase. The State could be more subject to negligence claims as well. Note that recently enacted laws such as Laws 1989, Chapter 21, have increased the department's compliance review responsibilities. Increased funding is recommended in this area also by both the JLBC Staff and the Executive.

#### Other Issues for Legislative Consideration

- o Life and Disability Sections
  - The Executive recommendation includes \$25,700 and 1 FTE Insurance Analyst position to review filings from out of state group insurers who provide group disability coverage to Arizona employers, filings now required by Laws 1989, Chapter 21.

o Licensing Section

The Executive has recommended \$35,400 and 1 FTE Examiner Technician position to process the increasing number of licenses. License renewals are projected to increase by 20% and new licenses by 12% in the next year. The amount includes \$11,000 to reclassify 7 FTE Clerk Typists to Examiner Technicians.

o Data Systems Section

The Executive Recommendation includes \$49,300 and 2 FTE positions to pick up funding now provided from the Department's Computer System Fund. This fund sunsets January 1, 1990 (A.R.S. § 20-167.01). If the fund is allowed to be drawn down, funding for this section should be sufficient through FY 1991. However, if the law is interpreted to mean no funds may be expended from the Computer System Fund after January 1, 1990, the Department would need a General Fund appropriation of \$163,900 in FY 1991 to continue its current level of operations.

o Personal Services Base

The department's personal services base and ERE have increased a total of \$100,000 beyond the vacancy factor used. The Current Services Budget includes \$11,300 in increased salary and ERE for the Director. The remaining \$88,700 shortfall has been caused by various reclassifications for 30 positions. The department says that it received approval from DOA-Personnel Division for these adjustments in all cases. If the increased personal services/ERE funding is not approved, the agency will be forced to hold vacancies open for extended periods.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF LIQUOR LICENSES  
 COST CENTER: DEPT OF LIQUOR LICENSES

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	59.00	71.00	59.00	56.00	51.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,282,400	1,520,900	1,298,100	1,196,800	1,091,400	
EMPLOYEE RELATED EXP	293,600	424,900	341,900	319,400	291,200	
PROFESSIONAL/OUTSIDE SVCS	75,000	202,500	75,100	75,000	75,000	
TRAVEL - IN STATE	90,000	138,700	97,900	90,000	81,200	
TRAVEL - OUT OF STATE	2,000	4,900	2,000	2,000	2,000	
OTHER OPERATING EXP	330,000	415,500	335,500	327,100	326,700	
EQUIPMENT	10,600	144,900	0	40,000		
ALL OTHER OPERATING	507,600	906,500	510,500	534,100	484,900	
<u>OPERATING SUBTOTAL</u>	<u>2,083,600</u>	<u>2,852,300</u>	<u>2,150,500</u>	<u>2,050,300</u>	<u>1,867,500</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-103,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-103,200</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,083,600</u>	<u>2,852,300</u>	<u>2,047,300</u>	<u>2,050,300</u>	<u>1,867,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF LIQUOR LICENSES                      JLBC ANALYST: BURGESS    HOUSE SUBCOMMITTEE CHAIR: BURNS  
 COST CENTER: DEPT OF LIQUOR LICENSES    SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,083,600	2,852,300	2,047,300	2,050,300	1,867,500	_____
PROGRAM TOTAL-ALL SOURCES	<u>2,083,600</u>	<u>2,852,300</u>	<u>2,047,300</u>	<u>2,050,300</u>	<u>1,867,500</u>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF LIQUOR LICENSES AND CONTROL  
 COST CENTER: DEPARTMENT OF LIQUOR LICENSES AND CONTROL

The JLBC Staff recommends a total appropriation of \$2,050,300 -- a net decrease of \$(33,300), or (1.6)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a vacancy factor of 1%. \$ (1,000)  
 A vacancy factor of 1% was used by the Executive.
- o ERE Rate Adjustments 48,600
- o Travel Rate Adjustments 5,300
- o Risk Management Adjustment (2,900)
- o General Inflation 9,400
- o Replacement Equipment (10,600)

**JLBC Staff Recommended Policy Issues**

- o General Inflation (9,400)  
 Elimination of 4.5% General Inflation.
- o Elimination of Investigative Personnel (107,400)  
 The JLBC Staff recommends the elimination of 2 Investigative Supervisor II positions and 1 Investigative Supervisor I position. Currently, there is a Superintendent of Investigations who supervises the 2 Investigative Supervisor II positions. These Supervisor II positions supervise 4 Investigative Supervisor I positions. JLBC Staff believes that the elimination of the Supervisor II positions will not impact the Investigations Division significantly. In addition, the 4 Supervisor I positions supervise 14 Field Investigators for a ratio of 3.5:1. This appears to be inordinately low. The elimination of 1 Investigative Supervisor I, currently vacant, would raise the supervisor-to-staff ratio to nearly 5:1 and no adverse impact is expected.
- o Elimination of Motor Pool Vehicle (5,300)  
 With the elimination of three Investigative Supervisors, 1 motor pool vehicle could be relinquished to the Department of Administration Motor Pool.

- o Microfilm System 40,000  
 JLBC Staff recommends the purchase of microfilming equipment. The recommended amount does not include the costs of converting all files to a microfilm system. However, the purchase of the equipment will allow the agency to utilize microfilming for new files. Older files may be converted by clerical staff as the opportunities arise.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,132,400 (General Fund). The following Budget Reduction Options represent a \$(264,900), or (12.4)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (122,100)
  - Elimination of Investigative Personnel
  - Elimination of Motor Pool Vehicle
  - Elimination of General Inflation
- o Elimination of Vacant Positions (35,000)  
 Two vacant positions, an Information Processing Specialist II and a Clerk Typist II, both currently vacant, could be eliminated.
- o Elimination of Hearing Officer III (41,700)  
 The elimination of a Hearing Officer III will achieve a savings. This, however, will negatively impact the timeliness of hearing cases.
- o Cessation of Flagstaff Operations (66,100)  
 A savings can be achieved by the cessation of operations in the Flagstaff area. This includes the elimination of 2 Investigator III positions. In addition, there would be a savings for In-State Travel and Other Operating Expenditures. This action would impact the investigations and inspections performed in the Flagstaff area. Revenues may be reduced due to insufficient investigative personnel available to verify violations.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD      JLBC ANALYST: MCNEIL      HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 COST CENTER: AGENCY SUMMARY      SENATE SUBCOMMITTEE CHAIR: GILLESPIE

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	108.20	109.20	109.20	109.20	106.70	
<u>BY PROGRAM/ORGANIZATION</u>						
ADMINISTRATIVE SERVICES	595,900	802,200	644,500	696,900	696,900	
ANIMAL DISEASE CONTROL	155,600	132,100	141,700	130,400	130,400	
LIVESTOCK INSPECTION	2,234,200	2,126,400	2,001,300	2,105,100	2,048,900	
MEAT & POULTRY INSPECTION	856,500	876,700	825,300	847,900	212,000	
<b>A G E N C Y   T O T A L</b>	<b>3,842,200</b>	<b>3,937,400</b>	<b>3,612,800</b>	<b>3,780,300</b>	<b>3,088,200</b>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,449,300	2,423,300	2,423,200	2,407,800	1,914,600	
EMPLOYEE RELATED EXP	564,800	662,500	622,700	621,700	503,500	
PROFESSIONAL/OUTSIDE SVCS	42,000	43,200	43,200	43,200	38,600	
TRAVEL - IN STATE	364,300	363,500	360,700	362,200	307,800	
TRAVEL - OUT OF STATE	6,600	6,600	6,600	6,600	5,700	
OTHER OPERATING EXP	200,900	169,400	169,400	168,600	147,800	
EQUIPMENT	139,300	0	0	0	0	
ALL OTHER OPERATING	753,100	582,700	579,900	580,600	499,900	
<u>OPERATING SUBTOTAL</u>	<u>3,767,200</u>	<u>3,668,500</u>	<u>3,625,800</u>	<u>3,610,100</u>	<u>2,918,000</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>SPECIAL LINE ITEMS</u>						
ANIMAL DAMAGE CONTROL	75,000	175,000	75,000	75,000	75,000	_____
DEPARTMENT OF AGRICULTURE	0	93,900	94,200	95,200	95,200	_____
SPENDING REDUCTION PGM	0	0	-182,200	0	0	_____
<u>SPECIAL ITEM SUBTOTAL</u>	<u>75,000</u>	<u>268,900</u>	<u>-13,000</u>	<u>170,200</u>	<u>170,200</u>	_____
<u>A G E N C Y T O T A L</u>	<u>3,842,200</u>	<u>3,937,400</u>	<u>3,612,800</u>	<u>3,780,300</u>	<u>3,088,200</u>	_____
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,842,200	3,937,400	3,612,800	3,780,300	3,088,200	_____
OTHER NON APPROPRIATED	73,100	72,200	0	72,200	72,200	_____
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>3,915,300</u>	<u>4,009,600</u>	<u>3,612,800</u>	<u>3,852,500</u>	<u>3,160,400</u>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LIVESTOCK BOARD  
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$3,780,300 -- a net decrease of \$(61,900), or (1.6)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments	\$ (51,400)
o ERE Rate Adjustments	66,800
o Professional and Outside Services	1,200
o Travel	(2,100)
o Other Operating Expenditures	(32,300)
o One-Time Equipment	(139,300)
o Department of Agriculture	95,200

**JLBC Staff Recommended Policy Issues**

- o The JLBC Staff recommends no change to the Current Services Budget.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$3,780,300 (General Fund). The following Budget Reduction Options represent a \$(692,100), or (18.3)%, decrease from the CSB.

- o Change Livestock Inspection Requirements (56,200)  
See the Livestock Inspection Cost Center for a description of this option.
- o Eliminate the Meat and Poultry Inspection Program (635,900)  
See the Meat and Poultry Inspection Cost Center for a description of this option.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: ADMINISTRATIVE SERVICES

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	17.50	19.50	18.50	19.50	19.50	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	352,900	355,100	339,700	355,100	355,100	
EMPLOYEE RELATED EXP	77,100	88,700	81,400	85,100	85,100	
PROFESSIONAL/OUTSIDE SVCS	35,900	37,100	37,100	37,100	37,100	
TRAVEL - IN STATE	6,900	10,600	7,800	8,200	8,200	
TRAVEL - OUT OF STATE	1,500	1,500	1,500	1,500	1,500	
OTHER OPERATING EXP	46,600	40,300	40,300	39,700	39,700	
ALL OTHER OPERATING	90,900	89,500	86,700	86,500	86,500	
<u>OPERATING SUBTOTAL</u>	<u>520,900</u>	<u>533,300</u>	<u>507,800</u>	<u>526,700</u>	<u>526,700</u>	
<u>SPECIAL LINE ITEMS</u>						
ANIMAL DAMAGE CONTROL	75,000	175,000	75,000	75,000	75,000	
DEPARTMENT OF AGRICULTURE	0	93,900	94,200	95,200	95,200	
SPENDING REDUCTION PGM	0	0	-32,500	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>75,000</u>	<u>268,900</u>	<u>136,700</u>	<u>170,200</u>	<u>170,200</u>	
<u>PROGRAM TOTAL</u>	<u>595,900</u>	<u>802,200</u>	<u>644,500</u>	<u>696,900</u>	<u>696,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: ADMINISTRATIVE SERVICES

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	595,900	802,200	644,500	696,900	696,900	
OTHER NON APPROPRIATED	73,100	72,200	0	72,200	72,200	
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>669,000</b>	<b>874,400</b>	<b>644,500</b>	<b>769,100</b>	<b>769,100</b>	

## Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LIVESTOCK BOARD  
COST CENTER: ADMINISTRATIVE SERVICES

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The JLBC Staff recommends a total appropriation of \$696,900 -- a net increase of \$101,000, or 16.9%, to the adjusted FY 1990 appropriation.

### **Current Services Budget Changes**

- |  |          |
|--|----------|
| o Personal Services/ERE Adjustments  | \$ 2,700 |
| This net change includes the addition of an Administrative Assistant II position funded through the abolishment of a part-time Veterinarian II position in Animal Disease Control. The agency requested this adjustment. The Executive has not recommended the change. |          |
| o ERE Rate Adjustments   | 7,500    |
| o Professional and Outside Services  | 1,200    |
| DOA Data Center Charges  |          |
| o Travel   | 1,300    |
| o Other Operating Expenditures - Risk Management   | (3,300)  |
| o Other Operating Expenditures - Non-Capitalized Equipment   | (3,600)  |
| o Department of Agriculture  | 95,200   |
| Includes \$75,000 for the Director's salary, \$18,000 for ERE, and \$2,200 for the Advisory Council's mileage reimbursement. This funding is in keeping with Laws 1989, Chapter 162 (H.B. 2090).   |          |

### **JLBC Staff Recommended Policy Issues**

- o The JLBC Staff recommends no change to the Current Services Budget.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: ANIMAL DISEASE CONTROL

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	4.00	3.00	4.00	3.00	3.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	99,700	84,300	99,600	84,300	84,300	
EMPLOYEE RELATED EXP	24,300	21,200	22,600	19,500	19,500	
TRAVEL - IN STATE	16,000	11,500	11,500	11,700	11,700	
TRAVEL - OUT OF STATE	2,200	2,200	2,200	2,200	2,200	
OTHER OPERATING EXP	13,400	12,900	12,900	12,700	12,700	
ALL OTHER OPERATING	31,600	26,600	26,600	26,600	26,600	
<u>OPERATING SUBTOTAL</u>	<u>155,600</u>	<u>132,100</u>	<u>148,800</u>	<u>130,400</u>	<u>130,400</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-7,100	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-7,100</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>155,600</u>	<u>132,100</u>	<u>141,700</u>	<u>130,400</u>	<u>130,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: ANIMAL DISEASE CONTROL

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	155,600	132,100	141,700	130,400	130,400	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>155,600</u>	<u>132,100</u>	<u>141,700</u>	<u>130,400</u>	<u>130,400</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LIVESTOCK BOARD  
 COST CENTER: ANIMAL DISEASE CONTROL

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The JLBC Staff recommends a total appropriation of \$130,400 -- a net decrease of \$(25,200), or (16.2)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- |   |             |
|---|-------------|
| o Personal Services/ERE Adjustments   | \$ (18,900) |
| Includes the elimination of a part-time Veterinarian II position. Funding for this position was transferred to Administrative Services. The agency requested this adjustment. The Executive did not recommend the change. |             |
| o ERE Rate Adjustments  | (1,300)     |
| o Travel  | (4,300)     |
| o Risk Management Insurance   | (700)       |

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.



**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: LIVESTOCK INSPECTION

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	61.00	61.00	61.00	62.00	59.50	
<b>OPERATING BUDGET</b>						
PERSONAL SERVICES	1,380,100	1,369,700	1,369,700	1,370,100	1,325,600	
EMPLOYEE RELATED EXP	335,800	397,500	373,300	375,100	363,400	
TRAVEL - IN STATE	269,000	269,000	269,000	269,700	269,700	
TRAVEL - OUT OF STATE	1,700	1,700	1,700	1,700	1,700	
OTHER OPERATING EXP	108,300	88,500	88,500	88,500	88,500	
EQUIPMENT	139,300	0	0	0	0	
ALL OTHER OPERATING	518,300	359,200	359,200	359,900	359,900	
<b>OPERATING SUBTOTAL</b>	<b>2,234,200</b>	<b>2,126,400</b>	<b>2,102,200</b>	<b>2,105,100</b>	<b>2,048,900</b>	
<b>SPECIAL LINE ITEMS</b>						
SPENDING REDUCTION PGM	0	0	-100,900	0	0	
<b>SPECIAL ITEM SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>-100,900</b>	<b>0</b>	<b>0</b>	
<b>PROGRAM TOTAL</b>	<b>2,234,200</b>	<b>2,126,400</b>	<b>2,001,300</b>	<b>2,105,100</b>	<b>2,048,900</b>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: LIVESTOCK INSPECTION

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,234,200	2,126,400	2,001,300	2,105,100	2,048,900	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>2,234,200</u>	<u>2,126,400</u>	<u>2,001,300</u>	<u>2,105,100</u>	<u>2,048,900</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LIVESTOCK BOARD  
COST CENTER: LIVESTOCK INSPECTION

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The JLBC Staff recommends a total appropriation of \$2,105,100 -- a net decrease of \$(129,100), or (5.8)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, includes a vacancy factor of 1.5% \$ (12,600)  
The amount also includes funding for an additional Livestock Inspector position. Funding for this position comes from the abolishment of a Meat Inspector position in the Meat and Poultry Inspection Division. The agency requested this adjustment. The Executive has not recommended the change.
- o ERE Rate Adjustments 41,900
- o Travel 700
- o Risk Management Insurance (9,800)
- o Other Operating Expenditures Base Reduction (10,000)
- o One-Time Equipment (139,300)

**JLBC Staff Recommended Policy Issues**

- o The JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,105,100 (General Fund). The following Budget Reduction Option represents a \$(56,200), or (2.7)%, decrease from the CSB.

- o Change Livestock Inspection Requirements (56,200)  
Amend A.R.S. § 24-262D to require inspections be conducted within 24 hours (instead of 12 hours) on livestock subject to inspection. This change would remove 2.5 FTE positions (Livestock Officer II - Grade 15). The additional time granted for agency response may lead to a larger number of cattle being sold or slaughtered without proper inspections.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LIVESTOCK BOARD  
 COST CENTER: MEAT & POULTRY INSPECTION

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	25.70	25.70	25.70	24.70	24.70	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	616,600	614,200	614,200	598,300	149,600	
EMPLOYEE RELATED EXP	127,600	155,100	145,400	142,000	35,500	
PROFESSIONAL/OUTSIDE SVCS	6,100	6,100	6,100	6,100	1,500	
TRAVEL - IN STATE	72,400	72,400	72,400	72,600	18,200	
TRAVEL - OUT OF STATE	1,200	1,200	1,200	1,200	300	
OTHER OPERATING EXP	32,600	27,700	27,700	27,700	6,900	
ALL OTHER OPERATING	112,300	107,400	107,400	107,600	26,900	
<u>OPERATING SUBTOTAL</u>	<u>856,500</u>	<u>876,700</u>	<u>867,000</u>	<u>847,900</u>	<u>212,000</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-41,700	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-41,700</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>856,500</u>	<u>876,700</u>	<u>825,300</u>	<u>847,900</u>	<u>212,000</u>	

**Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations**

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DEPARTMENT: ARIZONA LIVESTOCK BOARD                      JLBC ANALYST: MCNEIL                      HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 COST CENTER: MEAT & POULTRY INSPECTION                      SENATE SUBCOMMITTEE CHAIR: GILLESPIE

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DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	856,500	876,700	825,300	847,900	212,000	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>856,500</b>	<b>876,700</b>	<b>825,300</b>	<b>847,900</b>	<b>212,000</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: LIVESTOCK BOARD  
COST CENTER: MEAT AND POULTRY INSPECTION

The JLBC Staff recommends a total appropriation of \$847,900 -- a net decrease of \$(8,600), or (1)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments \$ (22,600)  
Includes the elimination of a Meat Inspector position. Funding for this position was transferred to Livestock Inspection. The agency requested this adjustment. The Executive has not recommended this change.
- o ERE Rate Adjustments 18,700
- o Travel 200
- o Risk Management Insurance (5,100)
- o Other Operating Expenses 200

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$847,900 (General Fund). The following Budget Reduction Option represents a \$(635,900), or (75)%, decrease from the CSB.

- o Eliminate the Meat and Poultry Inspection Program (635,900)  
Repeal all sections of A.R.S. (e.g., § 24-621.10B) which refer to State inspection. This would place Arizona among 22 states that currently have the United States Department of Agriculture conduct all meat and poultry inspections.

This option would provide funding for a quarter of the fiscal year in order to ensure a proper transition into "designated" status.

Laws 1989, Chapter 311, indicated legislative intent to cease funding the State's Meat and Poultry Inspection Program after FY 1992. The Budget Reduction Option offered here would implement the cancellation of funding at an earlier date.

This is not an original option. In fact, this issue has come up in the Legislature many times before. The JLBC Staff will be prepared at subcommittee hearings to explain what we understand to be the issues involved in eliminating the State program.

The gross reduction to State appropriations, at 25% funding, would be \$635,900. The net effect on the General fund is only 50% of the gross figure, or \$318,000 (rounded), since federal funds are deposited into the General Fund as reimbursement.

In FY 1992, a portion of the quarter-year FY 1991 funding could be left in the Department of Agriculture's budget for use in a program to assist meat and poultry processors comply with federal building regulations. The availability of financial assistance would be in keeping with the additional legislative intent found in Chapter 311.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE MINE INSPECTOR  
 COST CENTER: STATE MINE INSPECTOR

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: WRIGHT

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	12.00	21.00	12.00	12.00	11.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	353,900	503,900	351,600	353,900	317,900	
EMPLOYEE RELATED EXP	76,300	117,800	87,700	84,200	75,600	
TRAVEL - IN STATE	58,400	112,100	58,400	60,400	45,700	
TRAVEL - OUT OF STATE	1,400	5,500	4,800	1,400	1,400	
OTHER OPERATING EXP	77,300	220,000	99,000	119,200	119,200	
EQUIPMENT	13,600	82,300	10,800	0		
ALL OTHER OPERATING	150,700	419,900	173,000	181,000	166,300	
<u>OPERATING SUBTOTAL</u>	<u>580,900</u>	<u>1,041,600</u>	<u>612,300</u>	<u>619,100</u>	<u>559,800</u>	
<u>SPECIAL LINE ITEMS</u>						
MINE SAFETY PROGRAM	0	0	48,900	0	0	
SPENDING REDUCTION PGM	0	0	-29,400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>19,500</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>580,900</u>	<u>1,041,600</u>	<u>631,800</u>	<u>619,100</u>	<u>559,800</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE MINE INSPECTOR  
 COST CENTER: STATE MINE INSPECTOR

JLBC ANALYST: BURGESS

HOUSE SUBCOMMITTEE CHAIR: MILLER  
 SENATE SUBCOMMITTEE CHAIR: WRIGHT

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	580,900	1,041,600	582,900	619,100	559,800	_____
FEDERAL FUNDS	91,000	91,000	0	91,000	91,000	_____
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>671,900</b>	<b>1,132,600</b>	<b>582,900</b>	<b>710,100</b>	<b>650,800</b>	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: STATE MINE INSPECTOR  
COST CENTER: STATE MINE INSPECTOR

The JLBC Staff recommends a total appropriation of \$619,100 -- a net increase of \$38,200, or 6.6%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o ERE Rate Adjustments \$ 7,900
- o Travel Rate Adjustments 2,000
- o Risk Management Insurance 41,900
- o General Inflation 2,900
- o Replacement Equipment (13,600)

**JLBC Staff Recommended Policy Issues**

- o General Inflation (2,900)  
Elimination of 4.5% General Inflation.

\* \* \* \* \*

**Budget Reduction Options**

The Current Services Budget (CSB) is \$622,000 (General Fund). The following Budget Reduction Options represent a \$(62,200), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (2,900)  
General Inflation
- o Elimination of Personnel (44,600)  
A savings can be attained by eliminating the Assistant Mine Inspector FTE position. This action would impact the number of inspections, the investigation of accidents, and reduce the amount of training performed in conjunction with the Mine Safety Program.
- o In-State Travel (14,700)  
With the elimination of the Assistant Mine Inspector position, a savings can be achieved in In-State Travel.

### Other Issues for Legislative Consideration

o Fee and Fine Authority

The Executive recommends enactment of fee and fine authority for the State Mine Inspector.

o Mine Safety Program

In the event fee and fine authority for the State Mine Inspector is enacted, the Executive recommends reinstating this as a below-the-line item. The Executive also recommends a \$10,100 increase to the program, for a total of \$48,900 for 6 months.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OCCUP SFTY & HLTH REV BD      JLBC ANALYST: BURGESS      HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 COST CENTER: OCCUP SFTY & HLTH REV BD      SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,000	1,000	1,000	1,000	1,000	
PROFESSIONAL/OUTSIDE SVCS	8,400	7,500	7,500	7,500	7,500	
TRAVEL - IN STATE	800	800	700	800	800	
OTHER OPERATING EXP	100	100	100	100	100	
ALL OTHER OPERATING	9,300	8,400	8,300	8,400	8,400	
<u>OPERATING SUBTOTAL</u>	<u>10,300</u>	<u>9,400</u>	<u>9,300</u>	<u>9,400</u>	<u>9,400</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-400	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-400</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M   T O T A L</u>	<u>10,300</u>	<u>9,400</u>	<u>8,900</u>	<u>9,400</u>	<u>9,400</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	10,300	9,400	8,900	9,400	9,400	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>10,300</u>	<u>9,400</u>	<u>8,900</u>	<u>9,400</u>	<u>9,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD  
COST CENTER: OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD

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The JLBC Staff recommends a total appropriation of \$9,400 -- a net decrease of \$(900), or (8.7)% from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Professional and Outside Services Adjustment \$ (900)

**JLBC Staff Recommended Policy Issues**

- o JLBC Staff recommends no change to the Current Services Budget.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	59.70	59.90	60.20	58.30	54.90	
<u>BY PROGRAM/ORGANIZATION</u>						
COMMERCIAL RACING	2,413,000	2,596,000	2,414,200	2,337,900	2,213,300	
COUNTY FAIR RACING	321,400	337,600	332,300	337,800	337,800	
ARIZONA RACING INDUSTRY	23,600	27,500	20,600	21,800	21,800	
<u>AGENCY TOTAL</u>	<u>2,758,000</u>	<u>2,961,100</u>	<u>2,767,100</u>	<u>2,697,500</u>	<u>2,572,900</u>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,474,100	1,502,200	1,484,200	1,457,000	1,385,600	
EMPLOYEE RELATED EXP	324,700	348,900	383,100	374,900	358,400	
PROFESSIONAL/OUTSIDE SVCS	558,800	664,500	602,000	453,500	418,200	
TRAVEL - IN STATE	146,300	154,700	152,400	151,700	151,700	
TRAVEL - OUT OF STATE	9,000	11,300	9,900	11,300	11,300	
OTHER OPERATING EXP	245,100	257,900	256,500	247,300	245,900	
EQUIPMENT	0	21,600	1,800	1,800	1,800	
ALL OTHER OPERATING	959,200	1,110,000	1,022,600	865,600	828,900	
<u>OPERATING SUBTOTAL</u>	<u>2,758,000</u>	<u>2,961,100</u>	<u>2,889,900</u>	<u>2,697,500</u>	<u>2,572,900</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-122,800	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-122,800</u>	<u>0</u>	<u>0</u>	
<u>AGENCY TOTAL</u>	<u>2,758,000</u>	<u>2,961,100</u>	<u>2,767,100</u>	<u>2,697,500</u>	<u>2,572,900</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,436,600	2,623,500	2,434,800	2,359,700	2,235,100	
OTHER FUNDS	321,400	337,600	332,300	337,800	337,800	
OTHER NON APPROPRIATED	2,178,700	1,949,600	0	1,949,600	1,949,600	
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>4,936,700</u>	<u>4,910,700</u>	<u>2,767,100</u>	<u>4,647,100</u>	<u>4,522,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$2,697,500 -- a net decrease of \$(60,500), or (2.2)%, from the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, reflects a reduction in vacancy factor for Commercial Racing.	\$ 16,900
o ERE Rate Adjustments	53,800
o Increased Court Reporter and Lab Fees	11,400
o 15% In-State Lodging Cost Increase	5,400
o Increased Out-of-State Travel Costs due to destination changes	2,300
o Increased Risk Management Assessment	800
o Replacement Equipment	1,800
o General Inflation	28,300

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(28,300)
o <u>Reduce Funding for Rillito Park</u>	(52,800)
o <u>Reduce Animal Testing</u>	(101,500)
o <u>Computer Memory Expansion</u>	1,400

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,878,700. The following Budget Reduction Options represent a \$(305,800), or (10.6)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(129,800)
<u>General Inflation</u>	
<u>Reduce Animal Testing</u>	
<u>Reduce Funding for Rillito Park (Included Below)</u>	
o <u>Reduce Funding for Rillito Park</u>	(176,000)



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
 COST CENTER: COMMERCIAL RACING

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	52.80	53.00	53.30	51.40	48.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,314,300	1,342,400	1,324,400	1,297,200	1,225,800	
EMPLOYEE RELATED EXP	286,000	309,400	339,700	332,200	315,700	
PROFESSIONAL/OUTSIDE SVCS	534,500	625,800	577,200	422,300	387,000	
TRAVEL - IN STATE	53,700	60,400	56,000	56,000	56,000	
TRAVEL - OUT OF STATE	4,600	5,500	5,500	5,500	5,500	
OTHER OPERATING EXP	219,900	232,300	231,500	222,900	221,500	
EQUIPMENT	0	20,200	1,800	1,800	1,800	
ALL OTHER OPERATING	812,700	944,200	872,000	708,500	671,800	
<u>OPERATING SUBTOTAL</u>	<u>2,413,000</u>	<u>2,596,000</u>	<u>2,536,100</u>	<u>2,337,900</u>	<u>2,213,300</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-121,900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-121,900</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,413,000</u>	<u>2,596,000</u>	<u>2,414,200</u>	<u>2,337,900</u>	<u>2,213,300</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
COST CENTER: COMMERCIAL RACING

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The JLBC Staff recommends a total appropriation of \$2,337,900 -- a net decrease of \$(75,100), or (3.1)%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, includes a reduction in vacancy factor from 2.5% to 1.5%.	\$ 16,900
o ERE Rate Adjustments	49,800
o 15% In-State Lodging Costs Increase	2,300
o Increased Out-of-State Travel Costs due to destination changes	900
o Risk Management Assessment Increase	1,600
o Replacement Equipment	1,800
o General Inflation	27,700

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(27,700)
o <u>Reduce Funding for Rillito Park</u> Reduce funding for Rillito Park from 150 days to 120 days. Rillito Park has never operated all 150 days and is not expected to exceed 120 days operation in FY 1991.	(52,800)
o <u>Reduce Animal Lab Testing</u> Reduce animal lab testing to 12 samples per race day. This will still allow for 1 sample per race and would maintain the integrity of the sport.	(97,000)
o <u>Computer Memory Expansion</u> JLBC Staff recommends \$1,400 to purchase expanded memory for existing computers. This will enable full utilization of present software and increase the efficiency of the system without the cost of purchasing new computers and software. This will also reduce workload and enhance speed and services provided.	1,400

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$2,514,000 (General Fund). The following Budget Reduction Options represent a \$(300,700), or (12)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (124,700)
  - General Inflation
  - Reduce funding for Rillito Park (Included below)
  - Reduce Animal Lab Testing
- o Reduce funding for Rillito Park (176,000)
  - Reduce funding for Rillito Park to 50 days from the 150 days authorized by A.R.S. § 5-110.A. This will result in a reduction of 4.8 FTE positions. This option might require statutory changes to A.R.S. § 5-110.A. This will result in one-third of the authorized race days at Rillito Park being funded and possibly injure the local racing industry as well as reduce General Fund revenues from pari-mutuel wagering.

Other Issues for Legislative Consideration

- o The Executive recommends \$25,900 for 1 FTE position of Satellite Facility Auditor Inspector for teletracking activities. The position would audit and monitor pari-mutuel wagering operations of Satellite teletrack facilities.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
 COST CENTER: COUNTY FAIR RACING

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	6.90	6.90	6.90	6.90	6.90	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	159,800	159,800	159,800	159,800	159,800	
EMPLOYEE RELATED EXP	38,700	39,500	43,400	42,700	42,700	
PROFESSIONAL/OUTSIDE SVCS	21,300	35,500	21,600	28,000	28,000	
TRAVEL - IN STATE	85,100	85,500	91,600	91,600	91,600	
OTHER OPERATING EXP	16,500	15,900	15,900	15,700	15,700	
EQUIPMENT	0	1,400	0	0		
ALL OTHER OPERATING	122,900	138,300	129,100	135,300	135,300	
<u>OPERATING SUBTOTAL</u>	<u>321,400</u>	<u>337,600</u>	<u>332,300</u>	<u>337,800</u>	<u>337,800</u>	
<u>SPECIAL LINE ITEMS</u>						
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
<u>PROGRAM TOTAL</u>	<u>321,400</u>	<u>337,600</u>	<u>332,300</u>	<u>337,800</u>	<u>337,800</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING                      JLBC ANALYST: BRADLEY                      HOUSE SUBCOMMITTEE CHAIR: GERARD  
 COST CENTER: COUNTY FAIR RACING                      SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
OTHER FUNDS	321,400	337,600	332,300	337,800	337,800	
OTHER NON APPROPRIATED	948,300	950,200	0	950,200	950,200	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>1,269,700</u>	<u>1,287,800</u>	<u>332,300</u>	<u>1,288,000</u>	<u>1,288,000</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
COST CENTER: COUNTY FAIR RACING

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The JLBC Staff recommends a total appropriation of \$337,800 -- a net increase of \$16,400, or 5.1%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o ERE Rate Adjustments	\$ 4,000
o 15% In-State Lodging Cost Increase	6,500
o Increased Lab Testing Fees	11,200
o Decreased Risk Management Assessment	(800)
o General Inflation	200

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u>	(200)
Elimination of 4.5% General Inflation.	
o <u>Reduce Animal Testing</u>	(4,500)
Reduce animal testing to 12 samples per race day. This will still allow for 1 sample per race and maintain the integrity of the sport.	

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$342,500. The following Budget Reduction Options represent a \$(4,700), or (1.4)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u>	(4,700)
<u>General Inflation</u>	
<u>Reduce Animal Testing</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
 COST CENTER: ARIZONA RACING INDUSTRY

JLBC ANALYST: BRADLEY

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00		
<u>OPERATING BUDGET</u>						
PROFESSIONAL/OUTSIDE SVCS	3,000	3,200	3,200	3,200	3,200	
TRAVEL - IN STATE	7,500	8,800	4,800	4,100	4,100	
TRAVEL - OUT OF STATE	4,400	5,800	4,400	5,800	5,800	
OTHER OPERATING EXP	8,700	9,700	9,100	8,700	8,700	
ALL OTHER OPERATING	23,600	27,500	21,500	21,800	21,800	
<u>OPERATING SUBTOTAL</u>	<u>23,600</u>	<u>27,500</u>	<u>21,500</u>	<u>21,800</u>	<u>21,800</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-900	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-900</u>	<u>0</u>	<u>0</u>	
<u>P R O G R A M T O T A L</u>	<u>23,600</u>	<u>27,500</u>	<u>20,600</u>	<u>21,800</u>	<u>21,800</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	23,600	27,500	20,600	21,800	21,800	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>23,600</u>	<u>27,500</u>	<u>20,600</u>	<u>21,800</u>	<u>21,800</u>	



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF RACING  
COST CENTER: ARIZONA RACING INDUSTRY

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The JLBC Staff recommends a total appropriation of \$21,800 -- a net decrease of \$(1,800), or (7.6)%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o 15% In-State Lodging Cost Increase	\$ 100
o Reduced In-State Travel	(3,500)
o Increased Out-of-State Travel Costs due to destination changes	1,400
o Increased Court Reporter Costs	200
o General Inflation	400

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(400)
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**Budget Reduction Options**

The Current Services Budget (CSB) is \$22,200 (General Fund). The following Budget Reduction Options represent a \$(400), or (1.8)%, decrease from the CSB.

o <u>Reductions described in the JLBC Staff Recommended Policy Issues</u> <u>General Inflation</u>	(400)
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Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RADIATION REGULATORY AGENCY  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	28.00	35.00	28.00	29.00	22.00	
<u>BY PROGRAM/ORGANIZATION</u>						
RAD EVALUATION/COMPLIANCE	1,274,000	1,681,700	1,194,200	1,294,400	1,134,500	
MED RADIOLOGIC TECH BD	89,700	91,000	90,400	90,900		
<b>A G E N C Y T O T A L</b>	<b>1,363,700</b>	<b>1,772,700</b>	<b>1,284,600</b>	<b>1,385,300</b>	<b>1,134,500</b>	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	839,100	1,028,900	844,900	878,700	700,800	
EMPLOYEE RELATED EXP	198,100	260,300	212,700	214,400	168,800	
PROFESSIONAL/OUTSIDE SVCS	15,700	17,200	15,700	15,700	12,000	
TRAVEL - IN STATE	37,500	52,100	38,200	40,100	35,000	
TRAVEL - OUT OF STATE	8,200	23,400	8,200	8,500	6,300	
OTHER OPERATING EXP	206,600	248,400	209,000	205,600	183,700	
EQUIPMENT	58,500	142,400	16,100	22,300	27,900	
ALL OTHER OPERATING	326,500	483,500	287,200	292,200	264,900	
<u>OPERATING SUBTOTAL</u>	<u>1,363,700</u>	<u>1,772,700</u>	<u>1,344,800</u>	<u>1,385,300</u>	<u>1,134,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RADIATION REGULATORY AGCY  
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-60,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-60,200</u>	<u>0</u>	<u>0</u>	
<u>AGENCY TOTAL</u>	<u>1,363,700</u>	<u>1,772,700</u>	<u>1,284,600</u>	<u>1,385,300</u>	<u>1,134,500</u>	
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,274,000	1,681,700	1,194,200	1,294,400	1,134,500	
OTHER FUNDS	89,700	91,000	90,400	90,900		
<u>AGENCY TOTAL-ALL SOURCES</u>	<u>1,363,700</u>	<u>1,772,700</u>	<u>1,284,600</u>	<u>1,385,300</u>	<u>1,134,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RADIATION REGULATORY AGCY  
 COST CENTER: RAD EVALUATION/COMPLIANCE

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	26.00	33.00	26.00	27.00	22.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	787,400	977,200	793,200	827,000	700,800	
EMPLOYEE RELATED EXP	183,500	245,200	197,400	199,100	168,800	
PROFESSIONAL/OUTSIDE SVCS	12,000	13,500	12,000	12,000	12,000	
TRAVEL - IN STATE	34,700	49,000	35,400	37,300	35,000	
TRAVEL - OUT OF STATE	6,300	21,000	6,300	6,600	6,300	
OTHER OPERATING EXP	191,600	233,400	194,000	190,100	183,700	
EQUIPMENT	58,500	142,400	16,100	22,300	27,900	
ALL OTHER OPERATING	303,100	459,300	263,800	268,300	264,900	
<u>OPERATING SUBTOTAL</u>	<u>1,274,000</u>	<u>1,681,700</u>	<u>1,254,400</u>	<u>1,294,400</u>	<u>1,134,500</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-60,200	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-60,200</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>1,274,000</u>	<u>1,681,700</u>	<u>1,194,200</u>	<u>1,294,400</u>	<u>1,134,500</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RADIATION REGULATORY AGCY      JLBC ANALYST: FUSAK      HOUSE SUBCOMMITTEE CHAIR: BURNS  
 COST CENTER: RAD EVALUATION/COMPLIANCE      SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	1,274,000	1,681,700	1,194,200	1,294,400	1,134,500	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>1,274,000</u>	<u>1,681,700</u>	<u>1,194,200</u>	<u>1,294,400</u>	<u>1,134,500</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RADIATION REGULATORY AGENCY  
 COST CENTER: RADIATION EVALUATION/COMPLIANCE

The JLBC Staff recommends a total appropriation of \$1,294,400 -- a net increase of \$20,400, or 1.6%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

o Personal Services/ERE Adjustments, including a vacancy factor of 1%	\$ 14,800
o ERE Rate Adjustments	6,200
o Travel Rate Adjustment	700
o Risk Management Insurance	(3,900)
o General Inflation	5,600
o Replacement Equipment (net decrease)	(30,600)

**JLBC Staff Recommended Policy Issues**

o <u>General Inflation</u> Elimination of 4.5% General Inflation.	(5,600)
o <u>Replacement Equipment</u> Fund 50% of all replacement equipment. The agencies' replacement cycle will be interrupted.	(14,000)
o <u>X-Ray Compliance</u> The JLBC Staff recommends funding for an additional X-ray inspector. Currently the program operates with 4 inspectors, 1 inspector per 878 tubes. The Committee of Radioactive Control Program Directors (CRCPD) recommends 1 inspector per 650 tubes. With the additional inspector, the agency will operate closer to the CRCPD recommendation, at 1 inspector per 702 tubes.	47,200

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**Budget Reduction Options**

The Current Services Budget (CSB) is \$1,266,800 (General Fund). The following Budget Reduction Options represent a \$(132,300), or (10.4)%, decrease from the CSB.

- Reductions described in the JLBC Staff Recommended Policy Issues (5,600)  
General Inflation
- Reduce Laboratory Analysis (35,700)  
 Eliminate 1 FTE position from the Environmental Surveillance staff. Sample analysis used to verify the safe use of radioactive materials will be reduced by 25%. State agencies, such as the Department of Environmental Quality and the Department of Health Services, routinely request radiological sample analysis for air and water quality. The laboratory will no longer be able to evaluate samples for State agencies.
- Radioactive Materials (RAM) (42,700)  
 Eliminating 1 FTE position reduces the RAM program by 25%. All radiation safety training currently provided to the Department of Transportation, fire departments and licensees will be terminated. Scheduled and unscheduled compliance inspections would be reduced from 184 to 138 or 25%.
- X-Ray Program (29,800)  
 Eliminate 1 FTE position from the X-Ray compliance program. All routine compliance inspections would be reduced to random checks and special surveys instead of scheduled inspections. X-Ray registrants inspected will be reduced from 950 to 250, or 74% of all registrants. The number of tubes inspected will be reduced from 2,000 to 400 or 80%. The program will focus on registration instead of inspection.
- Support Staff (18,500)  
 Eliminate an Administrative Secretary I position. Clerical support will be reduced by 50%. Technical staff from RAM and X-ray compliance will perform more clerical duties.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RADIATION REGULATORY AGCY  
 COST CENTER: MED RADIOLOGIC TECH BD

JLBC ANALYST: FUSAK

HOUSE SUBCOMMITTEE CHAIR: BURNS  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	2.00	2.00	2.00	2.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	51,700	51,700	51,700	51,700		
EMPLOYEE RELATED EXP	14,600	15,100	15,300	15,300		
PROFESSIONAL/OUTSIDE SVCS	3,700	3,700	3,700	3,700		
TRAVEL - IN STATE	2,800	3,100	2,800	2,800		
TRAVEL - OUT OF STATE	1,900	2,400	1,900	1,900		
OTHER OPERATING EXP	15,000	15,000	15,000	15,500		
ALL OTHER OPERATING	23,400	24,200	23,400	23,900		
<b>P R O G R A M   T O T A L</b>	<b>89,700</b>	<b>91,000</b>	<b>90,400</b>	<b>90,900</b>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	89,700	91,000	90,400	90,900		
<b>PROGRAM TOTAL-ALL SOURCES</b>	<b>89,700</b>	<b>91,000</b>	<b>90,400</b>	<b>90,900</b>		



Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RADIATION REGULATORY AGENCY  
COST CENTER: MED. RADIOLOGIC TECH. ED.

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The JLBC Staff recommends a total appropriation of \$90,900 -- a net increase of \$1,200, or 1.3%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- |                             |    |     |
|-----------------------------|----|-----|
| o ERE Rate Adjustments      | \$ | 700 |
| o Risk Management Insurance |    | 500 |
| o General Inflation         |    | 200 |

**JLBC Staff Recommended Policy Issues**

- |  |       |
|--|-------|
| o <u>General Inflation</u>             | (200) |
| Elimination of 4.5% General Inflation. |       |

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: REAL ESTATE DEPARTMENT  
 COST CENTER: REAL ESTATE DEPARTMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	75.00	80.00	75.00	76.00	67.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,701,300	1,808,200	1,696,000	1,704,300	1,543,300	
EMPLOYEE RELATED EXP	388,100	415,700	418,900	433,300	392,400	
PROFESSIONAL/OUTSIDE SVCS	95,000	99,800	91,300	95,000	95,000	
TRAVEL - IN STATE	52,000	56,600	57,000	56,900	53,900	
TRAVEL - OUT OF STATE	7,600	11,000	7,600	7,600	5,600	
OTHER OPERATING EXP	530,700	596,300	541,700	534,700	452,200	
EQUIPMENT	8,400	106,100	0	12,200	8,000	
ALL OTHER OPERATING	693,700	869,800	697,600	706,400	614,700	
<u>OPERATING SUBTOTAL</u>	<u>2,783,100</u>	<u>3,093,700</u>	<u>2,812,500</u>	<u>2,844,000</u>	<u>2,550,400</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-135,000	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-135,000</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,783,100</u>	<u>3,093,700</u>	<u>2,677,500</u>	<u>2,844,000</u>	<u>2,550,400</u>	

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: REAL ESTATE DEPARTMENT  
 COST CENTER: REAL ESTATE DEPARTMENT

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: BREWER

<u>DESCRIPTION</u>	<u>FY 1990 ADJUSTED APPROPRIATIONS</u>	<u>FY 1991 AGENCY REQUEST</u>	<u>FY 1991 EXECUTIVE RECOMMENDATION</u>	<u>FY 1991 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991 10% BUDGET RED. OPTION</u>	<u>LEGISLATIVE WORK SPACE</u>
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,783,100	3,093,700	2,677,500	2,844,000	2,550,400	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>2,783,100</u>	<u>3,093,700</u>	<u>2,677,500</u>	<u>2,844,000</u>	<u>2,550,400</u>	<u>_____</u>

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: REAL ESTATE DEPARTMENT  
 COST CENTER: REAL ESTATE DEPARTMENT

The JLBC Staff recommends a total appropriation of \$2,844,000 -- a net increase of \$60,900, or 2.2%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- o Personal Services/ERE Adjustments, including a 1.5% vacancy factor \$ (13,600)  
 This amount reflects a \$10,900 decrease in the total salary base, plus associated ERE.
- o ERE Rate Adjustments 44,400
- o Travel 4,900  
 This includes \$1,000 for the lodging rate increase, and \$3,500 for increased mileage for two auditors added last year and for increased travel to the Bullhead City/Kingman area.
- o General Inflation 15,600
- o One-Time Equipment (8,400)
- o Replacement Equipment 8,000  
 The funds are for workflow/remodeling improvements to the Tucson Office. The Executive has not recommended funding for equipment.

**JLBC Staff Recommended Policy Issues**

- o General Inflation (15,600)  
 Elimination of 4.5% General Inflation.
- o Automation of Subdivision Files 25,600  
 The JLBC Staff recommends 1 FTE Clerk Typist position and 2 computer terminals to automate the department's subdivision files. Currently all subdivision filings are recorded on index cards. This makes access by the department and the public slow and time-consuming, and limits the amount of information that can be retained in each file. Automation will require a full-time position for 1½ to 2 years, at which time the position can be eliminated or reassigned, depending upon other workload. The 2 computer terminals, one of which will be placed in the Tucson Office, will be used to input and access the data.

\* \* \* \* \*

## Budget Reduction Options

It should be pointed out that the department collects fees from licensees and deposits them to the General Fund. A.R.S. § 32-2132 provides for the department to adjust fees within certain ranges established in statute in order to collect revenues of no less than 95% and no more than 110% of the next year's appropriated budget. If the appropriation is reduced substantially, the Department would adjust fees downward. This would result in little or no net savings to the General Fund. In actuality, small adjustments up or down in the department's General Fund expenditures will impact the General Fund unless the department were to make small adjustments in the fees. The department projects that revenues will exceed expenditures by approximately 10% in FY 1990 and FY 1991.

The Current Services Budget (CSB) is \$2,834,000 (General Fund). The following Budget Reduction Options represent a \$(283,600), or (10)%, decrease from the CSB.

- o Reductions described in the JLBC Staff Recommended Policy Issues (15,600)
  - General Inflation
- o Elimination of the Education Division (268,000)
  - Eliminating 8 of 9 FTE positions in the Education Division would result in a savings of \$184,500 in salary and benefits, \$78,500 in rent and other operating expenses and \$5,000 in travel. It is recommended that if such action is taken the Director of Education's position be saved in order to service the complaints and questions regarding continuing education requirements and examinations, and to publish periodic bulletins summarizing changes in the law and practice. This action would involve a reversal of policy regarding continuing education and examination review by the State. It would likely require repeal of S.B. 1054, effective September 1989, establishing certification for real estate schools and instructors. It would result in numerous provisions of A.R.S. § 32-2101 et seq. not being met, which require State review of real estate coursework and examinations. Responsibility would then fall to the industry associations for regulation of the industry as to continuing education requirements and professional standards.

## Other Issues for Legislative Consideration

- o Funding for Reclassification
  - The Executive recommendation includes \$7,100 to fund reclassification of 4 positions: Licensing Supervisor, Education Secretary, Switchboard Operator and Information Processing Technician.

o Kingman Office

The agency's first priority policy issue is establishment of a Kingman Office to service the increasing licensing requirements and complaints coming from the Bullhead City/Laughlin, Nevada area. The department is requesting \$70,100 to hire a Real Estate Representative/Supervisor and a Clerk Typist III, and to pay rent and other expenses. The department is currently responding to the increasing demand for its services by sending teams of two to three people from the Phoenix office every other week. The department believes the savings in travel costs would more than offset the office rent and operating expenses. JLBC Staff concurs with the need for a regional office, but not necessarily the need for hiring new positions at this time.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RES UTILITY CONSUMER OFC  
 COST CENTER: RES UTILITY CONSUMER OFC

JLBC ANALYST: PITCAIRN

HOUSE SUBCOMMITTEE CHAIR: GERARD  
 SENATE SUBCOMMITTEE CHAIR: PATTERSON

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED. OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	12.00	12.00	12.00	12.00		
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	400,600	441,800	441,800	441,800		
EMPLOYEE RELATED EXP	71,800	106,500	90,700	98,900		
PROFESSIONAL/OUTSIDE SVCS	355,500	328,000	328,000	355,500		
TRAVEL - IN STATE	8,000	17,700	17,100	13,100		
TRAVEL - OUT OF STATE	8,100	8,600	8,100	8,500		
OTHER OPERATING EXP	79,200	91,700	88,400	89,600		
ALL OTHER OPERATING	450,800	446,000	441,600	466,700		
<u>P R O G R A M   T O T A L</u>	<u>923,200</u>	<u>994,300</u>	<u>974,100</u>	<u>1,007,400</u>		
<u>BY FUND SOURCE</u>						
OTHER FUNDS	923,200	994,300	974,100	1,007,400		
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>923,200</u>	<u>994,300</u>	<u>974,100</u>	<u>1,007,400</u>		

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: RESIDENTIAL UTILITY CONSUMER OFFICE  
 COST CENTER: RESIDENTIAL UTILITY CONSUMER OFFICE

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The JLBC Staff recommends a total appropriation of \$1,007,400 -- a net increase of \$84,200, or 9.1%, to the adjusted FY 1990 appropriation.

**Current Services Budget Changes**

- |   |                 |
|---|-----------------|
| <ul style="list-style-type: none"> <li>o Personal Services/ERE Adjustments</li> </ul>   | <p>\$ 7,700</p> |
| <p>This figure includes an increase in the salary base for two positions: \$1,500 for a cost of living increase inadvertently omitted from last year's budget request and \$4,800 for last year's hiring of a Project Specialist who also handles the accounting/budgeting formerly done by contract with the Department of Administration at a cost of \$7,000. The Executive has recommended this adjustment.</p> |                 |
| <ul style="list-style-type: none"> <li>o ERE Rate Adjustments</li> </ul>  | <p>17,900</p>   |
| <ul style="list-style-type: none"> <li>o Travel</li> </ul>  | <p>5,500</p>    |
| <p>This increase is to cover the potential expenditures if the 5 board members take their allowable mileage and per diem reimbursements. This past year the board members have often not turned in their allowable travel reimbursement forms, in part because of periods of vacancy. However, recently the usage level has been picking up.</p>  |                 |
| <ul style="list-style-type: none"> <li>o General Inflation</li> </ul>   | <p>1,900</p>    |
| <ul style="list-style-type: none"> <li>o Rent</li> </ul>  | <p>1,200</p>    |
| <ul style="list-style-type: none"> <li>o Risk Management</li> </ul>   | <p>(200)</p>    |
| <ul style="list-style-type: none"> <li>o All Other</li> </ul>   | <p>9,400</p>    |
| <p>This figure includes \$2,400 to bring miscellaneous operating lines closer to actual levels, \$2,900 for a maintenance contract for the computer equipment acquired last year, and \$4,100 for increased use of a legal data source due to an authorized attorney position being filled.</p>   |                 |

**JLBC Staff Recommended Policy Issues**

- |  |                |
|--|----------------|
| <ul style="list-style-type: none"> <li>o <u>General Inflation</u></li> </ul> | <p>(1,900)</p> |
| <p>Elimination of 4.5% General Inflation.</p>                                |                |



o Salary Base

42,700

During FY 1989, a third Utilities Senior Rate Analyst was hired at \$8,000 above the hiring rate because of difficulties in filling the position, and after receiving approval from the Department of Administration. Subsequently, the two other Rate Analysts' salaries were increased to the same level by Personnel rules. Secondly, a Chief Counsel was hired at \$7,800 above the previous Chief Counsel's salary. The agency had difficulty finding a qualified replacement at the old salary level, noting only one person applied who met the criteria. The Executive has also recommended this funding.

\* \* \* \* \*

Other Issues for Legislative Consideration

o Outside Legal Services

The agency originally requested \$27,500 less in funds for Professional and Outside Services in FY 1991 than was appropriated in FY 1990. However, because of the potential for Pinnacle West to be acquired, the agency has stated that it may require a substantial increase in the amount requested for financial consulting to respond to the potential hearings. The Current Services Budget above has continued the funding for Professional and Outside Services at the same level for FY 1991 as FY 1990. However, the agency is concerned it may still fall short of its needs and is requesting an additional \$22,500 above the amount restored in the Current Services Budget. Moreover, because it receives its funding once annually from the Corporation Commission's utility assessments, no supplemental appropriation is feasible. The Executive's recommendation reflects the \$27,500 reduction in Professional and Outside Services as originally requested.

Joint Legislative Budget Committee Staff - Fiscal Year 1991 Budget - Analysis and Recommendations

DEPARTMENT: DEPT OF WEIGHT/MEASURES  
 COST CENTER: DEPT OF WEIGHTS/MEASURES

JLBC ANALYST: MCNEIL

HOUSE SUBCOMMITTEE CHAIR: ESKESEN  
 SENATE SUBCOMMITTEE CHAIR: GILLESPIE

DESCRIPTION	FY 1990 ADJUSTED APPROPRIATIONS	FY 1991 AGENCY REQUEST	FY 1991 EXECUTIVE RECOMMENDATION	FY 1991 JLBC STAFF RECOMMENDATION	FY 1991 10% BUDGET RED OPTION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	55.00	66.00	57.00	56.25	55.25	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,161,400	1,349,200	1,170,900	1,157,300	1,139,500	
EMPLOYEE RELATED EXP	293,600	367,700	302,500	299,300	294,700	
PROFESSIONAL/OUTSIDE SVCS	43,700	76,500	43,700	46,500	46,500	
TRAVEL - IN STATE	221,200	288,900	231,900	233,500	230,500	
TRAVEL - OUT OF STATE	3,600	20,300	6,100	8,200	8,200	
OTHER OPERATING EXP	254,600	368,400	298,100	327,500	327,500	
EQUIPMENT	142,300	413,100	64,200	71,400	71,400	
ALL OTHER OPERATING	665,400	1,167,200	644,000	687,100	684,100	
<u>OPERATING SUBTOTAL</u>	<u>2,120,400</u>	<u>2,884,100</u>	<u>2,117,400</u>	<u>2,143,700</u>	<u>2,118,300</u>	
<u>SPECIAL LINE ITEMS</u>						
SPENDING REDUCTION PGM	0	0	-101,600	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>0</u>	<u>0</u>	<u>-101,600</u>	<u>0</u>	<u>0</u>	
<u>PROGRAM TOTAL</u>	<u>2,120,400</u>	<u>2,884,100</u>	<u>2,015,800</u>	<u>2,143,700</u>	<u>2,118,300</u>	