

ANNUAL BUDGET
FY 1992
ANALYSIS AND RECOMMENDATIONS

JLBC

Prepared By:

THE STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE

STATE OF ARIZONA

JANUARY 21, 1991

ALPHABETICAL INDEX OF STATE AGENCIES
WITH DEPARTMENT NUMBER REFERENCE

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0364 Egg Inspection Board	IR-147	0378 Opticians Board, Dispensing	IR-166	0790 Water Resources, Department of .	NR-44
0550 Emer. Serv. and Military Affairs . .	PS-25	0380 Optometry, Board of	IR-168	0350 Weights and Measures, Dept. of . .	IR-124
0705 Environment, Commission on AZ	NR-1	0382 Osteopathic Examiners, Board of .	IR-170	* * * *	
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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.

HOUSE APPROPRIATIONS COMMITTEE
 JOHN WETTAW - Chairman
 Subcommittee Assignments - 40th Legislature 1991-92

<u>CRIMINAL JUSTICE</u>	<u>HEALTH/WELFARE</u>	<u>GENERAL GOVERNMENT</u>	<u>EDUCATION</u>
ESKESSEN, Chairman Members: Bob Burns, Pacheco Wettaw	BARNES, Chairman Members: Schweikert, McLendon, Wettaw	GERARD, Chairman Members: Patterson, Cajero, Wettaw	McCARROLL, Chairman Members: Graham, Ruiz, Rosenbaum, Wettaw
Accountancy, Bd. of AGRICULTURE, DEPT. OF <u>1</u> / ATTORNEY GENERAL Boxing Commission Chiropractic Exam. Bd. Corporation Commission CORRECTIONS, DEPT. OF COURTS Appellate/Trial Court Court of Appeals Jud. Conduct, Comm. on Superior Courts Supreme Court Criminal Justice Comm. Juvenile Corr., Dept. of Law Enforce. Merit Syst. Liquor Licenses & Control Pardons & Paroles, Bd. of Pharmacy Board PUBLIC SAFETY, DEPT. OF Radiation Reg. Agency Structural Pest Control Bd. Technical Registration, Bd of	Agricultural Empl. Rel. Bd. AHCCCS Behav. Hlth. Exm., Bd. of Bldg. & Fire Sfty. Coliseum & Expo. Ctr. Contractors, Registrar of Dental Exam. Bd. ECONOMIC SECURITY, DEPT. OF Emer. & Mil. Affrs, Dept. of Environment, Comm. on AZ. ENVIRONMENTAL QUAL., DEPT OF Game & Fish Department HEALTH SERVICES, DEPT. OF Hearing Impaired, Council Indian Affairs, Comm. of Occup. Sfty & Hlth Rev. Bd. Occup. Therapy Ex., Bd. of <u>1</u> / Pioneers' Home Rangers' Pension Tax Appeals Board Weights & Measures, Dept. of	ADMINISTRATION, DEPT. OF DOA - Central Board Svcs.* Affirmative Action, Off. of Appraisals, St. Bd. of <u>1</u> / Auditor General Banking Department Barber Exam. Bd. Commerce, Dept. of Cosmetology, Bd. of Governor, Office of the Insurance, Dept. of Joint Legislative Bud. Cmte. Legislative Council Library, Archives & Pub. Rec Lottery Commission Medical Exam., Bd. of Osteopathic Exam. Bd. Personnel Board Racing, Dept. of Real Estate Department Residential Util. Cnsmr Ofc. 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 DEAF & BLIND, SCHOOL FOR EDUCATION, DEPT. OF (K-12) Geological Survey Historical Society, AZ Historical Society, Prescott Industrial Commission Land Department Medical Student Loans Bd. Mine Inspector Mines & Mineral Res., Dept. Nursing Board Oil & Gas Conserv. Comm. Parks Board Private Postsecond. Ed. Respiratory Care Exam. Bd. <u>1</u> / UNIVERSITIES ASU ASU-West NAU Regents, Bd. of U of A U of A/Medical College WATER RESOURCES, DEPT. OF

1/ Indicates new department

*Board of Funeral Directors & Embalmers, Homeopathic Medical Examiners Board, Naturopathic Physicians Examiners Board, Nursing Care Institution Administrators Board, Dispensing Opticians Board, Board of Optometry, Physical Therapy Examiners Board, Board of Podiatry Examiners, Board of Psychologist Examiners, Veterinary Medical Examining Board.

SENATE APPROPRIATIONS COMMITTEE
 JAIME GUTIERREZ - Chairman
 Subcommittee Assignments - 40th Legislature 1991-92

<u>CRIMINAL JUSTICE</u>	<u>HEALTH/WELFARE</u>	<u>GENERAL GOVERNMENT</u>	<u>EDUCATION</u>
BARTLETT, Chairman Members: Hardt, Greene, Gutierrez	ALSTON, Chairman Members: Stephens, Day, Gutierrez	HIGUERA, Chairman Members: Dougherty, Salmon, Springer, Gutierrez	GUTIERREZ, Chairman Members: Todd, Arzberger
AGRICULTURE, DEPT. OF <u>1</u> / ATTORNEY GENERAL Boxing Commission Corporation Commission CORRECTIONS, DEPT. OF COURTS Appellate/Trial Court Court of Appeals Jud. Conduct, Comm. on 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.	Agricultural Empl. Rel. Bd. AHCCCS Bldg. & Fire Sfty. Coliseum & Expo. Ctr. Contractors, Registrar of ECONOMIC SECURITY, DEPT. OF Emer. & Mil. Affrs, Dept. of Environment, Comm. on AZ. ENVIRONMENTAL QUAL., DEPT OF Game & Fish Department HEALTH SERVICES, DEPT. OF Hearing Impaired, Council Indian Affairs, Comm. of Industrial Commission Occup. Sfty & Hlth Rev. Bd. Pioneers' Home Rangers' Pension Tax Appeals Board Weights & Measures, Dept. of	ADMINISTRATION, DEPT. OF Affirmative Action, Off. of Auditor General Banking Department Commerce, Dept. of Governor, Office of the Insurance, Dept. of Joint Legislative Bud. Cmte. Legislative Council Library, Archives & Pub. Rec Lottery Commission Personnel Board 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 DEAF & BLIND, SCHOOL FOR EDUCATION, DEPT. OF (K-12) Geological Survey Historical Society, AZ Historical Society, Prescott Land Department Medical Student Loans Bd. Mine Inspector Mines & Mineral Res., Dept. Oil & Gas Conserv. Comm. Parks Board Private Postsecond. Ed. UNIVERSITIES ASU ASU-West NAU Regents, Bd. of U of A U of A/Medical College WATER RESOURCES, DEPT. OF

1/ Indicates new department

**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	Michelle Fusak	Ruth R. Lee	255-3648
Administration, Department of	Scot Pitcairn	Catherine Eden	542-1500
Affirmative Action, Governor's Office of	Marge Cawley	Brenda Smith Robbins	542-3711
Agricultural Employment Relations Board	Karen Bock	Maxine McCarthy	542-5989
Agriculture, Department of	Brian McNeil	Keith Kelly	542-0998
AHCCCS	Brian McNeil (1)	Dr. Leonard Kirschner	234-3655
Appellate & Trial Court Appointments, Comm. on	Monty Headley (2)	Hon. Frank X. Gordon, Chief Justice	542-4531
Appraisals, State Board of	Jayne Burgess	Robert C. Barth, Sr.	542-1539
Arizona State University	Michelle Fusak	Dr. Lattie Coor	965-5606
	John Lee (1)		
	Scot Pitcairn (2)		
Arts, Commission on the	Marge Cawley	Shelley Cohn	255-5882
Attorney General - Department of Law	Jayne Burgess	Hon. Grant Woods, Attorney General	542-4266
Auditor General	Dick Morris	Douglas R. Norton	255-4385
Banking Department	Monty Headley	William H. Rivoir III, Superintendent	255-4421
Barber Examiners, Board of	Karen Bock	Mario Herrera	542-2701
Behavioral Health Examiners, Board of	Karen Bock	David Oake	542-1882
Boxing Commission	Michael Bradley	Johnny Montano	542-1417
Building & Fire Safety, Department of	Michelle Fusak	Don Reville	255-4072
Chiropractic Examiners, Board of	Karen Bock	Elaine Le Tarte	255-1444
Coliseum & Exposition Center	Michael Bradley	Gary D. Montgomery	252-6771
Commerce, Department of	Mark Siegwarth	Donald E. Cline	280-1306
Community Colleges, Board of Directors for	Jack Neisent/Dan Layzell	Wayne McGrath	255-4037
Contractors, Registrar of	Michelle Fusak	Rhonda K. Davis	542-1525
Corporation Commission	Monty Headley	Hon. Marcia Weeks, Chairman	542-4143
Corrections, Department of	Dick Morris (1)	Samuel A. Lewis	542-5497
	Michael Bradley (2)		
Cosmetology, Board of	Karen Bock	Sue Sansom	542-5366
Court of Appeals, Division I	Jayne Burgess	Hon. Sarah D. Grant, Chief Judge	542-4828
Court of Appeals, Division II	Jayne Burgess	Hon. Lloyd Fernandez, Chief Judge	884-1346
Criminal Justice Commission, Arizona	Jayne Burgess	Rex Holgerson	255-1928
Deaf and Blind, School for the	Jack Neisent	Barry L. Griffing, Ed.D.	628-5261

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

Dental Examiners, Board of Economic Security, Department of	Karen Bock Richard Stavneak (1) Marge Cawley (2) Mark Siegarth (2)	Betty J. Reynolds Linda Moore-Cannon	255-3696 542-5678
Education, Department of	Jack Neisent (1) Michelle Fusak (2)	Hon. C. Diane Bishop, Superintendent	542-4361
Emergency and Military Affairs, Department of Environment, Commission on the Arizona Environmental Quality, Department of	Michael Bradley Karen Bock Cy Blanton (1) Karen Bock (2)	MG Donald Owens Marcia Dillman Randolph Wood	267-2710 542-2102 257-6917
Funeral Directors & Embalmers, Board of	Monty Headley	Jean Ellzey	542-3095
Game and Fish Department Geological Survey, Arizona Governor - Office of the Health Services, Department of Hearing Impaired, Council for the	Keith Brainard Keith Brainard Dick Morris Cy Blanton Michelle Fusak	Duane Schroufe Larry D. Fellows, Ph.D. Hon. Rose Mofford, Governor Ted Williams Stuart Brackney	942-3000 882-4795 542-4331 542-1024 542-3323
Historical Society, Arizona Historical Society, Prescott Homeopathic Medical Examiners Board House of Representatives Indian Affairs, Commission of	Marge Cawley Marge Cawley Monty Headley Dick Morris Michelle Fusak	Michael F. Weber, Ph.D. Dr. Kenneth Kimsey John C. Reed, M.D., Board President Hon. Jane Dee Hull, Speaker Tony Machukay	628-5774 445-3122 542-3095 542-5836 542-3123
Industrial Commission Insurance, Department of Joint Legislative Budget Committee Judicial Conduct, Commission on Juvenile Corrections, Department of	Michelle Fusak Monty Headley Dick Morris Jayne Burgess Michael Bradley	Larry Etchechury Susan Gallinger Ted Ferris Keith Scott Carol Hurtt	542-4411 255-5400 542-5491 542-9603 542-4988
Land Department Law Enforcement Merit System Council Legislative Council Library, Archives and Public Records Liquor Licenses & Control, Department of	Keith Brainard Cy Blanton Dick Morris Marge Cawley Jayne Burgess	M. J. Hassell Mike Denney Don Jansen Sharon Womack Hugh Ennis	542-4621 223-2286 542-4236 542-4035 542-5141
Lottery, Arizona Medical Examiners, Board of Medical Students Loans, Board of Mine Inspector Mines & Mineral Resources, Department of	Michael Bradley Chris Britt Keith Brainard Karen Bock Karen Bock	Bill Henry Douglas N. Cerf Andrew M. Goldner, Ph.D., Vice-Chairman Hon. Douglas K. Martin Leroy Kissinger	255-1438 255-3751 626-7145 542-5971 255-3791

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

Naturopathic Physicians Exam. Board	Monty Headley	Glenn T. Ozalan, N.M.D., Board President	542-3095
Northern Arizona University	John Lee (1)	Dr. Eugene M. Hughes	523-3232
	Scot Pitcairn (2)		
Nursing, Board of	Chris Britt	Fran Roberts, R.N.	255-5092
Nursing Care Institution Administrators Board	Monty Headley	Christine Springer	542-3095
Occupational Safety & Health Review Board	Michelle Fusak	Jack Duncan	864-0893
Occupational Therapy Exam., Board of	Monty Headley		
Oil and Gas Conservation Commission	Keith Brainard	Daniel Brennan	255-5161
Opticians Board, Dispensing	Monty Headley	Careen J. Heinze	542-3095
Optometry, Board of	Monty Headley	Florence Moore	542-3095
Osteopathic Examiners, Board of	Karen Bock	Robert J. Miller, Ph.D.	255-1747
Pardons and Paroles, Board of	Jayne Burgess	Arter Johnson, Chairman	542-5656
Parks Board	Keith Brainard	Ken Travous	542-4174
Personnel Board	Chris Britt	Judy Henkel	255-3888
Pharmacy, Board of	Karen Bock	Llyn Lloyd	255-5125
Physical Therapy Examiners Board	Monty Headley	Patricia Plack	542-3095
Pioneers' Home	Marge Cawley	Doris Marlowe, R.N.	445-2181
Podiatry Examiners, Board of	Monty Headley	Michael Kates, D.P.N., Board President	542-3095
Private Postsecondary Education, Board of	Keith Brainard	Dona Markley	542-5709
Psychologist Examiners, Board of	Monty Headley	Peggy C. LaVoy	542-3095
Public Safety, Department of	Cy Blanton	Colonel F. J. "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	Marge Cawley	See Governor's Office	542-4331
Real Estate Department	Monty Headley	Patricia E. Cooper, Acting Commissioner	255-4670
Regents, Board of	John Lee	Molly C. Broad	255-4082
Residential Utility Consumer Office	Monty Headley	Douglas Brooks	255-1431
Respiratory Care Examiners, Board of	Karen Bock	James Marovich	461-2745
Retirement System	Keith Brainard	David S. Hunt	255-5131
Revenue, Department of	Scot Pitcairn	Paul Waddell	542-3572
Secretary of State - Department of State	Marge Cawley	Hon. Richard D. Mahoney, Secretary of State	542-4285
Senate	Dick Morris	Hon. Peter Rios, President	542-4233
Strategic Planning & Budgeting, Governor's Office of	Dick Morris	Harold Scott	542-5381
Structural Pest Control Commission	Michelle Fusak	Jack Root	255-3664
Superior Courts	Jayne Burgess	William L. McDonald, Admin. Director	542-9301

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

Supreme Court	Jayne Burgess	Hon. Frank X. Gordon, Chief Justice	542-4531
Tax Appeals, Board of	Michelle Fusak	Barbara E. Fisher (Division I)	542-5462
		Wilma Langfitt (Division II)	542-3288
Technical Registration, Board of	Keith Brainard	Ronald Dalrymple	255-3503
Tourism, Office of	Mark Siegwarth	Michael Leyva, Acting Director	542-8687
Transportation, Department of	Cy Blanton	Jim Creedon, Acting Director	255-7226
Treasurer, State	Michael Bradley	Hon. Tony West, Treasurer	542-1463
Uniform State Laws, Commission of	Michelle Fusak	James M. Bush, Commissioner	257-5767
University of Arizona	John Lee (1)	Dr. Henry Koffler	621-5511
	Scot Pitcairn (2)		
Veterans' Services Commission	Mark Siegwarth	Norman O. Gallion	255-3373
Veterinary Medical Examining Board	Monty Headley	Judy Zingg	542-3095
Water Resources, Department of	Karen Bock	Bill Plummer	542-1540
Weights & Measures, Department of	Brian McNeil	Ray Helmick	255-5211

OTHER ASSIGNMENTS

Capital Review	Jim Stewart (1)
	Keith Brainard (2)
Data Processing	Gary Thompson
Economic & Revenue Forecast	Hank Reardon
	Kent Ennis
	Frank Chow
Federal Funds	Richard Stavneak
Fiscal Note Manager	Richard Stavneak
Higher Education Research	John Lee
	Bob Hull
	Scot Pitcairn
	Dan Layzell
Oil Overcharge Funds	Mark Siegwarth

(1) Lead Assignment

(2) Secondary Assignment

**GENERAL GOVERNMENT
(GG)**

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	558.25	594.45	630.45	466.55	585.65	
<u>BY PROGRAM/ORGANIZATION</u>						
DIRECTOR'S OFFICE	414,000	579,500	594,700	512,800	448,900	
EXECUTIVE BUDGET OFFICE	984,400	0	0	0	0	
DATA MANAGEMENT	3,713,800	4,886,500	6,213,200	5,193,000	5,098,300	
FINANCE	6,470,900	6,871,600	6,161,400	5,582,300	5,335,900	
PERSONNEL	4,125,700	4,626,000	5,092,500	0	4,749,900	
FACILITIES MANAGEMENT	11,558,300	14,435,200	18,882,400	17,229,600	16,424,000	
GENERAL SERVICES	0	95,100	127,700	109,100	91,200	
AGENCY TOTAL =====	27,267,100	31,493,900	37,071,900	28,626,800	32,148,200	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	12,369,300	12,399,000	14,251,700	9,598,000	12,842,000	
EMPLOYEE RELATED EXP	2,526,800	3,026,400	4,014,200	2,940,300	3,246,500	
PROFESSIONAL/OUTSIDE SVCS	2,282,000	3,106,500	3,493,600	2,863,700	2,758,400	
TRAVEL - IN STATE	189,800	140,700	213,500	140,600	138,300	
TRAVEL - OUT OF STATE	25,600	30,900	24,700	0	21,700	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION JLBC ANALYST: PITCAIRN HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: AGENCY SUMMARY EBO ANALYST: BONCOSKEY SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
OTHER OPERATING EXP	2,317,900	2,462,900	3,102,500	2,346,600	2,999,000	
EQUIPMENT	195,200	232,100	1,427,400	267,100	343,100	
ALL OTHER OPERATING	5,010,500	5,973,100	8,261,700	5,618,000	6,260,500	
OPERATING SUBTOTAL	19,906,600	21,398,500	26,527,600	18,156,300	22,349,000	
SPECIAL LINE ITEMS						
MERIT AWARDS	0	0	0	60,000	0	
HRMS PROJECT	0	0	0	60,000	0	
HEARING OFFICE	53,700	108,100	109,800	70,100	83,100	
GRRC	12,900	0	0	0	0	
SLIAG	113,200	245,100	335,500	332,000	330,800	
RENT	602,500	619,400	777,500	777,500	777,500	
GAAP	648,100	678,100	684,000	652,500	600,200	
SPECIAL RECRUITMENT	38,200	38,500	38,500	0	38,500	
RELOCATION	8,000	600,000	600,000	600,000	600,000	
UTILITIES	4,383,900	5,431,200	6,949,000	6,968,400	6,444,100	
AGENCY CLOSE-OUT	0	0	0	0	75,000	
EXECUTIVE TRAINING	0	100,000	100,000	0	0	
PASS-THROUGH AUDITS	0	0	0	100,000	0	
STATEWIDE ACCOUNTING SYS.	0	750,000	950,000	850,000	850,000	
WATER RIGHTS SETTLEMENT	1,500,000	1,500,000	0	0	0	
CPS STUDY	0	25,000	0	0	0	
SPECIAL ITEM SUBTOTAL	7,360,500	10,095,400	10,544,300	10,470,500	9,799,200	
AGENCY TOTAL	27,267,100	31,493,900	37,071,900	28,626,800	32,148,200	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	26,947,500	31,135,200	36,692,900	28,247,800	27,086,600	_____
OTHER FUNDS	319,600	358,700	379,000	379,000	5,061,600	_____
OTHER NON APPROPRIATED	31,803,900	38,241,000	38,744,500	0	38,744,500	_____
AGENCY TOTAL-ALL SOURCES	59,071,000	69,734,900	75,816,400	28,626,800	70,892,700	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION
 COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$32,148,200 -- a net increase of \$654,300, or 2.1%, to the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$27,086,600 -- a net decrease of \$(4,048,600).

JLBC Staff Recommended Changes from FY 1991

• FTE Adjustment	
Eliminates 6.8 FTE positions that are vacant or are projected to become vacant during FY 1992.	
• Personal Services/ERE Adjustments	\$(139,800)
• ERE Rate Adjustments	76,100
• 4.5% Professional and Outside Services Reduction	(139,600)
• 3.1% Travel - In State Reduction	(4,400)
• 29.8% Travel - Out of State Reduction	(9,200)
• Risk Management	8,100
• Equipment	(12,500)
• Hearing Office (Director's Office)	(25,000)
• Executive Training	(100,000)
Removal of one-time FY 1991 funding.	
• Rent	158,100
This is the Department's share of Tucson Office Building Lease-Purchase payments.	
• GAAP	(25,700)
Personal Services/ERE Adjustment	
• Water Rights Settlement	(1,500,000)
Removal of one-time FY 1991 funding.	
• CPS Study	(25,000)
Removal of one-time FY 1991 funding.	
• Annualization of Funding for New Building Operations	2,185,900
• Transfer of Arizona Purchasing Network maintenance funding	-0-
Transfers \$200,000 from Finance to Data Management.	

• Transfer of Arizona Purchasing Network maintenance funding for Statewide Accounting System Transfers \$100,000 from Finance to Data Management.	-0-
• Indirect Cost Recovery Program Reallocates \$75,000 of Arizona Purchasing Network funding.	-0-
• Pass-Through Audits Reallocates \$25,000 of Arizona Purchasing Network funding and \$52,200 of GAAP funding.	-0-
• Microfilming and Postage Increase Reallocates \$50,000 of Arizona Purchasing Network funding.	-0-
• Eliminate Balance of Arizona Purchasing Network Funding	(46,500)
• Agency Close-Out Estimated cost of recommended elimination or consolidation of agencies.	75,000
• SLIAG Cost Recovery Automation Project	85,700
• Fund Source Shift Reflects shifting of the Personnel Division's \$4,749,900 FY 1992 appropriation from the General Fund to a new appropriated fund.	-0-
• Expansion of Grievance Role	64,100
• Automation of Job Application Process	150,000
• Reduction of Planning and Construction Staff	(158,200)
• Lighting Maintenance/Reduction Program Reallocates \$75,800 from the Utilities special line.	-0-
• Tucson Parking Garage Contract Payment	37,200

Other Issues for Legislative Consideration

- Merit Awards
The Executive recommends \$60,000 for a program to provide cash awards to state employees and the public for cost efficiency efforts in state government.
- HRMS Project
The Executive recommends \$60,000 to assess state agency requests for interfacing with the new Human Resources Management System.
- Overtime Funding/Fair Labor Standards Act
The Department estimates it will need \$50,000 to comply with the new requirements of the federal Fair Labor Standards Act regarding payment of compensation for overtime.

- **Governor's Office of Strategic Planning and Budgeting**
The Executive recommends transfer of \$100,000 funding from the Department to the Governor's Office of Strategic Planning and Budgeting. (See the Governor's Office of Strategic Planning and Budgeting for further discussion of this issue.)
- **Elimination of Out of State Travel Funding**
The Executive recommends a reduction of \$(28,400) or all budgeted Out of State Travel funding.
- **Utilities Inflation**
The Executive recommends \$516,200 for anticipated utility rate increases.
- **Mailroom Temporary Help**
The Executive recommends \$4,300 for temporary help in the Department's mailroom.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION
 POST CENTER: DIRECTOR'S OFFICE

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	8.00	8.00	8.00	8.00	8.00	
OPERATING BUDGET						
PERSONAL SERVICES	278,500	295,600	305,000	305,000	295,500	
EMPLOYEE RELATED EXP	45,700	56,200	59,400	58,400	50,800	
PROFESSIONAL/OUTSIDE SVCS	8,800	0	0	0	0	
TRAVEL - IN STATE	1,000	800	900	900	800	
TRAVEL - OUT OF STATE	1,000	500	500	0	400	
OTHER OPERATING EXP	23,500	18,300	19,100	18,400	18,300	
EQUIPMENT	1,800	0	0	0	0	
ALL OTHER OPERATING	36,100	19,600	20,500	19,300	19,500	
OPERATING SUBTOTAL	360,300	371,400	384,900	382,700	365,800	
SPECIAL LINE ITEMS						
MERIT AWARDS	0	0	0	60,000	0	
HEARING OFFICE	53,700	108,100	109,800	70,100	83,100	
EXECUTIVE TRAINING	0	100,000	100,000	0	0	
SPECIAL ITEM SUBTOTAL	53,700	208,100	209,800	130,100	83,100	
PROGRAM TOTAL	414,000	579,500	594,700	512,800	448,900	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$448,900 -- a net decrease of \$(130,600), or (22.5)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$ (100)
Includes a vacancy factor of 1.0%. The Executive recommends no vacancy factor, and a funding increase of \$11,200 for the Director's salary increase.
- ERE Rate Adjustments (5,400)
- 10% Travel - Out of State Reduction (100)
The Executive recommends eliminating the \$500 in Out-of-State Travel funding.
- Executive Training (100,000)
The Department reallocated \$100,000 of unexpected state employee cost of living funds for an executive training program. The JLBC Staff recommends that if funding is to be provided for this purpose in FY 1992 that it again come from these unallocated funds.
- Hearing Office (25,000)
Reduce funding for water quality hearings contained in the Hearing Office special line. The Department spent \$53,700 in FY 1990 to administer and hear 3 water quality hearings and 96 parking citation hearings in addition to processing 182 parking citation defaults. The current year budget of \$107,800 anticipates 24 water quality hearings and a slight increase in parking violations. However, as of 12/21/90 the parking violations were ahead of projections, but the number of water quality hearings, though perhaps doubling, will likely fall far short of the original projections. A total budget for FY 1992 of \$82,800 would appear to be adequate, therefore. The Executive recommends a reduction of \$38,000 and 1.0 FTE position from this special line. This position is one of 15 recommended by the Executive to be transferred to the Governor's Office of Strategic Planning and Budgeting. (See the Governor's Office of Strategic Planning and Budgeting for further discussion of this issue.)

Other Issues for Legislative Consideration

- **Merit Awards**

The Executive recommends \$60,000 for a program to provide cash awards to state employees and the public for productivity and efficiency improvements throughout state government.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

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

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	22.00	0.00	0.00	0.00	0.00	
OPERATING BUDGET						
PERSONAL SERVICES	702,100	0	0	0	0	
EMPLOYEE RELATED EXP	131,300	0	0	0	0	
PROFESSIONAL/OUTSIDE SVCS	15,100	0	0	0	0	
TRAVEL - IN STATE	3,500	0	0	0	0	
TRAVEL - OUT OF STATE	5,500	0	0	0	0	
OTHER OPERATING EXP	108,300	0	0	0	0	
EQUIPMENT	5,700	0	0	0	0	
ALL OTHER OPERATING	138,100	0	0	0	0	
OPERATING SUBTOTAL	971,500	0	0	0	0	
SPECIAL LINE ITEMS						
GRRC	12,900	0	0	0	0	
SPECIAL ITEM SUBTOTAL	12,900	0	0	0	0	
P R O G R A M T O T A L	984,400	0	0	0	0	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION
COST CENTER: EXECUTIVE BUDGET OFFICE

On November 27, 1990, the Governor issued an executive order creating the Governor's Office of Strategic Planning and Budgeting. The order transferred the duties and positions of the Executive Budget Office to the new office. For clarity, the total FY 1991 appropriation is shown under the Governor's Office of Strategic Planning and Budgeting.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: DATA MANAGEMENT

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	39.00 =====	38.00 =====	38.00 =====	37.00 =====	38.00 =====	
OPERATING BUDGET						
PERSONAL SERVICES	1,325,200	1,354,600	1,407,700	1,346,200	1,347,800	_____
EMPLOYEE RELATED EXP	223,000	252,300	290,500	273,700	260,000	_____
PROFESSIONAL/OUTSIDE SVCS	1,920,000	2,381,500	2,910,600	2,469,700	2,462,400	_____
TRAVEL - IN STATE	600	600	600	600	600	_____
TRAVEL - OUT OF STATE	10,000	2,900	3,000	0	2,600	_____
OTHER OPERATING EXP	209,900	144,600	161,000	144,600	150,000	_____
EQUIPMENT	25,100	0	489,800	48,200	24,900	_____
ALL OTHER OPERATING	2,165,600	2,529,600	3,565,000	2,663,100	2,640,500	_____
OPERATING SUBTOTAL	3,713,800	4,136,500	5,263,200	4,283,000	4,248,300	_____
SPECIAL LINE ITEMS						
HRMS PROJECT	0	0	0	60,000	0	_____
STATEWIDE ACCOUNTING SYS.	0	750,000	950,000	850,000	850,000	_____
SPECIAL ITEM SUBTOTAL	0	750,000	950,000	910,000	850,000	_____
PROGRAM TOTAL =====	3,713,800 =====	4,886,500 =====	6,213,200 =====	5,193,000 =====	5,098,300 =====	=====

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: DATA MANAGEMENT

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	3,713,800	4,886,500	6,213,200	5,193,000	5,098,300	_____
OTHER NON APPROPRIATED	24,000,500	30,221,800	30,360,300	0	30,360,300	_____
PROGRAM TOTAL-ALL SOURCES	27,714,300	35,108,300	36,573,500	5,193,000	35,458,600	=====
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION
 COST CENTER: DATA MANAGEMENT

The JLBC Staff recommends a total appropriation of \$5,098,300 -- a net increase of \$211,800, or 4.3%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- **Personal Services/ERE Adjustments** \$ (8,100)
 Includes a new vacancy factor of 0.5%. The Executive recommends a vacancy factor of 1.0%.
- **ERE Rate Adjustments** 9,000
- **5% Professional and Outside Services Reduction** (119,100)
 Over 97.0% of the funding for Professional and Outside Services is paid into the Data Processing Revolving Fund to pay for processing the various payroll and accounting reports. For this reason a 5.0% rather than 20.0% reduction amount was selected. The JLBC Staff recommends that the department review its data report production for non-essential reports prior to taking such actions as running the daily accounting reports 4 instead of 5 days per week or reducing funding for the development of the new accounting system (see below). Note that no allowance was made prior to this reduction for the 5.0% rate increase from the Data Center. The Executive recommends \$116,000 in additional funding for the increase in Data Center charges.
- **10% Travel - Out of State Reduction** (300)
 The Executive recommends eliminating the \$2,900 in Out-of-State Travel funding.
- **Equipment** 30,300
 This amount includes \$5,400 of Non-Capitalized Equipment funding for a dot matrix printer and office equipment replacement and \$24,900 of Capitalized Equipment funding for replacement of 3 nine year old programming microcomputers and a laser printer. The Executive recommends \$48,200 for 6 microcomputers and 2 laser printers.
- **Transfer of Arizona Purchasing Network Maintenance funding** 200,000
 Funding to operate the existing purchasing system is currently in the Finance Division. This would transfer that funding into the Data Management Division, resulting in no net change in the funding level. When the new purchasing system is installed, this funding will continue to be used for operating and maintaining the system. The Executive has not recommended this transfer.

- Statewide Accounting System - Transfer of Funding

The JLBC Staff recommends that \$100,000 be transferred from the Finance Division to the Data Management Division--Statewide Accounting System special line for continued development of the new accounting system. For FY 1991, \$750,000 was appropriated for replacement of the current Arizona Financial Information System (AFIS). Originally conceived as a \$1.5 million 2-year program, the revised plan, which includes the actual contract bid, is now estimated to cost \$2.45 million over a 3 year period. The program's projected costs are outlined below:

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>TOTAL</u>
Software	\$301,500	\$ -0-	\$ 60,100	\$361,600
Consulting Services	<u>319,700</u>	<u>544,000</u>	<u>544,400</u>	<u>1,408,100</u>
Contract Subtotal	621,200	544,000	604,500	1,768,700
Computer Processing	15,000	60,000	75,000	150,000
State Personnel	65,000	225,000	136,500	426,500
Data Proc. Equipment	31,200	6,000	15,000	52,200
Furniture	4,000	1,000	-0-	5,000
Training	5,000	4,000	2,000	11,000
Travel	-0-	-0-	4,000	4,000
Miscellaneous	<u>8,600</u>	<u>10,000</u>	<u>13,000</u>	<u>31,600</u>
Total System Cost	\$750,000	\$850,000	\$850,000	\$2,450,000

The total cost of the contract and software is \$1.77 million, which includes a purchasing system module. The \$100,000 amount shown represents a transfer from the Finance Division to the Data Management Division (where funding is available for development of a purchasing system.) The 3-year program does not include the cost for each agency to integrate its system with the new accounting system. These additional costs would depend upon the extent to which an agency is currently compatible with the statewide system or has specialized reporting needs. The Executive has also recommended this increase in funding, not in the form of a transfer.

Other Issues for Legislative Consideration

- **Governor's Office of Strategic Planning and Budgeting**
The Executive recommends transferring 1.0 FTE position and \$62,000 to the Office of Strategic Planning and Budgeting. (See the Governor's Office of Strategic Planning and Budgeting for further discussion of this issue.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: FINANCE

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	112.00	115.00	121.00	115.00	115.10	
OPERATING BUDGET						
PERSONAL SERVICES	2,091,100	2,163,600	2,563,000	2,240,000	2,216,700	
EMPLOYEE RELATED EXP	410,300	464,500	624,700	536,000	504,300	
PROFESSIONAL/OUTSIDE SVCS	292,400	623,700	488,700	373,700	215,200	
TRAVEL - IN STATE	9,700	3,000	10,200	3,000	3,900	
TRAVEL - OUT OF STATE	2,400	13,500	8,800	0	7,500	
OTHER OPERATING EXP	702,900	558,700	591,700	545,100	578,700	
EQUIPMENT	98,300	2,000	77,300	22,500	26,100	
ALL OTHER OPERATING	1,105,700	1,200,900	1,176,700	944,300	831,400	
OPERATING SUBTOTAL	3,607,100	3,829,000	4,364,400	3,720,300	3,552,400	
SPECIAL LINE ITEMS						
SLIAG	113,200	245,100	335,500	332,000	330,800	
RENT	602,500	619,400	777,500	777,500	777,500	
GAAP	648,100	678,100	684,000	652,500	600,200	
AGENCY CLOSE-OUT	0	0	0	0	75,000	
PASS-THROUGH AUDITS	0	0	0	100,000	0	
WATER RIGHTS SETTLEMENT	1,500,000	1,500,000	0	0	0	
SPECIAL ITEM SUBTOTAL	2,863,800	3,042,600	1,797,000	1,862,000	1,783,500	
PROGRAM TOTAL	6,470,900	6,871,600	6,161,400	5,582,300	5,335,900	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION
COST CENTER: FINANCE

The JLBC Staff recommends a total appropriation of \$5,335,900 -- a net decrease of \$(1,535,700), or (22.3)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- **FTE Adjustment**
Eliminates 0.9 FTE positions that are vacant or are projected to become vacant during FY 1992. \$(18,600)
- **Personal Services/ERE Adjustments**
Includes a new vacancy factor of 0.75%. If the 0.9 FTE positions had not been eliminated, the vacancy savings rate would have been 2.51%. The Executive recommends a vacancy factor of 1.5%. 27,800
- **ERE Rate Adjustments** (100)
- **5% Travel - In State Reduction** (6,000)
- **44% Travel - Out of State Reduction**
The Department requested this \$(6,000) reduction from the \$13,500 in FY 1991 Out-of-State Travel funding. (4,100)
- **Risk Management Adjustment** (4,100)
The Executive recommends a \$(27,000) reduction from the FY 1991 allocation. 18,700
- **Equipment** 18,700
This net increase amount provides \$20,400 for a new imprinting system. The existing system breaks down often and costs nearly \$6,000 annually to repair. The Executive also recommends this funding. 85,700
- **SLIAG** 85,700
The JLBC Staff recommends \$88,200 for additional funding for the State Legalization Impact Assistance Grant program. The funding is for a contract to establish a federal funding tracking system for AHCCCS and the Department of Economic Security. The direct dollars expended by the Department of Administration are immediately reimbursed, and the tracking system should bring at least that much in additional federal reimbursement dollars not now being collected. The first year's net additional federal revenues are projected to be in excess of \$100,000 and potentially far more in future years. The net increase includes an ERE adjustment of \$(2,500).

• Rent	158,100
<p>With the completion of the new Tucson Office Building, the Department's share of the lease-purchase payments will be \$178,100 in FY 1992, for a net increase in total rent of \$158,100. The Tucson lease payments includes space occupied by Data Management, Personnel, and Security, as well as space not yet occupied by the beginning of FY 1992.</p>	
• GAAP	(25,700)
<p>This special line funds the on-going accounting conversion to comply with the federal Single Audit Act of 1984. The reduction shown reflects Personal Services and ERE adjustments of \$(25,700). The transfer of 1.0 FTE position and \$(52,200) to above-the-line for the Indirect Cost Recovery Program described above has no net impact on total agency expenditures. The Executive also recommends this adjustment.</p>	
• Agency Close-Out	75,000
<p>This amount reflects the estimated cost of paying the accumulated leave and other expenses associated with the recommended transfer or elimination of several state agencies or functions.</p>	
• Water Rights Settlement	(1,500,000)
<p>This reduction reflects the removal of FY 1991 one-time funding.</p>	
• Arizona Purchasing Network Reallocation	
<p>The following policy issues involve use of the \$496,500 in Professional and Outside Services funding dedicated to operating and developing a purchasing system. Approximately \$200,000 is currently used to operate and maintain the existing system. This funding is proposed to be transferred to the Data Management Division. Of the remaining \$296,500, which is dedicated to continued development of a statewide purchasing system, the JLBC Staff recommends transferring \$100,000 to the Data Management Division for part of the cost of developing a new Statewide Accounting System, which includes within it a purchasing system component. The balance of \$196,500 is recommended to be allocated to other functions or to be cut. The various recommended actions are summarized below:</p>	
-- Transfer operating funding to Data Management	\$(200,000)
-- Transfer portion of funding for purchasing system development to Data Management	(100,000)
-- Use portion of development funding to pay for Indirect Cost Recovery study and staff	(75,000)
-- Use portion of development funding to cover increased cost of microfilming and postage	(50,000)
-- Use portion of development funding to pay for study of Pass-Through Auditing	(25,000)
-- Eliminate balance of purchasing system funding	(46,500)
TOTAL	<u>\$(496,500)</u>

The Executive recommends leaving the \$200,000 for purchasing system maintenance in the Finance Division, using \$46,500 for microfilming and postage cost increases and eliminating the \$250,000 balance to the General Fund. These issues are described below, as follows:

- **Transfer Funding for Operating Purchasing System** (200,000)
The approximately \$200,000 it costs annually to operate the Arizona Purchasing Network is recommended to be transferred from the Finance Division to the Data Management Division. These costs are already incurred in the Data Management Division. The Executive has not recommended this transfer.
- **Statewide Accounting System** (100,000)
As described under Data Management, the cost of the contract to develop and install the new Statewide Accounting System will require an additional \$100,000 over the next 2 years above the \$750,000 currently budgeted for system development. The funding is recommended to be transferred from the Finance Division to the Data Management Division. The Executive recommends this funding in Data Management.
- **Indirect Cost Recovery Program** -0-
The JLBC Staff recommends shifting \$75,000 of the purchasing system development funds to establish an indirect cost recovery program. Many federal programs administered by state agencies allow for indirect state costs of operating programs, such as accounting and several other Department of Administration functions, to be reimbursed with federal dollars. To a certain extent, these costs are being claimed and recovered. For example, the Department of Economic Security recovers \$1.5 to \$2 million annually. However, many agencies do not recover all such available reimbursement funds, due to lack of staff or ability to identify those sources of funds. The JLBC Staff recommends that the Department a) use \$25,000 of the purchasing funding for a study to identify indirect cost recovery sources, and b) use \$50,000 of these funds to hire 1.0 FTE specialist to follow through and facilitate collection of the recovery funds. The Department anticipates recovering well in excess of the costs of the recovery program in the first year. In future years, an additional \$1 million or more annually could potentially be recovered. The cost of the study appears as a net of zero expenditures because it reflects the shifting of funds within the Division. The Executive recommends \$100,000 be used for a combination of 3 programs: Indirect Cost Recovery; Pass-Through Audits (see below); and Cash Management to meet new federal mandates regarding states' use of interest from federal funds.
- **Funding for Microfilming Contract and Postage Increases** -0-
The JLBC Staff recommends that a total of \$50,000 of the purchasing system development funds be reallocated to cover most of the increased costs of microfilming services and postage (\$38,000 for

microfilming and \$12,000 for postage). In the past year, the cost of microfilm materials and the increased executive budgeting requirements have caused the cost of microfilming services to nearly double. Postage costs are rising for two reasons: the IRS is requiring the state to centrally issue Form 1099s to approximately 10,000 contractual service providers serving state agencies, and postage is anticipated to increase by nearly 20.0% as of Spring 1991. Again, the expenditure shows as a net of zero due to reallocation of funds. The Executive also recommends this issue.

- **Pass-Through Auditing**

-0-

The JLBC Staff recommends that \$25,000 of the purchase system development funds be used to conduct a study to develop a plan for centralized auditing of federal grants which pass through to state contractors, local governments and non-profit organizations. In addition, \$52,200 and 1.0 FTE position is recommended to be shifted from the "GAAP" (Single Audit) special line to begin the process of implementing the findings of the Pass-Through Audit Study. As part of the federal Single Audit Act of 1984, the states are required to provide centralized auditing of these federal pass-through funds. The state has promised action will be taken to carry out the mandate, but to date the auditing is being done on a piece-meal basis by the major federal fund recipient agencies. The state could be penalized a portion or all of its federal operating funds for non-compliance. Note that the Department expects to recover from the federal government most, if not all, of the cost of the auditing effort. The expenditure appears as a zero due to reallocation of funds.

- **Eliminate Balance of Purchasing System Development Funds**

(46,500)

This is the remainder of the \$496,500 in purchasing system-related funds within the Professional and Outside Services line of the Finance Division budget.

Other Issues for Legislative Consideration

- **Elimination of Out-of-State Travel Funding**

The Executive recommends eliminating the \$7,500 in funding for Out-of-State Travel.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: PERSONNEL

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	114.00	115.70	117.70	0.00	116.50	
OPERATING BUDGET						
PERSONAL SERVICES	3,091,700	3,292,800	3,345,800	0	3,345,800	
EMPLOYEE RELATED EXP	558,300	716,300	727,800	0	703,300	
PROFESSIONAL/OUTSIDE SVCS	18,500	81,000	74,200	0	64,800	
TRAVEL - IN STATE	6,100	8,500	11,000	0	10,600	
TRAVEL - OUT OF STATE	4,100	6,500	4,500	0	4,500	
OTHER OPERATING EXP	405,300	432,400	449,700	0	432,400	
EQUIPMENT	3,500	25,000	441,000	0	150,000	
ALL OTHER OPERATING	437,500	553,400	980,400	0	662,300	
OPERATING SUBTOTAL	4,087,500	4,562,500	5,054,000	0	4,711,400	
SPECIAL LINE ITEMS						
SPECIAL RECRUITMENT	38,200	38,500	38,500	0	38,500	
CPS STUDY	0	25,000	0	0	0	
SPECIAL ITEM SUBTOTAL	38,200	63,500	38,500	0	38,500	
PROGRAM TOTAL	4,125,700	4,626,000	5,092,500	0	4,749,900	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION
COST CENTER: PERSONNEL

The JLBC Staff recommends a total appropriation of \$4,749,900 -- a net increase of \$123,900, or 2.7%, to the adjusted FY 1991 appropriation. Pursuant to the recommended funding shift (see "Fund Source Shift"), the General Fund would be reduced to \$0, and the Other Funds would increase to \$4,749,900.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 1.2 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ 100
Includes a new vacancy factor of 1.0%. If the 1.2 FTE positions had not been eliminated, the vacancy savings rate would have been 3.09%.
- ERE Rate Adjustments (24,200)
- 20% Professional and Outside Services Reduction (16,200)
This reduction would likely impact the consulting contract for the automation program. (See below.)
- Travel - In State 2,100
The Division has budgeted \$2,500 more for In-State Travel in FY 1992. The amount shown reflects a (5.0)%, or \$(400), reduction from this budgeted amount.
- 30% Travel - Out of State Reduction (2,000)
The Department planned this reduction from the \$6,500 budgeted for FY 1991.
- Equipment (25,000)
This amount is a one-time reduction of FY 1991 funding.
- CPS Study (25,000)
This reduction reflects one-time funding for a Child Protective Services study, pursuant to Laws 1990, Chapter 237.
- Fund Source Shift/Statutory Changes -0-
The JLBC recommends transferring all Personnel Division/Pro Rata Share funding from a non-appropriated General Fund account into a new appropriated fund. This would result in an increase in Other Funds of \$4,749,900 and the elimination of the General Fund appropriation.

Laws 1990, Chapter 355 determined the Personnel Division budget to be a certain percentage of the total payroll of all state agencies. This percentage, called the pro rata share, begins at 0.70% in FY 1991 and increases in increments of 0.05% each year until reaching 1.0% in FY 1996. For FY 1992, the Department's revised estimate of pro rata share revenues is \$5,092,500 from a pro rata share of 0.75% of payroll. The JLBC Staff recommendation of \$4,749,900 is based upon the following recommended changes to A.R.S. § 41-764:

- That the phrase "subject to annual review and appropriation by the Legislature" be inserted, bringing Personnel operations back under the annual appropriation process.
- That a separate fund be created for receipt of the pro rata revenues and payment of all Personnel administration expenses. (Currently, all pro rata revenues are deposited into an account within the General Fund, but not subject to appropriation.)
- That all scheduled increases in the pro rata percentage be deferred for 1 year. The scheduled increase to 0.75% in FY 1992 would then be deferred until FY 1993, leaving the percentage at 0.70% for FY 1992.
- The JLBC Staff believes it is inappropriate that a major division of the chief administrative agency of state government would escape legislative oversight in the expansion of its office and staff.

Assuming these changes, the projected FY 1992 pro rata revenues, at 0.70% of payroll, would be \$4,753,000. The JLBC recommendation of \$4,749,900 provides for the Grievance Role Expansion and Automation of the Application Process which the Division plans to implement in FY 1992 (see below). The Executive has not included the Personnel Division in its budget recommendation, based on the premise that the Division's funding is not subject to appropriation.

- **Grievance Role Expansion** 64,100
 Currently, only those employee grievances which allege discrimination or violation of Personnel Rules reach the director of the Department for investigation. The rest are handled within each agency. The addition of 2.0 FTE positions would enable most of these lower level grievances to also receive an independent review by the Department.
- **Automation of Application Process** 150,000
 The Division uses a largely manual system for processing, filing, and transferring job application forms to agency hiring personnel. The number of applications increased from 70,562 in FY 1987 to a projected 116,000 in FY 1991. The Department proposes to automate this process with an image storage and retrieval system, possibly run on PC computers. The plan and cost are preliminary at this point, with an estimate of \$100,000 for consulting and \$440,000 for equipment. This recommendation includes \$150,000 for equipment, which assumes purchase of a system over a period of 2 to 3 years.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: FACILITIES MANAGEMENT

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	263.25 =====	313.75 =====	340.75 =====	302.55 =====	304.05 =====	
OPERATING BUDGET						
PERSONAL SERVICES	4,880,700	5,227,200	6,549,100	5,638,500	5,571,100	_____
EMPLOYEE RELATED EXP	1,158,200	1,515,400	2,279,700	2,045,600	1,709,800	_____
PROFESSIONAL/OUTSIDE SVCS	27,200	20,300	20,100	20,300	16,000	_____
TRAVEL - IN STATE	168,900	120,600	177,300	122,900	115,600	_____
TRAVEL - OUT OF STATE	2,600	7,500	7,900	0	6,700	_____
OTHER OPERATING EXP	868,000	1,307,900	1,880,000	1,637,500	1,818,600	_____
EQUIPMENT	60,800	205,100	419,300	196,400	142,100	_____
ALL OTHER OPERATING	1,127,500	1,661,400	2,504,600	1,977,100	2,099,000	_____
OPERATING SUBTOTAL	7,166,400	8,404,000	11,333,400	9,661,200	9,379,900	_____
SPECIAL LINE ITEMS						
RELOCATION	8,000	600,000	600,000	600,000	600,000	_____
UTILITIES	4,383,900	5,431,200	6,949,000	6,968,400	6,444,100	_____
SPECIAL ITEM SUBTOTAL	4,391,900	6,031,200	7,549,000	7,568,400	7,044,100	_____
PROGRAM TOTAL =====	11,558,300 =====	14,435,200 =====	18,882,400 =====	17,229,600 =====	16,424,000 =====	=====

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION
 COST CENTER: FACILITIES MANAGEMENT

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	11,238,700	14,076,500	18,503,400	16,850,600	16,112,300	_____
OTHER FUNDS	319,600	358,700	379,000	379,000	311,700	_____
PROGRAM TOTAL-ALL SOURCES	11,558,300	14,435,200	18,882,400	17,229,600	16,424,000	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION
COST CENTER: FACILITIES MANAGEMENT

The JLBC Staff recommends a total appropriation of \$16,424,000 -- a net increase of \$1,988,800, or 13.8%, to the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$16,112,300 -- a net increase of \$2,035,800, or 14.5%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 4.7 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (113,000)
Includes a new vacancy factor of 1.5%. If the 4.7 FTE positions had not been eliminated, the vacancy savings rate would have been 4.73%. The Executive recommends a vacancy factor of 3.25%.
- ERE Rate Adjustments 72,300
- 20% Professional and Outside Services Reduction (4,300)
This reduction would likely involve a combination of cuts in data processing and training funding.
- 5% Travel - In State Reduction (6,000)
This reduction would primarily affect extended dispatch vehicle travel for Capitol Police and Inspectors. It should be noted that this division has already absorbed a 28.0% reduction in In-State Travel as part of its FY 1991 lump sum reduction, and is requesting that this funding be restored.
- 10% Travel - Out of State Reduction (800)
The Executive recommends eliminating the \$7,500 in funding for Out-of-State Travel.
- Risk Management 12,200
This amount is from the Corrections Fund. The Executive did not include this funding.
- Equipment (36,500)
This funding for replacement equipment includes an increase of \$34,400 in Non-Capitalized Equipment funding and a net decrease of \$(63,000) for Capitalized Equipment from the current year level. The Executive recommends a decrease of \$(8,700) for Capitalized Equipment from the current year level.

• Annualization of New Buildings Operations Funding

2,185,900

This funding is to annualize the cost of operating the 7 newly constructed or acquired state buildings. This amount reflects two adjustments: a) restoration of lump sum reductions taken in FY 1991 due to delays in the opening of certain buildings, and; b) a reduction of (3.0) FTE positions and \$(79,500) in the annualization funding originally recommended in FY 1991. The amount includes \$1,088,700 for annualization of utility costs. The Executive has recommended \$1,820,000 for building annualization. This includes a recommendation to not hire 11.2 of the 22.4 FTE custodial positions, proposing that space in the new buildings which is not heavily used by the public be cleaned every other day. The FY 1991 and recommended FY 1992 operating costs for the new buildings are summarized below:

<u>Building</u>	<u>FY 1991 Costs</u>	<u>FY 1992 Costs</u>
Supreme Court	\$ 627,500	\$ 932,700
State Compensation Fund	519,400	519,400
Tucson Office	64,400	766,000
DES West	378,300	1,125,500
Records Center Addition	98,500	131,400
Evans House	22,300	22,300
Shrine Auditorium	168,400	168,400
Unallocated to Specific Buildings	<u>179,500</u>	<u>175,600</u>
Subtotal	2,058,300	3,841,300
Less FY 1991 Reductions due to Opening Delays	(413,700)	-0-
Equipment & ERE adjustments	<u>(47,000)</u>	<u>21,700</u>
 TOTAL	 \$1,597,600	 \$3,863,000
 Difference: FY 1991 to FY 1992	 2,265,400	
Less Annualization Reduction	<u>(79,500)</u>	
Net Recom. FY 1992 Annualization	<u>\$2,185,900</u>	

• Tucson Parking Garage Payments

37,200

The state has an agreement with the city of Tucson to pay for its proportional share of the parking spaces in the parking garage. With the construction of the new parking garage, the state's annual share of the costs is \$37,200 annually.

- **Lighting Maintenance and Reduction Program**
2.0 FTE Building Maintenance Technicians and \$75,800 are recommended to implement a program of maintaining lighting fixtures and reducing energy consumption. The program includes a combination of regular, systematic cleaning of lenses, replacing bulbs with ones that are more efficient, and removal of bulbs where lighting is more than adequate. The savings in electric utility costs are expected to offset the cost of the program in FY 1992 and exceed the cost by 50.0% to 100.0% in subsequent years. The Capitol Mall and Tucson Office Buildings contain an estimated 80,000 fluorescent bulbs, which consume nearly \$500,000 annually in electricity. The net cost is shown as zero to reflect the savings in the Utilities special line.
- **Reduce Planning and Construction Staff** (158,200)
Eliminate 4.0 FTE positions from the Planning and Support and Design and Construction sections. This includes \$93,500 from the General Fund and \$64,700 from the Corrections Fund/Prison Construction program. Although agency relocation activity remains steady, the number of other major construction projects is down at this time. Should additional major building projects subsequently be approved, it is recommended that private construction managers be used to absorb part of the workload.

Other Issues for Legislative Consideration

- **Utilities**
The Executive recommends \$516,200 for anticipated rate hikes by the utilities supplying services to state buildings. In particular, the Executive is estimating the electric rates, which comprise 93.0% of the utilities costs, will increase by approximately 8.0% by FY 1992. If rates increase to this extent and no additional funding is provided, the Department would need to pursue aggressively such actions as:
 - Charging agencies for after-hours utilities use (part of the FY 1991 reduction plan).
 - Strict guidelines for lighting use, shutting off of office equipment when not in use, and thermostat settings.
 - Continued improvements in building system controls, possibly funded from Oil Overcharge Funds or private shared-savings contracts.These or similar conservation actions are recommended in any case, however.
- **Overtime/Fair Labor Standards Act**
The Department has requested \$50,000 of additional overtime funding it anticipates it will need to comply with the recent requirements of the federal Fair Labor Standards Act. The law now requires eligible employees to be paid monetary compensation for overtime worked.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT. OF ADMINISTRATION JLBC ANALYST: PITCAIRN HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: GENERAL SERVICES EBO ANALYST: BONCOSKEY SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	0.00	4.00	5.00	4.00	4.00	
OPERATING BUDGET						
PERSONAL SERVICES	0	65,200	81,100	68,300	65,100	
EMPLOYEE RELATED EXP	0	21,700	32,100	26,600	18,300	
TRAVEL - IN STATE	0	7,200	13,500	13,200	6,800	
OTHER OPERATING EXP	0	1,000	1,000	1,000	1,000	
ALL OTHER OPERATING	0	8,200	14,500	14,200	7,800	
P R O G R A M T O T A L =====	0	95,100	127,700	109,100	91,200	
BY FUND SOURCE						
GENERAL FUND	0	95,100	127,700	109,100	91,200	
OTHER NON APPROPRIATED	7,803,400	8,019,200	8,384,200	0	8,384,200	
PROGRAM TOTAL-ALL SOURCES =====	7,803,400	8,114,300	8,511,900	109,100	8,475,400	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ADMINISTRATION
COST CENTER: GENERAL SERVICES

The JLBC Staff recommends a total appropriation of \$91,200 -- a net decrease of \$(3,900), or (4.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$(100)
Includes a vacancy factor of 1.0%. The Executive recommends no vacancy factor.
- ERE Rate Adjustments (3,400)
- 5% Travel - In State Reduction (400)
The Executive recommends adding \$6,000 for In-State Travel. This increased funding was requested in part to upgrade vehicles used for Capitol Mall mail delivery, which have in excess of 100,000 miles on each. The increase is also to restore \$2,800 from last year's lump sum reduction, a reduction which has affected daily service.

Other Issues for Legislative Consideration

- Mailroom Temporary Help
The Executive recommends \$4,300 for hiring temporary help in the mailroom when regular employees are on leave or ill. Note that the Department has also requested an additional FTE position to handle the expanded mail routes.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT:	OFFICE/AFFIRMATIVE ACTION	JLBC ANALYST:	CAWLEY	HOUSE SUBCOMMITTEE CHAIR:	GERARD	
COST CENTER:	OFFICE/AFFIRMATIVE ACTION	EBO ANALYST:	SHAFFER	SENATE SUBCOMMITTEE CHAIR:	HIGUERA	
DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	5.00	5.00	6.00	5.00	5.00	
OPERATING BUDGET						
PERSONAL SERVICES	148,800	157,800	183,300	157,800	157,700	
EMPLOYEE RELATED EXP	27,500	33,300	47,000	28,600	31,700	
PROFESSIONAL/OUTSIDE SVCS	2,900	6,800	15,900	10,800	5,400	
TRAVEL - IN STATE	5,400	4,000	12,000	11,600	3,800	
TRAVEL - OUT OF STATE	3,500	0	4,000	0	0	
OTHER OPERATING EXP	25,600	29,600	39,300	29,600	29,300	
EQUIPMENT	4,900	0	0	0	0	
ALL OTHER OPERATING	42,300	40,400	71,200	52,000	38,500	
PROGRAM TOTAL	218,600	231,500	301,500	238,400	227,900	
BY FUND SOURCE						
GENERAL FUND	218,600	231,500	301,500	238,400	227,900	
PROGRAM TOTAL-ALL SOURCES	218,600	231,500	301,500	238,400	227,900	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$227,900 -- a net decrease of \$(3,600), or (1.5)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$ (100)
Includes a vacancy factor of 1.0%. The Executive recommends a vacancy factor of 0.0%.
- ERE Rate Adjustments (1,600)
- 20% Professional and Outside Services Reduction (1,400)
- 5% Travel - In State Reduction (200)
- Risk Management Reduction (300)

Other Issues for Legislative Consideration

- Increase in Accounting Services Charges
The Executive recommends an additional \$4,000 for increased charges by the Governor's Office for accounting services.
- Increase in In-State Travel
The Executive recommends an increase of \$7,600 for travel reimbursement to the members of the Affirmative Action Advisory Board and the Minority and Women's Business and Economic Development Advisory Board.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL	JLBC ANALYST: BURGESS	HOUSE SUBCOMMITTEE CHAIR: ESKESEN	
COST CENTER: AGENCY SUMMARY	EBO ANALYST: DYE	SENATE SUBCOMMITTEE CHAIR: BARTLETT	

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	366.00 =====	367.50 =====	367.50 =====	367.50 =====	340.95 =====	
<u>BY PROGRAM/ORGANIZATION</u>						
ADMINISTRATION	2,973,300	2,851,700	2,851,700	2,812,200	2,752,100	
ORGANIZED CRIME	2,415,000	2,448,000	2,448,000	2,451,200	2,346,100	
CIVIL	3,802,000	3,915,400	4,163,300	4,088,900	3,859,700	
CIVIL RIGHTS	550,300	547,300	721,200	580,400	583,900	
FINANCIAL FRAUD	2,079,000	2,167,000	2,255,500	2,197,000	1,920,200	
SOLICITOR GENERAL	236,700	243,000	243,000	247,700	0	
ANTITRUST	238,600	235,900	319,500	244,700	235,900	
CRIMINAL	1,903,100	2,067,500	2,171,800	2,094,100	2,048,800	
SPECIAL INVESTIGATIONS	2,237,500	2,553,300	2,950,200	2,580,400	2,272,500	
TAX	1,185,400	1,339,800	1,364,900	1,262,900	1,325,100	
<u>AGENCY TOTAL</u> =====	17,620,900 =====	18,368,900 =====	19,489,100 =====	18,559,500 =====	17,344,300 =====	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	11,807,300	12,196,000	13,034,700	12,336,900	11,423,100	
EMPLOYEE RELATED EXP	2,002,400	2,297,300	2,431,000	2,512,200	2,138,300	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
PROFESSIONAL/OUTSIDE SVCS	88,200	56,200	63,600	44,400	46,900	_____
TRAVEL - IN STATE	111,200	130,200	130,200	131,000	122,900	_____
TRAVEL - OUT OF STATE	35,600	35,100	35,100	13,800	31,000	_____
OTHER OPERATING EXP	1,366,500	1,447,700	1,440,300	1,468,500	1,478,300	_____
EQUIPMENT	306,900	164,400	164,400	0	0	_____
ALL OTHER OPERATING	1,908,400	1,833,600	1,833,600	1,657,700	1,679,100	_____
OPERATING SUBTOTAL	15,718,100	16,326,900	17,299,300	16,506,800	15,240,500	_____
SPECIAL LINE ITEMS						
LIBRARY	66,900	72,900	72,900	50,000	50,000	_____
OUTSIDE LITIGATION	43,400	44,200	44,200	44,200	35,400	_____
COMPUTER SERVICES	123,400	172,400	172,400	280,000	243,700	_____
MEDICAL FRAUD CONT. UNIT	143,100	171,200	171,200	171,500	170,000	_____
ENVIRONMENTAL QUALITY	332,200	244,000	244,000	244,000	242,100	_____
ENVIRONMENTAL QUALITY	260,400	297,000	297,000	297,000	296,800	_____
WATER LITIGATION	703,000	677,600	762,700	677,600	666,400	_____
FAIR HOUSING	90,700	64,100	101,000	65,100	75,100	_____
EDERLY ABUSE PROGRAM	90,800	120,000	120,000	120,000	119,900	_____
CHILD WELFARE MEDIATION	0	77,500	103,300	103,300	103,300	_____
PROPERTY TAX SUPPLEMENT	48,900	101,100	101,100		101,100	_____
SPECIAL ITEM SUBTOTAL	1,902,800	2,042,000	2,189,800	2,052,700	2,103,800	_____
AGENCY TOTAL	17,620,900	18,368,900	19,489,100	18,559,500	17,344,300	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$17,344,300 -- a net decrease of \$(1,024,600), or (5.6)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 9.55 FTE positions that are vacant or are projected to become vacant during FY 1992. \$(556,800)
- FTE Reduction
Eliminates 17.0 FTE positions from the Organized Crime and Racketeering, Financial Fraud, Special Investigations, and Solicitor General Divisions. No positions are recommended to be eliminated from the Civil, Civil Rights, Antitrust, or Criminal Divisions. (137,500)
- Personal Services/ERE Adjustments (10,900)
- ERE Rate Adjustments (14,400)
- 20% Professional and Outside Services Reduction (1,200)
- 5% Travel - In State Reduction (2,000)
- 10% Travel - Out of State Reduction 15,900
- Lease-Purchase Payments on Equipment (28,900)
- Risk Management (22,900)
- Library Acquisition Fund (8,800)
- Outside Litigation (36,300)
- Computer Services (1,200)
- Medical Fraud (1,900)
- Environmental Quality - Criminal (200)
- Environmental Quality - Civil (11,200)
- Water Rights Litigation 11,000
- Fair Housing 25,800
- Child Protective Services (243,000)
- Elimination of Division of Solicitor General (100)
- Elderly Abuse

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: ADMINISTRATION

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	41.00 =====	40.00 =====	40.00 =====	40.00 =====	38.20 =====	
OPERATING BUDGET						
PERSONAL SERVICES	1,461,300	1,371,700	1,371,700	1,374,500	1,357,300	_____
EMPLOYEE RELATED EXP	258,500	260,700	260,700	293,600	256,900	_____
PROFESSIONAL/OUTSIDE SVCS	43,200	10,000	17,400	10,000	10,000	_____
TRAVEL - IN STATE	6,600	7,500	7,500	7,500	7,100	_____
TRAVEL - OUT OF STATE	12,500	12,500	12,500	6,200	12,500	_____
OTHER OPERATING EXP	734,300	792,200	784,800	746,200	779,200	_____
EQUIPMENT	223,200	107,600	107,600	0	0	_____
ALL OTHER OPERATING	1,019,800	929,800	929,800	769,900	808,800	_____
OPERATING SUBTOTAL	2,739,600	2,562,200	2,562,200	2,438,000	2,423,000	_____
SPECIAL LINE ITEMS						
LIBRARY	66,900	72,900	72,900	50,000	50,000	_____
OUTSIDE LITIGATION	43,400	44,200	44,200	44,200	35,400	_____
COMPUTER SERVICES	123,400	172,400	172,400	280,000	243,700	_____
SPECIAL ITEM SUBTOTAL	233,700	289,500	289,500	374,200	329,100	_____
PROGRAM TOTAL =====	2,973,300 =====	2,851,700 =====	2,851,700 =====	2,812,200 =====	2,752,100 =====	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: ADMINISTRATION

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	2,973,300	2,851,700	2,851,700	2,812,200	2,752,100	_____
FEDERAL FUNDS	482,700	597,700	15,000	0	472,900	_____
OTHER NON APPROPRIATED	7,639,100	9,080,500	5,799,800	0	8,924,300	_____
PROGRAM TOTAL-ALL SOURCES	11,095,100	12,529,900	8,666,500	2,812,200	12,149,300	=====
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: ADMINISTRATION

The JLBC Staff recommends a total appropriation of \$2,752,100 -- a net decrease of \$(99,600), or (3.5)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 1.8 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(17,100)
 Includes a new vacancy factor of 1.0%. The Executive recommends a vacancy factor of 1.0%.
- ERE Rate Adjustments (1,100)
- 5% Travel - In State Reduction (400)
- Lease-Purchase Payments on Equipment 15,900
- Risk Management (28,900)
 The Executive recommends a reduction of \$(45,500).
- Library Acquisition Fund (22,900)
 JLBC Staff recommends a reduction in the Library Acquisition Fund. The opening of the Law Library in the new Courts building should alleviate any detrimental impact due to this reduction.
- Outside Litigation (8,800)
 20% Professional and Outside Services reduction.
- Computer Services (36,300)
 - \$(100) as a 5% Travel - In State Reduction
 - \$(300) as a 10% Travel - Out of State Reduction
 - \$(35,900) one-time equipment purchase

Other Issues for Legislative Consideration

- The Executive recommends the following:
 - \$(18,900) reduction for one-time equipment purchase
 - \$15,900 for increased rent
 - \$(6,300) reduction in Travel - Out of State
 - \$2,200 for increased postage

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: ORGANIZED CRIME

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	46.00 =====	42.00 =====	42.00 =====	42.00 =====	38.60 =====	
OPERATING BUDGET						
PERSONAL SERVICES	1,577,600	1,622,400	1,622,400	1,620,800	1,539,600	_____
EMPLOYEE RELATED EXP	250,800	292,700	292,700	298,400	277,600	_____
PROFESSIONAL/OUTSIDE SVCS	1,800	1,800	1,800	1,800	1,400	_____
TRAVEL - IN STATE	3,500	4,200	4,200	4,300	4,000	_____
TRAVEL - OUT OF STATE	2,800	2,700	2,700	0	2,400	_____
OTHER OPERATING EXP	101,200	101,800	101,800	110,400	109,000	_____
EQUIPMENT	2,000	7,200	7,200	0	0	_____
ALL OTHER OPERATING	111,300	117,700	117,700	116,500	116,800	_____
OPERATING SUBTOTAL	1,939,700	2,032,800	2,032,800	2,035,700	1,934,000	_____
SPECIAL LINE ITEMS						
MEDICAL FRAUD CONT. UNIT	143,100	171,200	171,200	171,500	170,000	_____
ENVIRONMENTAL QUALITY	332,200	244,000	244,000	244,000	242,100	_____
SPECIAL ITEM SUBTOTAL	475,300	415,200	415,200	415,500	412,100	_____
PROGRAM TOTAL =====	2,415,000 =====	2,448,000 =====	2,448,000 =====	2,451,200 =====	2,346,100 =====	=====

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: ORGANIZED CRIME

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	2,415,000	2,448,000	2,448,000	2,451,200	2,346,100	_____
FEDERAL FUNDS	940,800	1,068,800	875,000	0	875,000	_____
OTHER NON APPROPRIATED	955,200	937,300	1,030,000	0	1,030,000	_____
PROGRAM TOTAL-ALL SOURCES	4,311,000	4,454,100	4,353,000	2,451,200	4,251,100	_____
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: ORGANIZED CRIME AND RACKETEERING

The JLBC Staff recommends a total appropriation of \$2,346,100 -- a net decrease of \$(101,900), or (4.2)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 0.4 FTE position that is vacant or is projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (9,200)
Includes a new vacancy factor of 0.5%. If the 0.4 FTE position had not been eliminated, the vacancy savings rate would have been 1.0%. The Executive recommends a vacancy factor of 2.0%.
- FTE Reduction (88,500)
JLBC Staff recommends shifting the funding of 3 secretarial positions from the General Fund to the Anti-Racketeering Revolving Fund.
- ERE Rate Adjustments (200)
- 20% Professional and Outside Services Reduction (400)
- 5% Travel - In State Reduction (200)
The Executive recommends a \$100 increase.
- 10% Travel - Out of State Reduction (300)
The Executive recommends a reduction of \$(2,700), which eliminates all Out of State Travel funding.
- Medical Fraud (1,200)
ERE Rate Adjustment
- Environmental Quality (1,900)
 - \$(1,600) reduction for ERE Rate Adjustment
 - \$(100) for 5% Travel - In State Reduction
 - \$(200) for 10% Travel - Out of State Reduction

Other Issues for Legislative Consideration

- The Executive recommends \$1,400 for increased postage.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: CIVIL

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	91.00 =====	87.00 =====	87.00 =====	87.00 =====	82.85 =====	
OPERATING BUDGET						
PERSONAL SERVICES	2,311,100	2,327,000	2,463,000	2,460,500	2,292,100	_____
EMPLOYEE RELATED EXP	368,900	444,900	471,700	485,600	437,600	_____
PROFESSIONAL/OUTSIDE SVCS	8,600	8,700	8,700	8,700	7,000	_____
TRAVEL - IN STATE	3,000	2,900	2,900	3,100	2,800	_____
TRAVEL - OUT OF STATE	2,800	2,500	2,500	0	2,200	_____
OTHER OPERATING EXP	143,400	140,900	140,900	156,400	154,800	_____
EQUIPMENT	800	13,900	13,900	0	0	_____
ALL OTHER OPERATING	158,600	168,900	168,900	168,200	166,800	_____
OPERATING SUBTOTAL	2,838,600	2,940,800	3,103,600	3,114,300	2,896,500	_____
SPECIAL LINE ITEMS						
ENVIRONMENTAL QUALITY	260,400	297,000	297,000	297,000	296,800	_____
WATER LITIGATION	703,000	677,600	762,700	677,600	666,400	_____
SPECIAL ITEM SUBTOTAL	963,400	974,600	1,059,700	974,600	963,200	_____
PROGRAM TOTAL =====	3,802,000 =====	3,915,400 =====	4,163,300 =====	4,088,900 =====	3,859,700 =====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
COST CENTER: CIVIL

The JLBC Staff recommends a total appropriation of \$3,859,700 -- a net decrease of \$(55,700), or (1.4)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 3.9 FTE positions that are vacant or are projected to become vacant during FY 1992. \$(42,200)
- Personal Services/ERE Adjustments
Includes a new vacancy factor of 1.5%. If the 3.9 FTE positions had not been eliminated, the vacancy savings rate would have been 2.0%. The Executive recommends a vacancy factor of 1.0%. (1,700)
- 20% Professional and Outside Services Reduction (100)
- 5% Travel - In State Reduction
The Executive recommends \$200 for travel rate adjustments. (300)
- 10% Travel - Out of State Reduction
The Executive recommends a reduction of \$(2,500), which eliminates all Out of State Travel funding. (200)
- Environmental Quality
-- \$(100) for 20% Professional and Outside Services Reduction
-- \$(100) for 10% Out of State Travel Reduction (11,200)
- Water Rights Litigation
FTE Adjustment -- Eliminates 0.25 FTE position that is vacant or is projected to become vacant during FY 1992.

Other Issues for Legislative Consideration

- The Executive recommends \$1,600 for increased postage.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: CIVIL RIGHTS

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	15.00 =====	19.50 =====	19.50 =====	19.50 =====	19.40 =====	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	370,700	317,200	408,400	317,900	317,200	_____
EMPLOYEE RELATED EXP	61,600	61,700	81,700	66,800	61,700	_____
TRAVEL - IN STATE	3,100	3,100	3,100	3,300	2,900	_____
OTHER OPERATING EXP	20,200	21,900	21,900	24,000	23,700	_____
EQUIPMENT	4,000	1,800	1,800	0	0	_____
ALL OTHER OPERATING	27,300	26,800	26,800	27,300	26,600	_____
<u>OPERATING SUBTOTAL</u>	459,600	405,700	516,900	412,000	405,500	_____
<u>SPECIAL LINE ITEMS</u>						
FAIR HOUSING	90,700	64,100	101,000	65,100	75,100	_____
CHILD WELFARE MEDIATION	0	77,500	103,300	103,300	103,300	_____
<u>SPECIAL ITEM SUBTOTAL</u>	90,700	141,600	204,300	168,400	178,400	_____
<u>PROGRAM TOTAL</u> =====	550,300 =====	547,300 =====	721,200 =====	580,400 =====	583,900 =====	=====

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: CIVIL RIGHTS

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	550,300	547,300	721,200	580,400	583,900	
PROGRAM TOTAL-ALL SOURCES	550,300	547,300	721,200	580,400	583,900	
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: CIVIL RIGHTS

The JLBC Staff recommends a total appropriation of \$583,900 -- a net increase of \$36,600, or 6.7%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 0.1 FTE position that is vacant or is projected to become vacant during FY 1992.
- 5% Travel - In State Reduction \$ (200)
 The Executive recommends \$200 for travel rate adjustments.
- Fair Housing 11,000
 - \$11,100 increase for ERE Rate Adjustment
 - \$(100) for 5% In State Travel Reduction
- Child Welfare Mediation 25,800
 Annualization of FTE positions and Other Operating Expenditures, authorized in Laws 1990, Chapter 237.

Other Issues for Legislative Consideration

- The Executive recommends \$300 for increased postage.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: FINANCIAL FRAUD

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	43.00 =====	43.00 =====	43.00 =====	43.00 =====	38.00 =====	
OPERATING BUDGET						
PERSONAL SERVICES	1,651,600	1,698,300	1,771,800	1,697,500	1,494,200	_____
EMPLOYEE RELATED EXP	274,600	306,700	321,700	348,300	269,000	_____
PROFESSIONAL/OUTSIDE SVCS	21,900	23,000	23,000	11,200	18,400	_____
TRAVEL - IN STATE	1,000	1,000	1,000	1,000	900	_____
TRAVEL - OUT OF STATE	2,900	2,900	2,900	0	2,600	_____
OTHER OPERATING EXP	113,300	121,500	121,500	139,000	135,100	_____
EQUIPMENT	13,700	13,600	13,600	0	0	_____
ALL OTHER OPERATING	152,800	162,000	162,000	151,200	157,000	_____
P R O G R A M T O T A L =====	2,079,000 =====	2,167,000 =====	2,255,500 =====	2,197,000 =====	1,920,200 =====	=====
BY FUND SOURCE						
GENERAL FUND	2,079,000	2,167,000	2,255,500	2,197,000	1,920,200	_____
OTHER NON APPROPRIATED	333,400	194,400	194,400	0	194,400	_____
PROGRAM TOTAL-ALL SOURCES =====	2,412,400 =====	2,361,400 =====	2,449,900 =====	2,197,000 =====	2,114,600 =====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: FINANCIAL FRAUD

The JLBC Staff recommends a total appropriation of \$1,920,200 -- a net decrease of \$(246,800), or (11.4)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Reduction \$(223,000)
 JLBC Staff recommends the elimination of 5.0 FTE positions: 2 Attorneys, 1 Secretary, 1 Legal Assistant, and 1 Administrative Assistant. While this may result in less prosecution of consumer fraud cases, few offices of Attorneys General in 10 western states have divisions specifically to handle consumer fraud cases. Many of the activities of this Division raise the question as to how much of a responsibility government has to protect the public regarding consumer-related matters. Additionally, the Better Business Bureau serves the public in the area of consumer affairs and civil litigation is available for monetary compensation.
- Personal Services/ERE Adjustments (17,800)
 Includes a vacancy factor of 1.0%. The Executive recommends a vacancy factor of 1.0%.
- ERE Rate Adjustments (1,000)
- 20% Professional and Outside Services Reduction (4,600)
 The Executive recommends a reduction of \$(11,100).
- 5% Travel - In State Reduction (100)
- 10% Travel - Out of State Reduction (300)
 The Executive recommends a reduction of \$(2,900), which eliminates all Out of State Travel funding.

Other Issues for Legislative Consideration

- The Executive recommends \$3,900 for increased postage costs.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: SOLICITOR GENERAL

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	4.00	4.00	4.00	4.00	0.00	
OPERATING BUDGET						
PERSONAL SERVICES	189,800	194,300	194,300	194,200	0	
EMPLOYEE RELATED EXP	29,200	32,600	32,600	37,300	0	
PROFESSIONAL/OUTSIDE SVCS	100	100	100	100	0	
TRAVEL - IN STATE	800	800	800	800	0	
TRAVEL - OUT OF STATE	2,100	2,000	2,000	2,000	0	
OTHER OPERATING EXP	11,400	12,400	12,400	13,300	0	
EQUIPMENT	3,300	800	800	0	0	
ALL OTHER OPERATING	17,700	16,100	16,100	16,200	0	
PROGRAM TOTAL	236,700	243,000	243,000	247,700	0	
BY FUND SOURCE						
GENERAL FUND	236,700	243,000	243,000	247,700	0	
PROGRAM TOTAL-ALL SOURCES	236,700	243,000	243,000	247,700	0	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
COST CENTER: SOLICITOR GENERAL

The JLBC Staff recommends no appropriation -- a net decrease of \$(243,000), or (100.0)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Elimination of Division \$(243,000)
JLBC Staff recommends the elimination of the Division of Solicitor General. The purpose of this Division is to coordinate civil appellate work in state and federal courts. This may be accomplished more effectively under the direct purview of the Administration Division.

Other Issues for Legislative Consideration

- The Executive recommends an appropriation of \$247,700.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: ANTITRUST

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	5.00	5.00	5.00	5.00	4.00	
OPERATING BUDGET						
PERSONAL SERVICES	206,500	204,200	274,200	204,700	204,200	
EMPLOYEE RELATED EXP	32,100	31,700	45,300	40,000	31,700	
P R O G R A M T O T A L	238,600	235,900	319,500	244,700	235,900	
BY FUND SOURCE						
GENERAL FUND	238,600	235,900	319,500	244,700	235,900	
OTHER NON APPROPRIATED	146,800	356,700	356,700	0	356,700	
PROGRAM TOTAL-ALL SOURCES	385,400	592,600	676,200	244,700	592,600	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
COST CENTER: ANTITRUST

The JLBC Staff recommends a total appropriation of \$235,900, which represents no change to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 1.0 FTE position that is vacant or is projected to become vacant during FY 1992.

Other Issues for Legislative Consideration

- The Executive recommends an appropriation of \$244,700.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: CRIMINAL

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	40.00	40.00	40.00	40.00	39.60	
OPERATING BUDGET						
PERSONAL SERVICES	1,507,000	1,656,400	1,743,400	1,653,700	1,648,100	
EMPLOYEE RELATED EXP	261,100	299,800	317,100	330,400	290,400	
PROFESSIONAL/OUTSIDE SVCS	2,300	2,200	2,200	2,200	1,800	
TRAVEL - IN STATE	1,100	1,400	1,400	1,400	1,300	
TRAVEL - OUT OF STATE	5,400	5,400	5,400	2,700	4,900	
OTHER OPERATING EXP	94,700	95,400	95,400	103,700	102,300	
EQUIPMENT	31,500	6,900	6,900	0	0	
ALL OTHER OPERATING	135,000	111,300	111,300	110,000	110,300	
P R O G R A M T O T A L	1,903,100	2,067,500	2,171,800	2,094,100	2,048,800	
BY FUND SOURCE						
GENERAL FUND	1,903,100	2,067,500	2,171,800	2,094,100	2,048,800	
PROGRAM TOTAL-ALL SOURCES	1,903,100	2,067,500	2,171,800	2,094,100	2,048,800	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: CRIMINAL

The JLBC Staff recommends a total appropriation of \$2,048,800 -- a net decrease of \$(18,700), or (0.9)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 0.4 FTE position that is vacant or is projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(9,800)
 Includes a new vacancy factor of 0.5%. If the 0.4 FTE position had not been eliminated, the vacancy savings rate would have been 1.0%. The Executive recommends a vacancy factor of 2.0%.
- ERE Rate Adjustments (7,900)
- 20% Professional and Outside Services Reduction (400)
- 5% Travel - In State Reduction (100)
- 10% Travel - Out of State Reduction (500)
 The Executive recommends a reduction of \$(2,700).

Other Issues for Legislative Consideration

- The Executive recommends \$1,400 for increased postage costs.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL				JLBC ANALYST: BURGESS		HOUSE SUBCOMMITTEE CHAIR: ESKESEN	
COST CENTER: SPECIAL INVESTIGATIONS				EBO ANALYST: DYE		SENATE SUBCOMMITTEE CHAIR: BARTLETT	
DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
FULL TIME EQUIVALENT POS. =====	57.00 =====	63.00 =====	63.00 =====	63.00 =====	56.30 =====	=====	
<u>OPERATING BUDGET</u>							
PERSONAL SERVICES	1,622,400	1,810,800	2,170,800	1,809,900	1,586,600	_____	
EMPLOYEE RELATED EXP	306,000	389,700	426,600	418,000	338,900	_____	
PROFESSIONAL/OUTSIDE SVCS	700	800	800	800	600	_____	
TRAVEL - IN STATE	91,400	108,600	108,600	108,900	103,200	_____	
TRAVEL - OUT OF STATE	1,300	1,300	1,300	0	1,200	_____	
OTHER OPERATING EXP	103,500	112,800	112,800	122,800	122,100	_____	
EQUIPMENT	21,400	9,300	9,300	0	0	_____	
ALL OTHER OPERATING	218,300	232,800	232,800	232,500	227,100	_____	
<u>OPERATING SUBTOTAL</u>	2,146,700	2,433,300	2,830,200	2,460,400	2,152,600	_____	
<u>SPECIAL LINE ITEMS</u>							
EDERLY ABUSE PROGRAM	90,800	120,000	120,000	120,000	119,900	_____	
<u>SPECIAL ITEM SUBTOTAL</u>	90,800	120,000	120,000	120,000	119,900	_____	
<u>PROGRAM TOTAL</u> =====	2,237,500 =====	2,553,300 =====	2,950,200 =====	2,580,400 =====	2,272,500 =====	=====	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
COST CENTER: SPECIAL INVESTIGATIONS

The JLBC Staff recommends a total appropriation of \$2,272,500 -- a net decrease of \$(280,800), or (11.0)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 1.7 FTE positions that are vacant or are projected to become vacant during FY 1992. \$ (29,700)
- Personal Services/ERE Adjustments
Includes a new vacancy factor of 1.5%. If the 1.7 FTE positions had not been eliminated, the vacancy savings rate would have been 2.0%. The Executive recommends a vacancy factor of 2.5%. (245,300)
- FTE Reduction
JLBC Staff recommends the elimination of 5 FTE special agent supervisor positions. Currently, there are 28 special agents and 13 supervisors. This represents a supervisor-to-agent ratio of over 1:2. The elimination of the 5.0 FTE positions would change the ratio to a more acceptable 1:3.5. Again, this is an area where our Attorney General's activities have gone beyond the typical Western state Attorney General's Office. (200)
- 20% Professional and Outside Services Reduction (5,400)
- 5% Travel - In State Reduction
The Executive recommends an increase of \$300 for travel cost adjustments. (100)
- 10% Travel - Out of State Reduction
The Executive recommends a reduction of \$(1,300), which eliminates all Out of State Travel funding. (100)
- Elderly Abuse Program
10% Travel - Out of State Reduction.

Other Issues for Legislative Consideration

- The Executive recommends \$700 for increased postage costs.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: TAX

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	24.00	24.00	24.00	24.00	24.00	
OPERATING BUDGET						
PERSONAL SERVICES	909,300	993,700	1,014,700	1,003,200	983,800	_____
EMPLOYEE RELATED EXP	159,600	176,800	180,900	193,800	174,500	_____
PROFESSIONAL/OUTSIDE SVCS	9,600	9,600	9,600	9,600	7,700	_____
TRAVEL - IN STATE	700	700	700	700	700	_____
TRAVEL - OUT OF STATE	5,800	5,800	5,800	2,900	5,200	_____
OTHER OPERATING EXP	44,500	48,800	48,800	52,700	52,100	_____
EQUIPMENT	7,000	3,300	3,300	0	0	_____
ALL OTHER OPERATING	67,600	68,200	68,200	65,900	65,700	_____
OPERATING SUBTOTAL	1,136,500	1,238,700	1,263,800	1,262,900	1,224,000	_____
SPECIAL LINE ITEMS						
PROPERTY TAX SUPPLEMENT	48,900	101,100	101,100		101,100	_____
SPECIAL ITEM SUBTOTAL	48,900	101,100	101,100	0	101,100	_____
PROGRAM TOTAL =====	1,185,400	1,339,800	1,364,900	1,262,900	1,325,100	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: TAX

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	1,185,400	1,339,800	1,364,900	1,262,900	1,325,100	_____
OTHER NON APPROPRIATED	350,100	276,300	276,300	0	276,300	_____
PROGRAM TOTAL-ALL SOURCES	1,535,500	1,616,100	1,641,200	1,262,900	1,601,400	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ATTORNEY GENERAL
 COST CENTER: TAX

The JLBC Staff recommends a total appropriation of \$1,325,100 -- a net decrease of \$(14,700), or (1.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$(11,700)
 Includes a vacancy factor of 1.0%. The Executive recommends no vacancy factor.
- ERE Rate Adjustments (500)
- 20% Professional and Outside Services Reduction (1,900)
- 10% Travel - Out of State Reduction (600)
 The Executive recommends a reduction of \$(2,900), which eliminates all Out of State Travel funding.

Other Issues for Legislative Consideration

- The Executive recommends \$600 for increased postage costs.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

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

JLBC ANALYST: BRADLEY
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	248.00	248.00	248.00	248.00	248.00	
OPERATING BUDGET						
PERSONAL SERVICES	4,641,600	4,055,000	4,237,500	4,055,000	4,237,500	
EMPLOYEE RELATED EXP	641,900	880,900	823,900	767,700	1,256,900	
PROFESSIONAL/OUTSIDE SVCS	1,556,200	1,595,000	1,652,000	1,665,200	1,652,000	
TRAVEL - IN STATE	9,900	12,000	12,400	11,700	12,400	
TRAVEL - OUT OF STATE	26,100	27,800	29,900	29,100	29,900	
OTHER OPERATING EXP	3,914,700	4,488,800	4,671,900	4,886,400	3,672,700	
EQUIPMENT	451,000	691,600	525,000	537,400	525,000	
ALL OTHER OPERATING	5,957,900	6,815,200	6,891,200	7,129,800	5,892,000	
OPERATING SUBTOTAL	11,241,400	11,751,100	11,952,600	11,952,500	11,386,400	
SPECIAL LINE ITEMS						
SPECIAL ITEM SUBTOTAL	0	0	0	0	0	
PROGRAM TOTAL	11,241,400	11,751,100	11,952,600	11,952,500	11,386,400	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$11,386,400 -- a net decrease of \$(364,700), or (3.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

• Personal Services/ERE Adjustments	\$ 236,600
• ERE Rate Adjustments	321,900
• Reduced Risk Management Costs	(663,000)
• Increased Other Operating Expenses	413,100
Higher projected costs of the State Fair and other events.	
• One-time Equipment Costs	(166,600)
• Increased Professional and Outside Services	57,000
• Other Miscellaneous Adjustments	2,500
• Eliminate Subsidy from Pari-mutuel Racing Revenues	(566,200)

Under A.R.S. § 3-1005, the Coliseum and Exposition Center is entitled to spend 100% of its receipts and the funds are not subject to reversion at the end of the fiscal year. Six percent of the pari-mutuel racing tax is transmitted to the Coliseum Fund for subsidizing capital improvements. The JLBC recommends that the 6.0% be returned to the General Fund. This subsidy dates back to 1960 when it was established to offset the loss of horse racing at the Coliseum. Since 1960, the Coliseum has paid off most of its construction bonds, and has undergone substantial capital improvements. The loss of these funds will reduce the level of funding for capital projects. However, two factors mitigate this loss. First, the Coliseum has become more secure financially and is able to be self-sufficient. Secondly, over the past few years the Coliseum has had its bathrooms refurbished, the ice floor repaired, the exterior remodeled, several buildings remodeled and roofed, repaving work, and electrical distribution placed underground and updated. Due to these repairs and renovations, the physical plant of the Coliseum is no longer in need of major capital projects. This issue requires statutory change to A.R.S. § 5-113. The Executive did not recommend this issue.

- **Appropriation Estimates**

The JLBC Staff recommendation is for the Coliseum and Exposition Center to be appropriated 100% of their receipts. The numbers shown are estimates only. The following is the recommended appropriations language:

"All collections paid into the state treasury are appropriated for personal services, employee related expenditures, and all other operating expenditures."

The Executive also recommends appropriating 100% of receipts.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF COMMERCE JLBC ANALYST: SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: DEPARTMENT OF COMMERCE EBO ANALYST: BENBEROU SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	64.00 =====	72.00 =====	79.50 =====	77.50 =====	68.50 =====	=====
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,710,400	2,089,700	2,396,100	2,351,200	2,021,000	_____
EMPLOYEE RELATED EXP	351,300	443,000	619,700	532,800	404,800	_____
PROFESSIONAL/OUTSIDE SVCS	116,200	108,700	183,100	189,700	118,500	_____
TRAVEL - IN STATE	73,100	128,400	138,300	141,300	118,200	_____
TRAVEL - OUT OF STATE	80,800	124,600	138,400	97,100	108,200	_____
OTHER OPERATING EXP	605,800	677,000	896,300	794,400	652,400	_____
EQUIPMENT	134,100	67,200	86,000	44,100	21,500	_____
ALL OTHER OPERATING	1,010,000	1,105,900	1,442,100	1,266,600	1,018,800	_____
<u>OPERATING SUBTOTAL</u>	3,071,700	3,638,600	4,457,900	4,150,600	3,444,600	_____
<u>SPECIAL LINE ITEMS</u>						
ECON. DEV'T MATCHING FUND	104,000	104,000	104,000	104,000	104,000	_____
CEDC COMMISSION	55,000	200,000	200,000	200,000	200,000	_____
ADVERTISING AND PROMOTION	625,600	843,600	843,600	843,600	705,000	_____
ASIAN PACIFIC TRADE OFF.	140,900	157,800	157,800	157,800	157,800	_____
EUROPE/MEXICO TRADE OFF.	0	300,000	325,000	300,000	300,000	_____
REDI MATCHING GRANTS	45,000	45,000	45,000	45,000	45,000	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPARTMENT OF COMMERCE JLBC ANALYST: SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: DEPARTMENT OF COMMERCE EBO ANALYST: BENBEROU SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
MOTION PICTURE BOARD	24,900	50,000	50,000	50,000	50,000	_____
PROCUREMENT ASSIST. NET.	0	50,000	50,000	50,000	50,000	_____
INDIAN ECONOMIC DEVEL.	0	77,700	77,700	71,200	77,700	_____
SOLAR PROJECTS	41,400	81,300	81,300	81,300	0	_____
OIL OVERCHARGE ADMIN.	88,300	123,400	128,500	123,400	123,400	_____
SPECIAL ITEM SUBTOTAL	1,125,100	2,032,800	2,062,900	2,026,300	1,812,900	_____
PROGRAM TOTAL	4,196,800	5,671,400	6,520,800	6,176,900	5,257,500	_____
=====						
BY FUND SOURCE						
GENERAL FUND	3,248,700	4,222,500	4,876,500	4,600,000	3,783,600	_____
OTHER FUNDS	948,100	1,448,900	1,644,300	1,576,900	1,473,900	_____
FEDERAL FUNDS	11,638,500	12,785,900	10,383,100	0	10,383,100	_____
OTHER NON APPROPRIATED	180,700	164,600	134,000	0	134,000	_____
PROGRAM TOTAL-ALL SOURCES	16,016,000	18,621,900	17,037,900	6,176,900	15,774,600	_____
=====						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF COMMERCE
COST CENTER: DEPARTMENT OF COMMERCE

The JLBC Staff recommends a total appropriation of \$5,257,500 -- a net decrease of \$(413,900), or (7.3)%, from the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$3,783,600 -- a net decrease of \$(438,900), or (10.4)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 2.0 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(38,600)
Includes a new vacancy factor of 1.0%. If the 2.0 FTE positions had not been eliminated, the vacancy savings rate would have been 3.77%. The Executive recommends a vacancy factor of 2.0%.
- ERE Rate Adjustments (24,100)
- 20% Professional and Outside Services Reduction (21,700)
- 5% Travel - In State Reduction (6,400)
- 10% Travel - Out of State Reduction (12,500)
- Risk Management Adjustment 2,500
- Eliminate 1.0 administration state service intern. (8,100)
- Reduction in Capitalized Equipment (45,700)
This recommendation delays part of the implementation of the agency's 3-year automation plan.
- Reduction in Advertising and Promotion (138,600)
JLBC Staff recommends a reduction of \$(138,600), or (20.0)%, in advertising and promotion. As the various divisions of the Department have their own advertising budget, coordination and targeting of these campaigns should produce some savings. Specifically, the need for a media relations contract in the amount of \$78,000 does not seem warranted.
- Eliminate the State-Funded Energy Office (286,300)
Given the availability of federal funds, the JLBC Staff recommends the elimination of the state-funded portion of the Energy Office for a savings of \$(289,800). This includes funding for 4.5 FTE positions and 3 state solar projects in the amount of \$81,300. Three of the positions are in the Solar

Energy Division which will have 5 federal positions remaining in the Energy Office. One position will be eliminated in the Community Energy Division which will have 10 federal positions remaining. The 0.5 FTE reduction is for a secretary, whose cost is shared among the different divisions of the Energy Office.

- **Transfer position from the Department of Mines and Mineral Resources** 45,700
 With the proposed elimination of the Department of Mines and Mineral Resources, the JLBC Staff recommends the establishment of 1 Business Development Representative in the Department of Commerce. The Staff also recommends the transfer of the current files on Mines and Mineral Resources to Commerce. This amount includes \$36,700 in Personal Services, \$7,500 in Employee Related Expenditures, and \$1,500 in Other Operating Expenditures. The Department of Mineral Resources had devoted this position to business development, a function which is more appropriately located in the Department of Commerce.
- **Community Development Block Grant Matching Fund** 88,400
 JLBC Staff recommends \$88,400 for the Community Development Block Grant (CDBG) Matching Fund. The state is projected to receive approximately \$4.7 million in CDBG Funds in FY 1992. This will enable the Department to meet the federal Grant requirement that the state match 2.0% of each year's allocation. This will transfer funding for 2.0 FTE positions from federal to state funding. The Executive also recommends this issue.
- **Bond Fund Litigation Expenses** 31,500
 JLBC Staff recommends \$31,500 be appropriated from the Bond Fund for litigation expenses associated with administering the Bond Fund. The Executive recommends this issue in the amount of \$31,000.

Other Issues for Legislative Consideration

- **Administering Federal Funds**
 The Executive recommends \$100,900 to support 3.5 FTE positions that are currently funded from indirect costs associated with administering federal funds. Due to changes in the computation of the indirect cost allocations and the federal requirements regulating the administration of the funds, the Department will no longer be able to use indirect cost fees to support these positions. As federal funds are projected to decrease from \$12.8 million in FY 1991 to \$10.4 million in FY 1992, the JLBC Staff recommends that support positions also decrease.
- **Capitalized Equipment**
 The Executive recommends \$21,000 in Capitalized Equipment which will allow the Motion Picture Office to

purchase an additional vehicle.

- **Housing Trust Fund**
The Executive recommends \$50,000 be appropriated from the Housing Trust Fund to prepare a statewide housing plan. In addition, it recommends an increase of \$24,500 for administration.
- **Other Executive recommendations**
 - The Executive recommends \$17,990 in special inflation.
 - The Executive recommends \$182,800 in rent adjustment.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: SUPREME COURT
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	103.30 =====	149.30 =====	164.30 =====	149.30 =====	146.30 =====	
<u>BY PROGRAM/ORGANIZATION</u>						
SUPREME COURT	4,412,700	6,739,500	11,979,300	6,739,500	9,199,900	_____
FOSTER CARE REVIEW BOARD	830,000	1,228,800	1,629,600	1,228,800	1,293,400	_____
AGENCY TOTAL =====	5,242,700 =====	7,968,300 =====	13,608,900 =====	7,968,300 =====	10,493,300 =====	_____
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,457,900	4,420,500	5,387,000	4,420,500	4,488,500	_____
EMPLOYEE RELATED EXP	542,000	842,800	1,198,500	842,800	940,800	_____
PROFESSIONAL/OUTSIDE SVCS	8,900	257,100	310,600	257,100	87,300	_____
TRAVEL - IN STATE	97,600	131,800	148,400	131,800	125,200	_____
OTHER OPERATING EXP	827,500	946,100	4,760,100	946,100	4,199,200	_____
EQUIPMENT	53,400	726,300	448,700	726,300	104,700	_____
ALL OTHER OPERATING	987,400	2,061,300	5,667,800	2,061,300	4,516,400	_____
<u>OPERATING SUBTOTAL</u>	4,987,300	7,324,600	12,253,300	7,324,600	9,945,700	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: SUPREME COURT
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
JUDICIAL ASSISTANCE	40,700	40,800	170,400	40,800	40,800	_____
JUDICIAL EDUCATION	214,700	210,400	253,500	210,400	210,400	_____
LAW LIBRARY	0	392,500	931,700	392,500	296,400	_____
<u>SPECIAL ITEM SUBTOTAL</u>	255,400	643,700	1,355,600	643,700	547,600	_____
<u>AGENCY TOTAL</u>	5,242,700	7,968,300	13,608,900	7,968,300	10,493,300	=====
<u>BY FUND SOURCE</u>						
GENERAL FUND	5,242,700	7,968,300	13,608,900	7,968,300	10,493,300	_____
OTHER NON APPROPRIATED	2,645,800	4,139,100	4,139,100	0	4,139,100	_____
<u>AGENCY TOTAL-ALL SOURCES</u>	7,888,500	12,107,400	17,748,000	7,968,300	14,632,400	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT
 COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$10,493,300 -- a net increase of \$2,525,000, or 31.7%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

• FTE Adjustment	
Eliminates 2.0 FTE positions that are vacant or are projected to become vacant during FY 1992.	
• FTE Reduction	\$ (34,300)
• Personal Services/ERE Adjustments	(43,800)
• ERE Rate Adjustments	82,700
• 20% Professional and Outside Services Reduction	(21,800)
• 5% Travel - In State Reduction	(6,600)
• Pay Raise	23,400
• Annualization	151,200
• Lease-Purchase on new Courts Building	3,028,500
• Rent	(71,600)
• Board Member Training	(20,000)
• Revenue Resources Study and In-Home Services Study	(72,600)
• New Building Support	(52,300)
• Maintenance Contracts	291,800
• One-Time Equipment Purchases	(621,600)
• Risk Management	(11,900)
• Law Library	(96,100)

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computational purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: SUPREME COURT
 COST CENTER: SUPREME COURT

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	82.30	118.30	130.30	118.30	116.30	
OPERATING BUDGET						
PERSONAL SERVICES	2,967,600	3,737,200	4,495,100	3,737,200	3,743,400	
EMPLOYEE RELATED EXP	429,300	677,100	960,400	677,100	771,200	
PROFESSIONAL/OUTSIDE SVCS	2,500	159,300	256,900	159,300	44,300	
TRAVEL - IN STATE	46,600	72,000	76,500	72,000	68,400	
OTHER OPERATING EXP	658,600	745,600	4,443,400	745,600	3,942,000	
EQUIPMENT	52,700	704,600	391,400	704,600	83,000	
ALL OTHER OPERATING	760,400	1,681,500	5,168,200	1,681,500	4,137,700	
OPERATING SUBTOTAL	4,157,300	6,095,800	10,623,700	6,095,800	8,652,300	
SPECIAL LINE ITEMS						
JUDICIAL ASSISTANCE	40,700	40,800	170,400	40,800	40,800	
JUDICIAL EDUCATION	214,700	210,400	253,500	210,400	210,400	
LAW LIBRARY	0	392,500	931,700	392,500	296,400	
SPECIAL ITEM SUBTOTAL	255,400	643,700	1,355,600	643,700	547,600	
PROGRAM TOTAL	4,412,700	6,739,500	11,979,300	6,739,500	9,199,900	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: SUPREME COURT
 COST CENTER: SUPREME COURT

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	4,412,700	6,739,500	11,979,300	6,739,500	9,199,900	_____
OTHER NON APPROPRIATED	2,645,800	4,139,100	4,139,100	0	4,139,100	_____
PROGRAM TOTAL-ALL SOURCES	7,058,500	10,878,600	16,118,400	6,739,500	13,339,000	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT
COST CENTER: SUPREME COURT

The JLBC Staff recommends a total appropriation of \$9,199,900 -- a net increase of \$2,460,400 or 36.5%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- **FTE Adjustment**
Eliminates 2.0 FTE positions that are vacant or are projected to become vacant during FY 1992. \$ (42,200)
- **Personal Services/ERE Adjustments**
Includes a new vacancy factor of 1.0%. If the 2.0 FTE positions had not been eliminated, the vacancy savings rate would have been 2.0%. 92,800
- **ERE Rate Adjustments** 26,300
- **Annualization**
Annualization of Administrative Assistant. 23,400
- **Pay Raise**
In 1990, the Governor recommended a 4.0% judicial salary increase effective January 1, 1991 and another 5.0% increase effective January 1, 1992. Since the Legislature did not disapprove these adjustments, these recommended increases take effect under the provisions of A.R.S. § 41-1904. The cost reflects the annualization of the January 1991 increase and the added funding for the January 1992 increase. -0-
- **Annualization of New Courts Building Personnel**
JLBC Staff recommends that the FTE positions associated with support and maintenance of the new Courts Building not be annualized. Currently, there is 9 months' funding for 31.0 FTE positions. The Supreme Court may reduce this to 24.0 FTE positions or may seek alternatives such as part-time FTE positions, contracting with private sector organizations, and/or combining duties and responsibilities. The cost of annualizing these positions is \$171,200. (144,300)
- **New Building Support**
Deletion of one-time costs associated with the new Courts Building.

• Lease-Purchase on New Courts Building	3,028,500
Lease-Purchase payment for the Courts and Law Library portions of the new Courts Building.	
• Rent	(71,600)
• 20% Professional and Outside Services Reduction	(11,100)
• 5% Travel - In State Reduction	(3,600)
• Maintenance contracts on new equipment, telephone rental, lease-purchase payment on new copier, and annualization of service contracts.	291,800
• One-time Equipment Purchases	(621,600)
• Risk Management	(11,900)
• Law Library	(96,100)
-- \$45,400 annualization of new FTE positions	
-- \$(141,500) reduction for one-time equipment purchases	

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computational purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: SUPREME COURT	JLBC ANALYST: BURGESS			HOUSE SUBCOMMITTEE CHAIR: ESKESEN		
COST CENTER: FOSTER CARE REVIEW BOARD	EBO ANALYST: DYE			SENATE SUBCOMMITTEE CHAIR: BARTLETT		
DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	21.00 =====	31.00 =====	34.00 =====	31.00 =====	30.00 =====	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	490,300	683,300	891,900	683,300	745,100	
EMPLOYEE RELATED EXP	112,700	165,700	238,100	165,700	169,600	
PROFESSIONAL/OUTSIDE SVCS	6,400	97,800	53,700	97,800	43,000	
TRAVEL - IN STATE	51,000	59,800	71,900	59,800	56,800	
OTHER OPERATING EXP	168,900	200,500	316,700	200,500	257,200	
EQUIPMENT	700	21,700	57,300	21,700	21,700	
ALL OTHER OPERATING	227,000	379,800	499,600	379,800	378,700	
P R O G R A M T O T A L =====	830,000 =====	1,228,800 =====	1,629,600 =====	1,228,800 =====	1,293,400 =====	
<u>BY FUND SOURCE</u>						
GENERAL FUND	830,000	1,228,800	1,629,600	1,228,800	1,293,400	
PROGRAM TOTAL-ALL SOURCES =====	830,000 =====	1,228,800 =====	1,629,600 =====	1,228,800 =====	1,293,400 =====	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: SUPREME COURT
 COST CENTER: FOSTER CARE REVIEW BOARD

The JLBC Staff recommends a total appropriation of \$1,293,400 -- a net increase of \$64,600, or 5.3%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Reduction \$(34,300)
 JLBC Staff recommends the elimination of 1.0 FTE position.
- Personal Services/ERE Adjustments (1,600)
 Includes a vacancy factor of 1.5%.
- ERE Rate Adjustments (10,100)
- Annualization 124,900
 - \$111,700 staffing for Parent Assistance Hotline and Early Review of FCRB cases
 - \$13,200 annualization of telephone costs
- Board Member Training (20,000)
- Revenue Resources Study and In-Home Services Study (72,600)
 One-time funding for conducting these studies.
- New Building Support 92,000
 - \$48,500 moving costs
 - \$23,700 installation of telephone equipment
 - \$19,800 lease-purchase payment on new Tucson State Building
- 20% Professional and Outside Services Reduction (10,700)
- 5% Travel - In State Reduction (3,000)

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computational purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	132.50	133.50	142.50	133.50	130.50	
BY PROGRAM/ORGANIZATION						
COURT OF APPEALS (DIV. I)	4,789,800	5,715,000	6,054,100	5,715,000	5,395,700	
COURT OF APPEALS (DIV. II)	1,835,700	2,237,600	3,332,500	2,237,600	2,391,800	
AGENCY TOTAL	6,625,500	7,952,600	9,386,600	7,952,600	7,787,500	
OPERATING BUDGET						
PERSONAL SERVICES	5,029,800	5,832,300	6,495,200	5,832,300	5,822,600	
EMPLOYEE RELATED EXP	557,900	1,012,700	1,140,800	1,012,700	988,400	
PROFESSIONAL/OUTSIDE SVCS	31,800	109,400	26,400	109,400	15,500	
TRAVEL - IN STATE	77,600	105,600	148,900	105,600	100,300	
OTHER OPERATING EXP	699,600	560,800	1,013,700	560,800	666,300	
EQUIPMENT	228,800	331,800	561,600	331,800	194,400	
ALL OTHER OPERATING	1,037,800	1,107,600	1,750,600	1,107,600	976,500	
AGENCY TOTAL	6,625,500	7,952,600	9,386,600	7,952,600	7,787,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$7,787,500 -- a net decrease of \$(165,100), or (2.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 1.0 FTE position that is vacant or is projected to become vacant during FY 1992. \$(77,200)
- FTE Reduction (30,000)
- Personal Services/ERE Adjustments (22,600)
- ERE Rate Adjustments (3,900)
- 20% Professional and Outside Services Reduction (5,300)
- 5% Travel - In State Reduction 95,800
- Pay Raise 168,500
- Lease-Purchase Payment on New Tucson State Office Building (287,400)
- One-time Funding for New Building Support (3,000)
- Risk Management

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computational purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT:	COURT OF APPEALS	JLBC ANALYST:	BURGESS	HOUSE SUBCOMMITTEE CHAIR:	ESKESEN
COST CENTER:	COURT OF APPEALS (DIV. I)	EBO ANALYST:	DYE	SENATE SUBCOMMITTEE CHAIR:	BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	100.50	100.50	100.50	100.50	97.50	
OPERATING BUDGET						
PERSONAL SERVICES	3,630,600	4,335,300	4,604,000	4,335,300	4,298,000	
EMPLOYEE RELATED EXP	365,300	772,600	818,300	772,600	731,600	
PROFESSIONAL/OUTSIDE SVCS	22,600	91,000	1,000	91,000	800	
TRAVEL - IN STATE	50,300	67,300	106,500	67,300	63,900	
OTHER OPERATING EXP	520,500	355,000	327,900	355,000	291,400	
EQUIPMENT	200,500	93,800	196,400	93,800	10,000	
ALL OTHER OPERATING	793,900	607,100	631,800	607,100	366,100	
P R O G R A M T O T A L =====	4,789,800	5,715,000	6,054,100	5,715,000	5,395,700	
BY FUND SOURCE						
GENERAL FUND	4,789,800	5,715,000	6,054,100	5,715,000	5,395,700	
PROGRAM TOTAL-ALL SOURCES =====	4,789,800	5,715,000	6,054,100	5,715,000	5,395,700	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS
COST CENTER: DIVISION I

The JLBC Staff recommends a total appropriation of \$5,395,700 -- a net decrease of \$(319,300), or (5.6)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 1.0 FTE position that is vacant or is projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments (34,800)
Includes a new vacancy factor of 1.0%. If the 1.0 FTE position had not been eliminated, the vacancy savings rate would have been 1.5%.
- FTE Reduction \$ (77,200)
JLBC Staff recommends the elimination of 2 Law Clerks.
- ERE Rate Adjustments (34,600)
- Pay Raise 68,300
In 1990, the Governor recommended a 4.0% judicial salary increase effective January 1, 1991 and another 5.0% increase effective January 1, 1992. Since the Legislature did not disapprove these adjustments, these recommended increases take effect under the provisions of A.R.S. § 41-1904. The cost reflects the annualization of the January 1991 increase and the added funding for the January 1992 increase.
- One-time Funding for New Building Support (233,800)
- Risk Management (3,600)
- 20% Professional and Outside Services Reduction (200)
- 5% Travel - In State Reduction (3,400)

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computation purposes only.

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: COURT OF APPEALS
COST CENTER: DIVISION II

The JLBC Staff recommends a total appropriation of \$2,391,800 -- a net increase of \$154,200, or 6.9%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$ 4,800
Includes a vacancy factor of 0.5%.
- ERE Rate Adjustments 12,000
- Pay Raise 27,500
In 1990, the Governor recommended a 4.0% judicial salary increase effective January 1, 1991 and another 5.0% increase effective January 1, 1992. Since the Legislature did not disapprove these adjustments, these recommended increases take effect under the provisions of A.R.S. § 41-1904. The cost reflects the annualization of the January 1991 increase and the added funding for the January 1992 increase.
- Lease-Purchase Payment on New Tucson State Office Building 168,500
- Risk Management 600
- One-time funding for New Building Support (53,600)
- 20% Professional and Outside Services Reduction (3,700)
- 5% Travel - In State Reduction (1,900)

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computation purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: SUPERIOR COURT
 COST CENTER: SUPERIOR COURT

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	107.00 =====	112.00 =====	121.00 =====	112.00 =====	118.00 =====	
OPERATING BUDGET						
PERSONAL SERVICES	4,323,800	4,569,600	5,159,500	4,569,600	5,032,700	_____
EMPLOYEE RELATED EXP	228,500	589,600	657,200	589,600	644,600	_____
OTHER OPERATING EXP	812,000	619,600	511,800	619,600	583,400	_____
ALL OTHER OPERATING	812,000	619,600	511,800	619,600	583,400	_____
OPERATING SUBTOTAL	5,364,300	5,778,800	6,328,500	5,778,800	6,260,700	_____
SPECIAL LINE ITEMS						
MEDICAL MALPRACTICE	500	0	0	0	0	_____
FAMILY COUNSELING	319,900	359,600	399,200	359,600	379,000	_____
PROBATION STATE AID	1,630,900	1,685,300	2,140,600	1,685,300	1,685,300	_____
PROBATION ENHANCEMENT	9,239,100	10,878,600	11,471,100	10,878,600	11,080,700	_____
INTENSIVE PROBATION-ADULT	7,547,000	8,965,000	11,792,100	8,965,000	9,424,000	_____
INTENSIVE PROB.-JUVENILE	4,662,500	4,879,400	5,371,700	4,879,400	4,724,800	_____
JUVENILE PROBATION SERV.	14,545,100	18,064,700	18,279,700	18,064,700	18,064,700	_____
CT. APPOINT. SP. ADVOCATE	196,000	204,900	611,000	204,900	207,700	_____
COMMUNITY PUNISHMENT	2,342,700	2,632,800	3,964,700	2,632,800	2,500,000	_____
CHILD SUPPORT ENFORCEMENT	37,800	48,100	234,600	48,100	48,100	_____
SPECIAL ITEM SUBTOTAL	40,521,500	47,718,400	54,264,700	47,718,400	48,114,300	_____
PROGRAM TOTAL =====	45,885,800 =====	53,497,200 =====	60,593,200 =====	53,497,200 =====	54,375,000 =====	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: SUPERIOR COURT
 COST CENTER: SUPERIOR COURT

JLBC ANALYST: BURGESS
 EBO ANALYST: DYE

HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	45,885,800	53,497,200	60,593,200	53,497,200	54,375,000	
PROGRAM TOTAL-ALL SOURCES	45,885,800	53,497,200	60,593,200	53,497,200	54,375,000	
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: SUPERIOR COURT
 COST CENTER: SUPERIOR COURT

The JLBC Staff recommends a total appropriation of \$54,375,000 -- a net increase of \$877,800, or 1.6%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- | | |
|---|------------|
| • ERE Rate Adjustments | \$ (4,300) |
| • Pay Raise | 233,700 |
| <p>In 1990, the Governor recommended a 4.0% judicial salary increase effective January 1, 1991 and another 5.0% increase effective January 1, 1992. Since the Legislature did not disapprove these adjustments, these recommended increases take effect under the provisions of A.R.S. § 41-1904. The cost reflects the annualization of the January 1991 increase and the added funding for the January 1992 increase.</p> | |
| • New Judges | 288,700 |
| <p>Annualization of 6 new judgeships in FY 1991 (1 in Coconino County, 2 in Maricopa County, 1 in Mohave County, 1 in Pima County, and 1 in Yuma County) pursuant to A.R.S. § 12-128.</p> | |
| • Risk Management | (36,200) |
| • Family Counseling | 19,400 |
| <p>5.4% Caseload Increase</p> | |
| • Probation Enhancement | 202,100 |
| <p>Annualization of FY 1991 funding</p> | |
| • Adult Intensive Probation | 459,000 |
| <p>Annualization of FY 1991 funding</p> | |
| • Juvenile Intensive Probation | (154,600) |
| <p>Caseload capacity for the past 2 years has been 860 juvenile probationers. However, the actual number of probationers has not exceeded 830. This reduction will set the capacity at 835.</p> | |
| • Court Appointed Special Advocate | 2,800 |
| <p>Telephone equipment rental</p> | |

- **Community Punishment Program**

(132,800)

Preliminary investigation appears to indicate that the Community Punishment Program is positively impacting on the Arizona county jail population more than state prisons. Therefore, JLBC Staff recommends a modest program reduction until further investigation is completed.

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computational purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: COMM. ON JUDICIAL CONDUCT JLBC ANALYST: BURGESS HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 COST CENTER: COMM. ON JUDICIAL CONDUCT EBO ANALYST: DYE SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	0.00 =====	1.50 =====	2.00 =====	1.50 =====	1.50 =====	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	0	52,400	82,200	52,400	52,400	_____
EMPLOYEE RELATED EXP	100	13,000	18,400	13,000	10,100	_____
PROFESSIONAL/OUTSIDE SVCS	60,100	23,800	15,600	23,800	19,000	_____
TRAVEL - IN STATE	4,500	8,700	8,700	8,700	8,300	_____
OTHER OPERATING EXP	17,500	14,100	14,100	14,100	14,100	_____
EQUIPMENT	5,000	1,000	1,000	1,000	1,000	_____
ALL OTHER OPERATING	87,100	47,600	39,400	47,600	42,400	_____
P R O G R A M T O T A L =====	87,200 =====	113,000 =====	140,000 =====	113,000 =====	104,900 =====	_____
<u>BY FUND SOURCE</u>						
GENERAL FUND	87,200	113,000	140,000	113,000	104,900	_____
PROGRAM TOTAL-ALL SOURCES =====	87,200 =====	113,000 =====	140,000 =====	113,000 =====	104,900 =====	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$104,900 -- a net decrease of \$(5,200), or (4.6)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- 20% Professional and Outside Services Reduction \$(4,800)
- 5% Travel - In State Reduction (400)

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computational purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: COMM ON APP & TRL CRT APT JLBC ANALYST: BURGESS HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 COST CENTER: COMM ON APP & TRL CRT APT EBO ANALYST: DYE SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00	0.00	
<u>OPERATING BUDGET</u>						
OTHER OPERATING EXP	2,500	4,000	4,000	4,000	3,500	
ALL OTHER OPERATING	2,500	4,000	4,000	4,000	3,500	
P R O G R A M T O T A L	2,500	4,000	4,000	4,000	3,500	
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,500	4,000	4,000	4,000	3,500	
PROGRAM TOTAL-ALL SOURCES	2,500	4,000	4,000	4,000	3,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$3,500 -- a net decrease of \$(500), or (0.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Other Operating Expenditures Reduction \$(500)

Other Issues for Legislative Consideration

- The Executive does not recommend on the Courts' budgets. The Executive shows the FY 1991 appropriation as their FY 1992 recommendation for computational purposes only.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: OFFICE OF THE GOVERNOR JLBC ANALYST: MORRIS HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: OFFICE OF THE GOVERNOR EBO ANALYST: SHAFFER SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	0.00	0.00	0.00	0.00	0.00	
SPECIAL LINE ITEMS						
LUMP SUM APPROPRIATION TRANSITION-GOVERNOR ELECT	3,232,400 0	3,245,000 89,100	3,334,100 0	3,264,100 0	3,269,100 0	
SPECIAL ITEM SUBTOTAL	3,232,400	3,334,100	3,334,100	3,264,100	3,269,100	
PROGRAM TOTAL =====	3,232,400	3,334,100	3,334,100	3,264,100	3,269,100	
BY FUND SOURCE						
GENERAL FUND	3,232,400	3,334,100	3,334,100	3,264,100	3,269,100	
PROGRAM TOTAL-ALL SOURCES =====	3,232,400	3,334,100	3,334,100	3,264,100	3,269,100	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$3,269,100 -- a net decrease of \$(65,000), or (1.9)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- **Appropriation Transfer** \$(70,000)
The JLBC Staff recommends the Executive proposal to transfer this amount to the Governor's Office of Strategic Planning and Budgeting. The Office of Strategic Planning and Budgeting was created by Executive Order 90-22 on November 27, 1990 and will assume the duties and responsibilities previously assigned to the Department of Administration's Executive Budget Office.
- **Interstate Oil Compact Commission** 5,000
Represents dues and the cost of attending meetings of the Interstate Oil Compact Commission. This is a statutory responsibility of the Office of the Governor which has been delegated to, and funded through, the Oil and Conservation Commission. The JLBC Staff recommends no funding for the Oil and Gas Conservation Commission in FY 1992. Therefore, this amount is recommended to be included in the appropriation for the Office of the Governor.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: LAW ENF MERIT SYS CNCL JLBC ANALYST: BLANTON HOUSE SUBCOMMITTEE CHAIR: ESKESEN
 COST CENTER: LAW ENF. MERIT SYS CNCL EBO ANALYST: DYE SENATE SUBCOMMITTEE CHAIR: BARTLETT

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	1.00	1.00	1.00	1.00	0.00	
OPERATING BUDGET						
PERSONAL SERVICES	23,400	24,500	24,500	24,500	0	_____
EMPLOYEE RELATED EXP	4,900	5,100	5,300	5,100	0	_____
PROFESSIONAL/OUTSIDE SVCS	700	4,000	5,200	4,200	0	_____
TRAVEL - IN STATE	900	3,400	4,400	3,900	0	_____
OTHER OPERATING EXP	5,300	5,200	6,400	5,400	0	_____
EQUIPMENT	3,800	0	6,000	0	0	_____
ALL OTHER OPERATING	10,700	12,600	22,000	13,500	0	_____
PROGRAM TOTAL =====	39,000	42,200	51,800	43,100	0	_____
BY FUND SOURCE						
GENERAL FUND	39,000	42,200	51,800	43,100	0	_____
PROGRAM TOTAL-ALL SOURCES =====	39,000	42,200	51,800	43,100	0	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: LAW ENFORCEMENT MERIT SYSTEM COUNCIL
COST CENTER: LAW ENFORCEMENT MERIT SYSTEM COUNCIL

The JLBC Staff recommends a total appropriation of \$0 -- a net decrease of \$(42,200), or (100.0)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Eliminate the Law Enforcement Merit System Council (LEMSC) and transfer its responsibilities to the Personnel Board \$(42,200)

The JLBC Staff recommends abolishment of the agency and transfer of all duties and responsibilities set forth in A.R.S. § 28-235, except appeals, to the Department of Administration, Personnel Division. The State Personnel Board will be increased by 2 members and become responsible for appeals.

The JLBC Staff recommendation for the Department of Administration (DOA) includes a special line item to pay terminated agency staff unused annual leave compensation, and the expenses related to the closure of agency offices.

The DOA Budget needs to be further reviewed to determine whether the transfer of LEMSC responsibilities will increase its workload.

Other Issues for Legislative Consideration

- Executive Recommendation
The Executive did not recommend this transfer. If the Legislature were not to eliminate LEMSC, the JLBC Staff would recommend funding of \$41,700.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: LEGISLATURE
 COST CENTER: SENATE
 JLBC ANALYST: MORRIS/CAWLEY
 EBO ANALYST: SHAFFER
 HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	0.00	0.00	0.00	0.00	0.00	
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	5,035,400	5,723,400	5,723,400	5,723,400	5,723,400	
<u>SPECIAL ITEM SUBTOTAL</u>	5,035,400	5,723,400	5,723,400	5,723,400	5,723,400	
<u>PROGRAM TOTAL</u> =====	5,035,400	5,723,400	5,723,400	5,723,400	5,723,400	
<u>BY FUND SOURCE</u>						
GENERAL FUND	5,035,400	5,723,400	5,723,400	5,723,400	5,723,400	
<u>PROGRAM TOTAL-ALL SOURCES</u> =====	5,035,400	5,723,400	5,723,400	5,723,400	5,723,400	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE
COST CENTER: SENATE

The JLBC Staff recommends a total appropriation of \$5,723,400 -- no change from the adjusted FY 1991 appropriation.

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE
COST CENTER: HOUSE OF REPRESENTATIVES

The JLBC Staff recommends a total appropriation of \$6,638,100 -- no change from the adjusted FY 1991 appropriation.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: LEGISLATURE
COST CENTER: LEGISLATIVE COUNCIL

JLBC ANALYST: MORRIS/CAWLEY
EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: GERARD
SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	0.00 =====	0.00 =====	0.00 =====	0.00 =====	0.00 =====	
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	2,645,600	2,687,100	2,587,600	2,587,600	2,587,600	_____
<u>SPECIAL ITEM SUBTOTAL</u>	2,645,600	2,687,100	2,587,600	2,587,600	2,587,600	_____
<u>PROGRAM TOTAL</u> =====	2,645,600 =====	2,687,100 =====	2,587,600 =====	2,587,600 =====	2,587,600 =====	_____
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,645,600	2,687,100	2,587,600	2,587,600	2,587,100	_____
<u>PROGRAM TOTAL-ALL SOURCES</u> =====	2,645,600 =====	2,687,100 =====	2,587,600 =====	2,587,600 =====	2,587,100 =====	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE
COST CENTER: LEGISLATIVE COUNCIL

The JLBC Staff recommends a total appropriation of \$2,587,600 -- a net decrease of \$(100,000), or (3.7)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Behavioral Health \$(100,000)
The \$100,000 appropriation, provided by Laws 1990, Chapter 403, for an evaluation of services for the chronically mentally ill is a non-recurring expense, and is not required nor recommended for FY 1992.

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE
COST CENTER: JOINT LEGISLATIVE BUDGET COMMITTEE

The JLBC Staff recommends a total appropriation of \$1,669,000 -- a net decrease of \$(1,100), or (0.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- ERE Rate Adjustments \$ 4,900
- 20% Professional and Outside Services Reduction (4,300)
 This reduction excludes external data processing costs.
- 5% Travel - In State Reduction (800)
- 10% Travel - Out of State Reduction (900)

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE
COST CENTER: AUDITOR GENERAL

The JLBC Staff recommends a total appropriation of \$7,226,700 -- a net decrease of \$(70,000), or (1.0)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- **Desegregation Study** \$(70,000)
Laws 1990, Chapter 399, appropriated \$70,000 to the Auditor General to conduct a desegregation study in the public schools. That study is complete and no funding was requested for FY 1992.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT:	LEGISLATURE	JLBC ANALYST:	MORRIS/CAWLEY	HOUSE SUBCOMMITTEE CHAIR:	GERARD	
COST CENTER:	LIB, ARCH & PUB RCDS	EBO ANALYST:	SHAFFER	SENATE SUBCOMMITTEE CHAIR:	HIGUERA	
DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	113.00	113.00	113.00	0.00	109.50	
OPERATING BUDGET						
PERSONAL SERVICES	2,230,800	2,326,800	2,329,200	0	2,293,300	
EMPLOYEE RELATED EXP	471,100	564,900	565,200	0	550,200	
PROFESSIONAL/OUTSIDE SVCS	42,200	106,200	106,200	0	85,000	
TRAVEL - IN STATE	8,300	14,500	14,500	0	13,800	
TRAVEL - OUT OF STATE	11,500	5,900	5,900	0	5,300	
OTHER OPERATING EXP	776,900	746,000	746,000	0	909,200	
EQUIPMENT	151,100	80,400	80,400	0	80,000	
ALL OTHER OPERATING	990,000	953,000	953,000	0	1,093,300	
OPERATING SUBTOTAL	3,691,900	3,844,700	3,847,400	0	3,936,800	
SPECIAL LINE ITEMS						
ACQUISITIONS	350,000	380,000	380,000	0	380,000	
GRANTS-IN-AID	620,000	400,000	400,000	0	250,000	
MUSEUM FURNISHINGS	3,700	9,000	9,000	0	9,000	
RADIO READING	45,000	45,000	45,000	0	45,000	
LUMP SUM APPROPRIATION	0	0	0	4,676,000	0	
SPECIAL ITEM SUBTOTAL	1,018,700	834,000	834,000	4,676,000	684,000	
PROGRAM TOTAL =====	4,710,600	4,678,700	4,681,400	4,676,000	4,620,800	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

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

JLBC ANALYST: MORRIS/CAWLEY
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	4,710,600	4,678,700	4,681,400	4,676,000	4,620,800	_____
FEDERAL FUNDS	1,688,300	1,783,800	1,747,100	0	1,747,100	_____
OTHER NON APPROPRIATED	0	99,000	84,500	0	84,500	_____
PROGRAM TOTAL-ALL SOURCES	6,398,900	6,561,500	6,513,000	4,676,000	6,452,400	_____
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: LEGISLATURE
 COST CENTER: LIBRARY, ARCHIVES AND PUBLIC RECORDS

The JLBC Staff recommends a total appropriation of \$4,620,800 -- a net decrease of \$(57,900), or (1.2)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 3.5 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (44,500)
 Includes a new vacancy factor of 1.5%. If the 3.5 FTE positions had not been eliminated, the vacancy savings rate would have been 4.5%. The Executive recommends a vacancy factor of 3.0%.
- ERE Rate Adjustments (6,700)
- 20% Professional and Outside Services Reduction (21,200)
- 5% Travel - In State Reduction (700)
- 10% Travel - Out of State Reduction (600)
- Lease Purchase for Records Storage Building 188,900
- Grants-In-Aid Funding Reduction (150,000)
 Currently, \$400,000 is provided to county libraries through the Department. 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." The authority to establish these districts helps limit the effects of any decrease in these funds.
- 1.6% OOE Reduction (12,100)
- Risk Management Reduction (9,200)
- One-time Capital and Non-Capital Equipment Adjustment (4,800)
- Annualization of Classification Maintenance Review 3,000

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: AZ. LOTTERY
 COST CENTER: AZ. LOTTERY

JLBC ANALYST: BRADLEY
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	148.00 =====	134.00 =====	134.00 =====	134.00 =====	131.30 =====	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	3,192,000	3,451,100	3,449,100	3,380,100	3,411,600	_____
EMPLOYEE RELATED EXP	649,100	868,200	887,900	858,400	757,300	_____
PROFESSIONAL/OUTSIDE SVCS	129,000	222,500	287,300	147,500	172,600	_____
TRAVEL - IN STATE	221,800	208,300	236,700	216,700	197,900	_____
TRAVEL - OUT OF STATE	12,100	17,400	38,800	17,400	18,800	_____
OTHER OPERATING EXP	2,934,800	3,327,300	3,380,800	3,300,200	1,939,800	_____
EQUIPMENT	28,800	28,600	815,100	65,000	750,000	_____
ALL OTHER OPERATING	3,326,500	3,804,100	4,758,700	3,746,800	3,079,100	_____
<u>OPERATING SUBTOTAL</u>	7,167,600	8,123,400	9,095,700	7,985,300	7,248,000	_____
<u>SPECIAL LINE ITEMS</u>						
INSTANT TICKETS	0	0	0	0	1,116,000	_____
ADVERTISING	5,572,100	7,125,000	7,125,000	7,125,000	7,125,000	_____
ON-LINE VENDOR FEES	7,449,000	7,440,000	7,920,000	7,920,000	7,920,000	_____
RETAILER COMMISSIONS	16,732,500	18,600,000	18,684,000	18,684,000	18,684,000	_____
<u>SPECIAL ITEM SUBTOTAL</u>	29,753,600	33,165,000	33,729,000	33,729,000	34,845,000	_____
<u>PROGRAM TOTAL</u> =====	36,921,200 =====	41,288,400 =====	42,824,700 =====	41,714,300 =====	42,093,000 =====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA LOTTERY
COST CENTER: ARIZONA LOTTERY

The JLBC Staff recommends a total appropriation of \$42,093,000 -- a net increase of \$804,600, or 1.9%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 2.7 FTE positions that are vacant or are projected to become vacant during FY 1992. \$ (48,300)
- Personal Services/ERE Adjustments
Includes a new vacancy factor of 1.0%. If the 2.7 FTE positions had not been eliminated, the vacancy savings rate would have been 3.0%. The Executive recommends a vacancy factor of 2.0%. (102,100)
- ERE Rate Adjustments (29,400)
- 20% Reduction in Professional and Outside Services (10,400)
- 5% Travel - In State Reduction (2,100)
- 10% Travel - Out of State Reduction (75,500)
- Reductions in Professional and Outside Services (40,600)
- Decreased Risk Management Charges (63,600)
- Reductions in Other Operating Expenditures (28,600)
- One-Time Equipment Costs 480,000
- Sales Growth 84,000
 - Increased On-line Vendor Fees due to Increased Sales Projection (45,000)
 - Increased Retailer Commissions due to Increased Sales Projection
- Eliminate Interagency Agreement with the Attorney General
The Arizona Lottery currently has an interagency agreement (IGA) with the Attorney General (AG) for legal services. The level of services required by the Lottery do not justify the need for the IGA. In the absence of the IGA, the AG will continue to provide services, however, the Lottery will not have a "dedicated" position at the AG.

• Instant Tickets

- Decrease in Purchase of Instant Tickets (167,300)
- The JLBC Staff recommendation includes \$1,116,000 for the purchase of 72,000,000 instant tickets. These funds are located in the Other Operating Expenditures line item for FY 1991. These funds should be appropriated as a special line item with the following footnote:

Instant Ticket Purchases

"If Instant ticket sales exceed \$72,000,000, amounts above \$1,116,000 may be expended at the rate of \$15.50 per 1,000 tickets purchased. These funds may only be used for the purchase of instant tickets."

The benefits of this method are two-fold. First, unspent monies will be reverted rather than being available for use as other operating expenditures for other purposes. Secondly, the Lottery is able to purchase additional tickets if necessary and thus a constraint on possible sales is removed.

- Increased Out-of-State Travel due to change in instant ticket printing operations location. 3,500
- Purchase of Instant Ticket Bar Coding System 850,000

This issue provides funding for the Lottery to purchase 577 bar code readers at a total cost of \$750,000 and to purchase software for a cost of \$100,000 that will convert Pick terminals to on-line bar code readers. Bar coding is becoming the trend for lotteries in the United States because it has 4 principle advantages:

- 1) Instant tickets can be returned to any retailer, thus increasing customer convenience and increasing sales.
- 2) Bar coding greatly enhances security measures because tickets can only be cashed once; point of sale and return location information are automatically recorded and tracked, and stolen tickets cannot be cashed.
- 3) Bar coding allows the state to sell instant tickets on consignment or use other methods that enable the state to receive the benefit of unclaimed prizes. Retailers currently retain these unclaimed prizes. A conservative estimate by the Lottery shows that 2% of all Lottery low tier instant prizes go unclaimed. This equates to approximately \$320,000 per year that would be gained by this factor alone.
- 4) Validating tickets on-line increases accuracy and makes on-line accounting possible for all remote vender transactions. This also eliminates the need to destroy or dispose of cashed or unused tickets.

This system has been used with great success in a number of other states and has a proven track record of increasing revenues and decreasing costs. Although there is a one-time implementation cost, the revenue benefits of this issue will have a payback of less than 2 years -- assuming that bar coding allows the state to retain unclaimed prizes. The Executive did not recommend this policy issue.

- The JLBC Staff recommends the following standard footnotes to the Appropriation Act:

Advertising

"If net sales exceed the estimated \$311,400,000, 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 \$311,400,000, amounts above \$18,684,000 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 \$264,000,000, amounts above \$7,920,000 may be expended for on-line vendor fees, in accordance with the matrix of percentages set forth in contract."

Total Appropriation

"Nothing in this subdivision is intended to require that all monies appropriated to the Arizona state lottery commission be expended."

Other Issues for Legislative Consideration

- **Purchase of ADP Equipment**

The Executive recommended \$65,000 for the purchase of a new controller. The controller provides a communications link between the Lottery's Tucson office and the Phoenix office, as well as local area network support. The Lottery claims that they will be unable to find proper maintenance for this equipment and should therefore replace it. The equipment was purchased in 1987 and the JLBC Staff does not concur that the useful life of this equipment has been exceeded.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: PERSONNEL BOARD
 COST CENTER: PERSONNEL BOARD

JLBC ANALYST: BRITT
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	3.00 =====	3.00 =====	3.00 =====	3.00 =====	3.00 =====	3.00 =====
OPERATING BUDGET						
PERSONAL SERVICES	66,200	82,200	73,500	82,200	74,200	_____
EMPLOYEE RELATED EXP	18,400	22,900	16,700	16,700	15,600	_____
PROFESSIONAL/OUTSIDE SVCS	93,900	88,700	167,600	104,700	98,400	_____
TRAVEL - IN STATE	1,400	3,000	4,000	3,100	1,700	_____
OTHER OPERATING EXP	37,200	38,900	43,100	43,200	20,600	_____
EQUIPMENT	0	3,400	15,000	4,500	5,300	_____
ALL OTHER OPERATING	132,500	134,000	229,700	155,500	126,000	_____
P R O G R A M T O T A L =====	217,100 =====	239,100 =====	319,900 =====	254,400 =====	215,800 =====	=====
BY FUND SOURCE						
GENERAL FUND	217,100	239,100	319,900	254,400	215,800	_____
PROGRAM TOTAL-ALL SOURCES =====	217,100 =====	239,100 =====	319,900 =====	254,400 =====	215,800 =====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: PERSONNEL BOARD
COST CENTER: PERSONNEL BOARD

The JLBC Staff recommends a total appropriation of \$215,800 -- a net decrease of \$(23,300), or (9.7)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$(10,500)
The Executive Director is being paid less than the predecessor resulting in salary savings. The Executive recommendation is not adjusted for this factor.
- ERE Rate Adjustments (5,600)
- Professional and Outside Services 8,700
Increased funding would finance anticipated increased workload of "whistle blower" appeals and higher Hearing Officer costs. The Executive recommends \$16,000, or a 27.1%, increase for Professional and Outside Services.
- 43% Travel - In State Reduction (1,300)
JLBC Staff recommends a permanent base reduction of \$(1,300), based upon the Board's anticipated FY 1991 expenditures.
- Other Operating Expenditures Reduction (18,500)
Rent savings of \$(16,400) can be realized if the Personnel Board were to move into Department of Administration (DOA)-owned space this fiscal year. While the Board currently must pay rent on private sector space, this requirement would be eliminated if the agency moved into state-owned space. In light of the fact that the Board is requesting a supplemental appropriation for FY 1991 to cover increased costs for Hearing Officers, such a step is highly recommended. The rent savings could help pay the Hearing Officer costs, thereby avoiding a supplemental.

Specific and base adjustments of \$(1,300) are recommended, in addition to a \$(800) reduction in other lines. The Executive recommends a \$4,300 increase for Other Operating Expenditures. Of this increase, \$3,600 would be used to finance rent increases. The remaining \$700 is for inflationary increases in other line items.

- **Equipment** 1,900
 JLBC Staff recommends the purchase of a personal computer and a laser printer. Presently, the Personnel Board has 2 word processors and utilizes contract transcribers to transcribe hearings in-house. However, if there is a surge in the number of cases, the Board must utilize court reporters to transcribe hearings. Court reporters are more costly. The purchase of the computer and the printer will enable the Board to transcribe more transcripts and not contract for court reporters. The Executive recommends \$4,500 for capitalized replacement equipment for 2 court reporter machines (tape recording system).
- **Transfer Responsibilities for DPS Disciplinary Matters to the Personnel Board** 2,000
 JLBC Staff recommends amending A.R.S. § 41-781 and A.R.S. § 41-782 to add 2 Board members and give the Personnel Board the responsibility of hearing Department of Public Safety disciplinary cases.

JLBC Staff has recommended these amendments to the statutes in order to absorb the responsibility of hearing DPS personnel appeals, which are presently being conducted by the Law Enforcement Merit System Council (LEMSC). JLBC Staff is recommending the abolishment of LEMSC which would save \$42,200. The advantages of transferring the responsibility of hearing DPS disciplinary cases to the Personnel Board are: a) reduced expenditures; b) combines similar functions, which in turn, eliminates duplication of effort; and c) disciplinary decisions and policies would be made consistent for all state employees.

The addition of 2 Board members and the responsibility of hearing DPS cases will cost \$800 for Personal Services and Employee Related Expenditures and \$1,200 for All Other Operating Expenditures.

Presently, LEMSC hears 12 appeals per year, with no hearing officer costs. This would translate to an increase of one appeal per Personnel Board meeting and 12 transcripts per year to be transcribed. This increase can be absorbed by the Board if the personal computer and printer are purchased.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: STATE RETIREMENT SYSTEM
 COST CENTER: STATE RETIREMENT SYSTEM

JLBC ANALYST: BRAINARD
 EBO ANALYST: KEARNS

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	78.50	86.50	91.50	87.50	85.00	
OPERATING BUDGET						
PERSONAL SERVICES	1,758,400	1,912,300	2,091,500	1,922,100	1,899,600	
EMPLOYEE RELATED EXP	319,800	464,700	506,800	491,900	443,100	
PROFESSIONAL/OUTSIDE SVCS	221,100	219,300	939,900	227,900	115,000	
TRAVEL - IN STATE	20,200	25,300	25,600	27,100	24,000	
TRAVEL - OUT OF STATE	16,300	10,000	16,500	3,000	9,000	
OTHER OPERATING EXP	390,600	412,100	417,700	400,400	464,600	
EQUIPMENT	50,700	138,200	1,424,800	23,600	47,700	
ALL OTHER OPERATING	698,900	804,900	2,824,500	682,000	660,300	
OPERATING SUBTOTAL	2,777,100	3,181,900	5,422,800	3,096,000	3,003,000	
SPECIAL LINE ITEMS						
AUTO FACILITIES GEN DSGN	0	250,000	0	0	0	
MAILING EQUIPMENT	0	145,000	0	0	0	
SPECIAL ITEM SUBTOTAL	0	395,000	0	0	0	
PROGRAM TOTAL	2,777,100	3,576,900	5,422,800	3,096,000	3,003,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA STATE RETIREMENT SYSTEM
COST CENTER: ARIZONA STATE RETIREMENT SYSTEM

The JLBC Staff recommends a total appropriation of \$3,003,000 -- a net decrease of \$(573,900), or (16.0)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 1.5 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (15,700)
Includes a new vacancy factor of 0.75%. If the 1.5 FTE positions had not been eliminated, the vacancy savings rate would have been 2.25%. The Executive recommends a vacancy factor of 1.5%.
- ERE Rate Adjustments (18,600)
- Professional and Outside Services Adjustment (26,200)
- 5% Travel - In State Reduction (1,300)
- 10% Travel - Out of State Reduction (1,000)
- Risk Management Adjustment (2,700)
- Telecommunications Cost Adjustment (22,900)
- Replacement Equipment (90,500)
- One-time Mailing Equipment Adjustment (145,000)
- Automated Facilities General Design Adjustment (250,000)
The agency's FY 1991 appropriation included \$250,000 for the design of a data processing system. Upon completion, this project should provide a specific outline of the system's applications, development schedule, and cost. The bid for this project has been awarded in the amount of \$393,700. The JLBC Staff believes the scope and cost of this study warrant further legislative attention.

Other Issues for Legislative Consideration

- **Executive Recommendation**

The Executive recommendation includes authority and funding for 1.0 additional FTE position to perform clerical functions related to death benefits and refunds. The membership of the Retirement System has grown by 12.0% since the beginning of FY 1989. During this same period, the agency's appropriated staff has grown by 39.5%, and its appropriated operating budget has grown by 17.2%. While a certain portion of this growth could be considered "catch-up," the JLBC Staff believes the agency's level of staffing and funding to be adequate.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	1,152.00	1,140.00	1,154.00	1,295.00	1,283.80	
<u>BY PROGRAM/ORGANIZATION</u>						
DIRECTOR'S OFFICE	354,700	434,600	449,100	6,894,400	426,600	
ADMINISTRATIVE SERVICES	9,465,600	9,212,000	10,279,500	10,001,600	10,160,500	
PROPERTY VALUATION	4,038,100	4,229,700	4,713,800	4,471,600	4,557,000	
SPECIAL SUPPORT	1,595,500	2,066,100	2,156,600	1,956,100	2,341,800	
ENFORCEMENT	14,101,000	14,939,700	15,031,400	14,791,600	18,863,000	
TAX PAYER SUP & ED SER.	2,622,700	2,660,600	2,811,800	2,773,800	3,044,400	
DATA MANAGEMENT	10,323,500	11,668,700	12,326,600	11,961,600	12,252,800	
A G E N C Y T O T A L	42,501,100	45,211,400	47,768,800	52,850,700	51,646,100	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	22,661,400	24,786,900	25,713,200	25,047,900	27,685,700	
EMPLOYEE RELATED EXP	4,876,000	5,690,000	6,606,200	6,308,900	6,600,500	
PROFESSIONAL/OUTSIDE SVCS	1,953,300	1,927,200	2,012,000	1,924,300	1,933,100	
TRAVEL - IN STATE	671,100	788,400	854,500	867,300	953,100	
TRAVEL - OUT OF STATE	500,700	581,700	593,300	581,700	664,700	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPARTMENT OF REVENUE JLBC ANALYST: PITCAIRN HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: AGENCY SUMMARY EBO ANALYST: BONCOSKEY SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
OTHER OPERATING EXP EQUIPMENT	9,522,800 2,083,700	9,352,700 1,834,500	10,119,400 1,870,200	9,824,400 1,846,200	11,242,000 2,567,000	_____
ALL OTHER OPERATING	14,731,600	14,484,500	15,449,400	15,043,900	17,359,900	_____
<u>OPERATING SUBTOTAL</u>	42,269,000	44,961,400	47,768,800	46,400,700	51,646,100	_____
<u>SPECIAL LINE ITEMS</u>						
AUTOMATED COLLECTION SYS	232,100 0	250,000 0	0 0	0 6,450,000	0 0	_____
<u>SPECIAL ITEM SUBTOTAL</u>	232,100	250,000	0	6,450,000	0	_____
<u>AGENCY TOTAL</u>	42,501,100	45,211,400	47,768,800	52,850,700	51,646,100	_____
<u>BY FUND SOURCE</u>						
GENERAL FUND	42,501,100	45,211,400	47,768,800	52,850,700	51,646,100	_____
OTHER NON APPROPRIATED	178,900	193,800	207,400	0	207,400	_____
<u>AGENCY TOTAL-ALL SOURCES</u>	42,680,000	45,405,200	47,976,200	52,850,700	51,853,500	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$51,646,100 -- a net increase of \$6,434,700, or 14.2%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 14.2 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(461,700)
- ERE Rate Adjustments 217,600
- 5.5% Professional and Outside Services Reduction (106,400)
- 0.3% Travel - In State Reduction (2,400)
- 0.5% Travel - Out of State Reduction (3,100)
- Risk Management Adjustment 34,500
- Rent 21,700
- Automated Collections System (250,000)
- 2.0% Other Operating Expenditures Reduction (188,300)
- Postage Increase 153,000
- PIER II 6,394,700
In FY 1990, the Legislature approved \$6.3 million and 149.0 FTE positions to implement PIER (Program for Increased Enforcement Revenues). The program had a target of collecting \$19.7 million in additional revenues for FY 1991, and the Department reports that it exceeded the goal by \$2 million. The JLBC Staff recommends that an additional 148.0 FTE positions be added so that a second PIER program can be implemented to further enhance tax equity and increase revenues. The Department estimates that it will be able to collect an additional \$20.2 million in General Fund revenues. The Executive also recommends this issue, in the amount of \$6,450,000.
- Agency Reorganization (1,400)
The Department is requesting to reallocate 17.0 FTE positions for greater operating efficiency.

- **Data Purification** 223,000
 As part of the DataBase conversion and integration of all tax programs into one data network, the Department needs to assign one identification number to each taxpaying entity and purge obsolete information from its files. The JLBC Staff recommends 5.0 FTE positions and \$223,000 of the total request of 9.0 FTE positions and \$387,400 for the 2 year program. It is recommended that the program be started with the 5.0 positions and be expanded in FY 1993 as the limited term positions for the Recanvassing Program are phased out.
- **Property Audit and Compliance Program** 272,800
 This program is designed to bring additional personal property onto the property tax rolls. Personal property is largely self-declared, and subject to wide variations in the level of compliance. The Department estimates this program could increase personal property valuations by \$140 million and reduce the State Aid to Education liability of the state by \$2 million in FY 1992. Local governments should also benefit through greater tax equity and deferred levy increases.
- **Restore Recanvassing Funding** 130,700
 This is funding that was deleted by the Department as part of the lump sum reduction in the original FY 1991 General Appropriation Act.

Other Issues for Legislative Consideration

- **Overtime/Fair Labor Standards Act**
 The Department is requesting \$332,900 for estimated overtime payments in FY 1992 resulting from the recently added provisions of the federal Fair Labor Standards Act. These provisions require employers to compensate eligible employees for overtime with monetary compensation rather than compensatory leave or other non-monetary compensation. The Department paid \$99,500 in FY 1990 for overtime and has paid out over \$127,000 in the first half of FY 1991, which it has been absorbing from vacancy savings.
- **Funding for Lodging Allowance Increase**
 The Executive recommends \$18,200 in the Enforcement Division for part of the lodging allowance increase approved in FY 1990.
- **Transfer to Governor's Office of Strategic Planning and Budgeting**
 The Executive recommends transferring 2.0 FTE positions and \$128,400 from the Special Support Division to the Governor's Office of Strategic Planning and Budgeting created by Executive Order on November 27, 1990. (See the Governor's Office of Strategic Planning and Budgeting for further discussion of this issue.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPARTMENT OF REVENUE JLBC ANALYST: PITCAIRN HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: DIRECTOR'S OFFICE EBO ANALYST: BONCOSKEY SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	6.00	6.00	6.00	154.00	6.00	
OPERATING BUDGET						
PERSONAL SERVICES	286,600	297,700	308,600	308,600	297,600	
EMPLOYEE RELATED EXP	46,500	56,000	56,300	54,700	49,000	
PROFESSIONAL/OUTSIDE SVCS	0	53,200	55,500	53,200	53,200	
TRAVEL - IN STATE	1,600	2,500	2,500	2,700	2,400	
TRAVEL - OUT OF STATE	2,800	4,000	4,100	4,000	3,600	
OTHER OPERATING EXP	17,200	21,200	22,100	21,200	20,800	
ALL OTHER OPERATING	21,600	80,900	84,200	81,100	80,000	
OPERATING SUBTOTAL	354,700	434,600	449,100	444,400	426,600	
SPECIAL LINE ITEMS						
	0	0	0	6,450,000	0	
SPECIAL ITEM SUBTOTAL	0	0	0	6,450,000	0	
PROGRAM TOTAL	354,700	434,600	449,100	6,894,400	426,600	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$426,600 -- a net decrease of \$(8,000), or (1.8)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$(100)
Includes a vacancy factor of 1.0%. The Executive recommends no vacancy factor and the addition of \$12,800 for the Director's salary increase.
- ERE Rate Adjustments (7,000)
- 5% Travel - In State Reduction (100)
- 10% Travel - Out of State Reduction (400)
- 2% Other Operating Expenditures Reduction (400)

Other Issues for Legislative Consideration

- PIER II
The Executive has included its recommendation of \$6,450,000 for a second Program for Increased Enforcement Revenues (PIER II) in a special line in the Director's Office. A breakdown by cost center and line item was not available at the time the Executive recommendation was submitted. Further explanation of this issue is included in the Agency Summary and in the various cost centers affected.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

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

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	98.00 =====	96.00 =====	101.00 =====	101.00 =====	103.30 =====	
OPERATING BUDGET						
PERSONAL SERVICES	1,705,600	1,789,200	2,066,000	1,926,900	1,945,200	_____
EMPLOYEE RELATED EXP	395,100	447,400	589,200	539,000	497,400	_____
PROFESSIONAL/OUTSIDE SVCS	331,700	125,000	130,500	125,000	110,000	_____
TRAVEL - IN STATE	18,900	19,500	20,500	20,900	18,500	_____
TRAVEL - OUT OF STATE	1,400	1,800	1,800	1,800	1,600	_____
OTHER OPERATING EXP	6,868,300	6,829,100	7,471,500	7,388,000	7,575,500	_____
EQUIPMENT	144,600	0	0	0	12,300	_____
ALL OTHER OPERATING	7,364,900	6,975,400	7,624,300	7,535,700	7,717,900	_____
P R O G R A M T O T A L =====	9,465,600 =====	9,212,000 =====	10,279,500 =====	10,001,600 =====	10,160,500 =====	_____
BY FUND SOURCE						
GENERAL FUND	9,465,600	9,212,000	10,279,500	10,001,600	10,160,500	_____
OTHER NON APPROPRIATED	81,400	105,700	115,000	0	115,000	_____
PROGRAM TOTAL-ALL SOURCES =====	9,547,000 =====	9,317,700 =====	10,394,500 =====	10,001,600 =====	10,275,500 =====	_____

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE
COST CENTER: ADMINISTRATIVE SERVICES

The JLBC Staff recommends a total appropriation of \$10,160,500 -- a net increase of \$948,500, or 10.3%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 0.7 FTE positions that are vacant or are projected to become vacant during FY 1992. \$(19,700)
- Personal Services/ERE Adjustments
Includes a new vacancy factor of 0.75%. If the 0.7 FTE positions had not been eliminated, the vacancy savings rate would have been 3.22%. The Executive recommends a vacancy factor of 3.0%. 10,100
- ERE Rate Adjustments (25,000)
- 20% Professional and Outside Services Reduction
This reduction would likely be taken from the funding for temporary services. Additional help is hired during peak periods to microfilm tax documents and mail tax forms. The reduction would result in some delays in microfilming and responding to taxpayers. The delay in microfilming returns would result in the auditors and collectors being delayed in accessing records. (1,000)
- 5% Travel - In State Reduction (200)
- 10% Travel - Out of State Reduction 34,500
- Risk Management Adjustment 21,700
- Rent
This amount is for increased lease-purchase payments for the main office building. (137,900)
- 2% Other Operating Expenditures Reduction
This increase will likely need to come from Other Operating Expenditures aside from postage, and thus will result effectively in a reduction of greater than 2.0%. 153,000
- Postage Increase
In February 1991, the postal rates are anticipated to increase an average of 19.0% to 20.0%. The Department has allocated partial year funding in FY 1991 for the rate increase. This recommended funding provides for a 10.0% increase. The Executive recommends \$275,300 in additional funding.

- **Agency Reorganization** 148,900
 This amount reflects the transfer in of 6.0 FTE positions and transfer out of 1.0 FTE position, for a net increase of 5.0 FTE positions. The reorganization results in no net increase in expenditures agencywide.
- **PIER II** 648,600
 This amount includes funding for 3 FTE support staff positions and operating expenses for the second Program for Increased Enforcement Revenues (PIER II). (See Agency Summary for a description of this program.)
- **Property Audit and Compliance Program** 10,500
 This funding is for operating expenses of the Property Audit and Compliance Program. The Executive has not recommended this issue. (See Agency Summary for a description of this program.)
- **Data Purification** 105,000
 This funding is for operating expenses for the Data Purification Program. (See Agency Summary for a description of this program.)

Other Issues for Legislative Consideration

- **Overtime/Fair Labor Standards Act**
 The Department is estimating it will need \$152,600 of additional overtime funding to comply with the recent requirements of the federal Fair Labor Standards Act. (See Agency Summary for further explanation.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPARTMENT OF REVENUE
 COST CENTER: PROPERTY VALUATION

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	116.00	115.00	120.00	116.00	118.90	
OPERATING BUDGET						
PERSONAL SERVICES	2,651,200	2,794,600	3,019,100	2,889,300	3,006,300	
EMPLOYEE RELATED EXP	505,900	627,100	763,700	712,800	701,700	
PROFESSIONAL/OUTSIDE SVCS	279,800	306,000	319,500	306,000	244,800	
TRAVEL - IN STATE	431,800	400,000	463,000	458,000	463,000	
TRAVEL - OUT OF STATE	12,300	12,000	12,300	12,000	10,800	
OTHER OPERATING EXP	128,200	90,000	123,000	93,500	117,200	
EQUIPMENT	28,900	0	13,200	0	13,200	
ALL OTHER OPERATING	881,000	808,000	931,000	869,500	849,000	
P R O G R A M T O T A L	4,038,100	4,229,700	4,713,800	4,471,600	4,557,000	
BY FUND SOURCE						
GENERAL FUND	4,038,100	4,229,700	4,713,800	4,471,600	4,557,000	
PROGRAM TOTAL-ALL SOURCES	4,038,100	4,229,700	4,713,800	4,471,600	4,557,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE
 COST CENTER: PROPERTY VALUATION

The JLBC Staff recommends a total appropriation of \$4,557,000 -- a net increase of \$327,300, or 7.7%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 1.1 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(36,400)
 Includes a new vacancy factor of 1.0%. If the 1.1 FTE positions had not been eliminated, the vacancy savings rate would have been 3.14%. The Executive recommends a vacancy factor of 3.0%.
- ERE Rate Adjustments 25,200
- 20% Professional and Outside Services Reduction (61,200)
 This reduction would need to come from Professional Witness fees and other legal expenditures or from funding for annual reports such as the Capitalization Rate Study or sales ratio studies.
- 10% Travel - Out of State Reduction (1,200)
- 2% Other Operating Expenditures Reduction (1,800)
 The Executive recommends \$2,600 in additional funding for rent increases.
- Agency Reorganization 68,200
 This amount reflects the transfer in of 1.0 FTE position as part of a 17.0 FTE positions agencywide reorganization. The reorganization results in no net increase in expenditures agencywide.
- Property Audit and Compliance Program 203,800
 The proposed funding increase is for 4.0 FTE positions to implement an auditing program to ensure compliance with property tax law. In particular, the program will target personal property, which is self-declared and highly susceptible to underrepresentation or misrepresentation. Currently there is no such state program in place. County enforcement is very spotty due to limited staff dedicated to this effort. The department estimates it could recover in excess of \$2 million annually, possibly within the first year. The increased revenue would derive primarily from the offset to state aid for education, and assumes adding over \$140 million in new personal property to the \$1.5 billion currently on the rolls. Where trained county staff is available, the state and county auditors will work together. Of course, any enlarging of the property tax base will also benefit local government.

- **Restore Funding for Recanvassing Program**

A portion of the lump sum (1.0)% funding reduction in the original FY 1991 General Appropriation Act was absorbed in the Property Valuation Division, forcing the freezing of 4.0 of 43.0 FTE Appraiser positions and \$27,600 of travel and operating funding. The department states that it will be unable to complete the recanvassing effort by FY 1992 without this funding being restored. A partial year's delay in project completion would result in a year's delay in reduced state aid payments arising from improper valuation. Such a delay could cost several times the cost of the funds being requested. The Executive recommends restoration of travel and operating funding only in the amount of \$58,400. A portion of this funding is for the lodging allowance increase.

Other Issues for Legislative Consideration

- **Overtime/Fair Labor Standards Act**

The Department is estimating it will need \$3,400 of additional overtime funding to comply with the recent requirements of the federal Fair Labor Standards Act. (See Agency Summary for further explanation.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT:	DEPARTMENT OF REVENUE	JLBC ANALYST:	PITCAIRN	HOUSE SUBCOMMITTEE CHAIR:	GERARD
COST CENTER:	SPECIAL SUPPORT	EBO ANALYST:	BONCOSKEY	SENATE SUBCOMMITTEE CHAIR:	HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	55.00 =====	54.00 =====	54.00 =====	51.00 =====	59.00 =====	
 <u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,235,100	1,650,600	1,678,600	1,569,400	1,815,900	_____
EMPLOYEE RELATED EXP	249,600	329,700	374,500	343,300	371,200	_____
PROFESSIONAL/OUTSIDE SVCS	4,500	16,000	16,700	13,100	17,100	_____
TRAVEL - IN STATE	5,300	10,700	12,800	10,700	15,300	_____
TRAVEL - OUT OF STATE	5,700	7,000	10,300	7,000	12,500	_____
OTHER OPERATING EXP	73,400	52,100	60,400	12,600	90,000	_____
EQUIPMENT	21,900	0	3,300	0	19,800	_____
 ALL OTHER OPERATING	 110,800	 85,800	 103,500	 43,400	 154,700	_____
 PROGRAM TOTAL =====	 1,595,500 =====	 2,066,100 =====	 2,156,600 =====	 1,956,100 =====	 2,341,800 =====	=====
 <u>BY FUND SOURCE</u>						
GENERAL FUND	1,595,500	2,066,100	2,156,600	1,956,100	2,341,800	_____
PROGRAM TOTAL--ALL SOURCES =====	1,595,500 =====	2,066,100 =====	2,156,600 =====	1,956,100 =====	2,341,800 =====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE
COST CENTER: SPECIAL SUPPORT

The JLBC Staff recommends a total appropriation of \$2,341,800 -- a net increase of \$275,700, or 13.3%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$(14,900)
Includes a new vacancy factor of 0.75%. The Executive recommends a vacancy factor of 1.0%.
- ERE Rate Adjustments 7,700
- 20% Professional and Outside Services Reduction (3,200)
This reduction would impact the funding for Human Resources Management System (HRMS) reports and fingerprinting, affecting the department management and security.
- 10% Travel - Out of State Reduction (700)
- 2% Other Operating Expenditures Reduction (1,000)
- Agency Reorganization 9,200
This net increase reflects the transfer out of 3.0 FTE positions and the transfer in of 2.0 positions as part of the 17.0 FTE agency-wide reorganization. The net result for the cost center is a reduction of 1.0 FTE position and a net increase in funding of \$9,200. The changes result in no net increase in expenditures for the agency as a whole.
- PIER II 228,200
This funding is for 2.0 FTE tax analysts, 2.0 FTE compliance auditors and 1.0 FTE budget specialist as part of the second Program for Increased Enforcement Revenues (PIER II). (See the Agency Summary for a description of the program and its estimated impact on revenues.)
- Property Audit and Compliance Program 50,400
This increase is for 1.0 FTE Investigator position to investigate the anticipated increase in complaints resulting from the property audit program. For a discussion of this program and its projected savings to the General Fund, see the Agency Summary.

Other Issues for Legislative Consideration

- **Transfer to Governor's Office of Strategic Planning and Budgeting**
The Executive recommends transferring 2.0 FTE revenue forecasting and analysis positions and \$128,400 to the Governor's Office of Strategic Planning and Budgeting. This office was created on November 27, 1990 by Executive Order, and includes all staff and funding of the Executive Budget Office. These 2.0 FTE positions are part of the 15.0 FTE positions the Governor is proposing to have transferred from various agencies. (See the Governor's Office of Strategic Planning and Budgeting for further discussion of this issue.)
- **Overtime\Fair Labor Standards Act**
The department is estimating it will need \$1,700 of additional overtime funding to comply with the recent requirements of the federal Fair Labor Standards Act. (See Agency Summary for further explanation.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPARTMENT OF REVENUE
 COST CENTER: ENFORCEMENT

JLBC ANALYST: PITCAIRN
 EBO ANALYST: BONCOSKEY

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	505.00	503.00	494.00	494.00	605.50	
OPERATING BUDGET						
PERSONAL SERVICES	9,913,300	10,819,900	10,839,200	10,693,300	12,871,000	
EMPLOYEE RELATED EXP	2,153,300	2,516,300	2,814,900	2,731,100	3,074,900	
PROFESSIONAL/OUTSIDE SVCS	39,000	107,000	111,700	107,000	130,000	
TRAVEL - IN STATE	190,800	330,100	330,100	348,300	412,000	
TRAVEL - OUT OF STATE	473,000	549,900	557,600	549,900	629,800	
OTHER OPERATING EXP	645,200	366,500	377,900	362,000	1,248,500	
EQUIPMENT	454,300	0	0	0	496,800	
ALL OTHER OPERATING	1,802,300	1,353,500	1,377,300	1,367,200	2,917,100	
OPERATING SUBTOTAL	13,868,900	14,689,700	15,031,400	14,791,600	18,863,000	
SPECIAL LINE ITEMS						
AUTOMATED COLLECTION SYS	232,100	250,000	0	0	0	
SPECIAL ITEM SUBTOTAL	232,100	250,000	0	0	0	
P R O G R A M T O T A L	14,101,000	14,939,700	15,031,400	14,791,600	18,863,000	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT:	DEPARTMENT OF REVENUE	JLBC ANALYST:	PITCAIRN	HOUSE SUBCOMMITTEE CHAIR:	GERARD
COST CENTER:	ENFORCEMENT	EBO ANALYST:	BONCOSKEY	SENATE SUBCOMMITTEE CHAIR:	HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	14,101,000	14,939,700	15,031,400	14,791,600	18,863,000	
PROGRAM TOTAL-ALL SOURCES	14,101,000	14,939,700	15,031,400	14,791,600	18,863,000	
=====	=====	=====	=====	=====	=====	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE
COST CENTER: ENFORCEMENT

The JLBC Staff recommends a total appropriation of \$18,863,000 -- a net increase of \$3,923,300, or 26.3%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 7.5 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(232,300)
Includes a new vacancy factor of 1.5%. If the 7.5 FTE positions had not been eliminated, the vacancy savings rate would have been 5.57%. The Executive recommends a vacancy factor of 4.0%.
- ERE Rate Adjustments 68,600
- 2% Other Operating Expenditures Reduction (7,300)
- Automated Collection System (250,000)
The elimination of the funding for this special line reflects the completion of the purchase of the Automated Collection System in FY 1991.
- Agency Reorganization (213,400)
This reduction results from the transfer out of 9.0 FTE positions as part of the 17.0 FTE agencywide reorganization. The changes result in no net increase in expenditures for the agency as a whole.
- PIER II 4,557,700
This funding is for 119.0 FTE positions and operating expenses for the second Program for Increased Enforcement Revenues (PIER II). The new positions include 56.0 FTE auditors and audit supervisors, 19.0 FTE collectors and collection supervisors, 17.0 FTE examiner technicians, and 27.0 administrative and clerical positions. The Executive has also recommended this program in the amount of \$6,450,000 and has included the total amount as a special line in the Director's Office. The JLBC Staff recommendation is for total funding of \$6,394,700 spread across 5 cost centers. (See the Agency Summary for a description of this program and its projected revenue impact.)

Other Issues for Legislative Consideration

- **Funding for Lodging Allowance**
The Executive recommends \$18,200 for funding the remaining half of the 30.0% increase in the lodging allowance approved during FY 1990.
- **Overtime/Fair Labor Standards Act**
The Department is estimating it will need \$39,900 of additional overtime funding to comply with the recent requirements of the federal Fair Labor Standards Act. (See Agency Summary for further explanation.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

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

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	114.00	112.00	118.00	118.00	123.90	
OPERATING BUDGET						
PERSONAL SERVICES	1,789,100	1,976,400	2,065,600	2,053,000	2,157,600	
EMPLOYEE RELATED EXP	435,800	469,700	517,100	506,500	570,900	
PROFESSIONAL/OUTSIDE SVCS	99,300	115,000	120,100	115,000	98,000	
TRAVEL - IN STATE	12,900	15,000	15,000	15,900	31,800	
TRAVEL - OUT OF STATE	900	1,000	1,000	1,000	1,000	
OTHER OPERATING EXP	175,000	83,500	93,000	82,400	172,000	
EQUIPMENT	109,700	0	0	0	13,100	
ALL OTHER OPERATING	397,800	214,500	229,100	214,300	315,900	
PROGRAM TOTAL	2,622,700	2,660,600	2,811,800	2,773,800	3,044,400	
BY FUND SOURCE						
GENERAL FUND	2,622,700	2,660,600	2,811,800	2,773,800	3,044,400	
PROGRAM TOTAL-ALL SOURCES	2,622,700	2,660,600	2,811,800	2,773,800	3,044,400	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$3,044,400 -- a net increase (decrease) of \$383,800, or 14.4%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 1.1 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(28,700)
 Includes a new vacancy factor of 1.0%. If the 1.1 FTE positions had not been eliminated, the vacancy savings rate would have been 3.75%. The Executive recommends a vacancy factor of 3.0%.
- ERE Rate Adjustments 53,300
- 15% Professional and Outside Services Reduction (17,000)
 This reduction would need to come from the funding for temporary services for responding to inquiries during peak periods. The Department has pointed out that the bids for these service contracts in FY 1990 ranged from 5.0% to 16.0% above the previous year.
- 5% Travel - In State Reduction (800)
- 2% Other Operating Expenditures Reduction (1,700)
 The Executive recommends a \$(6,000) reduction.
- Agency Reorganization (82,700)
 This reduction results from the transfer out of 3.0 FTE positions as part of the 17.0 FTE agencywide reorganization. The changes result in no net increase in expenditures for the agency as a whole.
- PIER II 356,000
 This funding is for 11.0 FTE positions and operating expenses as part of the second Program for Increased Enforcement Revenues (PIER II). The new positions include 8.0 FTE examiner technicians and 3.0 FTE administrative support positions. (See the Agency Summary for a description of this program and its projected revenue impact.)

- **Data Purification**

As part of the DataBase conversion and the integration of all tax programs into one data network, the Department needs to assign one identification number to each taxpaying entity. This funding provides for 5.0 of 9.0 requested FTE positions to "clean up" all files and designate single ID numbers. The total recommended amount is \$223,000, with additional operating funding included in Administrative Services and Data Management. The Executive recommends 9.0 FTE positions and \$386,900. The JLBC Staff also recommends that the Standard Industrial Code numbers for all corporate taxpayers be incorporated into the new system for better tracking and forecasting of corporate tax revenues.

Other Issues for Legislative Consideration

- **Overtime/Fair Labor Standards Act**

The Department is estimating it will need \$13,900 of additional overtime funding to comply with the recent requirements of the federal Fair Labor Standards Act. (See Agency Summary for further explanation.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT:	DEPARTMENT OF REVENUE	JLBC ANALYST:	PITCAIRN	HOUSE SUBCOMMITTEE CHAIR:	GERARD
COST CENTER:	DATA MANAGEMENT	EBO ANALYST:	BONCOSKEY	SENATE SUBCOMMITTEE CHAIR:	HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	258.00	254.00	261.00	261.00	267.20	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	5,080,500	5,458,500	5,736,100	5,607,400	5,592,100	
EMPLOYEE RELATED EXP	1,089,800	1,243,800	1,490,500	1,421,500	1,335,400	
PROFESSIONAL/OUTSIDE SVCS	1,199,000	1,205,000	1,258,000	1,205,000	1,280,000	
TRAVEL - IN STATE	9,800	10,600	10,600	10,800	10,100	
TRAVEL - OUT OF STATE	4,600	6,000	6,200	6,000	5,400	
OTHER OPERATING EXP	1,615,500	1,910,300	1,971,500	1,864,700	2,018,000	
EQUIPMENT	1,324,300	1,834,500	1,853,700	1,846,200	2,011,800	
ALL OTHER OPERATING	4,153,200	4,966,400	5,100,000	4,932,700	5,325,300	
PROGRAM TOTAL =====	10,323,500	11,668,700	12,326,600	11,961,600	12,252,800	
<u>BY FUND SOURCE</u>						
GENERAL FUND	10,323,500	11,668,700	12,326,600	11,961,600	12,252,800	
OTHER NON APPROPRIATED	97,500	88,100	92,400	0	92,400	
PROGRAM TOTAL-ALL SOURCES =====	10,421,000	11,756,800	12,419,000	11,961,600	12,345,200	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF REVENUE
COST CENTER: DATA MANAGEMENT

The JLBC Staff recommends a total appropriation of \$12,252,800 -- a net increase of \$584,100, or 5.0%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 3.8 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(129,600)
Includes a new vacancy factor of 1.5%. If the 3.8 FTE positions had not been eliminated, the vacancy savings rate would have been 7.41%. The Executive recommends a vacancy factor of 4.5%.
- ERE Rate Adjustments 59,700
- 5% Travel - In State Reduction (500)
- 10% Travel - Out of State Reduction (600)
- 2% Other Operating Expenditures Reduction (38,200)
The Executive recommends a reduction of \$(50,000).
- Agency Reorganization 68,400
This reduction results from the transfer in of 8.0 FTE positions and the transfer out of 1.0 FTE position as part of the 17.0 FTE agency-wide reorganization. The changes result in no net increase in expenditures for the agency as a whole.
- PIER II 604,200
This funding is for 10.0 FTE positions and operating expenses as part of the second Program for Increased Enforcement Revenues (PIER II). The new positions include 3.0 FTE programmer analysts, 6.0 FTE clerical and data entry positions, and 1.0 FTE revenue services technician. (See the Agency Summary for a description of this program and its projected revenue impact.)
- Property Audit and Compliance Program 8,100
This funding is for operating and equipment expenses for the property audit program. (See the Agency Summary for a description of the program and its projected General Fund savings.)

12,600

- **Data Purification**

This funding provides for operating and equipment expenses for the data purification program, which would purify all taxpayer files of obsolete information and designate single ID numbers for each taxpayer. (See the Agency Summary for additional information regarding the impact of partial funding.)

Other Issues for Legislative Consideration

- **Overtime/Fair Labor Standards Act**

The department is estimating it will need \$121,400 of additional overtime funding to comply with the recent requirements of the federal Fair Labor Standards Act. (See Agency Summary for further explanation.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

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

JLBC ANALYST: CAWLEY
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	36.00	37.00	39.00	32.00	37.00	
OPERATING BUDGET						
PERSONAL SERVICES	635,000	659,200	701,600	663,100	658,700	_____
EMPLOYEE RELATED EXP	133,300	165,400	173,900	169,300	161,000	_____
PROFESSIONAL/OUTSIDE SVCS	83,600	91,300	95,900	107,300	81,900	_____
TRAVEL - IN STATE	8,700	11,600	8,600	8,200	11,000	_____
TRAVEL - OUT OF STATE	8,000	8,000	8,900	8,000	7,200	_____
OTHER OPERATING EXP	386,500	446,500	476,400	453,100	448,500	_____
EQUIPMENT	76,600	4,000	18,000	4,000	6,500	_____
ALL OTHER OPERATING	563,400	561,400	607,800	580,600	555,100	_____
OPERATING SUBTOTAL	1,331,700	1,386,000	1,483,300	1,413,000	1,374,800	_____
SPECIAL LINE ITEMS						
RULES - PUBLICATIONS DIV	241,300	256,200	228,800	213,800	228,800	_____
ELECTIONS EXPENSE	83,300	1,246,200	155,000	155,000	100,900	_____
PROPOSITION 200	140,700	159,600	156,900	155,800	156,900	_____
RUNOFF ELECTION	0	2,650,000	0	0	0	_____
SPECIAL ITEM SUBTOTAL	465,300	4,312,000	540,700	524,600	486,600	_____
PROGRAM TOTAL =====	1,797,000	5,698,000	2,024,000	1,937,600	1,861,400	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF STATE - SECRETARY OF STATE
COST CENTER: DEPARTMENT OF STATE - SECRETARY OF STATE

The JLBC Staff recommends a total appropriation of \$1,861,400 -- a net decrease of \$(3,836,600), or (67.3)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$ (600)
Includes a vacancy factor of 1.0%. The Executive recommends a vacancy factor of 0.0%.
- ERE Rate Adjustments (4,300)
- 20% Professional and Outside Services Reduction (18,300)
This reduction includes all Professional and Outside Services. The Executive recommends an increase of \$16,000 for increased charges by the Department of Administration (DOA) Data Center.
- 5% Travel - In State Reduction (600)
- 10% Travel - Out of State Reduction (800)
- Runoff Election (2,650,000)
- Elections Expense (1,145,300)
The Executive recommends a decrease of \$(1,091,200).
- Rules-Publications (27,400)
Reflects Department's estimate of publication expense. The Executive recommends a decrease of \$(42,400).
- Automation Upgrades 21,900
Includes upgrade of notary public computer system and the automation of the Inter-governmental Agreement files. The Executive did not recommend these upgrades.
- Risk Management Reduction (4,500)
- One-Time Equipment Adjustment (4,000)
- Proposition 200 (2,700)

Other Issues for Legislative Consideration

- Amend A.R.S. § 41-23

The Legislature may want to consider amending the statute requiring the Secretary of State to supply statute books to the Courts and Legislative offices at the Secretary of State's expense. The statute could be changed in paragraph A and C from "the secretary of state shall supply" to "the secretary of state shall sell" as is written in paragraph B. Another option would be to repeal A.R.S. § 41-123. The Courts and Legislative agencies could purchase the statute books they need directly from West Publishing. This change would better display each agency's true expenditures. It would decrease the Secretary of State's appropriation by \$(127,000).

- Utilize Expedited Service and Fee Charge

Under the authority of A.R.S. § 41-126, paragraph B, rules could be written to charge fees for expedited services. The fee charge could raise \$100,000 for the General Fund.

- Increase Fees to Cover Costs

The Secretary of State is required to provide various publications, such as the Residential Landlord Tenant Act, Mobile Home Landlord Tenant Act, Criminal Code and others. By law, the Secretary of State may assess a minimal charge to cover costs. Many of these charges have not been updated in several years and no longer cover costs, or no cost was assessed. The Secretary of State may want to consider the following changes in fees to generate an additional \$119,600 for the General Fund and to cover the costs associated with these publications.

	<u>Current</u>	<u>Increase</u>	<u>Amount Generated</u>
Residential Landlord Tenant Act	\$ 0.00	\$ 1.00	\$50,000
Mobile Home Landlord Tenant Act	0.50	1.00	20,000
Criminal Code	1.00	2.00	19,000
Register (per year)	36.00	50.00	5,600
Code-Annual Subscription (per year)	90.00	125.00	14,000
Printed Rules (per page)	0.05	0.10	-0-
Copies of enrolled & engrossed bills signed by Governor (per page) ^{1/}	0.00	0.05	10,000
Semi-Annual Index	5.00	10.00	1,000

^{1/} First copy to the public has been free.

- Increase Blue Book Costs

The Secretary of State may want to consider increasing its cost for the Blue Book from \$5 to \$10 to cover costs and increase revenue in the non-General Revolving Fund by \$1,000.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: GOV OFF OF STR. PLN & BUD
 COST CENTER: BUSINESS OPERATIONS

JLBC ANALYST: MORRIS
 EBO ANALYST:

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS	0.00	22.00	22.00	37.00	23.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	0	805,600	0	0	864,400	
EMPLOYEE RELATED EXP	0	164,200	0	0	163,600	
PROFESSIONAL/OUTSIDE SVCS	0	50,000	0	0	40,000	
TRAVEL - IN STATE	0	3,700	0	0	3,500	
TRAVEL - OUT OF STATE	0	4,000	0	0	3,600	
OTHER OPERATING EXP	0	81,300	0	0	81,300	
EQUIPMENT	0	10,000	0	0	9,900	
ALL OTHER OPERATING	0	149,000	0	0	138,300	
<u>OPERATING SUBTOTAL</u>	0	1,118,800	0	0	1,166,300	
<u>SPECIAL LINE ITEMS</u>						
LUMP SUM APPROPRIATION	0	0	1,128,300	1,956,800	0	
REGULATION REVIEW COMM		14,400	14,400	14,400	11,600	
<u>SPECIAL ITEM SUBTOTAL</u>	0	14,400	1,142,700	1,971,200	11,600	
<u>PROGRAM TOTAL</u>	0	1,133,200	1,142,700	1,971,200	1,177,900	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING
COST CENTER: BUSINESS OPERATIONS

The JLBC Staff recommends a total appropriation of \$1,177,900 -- a net increase of \$44,700, or 3.9%, to the adjusted FY 1991 appropriation to the Department of Administration, Executive Budget Office.

JLBC Staff Recommended Changes from FY 1991

- Appropriation Transfer \$1,133,200
The Governor's Office of Strategic Planning and Budgeting was created by Executive Order 90-22 on November 27, 1990 and is being funded from an appropriation to the Department of Administration, Executive Budget Office. The recommended amount represents this transfer of funds.
- FTE Transfer
In FY 1991, 22.0 FTE positions were transferred from the Executive Budget Office and 1.0 FTE position will be transferred from the Office of the Governor in FY 1992.
- Personal Services/ERE Adjustments 60,400
The net change recommended includes a transfer of \$70,000, for 1.0 FTE position, to be transferred from the Office of the Governor, and a vacancy factor of 1.0%.
- ERE Rate Adjustments (11,700)
- 20% Professional and Outside Services Reduction (10,000)
This reduction was included in the FY 1992 Budget Request. It impacts two areas: (a) one-time funding for an automated budget development system, and; (b) the cost of studies for the Governor.
- 5% Travel - In State Reduction (200)
- 10% Travel - Out of State Reduction (400)
- Base Adjustments (500)
- Replacement Equipment 9,900
Funding for replacement of 3 microcomputers that cannot operate the new budget system software.
- Governor's Regulatory Review Council (GRRC) (2,800)
This assumes that the FY 1991 expenditure rate for per diem paid to Council members will continue during FY 1992. The recommendation is based on a decremental budget option contained in the FY 1992 Budget Request for the Department of Administration, Executive Budget Office. The reduction assumes that the attendance of Council members will be the same in FY 1992 as in FY 1991.

Other Issues for Legislative Consideration

- **Executive Recommendation**

The amount recommended by the Executive includes 15.0 FTE positions and \$768,000 to be transferred from the agencies shown below:

	<u>FTE</u>	<u>Amount</u>
State Banking Department	8	\$275,500
AHCCCS	2	187,100
Department of Revenue	2	128,400
Department of Administration	2	100,000
Department of Economic Security	<u>1</u>	<u>77,000</u>
Total	<u>15</u>	<u>\$768,000</u>

These additional positions would augment the existing staff and provide additional resources in areas of budget analysis, strategic planning, the analysis of agency management and organization, internal auditing, economic and revenue forecasting and data management.

This issue is not recommended by the JLBC Staff. It is very probable that 11 of the 15 positions to be transferred could be eliminated as a result of the vacancy factor reduction recommendation. Second, in its overall budget recommendation, the JLBC Staff is recommending a downsizing of the state government workforce. In general, the Staff has recommended additional positions only for critical direct service delivery -- such as correctional service officers or welfare eligibility workers. As a result, we do not recommend this 62% increase in administrative staff.

Third, this issue will most likely be addressed in separate legislation, thereby eliminating the need to set aside funds in the General Appropriation Act. Last year, the Legislature passed House Bill 2066, an act that provided for state budget reform. Strategic planning and budgeting was a fundamental part of the reform process. That act would have authorized 4.0 additional positions for the Executive budget as well as enhance legislative staff's ability to analyze the budget. The Governor, however, vetoed the bill. A separate budget reform bill will likely be introduced again and is the most appropriate forum for determining the size and scope of budget reform across both the executive and legislative branches of government.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

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

JLBC ANALYST: FUSAK
 EBO ANALYST: BLACK

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	4.50	9.50	11.50	9.50	9.50	
OPERATING BUDGET						
PERSONAL SERVICES	254,200	461,700	500,600	456,300	453,100	
EMPLOYEE RELATED EXP	39,900	52,400	72,700	66,600	61,000	
PROFESSIONAL/OUTSIDE SVCS	50,900	37,500	37,500	37,500	30,000	
TRAVEL - IN STATE	13,800	41,700	41,700	44,000	37,000	
TRAVEL - OUT OF STATE	4,700	12,000	12,000	12,000	6,700	
OTHER OPERATING EXP	47,200	64,300	67,500	66,000	48,400	
EQUIPMENT	21,800	7,800	13,500	9,300	9,300	
ALL OTHER OPERATING	138,400	163,300	172,200	168,800	131,400	
P R O G R A M T O T A L	432,500	677,400	745,500	691,700	645,500	
BY FUND SOURCE						
GENERAL FUND	432,500	677,400	745,500	691,700	645,500	
PROGRAM TOTAL-ALL SOURCES	432,500	677,400	745,500	691,700	645,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$645,500 -- a net decrease of \$(31,900), or (4.7)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- | | |
|---|------------|
| • Personal Services/ERE Adjustments | \$ (9,800) |
| • ERE Rate Adjustments | 9,800 |
| • 20% Professional and Outside Services Reduction | (7,500) |
| • 5% Travel - In State Reduction | (4,700) |
| • 10% Travel - Out of State Reduction | (5,300) |
| • Other Operating Expenditures and Equipment | (14,400) |
| -- \$(100) reduction in Risk Management | |
| -- \$(800) reduction in Non-Capitalized Equipment | |
| -- \$1,500 increase for Capitalized Equipment | |

The additional reductions are based on the FY 1990 actual level of spending.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: OFFICE OF TOURISM
 COST CENTER: OFFICE OF TOURISM

JLBC ANALYST: SIEGWARTH
 EBO ANALYST: BENBEROU

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	18.00	19.00	24.00	19.00	19.00	
OPERATING BUDGET						
PERSONAL SERVICES	408,600	503,000	567,800	503,000	502,800	_____
EMPLOYEE RELATED EXP	98,300	116,200	147,900	124,300	108,400	_____
PROFESSIONAL/OUTSIDE SVCS	61,200	130,900	130,900	120,900	104,700	_____
TRAVEL - IN STATE	22,100	20,600	33,900	22,600	19,600	_____
TRAVEL - OUT OF STATE	57,500	60,400	87,400	60,400	54,400	_____
OTHER OPERATING EXP	507,300	769,300	834,200	788,400	767,900	_____
EQUIPMENT	11,100	14,000	20,800	0	0	_____
ALL OTHER OPERATING	659,200	995,200	1,107,200	992,300	946,600	_____
OPERATING SUBTOTAL	1,166,100	1,614,400	1,822,900	1,619,600	1,557,800	_____
SPECIAL LINE ITEMS						
MEDIA ADVERTISING/PROMO	4,191,100	3,866,700	4,416,600	4,306,700	3,866,700	_____
SPECIAL ITEM SUBTOTAL	4,191,100	3,866,700	4,416,600	4,306,700	3,866,700	_____
PROGRAM TOTAL =====	5,357,200	5,481,100	6,239,500	5,926,300	5,424,500	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: OFFICE OF TOURISM
COST CENTER: OFFICE OF TOURISM

The JLBC Staff recommends a total appropriation of \$5,424,500 -- a net decrease of \$(56,600), or (1.0)%, from the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$3,344,500 -- a net decrease of \$(136,600), or (3.9)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$ (200)
Includes a vacancy factor of 1.0%. The Executive recommends 0% vacancy factor.
- ERE Rate Adjustments (7,800)
- 20% Professional and Outside Services Reduction (26,200)
The Executive recommends a reduction of \$(10,000).
- 5% Travel - In State Reduction (1,000)
The Executive recommends a reduction of \$(2,000).
- 10% Travel - Out of State Reduction (6,000)
The Executive does not recommend a reduction.
- Risk Management Adjustment (1,400)
- One-Time Equipment and Replacement Equipment Reduction (14,000)
The Executive concurs.
- Reduction of General Fund Support for Media Advertising and Tourism Promotions -0-
Recommend a shift of a portion of the costs of media advertising and tourism promotions from the General Fund to the Tourism Fund. With the passage of Laws 1990, Chapter 391, 75.0% of the growth on the last 0.5% of bed tax revenue is allocated to the Tourism Fund. The JLBC Staff estimates that the 0.5% growth provision would yield an additional \$80,000 to the Tourism Fund in FY 1992. The JLBC Staff recommends that this amount be used to offset General Fund support of Media Advertising and Tourism Promotions.

The Executive concurs with the shifting of General Fund obligations, but estimates that the 0.5% growth will yield \$753,800 in FY 1992. The Executive recommends using \$363,800 to offset General Fund operating costs associated with the administration of media advertising and promotional campaigns. In addition, it recommends expanding media campaigns to include Seattle and Kansas City with a cost of \$320,000 and the printing of foreign language promotional materials with a cost of \$70,000.

Other Issues for Legislative Consideration

- Executive recommendation
The Executive recommends \$31,500 for special inflation.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: STATE TREASURER
 COST CENTER: STATE TREASURER

JLBC ANALYST: BRADLEY
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	32.00	32.00	32.00	32.00	31.00	
OPERATING BUDGET						
PERSONAL SERVICES	834,000	862,700	951,600	865,000	846,700	
EMPLOYEE RELATED EXP	166,700	189,100	219,800	199,600	178,600	
PROFESSIONAL/OUTSIDE SVCS	105,200	110,700	125,200	112,200	88,600	
TRAVEL - IN STATE	800	300	3,300	1,700	900	
TRAVEL - OUT OF STATE	4,700	9,000	11,500	9,000	8,200	
OTHER OPERATING EXP	98,400	97,100	101,300	97,300	80,700	
EQUIPMENT	41,400	54,800	9,500	54,800	0	
ALL OTHER OPERATING	250,500	271,900	250,800	275,000	178,400	
OPERATING SUBTOTAL	1,251,200	1,323,700	1,422,200	1,339,600	1,203,700	
SPECIAL LINE ITEMS						
LONG TERM CARE-COUNTIES	5,500,000	2,916,000	0	0	0	
JUSTICE OF PEACE SALARIES	1,463,900	1,766,200	1,918,800	1,766,200	1,879,500	
STATE GRAND JURY FUND	600,000	300,000	650,000	300,000	300,000	
SPECIAL ITEM SUBTOTAL	7,563,900	4,982,200	2,568,800	2,066,200	2,179,500	
PROGRAM TOTAL	8,815,100	6,305,900	3,991,000	3,405,800	3,383,200	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: STATE TREASURER
COST CENTER: STATE TREASURER

The JLBC Staff recommends a total appropriation of \$3,383,200 -- a net decrease of \$(2,922,700), or (46.3)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

• Personal Services/ERE Adjustments	\$ (4,300)
Includes a vacancy factor of 7.81%. The Executive recommends a vacancy factor of 5.95%.	
• ERE Rate Adjustments	(6,800)
• 20% Professional and Outside Services Reduction	(22,100)
• 5% Travel - In State Reduction	(100)
• 10% Travel - Out of State Reduction	(900)
• Long Term Care Distribution to Counties	(2,916,000)
These expenditures are considered as separate legislation and are not typically included in the General Appropriation Act.	
• Annualization of increase in State Treasurer's salary	2,800
• One-Time Equipment Costs	(54,800)
The Executive did not adjust for one-time equipment costs.	
• Increased Travel Requirements	800
The Executive recommended \$1,400 for this item.	
• Decreased Risk Management Charges	(1,100)
• One-Time Non-Capitalized Equipment Costs	(2,000)
• Other Operating Expenditures Reduction	(13,300)
This adjustment ensures that the 1.0% lump sum reduction in the FY 1991 General Appropriation Act is made permanent in the operating budget of the Treasurer.	
• Increase in Justice of the Peace Salaries due to Increase in Superior Court Judge Salaries and Increased Workload Projection	113,300

- **Eliminate 1.0 FTE position**

(18,200)

Eliminate 1 Accounting Technician II position. This position's duties consist in great part of cashing checks of state employees. These functions would cease and other assigned duties would be transferred to other employees. This non-statutory service is not necessary with the close proximity of several financial institutions and should not be funded. The Executive did not recommend this issue.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

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

JLBC ANALYST: FUSAK
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	0.00	0.00	0.00	0.00	0.00	
OPERATING BUDGET						
PERSONAL SERVICES	1,300	1,800	2,000	1,800	1,800	
EMPLOYEE RELATED EXP	100	100	100	0	100	
TRAVEL - IN STATE	100	400	500	800	500	
TRAVEL - OUT OF STATE	7,800	5,300	6,400	6,200	5,000	
OTHER OPERATING EXP	9,600	9,800	15,500	14,400	15,500	
ALL OTHER OPERATING	17,500	15,500	22,400	21,400	21,000	
PROGRAM TOTAL	18,900	17,400	24,500	23,200	22,900	
BY FUND SOURCE						
GENERAL FUND	18,900	17,400	24,500	23,200	22,900	
PROGRAM TOTAL-ALL SOURCES	18,900	17,400	24,500	23,200	22,900	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA COMMISSION ON UNIFORM STATE LAWS
 COST CENTER: ARIZONA COMMISSION ON UNIFORM STATE LAWS

The JLBC Staff recommends a total appropriation of \$22,900 -- a net increase of \$5,500, or 31.6%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- | | |
|---|----------|
| • 5% Travel - In State Reduction | \$ (200) |
| • 6% Travel - Out of State Reduction | (300) |
| • Other Operating Expenditures | 5,700 |
| <p>The adjustment is based on the National Conference of Commissioners on Uniform State Laws' (NCCUSL) assessment for the state's membership. Each state pays a base fee of \$5,000 plus an additional \$2.50 per 1,000 population.</p> | |
| • Miscellaneous Adjustments | 300 |

**HEALTH AND WELFARE
(HW)**

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: AHCCCS
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	764.70	830.00	1,063.98	911.55	816.70	
FULL TIME EQUIVALENT POS.	(T)	1,447.30	1,576.80	2,114.70	1,746.90	1,622.60	
=====							
<u>BY PROGRAM/ORGANIZATION</u>							
ADMINISTRATION	(S)	23,580,900	26,362,300	30,126,500	17,463,500	24,493,800	
ADMINISTRATION	(T)	45,553,200	52,101,900	60,936,100	54,782,700	49,561,000	
DES-AHCCCS	(S)	7,989,400	10,797,500	19,458,900	13,193,300	11,932,600	
DES-AHCCCS	(T)	15,983,900	21,728,500	38,802,800	26,582,800	23,866,200	
DHS-AHCCCS	(S)	6,994,400	7,408,600	7,112,400	633,900	590,300	
DHS-AHCCCS	(T)	8,646,400	10,060,400	9,040,600	1,416,700	3,834,400	
ACUTE CARE	(S)	228,655,200	351,269,300	403,241,600	339,400,400	326,562,600	
ACUTE CARE	(T)	494,103,200	722,772,600	907,464,000	796,942,600	800,893,800	
LONG TERM CARE	(S)	0	0	0	0	0	
LONG TERM CARE	(T)	183,846,900	307,271,800	380,570,500	381,480,500	232,450,400	
AGENCY TOTAL	(S)	267,219,900	395,837,700	459,939,400	370,691,100	363,579,300	
AGENCY TOTAL	(T)	748,133,600	1,113,935,200	1,396,814,000	1,261,205,300	1,110,605,800	
=====							

OPERATING BUDGET

PERSONAL SERVICES	(S)	13,877,000	17,310,700	21,361,500	14,128,700	17,651,700	
PERSONAL SERVICES	(T)	26,091,000	32,667,700	42,405,500	35,730,300	34,904,700	
EMPLOYEE RELATED EXP	(S)	2,750,700	4,210,600	5,714,900	3,609,700	4,277,000	
EMPLOYEE RELATED EXP	(T)	5,162,900	7,933,600	11,344,200	9,048,200	8,459,700	
PROFESSIONAL/OUTSIDE SVCS	(S)	6,792,400	8,952,900	10,117,800	6,517,800	8,009,900	
PROFESSIONAL/OUTSIDE SVCS	(T)	14,800,500	20,163,800	21,494,500	20,662,600	17,135,000	
TRAVEL - IN STATE	(S)	235,300	244,100	643,700	247,800	255,200	
TRAVEL - IN STATE	(T)	450,300	468,900	1,280,000	564,700	506,100	
TRAVEL - OUT OF STATE	(S)	22,100	18,600	24,600	13,000	16,800	
TRAVEL - OUT OF STATE	(T)	43,000	35,200	46,800	36,300	33,000	
OTHER OPERATING EXP	(S)	5,412,800	6,092,800	9,375,300	5,674,700	6,082,400	
OTHER OPERATING EXP	(T)	10,075,300	11,704,900	18,358,100	13,798,800	11,851,800	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: AHCCCS
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
EQUIPMENT	(S)	1,781,000	303,600	2,260,400	359,200	125,100	
EQUIPMENT	(T)	3,535,500	580,600	4,437,000	1,009,900	252,600	
ALL OTHER OPERATING	(S)	14,243,600	15,612,000	22,421,800	12,812,500	14,489,400	
ALL OTHER OPERATING	(T)	28,904,600	32,953,400	45,616,400	36,072,300	29,778,500	
<u>OPERATING SUBTOTAL</u>	(S)	30,871,300	37,133,300	49,498,200	30,550,900	36,418,100	
<u>OPERATING SUBTOTAL</u>	(T)	60,158,500	73,554,700	99,366,100	80,850,800	73,142,900	
<u>SPECIAL LINE ITEMS</u>							
ACUTE CARE CAPITATION	(S)	142,750,900	200,550,300	288,169,700	275,950,600	265,484,800	
ACUTE CARE CAPITATION	(T)	373,705,500	500,243,300	643,855,200	615,376,500	613,935,000	
FEE FOR SERVICE	(S)	39,616,100	78,399,400	36,738,100	25,864,500	30,041,300	
FEE FOR SERVICE	(T)	54,855,700	110,612,800	94,247,500	83,643,000	95,124,500	
REINSURANCE	(S)	20,774,700	30,934,300	37,010,300	18,587,000	16,972,300	
REINSURANCE	(T)	25,509,300	38,001,000	65,527,700	32,012,600	29,013,500	
DEFERRED LIABILITY	(S)	22,116,700	31,223,000	36,462,700	16,072,100	12,559,000	
DEFERRED LIABILITY	(T)	32,753,400	41,848,300	69,087,400	35,425,100	32,259,000	
MEDICARE PREMIUMS	(S)	3,379,800	1,658,400	2,455,400	1,885,700	218,500	
MEDICARE PREMIUMS	(T)	7,222,400	5,655,100	6,094,500	5,526,600	5,810,700	
QMB	(S)	17,000	1,739,600	1,464,900	100,000	286,700	
QMB	(T)	56,900	8,741,500	3,997,200	304,300	1,072,400	
IND. ADVISORY COUNCIL	(S)	24,500	94,600	117,100	95,700	94,600	
IND. ADVISORY COUNCIL	(T)	24,500	189,200	234,100	191,400	189,200	
BOARD OF NURSING	(S)	0	0	0	70,000	0	
BOARD OF NURSING	(T)	0	30,000	0	246,300	74,900	
EPSDT MENTAL HEALTH	(S)	0	6,764,300	940,500	940,500	1,000,000	
EPSDT MENTAL HEALTH	(T)	0	17,670,600	24,654,500	24,654,500	23,678,700	
QMB ELIGIBILITY	(S)	769,800	0	0	0	0	
QMB ELIGIBILITY	(T)	1,539,600	0	0	0	0	
DES DDSA	(S)	72,500	173,700	238,200	206,400	173,500	
DES DDSA	(T)	145,100	347,500	476,400	412,800	347,000	
DES PASARR	(S)	2,600	96,500	99,100	98,300	96,400	
DES PASARR	(T)	10,200	385,500	396,000	392,800	385,600	
DHS PASARR	(S)	71,300	451,000	93,900	111,600	94,500	
DHS PASARR	(T)	183,500	1,503,200	375,700	372,100	378,000	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: AHCCCS
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
CHILDRENS REHAB. SERVICES(S)	6,752,700	6,479,700	6,493,500	0	0	_____
CHILDRENS REHAB. SERVICES(T)	8,122,100	7,601,500	7,615,300	0	2,464,800	_____
INDIRECT COST - LICENSURE(S)	0	139,600	157,800	157,800	139,600	_____
INDIRECT COST - LICENSURE(T)	0	279,200	315,900	316,000	279,200	_____
LUMP SUM APPROPRIATION (S)	0	0	0	0	0	_____
LUMP SUM APPROPRIATION (T)	140,597,300	249,610,000	296,322,800	296,322,800	231,540,400	_____
DES LONG TERM CARE (S)	0	0	0	0	0	_____
DES LONG TERM CARE (T)	43,249,600	57,661,800	84,247,700	84,247,700	0	_____
NATCEP (S)	0	0	0	0	0	_____
NATCEP (T)	0	0	0	910,000	910,000	_____
<u>SPECIAL ITEM SUBTOTAL</u> (S)	236,348,600	358,704,400	410,441,200	340,140,200	327,161,200	_____
<u>SPECIAL ITEM SUBTOTAL</u> (T)	687,975,100	1,040,300,500	1,297,447,900	1,180,354,500	1,037,462,900	_____
<u>AGENCY TOTAL</u> (S)	267,219,900	395,837,700	459,939,400	370,691,100	363,579,300	_____
<u>AGENCY TOTAL</u> (T)	748,133,600	1,113,935,200	1,396,814,000	1,261,205,300	1,110,605,800	_____
=====	=====	=====	=====	=====	=====	=====
BY FUND SOURCE						
GENERAL FUND (S)	267,219,900	395,837,700	459,939,400	370,691,100	363,579,300	_____
FEDERAL FUNDS (T)	357,087,200	557,800,500	761,782,600	706,028,700	588,186,400	_____
OTHER NON APPROPRIATED (T)	123,826,500	160,297,000	175,092,000	184,485,500	158,840,100	_____
<u>AGENCY TOTAL-ALL SOURCES</u> (S)	267,219,900	395,837,700	459,939,400	370,691,100	363,579,300	_____
<u>AGENCY TOTAL-ALL SOURCES</u> (T)	748,133,600	1,113,935,200	1,396,814,000	1,261,205,300	1,110,605,800	_____
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS
 COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$363,579,300 in State General Funds (S) and \$1,110,605,800 in Total Expenditure Authority (T) -- a net decrease of \$(32,258,400), or (8.1)%, from the adjusted FY 1991 General Fund appropriation, and a net decrease of \$(3,329,400), or (0.3)%, from the adjusted FY 1991 total expenditure authority.

Highlights of JLBC Staff Recommended Changes from FY 1991

- Administration
 - FTE Reduction and New Vacancy Factor \$ (1,868,500) (S)
 - PMMIS and In-House Legal Positions (2,540,900) (T)
 - Professional and Outside Services Reduction

- DES-AHCCCS
 - New Cost Center 1,135,100 (S)
 - FTE Positions for Eligibility Determination 2,137,700 (T)

- DHS-AHCCCS
 - New Cost Center (6,818,300) (S)
 - Transfer State-Funding for Children's Rehabilitative Services to DHS (6,226,000) (T)

- Acute Care
 - Modification of 48 hour MN/MI Retroactive Coverage (24,706,700) (S)
 - Repeal of ABC Reimbursement Level Increase 78,121,200 (T)
 - Increase in County Acute Care Contribution
 - 15.9% Member Growth
 - 7.5% Capitation Rate Increase

- 5.0% Medical Inflation
- Change in Federal Reimbursement Methodology
- Fee for Service Adjustments

- Long Term Care

-0- (S)
(74,821,400) (T)

- 18.3% Member Growth
- 10.0% Per Member Per Month Cost Increase
- Reduction in County ALTCS Contribution
- Transfer Spending Authority to DES

Other Issues for Legislative Consideration

- Executive Recommendation

The Executive recommendation included special line items for DES and DHS Intergovernmental Agreements. For purposes of comparability, the Staff distributed the Executive recommendation to the appropriate line items in the DES- & DHS-AHCCCS cost centers we have recommended.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: AHCCCS
 COST CENTER: ADMINISTRATION

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	487.80	508.25	493.63	518.50	457.20	
FULL TIME EQUIVALENT POS.	(T)	888.00	927.80	968.00	954.80	897.60	
=====		=====	=====	=====	=====	=====	=====
OPERATING BUDGET							
PERSONAL SERVICES	(S)	9,054,100	11,166,600	12,011,900	7,051,200	10,741,300	
PERSONAL SERVICES	(T)	16,445,200	20,379,600	23,706,600	21,575,300	21,083,900	
EMPLOYEE RELATED EXP	(S)	1,742,000	2,695,900	3,231,400	1,725,300	2,517,700	
EMPLOYEE RELATED EXP	(T)	3,145,500	4,904,300	6,377,300	5,279,600	4,941,100	
PROFESSIONAL/OUTSIDE SVCS	(S)	6,505,500	8,417,700	9,432,500	5,826,500	7,515,400	
PROFESSIONAL/OUTSIDE SVCS	(T)	14,226,700	19,064,900	20,123,900	19,280,000	16,146,000	
TRAVEL - IN STATE	(S)	124,300	108,400	132,700	65,500	108,400	
TRAVEL - IN STATE	(T)	228,300	197,400	258,100	200,100	212,500	
TRAVEL - OUT OF STATE	(S)	19,300	17,300	21,100	11,200	15,600	
TRAVEL - OUT OF STATE	(T)	37,400	32,700	39,900	32,700	30,600	
OTHER OPERATING EXP	(S)	3,892,100	3,566,500	4,254,000	2,412,200	3,439,500	
OTHER OPERATING EXP	(T)	7,033,900	6,739,800	8,290,400	7,274,000	6,757,800	
EQUIPMENT	(S)	1,449,300	295,300	925,800	205,900	61,300	
EQUIPMENT	(T)	2,872,100	564,000	1,905,800	703,300	125,000	
ALL OTHER OPERATING	(S)	11,990,500	12,405,200	14,766,100	8,521,300	11,140,200	
ALL OTHER OPERATING	(T)	24,398,400	26,598,800	30,618,100	27,490,100	23,271,900	
<u>OPERATING SUBTOTAL</u>	(S)	22,786,600	26,267,700	30,009,400	17,297,800	24,399,200	
<u>OPERATING SUBTOTAL</u>	(T)	43,989,100	51,882,700	60,702,000	54,345,000	49,296,900	
SPECIAL LINE ITEMS							
IND. ADVISORY COUNCIL	(S)	24,500	94,600	117,100	95,700	94,600	
IND. ADVISORY COUNCIL	(T)	24,500	189,200	234,100	191,400	189,200	
BOARD OF NURSING	(S)	0	0	0	70,000	0	
BOARD OF NURSING	(T)	0	30,000	0	246,300	74,900	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: AHCCCS
 COST CENTER: ADMINISTRATION

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
QMB ELIGIBILITY (S)	769,800	0	0	0	0	_____
QMB ELIGIBILITY (T)	1,539,600	0	0	0	0	_____
<u>SPECIAL ITEM SUBTOTAL</u> (S)	794,300	94,600	117,100	165,700	94,600	_____
<u>SPECIAL ITEM SUBTOTAL</u> (T)	1,564,100	219,200	234,100	437,700	264,100	_____
PROGRAM TOTAL (S)	23,580,900	26,362,300	30,126,500	17,463,500	24,493,800	_____
PROGRAM TOTAL (T)	45,553,200	52,101,900	60,936,100	54,782,700	49,561,000	_____
=====	=====	=====	=====	=====	=====	=====
<u>BY FUND SOURCE</u>						
GENERAL FUND (S)	23,580,900	26,362,300	30,126,500	17,463,500	24,493,800	_____
FEDERAL FUNDS (T)	21,972,300	25,739,600	30,809,600	28,380,700	25,067,200	_____
OTHER NON APPROPRIATED (T)	0	0	0	8,938,500	0	_____
PROGRAM TOTAL-ALL SOURCES (S)	23,580,900	26,362,300	30,126,500	17,463,500	24,493,800	_____
PROGRAM TOTAL-ALL SOURCES (T)	45,553,200	52,101,900	60,936,100	54,782,700	49,561,000	_____
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS
 COST CENTER: ADMINISTRATION

The JLBC Staff recommends an appropriation of \$24,493,800 in State General Funds (S) and \$49,561,000 in Total Expenditure Authority (T) -- a net decrease of \$(1,868,500), or (7.1)% from the adjusted FY 1991 General Fund appropriation, and a net decrease of \$(2,540,900), or (4.9)% to the adjusted FY 1991 total expenditure authority.

JLBC Staff Recommended Changes from FY 1991

- **FTE Adjustment**
 Eliminates 23.6 (S) and 46.2 (T) FTE positions that are vacant or are projected to become vacant during FY 1992.
- **Personal Services/ERE Adjustments** \$ (803,800) (S)
310,300 (T)
 Includes a new vacancy factor of 2.5%. If the 23.6 (S) and 46.2 (T) FTE positions had not been eliminated, the vacancy savings rate would have been 7.5%. The Executive recommends a vacancy factor of 5.0%. The change also reflects a recalculation of the Personal Services Base and a change in the state/federal funding mix from FY 1991's 55.0%/45.0% to 51.0%/49.0%. The Executive recommends a final mix of 49.0%/51.0% (all percentages are rounded to the nearest percent).
- **ERE Rate Adjustments** (76,200) (S)
(138,500) (T)
- **10.7% General Fund Professional and Outside Services Reduction** (902,300) (S)
(2,918,900) (T)
 This reduction does not include reductions to the requested amount for DOA Data Processing Charges. The Staff has not recommended a 20.0% reduction primarily because of the significant presence of costs related to data processing. The reduction reflects the elimination of \$91,900 (S) and \$169,000 (T) in legal funding given the Staff's recommendation on hiring an Attorney III and a Legal Assistant II in the Office of Grievance and Appeals (see the issue described below).

The following list details the Staff's Professional and Outside Services recommendation of \$7,515,400 (S) and \$16,146,000 (T):

	S	T
Programming & Data Services	\$2,941,500	\$ 6,505,800
Data Processing - DOA	3,139,400	6,976,500
Auditing	341,900	551,300
Consulting		
Management	102,700	201,200
Actuarial	427,700	735,000
Attorneys	253,000	454,400
Medical Evaluation Services	223,300	561,000
Interpreters	3,300	5,100
Security	42,800	76,400
Temporary Clerical	26,800	49,800
Interns	5,400	9,500
U of A College of Pharmacy	<u>7,600</u>	<u>20,000</u>
	<u>\$7,515,400</u>	<u>\$16,146,000</u>

- 10% General Fund Travel - Out of State Reduction (1,700) (S)
 Reflects federal/state funding mix changes. (2,100) (T)

- One-Time Equipment (295,300) (S)
(564,000) (T)

- Other Operating Expenditures Reduction (179,600) (S)
 Reductions due to recalculating the federal/state funding mix, and lower risk management charges. (98,800) (T)

- Prepaid Medical Management Information System (PMMIS) 270,700 (S)
 The Staff recommends the addition of 6.3 (S) and 14.0 (T) FTE positions related to the completion 601,400 (T)
 and full implementation of PMMIS. This recommendation reflects a policy of replacing consultant
 expenditures with in-house staff and is, therefore, directly linked to a large percentage of the
 Professional and Outside Services reduction recommended above. The 14 positions fit into the
 following categories Programming (6); Technical Support (3); Increased Workload-System Size and
 Complexity (2); Administrative Support (2); and Planning (1). The recommendation also reflects
 amounts for PMMIS training costs.

The Executive recommends 9.7 (S) and 22.0 (T) FTE positions (the agency's requested amount) and \$574,400 (S) and \$1,305,100 (T). The Executive recommendation reflects a 75% phase-in, as well as \$247,800 (S) and \$563,100 (T) in new equipment. The Staff does not recommend a phase-in, given the Professional and Outside Services reduction, and we are unable to recommend the equipment given our inability to obtain confirmation from the Department of Administration (DOA) as to whether the additional equipment was an approved addition to the agency's automation plan. In discussing the issue with officials from DOA, it appears that automation plan updates may often be submitted after an appropriation has been made for data processing (DP) equipment. The Staff would suggest, on the basis of both statute and rule, that the DOA approval process (where applicable) should precede an agency's request for either major system modifications or purchases of DP equipment. Beyond that, the Staff is not convinced that an FY 1992 purchase of a Front-End Database Server is critical for PMMIS operation, nor are we persuaded that the optical imaging system enhancements are justifiable given the state's current fiscal problems.

With the 14.0 FTE positions we are recommending, the Management Information System Division will have received 38.0 new FTE positions from FY 1990 to FY 1992, for a total of 113 FTE positions. The Staff is unwilling to recommend the 8.0 additional FTE positions the Executive has recommended due, but not limited to (a) the excess staffing for the Qualified Medicare Beneficiary Program. The Division received 5.0 FTE positions in FY 1990 to implement the program, which has proven to be much smaller than expected; (b) the weakness of the justification for additional administrative, planning and management analysis staff; and (c) the state's fiscal problems. Finally, the Staff recommends that the legislature consider a footnote to AHCCCS' FY 1992 appropriation which would require that any retroactive federal funding, which may be received upon federal certification of PMMIS, be transferred to the state General Fund as reimbursement.

• In-House Attorney and Assistant

The JLBC Staff recommends the addition of an Attorney III and a Legal Assistant II position as a means of reducing the agency's reliance on higher-cost contracted legal services. The Staff used the 1:2 Cost/Savings ratio offered by the Department (i.e. for each \$1 spent on an in-house attorney, \$2 can be saved in contracted legal costs) as a justification for the policy issue, and reduced our recommendation for contracted legal expenditures by \$91,900 (S) and \$169,000 (T). The state/federal split is different between the policy issue and the reduction because the latter cuts across a number of divisions with funding mixes different than the Office of Grievance and Appeals. The Staff does not recommend any capitalized or non-capitalized equipment for these 2 positions given our view that the elimination of 46.2 vacant FTE positions should free-up a significant amount of previously purchased equipment. The Executive did not make a recommendation for this policy issue.

58,400 (S)
84,500 (T)

- Automated Voice Response System (AVRS) 61,300 (S)
 The JLBC Staff recommends the purchase of the AVRS system as a means of controlling future Communication Center staffing requirements through automation. The system will allow medical providers the option of obtaining eligibility/enrollment information on a patient without the direct assistance of AHCCCS staff. The Executive also recommends this purchase at \$60,000 (S) and \$125,000 (T). 125,000 (T)
- Expenditure Authority Adjustments -0- (S)
15,300 (T)
- Board of Nursing -0- (S)
 Reflects the increased availability of federal pass-thru based on increased spending by the Board of Nursing for the Nurse Aide Training and Competency Evaluation Program (NATCEP). This increase does not reflect costs associated with the program's testing component (see "Other Issues for Legislative Consideration"). 44,900 (T)

Other Issues for Legislative Consideration

- County Contributions for ALTCS Administration
 The Staff does not concur with the Executive's recommendation that \$8,938,500 in county funds be used for the administration of the Arizona Long Term Care System (ALTCS). While the Staff takes no issue with the Executive's argument that county funds can be legally used for ALTCS administrative costs, we believe that allocating a share of aggregated administrative costs to a discrete element (ALTCS) is difficult, at best. Additionally, county monies were used, prior to ALTCS implementation, for some administrative expenditures, however, the practice was stopped because of objections raised by counties. The Staff does, however, believe that additional contributions from the counties are warranted, and recommends in the Acute Care Program that A.R.S. § 11-292 be amended to require an additional \$7,000,000 from the counties for use toward the cost of medical services. The Staff believes that the cost of medical services is more easily allocated to the counties given that, without a Medicaid program, many of those currently being served by AHCCCS would become the responsibility of the counties given the provisions of A.R.S. §11-297 (for further discussion see the "General Fund Reduction/County Contribution" issue in the Acute Care Cost Center).
- Office of the Medical Director Positions
 The Executive has recommended 2.6 (S) and 4.4 (T) additional FTE positions and \$11,800 (S) and \$302,300 (T) related to claims review workload increases, prior authorization, and maternal health care program compliance. The Staff believes that the justification for the additional medical claims review specialists relied heavily on what we consider to be rather dubious "cost-savings" estimates. For example, the agency was unable to tell us how many

disallowed claims are inevitably paid off by the agency, based on the findings of an administrative/legal process. The Staff's position is that this amount is a critical element in justifying additional positions; if a large percentage of initially disallowed claims are inevitably paid, then additional expenditures on claims review would not necessarily be advisable. With respect to the other positions, the Staff continues to believe that the agency has not fully reallocated Qualified Medicare Beneficiary (QMB) positions that were approved in FY 1990 and continued in FY 1991. The QMB program is basically a shell of what it was expected to become, and the Staff believes that the recent federal legislative changes regarding the program will have minimal effect. The Staff will be prepared to discuss, with both Appropriations' Subcommittees, the assumptions underlying our view that QMB positions in the Division of Member Services could be reallocated to other divisions to serve agency needs.

- **Division of Member Services - Position Reclassification**

The Executive has recommended \$38,800 (S) and \$80,800 (T) for the reclassification of certain positions in the Division. The Staff has not been able to obtain a final decision from DOA personnel analysts on whether they approve of the reclassification action, and we are not able to recommend the increase.

- **Board of Nursing**

The Executive has recommended \$70,000 (S) and \$140,000 (T) for testing costs associated with the NATCEP Intergovernmental Agreement between AHCCCS and the Board of Nursing. As of this writing, the Staff has not received any detailed request for these additional monies from AHCCCS, the Board of Nursing, or the Executive. The Staff will be willing to address the issue after the materials are received and analyzed.

- **Leased Facility Expansion**

The Executive has recommended \$247,500 (S) and \$450,000 (T) for increased leasing costs associated with facility expansion.

- **Governor's Office of Strategic Planning and Budgeting (OSPB)**

The Executive has recommended the transfer of 2.0 FTE positions and \$187,100 (S) and \$374,200 (T) from AHCCCS to OSPB. Documentation provided by the Executive indicates that \$120,700 (S) and \$241,400 (T) of the total transfer is in Personal Services. Based on this, the Staff assumes that the 2.0 FTE positions, although unspecified by the Executive, must be high-level positions within the agency. Without additional information (e.g., the actual positions and whether they are filled or vacant), the Staff is unable to comment on the implication(s) of this transfer. We believe, however, that the loss of \$187,100 in federal Title XIX (Medicaid) matching funds means, effectively, that AHCCCS will lose funding for 4.0, not just 2.0, FTE positions. (See the Governor's Office of Strategic Planning and Budgeting for further discussion of this issue.)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: AHCCCS
 COST CENTER: DES-AHCCCS

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	261.90	305.50	555.10	381.55	348.00	
FULL TIME EQUIVALENT POS.	(T)	527.80	615.00	1,114.20	767.10	700.00	
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OPERATING BUDGET							
PERSONAL SERVICES	(S)	4,695,900	5,898,100	9,089,600	6,818,100	6,664,400	
PERSONAL SERVICES	(T)	9,391,800	11,796,100	18,179,100	13,636,200	13,328,800	
EMPLOYEE RELATED EXP	(S)	981,100	1,456,100	2,411,400	1,813,000	1,682,800	
EMPLOYEE RELATED EXP	(T)	1,962,200	2,912,200	4,822,800	3,626,000	3,365,600	
PROFESSIONAL/OUTSIDE SVCS	(S)	286,900	535,200	685,300	691,300	494,500	
PROFESSIONAL/OUTSIDE SVCS	(T)	573,800	1,098,900	1,370,600	1,382,600	989,000	
TRAVEL - IN STATE	(S)	104,000	125,400	500,500	172,000	136,500	
TRAVEL - IN STATE	(T)	208,000	250,900	1,001,100	344,000	273,000	
TRAVEL - OUT OF STATE	(S)	2,800	1,300	3,500	1,800	1,200	
TRAVEL - OUT OF STATE	(T)	5,600	2,500	6,900	3,600	2,400	
OTHER OPERATING EXP	(S)	1,511,900	2,502,900	5,096,700	3,239,100	2,619,500	
OTHER OPERATING EXP	(T)	3,023,800	4,918,300	10,018,700	6,478,200	5,047,200	
EQUIPMENT	(S)	331,700	8,300	1,334,600	153,300	63,800	
EQUIPMENT	(T)	663,400	16,600	2,531,200	306,600	127,600	
ALL OTHER OPERATING	(S)	2,237,300	3,173,100	7,620,600	4,257,500	3,315,500	
ALL OTHER OPERATING	(T)	4,474,600	6,287,200	14,928,500	8,515,000	6,439,200	
<u>OPERATING SUBTOTAL</u>	(S)	7,914,300	10,527,300	19,121,600	12,888,600	11,662,700	
<u>OPERATING SUBTOTAL</u>	(T)	15,828,600	20,995,500	37,930,400	25,777,200	23,133,600	
SPECIAL LINE ITEMS							
DES DDSA	(S)	72,500	173,700	238,200	206,400	173,500	
DES DDSA	(T)	145,100	347,500	476,400	412,800	347,000	
DES PASARR	(S)	2,600	96,500	99,100	98,300	96,400	
DES PASARR	(T)	10,200	385,500	396,000	392,800	385,600	
<u>SPECIAL ITEM SUBTOTAL</u>	(S)	75,100	270,200	337,300	304,700	269,900	
<u>SPECIAL ITEM SUBTOTAL</u>	(T)	155,300	733,000	872,400	805,600	732,600	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: AHCCCS
 COST CENTER: DES-AHCCCS

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
PROGRAM TOTAL (S)	7,989,400	10,797,500	19,458,900	13,193,300	11,932,600	
PROGRAM TOTAL (T)	15,983,900	21,728,500	38,802,800	26,582,800	23,866,200	
BY FUND SOURCE						
GENERAL FUND (S)	7,989,400	10,797,500	19,458,900	13,193,300	11,932,600	
FEDERAL FUNDS (T)	7,994,500	10,931,000	19,343,900	13,389,500	11,933,600	
PROGRAM TOTAL-ALL SOURCES (S)	7,989,400	10,797,500	19,468,900	13,193,300	11,932,600	
PROGRAM TOTAL-ALL SOURCES (T)	15,983,900	21,728,500	38,802,800	26,582,800	23,866,200	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS
COST CENTER: DES-AHCCCS

The JLBC Staff recommends an appropriation of \$11,932,600 in State General Funds (S) and \$23,866,200 in Total Expenditure Authority (T) -- a net increase of \$1,135,100, or 10.5%, to the adjusted FY 1991 General Fund appropriation, and a net increase of \$2,137,700, or 10.0%, to the adjusted FY 1991 total expenditure authority. These funds appeared as special line items in the FY 1991 AHCCCS appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$ -0- (S)
The JLBC Staff recommends the continuation of the 1.0% vacancy factor. The Executive has not recommended a vacancy factor. -0- (T)
- ERE Rate Adjustments 32,900 (S)
65,600 (T)
- Demographics 1,247,200 (S)
The JLBC Staff recommends the addition of 42.5 (S) and 85.0 (T) positions related to eligibility determination services. The Department of Economic Security performs eligibility work for AHCCCS on all AFDC and AFDC-related individuals, certain pregnant women and children, certain SSI Medical Assistance Only groups, and Eligible Assistance Children. 2,494,400 (T)

The Executive has recommended the addition of 75.5 (S) and 151.0 (T) positions and \$2,390,900 (S) and \$4,781,700 (T).
- 7.6% General Fund Professional and Outside Services Reduction (40,700) (S)
The reduction is significantly less than 20.0%, given that most of the Department's Professional and Outside Services expenditures are related to Data Processing costs. The amount also reflects an adjustment to the state/federal funding mix. (109,900) (T)
- 10% General Fund Travel - Out of State Reduction (100) (S)
(200) (T)

- Other Operating Expenditures Adjustments (95,900) (S)
 Reflects reductions in one time non-capitalized equipment; interest payments for the lease/purchase of mainframe equipment and personal computer software expenditures. The change in base Total Expenditure Authority reflects an adjustment made for the fact that federal funds are not available for interest payments on lease/purchase arrangements. (295,600) (T)
- One Time Equipment (8,300) (S)
 (16,600) (T)

Other Issues for Legislative Consideration

- DES Disability Determination Services Administration (DDSA)
 The Executive has recommended the addition of 0.55 (S) and 1.1 (T) FTE position and \$29,300 (S) and \$58,600 (T).

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: AHCCCS
 COST CENTER: DHS-AHCCCS

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	15.00	16.25	15.25	11.50	11.50	
FULL TIME EQUIVALENT POS.	(T)	31.50	34.00	32.50	25.00	25.00	
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OPERATING BUDGET							
PERSONAL SERVICES	(S)	127,000	246,000	260,000	259,400	246,000	
PERSONAL SERVICES	(T)	254,000	492,000	519,800	518,800	492,000	
EMPLOYEE RELATED EXP	(S)	27,600	58,600	72,100	71,400	76,500	
EMPLOYEE RELATED EXP	(T)	55,200	117,100	144,100	142,600	153,000	
TRAVEL - IN STATE	(S)	7,000	10,300	10,500	10,300	10,300	
TRAVEL - IN STATE	(T)	14,000	20,600	20,800	20,600	20,600	
OTHER OPERATING EXP	(S)	8,800	23,400	24,600	23,400	23,400	
OTHER OPERATING EXP	(T)	17,600	46,800	49,000	46,600	46,800	
ALL OTHER OPERATING	(S)	15,800	33,700	35,100	33,700	33,700	
ALL OTHER OPERATING	(T)	31,600	67,400	69,800	67,200	67,400	
<u>OPERATING SUBTOTAL</u>	(S)	170,400	338,300	367,200	364,500	356,200	
<u>OPERATING SUBTOTAL</u>	(T)	340,800	676,500	733,700	728,600	712,400	
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SPECIAL LINE ITEMS							
DHS PASARR	(S)	71,300	451,000	93,900	111,600	94,500	
DHS PASARR	(T)	183,500	1,503,200	375,700	372,100	378,000	
CHILDRENS REHAB. SERVICES	(S)	6,752,700	6,479,700	6,493,500	0	0	
CHILDRENS REHAB. SERVICES	(T)	8,122,100	7,601,500	7,615,300	0	2,464,800	
INDIRECT COST - LICENSURE	(S)	0	139,600	157,800	157,800	139,600	
INDIRECT COST - LICENSURE	(T)	0	279,200	315,900	316,000	279,200	
<u>SPECIAL ITEM SUBTOTAL</u>	(S)	6,824,000	7,070,300	6,745,200	269,400	234,100	
<u>SPECIAL ITEM SUBTOTAL</u>	(T)	8,305,600	9,383,900	8,306,900	688,100	3,122,000	
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PROGRAM TOTAL	(S)	6,994,400	7,408,600	7,112,400	633,900	590,300	
PROGRAM TOTAL	(T)	8,646,400	10,060,400	9,040,600	1,416,700	3,834,400	
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Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS
COST CENTER: DHS-AHCCCS

The JLBC Staff recommends an appropriation of \$590,300 in State General Funds (S) and \$3,834,400 in Total Expenditure Authority (T) -- a net decrease of \$(6,818,300), or (92)%, from the adjusted FY 1991 General Fund appropriation, and a net decrease of \$(6,226,000), or (61.9)%, to the adjusted FY 1991 total expenditure authority. These funds appeared as special line items in the FY 1991 AHCCCS appropriation.

JLBC Staff Recommended Changes from FY 1991

- ERE Rate Adjustments \$ 17,900 (S)
35,900 (T)

- Childrens Rehabilitative Services (CRS) (6,479,700) (S)
(5,136,700) (T)

The JLBC Staff recommends transferring the state match for AHCCCS' share of CRS to the Department of Health Services (DHS). The \$2,464,800 in expenditure authority remaining in the AHCCCS budget represents an estimate of Title XIX matching funds that can be passed through to DHS upon the determination that services were provided to a categorically-eligible AHCCCS child. (The amount, in state General Funds, actually transferring to DHS is lower than the reduction shown here because of a net change which involves a fund transfer, as well as the availability of federal funds for CRS expenditures. Additionally, the total expenditure authority reduction (T) is less than the State General Fund reduction (S), due to the federal pass-thru authority remaining in the AHCCCS budget.) The transfer also involves moving 3.75 (S) and 5.0 (T) FTE positions from AHCCCS funding to DHS. The Executive has also recommended this transfer.

- DHS Preadmission Screening and Annual Resident Review (PASARR) (356,500) (S)
(1,125,200) (T)

This includes the elimination of 1.0 (S) and 4.0 (T) FTE positions. This recommended reduction is based on the Department of Health Service's budget request for this line item, which indicated that staffing could be cut from 8.0 FTE positions to 4.0. The Executive has also recommended this change.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: AHCCCS
 COST CENTER: ACUTE CARE

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	0.00	0.00	0.00	0.00	0.00	
FULL TIME EQUIVALENT POS.	(T)	0.00	0.00	0.00	0.00	0.00	
=====							
<u>SPECIAL LINE ITEMS</u>							
ACUTE CARE CAPITATION	(S)	142,750,900	200,550,300	288,169,700	275,950,600	265,484,800	
ACUTE CARE CAPITATION	(T)	373,705,500	500,243,300	643,855,200	615,376,500	613,935,000	
FEE FOR SERVICE	(S)	39,616,100	78,399,400	36,738,100	25,864,500	30,041,300	
FEE FOR SERVICE	(T)	54,855,700	110,612,800	94,247,500	83,643,000	95,124,500	
REINSURANCE	(S)	20,774,700	30,934,300	37,010,300	18,587,000	16,972,300	
REINSURANCE	(T)	25,509,300	38,001,000	65,527,700	32,012,600	29,013,500	
DEFERRED LIABILITY	(S)	22,116,700	31,223,000	36,462,700	16,072,100	12,559,000	
DEFERRED LIABILITY	(T)	32,753,400	41,848,300	69,087,400	35,425,100	32,259,000	
MEDICARE PREMIUMS	(S)	3,379,800	1,658,400	2,455,400	1,885,700	218,500	
MEDICARE PREMIUMS	(T)	7,222,400	5,655,100	6,094,500	5,526,600	5,810,700	
QMB	(S)	17,000	1,739,600	1,464,900	100,000	286,700	
QMB	(T)	56,900	8,741,500	3,997,200	304,300	1,072,400	
EPSDT MENTAL HEALTH	(S)	0	6,764,300	940,500	940,500	1,000,000	
EPSDT MENTAL HEALTH	(T)	0	17,670,600	24,654,500	24,654,500	23,678,700	
<u>SPECIAL ITEM SUBTOTAL</u>	(S)	228,655,200	351,269,300	403,241,600	339,400,400	326,562,600	
<u>SPECIAL ITEM SUBTOTAL</u>	(T)	494,103,200	722,772,600	907,464,000	796,942,600	800,893,800	
<u>PROGRAM TOTAL</u>	(S)	228,655,200	351,269,300	403,241,600	339,400,400	326,562,600	
<u>PROGRAM TOTAL</u>	(T)	494,103,200	722,772,600	907,464,000	796,942,600	800,893,800	
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<u>BY FUND SOURCE</u>							
GENERAL FUND	(S)	228,655,200	351,269,300	403,241,600	339,400,400	326,562,600	
FEDERAL FUNDS	(T)	202,782,800	308,328,100	441,047,200	393,245,200	403,034,200	
OTHER NON APPROPRIATED	(T)	62,665,200	63,175,200	63,175,200	64,297,000	71,297,000	
<u>PROGRAM TOTAL-ALL SOURCES</u>	(S)	228,655,200	351,269,300	403,241,600	339,400,400	326,562,600	
<u>PROGRAM TOTAL-ALL SOURCES</u>	(T)	494,103,200	722,772,600	907,464,000	796,942,600	800,893,800	
=====							

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS
COST CENTER: ACUTE CARE

The JLBC Staff recommends a total appropriation of \$326,562,600 in State General Funds (S) and \$800,893,800 in Total Expenditure Authority (T) -- a net decrease of \$(24,706,700), or (7.0)%, from the adjusted FY 1991 General Fund appropriation, and a net increase of \$78,121,200, or 10.8%, to the adjusted FY 1991 total expenditure authority.

JLBC Staff Recommended Changes from FY 1991

- Retroactive Medically Needy (MN)/Medically Indigent (MI) Coverage (Fee For Service) (2,286,600) (S)
The Staff recommends that A.R.S. § 36-2909.A be amended to return retroactive coverage to 24 (2,286,600) (T) hours except in cases where a state holiday immediately precedes or follows a weekend. Laws 1990, Chapter 333 (Omnibus AHCCCS) changed the aforementioned section to increase retroactive coverage from 24 to 48 hours. If Title 36 is not amended, \$5,600,000 (S) and (T) must be added to the JLBC Staff recommendation to accommodate annualization (the law was not effective until January 1, 1991) and medical inflation. The Staff estimates the cost of the 48 hour provision, without the 3-day holiday weekend exception, at \$6,313,400 (S) and (T). The Executive has recommended a complete return to 24 hour retroactive coverage in its FY 1991 Deficit Reduction proposal and their FY 1992 recommendation reflects the amendment. They are using an estimate, however, of \$7,000,000 (S) and (T) as the cost.
- Adjusted Billed Charges (ABC) (4,000,000) (S)
The Staff recommends the repeal of the ABC Reimbursement Level Increase of 2.5% required by (4,000,000) (T) Laws 1990, Chapter 333 (Omnibus AHCCCS) [A.R.S. § 36-2904K(5)]. If Title 36 is not amended, \$6,330,100 (S) and \$9,200,000 (T) must be added to the Staff recommendation, in order to accommodate annualization (the law was not effective until January 1, 1991); medical inflation; demographics; and the presence of federal matching funds, which were not part of last year's calculation since the federal reimbursement methodology was not revised until after the 2nd Regular Session of the 39th Legislature adjourned. The Executive has recommended this change in both their FY 1991 Deficit Reduction proposal and FY 1992 Budget Recommendation.

- **General Fund Reduction/County Contributions** (7,000,000) (S)
 The JLBC Staff recommends that A.R.S. § 11-292.A.2 be revised to reflect an increase of \$7,000,000 -0- (T) in county contributions for medical services. This change would increase the cap from \$58.4 million to \$65.4 million. As previously discussed, the Staff recommends this method of increasing the county share of the program over the Executive proposal to use approximately \$8.9 million in county contributions for administrative costs. In terms of acute care, county contributions have remained flat since FY 1986, yet the program has grown dramatically in the interim. The Staff would argue that increases in the cost of medical care since FY 1986 would alone justify a contribution increase well in excess of our proposed \$7,000,000. The Staff would further indicate that, all other things being equal, the Staff's recommended increase in county contributions is \$1.9 million lower than the Executive's Recommendation.

- **AFDC Benefit Increase** -0- (S)
 The JLBC Staff has recommended that the Legislature delay the AFDC benefit increase currently -0- (T) scheduled for July 1991 until June 1992. Without this change, the Staff AHCCCS recommendation must be increased by \$1,495,100 (S) and \$3,980,000 (T). The benefit increase scheduled for June 1, 1991, is fully funded in this recommendation.

- **Acute Care Services** 19,794,100 (S)
 The JLBC Staff recommendations reflects a variety of changes including the following: 112,817,400 (T)

 - a) 15.9% Increase in Member Years - \$39,208,400 (S) - (Member years is the annual average number of members enrolled for an entire month.) The Executive's recommendation indicates a growth of 11.4%. The Staff, however, believes the Executive's FY 1991 population base is somewhat high, which would explain most of the growth rate difference.
 - b) 7.5% Capitation Rate Increase - \$10,868,800 (S) - The Staff is not sure of the Executive's specific average increase, however, their recommendation's narrative indicates increases of 7.0%-9.0%.
 - c) New Federal Reimbursement - \$(34,059,400) (S) - The Staff concurs with the Executive that the method of federal reimbursement approved by the Health Care Financing Administration (HCFA) during the interim will lead to an increased flow of federal dollars into AHCCCS which, consequently, reduces General Fund obligations.
 - d) Medical Inflation - \$3,776,300 (S) - The Staff is using a 5.0% figure in the Deferred Liability, Reinsurance, and Fee for Service line items. The Executive's recommendation does not indicate what inflation factor was used on these line items.

The Staff has provided discrete estimates for the changes mentioned above, however, due to the interaction of factors, the estimates have limitations. For example, demographic and cost factors have distinct effects but they also interact - a phenomenon that makes it impossible to precisely isolate each individual factor's impact. The Staff would also caution against drawing too many conclusions from using just the State General Fund (S) amount for each line item. The (S) amount, in both the Staff and Executive recommendations, is combined with county and miscellaneous fund amounts to produce a "state-match" recommendation. There are a number of differences between the Staff and Executive allocations of these county and miscellaneous funds, and these differences make comparisons a little more difficult. The Staff will be prepared in Committee to provide clarification on specific differences between line items.

- Fee For Service (23,997,000) (S)
 The amount detailed reflects a correction to this line item to account, primarily, for a larger volume of federal dollars (that should have been budgeted against the General Fund) flowing into the state via the Indian Health Service. As the Staff has indicated in previous correspondence, we believe this issue is the fundamental reason for the current fiscal year's AHCCCS surplus. (26,748,600) (T)
- Qualified Medicare Beneficiaries (1,452,900) (S)
 The reduction reflects another downward revision in population estimates for this federally-required group. The recommendation takes into account the QMB mandates contained in the federal Omnibus Budget Reconciliation Act of 1990 (OBRA '90). The Executive has made a similar recommendation. (7,669,100) (T)
- EPSDT Mental Health (5,764,300) (S)
 The recommendation reflects a transfer of most of state-match funding obligation, for children's mental health care, to the Department of Health Services (DHS). DHS plans to submit a budget addendum at a later date detailing a requested amount, at which time the Staff will provide analysis and recommendations for DHS funding. The amount remaining in AHCCCS reflects an amount for pharmaceutical/laboratory costs that will be borne by AHCCCS. The increased expenditure authority is based on a staff estimate of possible federal matching funds in an annualized and fully operational program (the current program began on October 1, 1990, and is being phased-in during this fiscal year). 6,008,100 (T)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: AHCCCS
 COST CENTER: LONG TERM CARE

JLBC ANALYST: MCNEIL
 EBO ANALYST: CHAPKO

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	0.00	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>							
<u>SPECIAL LINE ITEMS</u>							
LUMP SUM APPROPRIATION	(S)	0	0	0	0	0	
LUMP SUM APPROPRIATION	(T)	140,597,300	249,610,000	296,322,800	296,322,800	231,540,400	
DES LONG TERM CARE	(S)	0	0	0	0	0	
DES LONG TERM CARE	(T)	43,249,600	57,661,800	84,247,700	84,247,700	0	
NATCEP	(S)	0	0	0	0	0	
NATCEP	(T)	0	0	0	910,000	910,000	
SPECIAL ITEM SUBTOTAL	(S)	0	0	0	0	0	
SPECIAL ITEM SUBTOTAL	(T)	183,846,900	307,271,800	380,570,500	381,480,500	232,450,400	
PROGRAM TOTAL	(S)	0	0	0	0	0	
PROGRAM TOTAL	(T)	183,846,900	307,271,800	380,570,500	381,480,500	232,450,400	
=====							
<u>BY FUND SOURCE</u>							
FEDERAL FUNDS	(T)	124,055,000	211,271,800	269,775,500	270,230,500	144,907,300	
OTHER NON APPROPRIATED	(T)	59,791,900	96,000,000	110,795,000	111,250,000	87,543,100	
PROGRAM TOTAL-ALL SOURCES	(S)	0	0	0	0	0	
PROGRAM TOTAL-ALL SOURCES	(T)	183,846,900	307,271,800	380,570,500	381,480,500	232,450,400	
=====							

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: AHCCCS
COST CENTER: LONG TERM CARE

The JLBC Staff recommends a total appropriation of \$0 in State General Funds (S) and \$232,450,400 in Total Expenditure Authority (T) -- a net increase of \$0, or 0.0%, to the adjusted FY 1991 General Fund appropriation, and a net decrease of \$(74,821,400), or (24.4)%, to the adjusted FY 1991 total expenditure authority. The Staff recommends that A.R.S. §11-292 be amended to require an FY 1992 county contribution to the Arizona Long Term Care System (ALTCS) of \$87,543,100 -- a net decrease of \$(8,456,900), or (8.8)% to the current statutorily-set contribution.

JLBC Staff Recommended Changes from FY 1991

- Lump Sum Appropriation \$ -0- (S)
The JLBC Staff Recommendation reflects an 18.3% member year growth rate over a rebased FY 1991 population estimate, and a 10.0% increase in per member per month costs. The Staff's estimates do not include DES' Developmentally Disabled population. The Staff believes the fundamental reason for the difference between our recommendation and the agency/Executive's is our significantly lower FY 1991 population base. Implicit in our lower FY 1991 population estimate is our view that current year state-match expenditures will be significantly lower than the required \$96 million contribution. (18,069,600) (T)

- DES Long Term Care -0- (S)
The Staff recommends that the expenditure authority for pass-thru federal funds not be included in the AHCCCS budget since it is already included in the DES Long Term Care Cost Center. (57,661,800) (T)

- Nurse Aide Training and Competency Evaluation Program (NATCEP) -0- (S)
The Staff recommends that the training costs associated with NATCEP continue to be funded in this cost center with a combination of county and federal funds. Although no expenditure authority was specifically designated for this program in FY 1991, it is our understanding that training costs are currently being paid with the county/federal funds combination since the expenditures are long term care (nursing facility) related. The Executive has recommended the same amount. 910,000 (T)

Other Issues for Legislative Consideration

- **Executive Recommendation**

The Executive did not include a formal FY 1992 recommendation for this cost center. The JLBC Staff, however, is displaying an Executive recommendation, since a list of budget assumptions and adjustments provided to the Staff by the Executive indicates that "long term care program costs were funded at the agency request." The agency has requested \$110,795,000 in state-matching funds, and \$380,570,500 in total expenditure authority (which includes pass-thru federal funds for DES, but excludes NATCEP).

- **ALTCS Data**

At the time of this writing, the Staff was still awaiting delivery of certain programmatic data relating to ALTCS. The JLBC Staff recommendation is based on the best demographic and cost information available to us.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: DEPT OF ECONOMIC SECURITY
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: CAWLEY/SIEGWARTH
 EBO ANALYST: GONZALES

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	2,406.60 =====	2,919.80 =====	3,976.50 =====	3,215.50 =====	2,779.50 =====	
<u>BY PROGRAM/ORGANIZATION</u>						
ADMINISTRATION	22,483,500	27,073,900	37,250,000	28,936,300	26,091,200	_____
DEVELOP. DISABILITIES	50,533,600	54,445,400	71,368,200	53,317,100	46,089,600	_____
LONG TERM CARE	25,420,300	42,541,100	57,581,300	48,132,000	49,921,200	_____
FAMILY SUPPORT	84,080,600	98,008,900	140,723,600	121,351,400	117,664,800	_____
SOCIAL SERVICES	89,057,900	118,464,600	136,257,300	111,811,100	108,757,700	_____
CHILD PROT.SVCS TRAINING	269,700	450,000	457,800	461,600	427,000	_____
EMPLOYMENT & REHAB	4,150,600	8,865,400	15,433,900	8,224,400	8,205,100	_____
<u>AGENCY TOTAL</u> =====	275,996,200 =====	349,849,300 =====	459,072,100 =====	372,233,900 =====	357,156,600 =====	=====
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	55,651,900	65,326,800	86,973,700	70,975,200	66,660,900	_____
EMPLOYEE RELATED EXP	11,946,400	15,835,200	21,875,600	18,838,000	16,378,900	_____
PROFESSIONAL/OUTSIDE SVCS	2,215,900	2,946,600	6,746,000	3,567,900	2,765,700	_____
TRAVEL - IN STATE	1,492,000	1,871,400	3,533,500	2,281,100	1,771,900	_____
TRAVEL - OUT OF STATE	52,300	58,600	144,600	41,900	55,500	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: AGENCY SUMMARY EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
OTHER OPERATING EXP	15,340,500	17,334,600	28,532,000	19,286,600	14,961,300	
FOOD	691,900	661,000	688,100	658,900	589,000	
EQUIPMENT	1,498,100	1,304,500	9,320,300	2,001,400	814,700	
ALL OTHER OPERATING	21,290,700	24,176,700	48,964,500	27,837,800	20,958,100	
<u>OPERATING SUBTOTAL</u>	<u>88,889,000</u>	<u>105,338,700</u>	<u>157,813,800</u>	<u>117,651,000</u>	<u>103,997,900</u>	
<u>SPECIAL LINE ITEMS</u>						
ACYP ASSISTS	0	999,300	0	151,800	0	
AGING ASSISTS	43,700	180,600	0	77,500	0	
DD ASSISTS	0	208,800	0	142,400	0	
AZTECS MODIFICATION	97,400	669,300	542,600	635,900	635,900	
DES WEST LEASE-PURCHASE	0	298,000	420,000	420,000	983,600	
FMCS MODIFICATION	127,000	131,300	137,100	602,900	131,300	
PUB ASSIST COLLECT FUND	101,200	200,100	205,800	206,100	200,100	
LAN LEASE-PURCHASE	0	15,500	0	0	0	
LEASE-PURCHASE EQUIPMENT	0	237,300	574,900	574,900	1,241,400	
WELFARE REFORM START-UP	119,000	0	0	0	0	
ALZHEIMERS' SUBCOMMITTEE	0	15,000	0	0	0	
CHILDREN'S MENTAL HEALTH	0	245,400	0	223,900	0	
FINGERPRINTING	0	10,000	0	0	0	
OMNIBUS CPS ACT	0	2,166,000	0	0	0	
ASH COMMUNITY PLACEMENT	46,000	157,800	165,200	158,300	157,800	
ASSISTANCE TO FAMILIES	353,200	463,200	1,014,800	463,200	463,200	
DD COOLIDGE DELAY	2,565,100	0	0	0	0	
DD FOSTER CARE	3,919,100	2,343,100	3,893,800	3,775,600	2,343,100	
HOUSEKEEPING PAYMENTS	243,500	336,000	336,000	249,500	249,500	
OUT-OF-DISTRICT PLACEMENT	588,300	836,800	876,000	839,300	836,800	
DD PURCHASE OF CARE	22,340,800	27,592,600	33,978,000	24,917,100	23,411,900	
STIPENDS & ALLOWANCES	9,400	10,400	10,900	10,400	10,400	
VOC REHAB CONTRACTS	190,700	123,500	128,900	123,500	123,500	
ACUTE CARE	4,232,500	6,437,400	8,293,200	7,462,800	8,149,100	
FEE FOR SERVICE	475,800	2,272,800	3,389,800	2,742,500	2,021,100	
LTC FOSTER CARE	1,748,800	2,728,100	3,370,200	3,140,100	2,680,800	
LTC PURCHASE OF CARE	11,792,600	21,127,000	29,029,800	24,605,100	26,718,400	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: CAWLEY/SIEGWARTH
 EBO ANALYST: GONZALES

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
STIPENDS & ALLOWANCES	132,400	205,400	214,400	205,400	205,400	_____
AFDC	48,698,200	55,147,500	82,210,300	71,821,000	75,477,400	_____
CHILD SUPPORT AUTOMATION	230,700	291,100	252,800	252,800	252,800	_____
CHILD SUPT. RESTRUCTURING	1,069,300	1,229,200	1,093,400	2,716,400	1,229,200	_____
EMERGENCY ASSISTANCE	1,032,900	849,500	1,136,900	849,500	849,500	_____
GENERAL ASSISTANCE	11,664,800	14,348,700	15,073,500	14,348,700	14,410,600	_____
SLIAG REIMB.	9,800	0	0	0	0	_____
TUBERCULOSIS CONTROL	22,200	29,400	29,400	29,400	29,400	_____
FOOD DISTRIBUTION INFO	22,100	24,000	51,900	24,000	0	_____
HOMELESS SHELTER	245,300	1,023,900	1,068,900	1,023,900	1,023,900	_____
INFORMATION AND REFERRAL	81,800	111,000	115,900	111,000	111,000	_____
RURAL FOOD BANK PROJECT	59,200	64,900	170,200	64,900	64,900	_____
HOMELESS COORDINATOR	0	80,000	0	449,700	0	_____
VETERANS' HOUSING ASSISTANCE PAYMENTS	914,700	0	0	0	0	_____
ADOPTION SERVICES	9,595,300	14,879,500	15,788,200	11,682,200	12,523,300	_____
ADULT SERVICES	6,550,600	7,422,600	9,944,600	7,774,300	7,590,800	_____
CHILDREN SERVICES	32,543,100	38,637,200	45,022,300	39,586,200	37,495,800	_____
HIGH RISK INFANT SVCS	0	475,000	1,007,900	475,000	475,000	_____
INTENSIVE FAMILY SVCS	0	489,700	1,044,000	490,800	489,700	_____
CHILD SEVERANCE PROJ.	174,300	189,200	447,600	360,700	189,200	_____
CMDP	4,878,400	11,210,800	6,149,100	5,480,900	5,754,900	_____
DAY CARE	17,386,100	19,487,600	20,571,000	18,387,600	17,286,700	_____
JOBS CHILD CARE	65,200	856,100	1,198,100	571,200	856,100	_____
TRANSITIONAL CHILD CARE	0	948,600	1,317,200	948,600	948,600	_____
INSTITUTION SUPP. PYMTS.	428,000	490,800	490,800	425,900	427,000	_____
LTC OMBUDSMAN	72,100	116,000	121,100	116,000	116,000	_____
VIDEOTAPING	0	0	0	110,400	200,000	_____
IND LIVING REHAB SVCS	530,700	552,700	805,100	552,700	552,700	_____
VOCATIONAL REHAB SERVICES	1,702,000	1,763,300	2,329,600	1,763,300	1,763,300	_____
JOB SEARCH STIPENDS	0	139,100	155,800	139,100	139,100	_____
MANPOWER SERVICES	2,100	0	0	0	0	_____
NAVAJO EMPLOYMENT SERVICE	0	257,000	234,000	234,000	0	_____
WIDP-GED	1,800	0	0	0	0	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: AGENCY SUMMARY EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
OTHER RECEIPTS	0	-1,000,000	0	0	-1,500,000	
JOBS	0	3,838,500	6,847,300	2,064,500	3,838,500	
SPECIAL ITEM SUBTOTAL	187,107,200	244,510,600	301,258,300	254,582,900	253,158,700	
A G E N C Y T O T A L	275,996,200	349,849,300	459,072,100	372,233,900	357,156,600	
=====						
BY FUND SOURCE						
GENERAL FUND	275,581,600	349,199,200	458,408,500	371,566,200	356,529,500	
OTHER FUNDS	414,600	650,100	663,600	667,700	627,100	
FEDERAL FUNDS	295,667,900	356,178,300	447,226,200	0	447,226,200	
OTHER NON APPROPRIATED	214,512,900	273,398,800	304,347,100	0	298,184,700	
AGENCY TOTAL-ALL SOURCES	786,177,000	979,426,400	1,210,645,400	372,233,900	1,102,567,500	
=====						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$357,156,600 -- a net increase of \$7,307,300, or 2.1%, to the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$356,529,500 -- a net increase of \$7,330,300, or 2.1%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

• FTE Adjustment		
Eliminates 31.0 FTE positions that are vacant or are projected to become vacant during FY 1992.		
• Personal Services/ERE Adjustments		\$ (567,900)
Includes a new vacancy factor. Vacancy factors vary by cost center.		
• ERE Rate Adjustments		289,600
• 20% Professional and Outside Services Reduction		(142,700)
This reduction excludes medical costs.		
• 5% Travel - In State Reduction		(98,100)
• 10% Travel - Out of State Reduction		(6,100)
• Other Operating Expenditures Reduction		(110,700)
• One-Time Capitalized and Non-Capitalized Equipment Adjustment		(2,150,000)
• Rent Adjustment		(439,000)
• DES West Lease-Purchase		983,600
• Risk Management		(659,600)
• Annualization of Positions		2,430,100
-- Omnibus Child Protection Services Act	1,957,700	
-- JOBS	386,800	
-- Long Term Care	20,400	
-- Family Support	65,200	

- Developmental Disabilities/Long Term Care Caseload (57,200)
 - Includes the following major adjustments:
 - Adjustment in the development disabilities residential and adult day purchase of care programs due to conversion of clients to the long term care program. (4,724,600)
 - 26.6% growth in the statutory long term care program. 5,146,400
 - Replacement residential and day programs for clients no longer eligible to receive foster care or a public education. 988,900
 - Transfer of 46.2 positions from state to federal funding in line with higher percentage of long term care clients. (1,413,000)
 - Reduction of (47.8) positions due to the transfer of 38 clients from the Arizona Training Program at Tucson to less staff-intensive community-based settings. (1,766,600)
 - Acute care services to all eligible long term care clients. 1,711,700
- AFDC Growth 20,530,500
 - Funds a 35.6% growth in AFDC expenditures. The increase is made up of 4 major components:
 - annualization of the AFDC-UP program, the June 1, 1991 benefit increase, and the current year shortfall; 9,580,300
 - FY 1992 projected caseload growth of 16.87%; 9,881,600
 - implementation of a June 1, 1992 benefit increase (retaining the current July 1, 1991 benefit increase would cost an additional \$3,873,700); and 336,500
 - 50 new eligibility staff, including 25 state-funded positions. 732,100
- Social Services (11,050,000)
 - Funds a continuation of the current caseload growth and cost in the following statutory or "traditional" entitlements. The savings generally result from a decline in the average cost per client and an influx of federal funds.

<u>Program</u>	<u>\$Increase/ (Decrease)</u>
Adoption Services	\$(2,356,200)
Adult Services/Supplemental Payments	104,400
Children Services	(1,141,400)
Comprehensive Medical & Dental	(5,455,900)
Day Care	(2,200,900)

• Reduce Training Activities by 45.0%	(106,300)
• Eliminate the Centralized Information and Referral Activity	(33,700)
• Eliminate Food Distribution Information	(24,000)
• Eliminate 11.0 FTE State Day Care Positions	(335,300)
• Add 2.0 Medical Review FTE Positions, Reduce Professional and Outside Services	(125,000)
• Increase Special Administration Fund Contribution	(500,000)
• Eliminate 8.0 FTE Positions and Navajo Employment Services	(257,000)
• Other Reductions	(263,900)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: ADMINISTRATION EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	334.00	388.30	497.10	372.70	336.30	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	8,767,600	9,831,800	13,866,500	10,269,300	10,060,800	
EMPLOYEE RELATED EXP	1,700,600	2,153,900	3,163,200	2,460,400	2,236,600	
PROFESSIONAL/OUTSIDE SVCS	364,000	367,300	1,380,600	544,600	359,800	
TRAVEL - IN STATE	165,600	190,300	364,300	219,600	179,600	
TRAVEL - OUT OF STATE	51,100	47,800	77,800	34,700	49,000	
OTHER OPERATING EXP	9,606,300	10,067,200	11,803,100	10,871,300	9,235,900	
EQUIPMENT	1,340,000	932,000	4,714,100	1,501,000	777,200	
ALL OTHER OPERATING	11,527,000	11,604,600	18,339,900	13,171,200	10,601,500	
<u>OPERATING SUBTOTAL</u>	21,995,200	23,590,300	35,369,600	25,900,900	22,898,900	
<u>SPECIAL LINE ITEMS</u>						
✓ ACYF ASSISTS	0	999,300	0	151,800	0	
✓ AGING ASSISTS	43,700	180,600	0	77,500	0	
✓ DD ASSISTS	0	208,800	0	142,400	0	
✓ AZTECS MODIFICATION	97,400	669,300	542,600	635,900	635,900	
✓ DES WEST LEASE-PURCHASE	0	298,000	420,000	420,000	983,600	
✓ FMCS MODIFICATION	127,000	131,300	137,100	602,900	131,300	
✓ LAN LEASE-PURCHASE	0	15,500	0	0	0	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY
 COST CENTER: ADMINISTRATION

JLBC ANALYST: CAWLEY/SIEGWARTH
 EBO ANALYST: GONZALES

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
LEASE-PURCHASE EQUIPMENT ✓	0	237,300	574,900	574,900	1,241,400	_____
✓ PUB ASSIST COLLECT FUND ✓	101,200	200,100 ✓	205,800	206,100	200,100	_____
✓ WELFARE REFORM START-UP ✓	119,000	0	0	0	0	_____
ALZHEIMERS' SUBCOMMITTEE ✓	0	15,000	0	0	0	_____
CHILDREN'S MENTAL HEALTH ✓	0	245,400	0	223,900	0	_____
FINGERPRINTING ✓	0	10,000	0	0	0	_____
OMNIBUS CPS ACT ✓	0	273,000	0	0	0	_____
SPECIAL ITEM SUBTOTAL	488,300	3,483,600	1,880,400	3,035,400	3,192,300	_____
PROGRAM TOTAL	22,483,500	27,073,900	37,250,000	28,936,300	26,091,200	_____
=====						
BY FUND SOURCE						
GENERAL FUND	22,338,600	26,873,800	37,044,200	28,730,200	25,891,100	_____
OTHER FUNDS	144,900	200,100	205,800	206,100	200,100	_____
FEDERAL FUNDS	30,271,500	39,192,400	49,248,900	0	49,248,900	_____
OTHER NON APPROPRIATED	8,777,100	9,757,500	12,025,300	0	12,025,300	_____
PROGRAM TOTAL-ALL SOURCES	61,532,100	76,023,800	98,524,200	28,936,300	87,365,400	_____
=====						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY
 COST CENTER: ADMINISTRATION

The JLBC Staff recommends a total appropriation of \$26,091,200 -- a net decrease of \$(982,700), or (3.6)%, from the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$25,891,100 -- a net decrease of \$(982,700), or (3.7)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 11.3 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(253,500)
 Includes a new vacancy factor of 4.5%. If the 11.3 FTE positions had not been eliminated, the vacancy savings rate would have been 4.5%. The Executive recommends a vacancy factor of 2.9%.
- Transfer of 1.4 FTE positions to Other Non-Appropriated Funds -0-
 The 1.4 FTE positions were added during FY 1991 and are currently being funded through Other Non-Appropriated Funds.
- ERE Rate Adjustments 33,200
- 20% Professional and Outside Services Reduction (90,000)
- 5% Travel - In State Reduction (9,500)
- 10% Travel - Out of State Reduction (5,400)
- 1% Other Operating Expenditures Reduction (106,100)
- DES West Lease-Purchase Adjustment 983,600
 Includes only the cost of the lease-purchase payment for DES West in this special line item. The annualization of telephone leases and other expenses have been moved to Other Operating Expenditures. The Executive recommendation provides only for the annualization and one-time costs. The Executive has included its DES West lease-purchase payment of \$1,423,700 in Other Operating Expenditures.
- Rent Adjustment (439,000)
 Includes the Department's state share of rent and lease-purchase payments, including the new Tucson State Office Building. The DES West lease-purchase payment is excluded as it has been assigned its own special line item. The lease-purchase payment for the new Tucson State Office Building is based upon the Department's FY 1991 square footage requirements. The recommendation also assumes related deductions in private sector rental payments due to movement of staff to the new office space

in the Tucson State Office Building and DES West. The Executive recommends an increase of \$1,384,400 which includes the state share for the new Tucson State Office Building, Capitol Centre space, and other unexplained Occupancy costs. Also included in the Executive recommendation are monies to fund the federal and other funds share above DOA's approved \$11.00 per square foot state owned rental payment. The Executive recommendation assumes that the federal and other funds contribution is limited to this established square footage rental amount. The JLBC Staff assumes that the agency can negotiate with the federal government and other fund contributors to participate at the actual per square footage cost. The JLBC Staff did not provide for an increase in the Capitol Centre payment as it remains at the FY 1991 level.

- Transfers to Administration Division 863,000
Includes transfer of Out-of-State Travel, \$6,600, and Occupancy costs, \$856,400, to this division from other DES divisions.
- Transfers from Administration Division (750,500)
Includes transferring ACYF ASSISTS, DD ASSISTS, Aging ASSISTS and Children's Mental Health funding to the appropriate divisions.
- Equipment Lease-Purchase Adjustments 75,300
Includes all computer equipment lease-purchase agreements and related increases or decreases in FY 1992 payments.
- One-Time Capitalized and Non-Capitalized Equipment Adjustments (746,500)
- Risk Management Reduction (659,600)
Includes a reduction for the Provider Indemnity Program (PIP) which has accumulated a surplus of funds. The Executive recommends a decrease of \$(3,004,800) which brings the FY 1992 Risk Management payment to \$0. The Executive recommendation reflects a one-time artificial reduction in DES' risk management charge which could cause the agency's risk management charge to jump substantially in FY 1993.
- Annualization of Omnibus CPS Act 262,300
- Reduce Training Activities by 45% (106,300)
Eliminates 9.0 FTE positions (3.3 state; 4.8 federal; and 0.9 other) in the Office of Human Resources and reduces training activities to staff. This recommendation was offered by the agency as a permanent base reduction option. The Executive does not recommend this reduction.
- Eliminate the Centralized Information and Referral Activity (33,700)
Eliminates 3.0 FTE positions (1.5 state; 1.4 federal; and 0.1 other) and the centralized information and referral activity in the Office of the Director. The "Information" telephone number would be removed from the state and other telephone book listings, but numerous program-specific general information numbers would remain. The public may have difficulty in quickly reaching the appropriate office in DES. This recommendation was offered by the agency as a permanent base reduction option. The Executive does not recommend this elimination.

Other Issues for Legislative Consideration

- **Transfer of \$77,000 and 1.0 FTE Position**

The Executive recommends the transfer of \$77,000 and 1.0 FTE position from the Office of Budget, Planning, Policy and Project Control (OBPPPC) to the Governor's Office of Strategic Planning and Budgeting (GOSPAB) to implement Executive Order 90-22. JLBC Staff has received little information upon which to analyze the impact of this transfer on DES. However, the impact will likely be greater than just a reduction of \$(77,000) and (1.0) FTE position, since DES receives matching funds from the federal government and other funds sources for the majority of OBPPPC's positions. The ability to receive matching funds will not transfer to the GOSPAB. (See the Governor's Office of Strategic Planning and Budgeting for further discussion of this issue.)
- **Third Party Liability Program**

The Executive recommends \$536,500 and 7.3 FTE positions to establish a collection system from all third party payers for services rendered to developmentally disabled clients.
- **Administrative Support Personnel**

The Executive recommends \$131,700 and 3.5 FTE positions in the Division of Business and Finance to provide administrative support. The Executive recommends these personnel increases based upon other Executive recommendations increasing agency's staff and programs. Since JLBC Staff did not recommend new staff or programs, there is no justification for additional administrative support personnel.
- **FMCS Modifications**

The Executive recommends \$465,800 and 6.1 FTE positions for further development of the Department's Financial Management and Control System (FMCS), DES' official accounting system. JLBC Staff recommends continuation of funding at the FY 1991 level. In FY 1991, DES received \$172,600 -- \$131,300 in a special line item and \$41,300 in Professional and Outside Services -- for consulting services for modifications which included installation of version VI of the Government Financial System software, installation of additional subsystems and to develop policies and procedures and training. JLBC Staff recommends that the Department continue in its efforts to upgrade this system and its use by utilizing this \$172,600 in FY 1992 for prioritized FMCS projects.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: DEVELOP. DISABILITIES EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	518.40 =====	702.30 =====	880.80 =====	702.30 =====	572.40 =====	=====
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	13,789,000	15,188,700	18,464,800	15,188,700	12,400,300	_____
EMPLOYEE RELATED EXP	3,277,000	3,963,600	4,946,200	4,244,800	3,264,900	_____
PROFESSIONAL/OUTSIDE SVCS	868,900	1,438,600	1,655,200	1,480,400	1,273,000	_____
TRAVEL - IN STATE	282,800	342,900	693,300	350,600	289,300	_____
OTHER OPERATING EXP	1,506,200	1,179,400	3,261,700	1,102,900	934,100	_____
FOOD	521,000	412,800	431,000	412,800	331,800	_____
EQUIPMENT	32,600	56,000	1,512,400	0	0	_____
ALL OTHER OPERATING	3,211,500	3,429,700	7,553,600	3,346,700	2,828,200	_____
<u>OPERATING SUBTOTAL</u>	20,277,500	22,582,000	30,964,600	22,780,200	18,493,400	_____
<u>SPECIAL LINE ITEMS</u>						
ASH COMMUNITY PLACEMENT	46,000	157,800	165,200	158,300	157,800	_____
ASSISTANCE TO FAMILIES	353,200	463,200	1,014,800	463,200	463,200	_____
DD COOLIDGE DELAY	2,565,100	0	0	0	0	_____
DD FOSTER CARE	3,919,100	2,343,100	3,893,800	3,775,600	2,343,100	_____
HOUSEKEEPING PAYMENTS	243,500	336,000	336,000	249,500	249,500	_____
OUT-OF-DISTRICT PLACEMENT	588,300	836,800	876,000	839,300	836,800	_____
DD PURCHASE OF CARE	22,340,800	27,592,600	33,978,000	24,917,100	23,411,900	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: DEVELOP. DISABILITIES EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
STIPENDS & ALLOWANCES	9,400	10,400	10,900	10,400	10,400	
VOC REHAB CONTRACTS	190,700	123,500	128,900	123,500	123,500	
<u>SPECIAL ITEM SUBTOTAL</u>	30,256,100	31,863,400	40,403,600	30,536,900	27,596,200	
<u>PROGRAM TOTAL</u>	50,533,600	54,445,400	71,368,200	53,317,100	46,089,600	
<u>=====</u>						
<u>BY FUND SOURCE</u>						
GENERAL FUND	50,533,600	54,445,400	71,368,200	53,317,100	46,089,600	
FEDERAL FUNDS	1,587,900	2,851,800	2,851,800	0	2,851,800	
OTHER NON APPROPRIATED	365,800	2,030,400	1,996,400	0	1,996,400	
<u>PROGRAM TOTAL-ALL SOURCES</u>	52,487,300	59,327,600	76,216,400	53,317,100	50,937,800	
<u>=====</u>						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY
COST CENTER: DEVELOPMENTAL DISABILITIES

The JLBC Staff recommends a total appropriation of \$46,089,600 -- a net decrease of \$(8,355,800), or (15.3)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 9.5 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments -0-
Includes a vacancy rate of 0.0%. If the 9.5 FTE positions had not been eliminated, the vacancy savings rate would have been 2.4%. The Executive recommends a vacancy factor of 2.1%.
- ERE Rate Adjustments \$ 35,500
- Equipment (116,800)
Includes reduction in Capitalized Equipment, \$(56,000) and Non-Capitalized Equipment, \$(60,800).
- Transfer from Administration 45,400
Transfers 1.5 FTE positions for Children's Mental Health program from the agency's Administration Division.
- Transfer to Administration Division--Occupancy (32,500)
- 5% Medical Inflation 26,800
- 5% Travel - In State Reduction (15,200)
- Tucson Transfer (1,766,600)
The transfer of 38 clients from the Arizona Training Program at Tucson permits a net reduction of (47.8) Direct Care FTE positions. The transfer of 21 of the clients to private or vender-operated group homes permits a reduction of (40.5) direct care personnel. An additional reduction of (7.3) FTE positions is the result of 13 clients moving to state-operated group homes which are less labor-intensive. Additional savings below reflect the transfer of the remaining 4 clients to the Long Term Care Program.
- Client Shift to the Long Term Care Program (2,265,200)
As more Arizona Training Program at Coolidge (ATPC) cottages are certified Title XIX eligible, there is a continuing shift of clients from the Developmental Disabilities program to the Long Term Care program. Before becoming eligible for the federal program, the state pays 100.0% of their care

in the Developmental Disabilities program. Under Long Term Care, the state pays 37.6% of the cost.

The FY 1991 budget was based upon the following cottage certification schedule:

<u>Certification Date</u>	<u># of Clients</u>
Pre FY 1991	20
July 1, 1990	20
January 1, 1991	18
June 30, 1991	<u>20</u>
Total	78

The JLBC Staff recommendation annualizes the savings from the January and June 1991 certifications. In addition, the Staff recommends 1 additional cottage with 18 residents be certified on January 1, 1992. With this added cottage, a total of 96 residents would be in certified facilities. This is a more conservative timetable than the Division of Developmental Disabilities current plan. Given past difficulties in meeting certification schedules, however, the Staff's "go-slow" recommendation is warranted.

Inherent in this transfer of clients is the transfer of direct care, administrative and case management FTE positions. The JLBC Staff recommendation transfers 74.1 FTE positions from the Developmental Disabilities program to the Long Term Care program to provide for the shift in clients. Since the positions are 37.6% state funded in Long Term Care and 100.0% funded in Developmental Disabilities, the net number of state positions will decrease by (46.2). The decrease to the Developmental Disabilities budget is \$(2,265,200). The additional cost in the Long Term Care program will be \$852,200 (S) or \$2,265,200 (T), for a net savings to the General Fund of \$(1,413,000).

- Foster Care

Though a deficit has been identified for FY 1991, insufficient information has been received on which to base a recommendation. The JLBC Staff recommends continued funding at current levels. The Executive recommends an additional \$1,432,500.

-0-

- Housekeeping Payments

Due to lower than expected caseloads in FY 1991, a surplus has been realized. Providing for 10.0% growth from current levels, the JLBC Staff recommends funding an average of 280 clients in FY 1992 for a savings of \$(86,500). The Executive concurs.

(86,500)

- Purchase of Care

(4,180,700)

JLBC Staff recommends a reduction of \$(4,180,700) mostly due to unexpected conversion of contracted Purchase of Care clients to the Long Term Care program. The Executive recommends \$(2,265,200).

- Includes \$278,000 to annualize the cost of 2 "aging out" programs funded for 6 months in the FY 1991 budget:
 - residential services for 12 clients who will reach the age of 18 during FY 1991 and will no longer qualify for foster care, \$144,900. The Executive recommends \$186,600.
 - adult day services for 40 clients who will reach the age of 22 during FY 1991 and will no longer receive a public school education, \$133,100. The Executive recommends \$137,900.
- Includes \$265,900 to fund "aging out" clients newly eligible in FY 1992:
 - residential services for 11 clients, \$132,800.
 - day programs for 40 clients, \$133,100.
- Includes \$(4,724,600) due to lower than projected caseloads in 2 programs:
 - residential services will be funded for an average caseload of 345 in FY 1992 in addition to the "aging out" issues above. This represents a reduction of 108 clients in the base caseload for FY 1991, due to the conversion of clients to Long Term Care.
 - adult day programs will be funded for an average caseload of 865 clients in FY 1992 in addition to the issues above. This represents a reduction of 371 clients in the base caseload for FY 1991, again due to the conversion of clients to Long Term Care.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: LONG TERM CARE EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION		FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	(S)	348.30	296.70	365.00	310.20	312.90	
FULL TIME EQUIVALENT POS.	(T)	899.00	772.80	954.3	824.80	831.60	
=====		=====	=====	=====	=====	=====	=====

OPERATING BUDGET

PERSONAL SERVICES	(S)	4,651,300	6,245,000	7,507,700	6,265,900	6,778,600	
PERSONAL SERVICES	(T)	12,003,300	16,235,100	19,880,600	16,660,200	18,018,600	
EMPLOYEE RELATED EXP	(S)	1,054,800	1,631,600	2,013,000	1,873,800	1,784,800	
EMPLOYEE RELATED EXP	(T)	2,722,100	4,241,200	5,330,500	4,894,100	4,744,300	
PROFESSIONAL/OUTSIDE SVCS	(S)	692,200	646,300	1,259,100	649,000	657,100	
PROFESSIONAL/OUTSIDE SVCS	(T)	1,786,300	1,683,500	3,339,900	1,691,400	1,737,500	
TRAVEL - IN STATE	(S)	61,800	169,400	293,000	186,500	158,100	
TRAVEL - IN STATE	(T)	159,500	441,500	776,900	487,100	411,500	
OTHER OPERATING EXP	(S)	376,600	714,500	1,353,900	662,400	510,600	
OTHER OPERATING EXP	(T)	971,800	1,633,700	3,591,100	1,734,700	1,306,900	
FOOD	(S)	170,900	248,200	257,100	246,100	257,200	
FOOD	(T)	302,400	414,600	432,800	411,100	455,200	
EQUIPMENT	(S)	30,600	115,400	600,100	92,400	0	
EQUIPMENT	(T)	78,100	335,100	1,125,200	245,700	0	
ALL OTHER OPERATING	(S)	1,332,100	1,893,800	3,763,200	1,836,400	1,583,000	
ALL OTHER OPERATING	(T)	3,298,100	4,508,400	9,265,900	4,570,000	3,911,100	
<u>OPERATING SUBTOTAL</u>	(S)	7,038,200	9,770,400	13,283,900	9,976,100	10,146,400	
<u>OPERATING SUBTOTAL</u>	(T)	18,023,500	24,984,700	34,477,000	26,124,300	26,674,000	

SPECIAL LINE ITEMS

ACUTE CARE	(S)	4,232,500	6,437,400	8,293,200	7,462,800	8,149,100	
ACUTE CARE	(T)	9,889,100	13,801,100	17,779,800	15,999,600	17,612,100	
FEE FOR SERVICE	(S)	475,800	2,272,800	3,389,800	2,742,500	2,021,100	
FEE FOR SERVICE	(T)	1,227,900	5,920,200	8,968,700	7,171,500	5,372,300	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

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

JLBC ANALYST: CAWLEY/SIEGWARTH
 EBO ANALYST: GONZALES

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
LTC FOSTER CARE (S)	1,748,800	2,728,100	3,370,200	3,140,100	2,680,800	_____
LTC FOSTER CARE (T)	4,641,200	6,970,700	7,592,200	7,722,300	6,970,700	_____
LTC PURCHASE OF CARE (S)	11,792,600	21,127,000	29,029,800	24,605,100	26,718,400	_____
LTC PURCHASE OF CARE (T)	31,715,900	51,230,500	68,910,900	57,719,000	67,286,000	_____
STIPENDS & ALLOWANCES (S)	132,400	205,400	214,400	205,400	205,400	_____
STIPENDS & ALLOWANCES (T)	132,400	205,400	214,400	205,400	205,400	_____
<u>SPECIAL ITEM SUBTOTAL (S)</u>	<u>18,382,100</u>	<u>32,770,700</u>	<u>44,297,400</u>	<u>38,155,900</u>	<u>39,774,800</u>	_____
<u>SPECIAL ITEM SUBTOTAL (T)</u>	<u>47,606,500</u>	<u>78,127,900</u>	<u>103,466,000</u>	<u>88,817,800</u>	<u>97,446,500</u>	_____
=====						
PROGRAM TOTAL (S)	25,420,300	42,541,100	57,581,300	48,132,000	49,921,200	_____
PROGRAM TOTAL (T)	65,630,000	103,112,600	137,943,000	114,942,100	124,120,500	_____
=====						
<u>BY FUND SOURCE</u>						
GENERAL FUND (S)	25,420,300	42,541,100	57,581,300	48,132,000	49,921,200	_____
OTHER NON APPROPRIATED (T)	40,209,700	60,571,500	80,361,700	66,810,100	74,199,300	_____
PROGRAM TOTAL-ALL SOURCES (S)	25,420,300	42,541,100	57,581,300	48,132,000	49,921,200	_____
PROGRAM TOTAL-ALL SOURCES (T)	65,630,000	103,112,600	137,943,000	114,942,100	124,120,500	_____
=====						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends an appropriation of \$49,921,200 in State General Funds (S) and \$124,120,500 in Total Expenditure Authority (T) -- a net increase of \$7,380,100 or 17.4% to the adjusted General Fund Appropriation, and a net increase of \$21,007,900 or 20.4% to the adjusted FY 1991 Total Expenditure Authority.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 5.9 (S) and 15.3 (T) FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ 20,400 (S)
54,200 (T)
 Includes a new vacancy factor of 0.0%. If the 5.9 (S) and 15.3 (T) FTE positions had not been eliminated, the vacancy savings rate would have been 1.0%. The Executive recommends a vacancy factor of 2.1%. The Staff also recommends annualizing funding for 4.0 FTE positions funded in FY 1991.
- ERE Rate Adjustments 12,400 (S)
33,000 (T)
- Transfer to Administration -- Occupancy (87,000) (S)
(231,300) (T)
- 5% Travel - In State Reduction (13,000) (S)
(34,600) (T)
- 5% Medical Inflation 10,100 (S)
26,800 (T)
- One Time Capitalized and Non-Capitalized Equipment Adjustment (131,400) (S)
(615,900) (T)

- Federal Match Rate Adjustment (187,400) (S)
 Reflects transfer of (5.8) FTE positions from General Fund to Federal Title XIX funding. (-0-) (T)
 The federal match rate is the percentage used to determine the federal share of the costs included in the program. In FY 1992, the federal share will increase from 61.61% to 62.38%, allowing funding/FTE positions for the program to remain constant while state funding decreases.
- Client Shift from Developmental Disabilities 852,200 (S)
 As more Arizona Training Program at Coolidge (ATPC) cottages are certified Title XIX eligible, there is a continuing shift of clients from the Developmental Disabilities program to the Long Term Care program. Before becoming eligible for the federal program, the state pays 100.0% of their care. Under Long Term Care, the state pays 37.6% of the cost. 2,265,200 (T)

The FY 1991 budget was based upon the following cottage certification schedule:

<u>Certification Date</u>	<u># of Clients</u>
Pre FY 1991	20
July 1, 1990	20
January 1, 1991	18
June 30, 1991	<u>20</u>
Total	78

The JLBC Staff recommendation annualizes the savings from the January and June 1991 certifications. In addition, the Staff recommends 1 additional cottage with 18 residents be certified on January 1, 1992. With this added cottage, a total of 96 residents would be in certified facilities. This is a more conservative timetable than the Division of Developmental Disabilities current plan. Given past difficulties in meeting certification schedules, however, the Staff's "go-slow" recommendation is warranted.

Inherent in this transfer of clients is the transfer of direct care, administrative and case management FTE positions. The JLBC Staff recommendation transfers 74.1 FTE positions from the Developmental Disabilities program to the Long Term Care program to provide for the shift in clients. Since the positions are 37.6% state funded in Long Term Care and 100.0% funded in Developmental Disabilities, the number of state

positions will decrease by (46.2) for a total of 27.9 (S) and 74.1 (T). The decrease to the Developmental Disabilities budget is \$(2,265,200). The additional cost in the Long Term Care program will be \$852,200 (S) and \$2,265,200 (T), for a net savings to the General Fund of \$(1,413,000). The Executive recommends an additional \$430,200 (S) or \$1,143,900 (T) with an additional 13.5 (S) FTE positions or 35.9 (T) FTE positions to handle the caseload growth.

- Acute Care 1,711,700 (S)
 - Includes \$1,332,700 (S) or \$2,970,400 (T) to fund caseload growth of 26.6%. These funds would add 1,234 persons to the program for a total of 5,356 recipients. 3,811,000 (T)
 - Includes \$389,000 (S) or \$840,600 (T) for 5% medical inflation.
 - Federal law requires the state to provide acute care services to all long term care clients.
 - The Executive recommends \$1,025,400 (S) or \$2,206,500 (T).
- Fee for Service (251,700) (S)

Medically fragile children and on-reservation American Indians receive assistance on a traditional fee-for-service basis rather than through a capitated payment system. A surplus has occurred in FY 1991 due to a large number of the clients using off-reservation services on an as needed basis. The budgeted amount will provide for 18 medically fragile children, 80 clients for on-reservation services, and 125 for off-reservation services. The Executive recommends \$469,700 (S) or \$1,251,300 (T). (547,900) (T)
- Foster Care (47,300) (S)

The JLBC Staff recommends a continuation of the FY 1991 appropriation. The decrease in state share of \$(47,300) is due to a change in the Federal Match Rate. The federal match rate is the percentage used to determine the federal share of the costs included in the program. In FY 1992, the federal share will increase from 61.61% to 62.38%, allowing funding for the program to remain constant while state funding decreases. It is also projected that 22 clients will exceed the maximum allowable age of 18 for foster care in FY 1992. As a result, funding for 22 new clients will become available for a total average of 280 clients in FY 1992. The Executive recommends \$412,000 (S) or \$751,500 (T). (-0-) (T)
- Purchase of Care 5,591,400 (S)
 - Caseload growth - As the information available improves upon which to base a recommendation, it is no longer necessary to include a caseload adjustment figure. This is a base adjustment of \$621,600 (S) or \$1,619,200 (T). 16,055,500 (T)

- Residential - Includes \$2,778,200 (S) or \$8,363,600 (T) to fund an increase of 308 clients from FY 1991, for a total of 1,499 clients. The total client increase is 22.7%, but includes a number of conversions from the Developmental Disability programs. DES failed to incorporate funding for some of the more expensive settings, such as skilled nursing facilities, in its FY 1991 budget submission, which was the source of FY 1991 appropriation. The JLBC Staff recommends now including this funding in the FY 1992 budget. As a result, the total cost has increased 23.0%. The total client count is as follows:
 - Intensive care facility - 15 clients with a total cost of \$444,900 (S) and \$1,192,600 (T).
 - Adult Development Homes/Vender Operated Group Homes - 1,409 clients with a total cost of \$14,458,600 (S) and \$41,391,000 (T).
 - Skilled Nursing Facilities (SNF) - 75 clients with a total cost of \$862,900 (S) and \$2,293,800 (T).
- Adult day program - The Adult Day program has two components; the 100% state-funded Non-Rehabilitation Instruction services (Non-RIS) and the Title XIX eligible Rehabilitation services (RIS). Adult day clients can participate in either or both programs due to their differing focus. No growth has been allocated to the state program with the exception of the "aging out" issue below. It is recommended to remain at \$3,107,300 (S and T) and be available to an average of 409 full-time clients in FY 1992.

The RIS program is projected to grow 10.0% and serve an average of 1,240 full-time clients in FY 1992, an increase of 112 clients above FY 1991. The projected total cost is \$3,539,800 (S) or \$9,411,900 (T), for an increase of \$1,534,700 (S) or \$4,118,900 (T).

- Child Services - The Child Services program has two components; the 100% state-funded services and the Title XIX eligible services. No growth has been allocated to the state program with the exception of the annualization issue below. JLBC Staff recommends funding at \$926,500 (S). The Title XIX program is projected to grow at 10% for a cost of \$250,100 (S) or \$664,800 (T). This is an increase of \$18,100 (S) or \$60,400 (T).
- Support Services - Projected growth is 10% for a cost of \$2,683,500 (S) or \$7,133,200 (T). The increase is \$194,000 (S) or \$648,500 (T).

- "Aging Out" and Annualization Purchase of Care Initiatives
 - Includes \$209,000 (S) and \$373,100 (T) to annualize the costs of 3 programs funded for 6 months in FY 1991.
 - Residential services for 17 Foster children who turned 18 during FY 1991 and were funded for only a partial year, \$85,600 (S) and \$239,500 (T).
 - Adult day services for 23 who reached the age of 22 during FY 1991 and were funded for only a partial year, \$84,300 (S) and (T).
 - Child services for 45 children funded for 6 months in FY 1991, \$39,100 (S) and \$49,300 (T).
 - Includes \$236,000 (S) and \$410,400 (T) to fund clients newly eligible in FY 1992.
 - Residential services for 22 clients, \$151,700 (S) and \$326,100 (T).
 - Adult day services for 23 clients, \$84,300 (S) and (T).
- ADE Preschool transfer
 - The total expenditure authority in Purchase of Care has been increased by \$461,600 (T) to fund preschool programs for 232 children through an intragovernmental agreement with the Department of Education. This will provide a continuation of service to those children in the Development Disability Program who now qualify for the new school district programs, mandated in FY 1992. In FY 1993, all 3 and 4 year olds will be served by school district programs.
- The Executive recommends \$3,478,100 (S) or \$6,680,300 (T).

Other Issues for Legislative Consideration

- **Transfer of Managed CARE to AHCCCS**

Federal law requires the state to provide acute care services to all long term care clients. The Long Term Care System is designated as the program contractor to provide Title XIX/Long Term and Acute Care Services to individuals determined eligible by AHCCCS. Long Term Care currently has 17.0 FTE positions with a Personal Services/Employee Related Expenditures cost of \$647,100 to administer this program. In addition, \$392,100 is used to contract for Professional and Outside Services. The JLBC Staff recommends this area be examined for possible efficiency gains and savings.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY
 COST CENTER: FAMILY SUPPORT

JLBC ANALYST: CAWLEY/SIEGWARTH
 EBO ANALYST: GONZALES

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	671.50	831.90	1,259.20	1,108.20	848.20	=====
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	13,812,700	16,422,500	22,564,100	18,420,100	16,858,800	_____
EMPLOYEE RELATED EXP	2,976,800	4,047,100	6,035,700	5,055,000	4,192,800	_____
PROFESSIONAL/OUTSIDE SVCS	108,900	110,900	1,571,400	190,500	89,100	_____
TRAVEL - IN STATE	347,700	358,500	910,300	644,300	350,900	_____
TRAVEL - OUT OF STATE	0	0	3,000	0	0	_____
OTHER OPERATING EXP	2,688,600	3,221,700	7,025,300	4,942,200	2,687,000	_____
EQUIPMENT	94,900	102,000	1,410,600	408,000	37,500	_____
ALL OTHER OPERATING	3,240,100	3,793,100	10,920,600	6,185,000	3,164,500	_____
<u>OPERATING SUBTOTAL</u>	20,029,600	24,262,700	39,520,400	29,660,100	24,216,100	_____
<u>SPECIAL LINE ITEMS</u>						
AFDC	48,698,200	55,147,500	82,210,300	71,821,000	75,477,400	_____
CHILD SUPPORT AUTOMATION	230,700	291,100	252,800	252,800	252,800	_____
CHILD SUPT. RESTRUCTURING	1,069,300	1,229,200	1,093,400	2,716,400	1,229,200	_____
EMERGENCY ASSISTANCE	1,032,900	849,500	1,136,900	849,500	849,500	_____
GENERAL ASSISTANCE	11,664,800	14,348,700	15,073,500	14,348,700	14,410,600	_____
SLIAG REIMB.	9,800	0	0	0	0	_____
TUBERCULOSIS CONTROL	22,200	29,400	29,400	29,400	29,400	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY	JLBC ANALYST: CAWLEY/SIEGWARTH	HOUSE SUBCOMMITTEE CHAIR: BARNES	SENATE SUBCOMMITTEE CHAIR: ALSTON
COST CENTER: FAMILY SUPPORT	EBO ANALYST: GONZALES		

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FOOD DISTRIBUTION INFO	22,100	24,000	51,900	24,000	0	
HOMELESS SHELTER	245,300	1,023,900	1,068,900	1,023,900	1,023,900	
INFORMATION AND REFERRAL	81,800	111,000	115,900	111,000	111,000	
RURAL FOOD BANK PROJECT	59,200	64,900	170,200	64,900	64,900	
HOMELESS COORDINATOR	0	80,000	0	449,700	0	
VETERANS' HOUSING	914,700	0	0	0	0	
ASSISTANCE PAYMENTS	0	547,000	0	0	0	
SPECIAL ITEM SUBTOTAL	64,051,000	73,746,200	101,203,200	91,691,300	93,448,700	
PROGRAM TOTAL	84,080,600	98,008,900	140,723,600	121,351,400	117,664,800	
BY FUND SOURCE						
GENERAL FUND	84,080,600	98,008,900	140,723,600	121,351,400	117,664,800	
FEDERAL FUNDS	126,868,100	150,950,000	220,154,800	0	220,154,800	
OTHER NON APPROPRIATED	16,399,700	23,724,000	23,464,800	0	23,464,800	
PROGRAM TOTAL-ALL SOURCES	227,348,400	272,682,900	384,343,200	121,351,400	361,284,400	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY
 COST CENTER: FAMILY SUPPORT

The JLBC Staff recommends a total appropriation of \$117,664,800 -- a net increase of \$19,655,900, or 20.0%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 8.7 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (145,800)
 Includes a new vacancy factor of 0.5%. If the 8.7 FTE positions had not been eliminated, the vacancy savings rate would have been 1.5%. The Executive recommends a vacancy factor of 1.0%.
- ERE Rate Adjustments 37,200
- Annualization of 6.0 FTE Positions 65,200
 Annualizes 3.0 state and 3.0 federal FTE positions according to Laws 1990, Chapter 406 (H.B. 2524).
- Other Adjustments 1,500
- Transfer to Administration Division--Occupancy (348,300)
- 20% Professional and Outside Services Reduction (21,800)
- 5% Travel - In State Reduction (18,000)
- One Time Capitalized and Non-Capitalized Equipment Adjustment (434,200)
- Aid to Families with Dependent Children (AFDC) 19,789,400
 This adjustment represents an increase of 35.6%. The Executive recommends an increase of \$16,142,000. The JLBC Staff recommendation is based on the following assumptions:

	CASELOAD	AVG. PAYMENT
AFDC	171,870	96.22
<u>AFDC-UP</u>	<u>11,662</u>	<u>95.18</u>
Total	183,531	96.16

The state match rate is 35.6%.

The \$19,789,400 increase is attributable to 3 factors:

- | | |
|---|-----------|
| -- Annualization | 9,580,300 |
| <p>Annualization is required for three reasons: a) the beginning of the AFDC Unemployed Parent (UP) Program. The federal government mandated that the state begin the 2-parent AFDC-UP program on October 1, 1990. The JLBC Staff recommends \$1,612,000 to annualize the cost of the program for 12 months; b) the June 1, 1991 benefit increase. Laws 1990, Chapter 406 increased the AFDC payment level from 47.2% of the 1983 standard of need to 36.0% of the 1990 federal poverty level, as of June 1991. As a result, the maximum monthly payment for a family of 3 is expected to increase from the current \$293 to \$317. The JLBC Staff recommends \$4,984,800 to annualize the benefit increase for 12 months; and c) unexpected growth in FY 1991. The JLBC Staff recommends \$2,983,500 to annualize the FY 1991 shortfall.</p> | |
| -- FY 1992 Caseload Growth | 9,881,600 |
| <p>In FY 1992, the program is projected to continue to grow at its current 16.87% growth rate, which adds 24,138 individuals to AFDC and 1,638 individuals to AFDC-UP.</p> | |
| -- FY 1992 Benefit Increase | 336,500 |
| <p>As the Federal Poverty Level (FPL) changes annually for inflation, Laws 1990, Chapter 406 requires annual adjustments to payment levels so that assistance remains equivalent to 36% of the federal poverty level. After the June 1, 1991 benefit increase, the next adjustment is scheduled for July 1, 1991 and each July 1 thereafter. Consistent with our policy of recommending the delay or repeal of new statutory initiatives and to provide 12 months between adjustments, the JLBC Staff recommends moving the July 1991 increase to June 1992. Subsequent adjustments would occur each June 1. The Executive recommends a January 1, 1992 implementation date.</p> | |

The June 1992 increase would cost \$336,500. This recommendation would require revision of Chapter 406. If the July 1991 benefit increase takes place as scheduled, the JLBC Staff recommendation would need to be increased by \$3,537,200.

- AFDC/Food Stamp Eligibility 732,100
 This adjustment funds 18 AFDC/Food Stamp eligibility workers and 7 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 36 eligibility workers and 50 total staff. The Executive recommends 158.1 FTE positions at a cost of \$4,718,400.
- Child Support Automation (38,300)
 JLBC Staff recommends meeting the lease-purchase payments on the automation equipment. The scheduled amount is a decrease of \$(38,300). The Executive concurs.
- Child Support Restructuring -0-
 JLBC Staff does not recommend an increase in funding for this program. Laws 1989, Chapter 295 appropriated \$1,200,000 as part of a multi-year restructuring plan to increase child support collections by reducing collector caseloads from 5,600:1 to 1,500:1. The appropriation funded 113 new staff, including 38.4 state-funded FTE positions.

Under the restructuring plan originally promoted by DES, the Child Support Enforcement Administration 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. The increase in collections, however, is less than expected. As a result, DES has not generated sufficient revenue to permit a reduction in the General Fund contribution and still hire more staff to reduce the collector caseload ratios. In fact, DES is reporting a deficit of \$1,322,500 in FY 1991.

The JLBC Staff has not received sufficient information upon which to analyze the Executive's recommendation to increase General Fund support of this program by \$1,650,200 and 99.5 FTE positions. The Executive has yet to demonstrate that an ever-increasing General Fund appropriation would actually raise collections significantly.

- General Assistance 61,900
 The General Assistance program is expected to have an average monthly expenditure of \$1,073,400 for FY 1991 with growth of 11.88% for FY 1992. The appropriation will fund an average of 7,639 cases for FY 1992 at an average benefit of \$157.20. The program is projected to run a surplus of

\$(1,468,300) in FY 1991. Incorporating both the \$(1,468,300) surplus and \$1,530,200 for the 11.88% growth factor, the JLBC Staff recommends a net \$61,900 increase. The Executive does not recommend an increase in funding.

- Food Distribution Information

(24,000)

JLBC Staff recommends the elimination of this program for a reduction of \$(24,000). This program provides a) 3,428 low-income individuals with information on potential food assistance and b) 40 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 \$4.25 per call. JLBC Staff recommends that this function be combined with the Information and Referral program as it also provides and arranges for assistance to individuals to enable them to gain access to appropriate human services. The Executive recommends funding the program at current levels.

Other Issues for Legislative Consideration

- Postage

The Executive recommends an increase of \$635,300 for postage costs associated with the issuance of Food Stamp coupons.

- Court-Ordered Modifications

The Executive recommends \$449,700 and 19.7 FTE positions for Child Support Enforcement case review.

- Supervisory Care Transfer

The Executive recommends a decrease in the Family Support budget of \$(26,600) in order to transfer 1 FTE position to Social Services.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY
 COST CENTER: SOCIAL SERVICES

JLBC ANALYST: CAWLEY/SIEGWARTH
 EBO ANALYST: GONZALES

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	452.00	575.50	804.00	608.00	596.40	=====
OPERATING BUDGET						
PERSONAL SERVICES	13,078,400	15,186,300	21,078,900	18,159,000	17,894,400	_____
EMPLOYEE RELATED EXP	2,626,700	3,470,600	4,871,700	4,513,700	4,264,400	_____
PROFESSIONAL/OUTSIDE SVCS	103,000	251,500	745,600	583,200	270,800	_____
TRAVEL - IN STATE	571,000	704,700	1,139,700	760,600	693,700	_____
TRAVEL - OUT OF STATE	0	0	54,400	0	0	_____
OTHER OPERATING EXP	985,700	1,675,800	4,274,600	1,384,800	1,281,300	_____
EQUIPMENT	0	79,600	990,500	0	0	_____
ALL OTHER OPERATING	1,659,700	2,711,600	7,204,800	2,728,600	2,245,800	_____
OPERATING SUBTOTAL	17,364,800	21,368,500	33,155,400	25,401,300	24,404,600	_____
SPECIAL LINE ITEMS						
ADOPTION SERVICES	9,595,300	14,879,500	15,788,200	11,682,200	12,523,300	_____
ADULT SERVICES	6,550,600	7,422,600	9,944,600	7,774,300	7,590,800	_____
CHILDREN SERVICES	32,543,100	38,637,200	45,022,300	39,586,200	37,495,800	_____
HIGH RISK INFANT SVCS	0	475,000	1,007,900	475,000	475,000	_____
INTENSIVE FAMILY SVCS	0	489,700	1,044,000	490,800	489,700	_____
CHILD SEVERANCE PROJ.	174,300	189,200	447,600	360,700	189,200	_____
CMDP	4,878,400	11,210,800	6,149,100	5,480,900	5,754,900	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT:	DEPT OF ECONOMIC SECURITY	JLBC ANALYST:	CAWLEY/SIEGWARTH	HOUSE SUBCOMMITTEE CHAIR:	BARNES
COST CENTER:	SOCIAL SERVICES	EBO ANALYST:	GONZALES	SENATE SUBCOMMITTEE CHAIR:	ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DAY CARE	17,386,100	19,487,600	20,571,000	18,387,600	17,286,700	
JOBS CHILD CARE	65,200	856,100	1,198,100	571,200	856,100	
TRANSITIONAL CHILD CARE	0	948,600	1,317,200	948,600	948,600	
INSTITUTION SUPP. PYMTS.	428,000	490,800	490,800	425,900	427,000	
LTC OMBUDSMAN	72,100	116,000	121,100	116,000	116,000	
OMNIBUS CPS ACT	0	1,893,000	0	0	0	
VIDEOTAPING	0	0	0	110,400	200,000	
<u>SPECIAL ITEM SUBTOTAL</u>	<u>71,693,100</u>	<u>97,096,100</u>	<u>103,101,900</u>	<u>86,409,800</u>	<u>84,353,100</u>	
<u>PROGRAM TOTAL</u>	<u>89,057,900</u>	<u>118,464,600</u>	<u>136,257,300</u>	<u>111,811,100</u>	<u>108,757,700</u>	
<u>=====</u>						
<u>BY FUND SOURCE</u>						
GENERAL FUND	89,057,900	118,464,600	136,257,300	111,811,100	108,757,700	
FEDERAL FUNDS	44,264,400	49,524,600	52,313,500	0	52,313,500	
OTHER NON APPROPRIATED	3,111,200	5,950,300	6,427,700	0	6,427,700	
<u>PROGRAM TOTAL-ALL SOURCES</u>	<u>136,433,500</u>	<u>173,939,500</u>	<u>194,998,500</u>	<u>111,811,100</u>	<u>167,498,900</u>	
<u>=====</u>						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY
COST CENTER: SOCIAL SERVICES

The JLBC Staff recommends a total appropriation of \$108,757,700 -- a net decrease of \$(9,706,900), or (8.2)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 3.1 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (75,900)
Includes a new vacancy factor of 0.25%. If the 3.1 FTE positions had not been eliminated, the vacancy savings rate would have been 0.75%. The Executive recommends a vacancy factor of 0.55%.
- ERE Rate Adjustments 155,700
- 20% Professional and Outside Services Reduction (12,700)
This reduction excludes medical costs.
- 5% Travel - In State Reduction (37,100)
- Annualization of Omnibus Child Protection Services Act 1,695,400
The Omnibus Child Protection Services Act appropriated funds for 42.5 new FTE positions in FY 1991. All positions were funded for 9 months or less. In addition, the amount includes annualization for a salary adjustment for Human Service Specialists working in Child Protective Services.
- Transfer to Administration Division (258,500)
Includes transfer of Occupancy costs to DES' Administration Division.
- Transfers to Social Services 705,600
Includes the transfer of ACYF ASSISTS, Aging ASSISTS, and Children's Mental Health funding from the agency's Administration Division.
- One-Time Capitalized and Non-Capitalized Equipment Adjustment (539,200)
- Eliminate 11.0 FTE positions in the State Day Care Subsidy Program (335,300)
 - Eliminates 11.0 FTE positions in the state's day care program consisting of:
The new Family Investment Initiative related child care program would still be intact and could assume program development, policy support and day care provider agreement maintenance and

management. Child Protective Services (CPS) would assume all CPS day care responsibility. The elimination may curtail the state day care subsidy program. This recommendation was offered by DES as a permanent base reduction option.

- Add 2.0 Medical Review FTE Positions, Reduce Professional and Outside Services (125,000)
 - Eliminate \$200,000 received in FY 1991 in Professional and Outside Services to contract for monitoring and reviewing utilization of medical services. JLBC Staff recommends replacing the Professional and Outside Services funding with 2.0 medical review positions at a cost of \$75,000 to perform the monitoring and reviewing tasks.
- Professional and Outside Services-Medical Inflation Adjustment 20,100
- Adoption Services (2,356,200)
 - Includes \$(3,554,700) for a decrease in FY 1991 estimated caseload and estimated average annual cost.
 - Includes \$893,100 to fund caseload growth at an agency estimated 7.9% growth rate. These funds would add 122 persons to the program for a total of 1,669 recipients. FY 1986 - FY 1990 caseload growth averaged 10.1% annually.
 - Includes \$305,400 to fund a 5.0% increase in medical costs, which represent approximately 50.0% of overall program costs. As a result, the overall average cost would increase by 2.5% for a total subsidy of \$8,028.05 per year. These amounts do not reflect any change in the adoptive parents' average cash subsidy.
 - Includes \$30,000 for non-recurring adoption expenses.
 - Assumes a total of Title IV-E federal and other funds contribution of \$875,500.
 - While Adoption Services' status as a statutory entitlement is unclear (A.R.S. § 8-142), the Legislature has by tradition fully funded the program.
 - The Executive recommends a decrease of \$(3,197,300) which includes \$(3,554,700) from the FY 1991 appropriation based upon caseload reduction and \$357,400 for a 7.8% medical inflation adjustment.
- Adult Services 168,200
 - 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 higher than FY 1991 budgeted amounts.

	Current Growth Rate	New FY 1992 Caseload	Total FY 1992 Caseload	Average Monthly Cost
Housekeeping	9.2%	309	3,686	\$69.63
Visiting Nurse	(16.1)	(70)	365	68.42
Home Health Aid	(18.3)	(116)	518	77.03

- FY 1986 - FY 1990 caseload growth averaged 13.5% annually.
- While the Legislature has by tradition fully funded caseload in all three programs, DES is only mandated to provide Housekeeping Payments (A.R.S. § 46-252).
- The Executive recommends caseload growth funding of \$351,700 for the Supplemental Payments programs based upon an average caseload of 3,546 clients receiving Housekeeping Services at \$69.58, 653 receiving Home Health-aid services at \$59.35, and 490 receiving visiting Nurses services at \$68.20.
- Children Services (1,141,400)
 - Includes \$3,863,700 to fund FY 1992 caseload growth of 10.0%.
 - Includes \$(4,219,000) of increased federal Title IV-E Foster Care funds that DES should receive during FY 1992. The federal government is increasing reimbursement levels to the states to cover actual year costs. This amount should be additional money coming to Arizona in FY 1992 compared to FY 1990.
 - Assumes Children Services will be offset by \$(786,100) for foster children qualifying under Title XIX through the federal Title XIX Children's Mental Health program.
 - The Executive recommends a \$949,000 increase to fund a 4.7% increase in residential living and family foster care services.
- Comprehensive Medical and Dental Program (5,455,900)
 - Includes a \$(5,729,900) decrease due to lower costs per child. Through better monitoring and review during FY 1991, DES has been able to lower expenditures and estimates this amount as a surplus.
 - Includes \$274,000 to fund a 5.0% increase in medical costs. As a result, the FY 1992 average annual cost per child would total \$1,774.48.
 - Funds no caseload growth. The recommendation would maintain funding for the current year estimate of 5,861 recipients. JLBC Staff anticipates that DES will experience some offset in costs due to CMDP foster care children qualifying for Title XIX through the Children's Mental Health (EPSDT) program, which can be used to offset any caseload growth costs. No data has been provided to determine how much of an offset may occur from Title XIX funds.
 - Assumes a total other funds contribution of \$4,645,300, which includes \$3,285,000 -- AHCCCS Capitation; \$211,500 -- AHCCCS Reinsurance; \$811,400 -- ALTCS Capitation; \$141,100 -- ALTCS Reinsurance; and \$196,300 -- Collection of Benefits.
 - According to A.R.S. § 8-512, the state shall provide comprehensive medical and dental care to the extent that funds are available.
 - The Executive recommends \$(5,729,900) based upon the current year's surplus. The Executive recommendation does not provide for caseload growth nor medical inflation.

(2,200,900)

- Day Care
 - Includes DES' estimated surplus of \$(1,600,000) for the current year.
 - Funds no caseload growth due to new federal funding for child care. Assumes monthly caseload will remain at the current year estimate of 20,169 children. The new Child Care and Developmental Block Grant (CCDBG) will provide funding to states beginning in FY 1992. In FY 1992, Arizona is expected to receive \$11,630,000. CCDBG funds do not require state matching funds. However, these funds cannot be used to supplant state spending. Supplanting criteria will be established based upon a specified year which has not been determined as of yet.
 - The average cost per child would remain at the projected FY 1991 level of \$95.19.
 - Assumes that the Social Services Block Grant (SSBG) will continue to share in the cost of the program. The SSBG contribution to DES is estimated to increase by \$300,000 in FY 1992 to a total of \$5,826,200.
 - Eliminates the \$300,900 contract to recruit and train day care providers in Pima County. This service should be subsumed under the new statewide resource and referral system being developed for implementation by DES. The new system will utilize both public (mostly federal funds under the new CCDBG) and private sector funds.
 - Day Care is not a statutory entitlement and gets its legislative authority only from the annual General Appropriation Act.
 - The Executive recommends a decrease of \$(1,100,000) based on an earlier agency-estimated surplus. The Executive does not anticipate caseload growth. The Executive did not address any offsets due to increased federal funding nor the elimination of the Pima County contract.
- Institutional Support Payments
 - Includes DES' estimated current year surplus due to decreased caseload growth. From FY 1986 - FY 1990, caseload growth averaged 4.7% annually.
 - Based upon FY 1991 trends, the JLBC Staff recommendation funds 647 Supervisory Care recipients at \$50 per month, 41 Private Nursing Home recipients at \$80 per month and no Public Nursing Home recipients.
 - DES is required to fund all eligible recipients (A.R.S. § 46-252).
 - The Executive concurs with the JLBC recommendation.
- Videotaping
 - Includes annualization of \$137,300 and \$12,700 for evaluation of the program. The FY 1991 Omnibus CPS Act established a 3 month program for videotaping child sex abuse victims and provided \$50,000 and 3.0 FTE positions. To lessen the number of investigative interviews of a victim, DES is to coordinate all such interviews with law enforcement officials and the county attorney's

(63,800)

150,000

office. The Omnibus CPS Act requires DES to submit a report evaluating the program to the Governor, the Joint Legislative Committee on Children and Family Services, the President of the Senate, and the Speaker of the House of Representatives on or before April 1, 1992.

-- The Executive recommends a total of \$110,400 for this line item.

Other Issues for Legislative Consideration

- **Child Severance Project**

The Executive recommends an increase of \$171,500 for DES to expedite the placement of foster care children into adoptive homes. It is unclear to JLBC Staff why Child Severance Project costs have increased since the Adoption Services caseload is not rising at a higher rate than prior years.

- **JOBS Child Care**

The JLBC Staff recommendation maintains the FY 1991 funding level. The program was funded for 10.5 months in FY 1991. The expected annualization amount would have been \$268,300. Based on data through November 1990, DES estimates a surplus of \$478,500. The surplus reflects the difficulties DES has had in initiating implementation of the JOBS program. Once the program is established, caseload growth is estimated to increase. As implementation of JOBS Child Care progresses, JLBC's recommendation may be revised. The Executive recommends a decrease of \$(284,900) which includes \$143,100 for annualization and \$(428,000) related to current year surplus.

- **Institutional Support Payments Transfer**

The Executive recommends the transfer of 1.0 FTE position from the Division of Family Support to the Division of Social Services. According to the Executive recommendation, this transfer would align the responsibility of the 1.0 FTE position for the Institutional Support Payments program which was transferred to the Division of Social Services in FY 1990 along with 1.0 FTE position.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: CHILD PROT.SVCS TRAINING EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	7.00	7.00	7.00	7.00	7.00	
OPERATING BUDGET						
PERSONAL SERVICES	138,300	193,600	193,600	193,600	193,600	
EMPLOYEE RELATED EXP	27,000	45,000	45,700	48,400	44,500	
PROFESSIONAL/OUTSIDE SVCS	37,500	71,400	74,500	71,400	57,100	
TRAVEL - IN STATE	31,800	63,600	64,100	71,100	60,400	
TRAVEL - OUT OF STATE	1,200	7,200	7,600	7,200	6,500	
OTHER OPERATING EXP	33,900	69,200	72,300	69,900	64,900	
ALL OTHER OPERATING	104,400	211,400	218,500	219,600	188,900	
P R O G R A M T O T A L	269,700	450,000	457,800	461,600	427,000	
BY FUND SOURCE						
OTHER FUNDS	269,700	450,000	457,800	461,600	427,000	
FEDERAL FUNDS	51,400	0	0	0	0	
PROGRAM TOTAL-ALL SOURCES	321,100	450,000	457,800	461,600	427,000	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY
COST CENTER: CHILD PROTECTIVE SERVICES TRAINING

The JLBC Staff recommends a total appropriation of \$427,000 -- a net decrease of \$(23,000), or (5.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- ERE Rate Adjustments \$ (500)
- 20% Professional and Outside Services Reduction (14,300)
- 5% Travel - In State Reduction (3,200)
- 10% Travel - Out of State Reduction (700)
- 6% Other Operating Expenditures Reduction (4,300)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY JLBC ANALYST: CAWLEY/SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: EMPLOYMENT & REHAB EBO ANALYST: GONZALES SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	75.40	118.10	163.40	107.10	106.30	
OPERATING BUDGET						
PERSONAL SERVICES	1,414,600	2,258,900	3,298,100	2,478,600	2,474,400	_____
EMPLOYEE RELATED EXP	283,500	523,400	800,100	641,900	590,900	_____
PROFESSIONAL/OUTSIDE SVCS	41,400	60,600	59,600	48,800	58,800	_____
TRAVEL - IN STATE	31,300	42,000	68,800	48,400	39,900	_____
TRAVEL - OUT OF STATE	0	3,600	1,800	0	0	_____
OTHER OPERATING EXP	143,200	406,800	741,100	253,100	247,500	_____
EQUIPMENT	0	19,500	92,600	0	0	_____
ALL OTHER OPERATING	215,900	532,500	963,900	350,300	346,200	_____
OPERATING SUBTOTAL	1,914,000	3,314,800	5,062,100	3,470,800	3,411,500	_____
SPECIAL LINE ITEMS						
IND LIVING REHAB SVCS	530,700	552,700	805,100	552,700	552,700	_____
VOCATIONAL REHAB SERVICES	1,702,000	1,763,300	2,329,600	1,763,300	1,763,300	_____
JOB SEARCH STIPENDS	0	139,100	155,800	139,100	139,100	_____
MANPOWER SERVICES	2,100	0	0	0	0	_____
NAVAJO EMPLOYMENT SERVICE	0	257,000	234,000	234,000	0	_____
WIDP-GED	1,800	0	0	0	0	_____
OTHER RECEIPTS	0	-1,000,000	0	0	-1,500,000	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF ECONOMIC SECURITY
 COST CENTER: EMPLOYMENT & REHAB

JLBC ANALYST: CAWLEY/SIEGWARTH
 EBO ANALYST: GONZALES

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
JOBS	0	3,838,500	6,847,300	2,064,500	3,838,500	_____
<u>SPECIAL ITEM SUBTOTAL</u>	2,236,600	5,550,600	10,371,800	4,753,600	4,793,600	_____
<u>P R O G R A M T O T A L</u>	4,150,600	8,865,400	15,433,900	8,224,400	8,205,100	=====
 <u>BY FUND SOURCE</u>						
GENERAL FUND	4,150,600	8,865,400	15,433,900	8,224,400	8,205,100	_____
FEDERAL FUNDS	92,624,600	113,659,500	122,657,200	0	122,657,200	_____
OTHER NON APPROPRIATED	145,649,400	171,365,100	180,071,200	0	180,071,200	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	242,424,600	293,890,000	318,162,300	8,224,400	310,933,500	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ECONOMIC SECURITY
 COST CENTER: EMPLOYMENT AND REHABILITATIVE SERVICES

The JLBC Staff recommends a total appropriation of \$8,205,100 -- a net decrease of \$(660,300), or (7.4)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 3.8 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (92,700)
 Includes a new vacancy factor of 1.1%. If the 3.8 FTE positions had not been eliminated, the vacancy savings rate would have been 3.37%. The Executive recommends a vacancy factor of 1.2%.
- ERE Rate Adjustments 16,100
- 20% Professional and Outside Services Reduction (3,900)
 This reduction excludes medical costs.
- 5% Travel - In State Reduction (2,100)
- Increase Special Administration Fund Offset (500,000)
 Increase offset from the Special Administration Fund from \$1,000,000 to \$1,500,000. The Special Administration Fund consists of penalties collected for late payment of unemployment compensation charges. The federal government permits states flexibility in their use of these funds. Along with the beginning balance, the Fund is expected to generate \$2,207,800 in available revenue in FY 1992. The Executive does not recommend this offset.
- Annualization of Job Opportunities and Basic Skills (JOBS) Program Positions 386,800
- Eliminate Navajo Employment Services Special Line Item (257,000)
 Eliminates 8 FTE positions and \$(257,000) in the Navajo Employment Services special line item. Laws 1988, Chapter 304 required DES to establish 2-person employment services offices in Window Rock, Chinle, Kayenta, and Tuba City. The intent of this legislation is "to provide complete funding for 3 years for the program of employment services for the Navajo Indian reservation..." The FY 1991 appropriation is the 3rd year of funding. The agency is not planning to introduce legislation for

continuing this program, but did request funding in the FY 1992 budget. The Executive recommends continued funding at \$234,000.

- Transfers to Administration Division (128,000)
Includes Out-of-State Travel and Occupancy costs which are administered through the agency's Division of Administration.
- One-Time Capitalized and Non-Capitalized Equipment Adjustments (81,600)
- Professional and Outside Services-Medical Inflation Adjustment 2,100

Other Issues for Legislative Consideration

- JOBS Program Continued at Current Year Level
The JLBC Staff does not recommend additional funding for annualization of contracted services for JOBS. Based upon 3/4 of a year's funding in FY 1991 appropriations, the expected annualization amount would have been \$1,280,000. Based on data through November 1990, DES estimates a surplus of \$750,000 in the FY 1991 appropriation. The surplus reflects the difficulties DES has had in initiating implementation of this program. JLBC Staff assumes the Department's implementation may not reach anticipated FY 1991 levels even in FY 1992. As the Department's implementation progresses, JLBC's recommendation may be revised. The Executive recommends a decrease of \$(774,000) which includes \$766,400 for annualization and a reduction of \$(1,540,400) related to decreased workload.
- Talking Book Machine Services
Laws 1990, Chapter 59 transferred FTE positions, records and monies appropriated for the Talking Book Machine Services program from DES to the Department of Library, Archives and Public Records. JLBC Staff recommends the continued funding of this program through DES for FY 1992. The two agencies are currently working together through an Inter-governmental Agreement. The Executive recommends transferring \$106,900 and 3 FTE positions from DES to the Department of Library, Archives and Public Records.

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF ENVIRONMENTAL QUALITY
 COST CENTER: ENVIRONMENTAL QUALITY

The JLBC Staff recommends a total appropriation of \$11,086,100 -- a net increase of \$621,700, or 5.6%, to the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$10,755,200 -- a net increase of \$310,800, or 2.9%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 9.7 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(196,900)
 Includes a new vacancy factor of 1.5%. If the 9.7 FTE positions had not been eliminated, the vacancy savings rate would have been 5.25%. The Executive recommends a vacancy factor of 3.75%.
- ERE Rate Adjustments 5,000
- 20% Professional and Outside Services Reduction (42,900)
- 5% Travel - In State Reduction (11,800)
- 10% Travel - Out of State Reduction (1,800)
- Other Reductions (13,400)
- Additional FTE Position Eliminations (151,900)
 JLBC Staff recommends elimination of the following 4.0 FTE positions: Executive Staff Assistant, DEQ Ombudsman, Librarian, Clerk Typist II (from Water Assessment section). Includes \$123,000 for Personal Services, \$26,900 for Employee Related Expenditures, and \$2,000 for Other Operating Expenditures. These positions are considered to be non-critical to agency functions.
- Air Pollution Permit Management 179,400
 JLBC Staff recommends 3.0 new FTE positions for the Operating and Installation Permits section of the Office of Air Quality. Includes 3 Environmental Engineering Specialists to expedite review of air quality permits needed by plants for operation. Included are \$97,900 for Personal Services, \$21,500 for Employee Related Expenditures, \$6,000 for Professional and Outside Services, \$2,700 for In-State Travel, \$21,400 for Other Operating Expenditures, and \$30,000 for Equipment. Air quality permit

fees are required to cover the costs of the permitting process. JLBC Staff recommends adding a footnote to the appropriation which would make the availability of these funds contingent upon the deposit to the General Fund of permit fees sufficient to cover the cost of this issue. The Executive recommends 3.0 FTE positions and \$152,400 for this issue.

- **Safe Drinking Water** 557,100
JLBC Staff recommends 10.0 FTE positions to implement extensive changes in federal drinking water standards. The recommendation will enable the Department to maintain primary enforcement responsibility ("primacy") for the program. JLBC Staff recommends adding a footnote to the appropriation which would make the availability of these funds contingent upon the deposit to the General Fund of permit fees or other assessments sufficient to cover the cost of this issue. To accomplish this, rules pertaining to fee structure may require emergency adoption. The recommendation includes \$277,400 for Personal Services, \$60,800 for Employee Related Expenditures, \$36,500 for Professional and Outside Services (including funding for the Oracle compliance tracking system), \$8,100 for In-State Travel, \$1,300 for Out-of-State Travel, \$75,000 for Operating Expenditures, and \$98,000 for Equipment. The Executive recommends 3.0 FTE positions and \$200,800 for this issue.
- **Radiation Regulatory Transfer** 262,200
The JLBC Staff recommends \$262,200 for DEQ to continue the Radioactive Materials Program. The JLBC Staff has recommended the elimination of the Arizona Radiation Regulatory Agency and transfer of this program to DEQ. The recommendation includes \$198,800 for Personal Services for 6.0 FTE positions, \$40,300 for Employee Related Expenditures, \$23,000 for Professional and Outside Services, \$6,000 for In-State Travel, \$14,000 for Out-of-State Travel, and \$31,400 for Other Operating Expenditures. This transfer will have virtually no dollar impact on the General Fund appropriation.
- **Commission on the Arizona Environment Transfer** 36,700
The JLBC Staff recommends 1.0 new FTE position and \$36,700 to continue support of the Commission on the Arizona Environment. The JLBC Staff has recommended the elimination of existing Commission staff as an independent agency and transfer of the 11-member Commission and its support functions to DEQ, which will reduce overhead costs. The amount includes \$26,000 in Personal Services, \$5,700 in Employee Related Expenditures, and \$5,000 in Other Operating Expenditures. The new position would be a Programs and Projects Specialist, Administrative Service Officer, or similar classification. This issue requires changes to A.R.S. § 49-121.G.4.
- **Transfer Funding to Air Quality Fund**
The JLBC Staff recommends that 3.0 Office of Air Quality FTE positions and \$104,700 be funded from the Air Quality Fund instead of the General Fund. The Fund is primarily intended to support ozone- and particulate-reduction programs, which the Office of Air Quality engages in. This issue will channel funding toward the Department and away from outside contracts.

- **Transfer Funding to Water Quality Assurance Revolving Fund (WQARF)**
The JLBC Staff recommends funding 6.0 FTE positions and \$206,200 from the WQARF instead of the General Fund. These positions are in the Groundwater Hydrology, Water Assessment, and Emergency and Remedial Action sections of the Department. These sections engage in activities of the kind the Fund is intended to support, including assessment and clean-up of water contamination by hazardous substances. This issue will reduce total funding available for contracted water quality assessment and hazardous materials clean-up.

Other Issues for Legislative Consideration

- **Other Adjustments**
The Executive recommends a \$54,100 rent increase for new Tucson office space. The Executive also recommends a special line item of \$86,100 for reports and studies mandated last session.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	1,567.00	1,649.46	1,851.71	1,559.50	1,666.96	
<u>BY PROGRAM/ORGANIZATION</u>						
OFFICE OF THE DIRECTOR	9,120,100	10,376,800	12,655,600	11,585,100	10,514,400	
EMS/HEALTH CARE FACIL	5,473,300	7,034,000	9,047,300	7,493,600	7,737,400	
DISEASE PREVENTION SVCS	5,887,000	6,977,500	7,634,600	6,703,400	6,492,500	
FAMILY HEALTH	11,746,500	17,494,200	19,261,500	22,856,700	23,618,000	
BEHAVIORAL HEALTH	98,841,300	132,036,200	167,424,500	134,995,200	132,086,900	
DIVISION OF LAB SERVICES	2,363,500	2,629,800	4,504,000	2,982,800	2,974,200	
A G E N C Y T O T A L	133,431,700	176,548,500	220,527,500	186,616,800	183,423,400	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	33,123,100	34,525,400	40,077,400	36,290,900	35,704,600	
EMPLOYEE RELATED EXP	7,208,700	8,648,700	11,351,800	10,501,100	9,670,400	
PROFESSIONAL/OUTSIDE SVCS	4,205,700	4,293,800	5,692,500	4,609,200	4,308,300	
TRAVEL - IN STATE	325,700	499,900	693,700	545,400	480,400	
TRAVEL - OUT OF STATE	40,000	62,900	80,200	29,800	56,700	
OTHER OPERATING EXP	7,203,400	7,630,300	10,337,500	7,843,900	7,820,600	
FOOD	899,600	795,000	850,800	811,000	806,900	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
EQUIPMENT	670,900	466,500	3,094,800	861,300	505,600	_____
ALL OTHER OPERATING	13,345,300	13,748,400	20,749,500	14,700,600	13,978,500	_____
<u>OPERATING SUBTOTAL</u>	<u>53,677,100</u>	<u>56,922,500</u>	<u>72,178,700</u>	<u>61,492,600</u>	<u>59,353,500</u>	_____
<u>SPECIAL LINE ITEMS</u>						
RADIATION X-RAY PROGRAM	0	0	0	0	248,200	_____
MED RAD BD OF EXAMINERS	0	0	0	0	92,700	_____
ENVIRON. SURVEILLANCE LAB	0	0	0	0	278,000	_____
AHCCCS-CRS	0	0	0	5,201,700	5,501,100	_____
BLOOD AND ALCOHOL PROGRAM	0	0	0	67,400	67,400	_____
LAB RENOVATION/EXPANSION	0	0	0	180,500	0	_____
EMS PROVIDER CONTRACTS	387,300	400,000	500,000	400,000	400,000	_____
ARIZONA POISON CONTROL	375,000	450,000	450,000	450,000	450,000	_____
STATE EMS SPEC. PROJECTS	34,000	200,000	250,000	200,000	200,000	_____
AMBULANCE REPLACEMENT	140,000	150,000	250,000	150,000	150,000	_____
EMSCOM DEVELOPMENT	100,000	100,000	300,000	100,000	100,000	_____
EMER MED SVCS OPER FUND	1,205,700	1,675,100	1,818,200	1,724,200	1,646,700	_____
CMI PILOT PROGRAM	5,886,700	1,825,000	0	1,825,000	1,825,000	_____
CMI SERVICES(HB2191)	0	12,862,400	13,505,500	12,862,400	12,862,400	_____
ARIZONA STATE HOSP(HB2191)	0	2,000,000	2,000,000	2,000,000	2,000,000	_____
REGION RESID./PSYCH. BEDS	3,677,400	3,875,900	4,069,700	3,875,900	3,875,900	_____
CHILDREN'S BEH. HLTH SVCS	12,178,800	20,544,100	20,544,100	20,544,100	19,516,900	_____
CHRON. MENTALLY ILL SVCS	19,955,400	21,672,500	50,814,900	21,672,500	21,672,500	_____
MENTAL HEALTH SERVICES	8,987,800	9,963,800	10,448,900	9,963,800	9,963,800	_____
SUBSTANCE ABUSE	11,650,000	13,144,300	13,791,100	13,144,300	12,487,100	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DIRECT GRANTS	578,000	578,000	578,000	578,000	578,000	
REIMBURSEMENT TO COUNTIES	700,000	700,000	700,000	700,000	700,000	
TB PROVIDER HOSPITAL CARE	753,200	966,100	966,100	966,100	873,300	
SEX TRANS. DIS. CONTROL	70,300	76,800	76,800	76,800	76,800	
AIDS REPORT/SURVEILLANCE	83,300	125,000	125,000	125,000	125,000	
VACCINES	2,166,700	2,125,100	2,125,100	2,125,100	2,125,100	
CHLAMYDIA CONTROL	0	0	150,000	0	0	
KIDNEY PROGRAM	100,000	100,000	100,000	100,000	100,000	
INJURY PREVENTION	0	0	150,000	0	0	
HEALTH EFFECTS STUDIES	65,100	157,500	157,500	157,500	157,500	
ENVIRONMENTAL ASSESS.-PHX	0	300,000	0	0	0	
CHRONIC DISEASE SURVEILL.	146,100	192,500	0	192,500	192,500	
ADULT CYSTIC FIBROSIS	212,600	221,400	243,500	221,400	221,400	
ADULT SICKLE CELL ANEMIA	60,000	69,400	69,400	69,400	69,400	
INFORMATION/REFERRAL SVC.	26,000	52,000	52,000	52,000	52,000	
CHILD REHAB. SERVICES	5,292,400	7,273,800	7,782,800	7,662,300	8,018,900	
NEWBORN INTENSIVE CARE	2,613,100	4,921,200	5,265,700	4,921,200	5,152,800	
PERINATAL CARE SERVICES	214,700	269,400	269,400	269,400	269,400	
TEEN PRENATAL EXPRESS	145,500	1,035,000	1,440,800	1,035,000	1,072,400	
RURAL OBSTETRIC SERVICES	0	195,000	195,000	195,000	195,000	
MED. MALPRACTICE/OBSTET.	0	205,000	205,000	205,000	205,000	
CRS TUCSON CLINIC	0	0	388,500	0	0	
NUTRITION SUBVENTIONS	298,500	330,100	330,100	330,100	330,100	
ADULT CARE HOMES	0	89,000	0	0	0	
CMI MEDICATIONS	1,300,000	1,300,000	1,365,000	1,300,000	1,365,000	
CMI MEDICATIONS (HB2191)	0	1,000,000	1,050,000	1,000,000	1,050,000	
TRANSITIONAL LIVING UNIT	351,000	393,200	393,200	393,200	393,200	
CMI PILOT PROGRAM(HB2191)	0	4,300,000	0	4,300,000	4,300,000	
RESIDENT IP BEDS (HB2191)	0	1,837,600	1,929,500	1,837,600	1,837,600	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES JLBC ANALYST: BLANTON HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: AGENCY SUMMARY EBO ANALYST: WINFREY SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
EPSDT (HB2554)	0	746,800	901,200	746,800	746,800	_____
CMI CLOZARIL PROGRAM	0	500,000	525,000	500,000	525,000	_____
DRUG ABUSE WAITING LIST	0	703,000	703,000	703,000	0	_____
SMI ELDERLY	0	0	1,368,800	0	0	_____
SPECIAL ITEM SUBTOTAL	79,754,600	119,626,000	148,348,800	125,124,200	124,069,900	_____
AGENCY TOTAL	133,431,700	176,548,500	220,527,500	186,616,800	183,423,400	_____
=====						
BY FUND SOURCE						
GENERAL FUND	131,564,700	174,023,400	217,409,300	183,592,600	180,384,000	_____
OTHER FUNDS	1,867,000	2,525,100	3,118,200	3,024,200	3,039,400	_____
FEDERAL FUNDS	50,573,700	55,800,100	55,569,500	0	55,569,500	_____
OTHER NON APPROPRIATED	3,748,300	4,259,900	0	0	0	_____
AGENCY TOTAL-ALL SOURCES	187,753,700	236,608,500	276,097,000	186,616,800	238,992,900	_____
=====						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$183,423,400 -- a net increase of \$6,874,900, or 3.9%, to the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$180,384,000 -- a net increase of \$6,360,600, or 3.7%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

• FTE Adjustment	
Eliminates 61.5 FTE positions that are vacant or are projected to become vacant during FY 1992.	
• Personal Services/ERE Adjustments	\$(452,000)
Includes a new vacancy factor of 1.7%. If the 61.5 FTE positions had not been eliminated, the vacancy savings rate would have been 5.2%. The Executive recommends a vacancy factor of 3.12%.	
• ERE Rate Adjustments	672,900
• 20% Professional and Outside Services Reduction	(118,900)
This reduction excludes medical and data processing costs.	
• 5% Travel - In State Reduction	(25,000)
• 10% Travel - Out of State Reduction	(6,200)
• Annualization	280,800
• Risk Management	110,200
• Commercial Rent	(82,100)
• Tucson Office Building Rent	103,800
• Medical Inflation (5.0%)	939,800
• EMS Operating Fund	(28,400)
• Capital Equipment	36,800
• Non-Capitalized Equipment	15,500
• Intra Departmental Transfer	2,600
• Arizona State Hospital	1,826,900
• Auditors	116,500
• Blood and Alcohol Program	67,400

• Drug Abuse Waiting List	(703,000)
• Substance Abuse	(657,200)
• Childrens Behavioral Health	(1,027,200)
• TB Provider	(92,800)
• Environmental Assessment - Phoenix	(300,000)
• Adult Care Homes	74,500
• Arizona Poison Control	-0-
Funding shift from General Fund to Emergency Medical Services Operating Fund.	
• Childrens Rehabilitative Services - Tucson	-0-
• Radiation Regulatory X-Ray Program	248,200
• Medical Radiologic Board of Technical Examiners	92,700
• Environmental Surveillance Laboratory	278,000
• Transfer-In of AHCCCS Childrens Rehabilitative Services (CRS)	5,501,100

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: OFFICE OF THE DIRECTOR

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	187.00	182.00	198.00	196.00	180.70	
OPERATING BUDGET						
PERSONAL SERVICES	4,382,400	4,607,800	5,166,500	4,955,400	4,657,700	_____
EMPLOYEE RELATED EXP	884,700	1,056,900	1,352,000	1,288,300	1,074,500	_____
PROFESSIONAL/OUTSIDE SVCS	571,900	723,300	999,400	859,500	723,300	_____
TRAVEL - IN STATE	18,200	41,800	70,300	58,900	40,600	_____
TRAVEL - OUT OF STATE	5,300	6,200	11,800	3,300	5,600	_____
OTHER OPERATING EXP	1,867,600	2,494,800	3,100,800	2,621,200	2,608,700	_____
EQUIPMENT	112,000	168,000	676,800	520,500	126,000	_____
ALL OTHER OPERATING	2,575,000	3,434,100	4,859,100	4,063,400	3,504,200	_____
OPERATING SUBTOTAL	7,842,100	9,098,800	11,377,600	10,307,100	9,236,400	_____
SPECIAL LINE ITEMS						
DIRECT GRANTS	578,000	578,000	578,000	578,000	578,000	_____
REIMBURSEMENT TO COUNTIES	700,000	700,000	700,000	700,000	700,000	_____
SPECIAL ITEM SUBTOTAL	1,278,000	1,278,000	1,278,000	1,278,000	1,278,000	_____
PROGRAM TOTAL =====	9,120,100	10,376,800	12,655,600	11,585,100	10,514,400	=====

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: OFFICE OF THE DIRECTOR

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
GENERAL FUND	9,120,100	10,376,800	12,655,600	11,585,100	10,514,400	=====
FEDERAL FUNDS	163,300	321,100	239,200	0	239,200	=====
OTHER NON APPROPRIATED	100	9,200	0	0	0	=====
PROGRAM TOTAL-ALL SOURCES	9,283,500	10,707,100	12,894,800	11,585,100	10,753,600	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
COST CENTER: OFFICE OF THE DIRECTOR

The JLBC Staff recommends a total appropriation of \$10,514,400 -- a net increase of \$137,600, or 1.3%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 3.3 FTE positions that are vacant or are projected to become vacant during FY 1992. \$(34,700)
- Personal Services/ERE Adjustments
Includes a new vacancy factor of 0.9%. If the 3.3 FTE positions had not been eliminated, the vacancy savings rate would have been 2.7%. The Executive recommends a vacancy factor of 1.8%.
- ERE Rate Adjustments 6,100
- 5% Travel - In State Reduction (2,100)
- 10% Travel - Out of State Reduction (600)
- Annualization of Part Year Funding of FTE Positions in FY 1991. 42,200
Five FTE positions were authorized in FY 1991 for automation in the Office of the Director and funded for 8 months. This annualizes the cost.
- Risk Management 110,200
- Commercial Rent (15,200)
- Rent Tucson Office Building 2,500
- One Time Adjustments (168,000)
- Non-Capitalized Equipment 123,700
- Auditors 116,500
The JLBC Staff recommends 3.0 FTE positions to implement an internal audit and procedural review program within the Department. This internal audit capability has never existed in the Department and this was pointed out as a deficiency in the last sunset review in November 1989. The Executive recommends 3.0 FTE positions and \$109,800.

- **Intra Departmental Transfer**

(43,000)

The JLBC Staff recommends the transfer-out of 1.0 FTE position from the Director's Office. 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.

Other Issues for Legislative Consideration

- **Departmental Oversight**

The Executive recommends \$391,700 and 7.0 FTE positions for the financial and management oversight of programs within the Department.

- **Management Information System Development**

The Executive recommends \$199,100 and 5.0 FTE positions to the Office of Automation in the Director's Office.

- **Relocation of Vital Records**

The Executive recommends \$190,500 to move the Department's Vital Records Office from current facilities to store the birth and death records.

- **DOA Computer System Conversion**

The Executive recommends \$295,000 for the final year of a 4 year program to convert systems that are resident on the Department of Administration (DOA) Honeywell L66 mainframe.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: EMS/HEALTH CARE FACIL

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	136.50	160.50	185.00	116.50	162.50	=====
OPERATING BUDGET						
PERSONAL SERVICES	1,850,800	2,346,100	3,058,100	2,671,200	2,625,100	_____
EMPLOYEE RELATED EXP	369,300	558,500	847,600	746,900	816,400	_____
PROFESSIONAL/OUTSIDE SVCS	39,100	105,600	402,000	105,600	84,500	_____
TRAVEL - IN STATE	83,500	138,400	185,800	154,300	136,100	_____
TRAVEL - OUT OF STATE	4,900	12,400	9,000	8,300	11,200	_____
OTHER OPERATING EXP	684,400	786,700	905,900	783,100	776,500	_____
EQUIPMENT	199,300	22,200	70,700	0	0	_____
ALL OTHER OPERATING	1,011,200	1,065,300	1,573,400	1,051,300	1,008,300	_____
OPERATING SUBTOTAL	3,231,300	3,969,900	5,479,100	4,469,400	4,449,800	_____
SPECIAL LINE ITEMS						
RADIATION X-RAY PROGRAM	0	0	0	0	248,200	_____
MED RAD BD OF EXAMINERS	0	0	0	0	92,700	_____
EMS PROVIDER CONTRACTS	387,300	400,000	500,000	400,000	400,000	_____
ARIZONA POISON CONTROL	375,000	450,000	450,000	450,000	450,000	_____
STATE EMS SPEC. PROJECTS	34,000	200,000	250,000	200,000	200,000	_____
AMBULANCE REPLACEMENT	140,000	150,000	250,000	150,000	150,000	_____
EMSCOM DEVELOPMENT	100,000	100,000	300,000	100,000	100,000	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES JLBC ANALYST: BLANTON HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: EMS/HEALTH CARE FACIL EBO ANALYST: WINFREY SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
EMER MED SVCS OPER FUND	1,205,700	1,675,100	1,818,200	1,724,200	1,646,700	
ADULT CARE HOMES	0	89,000	0	0	0	
<u>SPECIAL ITEM SUBTOTAL</u>	2,242,000	3,064,100	3,568,200	3,024,200	3,287,600	
<u>PROGRAM TOTAL</u>	5,473,300	7,034,000	9,047,300	7,493,600	7,737,400	
<u>=====</u>						
<u>BY FUND SOURCE</u>						
GENERAL FUND	3,606,300	4,508,900	5,929,100	4,469,400	4,698,000	
OTHER FUNDS	1,867,000	2,525,100	3,118,200	3,024,200	3,039,400	
FEDERAL FUNDS	1,727,000	3,424,600	3,613,600	0	3,613,600	
OTHER NON APPROPRIATED	0	14,400	0	0	0	
<u>PROGRAM TOTAL-ALL SOURCES</u>	7,200,300	10,473,000	12,660,900	7,493,600	11,351,000	
<u>=====</u>						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
COST CENTER: EMS/HEALTH CARE FACILITIES

The JLBC Staff recommends a total appropriation of \$7,737,400 -- a net increase of \$703,400, or 10.0%, to the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$4,698,000 -- a net increase of \$189,100, or 4.2%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 7.0 FTE positions that are vacant or are projected to become vacant during FY 1992. \$ 1,900
- Personal Services/ERE Adjustments
Includes a new vacancy factor of 1.5%. If the 7.0 FTE positions had not been eliminated, the vacancy savings rate would have been 5.0%. The Executive recommends a vacancy factor of 3.0%. 171,100
- ERE Rate Adjustments (21,100)
- 20% Professional and Outside Services Reduction (6,900)
- 5% Travel - In State Reduction (1,200)
- 10% Travel - Out of State Reduction (28,400)
- EMS Operating Fund (22,200)
- One Time Equipment Adjustment (127,200)
- Commercial Rent 182,600
- Annualization
The Legislature authorized 19.0 FTE positions for licensure activities in FY 1991 and funded them for only 6 months. This annualizes the cost. 93,800
- Tucson Office Building Rent -0-
- Arizona Poison Control
The JLBC Staff recommends funding the Arizona Poison Control Center from the Emergency Medical Services (EMS) operating fund. This reduces the General Funding by \$450,000. The Executive concurs.

- **X-Ray Compliance Program (A.R.S. § 30-654.18)** 248,200
 The JLBC Staff recommends the transfer of the X-Ray Compliance responsibility and 6.0 FTE positions (General Fund) including all operating costs and monies for 2-3 hearings from the Arizona Radiation Regulatory Agency. The JLBC Staff is recommending the elimination of the Radiation Regulatory Agency and the transfer of its functions to other agencies as appropriate. A.R.S. § 30-654 subsection B, paragraph 18, requires the agency to set fee levels such that they cover a "significant portion of the reasonable cost associated with processing the application for license..." The statutes should be amended to require that fee levels cover all associated costs. The revenue currently generated from license fees is deposited into the General Fund and represents approximately 80.0% of operating costs.
- **Medical Radiologic Technology Board of Examiners (MRTBE) (A.R.S. § 32-2801)** 92,700
 The JLBC Staff recommends the transfer of 2.0 FTE positions and the functions and resources of this board from the Arizona Radiation Regulatory Agency to the Department of Health Services. The appropriation for the operation of this board would continue to come from the MRTBE fund.
- **Adult Care Homes** 74,500
 The JLBC Staff recommends annualizing the funding for the 6.0 FTE positions appropriated by Laws 1990, Chapter 292, 2nd Regular Session which only provided start up costs for this program and partial year funding for the FTE positions authorized. Total funding for this program is \$163,500 when combined with the current below-the-line appropriation which is being eliminated. The Executive recommends \$71,800.
- **Intra Departmental Transfer** 45,600
 The JLBC Staff recommends the transfer-in of 1.0 FTE position from the Office of the Director. 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.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: DISEASE PREVENTION SVCS

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	77.00	77.00	98.00	67.00	73.60	=====
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,561,400	1,727,000	2,237,600	1,736,900	1,680,800	_____
EMPLOYEE RELATED EXP	325,700	397,300	578,600	454,000	420,500	_____
PROFESSIONAL/OUTSIDE SVCS	100,300	133,700	207,600	137,300	121,500	_____
TRAVEL - IN STATE	53,500	90,100	139,500	97,200	85,600	_____
TRAVEL - OUT OF STATE	9,900	20,000	30,100	8,700	18,000	_____
OTHER OPERATING EXP	430,600	540,300	672,900	498,900	495,700	_____
EQUIPMENT	20,900	26,100	67,800	27,400	20,200	_____
ALL OTHER OPERATING	615,200	810,200	1,117,900	769,500	741,000	_____
<u>OPERATING SUBTOTAL</u>	2,502,300	2,934,500	3,934,100	2,960,400	2,842,300	_____
<u>SPECIAL LINE ITEMS</u>						
TB PROVIDER HOSPITAL CARE	753,200	966,100	966,100	966,100	873,300	_____
SEX TRANS. DIS. CONTROL	70,300	76,800	76,800	76,800	76,800	_____
AIDS REPORT/SURVEILLANCE	83,300	125,000	125,000	125,000	125,000	_____
VACCINES	2,166,700	2,125,100	2,125,100	2,125,100	2,125,100	_____
CHLAMYDIA CONTROL	0	0	150,000	0	0	_____
KIDNEY PROGRAM	100,000	100,000	100,000	100,000	100,000	_____
HEALTH EFFECTS STUDIES	65,100	157,500	157,500	157,500	157,500	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES JLBC ANALYST: BLANTON HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: DISEASE PREVENTION SVCS EBO ANALYST: WINFREY SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
ENVIRONMENTAL ASSESS.-PHX	0	300,000	0	0	0	
CHRONIC DISEASE SURVEILL.	146,100	192,500	0	192,500	192,500	
<u>SPECIAL ITEM SUBTOTAL</u>	3,384,700	4,043,000	3,700,500	3,743,000	3,650,200	
<u>PROGRAM TOTAL</u>	5,887,000	6,977,500	7,634,600	6,703,400	6,492,500	
<hr/>						
<u>BY FUND SOURCE</u>						
GENERAL FUND	5,887,000	6,977,500	7,634,600	6,703,400	6,492,500	
FEDERAL FUNDS	4,418,000	5,045,600	4,893,900	0	4,893,900	
OTHER NON APPROPRIATED	4,400	9,000	0	0	0	
<u>PROGRAM TOTAL-ALL SOURCES</u>	10,309,400	12,032,100	12,528,500	6,703,400	11,386,400	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
COST CENTER: DISEASE PREVENTION SERVICES

The JLBC Staff recommends a total appropriation of \$6,492,500 -- a net decrease of \$(485,000), or (7.0)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 3.4 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (57,800)
Includes a new vacancy factor of 0.8%. If the 3.4 FTE positions had not been eliminated, the vacancy savings rate would have been 5.2%. The Executive recommends a vacancy factor of 2.3%.
- ERE Rate Adjustments 34,800
- 20% Professional and Outside Services Reduction (12,200)
This reduction excludes medical and data processing costs.
- 5% Travel - In State Reduction (4,500)
- 10% Travel - Out of State Reduction (2,000)
- One Time Equipment Adjustment (26,100)
- Commercial Rent (28,100)
- Non-Capitalized Equipment (17,900)
- Medical Inflation (5.0%) 1,400
- Capital Equipment 20,200
- Tuberculosis Provider (92,800)
This is a 9.6% decrease in funding for this program. Expenditures for this program have consistently been below appropriations and this reduction should have minimal impact on the program.
- Environmental Assessment - Phoenix (300,000)
The JLBC Staff recommends no funding in FY 1992 for this program. There is currently \$600,000 in carry forward appropriations for completion of the Maryvale study which should be sufficient for this purpose. The Executive concurs.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: FAMILY HEALTH

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	76.00	77.00	87.25	62.00	64.60	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,725,400	1,868,100	1,753,300	1,640,800	1,578,200	
EMPLOYEE RELATED EXP	357,400	436,900	464,000	436,300	377,300	
PROFESSIONAL/OUTSIDE SVCS	217,000	150,800	151,700	151,600	118,800	
TRAVEL - IN STATE	72,800	99,700	112,200	99,700	94,700	
TRAVEL - OUT OF STATE	3,500	3,000	3,500	1,100	2,700	
OTHER OPERATING EXP	433,900	363,400	369,600	355,700	353,800	
EQUIPMENT	73,700	0	15,000	9,000	5,000	
ALL OTHER OPERATING	800,900	616,900	652,000	617,100	575,000	
<u>OPERATING SUBTOTAL</u>	2,883,700	2,921,900	2,869,300	2,694,200	2,530,500	
<u>SPECIAL LINE ITEMS</u>						
AHCCCS-CRS	0	0	0	5,201,700	5,501,100	
INJURY PREVENTION	0	0	150,000	0	0	
ADULT CYSTIC FIBROSIS	212,600	221,400	243,500	221,400	221,400	
ADULT SICKLE CELL ANEMIA	60,000	69,400	69,400	69,400	69,400	
INFORMATION/REFERRAL SVC.	26,000	52,000	52,000	52,000	52,000	
CHILD REHAB. SERVICES	5,292,400	7,273,800	7,782,800	7,662,300	8,018,900	
NEWBORN INTENSIVE CARE	2,613,100	4,921,200	5,265,700	4,921,200	5,152,800	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES JLBC ANALYST: BLANTON HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: FAMILY HEALTH EBO ANALYST: WINFREY SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
PERINATAL CARE SERVICES	214,700	269,400	269,400	269,400	269,400	_____
TEEN PRENATAL EXPRESS	145,500	1,035,000	1,440,800	1,035,000	1,072,400	_____
RURAL OBSTETRIC SERVICES	0	195,000	195,000	195,000	195,000	_____
MED. MALPRACTICE/OBSTET.	0	205,000	205,000	205,000	205,000	_____
CRS TUCSON CLINIC	0	0	388,500	0	0	_____
NUTRITION SUBVENTIONS	298,500	330,100	330,100	330,100	330,100	_____
<u>SPECIAL ITEM SUBTOTAL</u>	8,862,800	14,572,300	16,392,200	20,162,500	21,087,500	_____
<u>PROGRAM TOTAL</u>	11,746,500	17,494,200	19,261,500	22,856,700	23,618,000	_____
=====	=====	=====	=====	=====	=====	=====
<u>BY FUND SOURCE</u>						
GENERAL FUND	11,746,500	17,494,200	19,261,500	22,856,700	23,618,000	_____
FEDERAL FUNDS	27,436,000	28,198,700	28,014,600	0	28,014,600	_____
OTHER NON APPROPRIATED	149,100	334,200	0	0	0	_____
<u>PROGRAM TOTAL-ALL SOURCES</u>	39,331,600	46,027,100	47,276,100	22,856,700	51,632,600	_____
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
 COST CENTER: FAMILY HEALTH

The JLBC Staff recommends a total appropriation of \$23,618,000 -- a net increase of \$6,123,800, or 35.0%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 3.4 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (22,700)
 Includes a new vacancy factor of 0.8%. If the 3.4 FTE positions had not been eliminated, the vacancy savings rate would have been 5.2%. The Executive recommends a vacancy factor of 2.3%.
- ERE Rate Adjustments 9,700
- 20% Professional and Outside Services Reduction (27,000)
 This reduction excludes medical and data processing costs.
- 5% Travel - In State Reduction (5,000)
- 10% Travel - Out of State Reduction (300)
- Childrens Rehabilitative Services - Tucson -0-
 The JLBC Staff recommends closure of the state operated Tucson outpatient clinic which reduces FTE positions by 14.0 and transfer of the appropriated funds to the Childrens Rehabilitative Services (CRS) special line item in order that services for this population will not be diminished. This is a more efficient way to provide these services without additional cost to the state. The Executive concurs. The contracts for inpatient care for CRS patients is up for renewal in FY 1992. Responses to the Request for Proposal (RFP) indicate that the cost for the program will increase to \$30 million from the current \$15 million. Although negotiations will undoubtedly reduce the actual cost, nonetheless an addended budget will probably have to be submitted. The enactment of Laws 1990, Chapter 398 (S.B. 1342) which allowed joint proposals to be submitted as a lawful trade practice and the bidders' direct cost be the basis of the bid undoubtedly impacted this 100.0% increase in contract costs. As a result, the Legislature may want to consider revising Chapter 398.

- Medical Inflation (5.0%) 634,200
- Capital Equipment 5,000
- Commercial Rent 21,300
- Tucson Office Building Rent 7,500
- Transfer of AHCCCS Childrens Rehabilitative Services to the Department of Health Services 5,501,100

The JLBC Staff recommends the transfer of the AHCCCS appropriation for this program to the Department of Health Services. The amount recommended is the General Fund portion only of the AHCCCS appropriation. The federal government provides financial participation for Title XIX children receiving services under this program and AHCCCS will transfer these funds to the Department of Health Services. The Executive recommends \$5,201,700 be transferred.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES JLBC ANALYST: BLANTON HOUSE SUBCOMMITTEE CHAIR: BARNES
 COST CENTER: BEHAVIORAL HEALTH EBO ANALYST: WINFREY SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	1,030.50	1,092.96	1,215.46	1,058.00	1,119.26	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	22,170,200	22,428,900	26,092,600	23,717,600	23,644,600	
EMPLOYEE RELATED EXP	4,972,700	5,827,900	7,630,800	7,124,700	6,592,300	
PROFESSIONAL/OUTSIDE SVCS	3,276,900	3,171,600	3,636,900	3,346,400	3,253,200	
TRAVEL - IN STATE	83,000	107,100	156,800	110,500	101,700	
TRAVEL - OUT OF STATE	11,400	15,100	18,100	5,000	13,600	
OTHER OPERATING EXP	3,324,200	2,976,200	4,457,600	3,111,400	3,103,400	
FOOD	899,600	795,000	850,800	811,000	806,900	
EQUIPMENT	116,200	45,800	1,171,000	100,000	150,000	
ALL OTHER OPERATING	7,711,300	7,110,800	10,291,200	7,484,300	7,428,800	
<u>OPERATING SUBTOTAL</u>	34,854,200	35,367,600	44,014,600	38,326,600	37,665,700	
<u>SPECIAL LINE ITEMS</u>						
CMI PILOT PROGRAM	5,886,700	1,825,000	0	1,825,000	1,825,000	
CMI SERVICES(HB2191)	0	12,862,400	13,505,500	12,862,400	12,862,400	
ARIZONA STATE HOSP(HB2191)	0	2,000,000	2,000,000	2,000,000	2,000,000	
REGION RESID./PSYCH. BEDS	3,677,400	3,875,900	4,069,700	3,875,900	3,875,900	
CHILDREN'S BEH. HLTH SVCS	12,178,800	20,544,100	20,544,100	20,544,100	19,516,900	
CHRON. MENTALLY ILL SVCS	19,955,400	21,672,500	50,814,900	21,672,500	21,672,500	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: BEHAVIORAL HEALTH

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
MENTAL HEALTH SERVICES	8,987,800	9,963,800	10,448,900	9,963,800	9,963,800	_____
SUBSTANCE ABUSE	11,650,000	13,144,300	13,791,100	13,144,300	12,487,100	_____
CMI MEDICATIONS	1,300,000	1,300,000	1,365,000	1,300,000	1,365,000	_____
CMI MEDICATIONS (HB2191)	0	1,000,000	1,050,000	1,000,000	1,050,000	_____
TRANSITIONAL LIVING UNIT	351,000	393,200	393,200	393,200	393,200	_____
CMI PILOT PROGRAM(HB2191)	0	4,300,000	0	4,300,000	4,300,000	_____
RESIDENT IP BEDS (HB2191)	0	1,837,600	1,929,500	1,837,600	1,837,600	_____
EPSDT (HB2554)	0	746,800	901,200	746,800	746,800	_____
CMI CLOZARIL PROGRAM	0	500,000	525,000	500,000	525,000	_____
DRUG ABUSE WAITING LIST	0	703,000	703,000	703,000	0	_____
SMI ELDERLY	0	0	1,368,800	0	0	_____
SPECIAL ITEM SUBTOTAL	63,987,100	96,668,600	123,409,900	96,668,600	94,421,200	_____
PROGRAM TOTAL	98,841,300	132,036,200	167,424,500	134,995,200	132,086,900	=====
BY FUND SOURCE						
GENERAL FUND	98,841,300	132,036,200	167,424,500	134,995,200	132,086,900	_____
FEDERAL FUNDS	16,829,400	18,810,100	18,808,200	0	18,808,200	_____
OTHER NON APPROPRIATED	3,594,700	3,893,100	0	0	0	_____
PROGRAM TOTAL-ALL SOURCES	119,265,400	154,739,400	186,232,700	134,995,200	150,895,100	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
 COST CENTER: BEHAVIORAL HEALTH

The JLBC Staff recommends a total appropriation of \$132,086,900 -- a net increase of \$50,700, or 0.04%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 41.7 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(301,900)
 Includes a new vacancy factor of 1.5%. If the 41.7 FTE positions had not been eliminated, the vacancy savings rate would have been 5.1%. The Executive recommends a vacancy factor of 3.6%.
- ERE Rate Adjustments 425,500
- 20% Professional and Outside Services Reduction (56,800)
 This reduction excludes medical costs.
- 5% Travel - In State Reduction (5,400)
- 10% Travel - Out of State Reduction (1,500)
- Capital Equipment 104,200
- Non-Capitalized Equipment 31,300
- Medical Inflation (5.0%) 292,600
- Commercial Rent 67,200
- Arizona State Hospital 1,826,900
 The JLBC Staff recommends 68.0 FTE positions to provide staffing at the traditional 1.8 staff to 1 patient ratio. Currently there are 544 patients in treatment. The average patient load at the hospital this fiscal year is 526, therefore, the 1.8:1 ratio requires an additional 68 staff. In order to maintain certification for Medicare payments and certification by the Joint Commission on Accreditation of Hospitals the staff must be increased. The Executive recommends 53.0 FTE positions and \$1,514,800.

- Annualization 56,000
Laws 1990, Chapter 334 provided part year funding for the FTE positions for the Early Periodic Screening Diagnostic Testing (EPSDT). This annualizes these costs.
- Drug Abuse Waiting List (703,000)
The JLBC Staff does not recommend continued funding for this program. The appropriation was made by a separate bill during the 3rd Special Session of the 39th Legislature (Chapter 4, S.B. 1006) to provide funding to phase-down a Drug Abuse Waiting List program started as a result of a direct federal grant to the provider. The entity should adjust patient load according to contract funding provided by the Department of Health Services.
- Substance Abuse (657,200)
The JLBC Staff recommends a 5.0% decrease in funding for this program. This means individuals that are substance abusers would have services cut except that the projected increase in federal grants could be utilized to lessen or offset this impact. If not offset with federal funds, the reduction identified would mean that approximately 31,300 units of services would not be available to clients in need. This program has increased 43.0% since FY 1985.
- Childrens Behavioral Health (1,027,200)
The JLBC Staff recommends a 5.0% decrease in funding for this program. Approximately 3,100 units of children's services, including crisis intervention, intensive in-home services, out-patient treatment, partial care, residential treatment, and in-patient hospitalization may be eliminated except that with the inclusion of mental health services for Title XIX children, increased federal participation should more than offset this reduction. The state will be able to collect approximately 62 cents per dollar expended for all Title XIX children which are served. A.R.S. § 36-3433 requires the Department of Health Services to implement a comprehensive behavioral health system over a five year period. This is the fourth year of the program with a total estimated cost of \$50 million.
- Chronically Mentally Ill (CMI) Services -0-
The JLBC Staff recommends that no additional appropriation be made to this line item based on the following:
 - Funding for CMI services has increased 584.0% since FY 1985.
 - In FY 1987, Arizona ranked 50th in the rankings done by the National Association of State Mental Health Program Director's (NASMHPD) report of state Mental Health agencies for per capita state expenditures. The JLBC Staff recently updated the NASMHPD report for FY 1991, and the positive result of the Legislature's sustained infusion of dollars for mental health is

evident. Per capita expenditures for mental health in Arizona has improved from \$16.20 in FY 1987 to \$34.93 in FY 1991, or 115.6% growth. This was the biggest percentage gain amongst the 50 states. Additionally, this same update of the earlier study indicates that of the 50 states and the District of Columbia, Arizona now ranks 36th.

- The JLBC Staff believes that there is a practical limit on efficient spending when there is a relatively massive infusion of funds such as has occurred in the case of CMI services. If the Legislature does not appropriate additional funds for this purpose, the Department of Health Services may be out of compliance with the 1989 Arizona Supreme Court ruling that requires full funding for the treatment of Chronically Mentally Ill persons. To avoid this and similar problems, the Legislature may want to consider changing existing laws specifically, A.R.S. Section 1, Title 1, Chapter 2, Article 3, to read "1-219. Limitation of duty to implement. No statute shall be construed to impose any duty upon an officer, agent or employee of the state or to create any right in any person to discharge or satisfaction of which would require an expenditure of state money in excess of that authorized by legislative appropriations for that purpose." This language would clarify that the legislative appropriation is the determining factor in determining resources available for this program.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: DEPT OF HEALTH SERVICES
 COST CENTER: DIVISION OF LAB SERVICES

JLBC ANALYST: BLANTON
 EBO ANALYST: WINFREY

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	60.00	60.00	68.00	60.00	66.30	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	1,432,900	1,547,500	1,769,300	1,569,000	1,518,200	
EMPLOYEE RELATED EXP	298,900	371,200	478,800	450,900	389,400	
PROFESSIONAL/OUTSIDE SVCS	500	8,800	294,900	8,800	7,000	
TRAVEL - IN STATE	14,700	22,800	29,100	24,800	21,700	
TRAVEL - OUT OF STATE	5,000	6,200	7,700	3,400	5,600	
OTHER OPERATING EXP	462,700	468,900	830,700	473,600	482,500	
EQUIPMENT	148,800	204,400	1,093,500	204,400	204,400	
ALL OTHER OPERATING	631,700	711,100	2,255,900	715,000	721,200	
<u>OPERATING SUBTOTAL</u>	2,363,500	2,629,800	4,504,000	2,734,900	2,628,800	
<u>SPECIAL LINE ITEMS</u>						
ENVIRON. SURVEILLANCE LAB	0	0	0	0	278,000	
BLOOD AND ALCOHOL PROGRAM	0	0	0	67,400	67,400	
LAB RENOVATION/EXPANSION	0	0	0	180,500	0	
<u>SPECIAL ITEM SUBTOTAL</u>	0	0	0	247,900	345,400	
<u>PROGRAM TOTAL</u> =====	2,363,500	2,629,800	4,504,000	2,982,800	2,974,200	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: DEPARTMENT OF HEALTH SERVICES
COST CENTER: DIVISION OF LAB SERVICES

The JLBC Staff recommends a total appropriation of \$2,974,200 -- a net increase of \$344,400, or 13.1%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
Eliminates 2.7 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$ (36,800)
Includes a new vacancy factor of 1.0%. If the 2.7 FTE positions had not been eliminated, the vacancy savings rate would have been 5.5%. The Executive recommends a vacancy factor of 2.3%.
- ERE Rate Adjustments 25,700
- 20% Professional and Outside Services Reduction (1,800)
This reduction excludes medical and data processing costs.
- 5% Travel - In State Reduction (1,100)
- 10% Travel - Out of State Reduction (600)
- Non-Capitalized Equipment 2,100
- Medical Inflation (5.0%) 11,600
- Commercial Rent (100)
- Environmental Surveillance Lab (A.R.S. § 30-654.16) 278,000
The JLBC Staff recommends the transfer of the Environmental Surveillance Lab and 7.0 FTE positions (4 General Fund, 3 non-General Fund) including all operating costs and rent monies from the Radiation Regulatory Agency (RRA) to the Department of Health Services. The JLBC Staff is recommending the elimination of RRA and the transfer of its responsibilities to the relevant state agencies. The Department of Health Services Lab currently does not have enough available space to accommodate the Surveillance Lab. Additional space of 9,000 square feet would need to be rented until the Department of Health Services Lab is expanded, therefore, funding for space requirements is included in transfer amount.

- **Blood and Alcohol Program**

67,400

The JLBC Staff recommends 2.0 FTE positions and the transfer of this program from the Department of Public Safety. This transfer is recommended for efficiency in state government. The Executive concurs.

Other Issues for Legislative Consideration

- **Relocation of Licensure/Quality Assurance and Lab Renovation**

The Executive recommends funds in the amount of \$180,500 to support moving 15.0 FTE positions from the State Health Laboratory in Phoenix to a location outside the Capitol complex.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

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

JLBC ANALYST: FUSAK
 EBO ANALYST: KEARNS

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	5.00	5.00	5.00	5.00	5.00	
OPERATING BUDGET						
PERSONAL SERVICES	122,000	132,700	133,100	132,700	132,700	
EMPLOYEE RELATED EXP	24,200	30,900	34,000	35,000	32,800	
PROFESSIONAL/OUTSIDE SVCS	4,300	5,400	5,400	5,400	4,300	
TRAVEL - IN STATE	4,000	6,500	6,500	4,900	5,400	
TRAVEL - OUT OF STATE	1,900	3,000	3,000	3,000	2,000	
OTHER OPERATING EXP	27,400	26,400	26,400	26,400	24,800	
EQUIPMENT	16,000	0	0	0	0	
ALL OTHER OPERATING	53,600	41,300	41,300	39,700	36,500	
P R O G R A M T O T A L	199,800	204,900	208,400	207,400	202,000	
BY FUND SOURCE						
GENERAL FUND	199,800	204,900	208,400	207,400	202,000	
FEDERAL FUNDS	50,000	50,000	50,000	0	50,000	
OTHER NON APPROPRIATED	1,657,400	1,654,600	1,761,100	0	1,654,600	
PROGRAM TOTAL-ALL SOURCES	1,907,200	1,909,500	2,019,500	207,400	1,906,600	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

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

The JLBC Staff recommends a total appropriation of \$202,000 -- a net decrease of \$(2,900), or (1.4)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- ERE Rate Adjustments \$ 1,900
- 20% Professional and Outside Services Reduction (1,100)
- 17% Travel - In State Reduction (1,100)
 Based on the actual level of FY 1990 spending.
- 30% Travel - Out of State Reduction (1,000)
 The reduction is based on the prior year expenditure for Out-of-State Travel.
- Other Operating Expenditures Reduction (1,600)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: AZ COMM OF INDIAN AFFAIRS
 COST CENTER: AZ COMM OF INDIAN AFFAIRS

JLBC ANALYST: FUSAK
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	4.00 =====	4.00 =====	4.00 =====	4.00 =====	4.00 =====	=====
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	106,200	111,100	111,100	111,100	111,100	_____
EMPLOYEE RELATED EXP	22,400	27,000	27,000	27,800	26,900	_____
PROFESSIONAL/OUTSIDE SVCS	0	0	1,000	0	0	_____
TRAVEL - IN STATE	6,400	11,600	13,500	9,500	7,100	_____
TRAVEL - OUT OF STATE	100	0	1,000	0	0	_____
OTHER OPERATING EXP	17,200	14,400	21,000	13,700	13,900	_____
EQUIPMENT	400	0	7,200	4,500	0	_____
ALL OTHER OPERATING	24,100	26,000	43,700	27,700	21,000	_____
P R O G R A M T O T A L =====	152,700 =====	164,100 =====	181,800 =====	166,600 =====	159,000 =====	=====
<u>BY FUND SOURCE</u>						
GENERAL FUND	152,700	164,100	181,800	166,600	159,000	_____
OTHER NON APPROPRIATED	0	500	3,600	0	3,600	_____
PROGRAM TOTAL-ALL SOURCES =====	152,700 =====	164,600 =====	185,400 =====	166,600 =====	162,600 =====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 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 \$159,000 -- a net decrease of \$(5,100), or (3.1)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- ERE Rate Adjustments \$ (100)
- 34% Travel - In State Reduction (4,500)
 Based on prior year expenditures.
- Other Operating Expenditures Reduction (500)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: PIONEERS' HOME
 COST CENTER: PIONEERS' HOME

JLBC ANALYST: CAWLEY
 EBO ANALYST: KEARNS

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	110.00	110.00	110.00	110.00	107.40	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	2,055,900	2,077,400	2,095,600	2,095,600	2,055,100	_____
EMPLOYEE RELATED EXP	605,300	600,000	721,200	679,400	582,400	_____
FOOD	222,700	219,700	245,000	0	0	_____
ALL OTHER OPERATING	222,700	219,700	245,000	0	0	_____
P R O G R A M T O T A L =====	2,883,900	2,897,100	3,061,800	2,775,000	2,637,500	=====
<u>BY FUND SOURCE</u>						
GENERAL FUND	2,883,900	2,897,100	3,061,800	2,775,000	2,637,500	_____
OTHER NON APPROPRIATED	674,600	722,400	724,900	0	724,900	_____
PROGRAM TOTAL-ALL SOURCES =====	3,558,500	3,619,500	3,786,700	2,775,000	3,362,400	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: PIONEERS' HOME
 COST CENTER: PIONEERS' HOME

The JLBC Staff recommends a total appropriation of \$2,637,500 -- a net decrease of \$(259,600), or (9.0)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- FTE Adjustment
 Eliminates 2.6 FTE positions that are vacant or are projected to become vacant during FY 1992.
- Personal Services/ERE Adjustments \$(28,500)
 Includes a new vacancy factor of 1.0%. If the 2.6 FTE positions had not been eliminated, the vacancy savings rate would have been 3.4%. The Executive recommends a vacancy factor of 0.0%.
- ERE Rate Adjustments (11,400)
- One-Time Food Reduction (219,700)
 JLBC Staff recommends that the Pioneers' Home use monies in its Charitable Endowment Fund to cover its FY 1992 food expenditure. The Pioneers' Home Charitable Endowment Fund will have sufficient funds in FY 1992 for this expenditure. The Executive concurs with the JLBC recommendation.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

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

JLBC ANALYST: CAWLEY
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: BARNES
 SENATE SUBCOMMITTEE CHAIR: ALSTON

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	0.00	0.00	0.00	0.00	0.00	0.00
 <u>OPERATING BUDGET</u>						
OTHER OPERATING EXP	8,400	8,800	9,200	9,200	8,800	_____
ALL OTHER OPERATING	8,400	8,800	9,200	9,200	8,800	_____
P R O G R A M T O T A L =====	8,400	8,800	9,200	9,200	8,800	=====
 <u>BY FUND SOURCE</u>						
GENERAL FUND	8,400	8,800	9,200	9,200	8,800	_____
PROGRAM TOTAL-ALL SOURCES =====	8,400	8,800	9,200	9,200	8,800	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: ARIZONA RANGERS' PENSION
COST CENTER: ARIZONA RANGERS' PENSION

The JLBC Staff recommends a total appropriation of \$8,800 -- no change from the adjusted FY 1991 appropriation.

JLBC Staff Recommendation Changes from FY 1991

- No Adjustments

\$ -0-

Laws 1990, Chapter 3, § 1, subsection B, 3rd Special Session, repealed A.R.S. § 43-251, which determined the inflation adjustment, for the Rangers' Pension. Due to the repeal of A.R.S. § 43-251, JLBC Staff did not recommend any inflation adjustment. The Executive recommends an increase of \$400 for a general inflation increase.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICE COMM
 COST CENTER: AGENCY SUMMARY

JLBC ANALYST: SIEGWARTH
 EBO ANALYST: SHAFFER

HOUSE SUBCOMMITTEE CHAIR: GERARD
 SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	34.00	34.00	39.00	34.00	34.00	
<u>BY PROGRAM/ORGANIZATION</u>						
VETERANS' AFFAIRS	690,700	826,000	980,700	818,600	748,800	
VETERANS' CONSERVATORSHIP	348,100	348,200	396,200	386,300	349,500	
AGENCY TOTAL	1,038,800	1,174,200	1,376,900	1,204,900	1,098,300	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	645,000	682,500	793,700	709,700	667,000	
EMPLOYEE RELATED EXP	151,900	173,000	238,500	185,600	168,400	
PROFESSIONAL/OUTSIDE SVCS	200	0	0	0	0	
TRAVEL - IN STATE	20,400	28,200	51,000	36,300	27,100	
TRAVEL - OUT OF STATE	5,400	6,400	7,100	6,400	5,800	
OTHER OPERATING EXP	164,600	157,700	189,500	170,500	163,100	
EQUIPMENT	11,400	0	31,100	30,000	6,900	
ALL OTHER OPERATING	202,000	192,300	278,700	243,200	202,900	
<u>OPERATING SUBTOTAL</u>	<u>998,900</u>	<u>1,047,800</u>	<u>1,310,900</u>	<u>1,138,500</u>	<u>1,038,300</u>	

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: VETERANS' SERVICE COMM	JLBC ANALYST: SIEGWARTH	HOUSE SUBCOMMITTEE CHAIR: GERARD	SENATE SUBCOMMITTEE CHAIR: HIGUERA
COST CENTER: AGENCY SUMMARY	EBO ANALYST: SHAFFER		

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
<u>SPECIAL LINE ITEMS</u>						
VETERANS ORG CONTRACTS	39,900	40,000	40,000	40,000	40,000	_____
VETERANS CEMETARY FUND	0	86,400	20,000	20,000	20,000	_____
EMERGENCY RELIEF FUND	0	0	6,000	6,400	0	_____
<u>SPECIAL ITEM SUBTOTAL</u>	39,900	126,400	66,000	66,400	60,000	_____
<u>AGENCY TOTAL</u>	1,038,800	1,174,200	1,376,900	1,204,900	1,098,300	_____
=====						
<u>BY FUND SOURCE</u>						
GENERAL FUND	690,700	826,000	980,700	818,600	748,800	_____
OTHER FUNDS	348,100	348,200	396,200	386,300	349,500	_____
<u>AGENCY TOTAL-ALL SOURCES</u>	1,038,800	1,174,200	1,376,900	1,204,900	1,098,300	_____
=====						

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICE COMMISSION
COST CENTER: AGENCY SUMMARY

The JLBC Staff recommends a total appropriation of \$1,098,300 -- a net decrease of \$(75,900), or (6.5)%, from the adjusted FY 1991 appropriation. The General Fund portion of the recommendation is \$748,800 -- a net decrease of \$(77,200), or (10.3)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

• Personal Services/ERE Adjustments	\$ (19,300)
• ERE Rate Adjustments	(800)
• 5% Travel - In State Reduction	(1,100)
• 10% Travel - Out of State Reduction	(600)
• Increase in Other Operating Expenditures	5,400
• Purchase Computer Software System	6,900
• One-Time Adjustment of the Payment to the U.S. National Cemetery System	(66,400)

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: VETERANS' SERVICE COMM	JLBC ANALYST: SIEGWARTH	HOUSE SUBCOMMITTEE CHAIR: GERARD
COST CENTER: VETERANS' AFFAIRS	EBO ANALYST: SHAFFER	SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS. =====	20.00 =====	20.00 =====	25.00 =====	20.00 =====	20.00 =====	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	419,100	459,700	543,800	459,700	445,200	_____
EMPLOYEE RELATED EXP	96,100	112,900	159,100	116,000	106,000	_____
TRAVEL - IN STATE	15,600	22,500	44,800	30,000	21,400	_____
TRAVEL - OUT OF STATE	4,300	6,400	6,000	6,400	5,800	_____
OTHER OPERATING EXP	105,500	98,100	129,900	110,100	103,500	_____
EQUIPMENT	10,200	0	31,100	30,000	6,900	_____
ALL OTHER OPERATING	135,600	127,000	211,800	176,500	137,600	_____
<u>OPERATING SUBTOTAL</u>	650,800	699,600	914,700	752,200	688,800	_____
<u>SPECIAL LINE ITEMS</u>						
VETERANS ORG CONTRACTS	39,900	40,000	40,000	40,000	40,000	_____
VETERANS CEMETARY FUND	0	86,400	20,000	20,000	20,000	_____
EMERGENCY RELIEF FUND	0	0	6,000	6,400	0	_____
<u>SPECIAL ITEM SUBTOTAL</u>	39,900	126,400	66,000	66,400	60,000	_____
<u>PROGRAM TOTAL</u> =====	690,700 =====	826,000 =====	980,700 =====	818,600 =====	748,800 =====	_____

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: VETERANS' SERVICE COMM JLBC ANALYST: SIEGWARTH HOUSE SUBCOMMITTEE CHAIR: GERARD
 COST CENTER: VETERANS' AFFAIRS EBO ANALYST: SHAFFER SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
<u>BY FUND SOURCE</u>						
GENERAL FUND	690,700	826,000	980,700	818,600	748,800	_____
PROGRAM TOTAL-ALL SOURCES	690,700	826,000	980,700	818,600	748,800	_____
=====	=====	=====	=====	=====	=====	=====

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICE COMMISSION
 COST CENTER: VETERANS' AFFAIRS

The JLBC Staff recommends a total appropriation of \$748,800 -- a net decrease of \$(77,200), or (10.3)%, from the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$(18,000)
 The Personal Services/Employee Related Expenditures have been lowered due to the lower costs associated with new hires replacing retiring personnel.
- ERE Rate Adjustments (3,400)
- 5% Travel - In State Reduction (1,100)
- 10% Travel - Out of State Reduction (600)
- Increase in Other Operating Expenditures 5,400
 JLBC Staff recommends an increase in Other Operating Expenditures of \$5,400. JLBC Staff recommends an increase in lease costs of \$8,000 for the Tucson State Office Building and a reduction of non-capitalized equipment of \$(2,700). Risk management is also increased by \$100.
- Purchase Computer Software System 6,900
 JLBC Staff recommends \$6,900 for the purchase of a Veterans' Service Officer computer software system. This will enable the Commission to fully utilize the computer hardware transferred from the Treasurer's office in FY 1991. The system will provide improved capabilities and aid in the conversion of the record card index file to an electronic medium. The Executive concurs with this recommendation and provides an additional \$23,100 for capitalized replacement equipment.
- One-Time Adjustment of the Payment to the U.S. National Cemetery System (66,400)
 The final payment to the U.S. National Cemetery System for the conveyance of the Arizona Veterans' Cemetery is \$20,000, \$66,400 less than the FY 1991 payment. Laws 1989, Chapter 29 (H.B. 2046) authorized conveyance to the U.S. National Cemetery System. The Executive concurs with this recommendation.

Other Issues for Legislative Consideration

- **Emergency Relief Fund**

The Executive recommends \$6,400 for the Emergency Relief Fund. This Fund was authorized by A.R.S. § 41-603 to provide emergency relief for veterans and their dependents. The Fund has never received an appropriation.

Joint Legislative Budget Committee Staff-Fiscal Year 1992 Budget-Analysis and Recommendation

DEPARTMENT: VETERANS' SERVICE COMM	JLBC ANALYST: SIEGWARTH	HOUSE SUBCOMMITTEE CHAIR: GERARD
COST CENTER: VETERANS' CONSERVATORSHIP	EBO ANALYST: SHAFFER	SENATE SUBCOMMITTEE CHAIR: HIGUERA

DESCRIPTION	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
FULL TIME EQUIVALENT POS.	14.00	14.00	14.00	14.00	14.00	
<u>OPERATING BUDGET</u>						
PERSONAL SERVICES	225,900	222,800	249,900	250,000	221,800	
EMPLOYEE RELATED EXP	55,800	60,100	79,400	69,600	62,400	
PROFESSIONAL/OUTSIDE SVCS	200	0	0	0	0	
TRAVEL - IN STATE	4,800	5,700	6,200	6,300	5,700	
TRAVEL - OUT OF STATE	1,100	0	1,100	0	0	
OTHER OPERATING EXP	59,100	59,600	59,600	60,400	59,600	
EQUIPMENT	1,200	0	0	0	0	
ALL OTHER OPERATING	66,400	65,300	66,900	66,700	65,300	
P R O G R A M T O T A L	348,100	348,200	396,200	386,300	349,500	
<u>BY FUND SOURCE</u>						
OTHER FUNDS	348,100	348,200	396,200	386,300	349,500	
PROGRAM TOTAL-ALL SOURCES	348,100	348,200	396,200	386,300	349,500	

Joint Legislative Budget Committee Staff - Fiscal Year 1992 Budget - Analysis and Recommendations

DEPARTMENT: VETERANS' SERVICE COMMISSION
COST CENTER: VETERANS' CONSERVATORSHIP

The JLBC Staff recommends a total appropriation of \$349,500 -- a net increase of \$1,300, or 0.4%, to the adjusted FY 1991 appropriation.

JLBC Staff Recommended Changes from FY 1991

- Personal Services/ERE Adjustments \$ (1,300)
Includes a vacancy factor of 11.0%. The Executive recommends a vacancy factor of 0.0%.
- ERE Rate Adjustments 2,600

Other Issues for Legislative Consideration

- Executive Recommendation
The Executive recommends \$1,400 for special inflation.