

**ANNUAL BUDGET**  
**FY 1992**  
**SUMMARY OF RECOMMENDATIONS**  
**AND**  
**ECONOMIC AND REVENUE FORECAST**

**JLBC**

**Prepared By:**  
**THE STAFF OF THE**  
**JOINT LEGISLATIVE BUDGET COMMITTEE**  
**STATE OF ARIZONA**  
**JANUARY 21, 1991**



STATE OF ARIZONA

## Joint Legislative Budget Committee

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January 21, 1991

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The Honorable John Wettaw  
Chairman  
and  
The Honorable Jaime Gutierrez  
Vice-Chairman  
Joint Legislative Budget Committee  
State of Arizona

Dear Representative Wettaw and Senator Gutierrez:

On behalf of the Staff of the Joint Legislative Budget Committee, it is my pleasure to transmit to you and the entire 40th Legislature of the State of Arizona, our Budget Analysis and Recommendations for Fiscal Year 1992, which begins on July 1 of this year.

The JLBC Staff approached the development of our recommendation differently this year than in recent years. While base revenues (before enhancements) grew, on average, by just 3.3% per year over the past three years, the state budget has grown, on average, by over 10% during the same period. Consequently, there has been revenue-raising legislation enacted in each of the past three regular legislative sessions.

This year, however, the JLBC Staff is recommending a budget which does not require a tax increase of any kind. You have indicated your support for this approach as has the bipartisan leadership of the Legislature. It is generally believed that an economic recession began in the U.S. in the final quarter of 1990. More recently, war has begun with Iraq. Against this backdrop of uncertainty, it is essential that the Legislature be presented with a financial blueprint that does not require Arizonans to shoulder a further tax increase.

Accordingly, and based upon a very cautious revenue forecast, your staff is recommending a budget which, for the first time in eight years, would reduce spending below the level enacted for the prior fiscal year. We have done so in a way which would reduce the number of state employees, the number of state agencies, and the number of state programs. Wherever possible, we have attempted to recommend savings which can be permanent and, therefore, will place the state budget on a more sustainable growth path.

Our recommendations are contained in four volumes:

- (1) A Summary of Recommendations and Economic Revenue Forecast;
- (2) An Analysis and Recommendations book, which contains recommendations, by agency, and by program;
- (3) Capital Outlay Budget Recommendations for presentation to the Joint Committee on Capital Review.
- (4) An appendix report entitled, Non-Appropriated Funds and Specific Fund Which Include Appropriated Dollars.

The Staff of the Joint Legislative Budget Committee looks forward to working with you, the Senate and House Appropriations Committees, and the entire 40th Arizona Legislature in developing the state budget for FY 1992.

Sincerely,

Theodore A. Ferris  
Staff Director and  
Legislative Budget Analyst

## JOINT LEGISLATIVE BUDGET COMMITTEE

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

Representative John Wettaw,  
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Representative Carmen Cajero  
Representative Ruth Eskesen  
Representative Leslie Whiting Johnson  
Representative Mark Killian  
Representative Dave McCarroll  
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Senator Carol Springer  
Senator Alan Stephens  
Senator Doug Todd

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

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

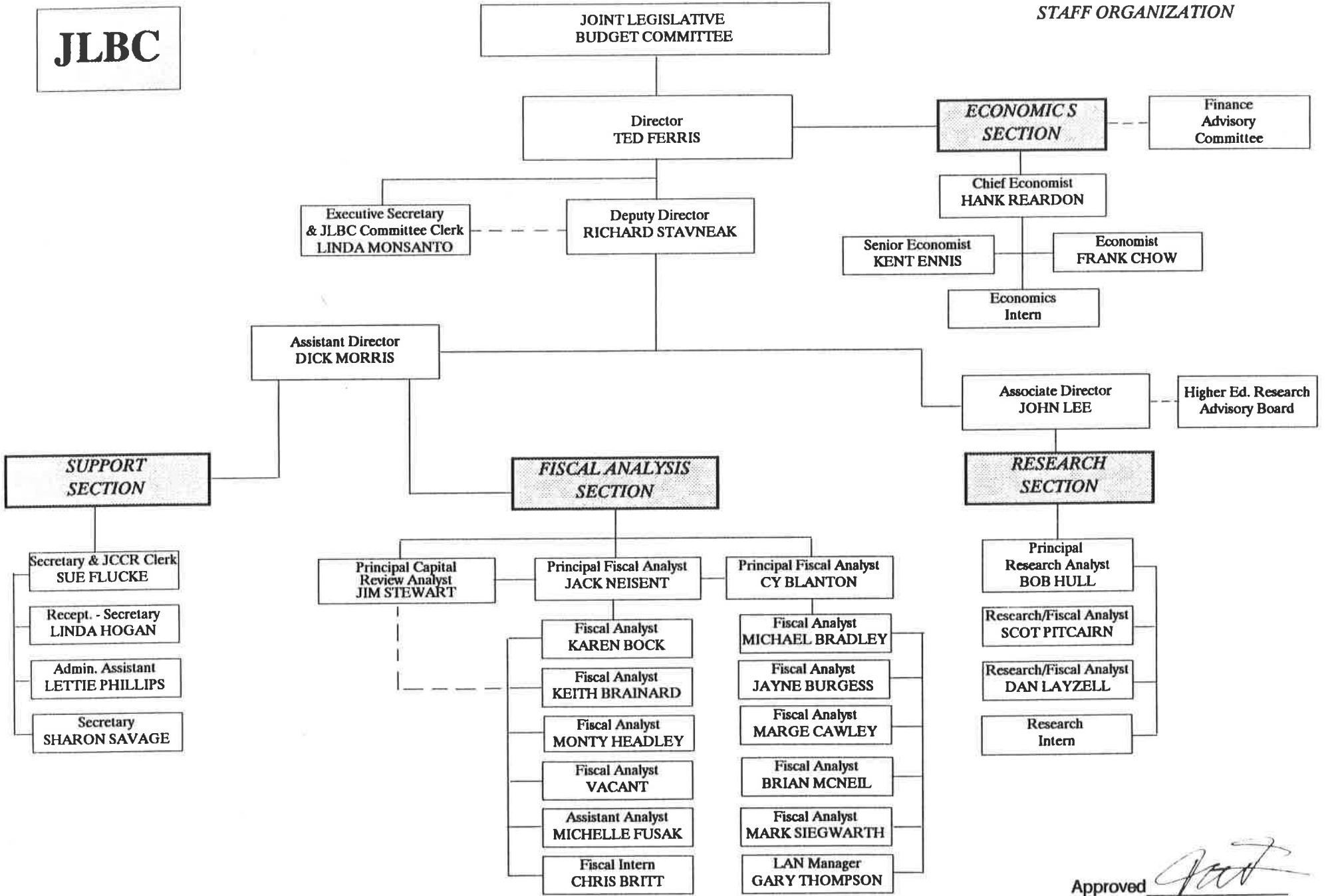
- **Analysis and Recommendations for the Annual State Budget**, which are presented in January of each year;
- Technical, analytical, and preparatory support in the development of **appropriations bills** considered by the legislature;
- An annual **Appropriations Report**, which is published shortly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


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Approved   
Date: 1/4/91

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FISCAL YEAR 1992  
GENERAL FUND REVENUES AND EXPENDITURES  
JLBC STAFF AND EXECUTIVE RECOMMENDATIONS

	<u>Executive</u>	<u>JLBC Staff</u>	<u>Difference</u>
<b>REVENUES:</b>			
• Beginning Balance (7-1-91)	\$ 5,000,000	\$ -0-	\$ (5,000,000)
• Estimated Base Revenues	3,507,140,000	3,475,700,000	(31,440,000)
• PIER II	20,156,300 <sup>A/</sup>	20,156,300 <sup>A/</sup>	-0-
• Fund Transfer	-0-	10,000,000 <sup>B/</sup>	10,000,000
• Reduced Revenue Sharing Increase	<u>18,000,000 <sup>C/</sup></u>	<u>9,100,000 <sup>C/</sup></u>	<u>(8,900,000)</u>
Total Available Revenues	<u>\$3,550,296,300</u>	<u>\$3,514,956,300</u>	<u>\$ (35,340,000)</u>
<b>EXPENDITURES:</b>			
• Recommended Appropriations -			
- Prior Session	\$ 4,879,700	\$ 4,879,700	\$ -0-
- Operating	3,531,419,500	3,447,172,200	(84,247,300)
- Capital Outlay	7,500,000	7,584,400	84,400
- State Empl. Pay/Provider Increase	4,600,000	-0-	(4,600,000)
- Other Appropriations	<u>-0-</u>	<u>9,500,000</u>	<u>9,500,000</u>
Subtotal - Recommended Appropriations	\$3,548,399,200	\$3,469,136,300	\$ (79,262,900)
• Adm. Adjustments & Emergencies	19,000,000	20,500,000	1,500,000
• Change in Continuing Appropriations	8,000,000	-0-	(8,000,000)
• Revertments	<u>(35,000,000)</u>	<u>-0- <sup>D/</sup></u>	<u>35,000,000</u>
Total Estimated Expenditures	<u>\$3,540,399,200</u>	<u>\$3,489,636,300</u>	<u>\$ (50,762,900)</u>
ENDING BALANCE (6-30-92):	<u>\$ 9,897,100</u>	<u>\$ 25,320,000</u>	<u>\$ 15,422,900</u>

<sup>A/</sup> Represents anticipated revenue from the second phase of a "Program to Increase Enforcement Revenues". See the JLBC Staff Analysis and Recommendations write-up on the Department of Revenue for details.

<sup>B/</sup> The JLBC Staff recommends the transfer of \$10 million of surplus Risk Management Funds to the General Fund.

<sup>C/</sup> The Governor recommends freezing city revenue sharing at FY 1991 levels for both the income and sales tax; The JLBC Staff recommends freezing the income tax shared revenues only; neither proposal impacts counties.

<sup>D/</sup> The JLBC Staff believes that our "no-growth" budget will result in much lower appropriations revertments; we have not included revertments in our year-end projections, using the assumption that any revertments will, in effect, pay for any unforeseen supplemental appropriations.

## **OVERVIEW OF THE JLBC STAFF RECOMMENDED GENERAL FUND BUDGET FOR FISCAL YEAR 1992**

### **JLBC Staff Budget Lower than Prior Year**

The JLBC Staff recommended budget for FY 1992 is based upon forecasted revenue growth of only 4.3% and does not require an increase in taxes. The recommended general fund appropriations of \$3,469.1 million is \$6.7 million less than the originally-enacted budget for FY 1991. This represents the first recommended year-to-year decrease in 8 years (since FY 1984). Furthermore, the JLBC Staff recommended appropriations are \$79.3 million, or 2.2%, lower than the Governor's recommendation.

### **Hundreds of Positions Removed**

Importantly, the JLBC Staff recommended budget would reduce the number of full-time equivalent state employees by 324 positions--a recommended reduction of 472 positions, not counting 148 positions added to the Department of Revenue, which more than pay for themselves through increased enforcement revenues. This is an intended and integral part of the staff recommendation, which was developed with the understanding that Arizona's fiscal problems are not a temporary by-product of economic recession, but rather are reflective of a fundamental and chronic imbalance between revenues and expenditures. It is hoped that a year of no growth in state spending will provide an opportunity to place state spending on a more sustainable growth path. The JLBC Staff recommendation would authorize 1,633 fewer positions when compared to the Governor's recommended budget.

The linchpin in the downsizing of state government and the number of state employees is a methodology known as the "FTE Adjustment". In order to minimize the probability of actual layoffs, the JLBC Staff is recommending that for agencies with over 50 employees, the budgeted vacancy rate be converted to a permanent reduction in authorized positions. This methodology for downsizing state government accomplishes several objectives:

- Represents a permanent savings;
- Minimizes the possibility of layoffs;
- Minimizes the probability of service reduction; and
- Provides maximum flexibility to each department head to determine which positions to eliminate.

The fact that state agencies have operated without any significant service curtailment during the past year is evidence that the conversion of position vacancies to permanent position reductions can be accomplished without a major impact on state service levels.

### No Inflation Adjustment

Another major theme of the JLBC Staff recommended FY 1992 budget is not to provide inflationary adjustments for expenditures that are typically adjusted for inflation. A general inflation factor of 5% is not funded, nor is the GNP price deflator adjustment of 4.2% for K-12 basic state aid and community college operating state aid. The two exceptions to this rule are (1) the adjustment for medical inflation, where a 5% increase for medical expenditures is provided, and (2) a budgeted 7.5% increase for AHCCCS capitated payments. In effect, state agencies and providers are being asked to absorb the first 5% of inflation.

### No Pay Increase

Similarly, after a year in which the Legislature provided a 4.5% general pay adjustment and paid 100% of the increased cost of state employee health insurance, the JLBC Staff recommendation does not allocate any funds for either in FY 1992. Instead, a modest set aside of \$9.5 million is provided for the Legislature to address employee compensation matters. Essentially, the JLBC Staff recommendation does not reserve any monies for the possible cost of other legislation.

### Cuts in Travel and Consultants

Another recommended approach to limiting the growth of agency budgets is to apply standard cuts for in-state travel, out-of-state travel, and non-medical professional and outside services of 5%, 10%, and 20%, respectively. In total, these policies generate \$4.7 million of savings (general fund).



### Demographic Changes are Funded

On the plus side, the JLBC Staff has recommended funding for certain demographic changes, including 12,900 more children in our schools, 823 more students in our universities, 46,141 more recipients of public assistance (AFDC), 48,271 more "member years" of indigent health care (AHCCCS) and 1,299 more prisoners.

### No New Programs

The JLBC Staff recommendation does not recommend any new programs. Additionally, several new legislative initiatives from the 1990 Session are recommended for postponement or rescheduling. The national recession has undermined Arizona's fledgling economic recovery and cast a long shadow over our revenue forecast. These new initiatives are not nearly as affordable as they appeared a year ago.

### Moratorium on Major Expansion of Mental Health Funding

The JLBC Staff recommends an additional \$2 million for the State Hospital to expand staffing to maintain a 1.8:1 staff-to-patient ratio. Otherwise, the JLBC Staff is recommending a one-year moratorium on further expansion of mental health funding for two reasons: First, the JLBC Staff has surveyed the mental health agencies of all 50 states and the District of Columbia and has determined that the State of Arizona has moved from 50th out of 51 in FY 1987 to 36th out of 51 in FY 1991. This is the direct result of the Legislature having increased per capita mental health spending by 115% over the 4-year period from FY 1987 to FY 1991. This represented the largest percentage increase in funding of the 50 states. Second, we agree with the Governor's assessment that a one-year moratorium will allow the State of Arizona to further develop appropriate service delivery systems and critical management oversight.

### Elimination of Agencies/Consolidation of Programs

Furthermore, the JLBC Staff believes that significant savings can continue to be realized through elimination of certain activities and the elimination or merger of selected small agencies. Accordingly, we are recommending that the following agencies be eliminated and that selected activities be transferred to other larger departments: the Commission on the

Arizona Environment, the Boxing Commission, the Law Enforcement Merit System, the Department of Mines and Mineral Resources, the Oil and Gas Commission, and the Radiation Regulatory Agency. The net savings from this consolidation is approximately \$750,000.

#### Cautious Forecast/Contingency Planning

After five consecutive years requiring mid-year budget adjustments, caution in our revenue projections and year-end balances is in order. Accordingly, the JLBC Staff base revenue forecast is \$31.4 million less than the Executive estimate; our reversionment (unspent appropriations) estimate is \$35 million less than the Executive's; and our targeted year-end surplus is \$15.4 million higher than the Governor's. These are the major reasons why the JLBC Staff is recommending a general fund budget that is \$79.3 million lower than the Executive recommendation.

#### Statutory Changes in Reconciliation Bill

Whenever and wherever statutory changes are either required or suggested by the JLBC Staff it is so noted in the Analysis and Recommendations book. The JLBC Staff will be compiling a complete listing of these suggested changes for transmittal to the Legislature and the Legislative Council in order to draft an omnibus reconciliation bill that would make the necessary statutory changes.

**FY 1992 JLBC STAFF RECOMMENDATION  
DESCRIPTION OF METHODOLOGY  
AND MAJOR TECHNICAL ISSUES**

JLBC Staff Recommended Changes from FY 1991

In developing its FY 1992 budget recommendation, the JLBC Staff has reviewed the current year's appropriation (FY 1991) as well as each agency's FY 1992 budget request, and has made adjustments for:

- One-time appropriations (decrease)
- Annualization of partial year funding (increase)
- Specific cost considerations, such as the cost of employee benefits (increase or decrease)
- Demographic changes, such as population served (increase or decrease)
- Statutory programmatic requirements, including scheduled start-ups, decreases, increases, or elimination of programs (increases or decreases)
- Vacancy savings, based upon recent trend (increase or decrease)
- Other policy issues (increases or decreases)

The individual agency descriptions in the Analysis and Recommendations book provide further narrative detail on these changes, which are explained in a section entitled, "JLBC Staff Recommended Changes from FY 1991." In addition, the book provides the line item detail of the Staff's recommendations for each individual agency budget. The major technical issues with regard to each of these line items is described below.

FY 1991 Adjusted Appropriations - This dollar amount represents the FY 1991 appropriations from the General Appropriation Act as well as appropriations from other legislation. We have adjusted the General Appropriation Act estimates for the distribution of classification maintenance review (CMR) funds, which were unallocated to individual agencies at the time of the bill's passage.

We have also revised the estimates to reflect a special session supplemental to the Secretary of State for election expenses and carry-forward appropriations for several agencies.

Since the Legislature had not officially acted at the time of this writing to amend the FY 1991 General Appropriation Act, the FY 1991 column also does not reflect any of the proposed reductions in spending to eliminate the current year deficit. Wherever possible, however, the Staff has analyzed the Governor's FY 1991 Deficit Reduction Options and incorporated those proposals into the FY 1992 recommendation.

**FTE Positions** - In addition to specific FTE cut initiatives being recommended by the JLBC Staff, we are recommending the elimination of all unfunded vacant positions for both General Fund and Other Appropriation Fund agencies with over 50 FTE positions. This reduction is described under the heading "FTE Adjustment" in the individual agency narratives. The number of positions to be deducted was determined by dividing the amount of vacancy savings by the average salary.

The number of FTE positions reflects both personnel funded from Personal Services as well as special line items. The FY 1991 FTE position estimates have also been adjusted to include any new staff funded through separate appropriation bills.

**Personal Services - Vacancy Savings** - This amount represents an agency's unexpended Personal Services. Agencies typically do not spend 100% of Personal Services for a number of reasons. For example, employee turnover will normally result in positions being vacant for some period of time. In addition, the departure of long term employees will often result in savings as they are replaced by less-experienced, lower-paid personnel.

With the elimination of all unfunded vacant positions as described above, agencies will effectively be operating with a 0% vacancy factor. The JLBC Staff recommends establishing a new vacancy factor, which is typically the lower of 50% of the FY 1991 vacancy factor or 50% of the standard vacancy rates. The standard vacancy rates are:

<u>Authorized FTE Positions</u>	<u>Vacancy Factor</u>
51-100	1.5%
100-250	2.0%
251 and over	3.0%

These new vacancy savings will be found under the heading "Personal Services/ERE adjustments" in the individual agency narratives. In most circumstances, the Executive recommends retaining the FY 1991 vacancy rates.

**Other Personal Services Adjustments--Elected Official Pay Raise** - The JLBC Staff is also recommending Personal Services adjustments to annualize the January 1991 pay raises for elected officials and to add six months of funding for their January 1992 pay raise.

The salary adjustments are as follows:

	<u>Previous Salary</u>	<u>Jan 1991 Salary</u>	<u>Jan 1992 Salary</u>
Governor	\$75,000	\$75,000	\$75,000
Secretary of State	50,000	52,000	54,600
Treasurer	50,000	52,000	54,600
Attorney General	70,000	72,800	76,440
Supt. of Public Instruction	50,000	52,000	54,600
Corporation Commissioners	50,000	52,000	54,600
Mine Inspector	35,000	36,400	38,220
Supreme Court Chief Justice	86,000	89,440	93,912
Other Supreme Ct. Justices	84,000	87,360	91,728
Appellate Judges	82,000	85,280	89,554
Superior Ct. Judges (50% Share)	40,000	41,600	43,680

Employee Related Expenditures (ERE) - This category represents the state cost of employee benefits. The ERE calculations were based upon the following assumptions. The Executive concurs with these assumptions unless otherwise noted.

**Disability Insurance:** 0.55% of Personal Services for non-State Retirement System employees. The cost of disability insurance for State Retirement System employees is incorporated in the overall retirement contribution rate (See Below).

**Federal Insurance Contributions Act (FICA)** - As required by federal law, a) Social Security taxes were applied at a rate of 6.2% up to \$55,800 in income and b) Medicare taxes were applied at a rate of 1.45% up to \$125,000 in income. The Executive recommendation, however, only applies the Medicare tax to incomes up to \$55,800.

**Health and Dental Insurance** - The JLBC Staff recommendation is based upon the following assumptions regarding a) the percentage of employees receiving health insurance and b) the state's annual dollar contribution:

	<u>% Participation</u>	<u>Rate</u>
<b>Health:</b>		
Employee Only	41.0%	\$1,662
Employee & Dependents	46.0	3,465
Both State Employees	1.1	3,449
<b>Dental:</b>		
Employee Only	36.3	84
Employee & Dependents	48.5	191

With the exception of the universities, all health and dental funds are transferred from the individual agencies to the Health Insurance Trust Fund. Given this "sweep" into a single fund, the use of standard percentages and dollar contributions simplifies the process of budgeting for health insurance.

The above rates do not apply to the universities, where the participation rates and dollar contribution are tailored to the specific institution. The Executive has developed individual rates for each state agency, not just the universities.

The JLBC Staff recommendation does not include an increase in the health and dental contribution rates above the FY 1991 amounts. If the state contribution does not change, state employees would have to bear the cost of any increase through some combination of higher rates, higher co-payments and deductibles and/or reduced benefits. (The JLBC Staff recommendation does include a modest set-aside for the Legislature to address general employee compensation either through a pay adjustment or increased state contributions to health and dental insurance.)

The Executive recommends 18% and 15% increases in health and dental rates, respectively.

**Life Insurance** - \$19 per employee per year, the same rate as in FY 1991.

**Personnel Division** - 0.70% of Personal Services. Laws 1990, Chapter 355, required the budget of the Department of Administration Personnel Division to be a certain percentage of the total payroll of all state agencies, beginning at 0.70% in FY 1991 and increasing in increments of 0.05% each year until reaching 1.0% in FY 1996. (This percentage is known as the "pro rata share.")

Given the overall recommendation of reducing the size of state government, the JLBC Staff recommends deferring until FY 1993 the scheduled increase in the pro rata share to 0.75%. The Executive recommends implementing the 0.75% share in FY 1992. Furthermore, in order to provide appropriate legislative oversight with respect to the Personnel Division budget, the JLBC Staff recommends that Chapter 355 be amended to subject "pro-rata" revenues to the appropriations process.

**Retirement** - The rates as a percent of Personal Services are as follows for the different retirement systems:

<u>Retirement System</u>	<u>Rate</u>
State Retirement	3.60
Correctional Officers	6.35
Elected Officials	6.00
Dept. of Public Safety	0.00
NAU Police	4.10
U of A Police	0.94
ASU Police	5.95
Game and Fish	17.52
DEMA Firefighters	5.00

The Executive recommendation reflects these same rates with the exception of the State Retirement System, where they used an earlier estimate of 3.64%.

**Unemployment Insurance** - 0.11% of Personal Services.

**Workers' Compensation** - The rates vary by individual agency. The JLBC Staff recommends reducing by (15.7)% the proposed rates of the Department of Administration's Risk Management Division. DOA's proposed rates, which would generate approximately \$16.3 million in revenue, are designed to cover 90% of all possible claims scenarios. During FY 1990, however, costs equalled only \$11.5 million.

The JLBC Staff recommends setting the rates at a level which would provide sufficient revenue for a \$13.8 million workers' compensation budget. This amount represents a 19% increase over FY 1990 actual expenditures, compared to the Executive's proposed 41% increase over this two-year time period. Along with administrative expenses, this budget would fund claims at a 50% confidence interval. In the unlikely event that the fund experiences a very high loss record in FY 1992, the current fund balance appears more than adequate to cover this contingency.

The Executive recommendation reflects the DOA proposed rates.

**Professional and Outside Services** - The JLBC Staff recommends a 20% reduction in Professional and Outside Services. This recommendation will reduce reliance on consultant contracts. This line item was exempted from reduction if the cut would have significantly hindered an agency's operation. For example, several general categories of service, such as direct medical services and DOA data processing costs, were exempted from the 20% reduction. The Executive did not have an across-the-board policy on Professional and Outside Services.

**Travel** - The JLBC Staff recommends 5 and 10% reductions, respectively, in Travel - In State and Travel - Out of State. The Executive recommends a 15% increase for the subsistence component of Travel - In State and eliminated Travel - Out of State in several instances.

### **Other Operating Expenses**

**Inflation** - The JLBC Staff recommends a 5% adjustment for medical expenses, but otherwise does not include any inflation adjustment. The Executives recommends the following inflation increases: medical, 5%; postage, 18%; and utilities, 8%.

**Rent** - The JLBC Staff recommends the following rent items:

**State-owned Space:** In non-General Fund agencies, the Staff recommends charging \$11.00 per square foot for office space and \$4.00 per square foot for storage space. The Executive concurs with this recommendation.

**New Tucson State Office Building:** \$17.45 per square foot at the current square footage. In allocating space in the new building, DOA has substantially increased several agencies' current square footage above the levels they occupied in the private sector and/or other state-owned space. The JLBC Staff recommendation includes funds for the higher cost of rent per square foot, but does not recognize the space expansion. To cover the cost of the lease purchase payment of the Tucson office, agencies will have to finance their space expansion by redirecting existing resources or DOA will need to relocate other state agencies from the private sector into the building. The Executive appears to have included funds for the space expansion.

**Private sector space:** The JLBC Staff recommendation generally includes no funds for additional private sector space or higher private sector rents. In a number of circumstances, agencies have moved into more expensive private sector space before receiving the necessary funds as part of the appropriation process.



**Risk Management** - Rates vary by individual agency. The JLBC Staff recommends increasing by 14.0% the proposed rates of the Department of Administration's Risk Management Division. DOA's proposed rates reflect a one-time, artificial reduction in the agencies' risk management charges.

The Risk Management Fund will have a substantial balance at the end of FY 1991 of between \$18 and \$22 million. The Executive proposes using part of this balance in FY 1992 to reduce the proposed FY 1992 rates to agencies. Having virtually depleted the balance by FY 1993, however, DOA will then have to substantially increase rates above the artificially low FY 1992 rates. In addition, DOA proposes to exempt the Department of Economic Security from its State General Fund contribution of \$2.6 million due to excess funds in a Provider Indemnity Pool.

The JLBC Staff recommends that total risk management collections remain steady between FY 1991 and FY 1992. (Individual agency rates may rise or fall, depending on their latest loss experience.) This policy has several advantages: a) the Risk Management charges would more accurately reflect agencies' actual costs and b) the pattern of payments from FY 1991 to FY 1993 would cause fewer artificial shifts in agency budgets than required under the Executive recommendation.

Given the substantial fund balance, the JLBC Staff is also recommending to transfer \$10 million from the Risk Management Fund to the General Fund. Even after this transfer, the Risk Management Fund would retain a balance of \$10.3 million.

#### Other Issues for Legislative Consideration

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

We have highlighted in our analysis the differences between the JLBC Staff and the Executive recommendation for each agency. Any policy issues recommended by the Governor and not addressed under the "JLBC Staff Recommended Changes from FY 1991" section are addressed under the heading "Other Issues for Legislative Consideration."

## **BUDGET STABILIZATION FUND**

Like 48 other states, Arizona has a balanced-budget requirement (Art. IX, Sec. 3-4). Any unforeseen deficit in the General Fund becomes the first obligation in the ensuing fiscal period. Attempts are made to eliminate prospective deficits prior to the conclusion of a fiscal year. Surpluses are returned to the people of the state either through tax cuts or new or expanded programs. However, the combination of a rapidly-growing, but highly-volatile state economy, and minuscule projected carry-forward balances has resulted in an unintended game of "budget roulette" in recent years.

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

In response to fluctuations in revenues and corresponding funding problems, a sizeable majority of states (38) have enacted a variety of counter-cyclical fiscal strategies. The most recent state to establish a Budget Stabilization Fund (BSF) is Arizona (Laws 1990, Chapter 6, 3rd Special Session). Although there are several types of Budget Stabilization Funds in effect today, all share a common theme: To set aside revenues during times of strong economic growth, and to spend these revenues during periods of weak growth or decline. Their common purpose is to provide a built-in revenue stabilizer in order to reduce the state's vulnerability to economic fluctuations.

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

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

The Arizona BSF can be summarized as follows:

- The Pay-In (or Pay-Out) for a given fiscal year would be determined by comparing the annual growth rate of real, adjusted Arizona personal income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of real, adjusted AZPI for the most recent 7 years.
- If the annual growth rate exceeds the trend growth rate, the excess multiplied by General Fund revenue of the prior fiscal year would equal the amount to be paid into the BSF.

## BUDGET STABILIZATION FUND

(Continued)

- If the annual growth rate is less than the trend growth rate, the deficiency when multiplied by the General Fund revenue of the prior fiscal year would equal the amount to be with-drawn from the BSF.
- By a two-thirds majority, the Legislature, with the concurrence of the Governor, could decrease a "pay-in" or increase a "pay-out".
- Although interest earnings accrued to the BSF, the State Treasurer may "un-invest" the fund balance on a day-to-day basis, if necessary to avoid a negative cash balance in operating monies.
- The BSF balance is limited to no more than 15% of prior year revenue.
- Estimates of required "pay-ins" and "pay-outs" would be made by both the EBO and JLBC Staff with annual budget submissions.
- Final estimates would be made by the Economic Estimates Commission (EEC) based upon economic data supplied by the U.S. Department of Commerce, Bureau of Economic Analysis, and testimony received from Staff of the EEC, JLBC, and EBO.

### Expected Results

The following two charts depict the simulated operation of the BSF over a 17-year period. The annual changes are compared to the 7-year average. Using actual data for the growth of Personal Income until 1990 and forecasts from Wharton Econometrics, the University of Arizona, and the JLBC Staff for the periods after that time, a Budget Stabilization Fund model shows what would have occurred and what can be expected.

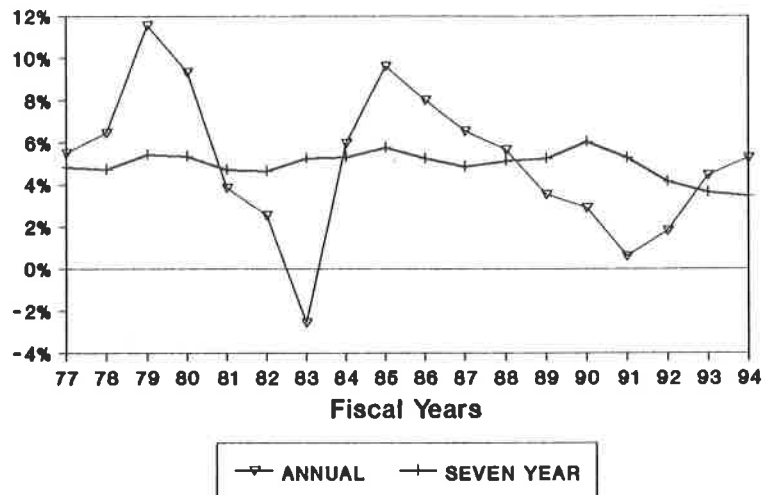
Pay-in's to the BSF (would have) occurred when the growth rate was above the 7-year moving average of personal income growth. Pay-outs happen when annual personal income growth is less than the 7-year average.

The difference in growth between the 1-year and 7-year average would be multiplied times the previous fiscal year General Fund revenue to determine the size of the contribution to or withdrawal from the BSF. The balance in the BSF would earn interest, which would be retained in the BSF.

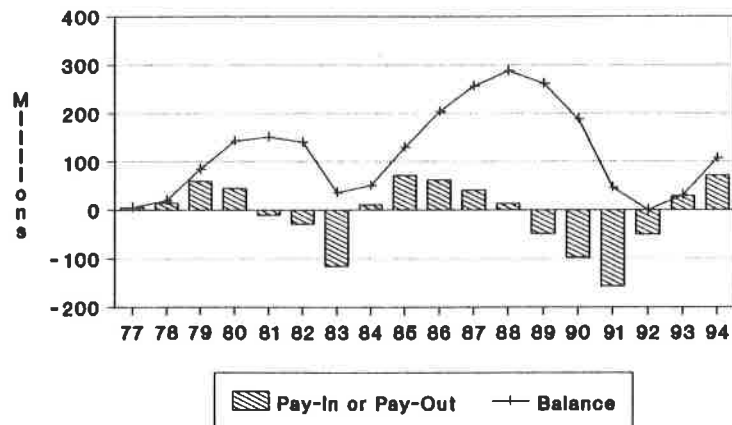
As shown on charts, periods of declining personal income growth were also periods when the state revenue growth rate had declined. The availability of a BSF at these times, including the current period, would have made a positive contribution to state revenues until economic growth resumed. The simulation suggests that the BSF will work as intended if the formula is adhered to by the Legislature. When viewed across a couple of business cycles (expansion-recession), the BSF "fills up" and "empties out." The maximum "pay-in" years are FY 1979, FY 1985, and FY 1986; whereas, the maximum "pay-out" years are FY 1983 and FY 1991. This is appropriate. For example, in FY 1983, when mid-year budget cuts of 10% were enacted; the pay-out of \$115 million could have precluded that cut. In FY 1991, a budget deficit of up to \$126 million is projected.

Under the current expectation of a rebound of economic and personal income growth in late CY 1991 and CY 1992, an initial pay-in to the BSF will not be required until FY 1993.

**ARIZONA REAL PERSONAL INCOME GROWTH  
ONE YEAR RATE TO SEVEN YEAR AVERAGE**



**ARIZONA BUDGET STABILIZATION FUND  
PAY-INS, PAY-OUTS AND FUND BALANCES  
FY 1977 TO FY 1994**



**NOTE: Fund Balance Earns Interest  
at 6-Month T-Bill Rate**

**CALCULATION OF THE  
STATE APPROPRIATIONS LIMIT  
FY 1991 AND FY 1992**

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

A recent analysis completed by Senate Finance and House Ways and Means Committee Staff indicates that FY 1991 appropriations are over \$300 million below the limit. With this year's budget due for nearly \$100 million of budget reductions, we should end the year over \$400 million below the limit.

The JLBC Staff budget recommendations for FY 1992 would leave expenditures subject to the limit some \$448.7 million below the constitutional limit as shown below:

	<b>FY 1992 (<u>\$ Millions</u>)</b>
• Estimated Arizona Personal Income	\$65,600
	<u>x7.18%</u>
Equals: Appropriations Limit	\$4,710.1
• JLBC Staff Estimated Limited Expenditures	( <u>4,261.4</u> )
<b>AVAILABLE LIMIT</b>	<b><u>\$ 448.7</u></b>

A detailed analysis is available from the JLBC Staff.

**SUMMARY OF JLBC STAFF RECOMMENDATIONS  
FY 1992**

**SECTION A**

**TEN LARGEST AGENCIES  
 JLBC STAFF RECOMMENDATION COMPARED WITH FY 1991 APPROPRIATIONS  
 GENERAL FUND OPERATING BUDGETS  
 FY 1992**

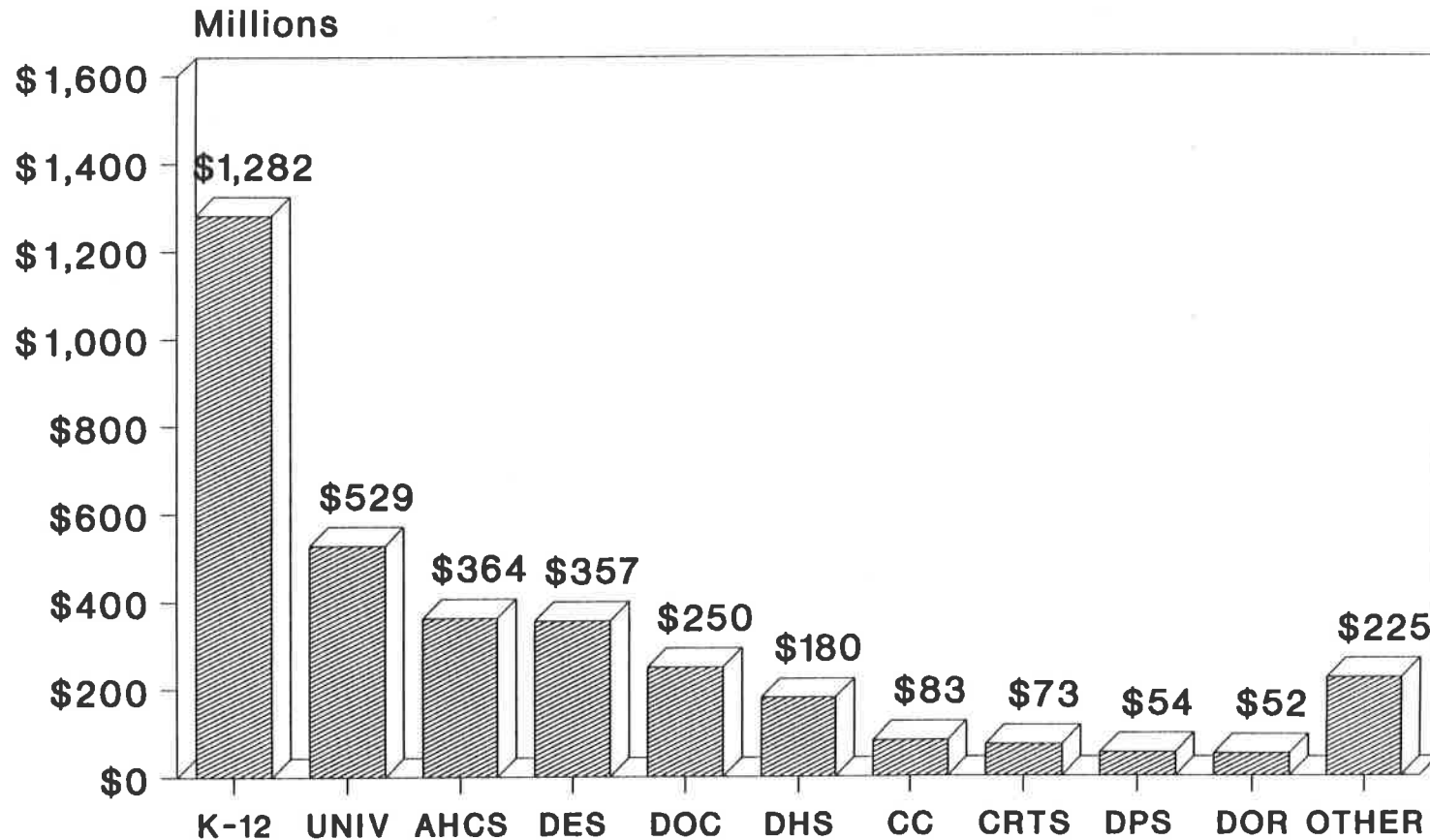
AGENCY	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 JLBC STAFF RECOMMENDATION	\$ DIFFERENCE FY 1992 VS FY 1991	% DIFFERENCE FY 1992 VS FY 1991
K-12	1,147,271,100	1,236,747,800	1,282,026,600	45,278,800	3.7
UNIVERSITIES	488,763,900	538,268,700	528,501,200	(9,767,500)	(1.8)
AHCCCS	267,219,900	395,837,700	363,579,300	(32,258,400)	(8.2)
DEPT OF ECONOMIC SECURITY	275,581,600	349,199,200	356,529,500	7,330,300	2.1
DEPT OF CORRECTIONS	221,619,200	249,941,900	250,241,900	300,000	0.1
DEPT OF HEALTH SERVICES	131,564,700	174,023,400	180,384,000	6,360,600	3.7
COMMUNITY COLLEGES	66,993,100	84,517,300	82,725,200	(1,792,100)	(2.1)
COURTS	57,843,700	69,535,100	72,764,200	3,229,100	4.6
DEPARTMENT OF PUBLIC SAFETY	83,551,700	71,487,000	54,032,300	(17,454,700)	(24.4)
DEPT OF REVENUE	42,501,100	45,211,400	51,646,100	6,434,700	14.2
ALL OTHER	221,534,400	245,470,300	224,741,900	(20,728,400)	(8.4)
<b>TOTAL</b>	<b>3,004,444,400</b>	<b>3,460,239,800</b>	<b>3,447,172,200</b>	<b>(13,067,600)</b>	<b>(0.4)</b>

**MAJOR FACTORS BEHIND CHANGE IN GENERAL FUND OPERATING BUDGETS  
DIFFERENCE FROM FY 1991**

<b>Department of Education</b>	<b>+\$45.3 Million</b>			<b>(1.7)</b>
• 12,900 New Elementary Pupils (3%)	\$41.8			
• Eliminate "Sudden Growth" Funding	(9.0)			
• Increase in "Rollover" Repayment	42.9			
• Reduced "Homeowners' Rebate" Buy-down	(22.0)			
• Other Adjustments	(8.4)			
<b>Department of Economic Security</b>	<b>+ \$7.3 Million</b>			
• 46,172 New AFDC Recipients (33.6%)	\$20.5			
• DD Client Conversion to Federal Long Term Care/Fewer Institutional Placements	(8.4)			
• 26.6% Long Term Care Caseload Growth including client conversion and adjusted federal certification schedule	7.4			
• Social Services Adjustments--caseload and average cost decline, and influx of federal funds	(9.7)			
• Other	(2.5)			
<b>Department of Revenue</b>	<b>+ \$6.4 Million</b>			
• Add 148 FTE positions for part 2 of Program for Increased Enforcement Revenues (PIER II), which will yield \$20.2 million in revenue (over 3:1 payback)	\$6.4			
<b>Department of Health Services</b>	<b>+ \$6.4 Million</b>			
• Add 68 State Hospital Staff to maintain Medicare Certification	\$1.8			
• Medical Inflation (5%)	0.9			
• AHCCCS Children's Rehabilitative Services Transfer from AHCCCS	5.5			
• Other Program Transfers and Funding Shifts	0.1			
• Other Reductions	(1.9)			
<b>Courts</b>	<b>+ \$3.2 Million</b>			
• Lease-Purchase Payment on New Courts Building	\$3.0			
• Annualization, Probation Programs	0.7			
• Judges' Salary Increase and New Judges	0.6			
• One-Time Costs - New Courts Building	(1.2)			
• Other	0.1			
<b>Department of Corrections</b>	<b>+ \$0.3 Million</b>			
• 1,299 New Prisoners (9.2%)	\$4.1			
• Opening 400 New Prison Beds	4.2			
• Annualization of FY 1991 Prison Openings	4.6			
• One-Time Costs	(7.4)			
• Funding Shifts	(3.5)			
• Other				
<b>Community Colleges</b>				<b>\$(1.8) Million</b>
• Operating State Aid Adjustment				\$(1.6)
• Retirement Recapture				(0.7)
• County Equalization Aid (Cochise and Graham)				0.5
<b>Department of Juvenile Corrections</b>				<b>\$(3.3) Million</b>
• Institutional Population Decrease - 308 Fewer Juveniles				\$(2.3)
• Transfer of Education Program Funding				(2.4)
• Increase in Community Treatment				0.8
• Other				0.6
<b>Universities</b>				<b>\$(9.8) Million</b>
• 823 New FTE Students				\$2.9
• Lease-Purchase Payment and New Facilities Support				6.8
• Equity Funding Among Campuses				4.4
• Employee Benefit/Risk Management Changes				4.9
• Savings from Additional Tuition and Fee Collections				(8.8)
• Funding Reduction due to FTE Position Adjustment				(7.7)
• 5% Other Operating Expenditure Cut				(4.6)
• Equipment Replacement Delay				(3.5)
• Other Reductions				(4.2)
<b>Department of Public Safety</b>				<b>\$(17.5) Million</b>
• Defer Balance of Automated Fingerprint Information System Funds to FY 1992				\$(2.0)
• Funding Shift to Highway User Revenue Fund				(7.5)
• Funding Shift to Highway Fund				(7.2)
• Funding Shift to Criminal Justice Enhancement Fund				(0.5)
• Other				(0.3)
<b>AHCCCS</b>				<b>\$(32.3) Million</b>
• 48,271 New Member Years (15.9%)				\$39.2
• Medical Care Costs				14.7
• New Federal Reimbursement Methodology				(34.1)
• Fee-for-Service Base Adjustment				(24.0)
• Transfer of Mental Health/CRS to DHS				(12.3)
• Increased County Contributions				(7.0)
• Repeal of Provisions of Laws 1990, Ch. 333 (48 hour "Retro" coverage/Adjusted Bill Charges Adjustment)				(6.3)
• Other Net Changes				(2.5)

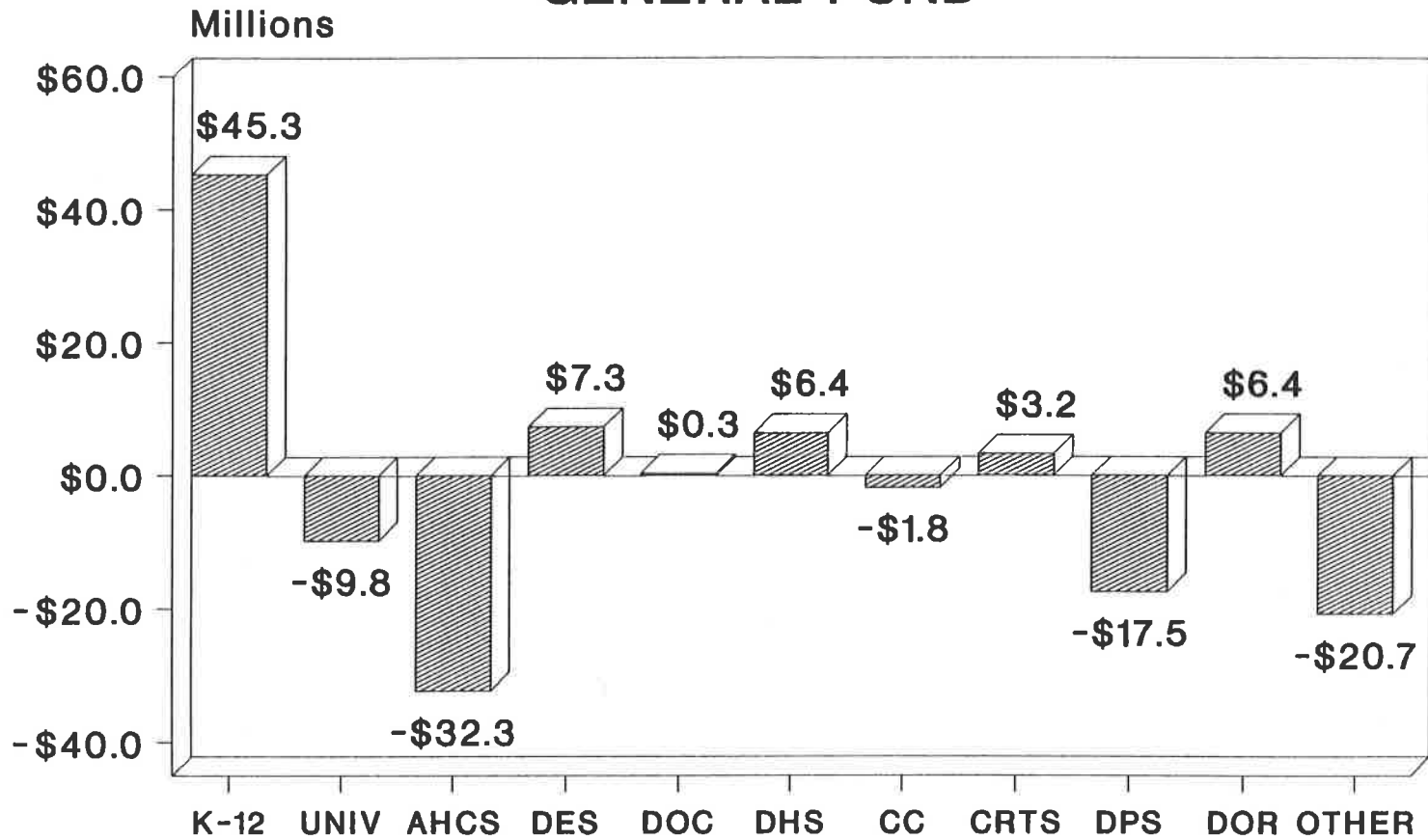


# TEN LARGEST AGENCIES FY 1992 JLBC STAFF RECOMMENDATION GENERAL FUND



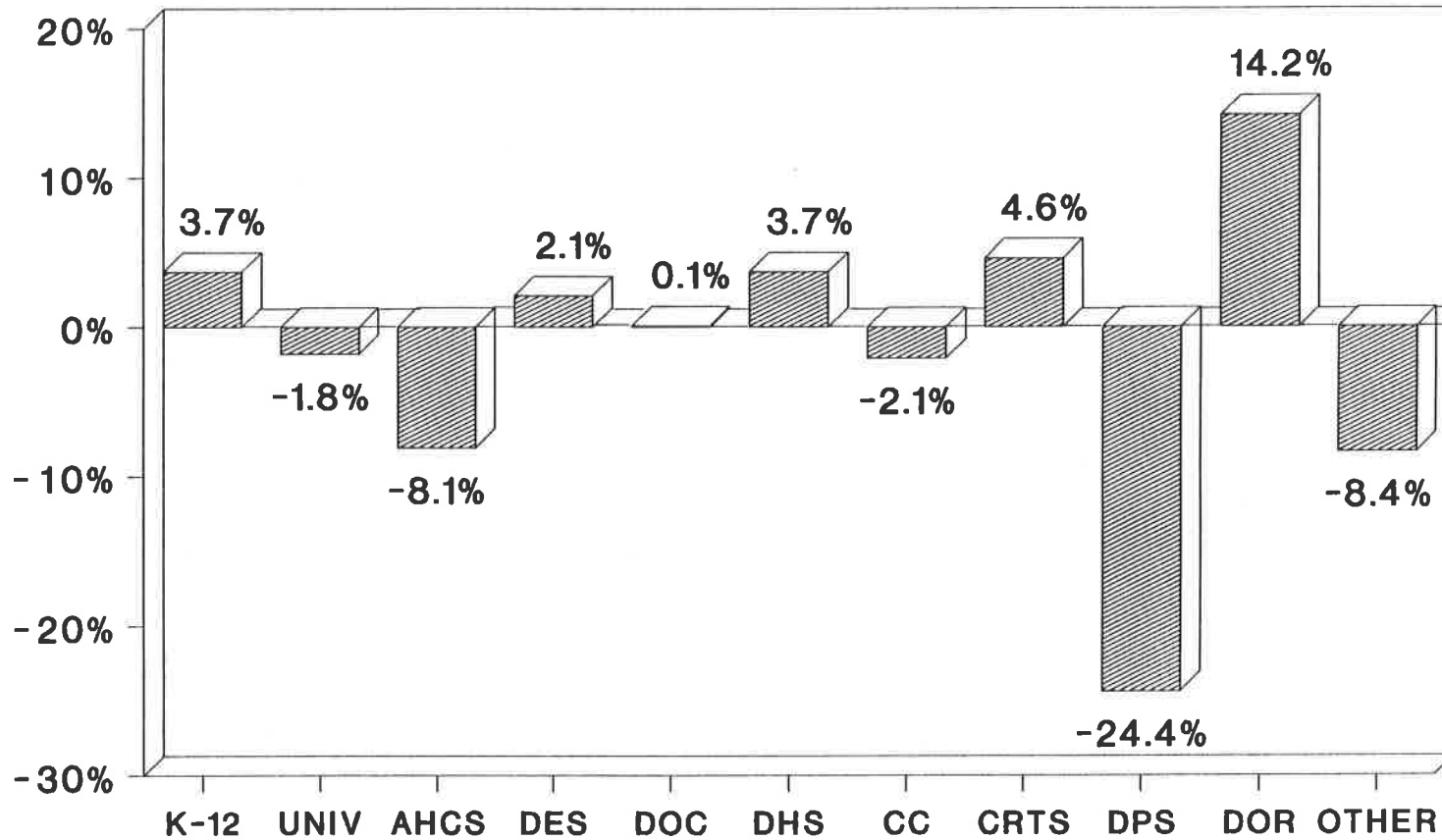
TOTAL FY 1992 OPERATING BUDGET: \$3,447 MILLION

# TEN LARGEST AGENCIES JLBC STAFF RECOMMENDATION DOLLAR CHANGE FROM FY 1991 GENERAL FUND



**TOTAL DOLLAR CHANGE FROM FY 1991: -\$13.1 MILLION**

# TEN LARGEST AGENCIES JLBC STAFF RECOMMENDATION PERCENT CHANGE FROM FY 1991 GENERAL FUND

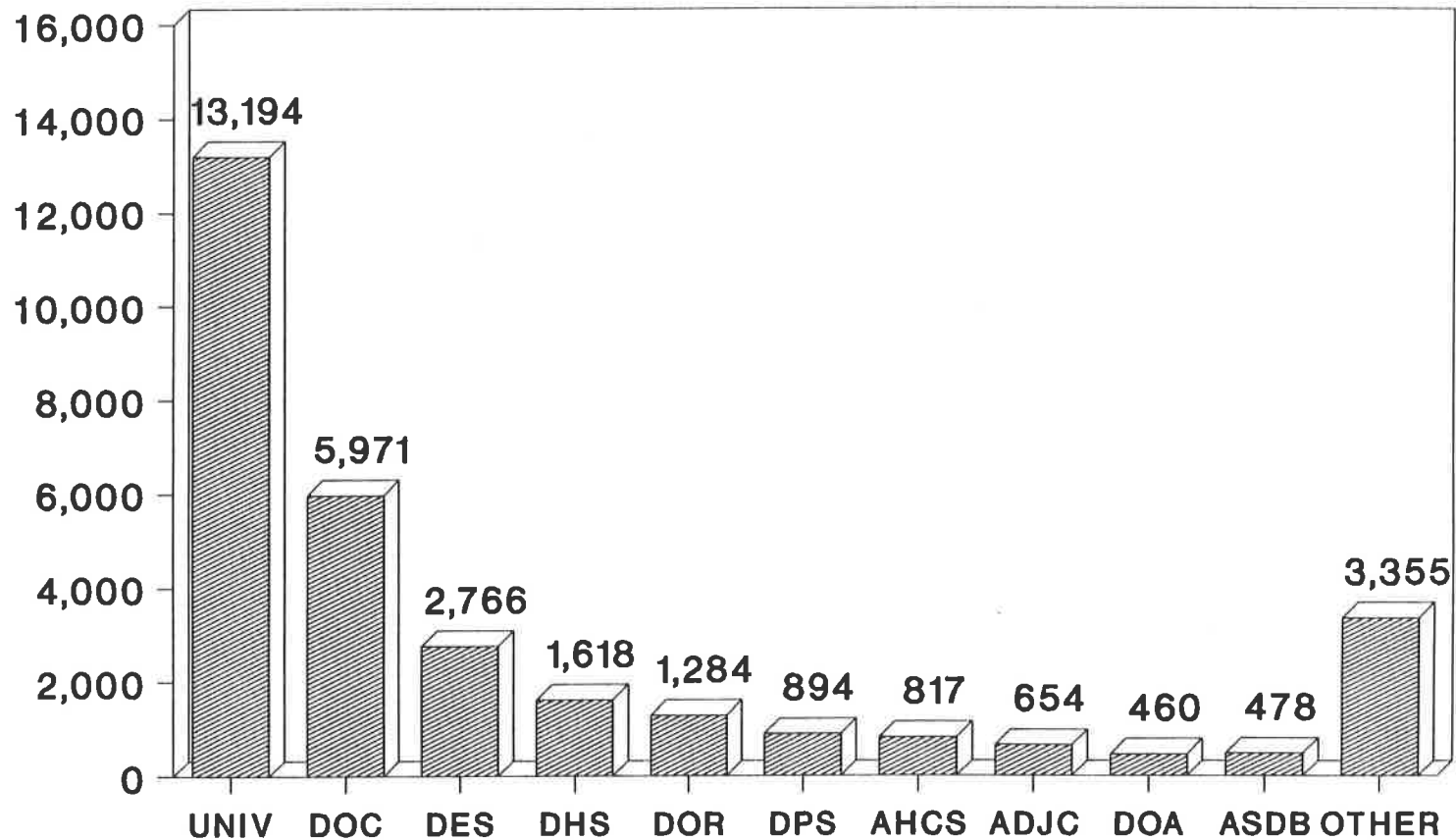


OVERALL PERCENT CHANGE FROM FY 1991: -0.4%

**FULL-TIME EQUIVALENT POSITIONS  
TEN LARGEST AGENCIES  
JLBC STAFF COMPARED WITH FY 1991 ESTIMATE  
GENERAL FUND  
FY 1992**

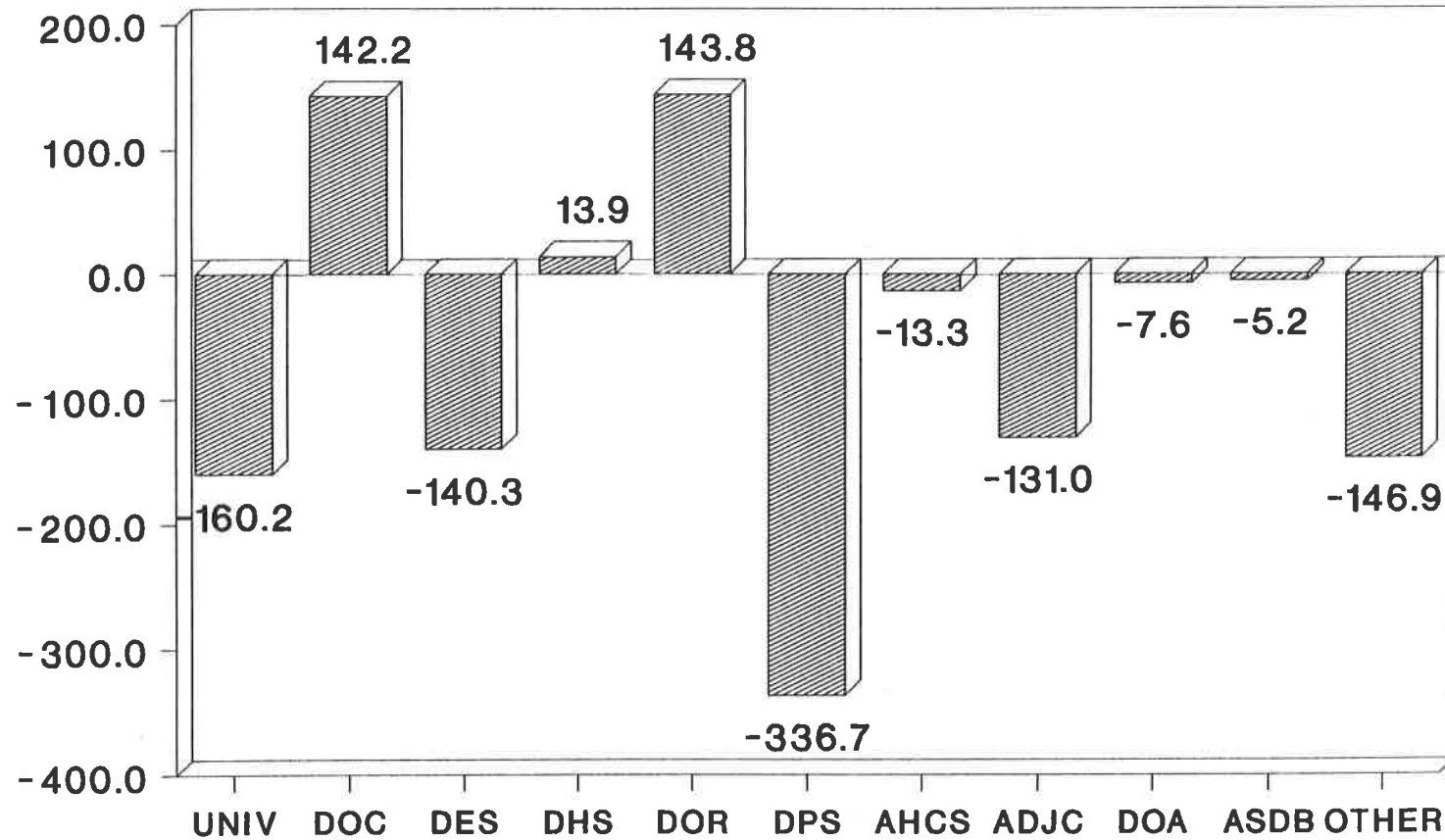
AGENCY	FY 1991 ESTIMATE	FY 1992 JLBC STAFF RECOMMENDATION	# DIFFERENCE FY 1992 VS FY 1991	% DIFFERENCE FY 1992 VS FY 1991
UNIVERSITIES	13,354.6	13,194.4	(160.2)	(1.2)
DEPT OF CORRECTIONS	5,829.2	5,971.4	142.2	2.4
DEPT OF ECONOMIC SECURITY	2,906.4	2,766.1	(140.3)	(4.8)
DEPT OF HEALTH SERVICES	1,604.5	1,618.4	13.9	0.9
DEPT OF REVENUE	1,140.0	1,283.8	143.8	12.6
DEPARTMENT OF PUBLIC SAFETY	1,231.0	894.3	(336.7)	(27.4)
AHCCCS	830.0	816.7	(13.3)	(1.6)
DEPT OF JUVENILE CORRECTIONS	785.0	654.0	(131.0)	(16.7)
DEPT OF ADMINISTRATION	467.8	460.2	(7.6)	(1.6)
DEAF AND BLIND, SCHOOL FOR THE	482.9	477.7	(5.2)	(1.1)
ALL OTHER	3,501.7	3,354.8	(146.9)	(4.2)
<b>TOTAL</b>	<b>32,133.1</b>	<b>31,491.8</b>	<b>(641.3)</b>	<b>(2.0)</b>

# TEN LARGEST AGENCIES FY 1992 JLBC STAFF RECOMMENDATION GENERAL FUND FTE POSITIONS



TOTAL FY 1992 GENERAL FUND FTE POSITIONS: 31,492

# TEN LARGEST AGENCIES JLBC STAFF RECOMMENDATION FTE CHANGE FROM FY 1991 GENERAL FUND

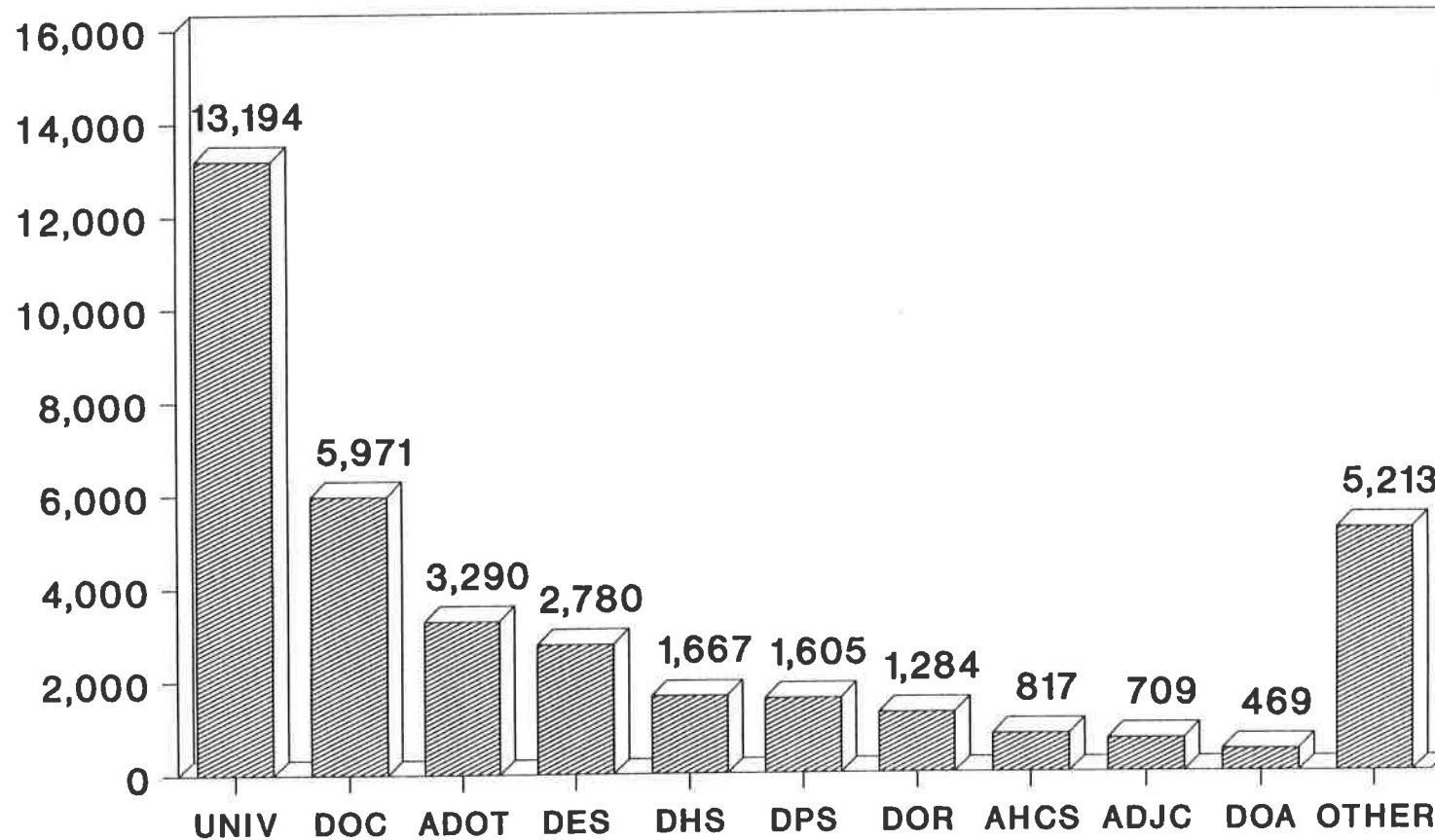


**TOTAL GENERAL FUND FTE CHANGE: -641.3**

**FULL-TIME EQUIVALENT POSITIONS  
TEN LARGEST AGENCIES  
JLBC STAFF COMPARED WITH FY 1991 ESTIMATE  
TOTAL FUNDS  
FY 1992**

AGENCY	FY 1991 ESTIMATE	FY 1992 JLBC STAFF RECOMMENDATION	# DIFFERENCE FY 1992 VS FY 1991	% DIFFERENCE FY 1992 VS FY 1991
UNIVERSITIES	13,354.6	13,194.4	(160.2)	(1.2)
DEPT OF CORRECTIONS	5,829.2	5,971.4	142.2	2.4
DEPT OF TRANSPORTATION	3,334.0	3,290.3	(43.7)	(1.3)
DEPT OF ECONOMIC SECURITY	2,919.8	2,779.5	(140.3)	(4.8)
DEPT OF HEALTH SERVICES	1,649.5	1,667.0	17.5	1.1
DEPT OF REVENUE	1,140.0	1,283.8	143.8	12.6
DEPARTMENT OF PUBLIC SAFETY	1,629.0	1,604.5	(24.5)	(1.5)
AHCCCS	830.0	816.7	(13.3)	(1.6)
DEPT OF JUVENILE CORRECTIONS	785.0	709.0	(76.0)	(9.7)
DEPT OF ADMINISTRATION	478.8	469.2	(9.6)	(2.0)
ALL OTHER	5,372.8	5,213.3	(159.5)	(3.0)
<b>TOTAL</b>	<b>37,322.7</b>	<b>36,999.1</b>	<b>(323.6)</b>	<b>(0.9)</b>

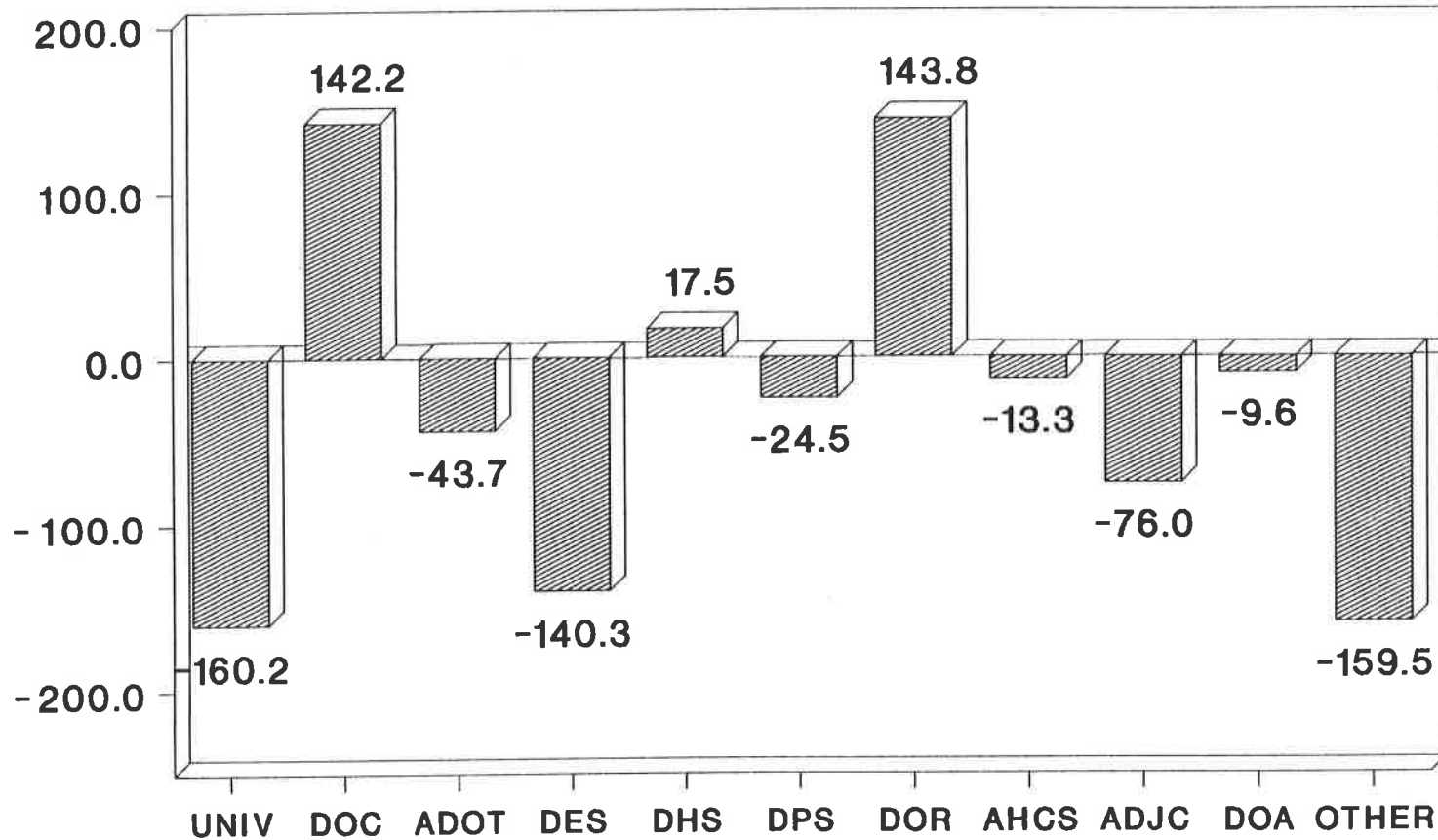
# TEN LARGEST AGENCIES FY 1992 JLBC STAFF RECOMMENDATION TOTAL FTE POSITIONS ALL FUNDS



**TOTAL FY 1992 FTE POSITIONS, ALL FUNDS: 36,999**



# NINE LARGEST AGENCIES JLBC STAFF RECOMMENDATION FTE CHANGE FROM FY 1991 ALL FUNDS



**TOTAL JLBC FTE CHANGE, ALL FUNDS: -323.6**

## SUMMARY OF THE JLBC STAFF FY 1992 CAPITAL OUTLAY RECOMMENDATIONS

The JLBC Staff Recommendation is composed of two elements: (I) a "formula-driven" appropriation for Building Renewal, for which \$8,622,000 is recommended; and (II) Construction Project appropriations for new construction, renovations, or expansions, for which \$7,184,400 is recommended. The JLBC Staff Recommendation is consistent with the process and priorities for capital outlay which were established in Laws 1986, Chapter 85. This act: (1) established a Joint Committee on Capital Review; (2) requires a Building Renewal Formula to fund major maintenance and repair; and (3) requires the annual preparation of detailed, 5-year Capital Improvement Plan.

### MAJOR MAINTENANCE AND REPAIR OF BUILDINGS - FORMULA FUNDING/USE OF FUNDS

The JLBC Staff recommends \$8,622,000 for major maintenance and repair of state owned buildings. The recommendation is based upon 35% support of a formula which takes into account the replacement value, age, and life-cycle of a building as prescribed by Laws 1986, Chapter 85. The building value and age information used to generate the recommendation was taken from building inventory costs provided by the Department of Administration and the Board of Regents Staff. The amount recommended is intended for major maintenance and repair activities that involve the repair and reworking of a building, including the upgrading of systems which will result in maintaining a building's expected useful life. The funds may not be used for the following project types: 1) new construction, 2) area beautification, 3) infrastructure, 4) routine maintenance, 5) new paving, 6) resurfacing of an area that was not capitalized as part of the original cost of a building, and 7) demolition and removal of a building. In addition, funds may not be used for a maintenance project involving a building not on the inventory list. This formula, when adhered to, will guarantee that adequate monies are made available to properly maintain state facilities. The recommendation by building system is shown below:

	<u>FY 1992 Executive Recommendation</u>	<u>FY 1992 JLBC Staff Recommendation</u>
<b>Building System:</b>		
1. Administration, Department of	\$3,614,800	\$2,960,800
2. Board of Regents (Regents matching funds)	<u>2,000,000</u>	<u>5,661,200</u>
TOTAL	<u>\$5,614,800</u>	<u>\$8,622,000</u>
 <b>Fund Source:</b>		
1. Highway User Revenue Fund	\$ 953,200	\$ 953,200
2. Coliseum & Exposition Center Fund	422,000	422,000
3. State Compensation Fund	101,100	101,100
4. Game and Fish Fund	95,300	95,300
5. Industrial Commission Special Fund	0	40,400
6. State Aeronautics Fund	21,900	21,900
7. Retirement System Administration Fund	15,200	15,200
8. State Lottery Fund	6,100	6,100
9. State General Fund	<u>4,000,000</u>	<u>6,966,800</u>
TOTAL	<u>\$5,614,800</u>	<u>\$8,622,000</u>

## STATE FACILITIES - SPECIFIC CONSTRUCTION OF STATE FACILITIES

<u>Agency Priority Number</u>	<u>Agency/Project Descriptions</u>	<u>FY 1992 JLBC Staff Recommendations</u>
 <b>Administration, Department of</b>		
1	Refurbish Vacated Office Space	<u>\$ 500,000</u>
 <b>Arizona School for the Deaf and Blind</b>		
2	ADTEC Building Improvements, Tucson	45,000
3	Telecommunications Cable Replacement, Tucson	<u>250,000</u>
	Total	<u>295,000</u>
 <b>Corrections, Department of</b>		
7	ASPC-F Fire/Life Safety Improvements	121,000
13	ASP-S Electrical Distribution System	21,000
14	ASPC-T Natural Gas Line Replacement	50,000
16	ASPC-D Gila Unit Electrical Upgrade	362,000
19	ASPC-F Womens' Housing Improvements	168,000
22	ASP-S Natural Gas Conversion	109,000
24	ASP-S Fire Alarm Upgrade	42,000
26	ASPC-F Picacho Water Improvements	71,000
33	ASP-Yuma Emergency Power Additions	<u>57,000</u>
	Total	<u>1,001,000</u>
 <b>Economic Security, Department of</b>		
4	Computer Room Expansion	<u>43,000</u>

<u>Priority Number</u>	<u>Agency/Project Descriptions</u>	<u>FY 1992 JLBC Staff Recommendations</u>
<b>Emergency and Military Affairs, Department of</b>		
1	Tucson Access Road Modifications	\$ 42,400
2	STARC Addition	290,000
5	Armory Maintenance Facility Design	<u>15,300</u>
	Total	<u>347,700</u>
<b>Health Services, Department of</b>		
4	Oxygen Monitoring System	10,000
5	Above Ground Fuel Tanks	<u>25,000</u>
	Total	<u>35,000</u>
<b>Juvenile Corrections, Department of</b>		
1	Asbestos Inspections	40,000
5	AMJI Security Windows	56,400
6	CMJI Sewer Lines	15,000
16	CMJI Razor Ribbon Fence	<u>35,000</u>
	Total	<u>146,400</u>
<b>Public Safety, Department of</b>		
3	Statewide Officer Remote Housing	340,000
8	Radio Transmission Facilities	<u>15,000</u>
	Total	<u>355,000</u>

Priority  
Number

Agency/Project Descriptions

FY 1992  
JLBC Staff  
Recommendations

**Transportation, Department of - Highway Fund**

1	Headquarters Security Wall Installation	\$ 47,000
1A	Globe Water System	150,000
2	Fuel Tank Upgrade and Replacement	700,000
3	Page Maintenance Yard Sewer Facilities	189,000
4	Douglas Service Center	428,000
6	Yuma Maintenance Yard Relocation	269,100
7	Chandler Drivers' License Facility	1,107,000
8	Uninterruptible Power Supply Replacement	551,500
9	Parking Lot Improvements	184,700
10	Asphalt Storage Tanks	271,200
12	Arizona Highways Warehouse Addition	250,000
13	Sand/Salt Storage Facilities	163,800
15	Landscape/Chemical Storage Buildings	50,000
16	East Area Lab	50,000
29	Truck Wash Facilities	<u>50,000</u>
	Total	<u>4,461,300</u>
	<b>GRAND TOTAL</b>	<b><u>\$7,184,400</u></b>

SUMMARY OF REQUESTS AND RECOMMENDATIONS

The table below compares the Agency Request with the Capital Improvement Plan, the Executive recommendation and the JLBC Staff recommendation:

	<u>AGENCY REQUEST</u>	<u>FY 1992 CAPITAL IMPR. PLAN</u>	<u>FY 1992 EXECUTIVE REC</u>	<u>FY 1992 JLBC REC</u>	<u>FY 1992 LEGISLATIVE WORK SPACE</u>
<b><u>GENERAL FUND</u></b>					
Administration, Department of	\$ 20,555,000	\$18,665,000	\$ 1,750,000	\$ 500,000	_____
Agriculture & Horticulture Commission	1,409,500	5,000	0	0	_____
Arizona Historical Society	500,000	270,000	0	0	_____
Arizona School for the Deaf & Blind	2,325,400	1,941,960	250,000	295,000	_____
Building & Fire Safety, Department of	58,500	58,500	0	0	_____
Community Colleges, AZ State Board of	14,057,005	420,000	0	0	_____
Corrections, Department of	56,920,000	9,134,000	1,350,000	701,000	_____
Economic Security, Department of	6,418,300	2,956,500	0	43,000	_____
Emergency Services and Military Affairs	1,504,600	42,400	0	347,700	_____
Formula - Building Renewal - Agencies	6,804,238	6,216,764	2,000,000	1,305,600*	_____
Formula - Building Renewal - Regents	16,175,000	--	2,000,000	5,661,200	_____
Health Services, Department of	7,038,200	3,035,900	150,000	35,000	_____
Juvenile Corrections, Department of	4,361,300	91,400	0	146,400	_____
Pioneers' Home	40,000	20,000	0	0	_____
Prescott Historical Society	245,000	220,000	0	0	_____
Public Safety, Department of	5,699,000	1,820,000	0	355,000	_____
Regents, Arizona Board of	6,854,800	--	0	0	_____
State Parks Board	2,807,000	2,191,000	0	0	_____
Tourism, Office of	1,265,000	0	0	0	_____
<b>TOTAL - GENERAL FUND</b>	<b>\$155,037,843</b>	<b>\$47,088,424</b>	<b>\$ 7,500,000</b>	<b>\$ 9,389,900</b>	_____
<b><u>OTHER FUNDS</u></b>					
Corrections, Department of	\$ 0	\$ 0	\$ 2,722,000	\$ 300,000	_____
Game and Fish Department	581,000	415,000	681,000	0	_____
Transportation, Department of	9,177,200	9,378,404	9,313,400	4,461,300	_____
Other Funds Building Renewal	1,655,160	1,655,200	1,614,800	1,655,200	_____
<b>TOTAL - OTHER FUNDS</b>	<b>\$ 11,413,360</b>	<b>\$11,448,604</b>	<b>\$14,331,200</b>	<b>\$ 6,416,500</b>	_____
<b><u>OTHER FUNDS (Non-Appropriated)</u></b>					
State Parks Board	2,350,900	2,350,900	0	2,350,900	_____
<b>TOTAL - ALL FUNDS</b>	<b>\$168,802,103</b>	<b>\$60,887,928</b>	<b>\$21,831,200</b>	<b>\$18,157,300</b>	_____

\* Capital Outlay Stabilization Account.

**COMPARISON OF JLBC RECOMMENDATIONS  
WITH EXECUTIVE RECOMMENDATIONS  
FY 1992**

**SECTION B**

**FY 1992**  
**COMPARISON OF MAJOR POLICY ISSUES**

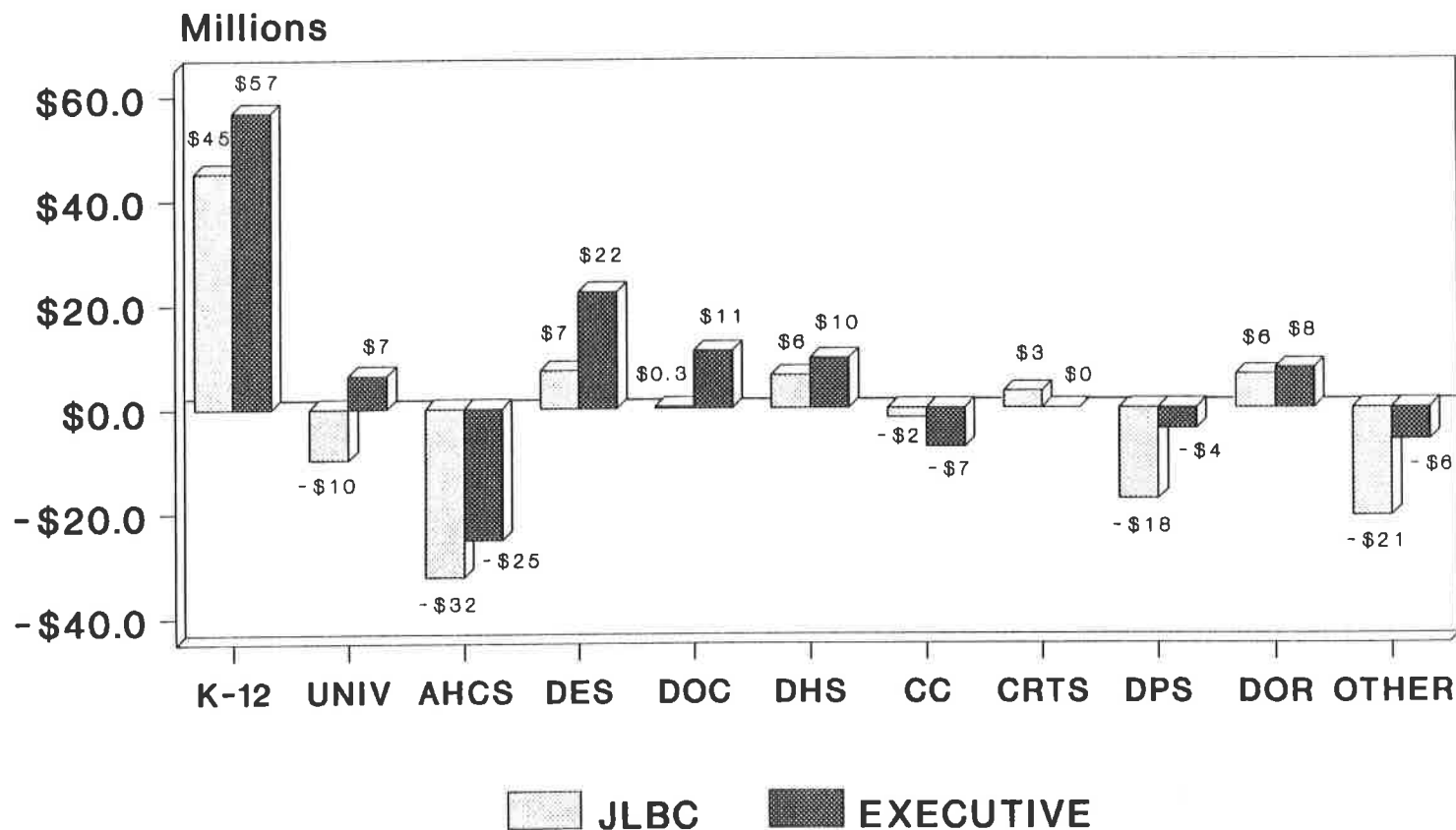
<b>MAJOR POLICY ISSUE</b>	<b>EXECUTIVE RECOMMENDATION</b>	<b>JLBC STAFF RECOMMENDATION</b>
Size and Scope of General Fund Budget	<ul style="list-style-type: none"> <li>• \$71.1 Million Increase in General Fund Operating Budget</li> <li>• 1,310 FTE Position Increase</li> </ul>	<ul style="list-style-type: none"> <li>• \$(13.1) Million Decrease in General Fund Operating Budget</li> <li>• (324) FTE Position Decrease--(472) FTE Decrease excluding PIER II</li> </ul>
Revenue Increase	<ul style="list-style-type: none"> <li>• No Tax Increase • \$20 Million from Improved Tax Collection • \$18 Million from Freezing City Shared Revenues</li> </ul>	<ul style="list-style-type: none"> <li>• No Tax Increase • \$20 Million from Improved Tax Collection • \$10 Million Transfer from Risk Management Fund • \$9.1 Million from Halving the Increase in City Shared Revenues • Selected Fee Increases (DEQ, Dept. of Agriculture, Corporation Commission)</li> </ul>
Agency Consolidations	None	6 Agencies Eliminated through Consolidation for a savings of \$750,000
FTE Positions/Vacancy Savings	Retain Vacant Positions/Retain Current Vacancy Savings	Eliminate Vacant Positions/Effectively Increase Current Vacancy Rates by Half
State Employees' Pay Package/Provider Increase	<ul style="list-style-type: none"> <li>• No General or Merit Adjustment • \$4.5 Million for Salary Adjustments of Targeted Job Classes (CMRs) • 18% Health Insurance and 15% Dental Insurance Increase</li> </ul>	<ul style="list-style-type: none"> <li>• No General or Merit Adjustment • No Selected Job Class Adjustments • No Health or Dental Adjustment (for a savings of over \$14 Million compared to Executive) • Legislature may provide extra Employee Compensation through \$9.5 Million Other Bills Set-Aside</li> </ul>
Inflation	No General Inflation; 5% Medical; 7-9% AHCCCS Capitation; 18% Postage; 8% Utilities	No General Inflation; 5% Medical; 7.5% AHCCCS Capitation
Consultants and Travel	No General Policy on Consultants; Fund only "Essential" Out-of-State Travel	20% Reduction in Consultants Funding, 5% in In-State Travel, 10% in Out-of-State Travel for a savings of \$4.7 Million
K-12 "Roll-Over"	Continue Roll-Over of \$142.5 Million	Continue Roll-Over of \$142.5 Million
Basic State Aid	Fund 12,900 Pupil Growth. No GNP Deflator for a savings of \$81.9 Million	Fund 12,900 Pupil Growth. No GNP Deflator nor "Sudden Growth" Adjustment for a savings of \$90.9 Million
Behavioral Health Funding	\$1.5 Million for 53 New State Hospital Staff and Continue Funding of CMI Pilot Program	\$1.8 Million for 68 New State Hospital Staff and Continued Funding of CMI Pilot Program. [Given expansion of prior years, state's ranking for behavioral health spending has risen from 50th to 36th]
AFDC	Adds \$16.7 Million for FY 1991 Annualization of June 1991 Benefit Increase and Other Factors, 18% FY 1992 Caseload Growth and January 1992 Benefit Increase	Adds \$19.8 Million for Annualization of June 1991 Benefit Increase and Other Factors, 16.9% FY 1992 Caseload Growth and June 1992 Benefit Increase
DPS Funding Shifts	Transfer Additional \$3.5 Million from General Fund to Highway Fund	Transfer additional \$7.2 Million from General Fund to Highway Fund and additional \$7.5 Million from General Fund to Highway Revenue User Fund (HURF)
AHCCCS County Contribution	Require Counties to Pay \$8.9 Million of AHCCCS Long Term Care Administrative costs	Increase County Contribution to Acute Care by \$7 Million. This contribution has not risen since 1986.
Capital Outlay--Building Renewal Formula (BRF)	Fund 40% of DOA BRF and 12% of Universities BRF	Fund 35% of DOA and Universities BRF



**TEN LARGEST AGENCIES  
 JLBC STAFF RECOMMENDATION VS EXECUTIVE RECOMMENDATION  
 GENERAL FUND OPERATING BUDGETS  
 FY 1992**

AGENCY	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 EXECUTIVE RECOMMENDATION	FY 1992 JLBC STAFF RECOMMENDATION	\$ DIFFERENCE STAFF REC -EXEC REC	% DIFFERENCE STAFF REC -EXEC REC
K-12	1,236,747,800	1,293,563,700	1,282,026,600	(11,537,100)	(0.9)
UNIVERSITIES	538,268,700	544,825,500	528,501,200	(16,324,300)	(3.1)
AHCCCS	395,837,700	370,691,100	363,579,300	(7,111,800)	(2.0)
DEPT OF ECONOMIC SECURITY	349,199,200	371,566,200	356,529,500	(15,036,700)	(4.2)
DEPT OF CORRECTIONS	249,941,900	260,939,300	250,241,900	(10,697,400)	(4.3)
DEPT OF HEALTH SERVICES	174,023,400	183,592,600	180,384,000	(3,208,600)	(1.8)
COMMUNITY COLLEGES	84,517,300	77,050,000	82,725,200	5,675,200	6.9
COURTS	69,535,100	69,535,100	72,764,200	3,229,100	4.4
DEPARTMENT OF PUBLIC SAFETY	71,487,000	67,487,000	54,032,300	(13,454,700)	(24.9)
DEPT OF REVENUE	45,211,400	52,850,700	51,646,100	(1,204,600)	(2.3)
ALL OTHER	245,470,300	239,318,300	224,741,900	(14,576,400)	(6.5)
<b>TOTAL</b>	<b>3,460,239,800</b>	<b>3,531,419,500</b>	<b>3,447,172,200</b>	<b>(84,247,300)</b>	<b>(2.4)</b>

# TEN LARGEST AGENCIES EXECUTIVE vs. JLBC STAFF RECOMMENDATION DOLLAR CHANGE FROM FY 1991 GENERAL FUND



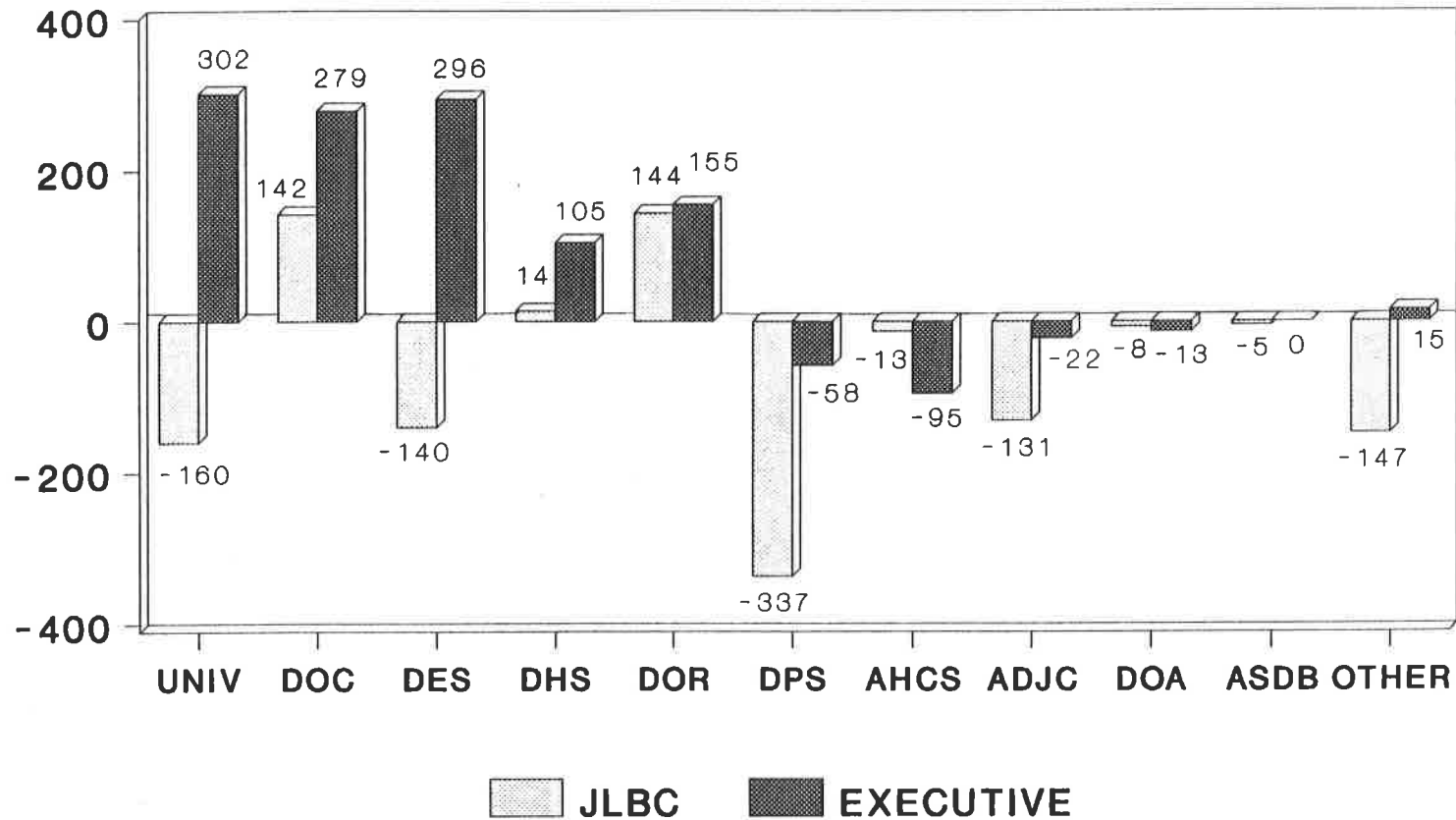
**TOTAL JLBC GENERAL FUND DOLLAR CHANGE: -\$13.1 MILLION**  
**TOTAL EXECUTIVE GENERAL FUND DOLLAR CHANGE: \$71.2 MILLION**

**FULL-TIME EQUIVALENT POSITIONS  
TEN LARGEST AGENCIES  
JLBC STAFF RECOMMENDATIONS COMPARED WITH THE EXECUTIVE RECOMMENDATIONS  
GENERAL FUND  
FY 1992**

AGENCY	FY 1991 ESTIMATE	FY 1992 --RECOMMENDATIONS--		# DIFFERENCE STAFF REC -EXEC REC	% DIFFERENCE STAFF REC EXEC REC
		EXECUTIVE	JLBC STAFF		
UNIVERSITIES	13,354.6	13,656.2	13,194.4	(461.8)	(3.5)
DEPT OF CORRECTIONS	5,829.2	6,108.2	5,971.4	(136.8)	(2.3)
DEPT OF ECONOMIC SECURITY	2,906.4	3,202.1	2,766.1	(436.0)	(15.8)
DEPT OF HEALTH SERVICES	1,604.5	1,709.5	1,618.4	(91.1)	(5.6)
DEPT OF REVENUE	1,140.0	1,295.0	1,283.8	(11.2)	(0.9)
DEPARTMENT OF PUBLIC SAFETY	1,231.0	1,173.0	894.3	(278.7)	(31.2)
AHCCCS	830.0	734.9	816.7	81.8	10.0
DEPT OF JUVENILE CORRECTIONS	785.0	763.0	654.0	(109.0)	(16.7)
DEAF AND BLIND, SCHOOL FOR THE	482.9	482.9	477.7	(5.2)	(1.1)
DEPT OF ADMINISTRATION	467.8	454.6	460.2	5.6	1.2
ALL OTHER	3,501.7	3,516.9	3,354.8	(162.1)	(4.8)
<b>TOTAL</b>	<b>32,133.1</b>	<b>33,096.3</b>	<b>31,491.8<sup>1/</sup></b>	<b>(1,604.5)</b>	<b>(5.1)</b>

<sup>1/</sup> These numbers have been adjusted by the JLBC Staff for purposes of comparability.

# TEN LARGEST AGENCIES EXECUTIVE vs. JLBC STAFF RECOMMENDATION FTE CHANGE FROM FY 1991 GENERAL FUND



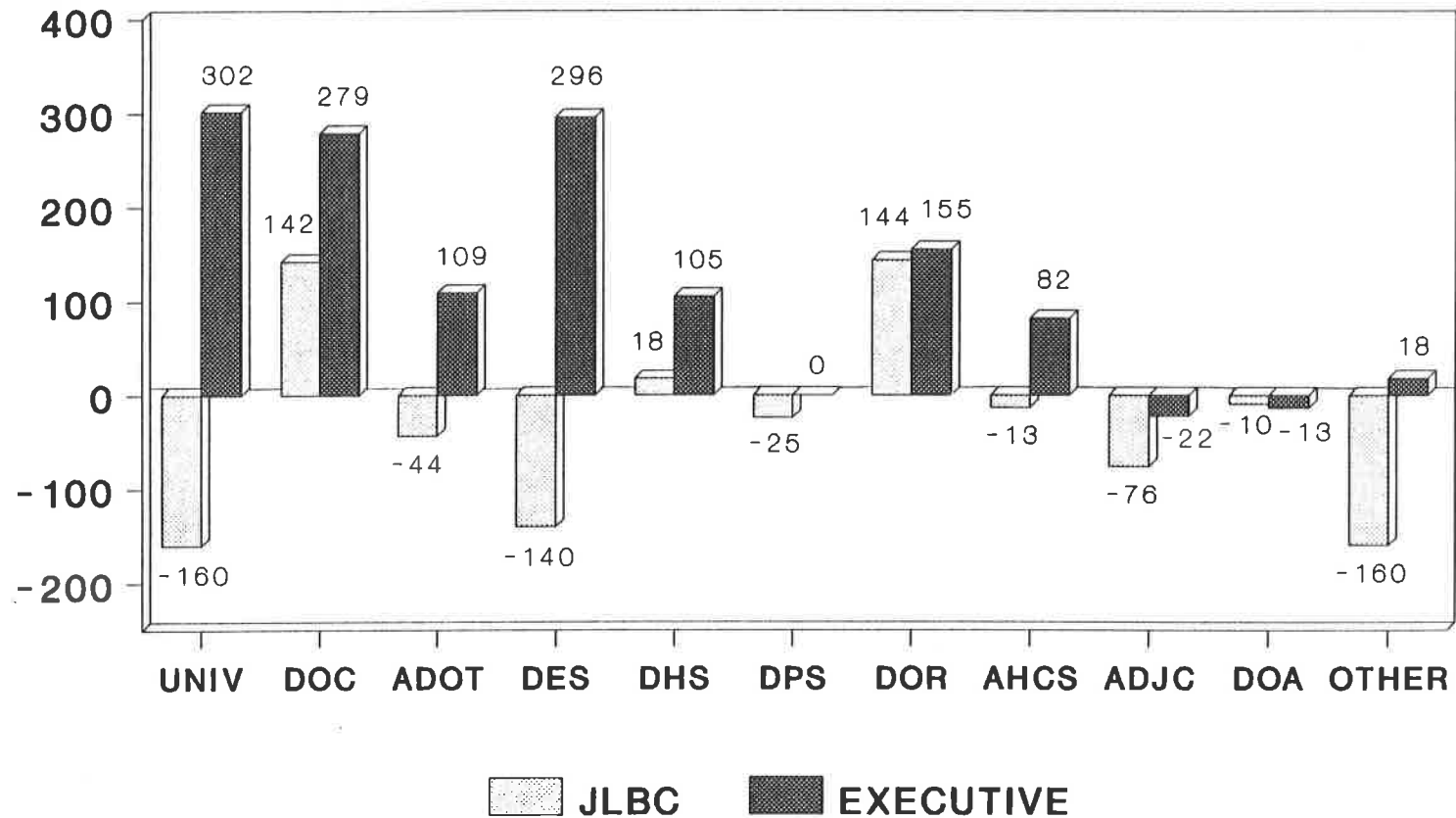
**TOTAL JLBC GENERAL FUND FTE CHANGE: -641**  
**TOTAL EXECUTIVE GENERAL FUND FTE CHANGE: 963**

**FULL-TIME EQUIVALENT POSITIONS  
TEN LARGEST AGENCIES  
JLBC STAFF RECOMMENDATIONS COMPARED WITH THE EXECUTIVE RECOMMENDATIONS  
TOTAL FUNDS  
FY 1992**

AGENCY	FY 1991 ESTIMATE	FY 1992 --RECOMMENDATIONS--		# DIFFERENCE STAFF REC -EXEC REC	% DIFFERENCE STAFF REC EXEC REC
		EXECUTIVE	JLBC STAFF		
UNIVERSITIES	13,354.6	13,656.2	13,194.4	(461.8)	(3.5)
DEPT OF CORRECTIONS	5,829.2	6,108.2	5,971.4	(136.8)	(2.3)
DEPT. OF TRANSPORTATION	3,334.0	3,443.0	3,290.3	(152.7)	(4.6)
DEPT OF ECONOMIC SECURITY	2,919.8	3,215.5	2,779.5	(436.0)	(15.7)
DEPT OF HEALTH SERVICES	1,649.5	1,754.5	1,667.0	(87.5)	(5.3)
DEPARTMENT OF PUBLIC SAFETY	1,629.0	1,629.0	1,604.5	(24.5)	(1.5)
DEPT OF REVENUE	1,140.0	1,295.0	1,283.8	(11.2)	(0.9)
AHCCCS	830.0	911.6	816.7	(94.9)	(11.6)
DEPT OF JUVENILE CORRECTIONS	785.0	763.0	709.0	(54.0)	(7.6)
DEPT OF ADMINISTRATION	478.8	465.6	469.2	3.6	0.8
ALL OTHER	5,372.8	5,390.6	5,213.3	(177.3)	(3.4)
<b>TOTAL</b>	<b>37,322.7</b>	<b>38,632.2<sup>1/</sup></b>	<b>36,999.1</b>	<b>(1,633.1)</b>	<b>(4.4)</b>

<sup>1/</sup> These numbers have been adjusted by the JLBC Staff for purposes of comparability.

# TEN LARGEST AGENCIES EXECUTIVE vs. JLBC STAFF RECOMMENDATION FTE CHANGE FROM FY 1991 ALL FUNDS



**TOTAL JLBC FTE CHANGE, ALL FUNDS: -324**  
**TOTAL EXECUTIVE FTE CHANGE, ALL FUNDS: 1,309**

COMPARISON OF JLBC STAFF vs EXECUTIVE BUDGET RECOMMENDATION  
ALL APPROPRIATED FUNDS  
FISCAL YEAR 1992

<u>AGENCY</u>	<u>EXECUTIVE RECOMMENDATION</u>			<u>JLBC STAFF RECOMMENDATION</u>		
	<u>GENERAL FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
<b>GENERAL GOVERNMENT</b>						
Administration, Department of	28,247,800	379,000	28,626,800	27,086,600	5,061,600	32,148,200
Attorney General-Department of Law	18,559,500	0	18,559,500	17,344,300	0	17,344,300
Coliseum & Exposition Center	0	11,952,500	11,952,500	0	11,386,400	11,386,400
Commerce, Department of	4,600,000	1,576,900	6,176,900	3,783,600	1,473,900	5,257,500
Supreme Court	7,968,300	0	7,968,300	10,493,300	0	10,493,300
Court of Appeals	7,952,600	0	7,952,600	7,787,500	0	7,787,500
Superior Court	53,497,200	0	53,497,200	54,375,000	0	54,375,000
Judicial Conduct, Commission on	113,000	0	113,000	104,900	0	104,900
Appellate & Trial Court Apt, Comm. on	4,000	0	4,000	3,500	0	3,500
Governor, Office of the	3,264,100	0	3,264,100	3,269,100	0	3,269,100
Strategic Plng & Budgeting, Gov's Ofc. of	1,971,200	0	1,971,200	1,177,900	0	1,177,900
Affirmative Action, Governor's Office of	238,400	0	238,400	227,900	0	227,900
Law Enforcement Merit System Council	43,100	0	43,100	0	0	0
Legislature	28,521,900	0	28,521,900	28,465,100	0	28,465,100
Lottery, Arizona	0	41,714,300	41,714,300	0	42,093,000	42,093,000
Personnel Board	254,400	0	254,400	215,800	0	215,800
Retirement System	0	3,096,000	3,096,000	0	3,003,000	3,003,000
Revenue, Department of	52,850,700	0	52,850,700	51,646,100	0	51,646,100
Department of State-Secretary of State	1,937,600	0	1,937,600	1,861,400	0	1,861,400
Tax Appeals, Board of	691,700	0	691,700	645,500	0	645,500
Tourism, Office of	3,172,500	2,753,800	5,926,300	3,344,500	2,080,000	5,424,500
Treasurer, State	3,405,800	0	3,405,800	3,383,200	0	3,383,200
Uniform State Laws, Commission of	23,200	0	23,200	22,900	0	22,900
Subtotal-General Government	<u>217,317,000</u>	<u>61,472,500</u>	<u>278,789,500</u>	<u>215,238,100</u>	<u>65,097,900</u>	<u>280,336,000</u>
<b>HEALTH &amp; WELFARE</b>						
AHCCCS	370,691,100	0	370,691,100	363,579,300	0	363,579,300
Economic Security, Department of	371,566,200	667,700	372,233,900	356,529,500	627,100	357,156,600
Environmental Quality, Department of	11,097,100	0	11,097,100	10,775,200	310,900	11,086,100
Health Services, Department of	183,592,600	3,024,200	186,616,800	180,384,000	3,039,400	183,423,400
Hearing Impaired, Council for the	207,400	0	207,400	202,000	0	202,000
Indian Affairs, Commission of	166,600	0	166,600	159,000	0	159,000
Pioneers' Home	2,775,000	0	2,775,000	2,637,500	0	2,637,500
Rangers' Pensions	9,200	0	9,200	8,800	0	8,800
Veterans' Services Commission	818,600	386,300	1,204,900	748,800	349,500	1,098,300
Subtotal-Health & Welfare	<u>940,923,800</u>	<u>4,078,200</u>	<u>945,002,000</u>	<u>915,024,100</u>	<u>4,326,900</u>	<u>919,351,000</u>

EXECUTIVE RECOMMENDATIONJLBC STAFF RECOMMENDATIONAGENCYGENERAL FUND OTHER FUNDSTOTALGENERAL FUND OTHER FUNDSTOTAL**INSPECTION & REGULATION**

Agricultural Employment Relations Bd.	186,100	0	186,100	174,700	0	174,700
Agriculture, Department of	10,899,200	1,743,900	12,643,100	9,956,000	1,767,900	11,723,900
Banking Department	3,718,500	0	3,718,500	3,658,500	0	3,658,500
Building and Fire Safety, Department of	3,000,000	0	3,000,000	2,827,400	0	2,827,400
Contractors, Registrar of	4,005,500	0	4,005,500	3,803,200	0	3,803,200
Corporation Commission	5,032,400	5,775,400	10,807,800	4,505,800	6,000,200	10,506,000
Industrial Commission	0	12,449,900	12,449,900	0	11,651,300	11,651,300
Insurance, Department of	3,250,200	0	3,250,200	3,074,400	0	3,074,400
Liquor Licenses, Department of	2,076,100	0	2,076,100	1,985,700	0	1,985,700
Mine Inspector	620,700	0	620,700	558,500	0	558,500
Occupational Safety & Health Review Bd.	8,600	0	8,600	9,100	0	9,100
Racing, Department of	2,414,200	364,300	2,778,500	2,032,700	325,200	2,357,900
Radiation Regulatory Agency	1,139,500	93,900	1,233,400	0	0	0
Real Estate Department	2,892,600	0	2,892,600	2,841,700	0	2,841,700
Residential Utility Consumer Office	0	1,020,500	1,020,500	0	978,100	978,100
Weights & Measures, Department of	1,983,100	375,100	2,358,200	2,205,700	200,000	2,405,700
Accountancy, Board of	0	694,700	694,700	0	733,000	733,000
Appraisals, State Board of	0	223,000	223,000	0	238,300	238,300
Barber Examiners, Board of	0	140,700	140,700	0	133,400	133,400
Behavioral Health Examiners, Board of	0	222,800	222,800	0	178,900	178,900
Boxing Commission	56,100	7,600	63,700	0	0	0
Chiropractic Examiners, Board of	0	216,600	216,600	0	205,700	205,700
Cosmetology, Board of	0	605,200	605,200	0	532,100	532,100
Dental Examiners, Board of	0	434,200	434,200	0	393,300	393,300
Funeral Directors & Embalmers, Bd. of	0	159,600	159,600	0	153,400	153,400
Homeopathic Medical Examiners Board	0	18,300	18,300	0	17,500	17,500
Medical Examiners, Board of	0	2,373,400	2,373,400	0	2,212,700	2,212,700
Naturopathic Physicians Exam. Board	0	24,600	24,600	0	26,000	26,000
Nursing, Board of	0	1,056,200	1,056,200	0	1,049,300	1,049,300
Nursing Care Institution Administrators Bd.	0	68,100	68,100	0	61,300	61,300
Occupational Therapy Exam., Board of	0	34,800	34,800	0	34,700	34,700
Opticians Board, Dispensing	0	55,800	55,800	0	52,100	52,100
Optometry, Board of	0	101,300	101,300	0	97,600	97,600
Osteopathic Examiners, Board of	0	252,200	252,200	0	245,700	245,700
Pharmacy, Board of	0	641,600	641,600	0	602,500	602,500
Physical Therapy Examiners Board	0	67,000	67,000	0	63,700	63,700
Podiatry Examiners, Board of	0	44,000	44,000	0	42,900	42,900
Private Postsecondary Educ., Board of	0	155,700	155,700	0	144,100	144,100
Psychologist Examiners, Board of	0	125,100	125,100	0	113,200	113,200
Respiratory Care Examiners, Board of	50,000	0	50,000	50,000	74,800	124,800
Structural Pest Control Commission	0	1,030,400	1,030,400	0	1,021,100	1,021,100
Technical Registration, Board of	0	838,200	838,200	0	782,000	782,000
Veterinary Medical Examining Board	0	153,700	153,700	0	147,500	147,500
Subtotal-Inspection & Regulation	<u>41,332,800</u>	<u>31,567,800</u>	<u>72,900,600</u>	<u>37,683,400</u>	<u>30,279,500</u>	<u>67,962,900</u>



<u>AGENCY</u>	<u>EXECUTIVE RECOMMENDATION</u>			<u>JLBC STAFF RECOMMENDATION</u>		
	<u>GENERAL FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
<b>EDUCATION</b>						
Arts, Commission on the	1,578,100	0	1,578,100	1,357,800	0	1,357,800
Community Colleges, Board of Directors for	77,050,000	0	77,050,000	82,725,200	0	82,725,200
Deaf & Blind, School for the	13,568,300	0	13,568,300	13,354,200	0	13,354,200
Education, Department of	1,293,563,700	0	1,293,563,700	1,282,026,600	0	1,282,026,600
Historical Society, Arizona	3,188,900	0	3,188,900	3,321,300	0	3,321,300
Historical Society, Prescott	562,600	0	562,600	515,200	0	515,200
Medical Student Loans, Board of	0	0	0	3,000	0	3,000
Regents, Board of	6,887,500	0	6,887,500	6,198,900	0	6,198,900
A.S.U. - Main Campus	187,021,900	61,016,400	248,038,300	179,912,300	63,741,000	243,653,300
A.S.U. - West	26,264,000	4,052,500	30,316,500	27,311,700	4,016,500	31,328,200
Northern Arizona University	74,396,300	19,622,800	94,019,100	71,291,700	20,411,800	91,703,500
U of A - Main Campus	204,264,200	63,785,000	268,049,200	198,560,400	64,802,900	263,363,300
U of A - College of Medicine	45,991,600	2,432,500	48,424,100	45,226,200	2,403,600	47,629,800
Subtotal-Education	<u>1,934,337,100</u>	<u>150,909,200</u>	<u>2,085,246,300</u>	<u>1,911,804,500</u>	<u>155,375,800</u>	<u>2,067,180,300</u>
<b>PROTECTION &amp; SAFETY</b>						
Corrections, Department of	260,939,300	7,000,000	267,939,300	250,241,900	3,450,000	253,691,900
Juvenile Corrections, Department of	34,326,800	0	34,326,800	30,954,200	2,903,000	33,857,200
Criminal Justice Commission, Arizona	0	484,200	484,200	0	468,200	468,200
Emergency & Military Affairs, Dept. of	4,151,900	0	4,151,900	4,039,400	0	4,039,400
Pardons and Paroles, Board of	2,021,400	0	2,021,400	1,989,400	0	1,989,400
Public Safety, Department of	67,487,000	22,008,900	89,495,900	54,032,300	33,458,800	87,491,100
Subtotal-Protection & Safety	<u>368,926,400</u>	<u>29,493,100</u>	<u>398,419,500</u>	<u>341,257,200</u>	<u>40,280,000</u>	<u>381,537,200</u>
<b>TRANSPORTATION</b>						
Transportation, Department of	73,600	192,662,400	192,736,000	66,900	187,563,500	187,630,400
Subtotal-Transportation	<u>73,600</u>	<u>192,662,400</u>	<u>192,736,000</u>	<u>66,900</u>	<u>187,563,500</u>	<u>187,630,400</u>
<b>NATURAL RESOURCES</b>						
Environment, Commission on the Arizona	113,200	0	113,200	0	0	0
Game and Fish Department	0	16,775,700	16,775,700	0	15,849,800	15,849,800
Geological Survey, Arizona	571,100	0	571,100	619,500	0	619,500
Land Department	8,419,000	0	8,419,000	7,923,400	0	7,923,400
Mines & Mineral Resources, Dept. of	364,300	0	364,300	0	0	0
Oil and Gas Conservation Commission	179,200	0	179,200	0	0	0
Parks Board	6,824,600	600,000	7,424,600	6,379,100	600,000	6,979,100
Water Resources, Department of	12,037,400	0	12,037,400	11,176,000	0	11,176,000
Subtotal-Natural Resources	<u>28,508,800</u>	<u>17,375,700</u>	<u>45,884,500</u>	<u>26,098,000</u>	<u>16,449,800</u>	<u>42,547,800</u>
<b>STATE TOTAL</b>	<u><b>3,531,419,500</b></u>	<u><b>487,558,900</b></u>	<u><b>4,018,978,400</b></u>	<u><b>3,447,172,200</b></u>	<u><b>499,373,400</b></u>	<u><b>3,946,545,600</b></u>

**THE U.S. ECONOMY**

**SECTION C**

## **THE U.S. ECONOMY**

### **FY 1990 in Review**

The U.S. economy grew again in FY 1990 for the 8th year without interruption, continuing the longest peacetime boom this century. Real Gross National Product grew by 1.6%. This was down sharply from the 3.3% growth in FY 1989 and 4.7% in FY 1988, but it was actually more than expected considering the sharp slowdown that occurred in the second half of calendar year (CY) 1989. (See Table I and Charts I-III at the end of this Section.)

Real economic growth in the 4th quarter of CY 1989 was very slow, about 0.3% on an annualized basis. This was partly due to temporary factors such as the San Francisco earthquake, the after-effects of Hurricane Hugo on the Southeast, and a machinists' strike at Boeing. Growth rebounded in the 1st quarter of CY 1990 to 1.7%, but fell sharply to only 0.4% in the 2nd quarter as consumption continued to decline. A long expected "soft landing" for the economy, a slow period rather than an outright recession, was thought to have started during FY 1990.

The Federal Reserve's battle to hold inflation in check without causing a recession was largely successful in FY 1990. The Consumer Price Index moved up 4.8% in FY 1990 compared to 4.6% the previous year. As the economy weakened, particularly in manufacturing, the Federal Reserve reinforced a decline in interest rates by decreasing the Federal Discount Rate, the rate at which member banks of the Federal Reserve System can borrow short-term funds.

### **Unanticipated Economic Events Creating Uncertainty**

A number of factors unfolded rapidly in the past several months to create a great deal of uncertainty and causing the previous economic forecast of "slow growth but no recession" to be revised:

#### **Invasion of Kuwait**

The August 2, 1990 invasion of Kuwait by Iraq has brought the U.S. and many U.N. participants close to war with Iraq. Financial markets were already concerned about low growth in the United States and have been negatively impacted. Oil prices almost doubled for a period, from around \$20 to nearly \$40 per barrel. This acts much like an unanticipated tax on business and consumers, since money must be diverted from other areas to pay higher energy bills. The markets saw this and since August 2, the Tokyo stock market has declined 25%, while the New York and the London markets have declined by about 15%. The consensus

**THE U.S. ECONOMY**  
**(Continued)**

forecast, which had previously not called for a recession, now says that a national recession, defined as 2 consecutive quarters of decline in real GNP, has begun. This creates further concerns about state revenue growth in the near term.

**Reunification of Germany**

Instead of a slow reunification process spread over several years as some thought, the formal process in Germany took less than a year to achieve. The "New Germany" has a population of 78.4 million and ranks first in Europe. It has a GNP (1989 \$) of about \$1.3 trillion and ranks first in Europe and third in the world after the U.S. and Japan. It is estimated that the rebuilding of East Germany's infrastructure and capital stock will cost around 4% of German GNP in each of the next 5 years. This investment spending could eliminate the external trade surplus that Germany has enjoyed in recent years and probably sharply reduces the amount of German funds available to finance the U.S. federal deficit. Germany ranked second only to Japan in the net foreign purchases of U.S. Treasury bonds in the past 5 years.

**Reshaping of the Soviet Union**

The changes in the Soviet Union in the past year are as significant as the 1917 revolution itself. The Communist party has given up its constitutional monopoly of power and local elections have put independent parties in power in some Soviet republics. "Perestroika", which began as a policy of making socialism more efficient, has become an attempt to turn the Soviet Union into a multi-party democracy and a free market. While there is optimism about the prospects for the Soviet Union and Eastern Europe, the near term situation seems chaotic and the possibility exists for civil unrest.

**U.S. Banks in Poor Condition**

While non-performing loans may not be as serious a problem for U.S. banks as for the savings and loan industry, there are, nonetheless, major strains in the U.S. banking system. The FDIC has raised deposit insurance rates to cover the drains on its insurance fund this year and next due to the number of banks that might fail because of overexposure to property lending. For example, due to the real estate problems in the

**THE U.S. ECONOMY**  
**(Continued)**

Northeast the Bank of New England in Boston very recently failed. It had over \$20.5 billion in assets, the third largest bank insolvency in U.S. history to date. Property loans are currently a problem, not only in Arizona and the Northeast, but continue to be a worry for lenders in many parts of the country. Loan problems and new regulations to increase the capital level for banks have created a "credit crunch" in parts of the country. Some economists believe the combination of a slow economy and tight credit could make the recession worse than generally expected.

**Federal Deficit Reduction Proposals**

The Congress and President finally agreed in late October to a major budget package which calls for cuts in defense spending, reduced farm subsidies, trimmed Medicare expenses and entitlement benefits, and increased taxes and user fees. The Administration also assumed lower interest expenses from a lower deficit. This is the first time in recent history when major fiscal tightening has occurred as the economy is nearing recession.

Despite the substantial increase in taxes and fees, and cuts in defense spending, the unified federal budget deficit will rise from about \$251.7 billion to \$290.4 billion this year, or more if there is a severe recession (WEFA Group forecast). The recession slows revenue growth and the savings and loan bailout will push the deficit higher than anticipated. "Desert Shield" plus the recession may boost deficit to over \$400.6 billion.

The stated goal of the President and Congressional leaders was a tax increase/spending cut package to lower the annual deficit by \$40 billion this year (FY 1991) and \$500 billion over the next 5 years. Financial markets had been looking for believable Congressional action that would reduce the federal budget deficit. However, the prospect of higher taxes at a time when the economy is heading into recession was viewed as having a negative rather than a positive effect. The timing of the federal budget reduction package was poor, but unavoidable.

**U.S. Economy Recedes**

Finally, the U.S. economy continues to slow. Real GNP growth for CY 1989 was revised downward from 3.0% to 2.5%. GNP for the 2nd quarter of 1990 was revised downward from 1.7% to an annualized 0.4%. Inflation has been increasing even without the effect of higher oil prices, largely due to the continued escalation in the price of services, led by medical costs. (See Chart IV.) However, forecasters still expect the

**THE U.S. ECONOMY**  
**(Continued)**

recession to be mild. There is some concern that the financial side of the economy will undermine the production side of the economy and could, thereby, lead to a sharp recession such as those during 1973-75 or 1981-82.

**Outlook for FY 1991**

As FY 1991 began in July, the probability of a recession this year was considered to be low. The 3rd quarter of 1990 showed real GNP growth at 1.7%, which was higher than expected. However, the Gulf crisis caused a sharp downturn in U.S. consumer sentiments and the outlook of most economists by the 4th quarter.

After 8 years since the last downturn in 1982-83, the U.S. has probably entered one of the most anticipated recessions ever. Fortunately, the consensus of opinion is that it should be mild and brief, lasting only 2 quarters. There have been 8 periods designated as "recessions" by the National Bureau of Economic Research since WWII. They ranged from 6 months to 16 months, with an average of 11 months. There could be a peak-to-trough decline in real GNP of less than 1.0% during this recession compared to 2.5% in 1982.

Several factors currently suggest a mild recession:

- Inflation is not near the high rates that precipitated the 1973-75, 1980, and 1981-82 recessions. This extraordinary inflation was also like a tax on consumers and caused record interest rates which hurt business, housing, and durable goods sales.
- Monetary growth has been slow, but it is not restrictive at this time. (See Charts V and VI.)
- Business inventories should remain low relative to sales, so sharp production cutbacks are not expected. Production and investment cuts should not be severe. (See Charts VII and VIII.)
- The weakness of the U.S. dollar will continue to help export performance and reduce import growth.
- Operation Desert Shield is now increasing defense spending at the time of economic slowdown.

## THE U.S. ECONOMY

(Continued)

According to the most recent consensus of forecasters, the U.S. economy will contract in the 4th quarter of 1990 and the 1st quarter of 1991, but start recovering in the spring of 1991. If this view is correct, the 1990-91 recession will be one of the mildest in the post-war period.

The major caveat to the mild recession forecast is the possibility of a major war in the Middle East with large scale destruction in Middle Eastern oil fields, which could make oil prices rise well beyond \$40 per barrel for a period. The traditional boost to GNP of wartime activity could be largely offset by the higher costs of energy.

We believe that the mild recession forecast rests on the following assumptions:

**Consumer Confidence.** The Michigan Consumer Confidence Index has turned in one of its largest 3-month declines ever recorded (see Chart IX). This shift in mood would seem to predict a recession considering its record in anticipating business downturns. Declines in confidence have preceded almost every recession in the last 40 years. A factor is whether weak confidence causes recessions or is it a reflection of other factors creating business weakness? The answer is important now because of the political events that caused the most recent decline. If the consumer outlook over the Persian Gulf, rumors about the banking system, and the prolonged federal budget battle are only temporary and consumers reduce spending and increase savings (Chart X) for only a few months, a deep recession can be avoided.

**Fiscal and Monetary Policy.** Aside from the budget reforms already mentioned, defense spending for Operation Desert Shield will continue as a "special case" outside the recent budget accord and add some boost to the economy.

Agreement on the federal budget and indications of a weakening economy allowed a reduction in the Federal Discount Rate in late October. The Federal Reserve Board is under pressure to continue to cut interest rates further to prevent a deep recession. The Federal Reserve Board will be accommodating, if at all possible, in the area of short-term interest rates. But the federal deficit must, in part, be financed by foreign investors if the drain on U.S. savings is to be held in check. Overseas purchases of U.S. securities have been as much as 15% of total federal government bond issues in recent years. Since the difference between U.S. rates and interest rates in Europe and Japan has narrowed, there is a limit to the amount U.S. interest rates can fall.

**THE U.S. ECONOMY**  
**(Continued)**

**Price of Oil.** Oil prices almost doubled and reached \$40 per barrel in the weeks after the Iraqi invasion of Kuwait, and have varied by as much as \$5 per day. Markets settled somewhat after the initial scare of immediate war. The average refiners' acquisition cost of oil should be about \$32/Barrel (Bbl) in the 1st quarter of 1991, dropping by the end of 1991 to the \$24/Bbl range. It should drop to around \$22/Bbl in FY 1992.

**The Dollar.** Despite international tension and threats of war, the dollar has continued to devalue and this will continue to drive growth in export sales from the U.S. Instead of its traditional role as the world's major "safe harbor" currency (excluding the Swiss franc), new factors now influence the dollar's value. As a net importer of oil, increased oil prices tend to worsen the U.S. trade balance, increasing the supply of dollars on world markets. Also, many banks in Europe and Japan are considered at least as strong as the best U.S. banks now. Finally, net savings in Germany and Japan are shrinking because of German reunification costs and increased Japanese consumption levels. Both Japan and Germany have seen their currencies rise sharply against the dollar. The outlook for the dollar is continued weakness in FY 1991 and FY 1992. This will continue to spur U.S. exports.

**Rest of World Growth.** High oil prices will slow real output growth in the rest of the world also, but not dramatically. A weaker U.S. economy and the weak dollar will reduce the demands for imports in the United States. No major recession in Europe or Asia is expected in FY 1991 or FY 1992.

**Personal Income.** A recession is not welcome news for Americans that are having to "run in place to stand still" in terms of living standards. Personal income growth could be as low as 4.8% in FY 1991, or 0.4% on a real dollar basis. Real disposable income growth could decline from 1.7% in FY 1990 to a -0.4% in FY 1991, and then rise in FY 1992.

**Consumer Activity.** Disposable income will decrease in FY 1991 due to higher inflation and higher unemployment levels. Real dollar consumption growth is expected to fall to 0.4%, the low point before a recovery. Housing and auto sales are expected to remain weak (see Charts XI and XII) during FY 1991 and then improve in FY 1992.

**Corporate Debt.** Corporate debt is a concern. The 8-year boom has permitted many companies to increase debt substantially. Interest payments now account for almost a third of total U.S. company cash flow, with that proportion higher for some firms. It will not take much of a downturn in business to push some of the over-leveraged firms into insolvency. However, we think the fear of wide-spread corporate bankruptcies has been overstated.



**THE U.S. ECONOMY**  
**(Continued)**

**Unemployment.** The civilian unemployment rate will continue an upward climb from 5.3% in FY 1990 to 6.2% in FY 1991, and then 6.9% in FY 1992. The major reason will be continuing declines in manufacturing employment.

In summary, the future price of crude oil is the major uncertainty surrounding the current forecast. However, excluding outright war and the destruction of oil production capacity in the Middle East, the economic impact of the current price rise will be much more modest than the consequences during the 1970's.

**Outlook for FY 1992**

Since we are now in the middle of FY 1991, our forecast for FY 1992 is somewhat guarded. We believe this will be a year of rebounding growth based upon resolution of the Gulf crisis and the expected "mini-recession" in FY 1991. We believe the Gulf crisis will be resolved before the end of FY 1991 and the mild recession will have been weathered.

We expect real GNP growth to rise from 0.5% in FY 1991 to 1.8% in FY 1992 because of slightly higher overall consumer confidence and a lower rate of inflation (Table I, KEY U.S. ECONOMIC INDICATORS).

Real personal income, disposable income, and consumption should all rise from the FY 1991 lows. Industrial production is expected to climb modestly by 2.4% in FY 1992 from 1.1% in FY 1991.

**Risks to the Forecast**

**Optimistic Alternative-Quick Middle East Resolution and Resumed Growth**

This alternative would look for a quick resolution of the Middle East crisis and this would restore consumer confidence and bring stability to oil and financial markets. Investment could proceed on a more confident basis. A peaceful settlement would take place in early 1991, leading to lower oil prices which would reduce inflation and increase world growth. Lower inflation would help to bring down interest rates and this would increase both residential and business fixed investments and push up auto sales.

**THE U.S. ECONOMY**  
**(Continued)**

The level of GNP growth would be higher over the next 2-3 years. Instead of 0.5% growth for FY 1991 and 1.8% in FY 1992, growth might be at least a full percent higher in both years. Consumer expenditures would be higher and unemployment much lower.

**Pessimistic Alternative-Deeper and Longer Recession**

This possibility, a small one we hope, is that consumer sentiment continues to worsen due to the Middle East situation, but also there is a near collapse in the dollar due to lack of overseas support for U.S. deficit spending. Consumer confidence would fall, which would harm housing and durable goods sales even more. Lenders, already suffering from loan losses, might restrict credit further. Due to over-leveraged situations and record debt levels, major financial collapses of banks, insurance companies and large corporations could further damage consumer and business confidence.

The recession would be deeper and longer. The recession could last 3 to 4 quarters and not the 2 quarters forecast in the baseline.

A robust recovery would start in late FY 1992, but would start from a much lower level.

Table 2 shows the forecasts of major macroeconomic variables in both the positive and negative alternatives discussed above.

TABLE I

**KEY U.S. ECONOMIC INDICATORS**

	<u>Actual FY 1986</u>	<u>Actual FY 1987</u>	<u>Actual FY 1988</u>	<u>Actual FY 1989</u>	<u>Actual FY 1990</u>	<u>Forecast FY 1991</u>	<u>Forecast FY 1992</u>
Real Gross National Product <sup>1/</sup>	3.5%	2.2%	4.7%	3.3%	1.6%	0.5%	1.8%
GNP Deflator <sup>1/</sup>	2.7	3.2	2.9	4.1	3.9	4.4	4.2
Consumer Price Index <sup>1/</sup>	2.8	2.2	4.1	4.6	4.8	6.2	4.5
Industrial Production <sup>1/</sup>	1.1	2.2	6.1	4.3	1.0	1.1	2.4
Three Month T-Bill <sup>2/</sup>	6.8	5.5	6.0	7.9	7.8	7.0	7.3
Aaa Corporate Bonds <sup>2/</sup>	10.0	8.8	9.8	9.7	9.3	9.1	9.2
Wage and Salary Employment <sup>1/</sup>	2.5	2.2	3.2	3.2	2.3	0.8	0.5
Manufacturing Employment <sup>1/</sup>	(1.7)	(1.0)	1.6	1.3	(0.9)	(2.5)	(1.1)
Unemployment Rate <sup>2/</sup>	7.1	6.7	5.8	5.3	5.3	6.2	6.9

<sup>1/</sup> Annual Percent Change.

<sup>2/</sup> Average Rate for Year.

TABLE 2

**KEY U.S. ECONOMIC INDICATORS  
ALTERNATIVE FORECASTS**

	FY 1991			FY 1992		
	<u>Pessimistic</u>	<u>Base</u>	<u>Optimistic</u>	<u>Pessimistic</u>	<u>Base</u>	<u>Optimistic</u>
Real Gross National Product <sup>1/</sup>	(0.2)%	0.5%	0.9%	0.7%	1.8%	3.2%
GNP Deflator <sup>1/</sup>	4.5	4.4	4.3	3.8	4.2	4.0
Consumer Price Index <sup>1/</sup>	6.3	6.2	5.9	4.2	4.5	4.5
Industrial Production <sup>1/</sup>	(0.2)	1.1	1.8	(1.0)	2.4	4.5
Three Month T-Bill <sup>2/</sup>	6.7	7.0	6.9	6.2	7.3	7.4
Aaa Corporate Bonds <sup>2/</sup>	8.9	9.1	9.1	8.2	9.2	9.0
Wage and Salary Employment <sup>1/</sup>	0.5	0.8	0.9	(0.3)	0.5	1.2
Manufacturing Employment <sup>1/</sup>	(3.2)	(2.5)	(2.2)	(3.3)	(1.1)	0.2
Unemployment Rate <sup>2/</sup>	6.4	6.2	6.1	7.8	6.9	6.2

<sup>1/</sup> Annual Percent Change.

<sup>2/</sup> Average Rate for Year.

### GROSS NATIONAL PRODUCT 1982 DOLLARS

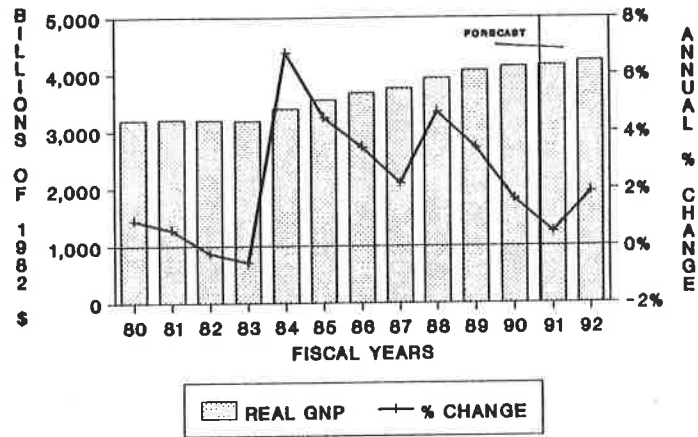


CHART 1

### REAL PERSONAL INCOME 1982 DOLLARS

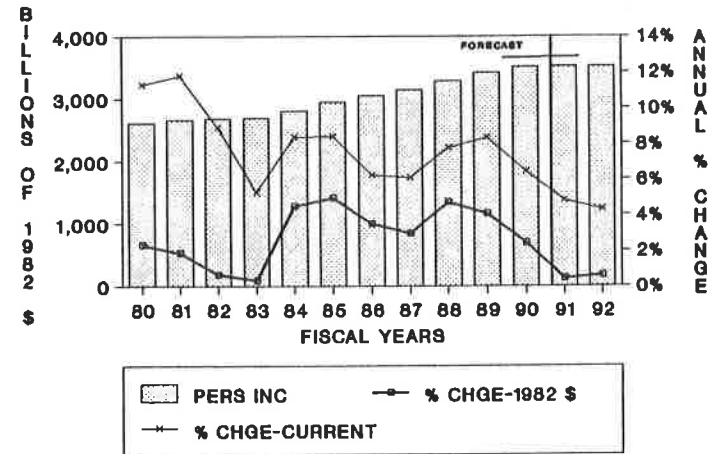


CHART 2

### TOTAL CONSUMPTION 1982 DOLLARS

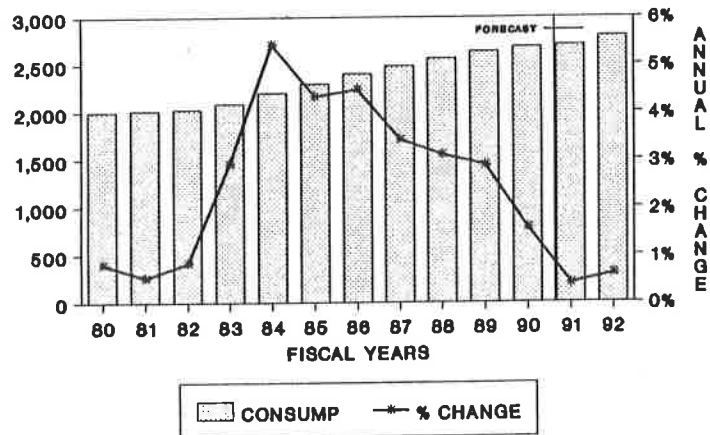


CHART 3

### CONSUMER & PRODUCER PRICE INDEX CHANGES

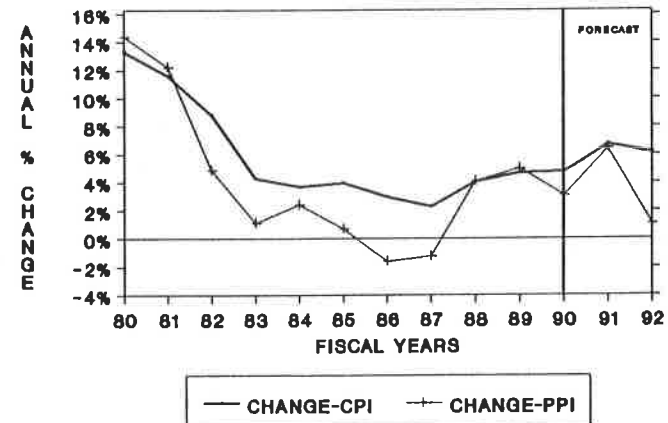


CHART 4

### U.S. MONEY SUPPLY GROWTH

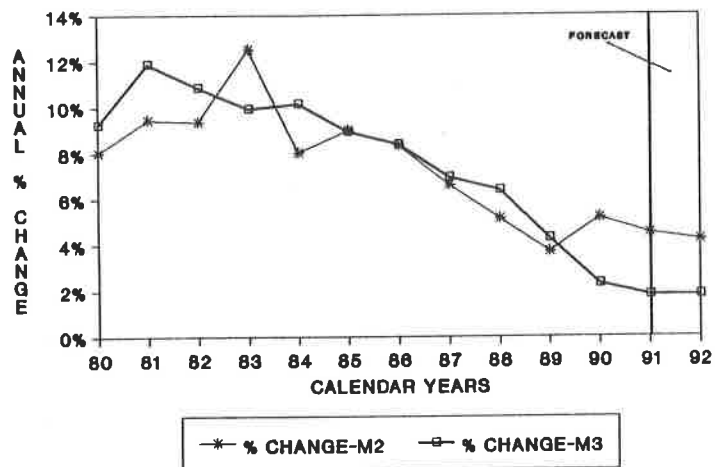


CHART 5

### KEY U.S. INTEREST RATES

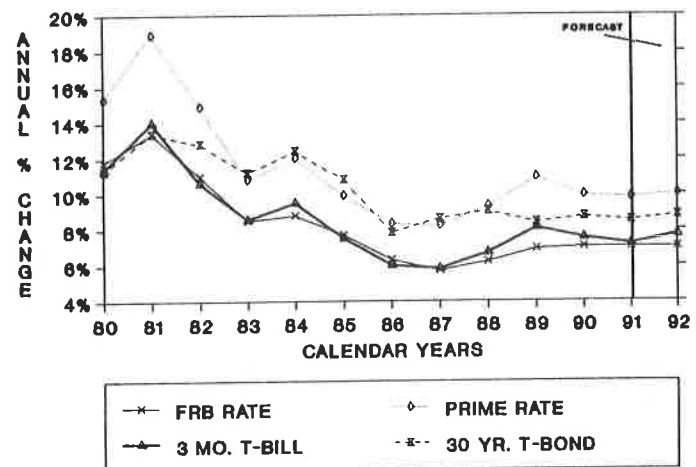


CHART 6

### INDUSTRIAL PRODUCTION INDEX

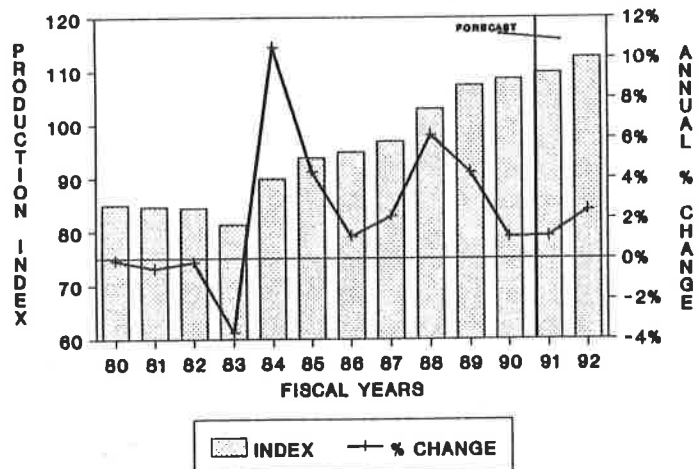


CHART 7

### GROSS PRIVATE INVESTMENT 1982 DOLLARS

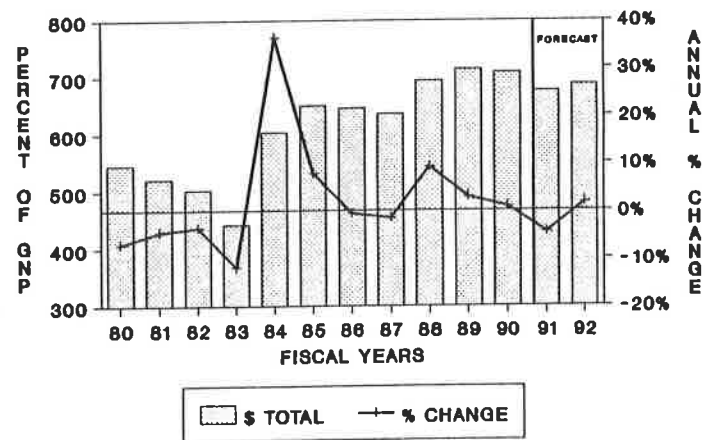


CHART 8

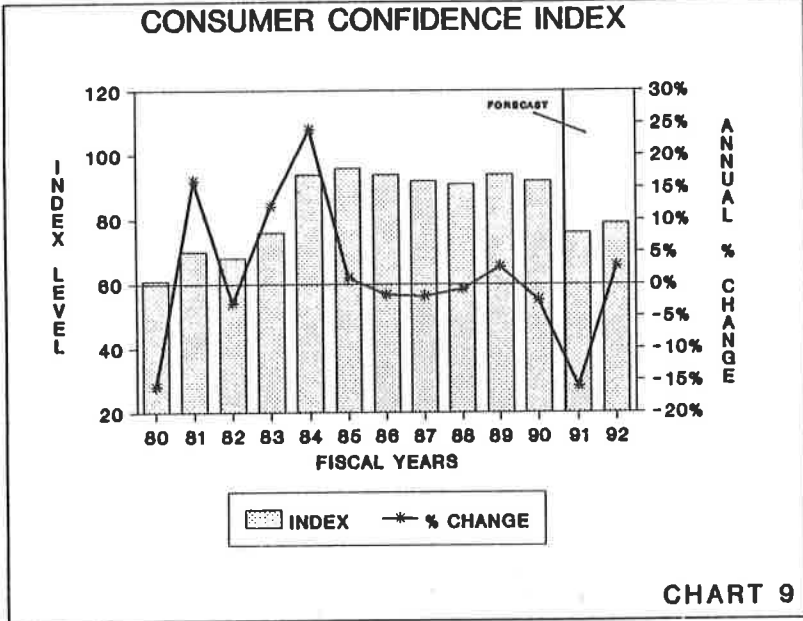


CHART 9

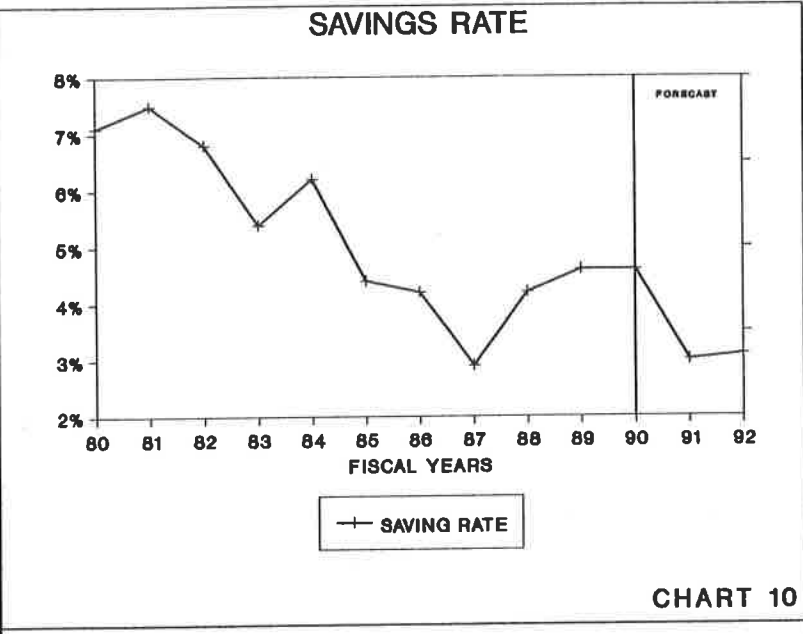


CHART 10

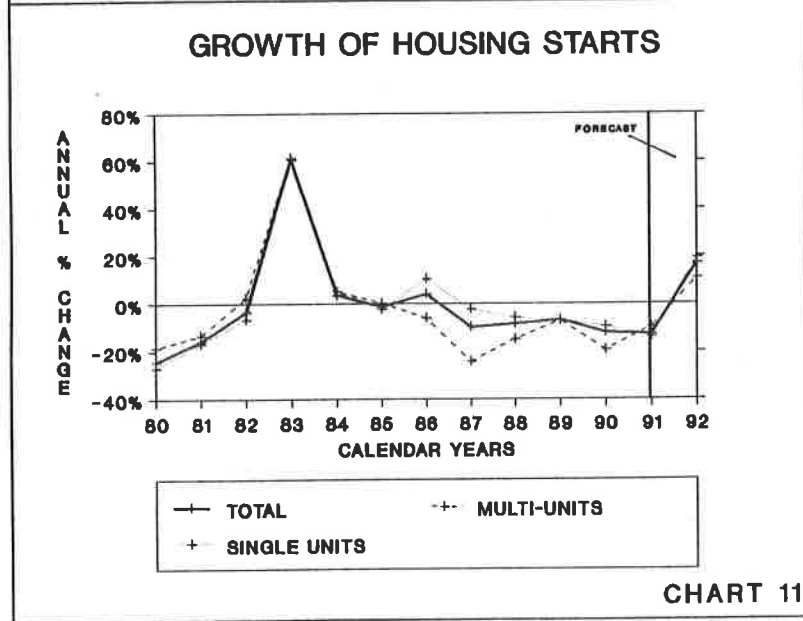


CHART 11

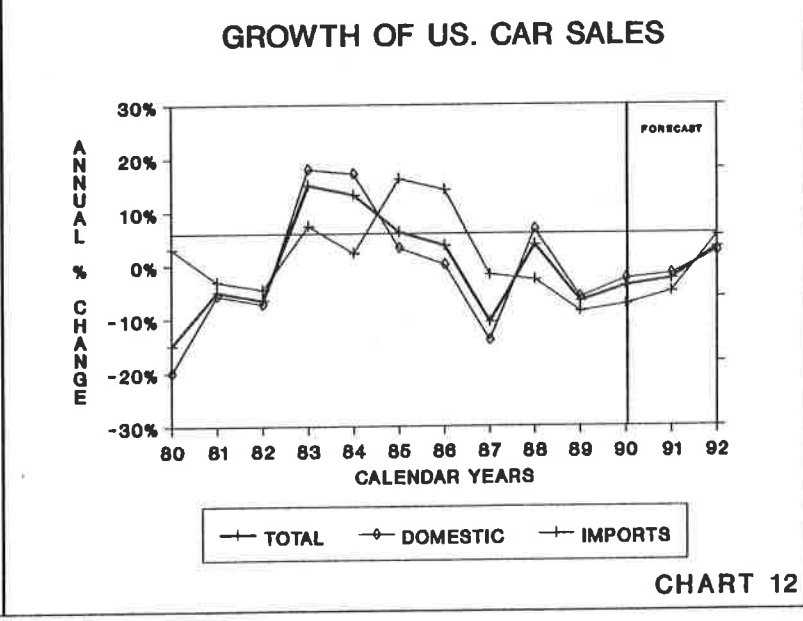
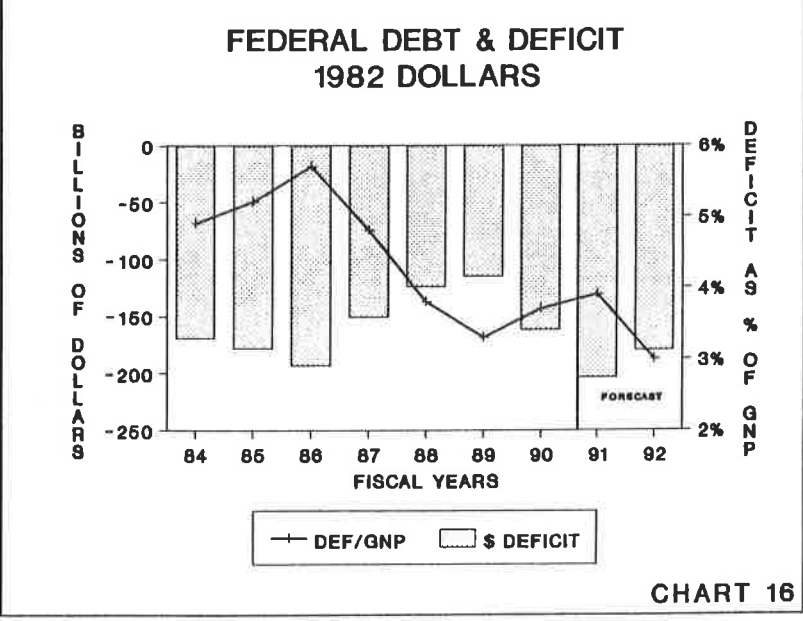
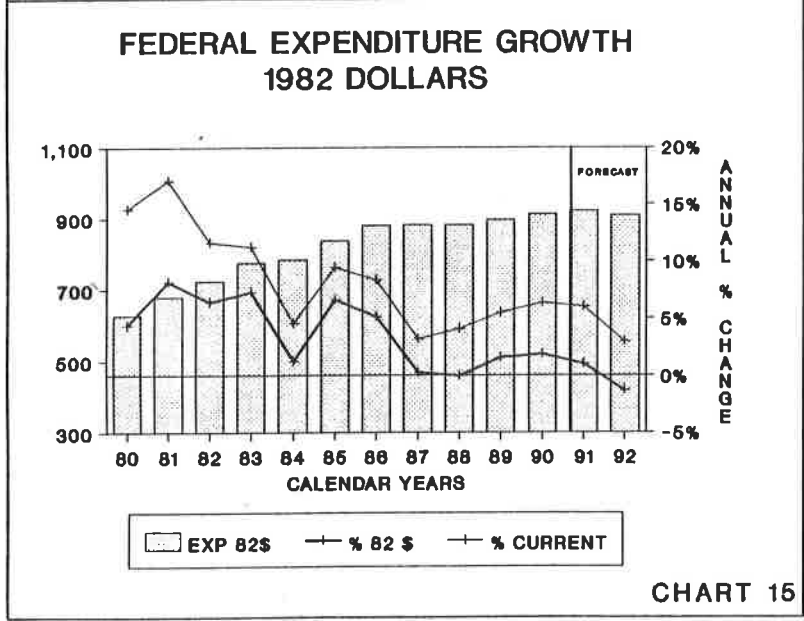
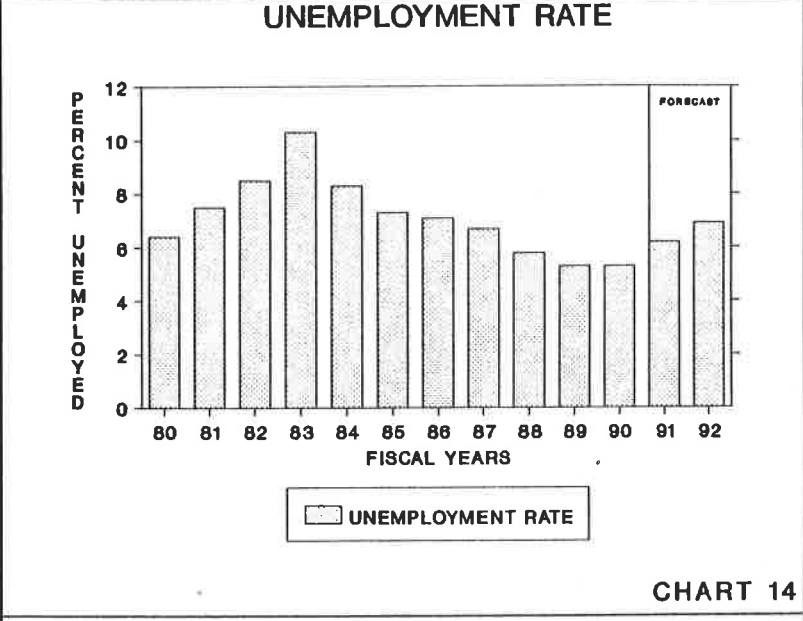
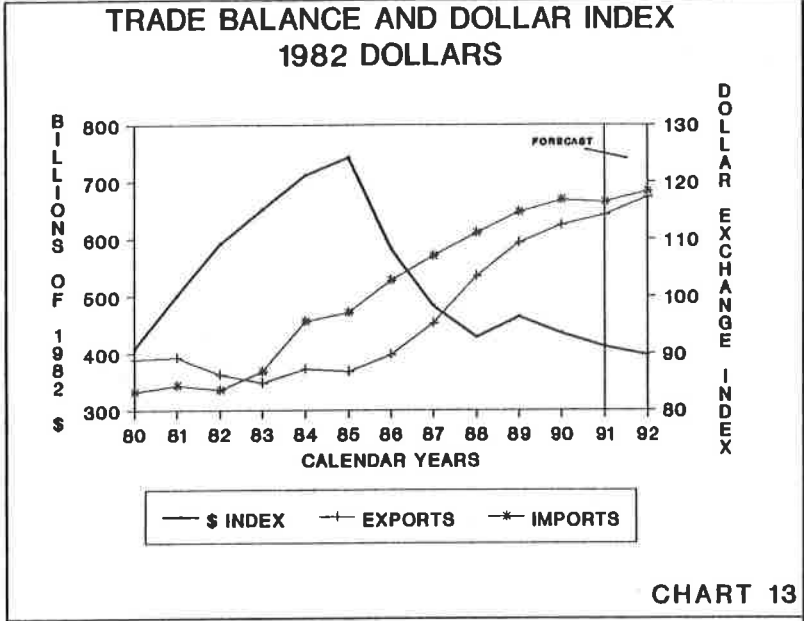


CHART 12





**THE ARIZONA ECONOMY**

**SECTION D**

## THE ARIZONA ECONOMY

### FY 1990 in Review

When FY 1989 drew to a close, we felt that the Arizona economy had bottomed out and was positioned for upward movement. For FY 1990, we expected a continuation of our dichotomized economy, with the distressed construction, real estate, and financial sectors struggling through most of our forecast period and the remaining sectors showing respectable growth.

In general, this is what happened, although there was nothing of significance in the way of upward movement.

The number of jobs in the important Goods Producing<sup>1/</sup> sector declined by 3.4% in FY 1990, a greater decline than in each of the three preceding years, all of which showed declines. The Service Providing<sup>2/</sup> sector did much better, showing growth of 4.2%, up from growth of 3.6% in FY 1989. Until FY 1990's modest increase, the Service Providing sector had shown a steadily declining growth rate in recent years.

In FY 1990, the Real Estate and Finance-related areas of the Arizona economy continued to experience difficulty. According to one industry expert:

"In 1981, a new tax law made real estate one of the few remaining useful tax shelters. In late 1982, Arizona was coming out of a recession, Phoenix was underbuilt with great long-term prospects for growth. As a result, Arizona became the "beneficiary" of the real estate boom caused by tax law changes and a recovering Arizona economy. By 1986, Arizona was overbuilt in every category of construction. Then, the tax laws changed and took away the tax benefits of real estate."<sup>3/</sup>

Construction employment reached its peak in June 1986 and by June 1990, 34,400 construction jobs had been lost, a decline of almost 30%. In FY 1990, average construction employment declined by 7.5%, after having declined by 8.6% in FY 1989.

<sup>1/</sup> Manufacturing, Construction, and Mining.

<sup>2/</sup> Transportation, Communications, Public Utilities (TCPU); Trade; Finance, Insurance, Real Estate (FIRE); Services; and Government.

<sup>3/</sup> From "The Rise and Fall (& Rise) of the Arizona Real Estate Market", Elliott D. Pollack, 25th Annual Economic Forecast Luncheon, December 7, 1988, ASU and Valley National Bank.

**THE ARIZONA ECONOMY**  
**(Continued)**

Mining has been a bright spot in the Arizona economy in recent years, with employment increasing 2.5% in FY 1990 after having increased by 5.9% in FY 1988 and 3.2% in FY 1989. The price of copper was relatively strong in FY 1990, although not quite as strong as in FY 1989. While mining is a significant contributor to several non-metro counties, it is not the economic "swinger" it was at its peak employment of over 27,000. Mining employment in FY 1990 averaged 12,400.

The Manufacturing sector has been weak for the last three years, with a decline in growth of 1.9% in FY 1990, no growth in FY 1989, and 1.0% growth in FY 1988. The weakness has been primarily in Durable Goods Manufacturing employment, where employment declined by 3.4% in FY 1990, 1.3% in FY 1989, and grew by only 0.2% in FY 1988. Nondurable Goods Manufacturing showed respectable growth in the 3% to 5% range for FY 1988 through FY 1990, although the increase in FY 1990 was in the low end of this range. The decline in Durable Goods Manufacturing employment was fairly broad based and included weaknesses in high tech and defense employment. In addition, the construction decline has had a negative impact on related Durable Goods Manufacturing.

In FY 1990, the narrowly defined Services sector was again a bastion of strength in the Arizona economy with growth of 5.3%. Available details show that this included an increase of 7.1% in employment at Lodging Places, an increase of 4.1% in Business Services, and an increase of 4.5% in Health Services. The Other Services category, which includes over 45% of the narrowly defined Services employment, increased 6.2%.

In FY 1990, TCPU growth increased by 6.8%, up from only 2.4% the year before. The Transportation component of TCPU, showed extremely vigorous growth of 11.2%, up from the strong 5.7% of the year before. Employment in the Communications and Public Utilities sector declined 0.3% in FY 1990, probably again influenced by the downturn in construction and by reduced in-migration.

FIRE employment increased by only 0.6% in FY 1990, influenced by difficulties in Real Estate and the Financial areas. During FY 1990, Trade employment increased 3.4%, with the Wholesale Component increasing 3.2% and the Retail Component increasing 3.4%.

Total Government employment increased 4.2% in FY 1990, up from 2.6% in FY 1989. Federal Government employment increased 4.5%, while state and local (including education) increased 4.1%.

**THE ARIZONA ECONOMY**  
(Continued)

Table 3, ARIZONA WAGE AND SALARY EMPLOYMENT, PERCENT GROWTH OVER PRIOR YEAR, RECENT HISTORY, shows employment growth from FY 1985 through FY 1990.

<b>TABLE 3</b>						
<b>ARIZONA WAGE AND SALARY EMPLOYMENT PERCENT GROWTH OVER PRIOR YEAR RECENT HISTORY (Based on Average Employment)</b>						
	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
<b><u>Goods Producing</u></b>						
Manufacturing	9.2%	2.1%	2.2%	1.0%	0.0%	(1.9)%
Mining	(11.5)	(7.9)	(2.7)	5.9	3.2	2.5
Construction	19.0	8.9	(5.9)	(9.1)	(8.6)	(7.5)
Total Goods Producing	11.3	4.1	(1.0)	(2.4)	(2.7)	(3.4)
<b><u>Service Providing</u></b>						
Transportation, Communication and Public Utilities	4.5	4.6	7.3	6.7	2.4	6.8
Trade	9.7	6.0	4.7	3.8	3.8	3.4
Finance, Insurance, Real Estate Services	10.5	12.4	7.5	3.7	(2.7)	0.6
Government	10.2	9.8	6.1	7.3	6.0	5.3
Total Service Providing	3.8	4.1	3.0	3.1	2.6	4.2
<b><u>Total Wage and Salary Employment</u></b>	<b><u>8.9%</u></b>	<b><u>6.4%</u></b>	<b><u>3.7%</u></b>	<b><u>3.3%</u></b>	<b><u>2.3%</u></b>	<b><u>2.7%</u></b>

**THE ARIZONA ECONOMY**  
**(Continued)**

**Forecast for FY 1991 and FY 1992**

In May 1990, FY 1991 was expected to be the year in which Arizona would begin its upward movement from the slow-growth trap in which we have been mired. Unfortunately, this does not now appear to be the case, and FY 1991 is, in general, expected to be a repeat of FY 1990, but with even slower growth. See page D-7 for a comparison of our prior FY 1991 employment forecast with our current forecast.

In general, the residential sectors of Arizona Construction/Real Estate have begun to stabilize as vacancy rates have steadied, or are declining. This is not true of the non-residential sectors, however, and we are looking at a period of several years before they return to normalcy.

The Resolution Trust Corporation (RTC) has Arizona Real Estate assets aggregating approximately \$2.5 billion. These assets are being sold at a rate of approximately \$200 million per quarter. Since the prime assets are likely to be sold first, one wonders about the possibility of a slower pace in the future.

In spite of certain Construction/Real Estate problems, we expect FY 1992 to be the turnaround year when our overall fiscal health begins to improve. The national recession will have run its course and both the U.S. and Arizona economies should be on the rise. The wild card, however, is the Persian Gulf crisis. Most forecasters are looking for an early resolution to this crisis.

An unknown in our forecast relates to our lack of a paid state Martin Luther King holiday. While there will undoubtedly be negative impacts, their extent is unknown. Since we are unable to quantify these impacts, we have been cautious in our revenue forecast.

Manufacturing employment is now expected to decline by 0.5% in FY 1991 after having shown a decline of 1.9% in FY 1990. We expect manufacturing to resume positive growth in FY 1992 in the 2.5% range. Arizona has a low cost operating environment relative to Southern California which will be of interest to California firms and we should be receiving the benefits of Arizona's increased economic development efforts. On the growth-inhibiting side, U.S. defense expenditures are expected to slow so that Arizona's share of the peace dividend may be negative.

**THE ARIZONA ECONOMY**  
**(Continued)**

The Mining sector will be relatively stable during our forecast period, and growth will be modestly positive with a 2.9% increase in FY 1991 and 1.0% in FY 1992. In December 1988, copper prices averaged \$1.61/lb and have been generally declining since then, dropping to \$1.09/lb in January 1990. For FY 1991, the price will average in the \$1.20/lb range with the FY 1992 price moving upward, possibly to an average of \$1.30/lb. Production, on the other hand, has been growing and FY 1992 is expected to show a continuation of this growth.

In FY 1985, the Service Providing sector accounted for 75.9% of the employment in Arizona. Today, despite a generally declining growth rate, the Service Providing sector accounts for over 80.0% of the employment in Arizona. Weakness in the Goods Producing sector accounts for the increased share of the Service Providing sector. Over time, the share may move back in the direction of the 75.9% share, but not during our forecast period. Our forecast is for the Service Providing sector to account for 82.0% of Arizona employment in FY 1992. This relative weakness in the Goods Producing sector may be partially to blame for the State of Arizona's relatively poor revenue picture. On average, the Service sector pays lower wages than the Goods Producing sector and generates more jobs (i.e.; is more labor-intensive).

Table 4, ARIZONA WAGE AND SALARY EMPLOYMENT, PERCENT GROWTH OVER PRIOR YEAR, shows anticipated employment growth for the forecast years of FY 1991 and FY 1992, together with actual growth in FY 1990. FY 1990 employment is subject to change in the rebenching of employment which takes place early in each calendar year. FY 1990 will not be fully rebenched until CY 1992.

Table 5, KEY ARIZONA ECONOMIC INDICATORS, shows the JLBC Staff forecast for 8 Arizona variables. We expect growth in Arizona Personal Income to be at 6.2% for FY 1991 and 7.3% for FY 1992 in current dollar terms with growth in constant dollar terms at 1.7% in FY 1991 and 3.0% in FY 1992.

Chart 17 is a bar chart which compares growth rates for Current and Constant Dollar Arizona Personal Income for FY 1975 through FY 1992.

Chart 18 is a bar chart which compares growth rates for U. S. and Arizona Current Dollar Personal Income for FY 1975 through FY 1992.

**THE ARIZONA ECONOMY**  
**(Continued)**

Chart 19 is a bar chart which compares U. S. and Arizona growth rates for Constant Dollar Per Capita Personal Income. In recent years, Arizona growth has shown a substantial slowing relative to the U. S. and our forecast indicates that this will continue. You will notice that in the two peak years of the eighties, FY 1984 and FY 1985, Arizona growth was 9.1% and 8.1% respectively versus U.S. growth of 4.5% and 4.9%. For our two forecast years of FY 1991 and FY 1992 growth, while still positive, is expected to decline to 1.6% and 3.1% for Arizona and 0.8% and 1.7% for the U.S. In general, this chart shows that the Arizona economy is dependent upon population growth. Actually, much of Arizona's publicized strong growth is illusory, in that it reflects our strong population growth. Per capita income in Arizona remains some 10% below the U.S. average.

Chart 20 is a line chart showing employment for FY 1981 through FY 1992 for the Service Providing and Goods Producing sectors together with Total Wage and Salary Employment. Of particular note is the declining number of jobs in the Goods Producing sector since FY 1986.

**Alternative Forecasts**

On pages C-7 and C-8, we have discussed two alternative forecasts for the U.S. economy: (1) an optimistic alternative covering a quick Middle East solution and resumed growth, and (2) a pessimistic alternative covering a deeper and longer recession. In general, we have carried this alternative to the Arizona economy with an optimistic forecast and a pessimistic forecast. Table 6 compares Key Arizona Economic Indicators for the Pessimistic and Optimistic alternative forecasts with those of our Base forecast.

**THE ARIZONA ECONOMY**  
(Continued)

**TABLE 4**

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

	<u>Estimated FY 1990</u>	<u>Forecast</u>		<u>FY 1992</u>
		<u>Prior</u>	<u>Current</u>	
<b><u>Goods Producing</u></b>				
Manufacturing	(1.9)%	2.0%	(0.5)%	2.5%
Mining	2.5	0.8	2.9	1.0
Construction	(7.5)	0.5	(4.9)	1.0
Total Goods Producing	(3.4)	1.5	(1.7)	2.0
<b><u>Service Providing</u></b>				
Transportation, Communication and Public Utilities	6.8	4.1	5.0	4.1
Trade	3.4	3.3	2.3	3.1
Finance, Insurance, Real Estate Services	0.6	2.5	3.4	4.5
Government	5.3	5.8	3.9	5.5
Total Service Providing	4.2	2.5	4.0	2.2
	4.2	4.0	3.5	3.9
<b><u>Total Wage and Salary Employment</u></b>	<b><u>2.7%</u></b>	<b><u>3.5%</u></b>	<b><u>2.5%</u></b>	<b><u>3.5%</u></b>



TABLE 5

**KEY ARIZONA ECONOMIC INDICATORS**

	Actual FY 1986	Actual FY 1987	Actual FY 1988	Actual FY 1989	Actual FY 1990	Forecast FY 1991	Forecast FY 1992
Personal Income - Current Dollars <sup>1/</sup>	10.1	8.8	8.1	7.6	6.6	6.0	7.0
- Constant Dollars <sup>1/</sup>	7.3	5.6	5.0	3.4	2.6	1.6	3.1
Retail Sales <sup>1/2/</sup>	7.3	3.9	4.8	5.7	4.2	3.2	5.9
Population <sup>1/</sup>	4.3	3.8	3.0	2.2	2.2	2.2	2.2
Wage and Salary Employment <sup>1/</sup>	6.4	3.7	3.3	2.3	2.7	2.5	3.5
Manufacturing Employment <sup>1/</sup>	2.1	2.2	1.0	0.0	(1.9)	(0.5)	2.5
Construction Employment <sup>1/</sup>	8.9	(5.9)	(9.1)	(8.6)	(7.5)	(4.9)	1.0
Unemployment Rate <sup>3/</sup>	6.6	7.1	5.9	5.9	5.0	5.8	5.8

<sup>1/</sup> Annual Percent Change.

<sup>2/</sup> Based on DOR definition of Retail Sales.

<sup>3/</sup> Average Rate for Year.

TABLE 6

**KEY ARIZONA ECONOMIC INDICATORS**  
**ALTERNATIVE FORECASTS**

	FY 1991			FY 1992		
	<u>Pessimistic</u>	<u>Base</u>	<u>Optimistic</u>	<u>Pessimistic</u>	<u>Base</u>	<u>Optimistic</u>
Personal Income - Current Dollars <sup>1/</sup>	5.5	6.0	6.2	5.5	7.0	8.3
- Constant Dollars <sup>1/</sup>	1.0	1.6	1.8	1.6	3.1	4.1
Retail Sales <sup>1/2/</sup>	2.5	3.2	5.0	3.6	5.9	9.1
Population <sup>1/</sup>	2.2	2.2	2.2	1.9	2.2	2.4
Wage and Salary Employment <sup>1/</sup>	2.1	2.5	3.4	2.4	3.5	5.6
Manufacturing Employment <sup>1/</sup>	(1.2)	(0.5)	1.5	2.0	2.5	5.1
Construction Employment <sup>1/</sup>	(5.9)	(4.9)	(0.3)	(3.0)	1.0	8.2
Unemployment Rate <sup>3/</sup>	6.0	5.8	5.7	7.2	5.8	5.1

<sup>1/</sup> Annual Percent Change.

<sup>2/</sup> Based on DOR definition of Retail Sales.

<sup>3/</sup> Average Rate for Year.

### ARIZONA PERSONAL INCOME CURRENT AND CONSTANT DOLLARS

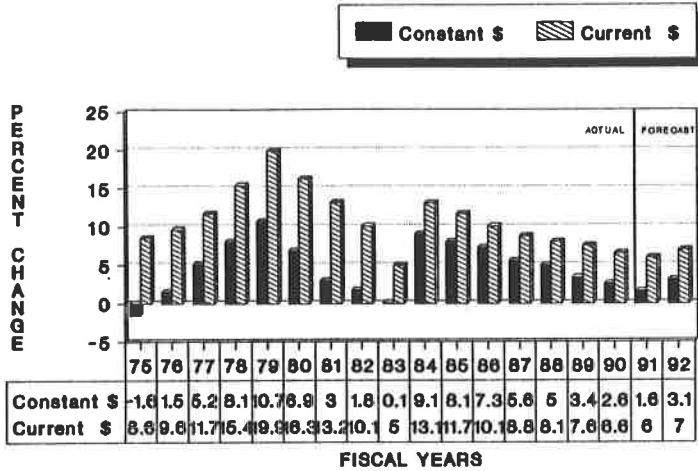


CHART 17

### U.S. and ARIZONA CURRENT DOLLAR PERSONAL INCOME

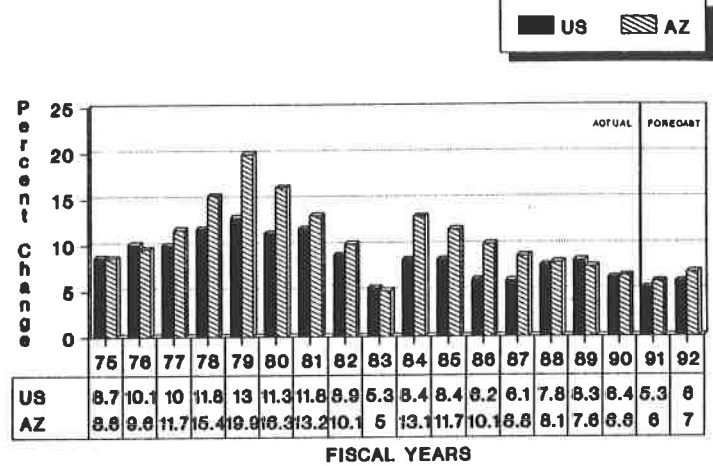


CHART 18

### U.S. and Arizona CONSTANT DOLLAR PERSONAL INCOME

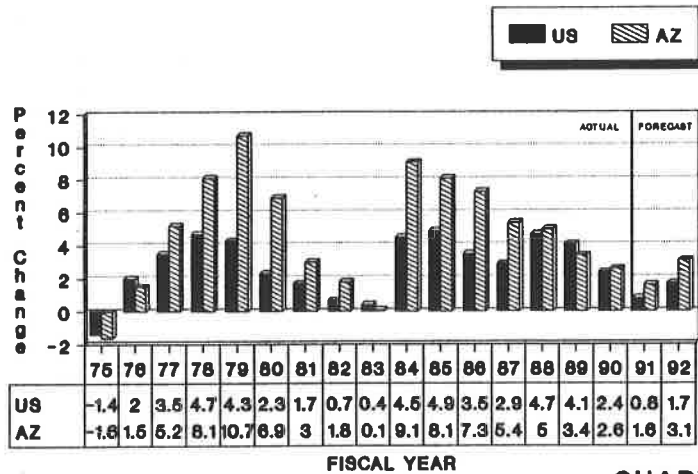


CHART 19

### MAJOR SECTORS OF ARIZONA EMPLOYMENT

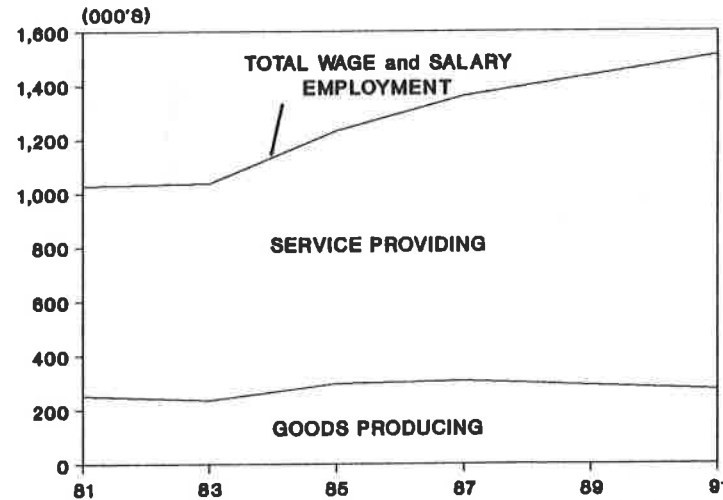


CHART 20

**GENERAL FUND REVENUE**

**SECTION E**

## GENERAL FUND REVENUE

Table 7 shows the JLBC Staff Total General Fund Revenue Forecast for FY 1991 and FY 1992 in terms of amount as well as percent change from the prior year. Also shown is actual collections data for FY 1990. Table 8 shows alternative JLBC Total General Fund Revenue Forecasts described as "Pessimistic", "Base" and "Optimistic" for FY 1991 and FY 1992. The economic basis for these alternative forecasts is noted on pages C-7 and C-8 (The U.S. Economy) and page D-6 (The Arizona Economy). Table 9 shows both the Executive and JLBC Staff Total General Fund Revenue Forecasts for FY 1991 and FY 1992 as well as the differences between the forecasts of the two offices.

### FY 1991

Our forecast for FY 1991 implies a revenue shortfall of \$92.9 million, whereas the Executive implies a higher revenue shortfall of \$119.4 million. The revenue shortfall was influenced by certain unanticipated economic events (see pages C-1, C-2 and C-3). At the time the original forecast for FY 1991 was prepared, a consensus reading of the economic tea leaves indicated that the Arizona economy had bottomed out and was positioned to rise from its slow-growth orbit. In actuality, the Arizona economy has not risen, and it now appears that, in general, FY 1991 growth will be slower than in FY 1990 and revised FY 1991 employment projections show 18,000 fewer jobs than the earlier forecast. In addition, we continue to be perplexed by the failure, over the past few years, of our revenue collections to respond even to the actual level of economic activity.

Through December 1990 (six months year-to-date) our revenue shortfall is approximately \$40.0 million. This revised forecast assumes an even greater revenue shortfall in the second half of FY 1991. Furthermore, in the November election, the Heritage Fund Initiative (Proposition 200) was passed which will remove \$20.0 million from the General Fund each year (starting with FY 1991) for certain Parks and Game and Fish activities. The original General Fund forecast for FY 1991, naturally, made no provision for this.

**GENERAL FUND REVENUE**  
**(Continued)**

Details of the revenue shortfall are as follows. It should be noted that this table covers only the revenue shortfall relative to the original forecast for FY 1991. See the initial section of this book for the projected overall "cash" deficit.

	<u>Original Forecast</u>	<u>Current Forecast</u>		<u>Revenue Shortfall</u>	
		<u>Executive</u>	<u>JLBC</u>	<u>Executive</u>	<u>JLBC</u>
Beginning Balance	\$ 0.0	\$ 34.4	\$ 34.4	\$ 34.4	\$ 34.4
Sales Taxes	1,498.1	1,450.1	1,451.5	(48.0)	(46.6)
Individual Income Taxes	1,230.5	1,202.3	1,211.2	(28.2)	(19.3)
Corporation Income Taxes	236.9*	185.0	188.0*	(51.9)	(48.9)
Other	497.9	472.2	485.4	(25.7)	(12.5)
<b>TOTAL</b>	<b><u>\$3,463.4</u></b>	<b><u>\$3,344.0</u></b>	<b><u>\$3,370.5</u></b>	<b><u>\$(119.4)</u></b>	<b><u>\$(92.9)</u></b>

\* The original forecast includes \$25.6 million estimated for certain changes in the last tax package. The JLBC forecast projects that only \$8.0 million of the \$25.6 million will be realized in FY 1991, with the balance payable in FY 1992.

**FY 1992**

In general, we expect that FY 1992 will be the year in which the Arizona economy finally starts to show signs of improvement. However, Total General Fund revenue will only be slightly higher in FY 1992. In fact, the JLBC Base Revenue forecast for FY 1992 (before the addition of \$39.3 million of recommended adjustments) is identical to the original General Fund Appropriation amount for FY 1991.

The JLBC Staff forecast for FY 1992 Total General Fund Revenue growth is 4.3%, including \$39.3 million of recommended adjustments. Arizona economic growth in CY 1992 is expected to be much higher than in recent years. However, the FY 1992 Total General Fund Revenue forecast does not fully reflect this as we expect much of this improvement to come in the last half of the calendar year. Certain factors which have the effect of raising or reducing the growth are noted in comments on individual revenue sources which follow. As shown in Table 9, the Executive forecast exceeds that of the JLBC Staff by \$35.3 million.

## **GENERAL FUND REVENUE**

**(Continued)**

The decline in Total General Fund revenue growth (see Table V) from 9.0% in FY 1991 to 4.3% in FY 1992 can be explained by (1) a beginning balance of \$34.4 million in FY 1991 versus a zero beginning balance for FY 1992, (2) the effect of revenue enhancements passed in 1990 and earlier which affect FY 1991 revenue to a greater degree than FY 1992 revenue, and (3) the effect of Recommended Adjustments to Base Revenue for FY 1992 aggregating \$39.3 million. Elimination of beginning balances and enhancements in FY 1990, FY 1991, and in FY 1992 would yield approximate growth rates of 3.3% for FY 1991 and a slightly higher 4.8% for FY 1992.

The Sales and Use Tax category has been forecast to increase by 5.4% in FY 1992. This too, is somewhat higher than it would otherwise have been because the elimination of the Accounting Allowance is in for the full year rather than a partial year as in FY 1991. Because of County Property Tax Relief, \$10.0 million has been removed from Sales and Use Tax collections in FY 1991 and FY 1992.

Individual Income Tax collections are forecast to show an increase of 2.4%. Significant changes were made in the Individual Income Tax in the recent tax package so that the forecasting is somewhat more difficult at the moment. The growth rate in FY 1992 appears lower than would otherwise be the case, because of a \$40.0 million one-shot upsurge in FY 1991, due to increased withholding starting in CY 1991, for which there is no comparable item in FY 1992. When adjusted for this change, our Individual Income Tax forecast effectively calls for a 5.9% increase.

Corporation Income Tax collections are forecast to show a FY 1992 increase of 5.9%. However, this increase does not reflect improvement in Corporate profits, but rather is attributable to receiving a full year's worth of the tax increases made in the 1990 tax package.

Property Tax collections are forecast to grow by 10.2% in FY 1992 reflecting (1) an average growth in the assessed valuation base of 0% and (2) an increase in the QTR rates, (3) and average increase of 8.7% in the assessed valuation of utility property subject to the QTR, and (4) an increase in the expected collection of delinquent accounts.

Growth in the Motor Vehicle License Tax will be only 0.4% in FY 1992, reflecting the phaseout of the minimum Vehicle License Tax and expected weak auto sales.

## **GENERAL FUND REVENUE**

**(Continued)**

### **Recommended Adjustments to Base Revenue - FY 1992**

#### **City Revenue Sharing**

Both the Executive and the JLBC Staff have recommended capping the sharing of the income tax at the FY 1991 level for FY 1992 which would result in additional revenue of \$9.1 million. In addition, the Executive has recommended capping the Sales Tax distribution to cities at the FY 1991 level. The JLBC Staff does not concur with capping the Sales Tax distribution.

#### **Program for Increased Enforcement Revenue - Phase II (PIER II)**

Both the Executive and the JLBC Staff concur in recommending the PIER II Program requested by the Department of Revenue for increased audit and collections activity in the Sales Tax and Income Tax areas. This program is expected to generate additional revenue aggregating \$20.2 million in FY 1992.

#### **Fund Transfers**

The JLBC Staff recommends the transfer in FY 1992 of surplus monies aggregating \$10.0 million from the Risk Management Fund to the General Fund. The Executive does not recommend this transfer, but instead, has recommended that agency risk management charges be reduced by \$6.9 million. The JLBC Staff believes that for budgetary purposes, it is better to have stable risk management charges and to, instead, reduce the surplus through an outright transfer of funds.



TABLE 7

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

	<u>Actual FY 1990</u>		<u>Forecast FY 1991</u>		<u>Forecast FY 1992</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
<b>Beginning Balance</b>	\$ 1,163.0	(81.0)	\$ 34,396.8	--	\$ 0.0	--
<b>Base Revenue</b>						
<u>Taxes</u>						
Sales and Use	1,440,587.6	7.6	1,451,500.0	0.8	1,530,000.0	5.4
Income-Individual	995,801.2	9.2	1,211,200.0	21.6	1,240,000.0	2.4
-Corporation	178,067.1	(11.4)	188,000.0	5.6	199,000.0	5.9
-Urban Revenue Sharing	(150,622.6)	4.6	(166,900.0)	10.8	(176,000.0)	5.5
Property	130,199.8	40.4	174,000.0	33.6	191,800.0	10.2
Luxury	65,661.7	(4.9)	70,800.0	7.8	71,900.0	1.6
Insurance Premium	116,708.0	46.4	89,000.0	(23.7)	91,000.0	2.2
Motor Vehicle Licenses-Regular	102,716.4	23.3	109,600.0	6.7	110,000.0	0.4
-HURF Transfer	(15,198.3)	10.2	(16,631.4)	9.4	0.0	--
Pari Mutuel	5,647.7	(7.9)	5,300.0	(6.2)	5,600.0	5.7
Estate	23,916.5	(0.7)	27,000.0	12.9	27,000.0	0.0
Other Taxes	1,500.5	(39.8)	1,600.0	6.6	1,700.0	6.3
Subtotal - Taxes	<u>2,894,985.6</u>	9.2	<u>3,144,468.6</u>	8.6	<u>3,292,000.0</u>	4.7
<u>Other Non-Tax Revenues</u>						
Lottery	79,028.0	14.3	69,500.0	(12.1)	74,000.0	6.5
Licenses, Fees and Permits	32,683.8	(1.1)	35,860.0	9.7	37,000.0	3.2
Interest	21,986.2	(37.2)	30,000.0	36.4	27,000.0	(10.0)
Sales and Services	4,083.9	(13.4)	4,700.0	15.1	4,900.0	4.3
Miscellaneous	21,211.1	30.6	27,000.0	27.3	26,800.0	(0.7)
Transfers and Reimbursements	37,944.2	(90.6)	24,600.0	(35.2)	14,000.0	(43.1)
Subtotal - Other Non-Tax Revenues	<u>196,937.2</u>	(97.40)	<u>191,660.0</u>	( 2.7)	<u>183,700.0</u>	(4.2)
<b>Total Base Revenue</b>	<u>3,091,922.8</u>	7.5	<u>3,336,128.6</u>	7.9	<u>3,475,700.0</u>	4.2
<b>Recommended Adjustments to Base Revenue</b>						
City Revenue Sharing	--	--	--	--	9,100.0	--
PIER II	--	--	--	--	20,156.3	--
Fund Transfers	--	--	--	--	10,000.0	--
Subtotal - Recommended Adjustments	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>39,256.3</u>	<u>--</u>
<b>Adjusted Total Base Revenue</b>	<u>3,091,922.8</u>	7.5	<u>3,336,128.6</u>	7.9	<u>3,514,956.3</u>	5.4
<b>Total General Fund Revenue</b>	<u>\$3,093,085.8</u>	<u>7.3%</u>	<u>\$3,370,525.4</u>	<u>9.0%</u>	<u>\$3,514,956.3</u>	<u>4.3%</u>

**STATEMENT OF PROJECTED TOTAL REVENUE  
ALTERNATIVE FORECASTS-JLBC STAFF ESTIMATES  
(Thousands)**

	FY 1991						FY 1992					
	Pessimistic		Base		Optimistic		Pessimistic		Base		Optimistic	
	Amount	%Change <sup>1/</sup>	Amount	%Change <sup>1/</sup>	Amount	%Change <sup>1/</sup>	Amount	%Change <sup>2/</sup>	Amount	%Change <sup>2/</sup>	Amount	%Change <sup>2/</sup>
<b>Beginning Balance</b>	\$ 34,396.8	--	\$ 34,396.8	--	\$ 34,396.8	--	\$ 0.0	--	\$ 0.0	--	\$ 0.0	--
<b>Base Revenue</b>												
<b>Taxes</b>												
Sales and Use	1,440,000.0	0.0	1,451,500.0	0.8	1,465,000.0	1.7	1,488,000.0	2.5	1,530,000.0	5.4	1,565,000.0	7.8
Income-Individual	1,195,000.0	20.0	1,211,200.0	21.6	1,238,000.0	24.3	1,225,000.0	1.1	1,240,000.0	2.4	1,275,000.0	5.3
-Corporation	175,000.0	(1.7)	188,000.0	5.6	200,000.0	12.3	185,000.0	(1.6)	199,000.0	5.9	210,000.0	11.7
-Urban Revenue Sharing	(166,900.0)	10.8	(166,900.0)	10.8	(166,900.0)	10.8	(176,000.0)	5.5	(176,000.0)	5.5	(176,000.0)	5.5
Property	172,400.0	32.4	174,000.0	33.6	174,300.0	33.9	189,400.0	8.9	191,800.0	10.2	192,000.0	10.3
Luxury	69,000.0	5.1	70,800.0	7.8	72,000.0	9.7	69,000.0	(2.5)	71,900.0	1.6	73,000.0	3.1
Insurance Premium	88,000.0	(24.6)	89,000.0	(23.7)	90,000.0	(22.9)	90,000.0	1.1	91,000.0	2.2	92,000.0	3.4
Motor Vehicle Licenses-Regular	100,000.0	(2.6)	109,600.0	6.7	112,000.0	9.0	105,000.0	(4.2)	110,000.0	0.4	115,000.0	4.9
-HURF Transfer	(16,631.4)	9.4	(16,631.4)	9.4	(16,631.4)	9.4	0.0	--	0.0	--	0.0	--
Pari Mutuel	4,000.0	(29.2)	5,300.0	(6.2)	6,000.0	6.2	4,100.0	(22.6)	5,600.0	5.7	6,300.0	18.9
Estate	25,000.0	4.5	27,000.0	12.9	29,000.0	21.3	25,000.0	(7.4)	27,000.0	0.0	29,000.0	7.4
Other Taxes	1,500.0	0.0	1,600.0	6.6	1,700.0	13.3	1,600.0	0.0	1,700.0	6.3	1,800.0	12.5
Subtotal - Taxes	<u>3,086,368.6</u>	<u>6.6</u>	<u>3,144,468.6</u>	<u>56.5</u>	<u>3,204,468.6</u>	<u>10.7</u>	<u>3,206,100.0</u>	<u>2.0</u>	<u>3,292,000.0</u>	<u>4.7</u>	<u>3,383,100.0</u>	<u>7.6</u>
<b>Other Non-Tax Revenues</b>												
Lottery	64,000.0	(19.0)	69,500.0	(12.1)	74,000.0	(6.4)	69,000.0	(0.7)	74,000.0	6.5	79,000.0	13.7
Licenses, Fees and Permits	34,000.0	4.0	35,860.0	9.7	39,000.0	19.3	34,000.0	(5.2)	37,000.0	3.2	39,000.0	8.8
Interest	27,000.0	22.8	30,000.0	36.4	32,000.0	45.5	24,500.0	(18.3)	27,000.0	(10.0)	31,000.0	3.3
Sales and Services	3,900.0	(4.5)	4,700.0	15.1	6,000.0	46.9	4,000.0	(14.9)	4,900.0	4.3	7,000.0	48.9
Miscellaneous	25,000.0	17.9	27,000.0	27.3	30,000.0	41.4	24,800.0	(8.1)	26,800.0	(0.7)	28,800.0	6.7
Transfers and Reimbursements	20,000.0	(47.3)	24,600.0	(35.2)	27,600.0	(27.3)	12,000.0	(51.2)	14,000.0	(43.1)	16,000.0	(35.0)
Subtotal - Other Non-Tax Revenues	<u>173,900.0</u>	<u>(11.7)</u>	<u>191,660.0</u>	<u>(2.7)</u>	<u>208,600.0</u>	<u>5.9</u>	<u>168,300.0</u>	<u>(12.2)</u>	<u>183,700.0</u>	<u>(4.2)</u>	<u>200,800.0</u>	<u>4.8</u>
<b>Total Base Revenue</b>	<u>3,260,268.6</u>	<u>5.4</u>	<u>3,336,128.6</u>	<u>7.9</u>	<u>3,413,068.6</u>	<u>10.4</u>	<u>3,374,400.0</u>	<u>1.1</u>	<u>3,475,700.0</u>	<u>4.2</u>	<u>3,583,900.0</u>	<u>7.4</u>
<b>Recommended Adjustment to Base Revenue</b>												
City Revenue Sharing	--	--	--	--	--	--	9,100.0	--	9,100.0	--	9,100.0	--
PIER II	--	--	--	--	--	--	20,156.3	--	20,156.3	--	20,156.3	--
Fund Transfers	--	--	--	--	--	--	10,000.0	--	10,000.0	--	10,000.0	--
Subtotal-Recommended Adjustments	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>39,256.3</u>	<u>--</u>	<u>39,256.3</u>	<u>--</u>	<u>39,256.3</u>	<u>--</u>
<b>Adjusted Total Base Revenue</b>	<u>3,260,268.6</u>	<u>5.4</u>	<u>3,336,128.6</u>	<u>7.9</u>	<u>3,413,068.6</u>	<u>10.4</u>	<u>3,413,656.3</u>	<u>2.3</u>	<u>3,514,956.3</u>	<u>5.4</u>	<u>3,623,156.3</u>	<u>8.6</u>
<b>Total General Fund Revenue</b>	<u>\$3,294,665.4</u>	<u>6.5%</u>	<u>\$3,370,525.4</u>	<u>9.0%</u>	<u>\$3,447,465.4</u>	<u>11.5%</u>	<u>\$3,413,656.3</u>	<u>1.3%</u>	<u>\$3,514,956.3</u>	<u>4.3%</u>	<u>\$3,623,156.3</u>	<u>7.5%</u>

1/ Percent change from FY 1990

2/ Percent change from FY 1991 base

TABLE 9

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

	FY 1991			FY 1992		
	Executive Estimate	JLBC Staff Estimate	Difference	Executive Estimate	JLBC Staff Estimate	Difference
<b>Beginning Balance</b>	\$ 34,396.8	\$ 34,396.8	\$ 0.0	\$ 5,000.0	\$ 0.0	\$ (5,000.0)
<b>Base Revenue</b>						
<b>Taxes</b>						
Sales and Use	1,450,100.0	1,451,500.0	1,400.0	1,535,490.0	1,530,000.0	(5,490.0)
Income-Individual	1,202,300.0	1,211,200.0	8,900.0	1,263,300.0	1,240,000.0	(23,300.0)
-Corporation	185,000.0	188,000.0	3,000.0	205,000.0	199,000.0	(6,000.0)
-Urban Revenue Sharing	(166,870.0)	(166,900.0)	(30.0)	(176,000.0)	(176,000.0)	0.0
Property	173,670.0	174,000.0	330.0	185,320.0	191,800.0	6,480.0
Luxury	70,430.0	70,800.0	370.0	72,470.0	71,900.0	(570.0)
Insurance Premium	88,100.0	89,000.0	900.0	90,400.0	91,000.0	600.0
Motor Vehicle Licenses-Regular	109,691.4	109,600.0	(91.4)	111,760.0	110,000.0	(1,760.0)
-HURF Transfer	(16,631.4)	(16,631.4)	0.0	0.0	0.0	0.0
Pari Mutuel	5,800.0	5,300.0	(500.0)	5,800.0	5,600.0	(200.0)
Estate	23,000.0	27,000.0	4,000.0	23,000.0	27,000.0	4,000.0
Other Taxes	1,700.0	1,600.0	(100.0)	1,700.0	1,700.0	0.0
Subtotal - Taxes	<u>3,126,290.0</u>	<u>3,144,468.6</u>	<u>18,178.6</u>	<u>3,318,240.0</u>	<u>3,292,000.0</u>	<u>(26,240.0)</u>
<b>Other Non-Tax Revenues</b>						
Lottery	66,730.0	69,500.0	2,770.0	71,000.0	74,000.0	3,000.0
Licenses, Fees and Permits	35,000.0	35,860.0	860.0	38,000.0	37,000.0	(1,000.0)
Interest	29,400.0	30,000.0	600.0	27,000.0	27,000.0	0.0
Sales and Services	6,500.0	4,700.0	(1,800.0)	6,800.0	4,900.0	(1,900.0)
Miscellaneous	28,205.4	27,000.0	(1,205.4)	31,100.0	26,800.0	(4,300.0)
Transfers and Reimbursements	17,500.0	24,600.0	7,100.0	15,000.0	14,000.0	(1,000.0)
Subtotal - Other Non-Tax Revenues	<u>183,335.4</u>	<u>191,660.0</u>	<u>8,324.6</u>	<u>188,900.0</u>	<u>183,700.0</u>	<u>(5,200.0)</u>
<b>Total Base Revenue</b>	<u>3,309,625.4</u>	<u>3,336,128.6</u>	<u>26,503.2</u>	<u>3,507,140.0</u>	<u>3,475,700.0</u>	<u>(31,440.0)</u>
<b>Recommended Adjustments to Base Revenue</b>						
City Revenue Sharing	--	--	--	18,000.0	9,100.0	(8,900.0)
PIER II	--	--	--	20,156.3	20,156.3	0.0
Fund Transfers	--	--	--	0.0	10,000.0	10,000.0
Subtotal - Recommended Adjustments	<u>--</u>	<u>--</u>	<u>--</u>	<u>38,156.3</u>	<u>39,256.3</u>	<u>1,100.0</u>
<b>Adjusted Total Base Revenue</b>	<u>3,309,625.4</u>	<u>3,336,128.6</u>	<u>26,503.2</u>	<u>3,545,296.3</u>	<u>3,514,956.30</u>	<u>(30,340.0)</u>
<b>Total General Fund Revenue</b>	<u>\$3,344,022.2</u>	<u>\$3,370,525.4</u>	<u>\$26,503.2</u>	<u>\$3,550,296.3</u>	<u>\$3,514,956.3</u>	<u>\$(35,340.0)</u> <sup>6</sup>

### GENERAL FUND BASE REVENUE COLLECTIONS

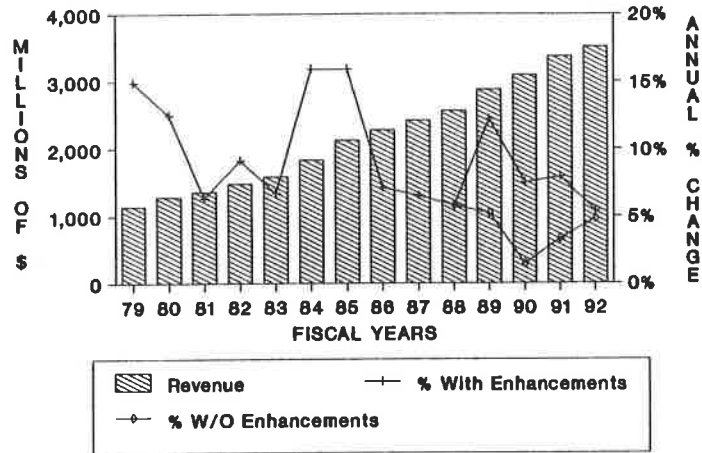


CHART 21

### MAJOR GENERAL FUND TAX SOURCES COLLECTIONS

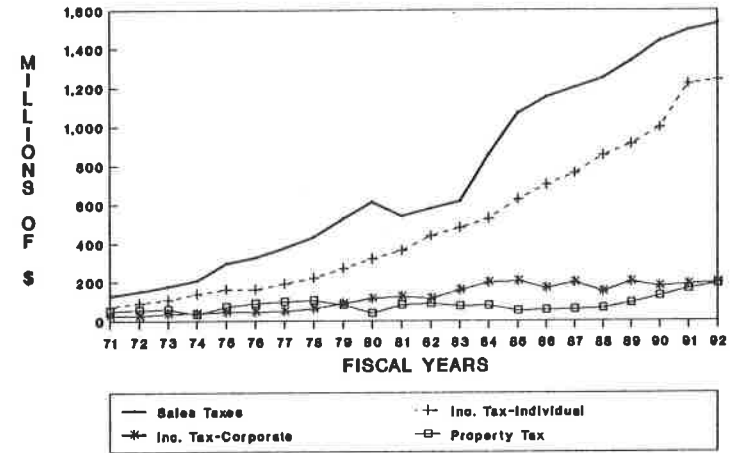
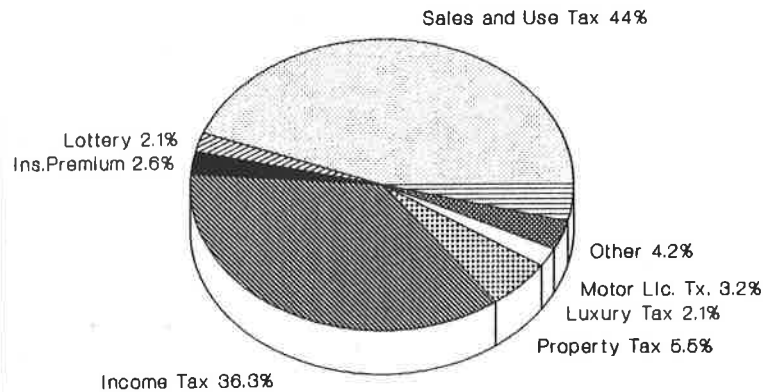


CHART 22

### GENERAL FUND REVENUE SOURCES AS A PERCENT OF TOTAL BASE REVENUE



FY 1992

CHART 23

### FY 1992 MAJOR REVENUE SOURCES DOLLAR AND PERCENT CHANGE FROM FY 1991

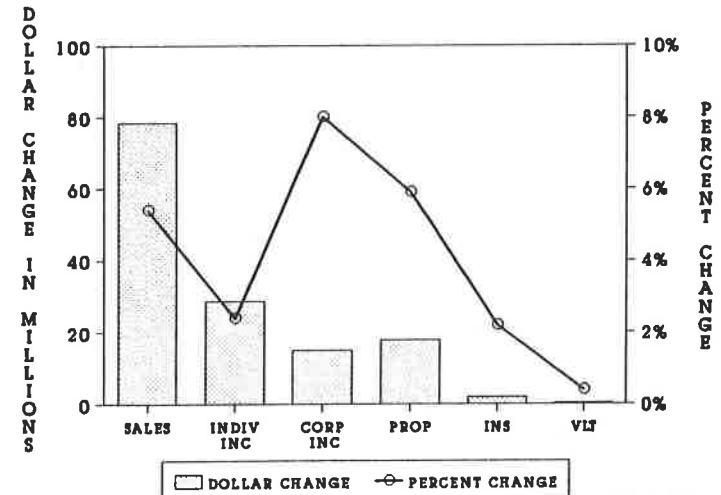


CHART 24

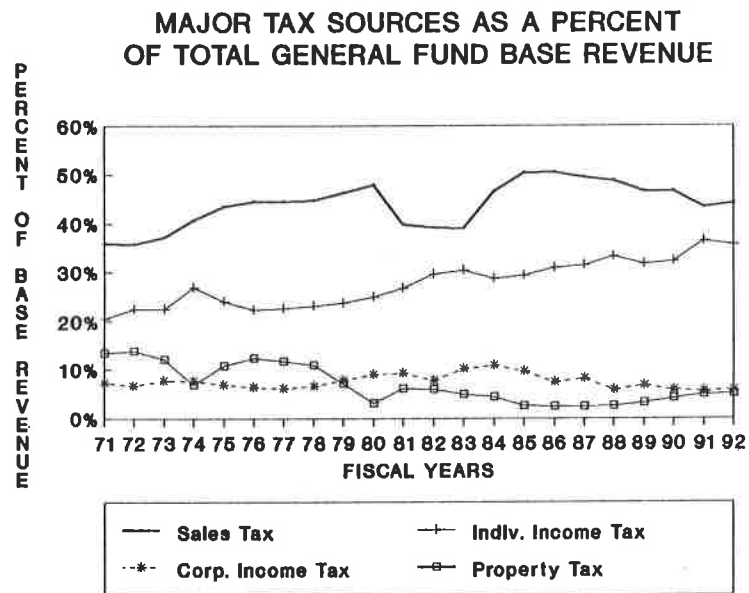


CHART 25

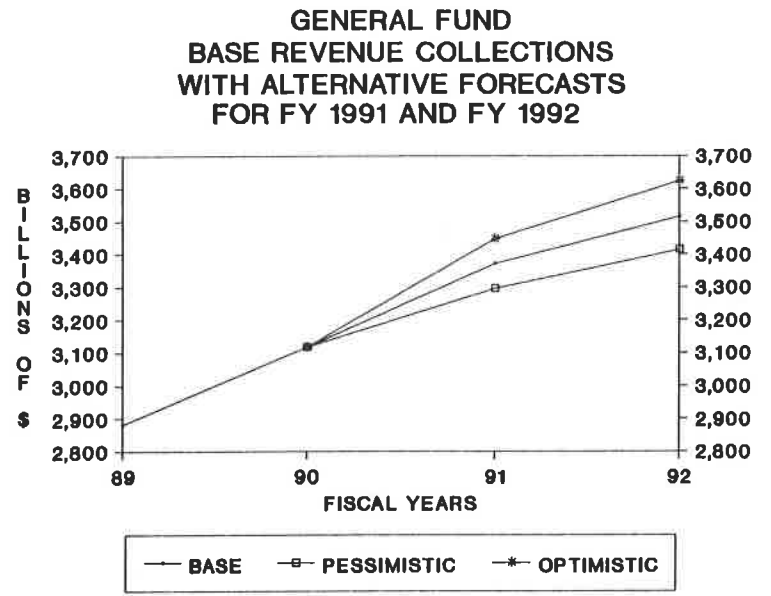


CHART 26

**AGENCY DETAIL - JLBC STAFF RECOMMENDATION,  
FY 1992 VS FY 1991**

**SECTION F**

AGENCY DETAIL  
 JLBC STAFF RECOMMENDATIONS  
 FY 1992 VS FY 1991  
 GENERAL FUND

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
<b>GENERAL GOVERNMENT</b>				
Administration, Department of	31,135,200	27,086,600	(4,048,600)	(13.00)
Attorney General-Department of Law	18,368,900	17,344,300	(1,024,600)	(5.58)
Commerce, Department of	4,222,500	3,783,600	(438,900)	(10.39)
Supreme Court	7,968,300	10,493,300	2,525,000	31.69
Court of Appeals	7,952,600	7,787,500	(165,100)	(2.08)
Superior Court	53,497,200	54,375,000	877,800	1.64
Judicial Conduct, Commission on	113,000	104,900	(8,100)	(7.17)
Appellate & Trial Court Apt, Comm. on	4,000	3,500	(500)	(12.50)
Governor, Office of the	3,334,100	3,269,100	(65,000)	(1.95)
Strategic Plng & Budgeting, Gov's Ofc. of	1,133,200	1,177,900	44,700	3.94
Affirmative Action, Governor's Office of	231,500	227,900	(3,600)	(1.56)
Law Enforcement Merit System Council	42,200	0	(42,200)	(100.00)
Legislature	28,694,100	28,465,100	(229,000)	(0.80)
Personnel Board	239,100	215,800	(23,300)	(9.74)
Revenue, Department of	45,211,400	51,646,100	6,434,700	14.23
Department of State-Secretary of State	5,698,000	1,861,400	(3,836,600)	(67.33)
Tax Appeals, Board of	677,400	645,500	(31,900)	(4.71)
Tourism, Office of	3,481,100	3,344,500	(136,600)	(3.92)
Treasurer, State	6,305,900	3,383,200	(2,922,700)	(46.35)
Uniform State Laws, Commission of	17,400	22,900	5,500	31.61
Subtotal-General Government	<u>218,327,100</u>	<u>215,238,100</u>	<u>(3,089,000)</u>	(1.41)
<b>HEALTH &amp; WELFARE</b>				
AHCCCS	395,837,700	363,579,300	(32,258,400)	(8.15)
Economic Security, Department of	349,199,200	356,529,500	7,330,300	2.10
Environmental Quality, Department of	10,464,400	10,775,200	310,800	2.97
Health Services, Department of	174,023,400	180,384,000	6,360,600	3.66
Hearing Impaired, Council for the	204,900	202,000	(2,900)	(1.42)
Indian Affairs, Commission of	164,100	159,000	(5,100)	(3.11)
Pioneers' Home	2,897,100	2,637,500	(259,600)	(8.96)

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
Rangers' Pensions	8,800	8,800	0	0.00
Veterans' Services Commission	826,000	748,800	(77,200)	(9.35)
Subtotal-Health & Welfare	<u>933,625,600</u>	<u>915,024,100</u>	<u>(18,601,500)</u>	<u>(1.99)</u>
<b>INSPECTION &amp; REGULATION</b>				
Agricultural Employment Relations Bd.	190,100	174,700	(15,400)	(8.10)
Agriculture, Department of	10,049,300	9,956,000	(93,300)	(0.93)
Banking Department	3,862,600	3,658,500	(204,100)	(5.28)
Building and Fire Safety, Department of	2,938,700	2,827,400	(111,300)	(3.79)
Contractors, Registrar of	3,888,800	3,803,200	(85,600)	(2.20)
Corporation Commission	4,868,700	4,505,800	(362,900)	(7.45)
Insurance, Department of	3,065,500	3,074,400	8,900	0.29
Liquor Licenses, Department of	2,076,100	1,985,700	(90,400)	(4.35)
Mine Inspector	537,300	558,500	21,200	3.95
Occupational Safety & Health Review Bd.	11,800	9,100	(2,700)	(22.88)
Racing, Department of	2,505,200	2,032,700	(472,500)	(18.86)
Radiation Regulatory Agency	1,162,400	0	(1,162,400)	(100.00)
Real Estate Department	2,892,600	2,841,700	(50,900)	(1.76)
Weights & Measures, Department of	1,961,600	2,205,700	244,100	12.44
Boxing Commission	54,800	0	(54,800)	(100.00)
Nursing Care Institution Administrators Bd.	7,000	0	(7,000)	(100.00)
Occupational Therapy Exam., Board of	25,000	0	(25,000)	(100.00)
Respiratory Care Examiners, Board of	0	50,000	50,000	--
Subtotal-Inspection & Regulation	<u>40,097,500</u>	<u>37,683,400</u>	<u>(2,414,100)</u>	<u>(6.02)</u>
<b>EDUCATION</b>				
Arts, Commission on the	1,559,300	1,357,800	(201,500)	(12.92)
Community Colleges, Board of Directors for	84,517,300	82,725,200	(1,792,100)	(2.12)
Deaf & Blind, School for the	13,159,500	13,354,200	194,700	1.48
Education, Department of	1,236,747,800	1,282,026,600	45,278,800	3.66
Historical Society, Arizona	3,186,000	3,321,300	135,300	4.25
Historical Society, Prescott	522,600	515,200	(7,400)	(1.42)
Medical Student Loans, Board of	3,000	3,000	0	0.00
Regents, Board of	6,704,300	6,198,900	(505,400)	(7.54)
A.S.U. - Main Campus	187,581,000	179,912,300	(7,668,700)	(4.09)
A.S.U. - West	25,315,400	27,311,700	1,996,300	7.89
Northern Arizona University	70,082,200	71,291,700	1,209,500	1.73



<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
U of A - Main Campus	203,052,500	198,560,400	(4,492,100)	(2.21)
U of A - College of Medicine	45,533,300	45,226,200	(307,100)	(0.67)
Subtotal-Education	<u>1,877,964,200</u>	<u>1,911,804,500</u>	<u>33,840,300</u>	1.80
<b>PROTECTION &amp; SAFETY</b>				
Corrections, Department of	249,941,900	250,241,900	300,000	0.12
Juvenile Corrections, Department of	34,240,100	30,954,200	(3,285,900)	(9.60)
Criminal Justice Commission, Arizona	971,300	0	(971,300)	(100.00)
Emergency & Military Affairs, Dept. of	4,136,000	4,039,400	(96,600)	(2.34)
Pardons and Paroles, Board of	1,880,300	1,989,400	109,100	5.80
Public Safety, Department of	71,487,000	54,032,300	(17,454,700)	(24.42)
Subtotal-Protection & Safety	<u>362,656,600</u>	<u>341,257,200</u>	<u>(21,399,400)</u>	(5.90)
<b>TRANSPORTATION</b>				
Transportation, Department of	76,200	66,900	(9,300)	(12.20)
Subtotal-Transportation	<u>76,200</u>	<u>66,900</u>	<u>(9,300)</u>	(12.20)
<b>NATURAL RESOURCES</b>				
Environment, Commission on the Arizona	117,900	0	(117,900)	(100.00)
Geological Survey, Arizona	565,400	619,500	54,100	9.57
Land Department	8,271,000	7,923,400	(347,600)	(4.20)
Mines & Mineral Resources, Dept. of	350,200	0	(350,200)	(100.00)
Oil and Gas Conservation Commission	177,300	0	(177,300)	(100.00)
Parks Board	6,533,100	6,379,100	(154,000)	(2.36)
Water Resources, Department of	11,477,700	11,176,000	(301,700)	(2.63)
Subtotal-Natural Resources	<u>27,492,600</u>	<u>26,098,000</u>	<u>(1,394,600)</u>	(5.07)
<b>GENERAL FUND TOTAL</b>	<u>3,460,239,800</u>	<u>3,447,172,200</u>	<u>(13,067,600)</u>	(0.38)

AGENCY DETAIL  
 JLBC STAFF RECOMMENDATIONS  
 FY 1992 VS FY 1991  
 OTHER FUNDS

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
<b>GENERAL GOVERNMENT</b>				
Administration, Department of	358,700	5,061,600	4,702,900	1,311.10
Coliseum & Exposition Center	11,751,100	11,386,400	(364,700)	(3.10)
Commerce, Department of	1,448,900	1,473,900	25,000	1.73
Lottery, Arizona	41,288,400	42,093,000	804,600	1.95
Retirement System	3,576,900	3,003,000	(573,900)	(16.04)
Tourism, Office of	2,000,000	2,080,000	80,000	4.00
Subtotal-General Government	<u>60,424,000</u>	<u>65,097,900</u>	<u>4,673,900</u>	7.74
<b>HEALTH &amp; WELFARE</b>				
Economic Security, Department of	650,100	627,100	(23,000)	(3.54)
Environmental Quality, Department of	0	310,900	310,900	--
Health Services, Department of	2,525,100	3,039,400	514,300	20.37
Veterans' Services Commission	348,200	349,500	1,300	0.37
Subtotal-Health & Welfare	<u>3,523,400</u>	<u>4,326,900</u>	<u>803,500</u>	22.80
<b>INSPECTION &amp; REGULATION</b>				
Agriculture, Department of	1,631,000	1,767,900	136,900	8.39
Corporation Commission	5,799,100	6,000,200	201,100	3.47
Industrial Commission	12,150,300	11,651,300	(499,000)	(4.11)
Racing, Department of	350,700	325,200	(25,500)	(7.27)
Radiation Regulatory Agency	93,500	0	(93,500)	(100.00)
Residential Utility Consumer Office	1,029,600	978,100	(51,500)	(5.00)
Weights & Measures, Department of	382,800	200,000	(182,800)	(47.75)
Accountancy, Board of	664,600	733,000	68,400	10.29
Appraisals, State Board of	175,000	238,300	63,300	36.17
Barber Examiners, Board of	138,000	133,400	(4,600)	(3.33)
Behavioral Health Examiners, Board of	135,800	178,900	43,100	31.74
Boxing Commission	7,100	0	(7,100)	(100.00)
Chiropractic Examiners, Board of	219,700	205,700	(14,000)	(6.37)
Cosmetology, Board of	550,200	532,100	(18,100)	(3.29)
Dental Examiners, Board of	408,400	393,300	(15,100)	(3.70)

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
Funeral Directors & Embalmers, Bd. of	155,800	153,400	(2,400)	(1.54)
Homeopathic Medical Examiners Board	15,100	17,500	2,400	15.89
Medical Examiners, Board of	2,294,700	2,212,700	(82,000)	(3.57)
Naturopathic Physicians Exam. Board	27,000	26,000	(1,000)	(3.70)
Nursing, Board of	1,055,200	1,049,300	(5,900)	(0.56)
Nursing Care Institution Administrators Bd.	63,400	61,300	(2,100)	(3.31)
Occupational Therapy Exam., Board of	0	34,700	34,700	--
Opticians Board, Dispensing	51,100	52,100	1,000	1.96
Optometry, Board of	99,900	97,600	(2,300)	(2.30)
Osteopathic Examiners, Board of	257,800	245,700	(12,100)	(4.69)
Pharmacy, Board of	633,100	602,500	(30,600)	(4.83)
Physical Therapy Examiners Board	65,400	63,700	(1,700)	(2.60)
Podiatry Examiners, Board of	38,800	42,900	4,100	10.57
Private Postsecondary Educ., Board of	133,400	144,100	10,700	8.02
Psychologist Examiners, Board of	123,700	113,200	(10,500)	(8.49)
Respiratory Care Examiners, Board of	0	74,800	74,800	--
Structural Pest Control Commission	1,108,000	1,021,100	(86,900)	(7.84)
Technical Registration, Board of	783,300	782,000	(1,300)	(0.17)
Veterinary Medical Examining Board	157,000	147,500	(9,500)	(6.05)
Subtotal-Inspection & Regulation	<u>30,798,500</u>	<u>30,279,500</u>	<u>(519,000)</u>	(1.69)
<b>EDUCATION</b>				
A.S.U. - Main Campus	58,501,600	63,741,000	5,239,400	8.96
A.S.U. - West	3,500,900	4,016,500	515,600	14.73
Northern Arizona University	19,388,900	20,411,800	1,022,900	5.28
U of A - Main Campus	62,652,700	64,802,900	2,150,200	3.43
U of A - College of Medicine	2,557,700	2,403,600	(154,100)	(6.02)
Subtotal-Education	<u>146,601,800</u>	<u>155,375,800</u>	<u>8,774,000</u>	5.98
<b>PROTECTION &amp; SAFETY</b>				
Corrections, Department of	207,000	3,450,000	3,243,000	1,566.67
Juvenile Corrections, Department of	0	2,903,000	2,903,000	--
Criminal Justice Commission, Arizona	334,700	468,200	133,500	39.89
Public Safety, Department of	18,553,300	33,458,800	14,905,500	80.34
Subtotal-Protection & Safety	<u>19,095,000</u>	<u>40,280,000</u>	<u>21,185,000</u>	110.95

<u>AGENCY</u>	FY 1991 ADJUSTED <u>APPROPRIATIONS</u>	FY 1992 JLBC STAFF <u>RECOMMENDATION</u>	FY 1991-1992 INCREASE/ <u>DECREASE</u>	FY 1991-1992 PERCENT <u>CHANGE</u>
<b>TRANSPORTATION</b>				
Transportation, Department of	184,197,400	187,563,500	3,366,100	1.83
Subtotal-Transportation	<u>184,197,400</u>	<u>187,563,500</u>	<u>3,366,100</u>	1.83
<b>NATURAL RESOURCES</b>				
Game and Fish Department	16,240,500	15,849,800	(390,700)	(2.41)
Parks Board	12,774,600	600,000	(12,174,600)	(95.30)
Subtotal-Natural Resources	<u>29,015,100</u>	<u>16,449,800</u>	<u>(12,565,300)</u>	(43.31)
<b>OTHER FUNDS TOTAL</b>	<u>473,655,200</u>	<u>499,373,400</u>	<u>25,718,200</u>	5.43

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
<b>TRANSPORTATION</b>				
Transportation, Department of	184,197,400	187,563,500	3,366,100	1.83
Subtotal-Transportation	<u>184,197,400</u>	<u>187,563,500</u>	<u>3,366,100</u>	1.83
<b>NATURAL RESOURCES</b>				
Game and Fish Department	16,240,500	15,849,800	(390,700)	(2.41)
Parks Board	12,774,600	600,000	(12,174,600)	(95.30)
Subtotal-Natural Resources	<u>29,015,100</u>	<u>16,449,800</u>	<u>(12,565,300)</u>	(43.31)
<b>OTHER FUNDS TOTAL</b>	<u>473,655,200</u>	<u>499,373,400</u>	<u>25,718,200</u>	5.43

AGENCY DETAIL  
 JLBC STAFF RECOMMENDATIONS  
 FY 1992 VS FY 1991  
 TOTAL FUNDS

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
<b>GENERAL GOVERNMENT</b>				
Administration, Department of	31,493,900	32,148,200	654,300	2.08
Attorney General-Department of Law	18,368,900	17,344,300	(1,024,600)	(5.58)
Coliseum & Exposition Center	11,751,100	11,386,400	(364,700)	(3.10)
Commerce, Department of	5,671,400	5,257,500	(413,900)	(7.30)
Supreme Court	7,968,300	10,493,300	2,525,000	31.69
Court of Appeals	7,952,600	7,787,500	(165,100)	(2.08)
Superior Court	53,497,200	54,375,000	877,800	1.64
Judicial Conduct, Commission on	113,000	104,900	(8,100)	(7.17)
Appellate & Trial Court Apt, Comm. on	4,000	3,500	(500)	(12.50)
Governor, Office of the	3,334,100	3,269,100	(65,000)	(1.95)
Strategic Plng & Budgeting, Gov's Ofc. of	1,133,200	1,177,900	44,700	3.94
Affirmative Action, Governor's Office of	231,500	227,900	(3,600)	(1.56)
Law Enforcement Merit System Council	42,200	0	(42,200)	(100.00)
Legislature	28,694,100	28,465,100	(229,000)	(0.80)
Lottery, Arizona	41,288,400	42,093,000	804,600	1.95
Personnel Board	239,100	215,800	(23,300)	(9.74)
Retirement System	3,576,900	3,003,000	(573,900)	(16.04)
Revenue, Department of	45,211,400	51,646,100	6,434,700	14.23
Department of State-Secretary of State	5,698,000	1,861,400	(3,836,600)	(67.33)
Tax Appeals, Board of	677,400	645,500	(31,900)	(4.71)
Tourism, Office of	5,481,100	5,424,500	(56,600)	(1.03)
Treasurer, State	6,305,900	3,383,200	(2,922,700)	(46.35)
Uniform State Laws, Commission of	17,400	22,900	5,500	31.61
Subtotal-General Government	<u>278,751,100</u>	<u>280,336,000</u>	<u>1,584,900</u>	0.57
<b>HEALTH &amp; WELFARE</b>				
AHCCCS	395,837,700	363,579,300	(32,258,400)	(8.15)
Economic Security, Department of	349,849,300	357,156,600	7,307,300	2.09
Environmental Quality, Department of	10,464,400	11,086,100	621,700	5.94
Health Services, Department of	176,548,500	183,423,400	6,874,900	3.89

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
Hearing Impaired, Council for the	204,900	202,000	(2,900)	(1.42)
Indian Affairs, Commission of	164,100	159,000	(5,100)	(3.11)
Pioneers' Home	2,897,100	2,637,500	(259,600)	(8.96)
Rangers' Pensions	8,800	8,800	0	0.00
Veterans' Services Commission	1,174,200	1,098,300	(75,900)	(6.46)
Subtotal-Health & Welfare	<u>937,149,000</u>	<u>919,351,000</u>	<u>(17,798,000)</u>	<u>(1.90)</u>
<b>INSPECTION &amp; REGULATION</b>				
Agricultural Employment Relations Bd.	190,100	174,700	(15,400)	(8.10)
Agriculture, Department of	11,680,300	11,723,900	43,600	0.37
Banking Department	3,862,600	3,658,500	(204,100)	(5.28)
Building and Fire Safety, Department of	2,938,700	2,827,400	(111,300)	(3.79)
Contractors, Registrar of	3,888,800	3,803,200	(85,600)	(2.20)
Corporation Commission	10,667,800	10,506,000	(161,800)	(1.52)
Industrial Commission	12,150,300	11,651,300	(499,000)	(4.11)
Insurance, Department of	3,065,500	3,074,400	8,900	0.29
Liquor Licenses, Department of	2,076,100	1,985,700	(90,400)	(4.35)
Mine Inspector	537,300	558,500	21,200	3.95
Occupational Safety & Health Review Bd.	11,800	9,100	(2,700)	(22.88)
Racing, Department of	2,855,900	2,357,900	(498,000)	(17.44)
Radiation Regulatory Agency	1,255,900	0	(1,255,900)	(100.00)
Real Estate Department	2,892,600	2,841,700	(50,900)	(1.76)
Residential Utility Consumer Office	1,029,600	978,100	(51,500)	(5.00)
Weights & Measures, Department of	2,344,400	2,405,700	61,300	2.61
Accountancy, Board of	664,600	733,000	68,400	10.29
Appraisals, State Board of	175,000	238,300	63,300	36.17
Barber Examiners, Board of	138,000	133,400	(4,600)	(3.33)
Behavioral Health Examiners, Board of	135,800	178,900	43,100	31.74
Boxing Commission	61,900	0	(61,900)	(100.00)
Chiropractic Examiners, Board of	219,700	205,700	(14,000)	(6.37)
Cosmetology, Board of	550,200	532,100	(18,100)	(3.29)
Dental Examiners, Board of	408,400	393,300	(15,100)	(3.70)
Funeral Directors & Embalmers, Bd. of	155,800	153,400	(2,400)	(1.54)
Homeopathic Medical Examiners Board	15,100	17,500	2,400	15.89
Medical Examiners, Board of	2,294,700	2,212,700	(82,000)	(3.57)
Naturopathic Physicians Exam. Board	27,000	26,000	(1,000)	(3.70)
Nursing, Board of	1,055,200	1,049,300	(5,900)	(0.56)

<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
Nursing Care Institution Administrators Bd.	70,400	61,300	(9,100)	(12.93)
Occupational Therapy Exam., Board of	25,000	34,700	9,700	38.80
Opticians Board, Dispensing	51,100	52,100	1,000	1.96
Optometry, Board of	99,900	97,600	(2,300)	(2.30)
Osteopathic Examiners, Board of	257,800	245,700	(12,100)	(4.69)
Pharmacy, Board of	633,100	602,500	(30,600)	(4.83)
Physical Therapy Examiners Board	65,400	63,700	(1,700)	(2.60)
Podiatry Examiners, Board of	38,800	42,900	4,100	10.57
Private Postsecondary Educ., Board of	133,400	144,100	10,700	8.02
Psychologist Examiners, Board of	123,700	113,200	(10,500)	(8.49)
Respiratory Care Examiners, Board of	0	124,800	124,800	--
Structural Pest Control Commission	1,108,000	1,021,100	(86,900)	(7.84)
Technical Registration, Board of	783,300	782,000	(1,300)	(0.17)
Veterinary Medical Examining Board	157,000	147,500	(9,500)	(6.05)
Subtotal-Inspection & Regulation	<u>70,896,000</u>	<u>67,962,900</u>	<u>(2,933,100)</u>	<u>(4.14)</u>
<b>EDUCATION</b>				
Arts, Commission on the	1,559,300	1,357,800	(201,500)	(12.92)
Community Colleges, Board of Directors for	84,517,300	82,725,200	(1,792,100)	(2.12)
Deaf & Blind, School for the	13,159,500	13,354,200	194,700	1.48
Education, Department of	1,236,747,800	1,282,026,600	45,278,800	3.66
Historical Society, Arizona	3,186,000	3,321,300	135,300	4.25
Historical Society, Prescott	522,600	515,200	(7,400)	(1.42)
Medical Student Loans, Board of	3,000	3,000	0	0.00
Regents, Board of	6,704,300	6,198,900	(505,400)	(7.54)
A.S.U. - Main Campus	246,082,600	243,653,300	(2,429,300)	(0.99)
A.S.U. - West	28,816,300	31,328,200	2,511,900	8.72
Northern Arizona University	89,471,100	91,703,500	2,232,400	2.50
U of A - Main Campus	265,705,200	263,363,300	(2,341,900)	(0.88)
U of A - College of Medicine	48,091,000	47,629,800	(461,200)	(0.96)
Subtotal-Education	<u>2,024,566,000</u>	<u>2,067,180,300</u>	<u>42,614,300</u>	<u>2.10</u>
<b>PROTECTION &amp; SAFETY</b>				
Corrections, Department of	250,148,900	253,691,900	3,543,000	1.42
Juvenile Corrections, Department of	34,240,100	33,857,200	(382,900)	(1.12)
Criminal Justice Commission, Arizona	1,306,000	468,200	(837,800)	(64.15)
Emergency & Military Affairs, Dept. of	4,136,000	4,039,400	(96,600)	(2.34)



<u>AGENCY</u>	<u>FY 1991 ADJUSTED APPROPRIATIONS</u>	<u>FY 1992 JLBC STAFF RECOMMENDATION</u>	<u>FY 1991-1992 INCREASE/ DECREASE</u>	<u>FY 1991-1992 PERCENT CHANGE</u>
Pardons and Paroles, Board of	1,880,300	1,989,400	109,100	5.80
Public Safety, Department of	90,040,300	87,491,100	(2,549,200)	(2.83)
Subtotal-Protection & Safety	<u>381,751,600</u>	<u>381,537,200</u>	<u>(214,400)</u>	(0.06)
<b>TRANSPORTATION</b>				
Transportation, Department of	184,273,600	187,630,400	3,356,800	1.82
Subtotal-Transportation	<u>184,273,600</u>	<u>187,630,400</u>	<u>3,356,800</u>	1.82
<b>NATURAL RESOURCES</b>				
Environment, Commission on the Arizona	117,900	0	(117,900)	(100.00)
Game and Fish Department	16,240,500	15,849,800	(390,700)	(2.41)
Geological Survey, Arizona	565,400	619,500	54,100	9.57
Land Department	8,271,000	7,923,400	(347,600)	(4.20)
Mines & Mineral Resources, Dept. of	350,200	0	(350,200)	(100.00)
Oil and Gas Conservation Commission	177,300	0	(177,300)	(100.00)
Parks Board	19,307,700	6,979,100	(12,328,600)	(63.85)
Water Resources, Department of	11,477,700	11,176,000	(301,700)	(2.63)
Subtotal-Natural Resources	<u>56,507,700</u>	<u>42,547,800</u>	<u>(13,959,900)</u>	(24.70)
<b>TOTAL</b>	<u>3,933,895,000</u>	<u>3,946,545,600</u>	<u>12,650,600</u>	0.32

**AGENCY BUDGET COMPARISON SUMMARY**

**SECTION G**

AGENCY BUDGET COMPARISON SUMMARY  
GENERAL FUND

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>General Government</b>						
DEPT. OF ADMINISTRATION	26,947,500	31,135,200	36,692,900	27,086,600	28,247,800	-1,161,200
ATTORNEY GENERAL	17,620,900	18,368,900	19,489,100	17,344,300	18,559,500	-1,215,200
COLISEUM/EXPOSITION CNTR	0	0	0	0	0	0
DEPARTMENT OF COMMERCE	3,248,700	4,222,500	4,876,500	3,783,600	4,600,000	-816,400
SUPREME COURT	5,242,700	7,968,300	13,608,900	10,493,300	7,968,300	2,525,000
COURT OF APPEALS	6,625,500	7,952,600	9,386,600	7,787,500	7,952,600	-165,100
SUPERIOR COURT	45,885,800	53,497,200	60,593,200	54,375,000	53,497,200	877,800
COMM. ON JUDICIAL CONDUCT	87,200	113,000	140,000	104,900	113,000	-8,100
COMM ON APP & TRL CRT APT	2,500	4,000	4,000	3,500	4,000	-500
OFFICE OF THE GOVERNOR	3,232,400	3,334,100	3,334,100	3,269,100	3,264,100	5,000
GOV OFF OF STR. PLN & BUD	0	1,133,200	1,142,700	1,177,900	1,971,200	-793,300
OFFICE/AFFIRMATIVE ACTION	218,600	231,500	301,500	227,900	238,400	-10,500
LAW ENF MERIT SYS CNCL	39,000	42,200	51,800	0	43,100	-43,100
LEGISLATURE	27,017,300	28,694,100	29,158,600	28,465,100	28,521,900	-56,800
AZ. LOTTERY	0	0	0	0	0	0
PERSONNEL BOARD	217,100	239,100	319,900	215,800	254,400	-38,600
STATE RETIREMENT SYSTEM	0	0	0	0	0	0
DEPARTMENT OF REVENUE	42,501,100	45,211,400	47,768,800	51,646,100	52,850,700	-1,204,600
DEPT OF ST-SECY OF STATE	1,797,000	5,698,000	2,024,000	1,861,400	1,937,600	-76,200
ST. BOARD OF TAX APPEALS	432,500	677,400	745,500	645,500	691,700	-46,200
OFFICE OF TOURISM	3,403,000	3,481,100	4,239,500	3,344,500	3,172,500	172,000
STATE TREASURER	8,815,100	6,305,900	3,991,000	3,383,200	3,405,800	-22,600
AZ COMM ON UNFRM ST LAWS	18,900	17,400	24,500	22,900	23,200	-300
<b>Subtotal-General Government</b>	<b>193,352,800</b>	<b>218,327,100</b>	<b>237,893,100</b>	<b>215,238,100</b>	<b>217,317,000</b>	<b>-2,078,900</b>
<b>Health &amp; Welfare</b>						
AHCCCS	267,219,900	395,837,700	459,939,400	363,579,300	370,691,100	-7,111,800
DEPT OF ECONOMIC SECURITY	275,581,600	349,199,200	458,408,500	356,529,500	371,566,200	-15,036,700
DEPT OF ENVIRON QUALITY	15,876,100	10,464,400	13,459,400	10,775,200	11,097,100	-321,900
DEPT OF HEALTH SERVICES	131,564,700	174,023,400	217,409,300	180,384,000	183,592,600	-3,208,600
AZ CNCL FOR HEARING IMPRD	199,800	204,900	208,400	202,000	207,400	-5,400
AZ COMM OF INDIAN AFFAIRS	152,700	164,100	181,800	159,000	166,600	-7,600
PIONEERS' HOME	2,883,900	2,897,100	3,061,800	2,637,500	2,775,000	-137,500
ARIZONA RANGERS' PENSIONS	8,400	8,800	9,200	8,800	9,200	-400

AGENCY BUDGET COMPARISON SUMMARY  
GENERAL FUND

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
Health & Welfare						
VETERANS' SERVICE COMM	690,700	826,000	980,700	748,800	818,600	-69,800
Subtotal-Health & Welfare	694,177,800	933,625,600	1,153,658,500	915,024,100	940,923,800	-25,899,700
Inspection & Regulation						
AG EMPL RELATIONS BD	146,700	190,100	186,500	174,700	186,100	-11,400
DEPARTMENT OF AGRICULTURE	0	10,049,300	12,249,400	9,956,000	10,899,200	-943,200
COMMISSION OF AGR & HORT	5,254,700	0	0	0	0	0
BANKING DEPARTMENT	3,205,300	3,862,600	4,234,500	3,658,500	3,718,500	-60,000
BUILDING AND FIRE SAFETY	2,760,600	2,938,700	3,308,400	2,827,400	3,000,000	-172,600
REGISTRAR OF CONTRACTORS	3,901,300	3,888,800	4,259,100	3,803,200	4,005,500	-202,300
CORPORATION COMMISSION	4,705,000	4,868,700	5,920,000	4,505,800	5,032,400	-526,600
DAIRY COMMISSIONER	504,700	0	0	0	0	0
INDUSTRIAL COMMISSION	0	0	0	0	0	0
DEPT. OF INSURANCE	2,635,700	3,065,500	3,354,300	3,074,400	3,250,200	-175,800
DEPT OF LIQUOR LICENSES	2,019,000	2,076,100	2,282,100	1,985,700	2,076,100	-90,400
ARIZONA LIVESTOCK BOARD	3,703,700	0	0	0	0	0
STATE MINE INSPECTOR	577,800	537,300	988,400	558,500	620,700	-62,200
OCCUP SFTY & HLTH REV BD	7,000	11,800	11,000	9,100	8,600	500
DEPARTMENT OF RACING	1,988,900	2,505,200	2,755,700	2,032,700	2,414,200	-381,500
RADIATION REGULATORY AGCY	1,261,000	1,162,400	1,275,100	0	1,139,500	-1,139,500
REAL ESTATE DEPARTMENT	2,606,400	2,892,600	3,115,100	2,841,700	2,892,600	-50,900
RES UTILITY CONSUMER OFC	0	0	0	0	0	0
DEPT OF WEIGHT/MEASURES	2,015,600	1,961,600	2,688,400	2,205,700	1,983,100	222,600
BOARD OF ACCOUNTANCY	0	0	0	0	0	0
BOARD OF APPRAISALS	0	0	0	0	0	0
BARBER EXAMINERS BOARD	0	0	0	0	0	0
BEHAVIOR HEALTH EXAMINERS	0	0	0	0	0	0
BOXING COMMISSION	50,500	54,800	58,100	0	56,100	-56,100
CHIROPRACTIC EXAMINERS BD	0	0	0	0	0	0
BOARD OF COSMETOLOGY	0	0	0	0	0	0
BOARD OF DENTAL EXAMINERS	0	0	0	0	0	0
EGG INSPECTION BOARD	0	0	0	0	0	0
FUNERAL DIR. & EMBALM BD	0	0	0	0	0	0
HOMEOPATHIC MED EXAM BD	0	0	0	0	0	0
BOARD OF MEDICAL EXAM	0	0	0	0	0	0
NATUROPATHIC PHYS EXAM BD	0	0	0	0	0	0
BOARD OF NURSING	0	0	0	0	0	0
NURS CARE INST ADMIN BD	16,500	7,000	21,200	0	0	0
OCCUPATIONAL THERAPY BD	0	25,000	0	0	0	0

**AGENCY BUDGET COMPARISON SUMMARY  
GENERAL FUND**

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>Inspection &amp; Regulation</b>						
DISPENSING OPTICIANS BD	0	0	0	0	0	0
BOARD OF OPTOMETRY	0	0	0	0	0	0
OSTEOPATHIC EXAMINERS BD	0	0	0	0	0	0
BOARD OF PHARMACY	0	0	0	0	0	0
PHYSICAL THERAPY EXAM BD	0	0	0	0	0	0
PODIATRY EXAMINERS BOARD	0	0	0	0	0	0
BD OF PRIV POSTSECOND ED	0	0	0	0	0	0
PSYCHOLOGIST EXAMINERS BD	0	0	0	0	0	0
BOARD OF RESPTRY CARE EXM	0	0	50,000	50,000	50,000	0
STRUCT. PEST CONTROL COMM	0	0	0	0	0	0
BD OF TECH REGISTRATION	0	0	0	0	0	0
VETERINARY MED EXAM BD	0	0	0	0	0	0
<b>Subtotal-Inspection &amp; Regulation</b>	<b>37,360,400</b>	<b>40,097,500</b>	<b>46,757,300</b>	<b>37,683,400</b>	<b>41,332,800</b>	<b>-3,649,400</b>
<b>Education</b>						
AZ COMMISSION ON THE ARTS	1,570,400	1,559,300	2,500,000	1,357,800	1,578,100	-220,300
BD OF DIR FOR COMM COLL	66,993,100	84,517,300	132,721,400	82,725,200	77,050,000	5,675,200
SCH FOR THE DEAF & BLIND	11,762,700	13,159,500	16,334,000	13,354,200	13,568,300	-214,100
DEPARTMENT OF EDUCATION	1,147,271,100	1,236,747,800	1,467,303,000	1,282,026,600	1,293,563,700	-11,537,100
AZ HISTORICAL SOCIETY	1,956,700	3,186,000	5,059,500	3,321,300	3,188,900	132,400
PRESCOTT HIST SOCIETY	513,900	522,600	590,900	515,200	562,600	-47,400
MED STUDENT LOANS BOARD	5,000	3,000	5,000	3,000	0	3,000
BOARD OF REGENTS	6,536,500	6,704,300	7,104,800	6,198,900	6,887,500	-688,600
A.S.U. - MAIN CAMPUS	174,620,300	187,581,000	232,711,200	179,912,300	187,021,900	-7,109,600
A.S.U. - WEST	14,281,900	25,315,400	39,860,800	27,311,700	26,264,000	1,047,700
NORTHERN AZ UNIVERSITY	62,646,900	70,082,200	91,546,500	71,291,700	74,396,300	-3,104,600
U. OF A. - MAIN CAMPUS	187,818,900	203,052,500	258,046,800	198,560,400	204,264,200	-5,703,800
U. OF A. - COLL OF MED	42,859,400	45,533,300	53,431,200	45,226,200	45,991,600	-765,400
<b>Subtotal-Education</b>	<b>1,718,836,800</b>	<b>1,877,964,200</b>	<b>2,307,215,100</b>	<b>1,911,804,500</b>	<b>1,934,337,100</b>	<b>-22,532,600</b>
<b>Protection &amp; Safety</b>						
DEPARTMENT OF CORRECTIONS	221,619,200	249,941,900	295,706,800	250,241,900	260,939,300	-10,697,400
JUVENILE CORRECTIONS DEPT	28,988,800	34,240,100	42,906,700	30,954,200	34,326,800	-3,372,600
AZ CRIMINAL JUSTICE COMM	900,000	971,300	3,797,000	0	0	0
DEPT OF EMER & MIL AFFRS	3,852,800	4,136,000	4,548,300	4,039,400	4,151,900	-112,500

**AGENCY BUDGET COMPARISON SUMMARY  
GENERAL FUND**

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>Protection &amp; Safety</b>						
BD OF PARDONS AND PAROLES	1,529,300	1,880,300	2,119,800	1,989,400	2,021,400	-32,000
DEPT OF PUBLIC SAFETY	83,551,700	71,487,000	81,203,400	54,032,300	67,487,000	-13,454,700
Subtotal-Protection & Safety	340,441,800	362,656,600	430,282,000	341,257,200	368,926,400	-27,669,200
<b>Transportation</b>						
DEPT OF TRANSPORTATION	76,800	76,200	165,600	66,900	73,600	-6,700
Subtotal-Transportation	76,800	76,200	165,600	66,900	73,600	-6,700
<b>Natural Resources</b>						
COMM ON AZ ENVIRONMENT	106,800	117,900	116,300	0	113,200	-113,200
GAME AND FISH DEPARTMENT	0	0	1,182,700	0	0	0
ARIZONA GEOLOGICAL SURVEY	530,100	565,400	621,900	619,500	571,100	48,400
STATE LAND DEPARTMENT	8,028,500	8,271,000	9,406,000	7,923,400	8,419,000	-495,600
DEPT OF MINERAL RESOURCES	347,800	350,200	472,800	0	364,300	-364,300
OIL AND GAS CONSERVATION	183,800	177,300	204,300	0	179,200	-179,200
STATE PARKS BOARD	5,718,200	6,533,100	8,210,700	6,379,100	6,824,600	-445,500
DEPT OF WATER RESOURCES	11,282,800	11,477,700	12,625,400	11,176,000	12,037,400	-861,400
Subtotal-Natural Resources	26,198,000	27,492,600	32,840,100	26,098,000	28,508,800	-2,410,800
<b>GENERAL FUND TOTAL</b>	<b>---- 3,010,444,400</b>	<b>3,460,239,800</b>	<b>4,208,811,700</b>	<b>3,447,172,200</b>	<b>3,531,419,500</b>	<b>-84,247,300</b>

AGENCY BUDGET COMPARISON SUMMARY  
OTHER FUNDS

FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC	
<b>General Government</b>						
DEPT. OF ADMINISTRATION	319,600	358,700	379,000	5,061,600	379,000	4,682,600
ATTORNEY GENERAL	0	0	0	0	0	0
COLISEUM/EXPOSITION CNTR	11,241,300	11,751,100	11,952,600	11,386,400	11,952,500	-566,100
DEPARTMENT OF COMMERCE	948,100	1,448,900	1,644,300	1,473,900	1,576,900	-103,000
SUPREME COURT	0	0	0	0	0	0
COURT OF APPEALS	0	0	0	0	0	0
SUPERIOR COURT	0	0	0	0	0	0
COMM. ON JUDICIAL CONDUCT	0	0	0	0	0	0
COMM ON APP & TRL CRT APT	0	0	0	0	0	0
OFFICE OF THE GOVERNOR	0	0	0	0	0	0
GOV OFF OF STR. PLN & BUD	0	0	0	0	0	0
OFFICE/AFFIRMATIVE ACTION	0	0	0	0	0	0
LAW ENF MERIT SYS CNCL	0	0	0	0	0	0
LEGISLATURE	0	0	0	0	0	0
AZ. LOTTERY	36,921,200	41,288,400	42,824,700	42,093,000	41,714,300	378,700
PERSONNEL BOARD	0	0	0	0	0	0
STATE RETIREMENT SYSTEM	2,777,100	3,576,900	5,422,800	3,003,000	3,096,000	-93,000
DEPARTMENT OF REVENUE	0	0	0	0	0	0
DEPT OF ST-SECY OF STATE	0	0	0	0	0	0
ST. BOARD OF TAX APPEALS	0	0	0	0	0	0
OFFICE OF TOURISM	1,954,200	2,000,000	2,000,000	2,080,000	2,753,800	-673,800
STATE TREASURER	0	0	0	0	0	0
AZ COMM ON UNFRM ST LAWS	0	0	0	0	0	0
<b>Subtotal-General Government</b>	<b>54,161,500</b>	<b>60,424,000</b>	<b>64,223,400</b>	<b>65,097,900</b>	<b>61,472,500</b>	<b>3,625,400</b>
<b>Health &amp; Welfare</b>						
AHCCCS	0	0	0	0	0	0
DEPT OF ECONOMIC SECURITY	414,600	650,100	663,600	627,100	667,700	-40,600
DEPT OF ENVIRON QUALITY	0	0	0	310,900	0	310,900
DEPT OF HEALTH SERVICES	1,867,000	2,525,100	3,118,200	3,039,400	3,024,200	15,200
AZ CNCL FOR HEARING IMPRD	0	0	0	0	0	0
AZ COMM OF INDIAN AFFAIRS	0	0	0	0	0	0
PIONEERS' HOME	0	0	0	0	0	0
ARIZONA RANGERS' PENSIONS	0	0	0	0	0	0

AGENCY BUDGET COMPARISON SUMMARY  
OTHER FUNDS

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>Health &amp; Welfare</b>						
VETERANS' SERVICE COMM	348,100	348,200	396,200	349,500	386,300	-36,800
Subtotal-Health & Welfare	2,629,700	3,523,400	4,178,000	4,326,900	4,078,200	248,700
<b>Inspection &amp; Regulation</b>						
AG EMPL RELATIONS BD	0	0	0	0	0	0
DEPARTMENT OF AGRICULTURE	0	1,631,000	1,766,800	1,767,900	1,743,900	24,000
COMMISSION OF AGR & HORT	1,168,600	0	0	0	0	0
BANKING DEPARTMENT	0	0	0	0	0	0
BUILDING AND FIRE SAFETY	0	0	0	0	0	0
REGISTRAR OF CONTRACTORS	0	0	0	0	0	0
CORPORATION COMMISSION	5,045,400	5,799,100	6,742,200	6,000,200	5,775,400	224,800
DAIRY COMMISSIONER	0	0	0	0	0	0
INDUSTRIAL COMMISSION	10,718,700	12,150,300	13,213,100	11,651,300	12,449,900	-798,600
DEPT. OF INSURANCE	0	0	0	0	0	0
DEPT OF LIQUOR LICENSES	0	0	0	0	0	0
ARIZONA LIVESTOCK BOARD	0	0	0	0	0	0
STATE MINE INSPECTOR	0	0	0	0	0	0
OCCUP SFTY & HLTH REV BD	0	0	0	0	0	0
DEPARTMENT OF RACING	254,900	350,700	392,900	325,200	364,300	-39,100
RADIATION REGULATORY AGCY	82,200	93,500	95,500	0	93,900	-93,900
REAL ESTATE DEPARTMENT	0	0	0	0	0	0
RES UTILITY CONSUMER OFC	856,200	1,029,600	1,086,800	978,100	1,020,500	-42,400
DEPT OF WEIGHT/MEASURES	0	382,800	0	200,000	375,100	-175,100
BOARD OF ACCOUNTANCY	576,500	664,600	1,035,800	733,000	694,700	38,300
BOARD OF APPRAISALS	0	175,000	309,900	238,300	223,000	15,300
BARBER EXAMINERS BOARD	122,000	138,000	145,100	133,400	140,700	-7,300
BEHAVIOR HEALTH EXAMINERS	47,800	135,800	299,700	178,900	222,800	-43,900
BOXING COMMISSION	1,400	7,100	12,800	0	7,600	-7,600
CHIROPRACTIC EXAMINERS BD	179,900	219,700	240,600	205,700	216,600	-10,900
BOARD OF COSMETOLOGY	526,200	550,200	666,800	532,100	605,200	-73,100
BOARD OF DENTAL EXAMINERS	369,300	408,400	446,200	393,300	434,200	-40,900
EGG INSPECTION BOARD	156,800	0	0	0	0	0
FUNERAL DIR. & EMBALM BD	100,200	155,800	175,800	153,400	159,600	-6,200
HOMEOPATHIC MED EXAM BD	8,200	15,100	18,400	17,500	18,300	-800
BOARD OF MEDICAL EXAM	2,049,300	2,294,700	2,437,600	2,212,700	2,373,400	-160,700
NATUROPATHIC PHYS EXAM BD	24,600	27,000	25,800	26,000	24,600	1,400
BOARD OF NURSING	932,900	1,055,200	1,204,100	1,049,300	1,056,200	-6,900
NURS CARE INST ADMIN BD	29,700	63,400	62,900	61,300	68,100	-6,800
OCCUPATIONAL THERAPY BD	0	0	51,600	34,700	34,800	-100



**AGENCY BUDGET COMPARISON SUMMARY  
OTHER FUNDS**

FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC	
<b>Inspection &amp; Regulation</b>						
DISPENSING OPTICIANS BD	47,000	51,100	62,500	52,100	55,800	-3,700
BOARD OF OPTOMETRY	80,700	99,900	100,200	97,600	101,300	-3,700
OSTEOPATHIC EXAMINERS BD	210,200	257,800	259,600	245,700	252,200	-6,500
BOARD OF PHARMACY	598,800	633,100	662,900	602,500	641,600	-39,100
PHYSICAL THERAPY EXAM BD	56,500	65,400	66,700	63,700	67,000	-3,300
PODIATRY EXAMINERS BOARD	31,300	38,800	43,500	42,900	44,000	-1,100
BD OF PRIV POSTSECOND ED	117,300	133,400	163,900	144,100	155,700	-11,600
PSYCHOLOGIST EXAMINERS BD	91,500	123,700	124,700	113,200	125,100	-11,900
BOARD OF RESPTRY CARE EXM	0	0	0	74,800	0	74,800
STRUCT. PEST CONTROL COMM	805,200	1,108,000	1,401,700	1,021,100	1,030,400	-9,300
BD OF TECH REGISTRATION	697,200	783,300	999,300	782,000	838,200	-56,200
VETERINARY MED EXAM BD	132,500	157,000	157,600	147,500	153,700	-6,200
<b>Subtotal-Inspection &amp; Regulation</b>	<b>26,119,000</b>	<b>30,798,500</b>	<b>34,473,000</b>	<b>30,279,500</b>	<b>31,567,800</b>	<b>-1,288,300</b>
<b>Education</b>						
AZ COMMISSION ON THE ARTS	0	0	0	0	0	0
BD OF DIR FOR COMM COLL	0	0	0	0	0	0
SCH FOR THE DEAF & BLIND	0	0	0	0	0	0
DEPARTMENT OF EDUCATION	0	0	0	0	0	0
AZ HISTORICAL SOCIETY	0	0	0	0	0	0
PRESCOTT HIST SOCIETY	0	0	0	0	0	0
MED STUDENT LOANS BOARD	0	0	0	0	0	0
BOARD OF REGENTS	0	0	0	0	0	0
A.S.U. - MAIN CAMPUS	52,139,800	58,501,600	59,451,500	63,741,000	61,016,400	2,724,600
A.S.U. - WEST	2,734,200	3,500,900	4,016,500	4,016,500	4,052,500	-36,000
NORTHERN AZ UNIVERSITY	17,019,700	19,388,900	17,779,800	20,411,800	19,622,800	789,000
U. OF A. - MAIN CAMPUS	60,797,900	62,652,700	56,736,900	64,802,900	63,785,000	1,017,900
U. OF A. - COLL OF MED	1,760,900	2,557,700	1,991,700	2,403,600	2,432,500	-28,900
<b>Subtotal-Education</b>	<b>134,452,500</b>	<b>146,601,800</b>	<b>139,976,400</b>	<b>155,375,800</b>	<b>150,909,200</b>	<b>4,466,600</b>
<b>Protection &amp; Safety</b>						
DEPARTMENT OF CORRECTIONS	5,063,700	207,000	0	3,450,000	7,000,000	-3,550,000
JUVENILE CORRECTIONS DEPT	0	0	0	2,903,000	0	2,903,000
AZ CRIMINAL JUSTICE COMM	297,100	334,700	597,300	468,200	484,200	-16,000
DEPT OF EMER & MIL AFFRS	0	0	0	0	0	0

AGENCY BUDGET COMPARISON SUMMARY  
OTHER FUNDS

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>Protection &amp; Safety</b>						
BD OF PARDONS AND PAROLES	0	0	0	0	0	0
DEPT OF PUBLIC SAFETY	1,822,000	18,553,300	18,353,300	33,458,800	22,008,900	11,449,900
Subtotal-Protection & Safety	7,182,800	19,095,000	18,950,600	40,280,000	29,493,100	10,786,900
<b>Transportation</b>						
DEPT OF TRANSPORTATION	169,575,500	184,197,400	203,444,800	187,563,500	192,662,400	-5,098,900
Subtotal-Transportation	169,575,500	184,197,400	203,444,800	187,563,500	192,662,400	-5,098,900
<b>Natural Resources</b>						
COMM ON AZ ENVIRONMENT	0	0	0	0	0	0
GAME AND FISH DEPARTMENT	15,309,500	16,240,500	16,896,400	15,849,800	16,775,700	-925,900
ARIZONA GEOLOGICAL SURVEY	0	0	0	0	0	0
STATE LAND DEPARTMENT	0	0	0	0	0	0
DEPT OF MINERAL RESOURCES	0	0	0	0	0	0
OIL AND GAS CONSERVATION	0	0	0	0	0	0
STATE PARKS BOARD	4,701,300	12,774,600	600,000	600,000	600,000	0
DEPT OF WATER RESOURCES	0	0	0	0	0	0
Subtotal-Natural Resources	20,010,800	29,015,100	17,496,400	16,449,800	17,375,700	-925,900
<b>OTHER FUNDS TOTAL</b>	<b>414,131,800</b>	<b>473,655,200</b>	<b>482,742,600</b>	<b>499,373,400</b>	<b>487,558,900</b>	<b>11,814,500</b>

AGENCY BUDGET COMPARISON SUMMARY  
TOTAL FUNDS

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>General Government</b>						
DEPT. OF ADMINISTRATION	27,267,100	31,493,900	37,071,900	32,148,200	28,626,800	3,521,400
ATTORNEY GENERAL	17,620,900	18,368,900	19,489,100	17,344,300	18,559,500	-1,215,200
COLISEUM/EXPOSITION CNTR	11,241,300	11,751,100	11,952,600	11,386,400	11,952,500	-566,100
DEPARTMENT OF COMMERCE	4,196,800	5,671,400	6,520,800	5,257,500	6,176,900	-919,400
SUPREME COURT	5,242,700	7,968,300	13,608,900	10,493,300	7,968,300	2,525,000
COURT OF APPEALS	6,625,500	7,952,600	9,386,600	7,787,500	7,952,600	-165,100
SUPERIOR COURT	45,885,800	53,497,200	60,593,200	54,375,000	53,497,200	877,800
COMM. ON JUDICIAL CONDUCT	87,200	113,000	140,000	104,900	113,000	-8,100
COMM ON APP & TRL CRT APT	2,500	4,000	4,000	3,500	4,000	-500
OFFICE OF THE GOVERNOR	3,232,400	3,334,100	3,334,100	3,269,100	3,264,100	5,000
GOV OFF OF STR. PLN & BUD	0	1,133,200	1,142,700	1,177,900	1,971,200	-793,300
OFFICE/AFFIRMATIVE ACTION	218,600	231,500	301,500	227,900	238,400	-10,500
LAW ENF MERIT SYS CNCL	39,000	42,200	51,800	0	43,100	-43,100
LEGISLATURE	27,017,300	28,694,100	29,158,600	28,465,100	28,521,900	-56,800
AZ. LOTTERY	36,921,200	41,288,400	42,824,700	42,093,000	41,714,300	378,700
PERSONNEL BOARD	217,100	239,100	319,900	215,800	254,400	-38,600
STATE RETIREMENT SYSTEM	2,777,100	3,576,900	5,422,800	3,003,000	3,096,000	-93,000
DEPARTMENT OF REVENUE	42,501,100	45,211,400	47,768,800	51,646,100	52,850,700	-1,204,600
DEPT OF ST-SECY OF STATE	1,797,000	5,698,000	2,024,000	1,861,400	1,937,600	-76,200
ST. BOARD OF TAX APPEALS	432,500	677,400	745,500	645,500	691,700	-46,200
OFFICE OF TOURISM	5,357,200	5,481,100	6,239,500	5,424,500	5,926,300	-501,800
STATE TREASURER	8,815,100	6,305,900	3,991,000	3,383,200	3,405,800	-22,600
AZ COMM ON UNFRM ST LAWS	18,900	17,400	24,500	22,900	23,200	-300
<b>Subtotal-General Government</b>	<b>247,514,300</b>	<b>278,751,100</b>	<b>302,116,500</b>	<b>280,336,000</b>	<b>278,789,500</b>	<b>1,546,500</b>
<b>Health &amp; Welfare</b>						
AHCCCS	267,219,900	395,837,700	459,939,400	363,579,300	370,691,100	-7,111,800
DEPT OF ECONOMIC SECURITY	275,996,200	349,849,300	459,072,100	357,156,600	372,233,900	-15,077,300
DEPT OF ENVIRON QUALITY	15,876,100	10,464,400	13,459,400	11,086,100	11,097,100	-11,000
DEPT OF HEALTH SERVICES	133,431,700	176,548,500	220,527,500	183,423,400	186,616,800	-3,193,400
AZ CNCL FOR HEARING IMPRD	199,800	204,900	208,400	202,000	207,400	-5,400
AZ COMM OF INDIAN AFFAIRS	152,700	164,100	181,800	159,000	166,600	-7,600
PIONEERS' HOME	2,883,900	2,897,100	3,061,800	2,637,500	2,775,000	-137,500
ARIZONA RANGERS' PENSIONS	8,400	8,800	9,200	8,800	9,200	-400

AGENCY BUDGET COMPARISON SUMMARY  
TOTAL FUNDS

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>Health &amp; Welfare</b>						
VETERANS' SERVICE COMM	1,038,800	1,174,200	1,376,900	1,098,300	1,204,900	-106,600
Subtotal-Health & Welfare	696,807,500	937,149,000	1,157,836,500	919,351,000	945,002,000	-25,651,000
<b>Inspection &amp; Regulation</b>						
AG EMPL RELATIONS BD	146,700	190,100	186,500	174,700	186,100	-11,400
DEPARTMENT OF AGRICULTURE	0	11,680,300	14,016,200	11,723,900	12,643,100	-919,200
COMMISSION OF AGR & HORT	6,423,300	0	0	0	0	0
BANKING DEPARTMENT	3,205,300	3,862,600	4,234,500	3,658,500	3,718,500	-60,000
BUILDING AND FIRE SAFETY	2,760,600	2,938,700	3,308,400	2,827,400	3,000,000	-172,600
REGISTRAR OF CONTRACTORS	3,901,300	3,888,800	4,259,100	3,803,200	4,005,500	-202,300
CORPORATION COMMISSION	9,750,400	10,667,800	12,662,200	10,506,000	10,807,800	-301,800
DAIRY COMMISSIONER	504,700	0	0	0	0	0
INDUSTRIAL COMMISSION	10,718,700	12,150,300	13,213,100	11,651,300	12,449,900	-798,600
DEPT. OF INSURANCE	2,635,700	3,065,500	3,354,300	3,074,400	3,250,200	-175,800
DEPT OF LIQUOR LICENSES	2,019,000	2,076,100	2,282,100	1,985,700	2,076,100	-90,400
ARIZONA LIVESTOCK BOARD	3,703,700	0	0	0	0	0
STATE MINE INSPECTOR	577,800	537,300	988,400	558,500	620,700	-62,200
OCCUP SFTY & HLTH REV BD	7,000	11,800	11,000	9,100	8,600	500
DEPARTMENT OF RACING	2,243,800	2,855,900	3,148,600	2,357,900	2,778,500	-420,600
RADIATION REGULATORY AGCY	1,343,200	1,255,900	1,370,600	0	1,233,400	-1,233,400
REAL ESTATE DEPARTMENT	2,606,400	2,892,600	3,115,100	2,841,700	2,892,600	-50,900
RES UTILITY CONSUMER OFC	856,200	1,029,600	1,086,800	978,100	1,020,500	-42,400
DEPT OF WEIGHT/MEASURES	2,015,600	2,344,400	2,688,400	2,405,700	2,358,200	47,500
BOARD OF ACCOUNTANCY	576,500	664,600	1,035,800	733,000	694,700	38,300
BOARD OF APPRAISALS	0	175,000	309,900	238,300	223,000	15,300
BARBER EXAMINERS BOARD	122,000	138,000	145,100	133,400	140,700	-7,300
BEHAVIOR HEALTH EXAMINERS	47,800	135,800	299,700	178,900	222,800	-43,900
BOXING COMMISSION	51,900	61,900	70,900	0	63,700	-63,700
CHIROPRACTIC EXAMINERS BD	179,900	219,700	240,600	205,700	216,600	-10,900
BOARD OF COSMETOLOGY	526,200	550,200	666,800	532,100	605,200	-73,100
BOARD OF DENTAL EXAMINERS	369,300	408,400	446,200	393,300	434,200	-40,900
EGG INSPECTION BOARD	156,800	0	0	0	0	0
FUNERAL DIR. & EMBALM BD	100,200	155,800	175,800	153,400	159,600	-6,200
HOMEOPATHIC MED EXAM BD	8,200	15,100	18,400	17,500	18,300	-800
BOARD OF MEDICAL EXAM	2,049,300	2,294,700	2,437,600	2,212,700	2,373,400	-160,700
NATUROPATHIC PHYS EXAM BD	24,600	27,000	25,800	26,000	24,600	1,400
BOARD OF NURSING	932,900	1,055,200	1,204,100	1,049,300	1,056,200	-6,900
NURS CARE INST ADMIN BD	46,200	70,400	84,100	61,300	68,100	-6,800
OCCUPATIONAL THERAPY BD	0	25,000	51,600	34,700	34,800	-100

**AGENCY BUDGET COMPARISON SUMMARY  
TOTAL FUNDS**

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>Inspection &amp; Regulation</b>						
DISPENSING OPTICIANS BD	47,000	51,100	62,500	52,100	55,800	-3,700
BOARD OF OPTOMETRY	80,700	99,900	100,200	97,600	101,300	-3,700
OSTEOPATHIC EXAMINERS BD	210,200	257,800	259,600	245,700	252,200	-6,500
BOARD OF PHARMACY	598,800	633,100	662,900	602,500	641,600	-39,100
PHYSICAL THERAPY EXAM BD	56,500	65,400	66,700	63,700	67,000	-3,300
PODIATRY EXAMINERS BOARD	31,300	38,800	43,500	42,900	44,000	-1,100
BD OF PRIV POSTSECOND ED	117,300	133,400	163,900	144,100	155,700	-11,600
PSYCHOLOGIST EXAMINERS BD	91,500	123,700	124,700	113,200	125,100	-11,900
BOARD OF RESPTRY CARE EXM	0	0	50,000	124,800	50,000	74,800
STRUCT. PEST CONTROL COMM	805,200	1,108,000	1,401,700	1,021,100	1,030,400	-9,300
BD OF TECH REGISTRATION	697,200	783,300	999,300	782,000	838,200	-56,200
VETERINARY MED EXAM BD	132,500	157,000	157,600	147,500	153,700	-6,200
<b>Subtotal-Inspection &amp; Regulation</b>	<b>63,479,400</b>	<b>70,896,000</b>	<b>81,230,300</b>	<b>67,962,900</b>	<b>72,900,600</b>	<b>-4,937,700</b>
<b>Education</b>						
AZ COMMISSION ON THE ARTS	1,570,400	1,559,300	2,500,000	1,357,800	1,578,100	-220,300
BD OF DIR FOR COMM COLL	66,993,100	84,517,300	132,721,400	82,725,200	77,050,000	5,675,200
SCH FOR THE DEAF & BLIND	11,762,700	13,159,500	16,334,000	13,354,200	13,568,300	-214,100
DEPARTMENT OF EDUCATION	1,147,271,100	1,236,747,800	1,467,303,000	1,282,026,600	1,293,563,700	-11,537,100
AZ HISTORICAL SOCIETY	1,956,700	3,186,000	5,059,500	3,321,300	3,188,900	132,400
PRESCOTT HIST SOCIETY	513,900	522,600	590,900	515,200	562,600	-47,400
MED STUDENT LOANS BOARD	5,000	3,000	5,000	3,000	0	3,000
BOARD OF REGENTS	6,536,500	6,704,300	7,104,800	6,198,900	6,887,500	-688,600
A.S.U. - MAIN CAMPUS	226,760,100	246,082,600	292,162,700	243,653,300	248,038,300	-4,385,000
A.S.U. - WEST	17,016,100	28,816,300	43,877,300	31,328,200	30,316,500	1,011,700
NORTHERN AZ UNIVERSITY	79,666,600	89,471,100	109,326,300	91,703,500	94,019,100	-2,315,600
U. OF A. - MAIN CAMPUS	248,616,800	265,705,200	314,783,700	263,363,300	268,049,200	-4,685,900
U. OF A. - COLL OF MED	44,620,300	48,091,000	55,422,900	47,629,800	48,424,100	-794,300
<b>Subtotal-Education</b>	<b>1,853,289,300</b>	<b>2,024,566,000</b>	<b>2,447,191,500</b>	<b>2,067,180,300</b>	<b>2,085,246,300</b>	<b>-18,066,000</b>
<b>Protection &amp; Safety</b>						
DEPARTMENT OF CORRECTIONS	226,682,900	250,148,900	295,706,800	253,691,900	267,939,300	-14,247,400
JUVENILE CORRECTIONS DEPT	28,988,800	34,240,100	42,906,700	33,857,200	34,326,800	-469,600
AZ CRIMINAL JUSTICE COMM	1,197,100	1,306,000	4,394,300	468,200	484,200	-16,000
DEPT OF EMER & MIL AFFRS	3,852,800	4,136,000	4,548,300	4,039,400	4,151,900	-112,500

**AGENCY BUDGET COMPARISON SUMMARY  
TOTAL FUNDS**

	FY 1990 ACTUAL	FY 1991 ADJUSTED APPROPRIATIONS	FY 1992 AGENCY REQUEST	FY 1992 JLBC STAFF RECOMMENDATION	FY 1992 EXECUTIVE RECOMMENDATION	\$ DIFFERENCE JLBC REC - EXEC. REC
<b>Protection &amp; Safety</b>						
BD OF PARDONS AND PAROLES	1,529,300	1,880,300	2,119,800	1,989,400	2,021,400	-32,000
DEPT OF PUBLIC SAFETY	85,373,700	90,040,300	99,556,700	87,491,100	89,495,900	-2,004,800
Subtotal-Protection & Safety	347,624,600	381,751,600	449,232,600	381,537,200	398,419,500	-16,882,300
<b>Transportation</b>						
DEPT OF TRANSPORTATION	169,652,300	184,273,600	203,610,400	187,630,400	192,736,000	-5,105,600
Subtotal-Transportation	169,652,300	184,273,600	203,610,400	187,630,400	192,736,000	-5,105,600
<b>Natural Resources</b>						
COMM ON AZ ENVIRONMENT	106,800	117,900	116,300	0	113,200	-113,200
GAME AND FISH DEPARTMENT	15,309,500	16,240,500	18,079,100	15,849,800	16,775,700	-925,900
ARIZONA GEOLOGICAL SURVEY	530,100	565,400	621,900	619,500	571,100	48,400
STATE LAND DEPARTMENT	8,028,500	8,271,000	9,406,000	7,923,400	8,419,000	-495,600
DEPT OF MINERAL RESOURCES	347,800	350,200	472,800	0	364,300	-364,300
OIL AND GAS CONSERVATION	183,800	177,300	204,300	0	179,200	-179,200
STATE PARKS BOARD	10,419,500	19,307,700	8,810,700	6,979,100	7,424,600	-445,500
DEPT OF WATER RESOURCES	11,282,800	11,477,700	12,625,400	11,176,000	12,037,400	-861,400
Subtotal-Natural Resources	46,208,800	56,507,700	50,336,500	42,547,800	45,884,500	-3,336,700
<b>TOTAL FUNDS TOTAL</b>	<b>---- 3,424,576,200</b>	<b>3,933,895,000</b>	<b>4,691,554,300</b>	<b>3,946,545,600</b>	<b>4,018,978,400</b>	<b>-72,432,800</b>

FULL-TIME EQUIVALENT POSITIONS  
GENERAL FUND AND OTHER FUNDS

Agency	FY 1991			FY 1992			FY 1992		
	Estimated			Recommended by JLBC			Recommended by the Executive		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>General Government</b>									
Administration, Department of	467.8	11.0	478.8	460.2	9.0 <sup>1/</sup>	469.2	454.6	11.0	465.6
Affirmative Action, Gov's Ofc. of	5.0	0.0	5.0	5.0	0.0	5.0	5.0	0.0	5.0
Attorney General - Department of Law	367.5	0.0	367.5	341.0	0.0	341.0	367.5	0.0	367.5
Coliseum & Exposition Center	0.0	248.0	248.0	0.0	248.0	248.0	0.0	248.0	248.0
Commerce, Department of	57.0	15.0	72.0	53.5	15.0	68.5	62.5	15.0	77.5
Supreme Court	149.3	0.0	149.3	146.3	0.0	146.3	149.3	0.0	149.3
Court of Appeals	133.5	0.0	133.5	130.5	0.0	130.5	133.5	0.0	133.5
Superior Court	112.0	0.0	112.0	118.0	0.0	118.0	112.0	0.0	112.0
Judicial Conduct, Commission on	1.5	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5
Appellate & Trial Crt. Appts., Comm. on	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Governor, Office of the	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Law Enforcement Merit System Council	1.0	0.0	1.0	0.0	0.0	0.0	1.0	0.0	1.0
Library, Archives & Public Records	113.0	0.0	113.0	109.5	0.0	109.5	113.0	0.0	113.0 <sup>2/</sup>
Lottery, Arizona	0.0	134.0	134.0	0.0	131.3	131.3	0.0	134.0	134.0
Personnel Board	3.0	0.0	3.0	3.0	0.0	3.0	3.0	0.0	3.0
Retirement System	0.0	86.5	86.5	0.0	85.0	85.0	0.0	87.5	87.5
Revenue, Department	1,140.0	0.0	1,140.0	1,283.8	0.0	1,283.8	1,295.0	0.0	1,295.0
Secretary of State - Dept. of State	37.0	0.0	37.0	37.0	0.0	37.0	37.0	0.0	37.0 <sup>3/</sup>
Strategic Plng & Budgeting, Gov's Ofc. of	22.0	0.0	22.0	23.0	0.0	23.0	37.0	0.0	37.0
Tax Appeals, Board of	9.5	0.0	9.5	9.5	0.0	9.5	9.5	0.0	9.5
Tourism, Office of	19.0	0.0	19.0	19.0	0.0	19.0	19.0	0.0	19.0

Agency	FY 1991			FY 1992			FY 1992		
	Estimated			Recommended by JLBC			Recommended by the Executive		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Treasurer, State	32.0	0.0	32.0	31.0	0.0	31.0	32.0	0.0	32.0
Uniform State Laws, Commission of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>General Government-Subtotal</b>	<b>2,670.10</b>	<b>494.50</b>	<b>3,164.6</b>	<b>2,771.80</b>	<b>488.31</b>	<b>3,260.1</b>	<b>2,832.40</b>	<b>495.50</b>	<b>3,327.9</b>
<b>Health and Welfare</b>									
AHCCCS	830.0	0.0	830.0	816.7	0.0	816.7 <sup>4/</sup>	734.95	176.65 <sup>5/</sup>	911.6 <sup>4/</sup>
Economic Security, Department of	2,906.4	13.4	2,919.8	2,766.1	13.4	2,779.5	3,202.1	13.4 <sup>6/</sup>	3,215.5
Environmental Quality, Department of	258.0	0.0	258.0	255.3	9.0	264.3	264.0	0.0	264.0
Health Services, Department of	1,604.5	45.0	1,649.5	1,618.4	48.6	1,667.0	1,709.5	45.0	1,754.5 <sup>3/</sup>
Hearing Impaired, Council for the	5.0	0.0	5.0	5.0	0.0	5.0	5.0	0.0	5.0
Indian Affairs, Commission of	4.0	0.0	4.0	4.0	0.0	4.0	4.0	0.0	4.0
Pioneers' Home	110.0	0.0	110.0	107.4	0.0	107.4	110.0	0.0	110.0
Rangers' Pension	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Veterans' Services Commission	20.0	14.0	34.0	20.0	14.0	34.0	20.0	14.0	34.0
<b>Health and Welfare-Subtotal</b>	<b>5,737.90</b>	<b>72.40</b>	<b>5,810.3</b>	<b>5,592.90</b>	<b>85.00</b>	<b>5,677.9</b>	<b>6,049.55</b>	<b>249.05</b>	<b>6,298.6</b>
<b>Inspection and Regulation</b>									
Agricultural Employment Relations Bd.	4.0	0.0	4.0	4.0	0.0	4.0	4.0	0.0	4.0
Agriculture, Department of	285.4	36.6	322.0	270.5	40.8	311.3	285.4	36.6	322.0 <sup>7/</sup>
Banking Department	90.0	0.0	90.0	81.8	0.0	81.8	82.0	0.0	82.0
Building and Fire Safety, Dept. of	72.5	0.0	72.5	70.2	0.0	70.2	72.5	0.0	72.5
Contractors, Registrar of	108.1	0.0	108.1	103.6	0.0	103.6	108.1	0.0	108.1
Corporation Commission	122.0	105.5	227.5	111.4	109.5	220.9	124.0	105.5	229.5
Industrial Commission	0.0	257.0	257.0	0.0	251.5	251.5	0.0	259.0	259.0



Agency	FY 1991			FY 1992			FY 1992		
	Estimated			Recommended by JLBC			Recommended by the Executive		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Insurance, Department of	84.0	0.0	84.0	85.0	0.0	85.0	85.0	0.0	85.0
Liquor Licenses and Control, Dept. of	56.0	0.0	56.0	55.0	0.0	55.0	55.0	0.0	55.0
Mine Inspector	11.0	0.0	11.0	10.5	0.0	10.5	11.0	0.0	11.0
Occupational Safety & Hlth Rev. Bd.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Racing, Department of	51.4	6.9	58.3	53.5	6.5	60.0	47.1	6.5	53.6
Radiation Regulatory Agency	24.0	2.0	26.0	0.0	0.0	0.0	23.0	2.0	25.0
Real Estate Department	76.0	0.0	76.0	76.0	0.0	76.0	76.0	0.0	76.0
Residential Utility Consumer Office	0.0	12.0	12.0	0.0	12.0	12.0	0.0	12.0	12.0
Weights & Measures, Department of	54.0	7.0	61.0	62.0	5.0	67.0	54.0	9.0	63.0
Accountancy, Board of	0.0	9.0	9.0	0.0	9.0	9.0	0.0	9.0	9.0
Appraisals, State Board of	0.0	4.0	4.0	0.0	4.0	4.0	0.0	5.0	5.0
Barber Examiners, Board of	0.0	3.0	3.0	0.0	3.0	3.0	0.0	3.0	3.0
Behavioral Health Examiners, Board of	0.0	2.0	2.0	0.0	3.0	3.0	0.0	3.0	3.0
Boxing Commission	1.5	0.0	1.5	0.0	0.0	0.0	1.5	0.0	1.5
Chiropractic Examiners, Board of	0.0	4.0	4.0	0.0	4.0	4.0	0.0	4.0	4.0
Cosmetology, Board of	0.0	14.5	14.5	0.0	14.5	14.5	0.0	15.5	15.5
Dental Examiners, Board of	0.0	8.0	8.0	0.0	8.0	8.0	0.0	8.0	8.0
Funeral Directors & Embalmers, Bd. of	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5	1.5
Homeopathic Medical Examiners Board	0.0	0.3	0.3	0.0	0.3	0.3	0.0	0.3	0.3
Medical Examiners, Board of	0.0	39.0	39.0	0.0	39.0	39.0	0.0	39.0	39.0
Naturopathic Physicians Exam. Board	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Nursing, Board of	0.0	21.2	21.2	0.0	21.7	21.7	0.0	22.7	22.7
Nursing Care Institution Admin. Bd.	0.0	0.7	0.7	0.0	0.7	0.7	0.0	0.7	0.7
Occupational Therapy Exam., Board of	0.0	0.0	0.0	0.0	0.7	0.7	0.0	0.7	0.7

Agency	FY 1991			FY 1992			FY 1992		
	Estimated			Recommended by JLBC			Recommended by the Executive		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Opticians Board, Dispensing	0.0	0.8	0.8	0.0	0.8	0.8	0.0	0.8	0.8
Optometry, Board of	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5	1.5
Osteopathic Examiners, Board of	0.0	4.5	4.5	0.0	4.5	4.5	0.0	4.5	4.5
Pharmacy, Board of	0.0	11.0	11.0	0.0	11.0	11.0	0.0	11.0	11.0
Physical Therapy Examiners Board	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0
Podiatry Examiners, Board of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private Postsecondary Education, Bd. of	0.0	3.2	3.2	0.0	3.0	3.0	0.0	3.2	3.2
Psychologist Examiners, Board of	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0
Respiratory Care Examiners, Board of	0.0	0.0	0.0	0.0	2.0	2.0	0.0	0.0	0.0
Structural Pest Control Commission	0.0	26.0	26.0	0.0	26.0	26.0	0.0	26.0	26.0
Technical Registration, Board of	0.0	15.0	15.0	0.0	15.0	15.0	0.0	15.0	15.0
Veterinary Medical Examining Board	0.0	3.0	3.0	0.0	3.0	3.0	0.0	3.0	3.0
Inspection and Regulation-Subtotal	1,039.90	601.20	1,641.1	983.50	603.50	1,587.0	1,028.60	610.30	1,638.9
Education									
Arts, Commission on the	11.5	0.0	11.5	11.5	0.0	11.5	11.5	0.0	11.5
Community Colleges, Bd. of Dir. for	10.0	0.0	10.0	10.0	0.0	10.0	10.0	0.0	10.0
Deaf and Blind, School for the	482.9	0.0	482.9	477.7	0.0	477.7	482.9	0.0	482.9
Education, Department of	210.4	0.0	210.4	201.3	0.0	201.3	210.4	0.0	210.4 <sup>3/</sup>
Historical Society, Arizona	49.5	0.0	49.5	51.5	0.0	51.5	49.5	0.0	49.5
Historical Society, Prescott	15.5	0.0	15.5	15.5	0.0	15.5	15.5	0.0	15.5
Medical Student Loans, Board of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regents, Board of	41.0	0.0	41.0	39.0	0.0	39.0	35.6	0.0	35.6
A.S.U. - Main Campus	4,912.0	0.0	4,912.0	4,831.3	0.0	4,831.3	4,994.8	0.0	4,994.8

	FY 1991			FY 1992			FY 1992		
	Estimated			Recommended by JLBC			Recommended by the Executive		
Agency	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
A.S.U. - West	511.2	0.0	511.2	524.5	0.0	524.5	511.2	0.0	511.2
Northern Arizona University	1,884.5	0.0	1,884.5	1,915.3	0.0	1,915.3	2,009.5	0.0	2,009.5
U of A - Main Campus	5,380.2	0.0	5,380.2	5,273.2	0.0	5,273.2	5,467.7	0.0	5,467.7
U of A - College of Medicine	625.7	0.0	625.7	611.11	0.0	611.1	637.4	0.0	637.4
Education-Subtotal	14,134.40	0.00	14,134.4	13,961.91	0.00	13,961.91	14,436.00	0.00	14,436.0
<b>Protection and Safety</b>									
Corrections, Department of	5,829.2	0.0	5,829.2	5,971.4	0.0	5,971.4	6,108.2	0.0	6,108.2
Juvenile Corrections, Department of	785.0	0.0	785.0	654.0	55.0	709.0	763.0	0.0	763.0
Criminal Justice Commission, Arizona	0.0	6.0	6.0	0.0	6.0	6.0	0.0	6.0	6.0
Emergency & Military Affairs, Dept. of	63.5	0.0	63.5	62.5	0.0	62.5	63.5	0.0	63.5
Pardons and Paroles, Board of	43.0	0.0	43.0	43.0	0.0	43.0	43.0	0.0	43.0
Public Safety, Department of	1,231.0	398.0	1,629.0	894.3	710.2	1,604.5	1,173.0 <sup>2/</sup>	456.0 <sup>2/</sup>	1,629.0
Protection and Safety-Subtotal	7,951.70	404.00	8,355.7	7,625.20	771.20	8,396.4	8,150.70	462.00	8,612.7
<b>Transportation</b>									
Transportation, Department of	2.0	3,332.0	3,334.0	2.0	3,288.3	3,290.30	2.0	3,441.0	3,443.0 <sup>3/</sup>
Transportation-Subtotal	2.00	3,332.00	3,334.0	2.00	3,288.30	3,290.30	2.00	3,441.00	3,443.0
<b>Natural Resources</b>									
Environment, Commission on the Arizona	3.0	0.0	3.0	0.0	0.0	0.0	3.0	0.0	3.0
Game and Fish Department	0.0	276.0	276.0	0.0	271.0	271.0	0.0	278.0	278.0
Geological Survey, Arizona	13.3	0.0	13.3	14.3	0.0	14.3	13.3	0.0	13.3
Land Department	166.0	0.0	166.0	161.0	0.0	161.0	166.0	0.0	166.0

Agency	FY 1991			FY 1992			FY 1992		
	Estimated			Recommended by JLBC			Recommended by the Executive		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Mines & Mineral Resources, Department of	8.5	0.0	8.5	0.0	0.0	0.0	8.5	0.0	8.5
Oil & Gas Conservation Commission	4.0	0.0	4.0	0.0	0.0	0.0	4.0	0.0	4.0
Parks Board	168.0	9.5	177.5	164.5	0.0	164.5	168.0	0.0	168.0
Water Resources, Department of	234.3	0.0	234.3	214.7	0.0	214.7	234.3	0.0	234.3
Natural Resources-Subtotal	597.10	285.50	882.6	554.50	271.00	825.5	597.10	278.00	875.1
STATE TOTAL	32,133.10	5,189.60	37,322.7	31,491.81	5,507.31	36,999.1	33,096.35	5,535.85	38,632.2

- 1/ Does not include the Personnel Division of the Department of Administration which is supported by non-appropriated funds. The JLBC Staff is recommending that statutes be changed and that the Personnel Division again be subject to legislative appropriation. The enactment of the proposed change would increase the number of full-time equivalent positions by 116.5.
- 2/ Not shown in the Executive Recommendations, but is included for purposes of comparability.
- 3/ Adjusted to include full-time equivalent positions funded by special items so the Executive and JLBC recommendations would be comparable.
- 4/ Represents positions funded, with state monies, in AHCCCS as well as DES and DHS via Intergovernmental Agreements.
- 5/ Represents an estimate of ALTCS positions funded with county monies. The Staff has placed them in "Other Funds" for purposes of comparability.
- 6/ These positions are shown as General Fund positions in the Executive Recommendation. This change was made so that the recommendations of the Executive and JLBC would be comparable.
- 7/ Represents FY 1991 FTE positions. The Executive has not made a specific FY 1992 Department of Agriculture recommendation.
- 8/ Positions adjusted for comparability with JLBC Staff recommendations.