



STATE OF ARIZONA

**APPROPRIATIONS
REPORT**

**For The Fiscal Year
Ending June 30, 1995**

**JOINT
LEGISLATIVE
BUDGET
COMMITTEE**

RECYCLED PAPER

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STATE OF ARIZONA

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GREG PATTERSON
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INTRODUCTION

This annual Appropriations Report provides a single source document for obtaining summary and detailed information on appropriations for Fiscal Year 1995, as provided in the General Appropriation Act, Laws 1994, Chapter 1 (H.B. 2001), 8th Special Session, and other legislative acts. Also included is the economic and state revenue forecast upon which the budget was based. The summary section (blue pages at the front of the report) incorporates the use of graphics to display the structure and direction of the Arizona state budget for Fiscal Year 1995.

This report also provides information relative to the legislative intent of appropriations. We have attempted to describe both the legal limitations or conditions ("footnotes") as well as that which was made apparent as "legislative intent" through the budgetary process.

The many state agencies are encouraged to review the contents of this Appropriations Report, and to contact the Joint Legislative Budget Committee Staff with any concerns regarding "legislative intent."

Additional information on appropriations and revenue can be obtained from the Staff of the Joint Legislative Budget Committee.

Ted Ferris,
Director and
Legislative Budget Analyst

JOINT LEGISLATIVE BUDGET COMMITTEE

The Joint Legislative Budget Committee was established in 1966, pursuant to Laws 1966, Chapter 96. In 1979, a bill was passed to expand and alter the committee membership, which now consists of the following 16 members:

Representative Robert "Bob" Burns
Chairman 1993
Representative Brenda Burns
Representative Carmen Cajero
Representative Lisa Graham
Representative Leslie W. Johnson
Representative Bob McLendon
Representative Greg Patterson
Representative Polly Rosenbaum

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Senator Lela Alston
Senator Gus Arzberger
Senator A. V. "Bill" Hardt
Senator Bev Hermon
Senator Matt Salmon
Senator John Wettaw
Senator Pat Wright

The primary powers and duties of the JLBC 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.

JLBC appoints a Director who is responsible for providing staff support and sound technical analysis to the Committee. The objectives and major products of the staff of the JLBC 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;
- Periodic **economic and state revenue forecasts**;
- Periodic **analysis of economic activity, state budget conditions**, and the relationship of one to the other;
- Preparation of **fiscal notes** on the bills considered by the Legislature that have a fiscal impact on the state or any of its political subdivisions;
- An annual **Appropriations Report**, which is published shortly after the budget is completed and provides detail on the budget along with an explanation of legislative intent;
- **Management and fiscal research reports** related to state programs and state agency operations;
- **Support to the JLBC** with respect to recommendations on **business items** placed on the committee's agenda such as transfers of appropriations pursuant to A.R.S. § 35-173;
- **Support to the Joint Committee on Capital Review (JCCR)** with respect to all capital outlay issues including land acquisition, new construction, and building renewal projects;
- **Support to the Joint Legislative Tax Committee (JLTC)** as directed in fulfilling the requirements of A.R.S. § 41-1322(D).

Joint Legislative Budget Committee
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Ted Ferris
Director

Richard Stavneak
Deputy Director

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Second Regular Session
1994**

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**STATE OF ARIZONA
GENERAL FUND
STATEMENT OF PROJECTED REVENUES AND EXPENDITURES
Enacted Budget 1/**

	Preliminary FY 1994	Forecast FY 1995
REVENUES		
-Balance Forward	\$86,014,600	\$107,145,200
-Base Revenues	3,971,619,700	4,251,580,700
-Other Legislation and Adjustments	0	(121,700,000)
TOTAL REVENUES	\$4,057,634,300	\$4,237,025,900
EXPENDITURES		
-Operating Appropriations	\$3,826,393,600	\$4,232,633,400 2/
-K-12 Rollover Repayment	89,000,000 3/	-- 4/
-Budget Stabilization Fund Deposit	42,000,000	-- 4/
Operating Subtotal	\$3,957,393,600	\$4,232,633,400
-Capital Outlay Appropriations	13,139,500	32,459,000
-Administrative Adjustments and Emergencies	29,000,000	21,000,000
-Change in Continuing Appropriations	4,956,000	0
-Reversions	(54,000,000)	(54,000,000)
TOTAL EXPENDITURES	\$3,950,489,100	\$4,232,092,400
ENDING BALANCE	\$107,145,200	\$4,933,500

- 1/ The FY 1994 budget revision (supplementals) and FY 1995 budget were enacted in late March 1994. This General Fund "balance sheet" reflects the estimates and assumptions utilized at the time those decisions were made. The Base Revenue estimates are based upon the Executive (Office of Strategic Planning and Budgeting) forecast.
- 2/ Includes an estimated \$66 million of appropriations in bills other than the General Appropriation Act.
- 3/ The supplemental appropriation reduced the deferral of Department of Education Basic State Aid (the "K-12 Rollover") from \$142.5 million to \$53.5 million.
- 4/ The budget was enacted with a "triple trigger" provision, which could result in the appropriation of additional funds for reducing the K-12 Rollover and the Budget Stabilization Fund. The statutory language includes the following provisions:
- Any excess FY 1994 surplus above \$107.2 million is appropriated to eliminate the remaining \$53.5 million of the K-12 Rollover and, thereafter, to make FY 1995's required deposit to the Budget Stabilization Fund.
 - Any excess FY 1995 revenues above \$4,237.1 million are appropriated to eliminate any remaining K-12 Rollover (if the first trigger has not already done so), and, thereafter, to make FY 1995's required deposit to the Budget Stabilization Fund.
 - If neither trigger 1 nor 2 have eliminated the remaining \$53.5 million of the K-12 Rollover by June 30, 1995, the remainder is to be eliminated in the FY 1996 budget.

**STATE OF ARIZONA
GENERAL FUND
STATEMENT OF PROJECTED REVENUES AND EXPENDITURES
Update of Enacted Budget as of Sine Die 1/**

	Preliminary FY 1994	Forecast FY 1995
REVENUES		
-Balance Forward	\$86,014,600	\$106,051,400
-Base Revenues 2/	3,971,619,700	4,251,580,700
-Other Legislation and Adjustments	0	(122,746,500)
TOTAL REVENUES	\$4,057,634,300	\$4,234,885,600
EXPENDITURES		
-Operating Appropriations	\$3,825,766,800	\$4,193,089,400 3/
-K-12 Rollover Repayment	89,000,000 4/	-- 5/
-Budget Stabilization Fund Deposit	42,000,000	-- 5/
Operating Subtotal	\$3,956,766,800	\$4,193,089,400
-Capital Outlay Appropriations	13,139,500	32,459,000
-Administrative Adjustments and Emergencies	30,720,600	21,000,000
-Change in Continuing Appropriations	4,956,000	0
-Revertments	(54,000,000)	(55,898,700) 6/
TOTAL EXPENDITURES	\$3,951,582,900	\$4,190,649,700
ENDING BALANCE	\$106,051,400	\$44,235,900

- 1/ This General Fund "balance sheet" reflects the status of the enacted budget as of the adjournment of the 1994 Regular Session on April 17, 1994. The key assumptions include: a) the Executive's (Office of Strategic Planning and Budgeting) Base Revenue forecast, which was utilized when the budget was enacted in March; and b) the JLBC Staff's estimate of all other enacted revenue and expenditure bills.
- 2/ The JLBC Staff's Base Revenue forecast is \$4,010,574,700 for FY 1994 and \$4,305,910,700 for FY 1995. The details of these estimates can be found in the Economic and Revenue Forecast section of this report.
- 3/ Includes \$24.4 million of appropriations in bills other than the General Appropriation Act.
- 4/ The supplemental appropriation reduced the deferral of Department of Education Basic State Aid (the "K-12 Rollover") from \$142.5 million to \$53.5 million.
- 5/ The budget was enacted with a "triple trigger" provision, which could result in the appropriation of additional funds for reducing the K-12 Rollover and the Budget Stabilization Fund. See footnote 4 on the prior page for further details.
- 6/ Includes a revertment of \$1,898,700 from Laws 1994, Chapter 224.

SUMMARY OF APPROPRIATIONS
By Individual Chapter
For Fiscal Years 1994 and 1995 1/

Chapter Number	Bill Number	Reference Title	Fiscal Year 1994		Fiscal Year 1995	
			General Fund	Other Funds	General Fund	Other Funds
<u>Forty-First Legislature - Second Regular Session</u>						
8	S.B. 1480	Appropriation; TCE Contamination			\$250,000	2/
47	H.B. 2008	Nuclear Emergency Appropriation and Assessment	\$870,000	3/		
97	H.B. 2009	Omnibus Named Claimants Relief Act	477,400			
118	S.B. 1365	Reclamation of Mined Lands			120,000	
127	S.B. 1289	Performance Audit; Victim Compensation Funds				\$80,000 4/
132	S.B. 1239	Appropriation; DWR; Hydrologic Study			100,000	
136	H.B. 2317	Respite Care; Pilot Program			75,000	
141	H.B. 2493	Border Volunteer Corps; Appropriation			174,000	
154	S.B. 1071	Insurance Fraud Unit			750,000	5/
166	S.B. 1342	AFDC; Adult Time Limits; Appropriation			1,400,000	
171	S.B. 1436	State Land Grazing Fees			100,000	
193	H.B. 2190	Study Committee; NAFTA; Appropriation			100,000	
195	H.B. 2542	Juvenile Correctional Facilities				\$350,000 6/
200	S.B. 1291	Adult Crime Omnibus			1,322,000	7/
201	S.B. 1356	Juvenile Crime Omnibus			4,165,900	
219	H.B. 2595	RICO; Forfeiture			75,000	8/
220	S.B. 1277	Superior Court Clerk; Salaries			214,000	
221	S.B. 1310	Schools; Optional Performance Incentive Program			100,000	
222	H.B. 2371	Constitutional Defense Council			1,000,000	
224	H.B. 2192	Appropriation; Flood Relief Funding			6,950,000	9/
226	H.B. 2431	Appropriation; Border Transportation Projects				1,000,000
266	S.B. 1182	Education in Juvenile Detention Facilities			526,000	
277	H.B. 2589	State Claims to Streambeds; Ombudsman	89,100	10/	257,100	
278	H.B. 2590	CAP; Arizona Water Protection Fund			4,110,000	11/
282	H.B. 2239	Phoenix and Tucson Groundwater Study			60,000	
301	S.B. 1456	Full Employment Demonstration Project; Appropriation			200,000	12/
320	S.B. 1272	Appropriation; Impeachment and Recall Expenses			423,000	
325	S.B. 1423	Child Protective Services			1,527,300	
348	H.B. 2391	Loan Repayment; Medically Underserved Areas			272,000	
353	H.B. 2575	Omnibus Alternative Fuels Bill		\$1,950,000 13/		675,000
363	S.B. 1236	Administrative Procedure; Rule Making			465,600	
365	S.B. 1250	Disproportionality Review; Appropriation			27,300	
374	S.B. 1460	Child Support Enforcement			1,703,200	
SUB-TOTAL APPROPRIATIONS - 2nd REGULAR SESSION 14/			\$1,436,500	\$1,950,000	\$26,467,400	\$2,105,000
<u>Forty-First Legislature - Eight Special Session</u>						
1	H.B. 2001	General Appropriations; Fiscal Year 1994-1995			4,115,222,000	661,083,500
2	H.B. 2002	Capital Outlay Appropriations			30,359,000	210,852,000
6	H.B. 2006	Appropriations Adjustments; 1993-1994 Fiscal Year	162,087,400	15/	9,893,700	93,900
7	H.B. 2007	Supplemental Capital Outlay; 1993-1994	1,667,600	15/	2,693,800	
SUB-TOTAL APPROPRIATIONS - 8th SPECIAL SESSION			\$163,755,000	\$12,587,500	\$4,145,581,000	\$872,029,400
<u>Forty-First Legislature - Sixth Special Session</u>						
1	H.B. 2001	Air Quality Amendments		6,532,800		\$18M

Chapter Number	Bill Number	Reference Title	Fiscal Year 1994		Fiscal Year 1995	
			General Fund	Other Funds	General Fund	Other Funds
Forty-First Legislature - Second Special Session						
1	H.B. 2001	General Appropriation; 1993-1994 Fiscal Year		3,988,100 16/	\$53,500,000 17/	\$10,914,800
TOTAL APPROPRIATIONS			<u>\$165,191,500</u>	<u>\$25,058,400</u>	<u>\$4,225,548,400</u>	<u>\$885,049,200</u>

1/ For Fiscal Year 1994, this table summarizes all appropriations enacted since the conclusion of the First Regular Session of the 41st Legislature. For Fiscal Year 1995, this table summarizes appropriations from the Second Regular Session of the 41st Legislature, and all previous sessions. All appropriations have been rounded to the nearest \$100. + 8M * - See the 6th 893,049,200

- 2/ This appropriation to the Department of Health Services for distribution to Pima County health centers is effective provided that Pima County makes a like contribution.
- 3/ An amount equal to the appropriation is to be repaid through an assessment against each consortium of public service corporations and municipal corporations operating a commercial nuclear generating station in this state.
- 4/ This chapter provides that this amount from the Victims' Rights Implementation Revolving Fund shall be used to pay the cost of performance audits conducted by the Auditor General. While the fund is administered by the Attorney General, it was legislative intent that additional funds be appropriated to the Auditor General.
- 5/ Represents an estimate and the upper limit of fee revenue appropriated to the Department of Insurance for the support of a fraud unit.
- 6/ Also appropriates \$3,150,000 from the Corrections Fund in FY 1996 to the Department of Administration for the construction of a 100-bed prison.
- 7/ While this chapter specifies a \$430,000 General Fund appropriation to the state Treasurer for deposit in the Street Gang Enforcement Revolving Fund, it was legislative intent that that this funding be distributed by the Arizona Criminal Justice Commission to county attorneys and the state Attorney General for street gang enforcement activities.
- 8/ Appropriates funding to Pima County for deposit in the county Anti-Racketeering Revolving Fund. Funds will be disbursed by the Department of Administration.
- 9/ Of the total appropriation, \$1,750,000 appropriated to the Department of Transportation is contingent upon an equal match being provided by Pima County. In addition, this chapter requires reversions totalling \$1,898,708 from prior year capital appropriations.
- 10/ Included in the total appropriation are transfers of \$2,900 in FY 1994 and \$11,400 in FY 1995 from the state Land Department to the Arizona Navigable Streams Adjudication Commission.
- 11/ Also appropriates \$6,000,000 from the General Fund in FY 1996 to the Arizona Water Protection Fund, a fund administered by the Department of Water Resources.
- 12/ If waiver requests submitted by the Department of Economic Security to the federal government are not approved, the appropriation shall not be expended and reverts.
- 13/ Provides that up to \$1,500,000 or a lesser amount of lottery revenue remaining after other statutory distributions, including \$42,500,000 being deposited in the General Fund, is appropriated to the Department of Commerce.
- 14/ In addition to the above appropriations, the following bills were approved but contained FY 1996 appropriations only: 1) Chapter 233, H.B. 2097 DES; Benefits Extension Demonstration Program - appropriates \$430,000 from the General Fund to the Arizona Health Care Cost Containment System and \$52,300 from the General Fund to the Department of Economic Security for the cost of extending transitional medical and child care benefits 2 years; 2) Chapter 339 H.B. 2202 Economic Development Incentive Policy - appropriates \$1,000,000 from the General Fund to the Department of Commerce to study issues related to military facilities in this state; and 3) Chapter 347 H.B. 2362 Building Permits; Tax Data Base - appropriates \$360,000 from the General Fund to the Department of Revenue for a centralized data base of building permit information. In addition, Chapter 3, H.B. 2003, 8th Special Session, Education; Omnibus Budget Reconciliation makes a conditional appropriation of \$53,500,000 in FY 1996 for the K-12 rollover. The appropriation may be unnecessary should excess FY 1994 surplus revenue and/or excess FY 1995 revenue allow for the rollover to be eliminated in FY 1995. See also footnotes 6 and 11 for FY 1996 appropriations. **
- 15/ See "FY 1994 General Fund Adjustments" at the back of this report for an explanation of these changes.
- 16/ Reflects adjustments to appropriations to those agencies appropriated 100% of receipts for certain funds.
- 17/ FY 1994 K-12 rollover, as amended by Laws 1994, Chapter 6, 8th Special Session.

* #8M transferred from
UST Fund to Emissions
Inspection Fund in
95

** ANOTHER #8M
was transferred in 96

**SUMMARY OF APPROPRIATED FUNDS 1/
By Agency For Fiscal Years 1994 and 1995**

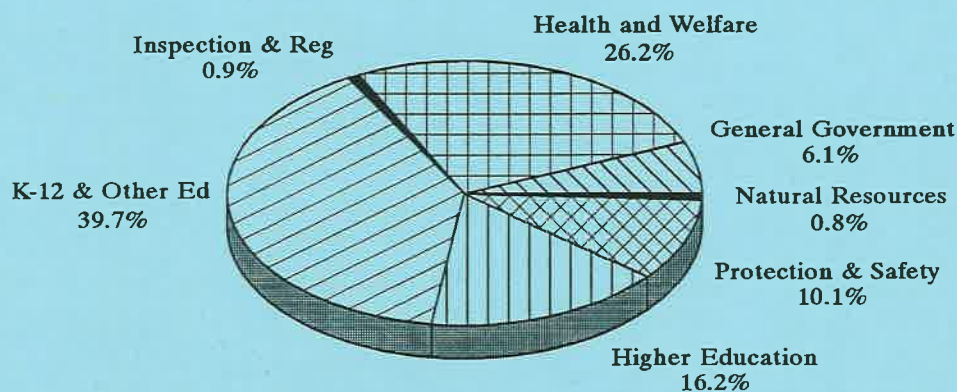
	Fiscal Year 1994			Fiscal Year 1995		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
GENERAL GOVERNMENT						
Administration, Department of	\$29,803,000	\$117,481,300	\$147,284,300	\$25,924,400	\$88,059,200	\$113,983,600
Attorney General	18,860,000	3,697,400	22,557,400	21,558,600	3,716,600	25,275,200
Coliseum and Exposition Center	0	13,784,600	13,784,600	0	14,484,000	14,484,000
Commerce, Department of	6,990,800	4,366,400	11,357,200	7,181,700	3,617,900	10,799,600
Constitutional Defense Council	0	0	0	1,000,000	0	1,000,000
Courts						
Court of Appeals	8,218,100	0	8,218,100	8,491,700	0	8,491,700
Comm on Appellate and Trial Court Appts	10,000	0	10,000	10,000	0	10,000
Commission on Judicial Conduct	150,800	0	150,800	208,700	0	208,700
Superior Court	64,908,300	750,000	65,658,300	76,006,300	0	76,006,300
Supreme Court	10,941,300	50,000	10,991,300	11,269,600	1,125,000	12,394,600
SUBTOTAL - Courts	\$84,228,500	\$800,000	\$85,028,500	\$95,986,300	\$1,125,000	\$97,111,300
Equal Opportunity, Governor's Office of	229,000	0	229,000	235,400	0	235,400
Governor, Office of the	5,948,600	0	5,948,600	5,897,200	0	5,897,200
Gov's Ofc of Strategic Planning & Budgeting	1,372,600	0	1,372,600	1,460,000	0	1,460,000
Law Enforcement Merit System Council	41,300	0	41,300	41,800	0	41,800
Legislature						
Auditor General	7,232,300	0	7,232,300	8,488,300	80,000	8,568,300
House of Representatives	7,131,000	0	7,131,000	7,668,400	0	7,668,400
Joint Legislative Budget Committee	1,857,500	0	1,857,500	2,009,600	0	2,009,600
Legislative Council	2,549,000	0	2,549,000	3,078,700	0	3,078,700
Lib, Archives, and Public Rec, Dept of	4,664,400	0	4,664,400	5,047,900	0	5,047,900
Senate	5,735,200	0	5,735,200	5,865,600	0	5,865,600
SUBTOTAL - Legislature	\$29,169,400	\$0	\$29,169,400	\$32,158,500	\$80,000	\$32,238,500
Lottery	0	44,656,400	44,656,400	0	49,141,100	49,141,100
Personnel Board	299,500	0	299,500	295,100	0	295,100
Retirement System	0	3,241,300	3,241,300	0	3,451,200	3,451,200
Revenue, Department of	49,038,300	0	49,038,300	48,717,000	0	48,717,000
Secretary of State	1,751,300	0	1,751,300	3,741,900	0	3,741,900
Tax Appeals, Board of	684,000	0	684,000	745,300	0	745,300
Tourism, Office of	5,403,300	0	5,403,300	7,398,200	0	7,398,200
Treasurer	7,085,100	0	7,085,100	3,624,200	0	3,624,200
Uniform State Laws, Commission on	23,300	0	23,300	24,300	0	24,300
TOTAL - GENERAL GOVERNMENT	\$240,928,000	\$188,027,400	\$428,955,400	\$255,989,900	\$163,675,000	\$419,664,900
					<i>162,875,000</i>	
HEALTH AND WELFARE						
Ariz Health Care Cost Containment System	482,402,100	0	482,402,100	486,731,300	0	486,731,300
Economic Security, Department of	356,663,900	643,100	357,307,000	377,612,600	698,700	378,311,300
Environmental Quality, Department of	9,695,500	5,339,900	15,035,400	12,377,400	11,639,900	24,017,300
Health Services, Department of	198,708,100	18,352,500	217,060,600	217,004,400	16,129,800	233,134,200
Hearing Impaired, Council for the	207,300	0	207,300	219,700	0	219,700
Indian Affairs, Commission on	161,200	0	161,200	171,800	0	171,800
Pioneers' Home	1,769,600	1,195,900	2,965,500	1,840,000	1,235,900	3,075,900
Arizona Ranger's Pension	9,800	0	9,800	10,100	0	10,100
Veteran's Services Commission	797,400	453,400	1,250,800	862,300	466,600	1,328,900
TOTAL - HEALTH AND WELFARE	\$1,050,414,900	\$25,984,800	\$1,076,399,700	\$1,096,829,600	\$30,170,900	\$1,127,000,500
INSPECTION AND REGULATION						
Agricultural Employment Relations Board	63,600	0	63,600	58,800	0	58,800
Agriculture, Department of	9,627,400	1,924,800	11,552,200	10,276,100	1,738,900	12,015,000
Banking Department	2,525,100	0	2,525,100	2,558,700	0	2,558,700
Boxing Commission	59,000	0	59,000	63,400	0	63,400
Building & Fire Safety, Dept of	2,807,900	0	2,807,900	2,982,900	0	2,982,900
Contractors, Registrar of	4,173,700	0	4,173,700	0	4,959,000	4,959,000
Corporation Commission	5,045,000	5,520,400	10,565,400	4,985,700	5,919,100	10,904,800
Industrial Commission	0	12,481,600	12,481,600	0	14,721,500	14,721,500
Insurance, Department of	3,022,500	0	3,022,500	4,450,100	0	4,450,100
Liquor Licenses & Control, Dept of	1,900,300	0	1,900,300	2,055,700	0	2,055,700

	Fiscal Year 1994			Fiscal Year 1995		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Mine Inspector	\$541,500	\$0	\$541,500	\$843,700	\$0	\$843,700
Occupational Safety and Health Review Board	9,000	0	9,000	9,000	0	9,000
Racing, Department of	2,441,100	1,360,300	3,801,400	2,522,200	1,599,200	4,121,400
Radiation Regulatory Agency	1,373,800	93,000	1,466,800	1,016,100	102,500	1,118,600
Real Estate Department	2,547,400	0	2,547,400	2,922,000	0	2,922,000
Residential Utility Consumer Office	0	1,005,700	1,005,700	0	975,300	975,300
Dept of Weights and Measures	1,879,800	1,024,200	2,904,000	1,429,300	789,900	2,219,200
Ninety-Ten Agencies						
Accountancy, Board of	0	949,200	949,200	0	951,700	951,700
Appraisal, Board of	0	229,800	229,800	0	236,600	236,600
Barber Examiners Board	0	141,800	141,800	0	145,300	145,300
Behavioral Health Examiners, Board of	0	296,700	296,700	0	326,400	326,400
Chiropractic Examiners Board	0	236,600	236,600	0	237,900	237,900
Cosmetology, Board of	0	623,300	623,300	0	636,900	636,900
Dental Examiners Board	0	578,000	578,000	0	582,400	582,400
Funeral Directors and Embalmers Board	0	175,300	175,300	0	179,600	179,600
Homeopathic Medical Examiners Board	0	22,300	22,300	0	30,000	30,000
Medical Examiners, Board of	0	2,687,500	2,687,500	0	2,781,200	2,781,200
Naturopathic Physician Examiners Board	0	46,400	46,400	0	57,200	57,200
Nursing Board	0	1,093,100	1,093,100	0	1,128,300	1,128,300
Nursing Care Institution Administrators Bd	0	63,600	63,600	0	66,100	66,100
Occupational Therapy Examiners, Board of	0	90,900	90,900	0	88,600	88,600
Opticians, Board of Dispensing	0	68,900	68,900	0	62,300	62,300
Optometry, Board of	0	95,600	95,600	0	100,900	100,900
Osteopathic Examiners Board	0	289,200	289,200	0	295,100	295,100
Pharmacy Board	0	741,000	741,000	0	649,000	649,000
Physical Therapy Examiners Board	0	81,300	81,300	0	75,600	75,600
Podiatry Examiners Board	0	50,400	50,400	0	53,800	53,800
Private Postsecondary Education, Board for	0	130,600	130,600	0	157,800	157,800
Psychologist Examiners Board	0	197,800	197,800	0	203,100	203,100
Respiratory Care Examiners, Board of	0	134,100	134,100	0	137,800	137,800
Structural Pest Control Commission	0	1,020,000	1,020,000	0	1,052,700	1,052,700
Technical Registration, Board of	0	856,200	856,200	0	858,700	858,700
Veterinary Medical Examining Board	0	170,400	170,400	0	174,800	174,800
Subtotal - Ninety-Ten Agencies	\$0	\$11,070,000	\$11,070,000	\$0	\$11,269,800	\$11,269,800
TOTAL - INSPECTION AND REG	\$38,017,100	\$34,480,000	\$72,497,100	\$36,173,700	\$42,075,200	\$78,248,900
EDUCATION						
Arts, Commission on the	1,258,900	0	1,258,900	1,492,600	0	1,492,600
Community Colleges	86,727,100	0	86,727,100	98,045,700	136,900	98,182,600
Deaf and Blind, School for	15,263,700	4,768,300	20,032,000	16,168,800	5,183,500	21,352,300
Education, Department of	1,543,424,200	0	1,543,424,200	1,643,278,900	0	1,643,278,900
Historical Society, Arizona	3,282,200	0	3,282,200	3,639,200	0	3,639,200
Historical Society, Prescott	543,700	0	543,700	566,900	0	566,900
Medical Student Loans Board	1,000	0	1,000	114,600	0	114,600
Universities/Board of Regents						
Board of Regents	7,155,400	0	7,155,400	7,463,400	0	7,463,400
Arizona State University - East	0	0	0	2,122,600	0	2,122,600
Arizona State University - Main	184,324,800	0	184,324,800	198,293,900	60,166,500	258,460,400
Arizona State University - West	29,602,800	0	29,602,800	32,235,700	5,304,100	37,539,800
Northern Arizona University	75,531,200	0	75,531,200	81,583,400	21,068,200	102,651,600
University of Arizona - Main	198,968,000	0	198,968,000	214,823,400	58,040,200	272,863,600
University of Arizona - Health Science Ctr	44,738,200	0	44,738,200	44,543,200	3,360,700	47,903,900
SUBTOTAL - Universities/Board of Regents	\$540,320,400	\$0	\$540,320,400	\$581,065,600	\$147,939,700	\$729,005,300
TOTAL - EDUCATION	\$2,190,821,200	\$4,768,300	\$2,195,589,500	\$2,344,372,300	\$153,260,100	\$2,497,632,400
PROTECTION AND SAFETY						
Corrections, Department of	283,298,200	20,392,500	303,690,700	338,779,800	14,799,200	353,579,000
Criminal Justice Commission	1,000,000	545,200	1,545,200	1,430,000	538,000	1,968,000
Emergency and Military Affairs, Dept of	11,819,600	131,000	11,950,600	9,538,600	63,900	9,602,500
Executive Clemency, Board of	1,890,600	0	1,890,600	1,766,200	0	1,766,200

	Fiscal Year 1994			Fiscal Year 1995		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Public Safety, Department of	\$34,148,200	\$50,165,200	\$84,313,400	\$37,653,500	\$48,800,000	\$86,453,500
Youth Treatment and Rehabilitation, Dept of	33,382,800	3,165,300	36,548,100	35,195,800	2,952,300	38,148,100
TOTAL - PROTECTION AND SAFETY	\$365,539,400	\$74,399,200	\$439,938,600	\$424,363,900	\$67,153,400	\$491,517,300
TRANSPORTATION						
Transportation, Department of	69,600	193,042,500	193,112,100	75,500	196,865,500	196,941,000
NATURAL RESOURCES						
Arizona Navigable Streams Adjudication Com	46,100	0	46,100	120,400	0	120,400
Environment, Commission on the	89,900	0	89,900	101,200	0	101,200
Game and Fish Department	0	16,718,800	16,718,800	0	17,340,800	17,340,800
Geological Survey	613,200	0	613,200	625,900	0	625,900
Land Department	10,880,900	0	10,880,900	10,223,000	0	10,223,000
Mines and Mineral Resources, Dept of	607,600	0	607,600	660,300	0	660,300
State Parks Board	4,979,000	3,419,300	8,398,300	6,534,800	2,242,400	8,777,200
Water Resources, Department of	11,662,500	0	11,662,500	16,538,800	0	16,538,800
TOTAL - NATURAL RESOURCES	\$28,879,200	\$20,138,100	\$49,017,300	\$34,804,400	\$19,583,200	\$54,387,600
Unallocated Salary Adjustment	0	0	0	475,600	95,200	570,800
Unallocated Lease-Purchase	0	0	0	4,500	3,800	8,300
Unallocated Risk Management	97,400	287,600	385,000	0	(35,100)	(35,100)
Unallocated AFIS Charges	0	476,700	476,700	0	0	0
SUBTOTAL - OPERATING BUDGETS	\$3,914,766,800	\$541,604,600	\$4,456,371,400	\$4,193,089,400	\$672,847,200	\$4,865,936,600
Budget Stabilization Fund	42,000,000	0	42,000,000	0	0	0
GRAND TOTAL	\$3,956,766,800	\$541,604,600	\$4,498,371,400	\$4,193,089,400	\$672,847,200	\$4,865,936,600

1/ This table summarizes FY 1994 and FY 1995 operating appropriations from the 2nd Regular Session of the 41st Legislature and all prior sessions and excludes capital outlay appropriations.

DISTRIBUTION OF GENERAL FUND APPROPRIATIONS BY FUNCTION OF GOVERNMENT



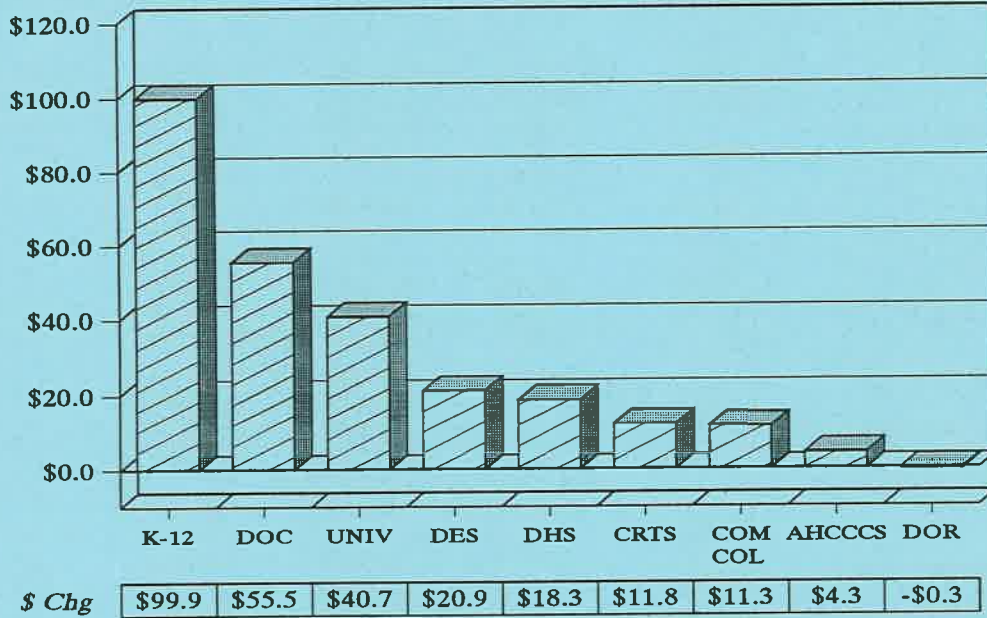
FISCAL YEAR 1995

Does not include \$75,500 (0.002%) for Transportation and \$480,100 (0.01%) for unallocated salary adjustments.

Includes all enacted bills.

**NINE LARGEST AGENCIES
GENERAL FUND DOLLAR CHANGE FY 1994 - FY 1995**

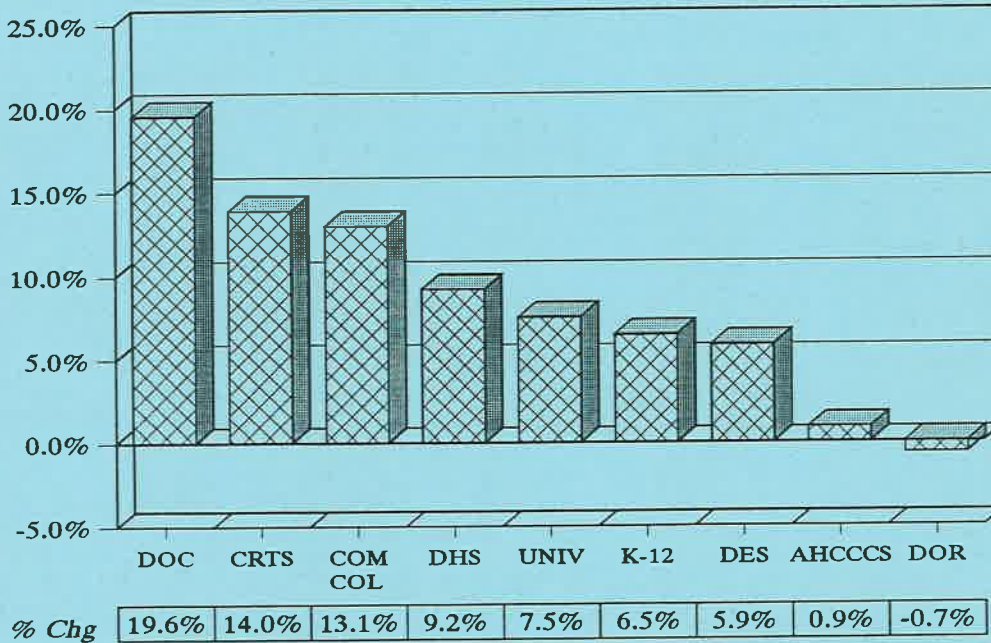
Millions



Total \$ Change for All Agencies: \$278.3 Million

**NINE LARGEST AGENCIES
GENERAL FUND PERCENT CHANGE FY 1994 - FY 1995**

Percent



Total % Change for All Agencies: 7.1%

**SUMMARY OF THE GENERAL APPROPRIATION ACT 1/
By Agency for Fiscal Years 1994 and 1995**

	Fiscal Year 1994 2/			Fiscal Year 1995 3/		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
GENERAL GOVERNMENT						
Administration, Department of	\$27,726,000	\$112,557,100	\$140,283,100	\$25,247,800	\$88,059,200	\$113,307,000
Attorney General	18,860,000	3,697,400	22,557,400	21,558,600	3,716,600	25,275,200
Coliseum and Exposition Center	0	13,784,600	13,784,600	0	14,484,000	14,484,000
Commerce, Department of	3,990,800	2,416,400	6,407,200	7,181,700	2,992,900	10,174,600
Courts						
Court of Appeals	8,218,100	0	8,218,100	8,439,200	0	8,439,200
Comm on Appellate and Trial Court Appts	10,000	0	10,000	10,000	0	10,000
Commission on Judicial Conduct	150,800	0	150,800	208,700	0	208,700
Superior Court	64,908,300	750,000	65,658,300	74,758,600	0	74,758,600
Supreme Court	10,941,300	50,000	10,991,300	11,256,700	1,125,000	12,381,700
SUBTOTAL - Courts	\$84,228,500	\$800,000	\$85,028,500	\$94,673,200	\$1,125,000	\$95,798,200
Equal Opportunity, Governor's Office of	229,000	0	229,000	235,400	0	235,400
Governor, Office of the	5,948,600	0	5,948,600	5,623,200	0	5,623,200
Gov's Ofc of Strategic Planning & Budgeting	1,372,600	0	1,372,600	1,460,000	0	1,460,000
Law Enforcement Merit System Council	41,300	0	41,300	41,800	0	41,800
Legislature						
Auditor General	7,232,300	0	7,232,300	8,488,300	0	8,488,300
House of Representatives	7,131,000	0	7,131,000	7,668,400	0	7,668,400
Joint Legislative Budget Committee	1,767,500	0	1,767,500	2,009,600	0	2,009,600
Legislative Council	2,506,000	0	2,506,000	2,942,000	0	2,942,000
Lib, Archives, and Public Rec, Dept of	4,664,400	0	4,664,400	5,047,900	0	5,047,900
Senate	5,735,200	0	5,735,200	5,865,600	0	5,865,600
SUBTOTAL - Legislature	\$29,036,400	\$0	\$29,036,400	\$32,021,800	\$0	\$32,021,800
Lottery Commission	0	44,656,400	44,656,400	0	49,141,100	49,141,100
Personnel Board	299,500	0	299,500	295,100	0	295,100
Retirement System	0	3,241,300	3,241,300	0	3,451,200	3,451,200
Revenue, Department of	49,038,300	0	49,038,300	48,717,000	0	48,717,000
Secretary of State	1,751,300	0	1,751,300	3,454,900	0	3,454,900
Tax Appeals, Board of	684,000	0	684,000	745,300	0	745,300
Tourism, Office of	5,403,300	0	5,403,300	7,398,200	0	7,398,200
Treasurer	3,455,400	0	3,455,400	3,624,200	0	3,624,200
Uniform State Laws, Commission on	23,300	0	23,300	24,300	0	24,300
TOTAL - GENERAL GOVERNMENT	\$232,088,300	\$181,153,200	\$413,241,500	\$252,302,500	\$162,970,000	\$415,272,500
HEALTH AND WELFARE						
Ariz Health Care Cost Containment System	482,402,100	0	482,402,100	486,731,300	0	486,731,300
Economic Security, Department of	356,663,900	643,100	357,307,000	373,391,500	698,700	374,090,200
Environmental Quality, Department of	9,695,500	5,339,900	15,035,400	12,377,400	11,589,900	23,967,300
Health Services, Department of	198,708,100	16,252,500	214,960,600	216,482,400	16,129,800	232,612,200
Hearing Impaired, Council for the	207,300	0	207,300	219,700	0	219,700
Indian Affairs, Commission on	161,200	0	161,200	171,800	0	171,800
Pioneers' Home	1,769,600	1,195,900	2,965,500	1,840,000	1,235,900	3,075,900
Arizona Ranger's Pension	9,800	0	9,800	10,100	0	10,100
Veteran's Services Commission	797,400	453,400	1,250,800	862,300	466,600	1,328,900
TOTAL - HEALTH AND WELFARE	\$1,050,414,900	\$23,884,800	\$1,074,299,700	\$1,092,086,500	\$30,120,900	\$1,122,207,400
INSPECTION AND REGULATION						
Agricultural Employment Relations Board	0	0	0	58,800	0	58,800
Agriculture, Department of	9,627,400	1,724,800	11,352,200	10,276,100	1,738,900	12,015,000
Banking Department	2,525,100	0	2,525,100	2,558,700	0	2,558,700
Boxing Commission	59,000	0	59,000	63,400	0	63,400
Building & Fire Safety, Dept of	2,807,900	0	2,807,900	2,982,900	0	2,982,900
Contractors, Registrar of	4,173,700	0	4,173,700	0	4,959,000	4,959,000
Corporation Commission	5,045,000	5,520,400	10,565,400	4,985,700	5,919,100	10,904,800
Industrial Commission	0	12,481,600	12,481,600	0	14,721,500	14,721,500
Insurance Department	3,022,500	0	3,022,500	3,700,100	0	3,700,100
Liquor Licenses & Control, Dept of	1,900,300	0	1,900,300	2,055,700	0	2,055,700
Mine Inspector	541,500	0	541,500	723,700	0	723,700

	Fiscal Year 1994 2/			Fiscal Year 1995 3/		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Occupational Safety and Health Review Board	\$9,000	\$0	\$9,000	\$9,000	\$0	\$9,000
Racing, Department of	2,441,100	1,360,300	3,801,400	2,522,200	1,599,200	4,121,400
Radiation Regulatory Agency	969,000	93,000	1,062,000	1,016,100	102,500	1,118,600
Real Estate Department	2,547,400	0	2,547,400	2,922,000	0	2,922,000
Residential Utility Consumer Office	0	1,005,700	1,005,700	0	975,300	975,300
Dept of Weights and Measures	1,879,800	1,024,200	2,904,000	1,429,300	789,900	2,219,200
Ninety-Ten Agencies						
Accountancy, Board of	0	949,200	949,200	0	(300)	(300)
Appraisal, Board of	0	229,800	229,800	0	6,400	6,400
Barber Examiners Board	0	141,800	141,800	0	4,300	4,300
Behavioral Health Examiners, Board of	0	296,700	296,700	0	10,400	10,400
Chiropractic Examiners Board	0	236,600	236,600	0	3,100	3,100
Cosmetology, Board of	0	623,300	623,300	0	21,200	21,200
Dental Examiners Board	0	578,000	578,000	0	15,700	15,700
Funeral Directors and Embalmers Board	0	175,300	175,300	0	4,400	4,400
Homeopathic Medical Examiners Board	0	22,300	22,300	0	7,400	7,400
Medical Examiners, Board of	0	2,687,500	2,687,500	0	63,900	63,900
Naturopathic Physician Examiners Board	0	46,400	46,400	0	7,900	7,900
Nursing Board	0	1,093,100	1,093,100	0	38,000	38,000
Nursing Care Institution Administrators Bd	0	63,600	63,600	0	2,700	2,700
Occupational Therapy Examiners, Board of	0	90,900	90,900	0	(400)	(400)
Opticians, Board of Dispensing	0	68,900	68,900	0	3,300	3,300
Optometry, Board of	0	95,600	95,600	0	5,000	5,000
Osteopathic Examiners Board	0	289,200	289,200	0	3,500	3,500
Pharmacy Board	0	741,000	741,000	0	10,800	10,800
Physical Therapy Examiners Board	0	81,300	81,300	0	3,100	3,100
Podiatry Examiners Board	0	50,400	50,400	0	2,800	2,800
Private Postsecondary Education, Board for	0	130,600	130,600	0	4,500	4,500
Psychologist Examiners Board	0	197,800	197,800	0	6,100	6,100
Respiratory Care Examiners, Board of	0	134,100	134,100	0	3,800	3,800
Structural Pest Control Commission	0	1,020,000	1,020,000	0	32,100	32,100
Technical Registration, Board of	0	856,200	856,200	0	(4,800)	(4,800)
Veterinary Medical Examining Board	0	170,400	170,400	0	6,200	6,200
Subtotal - Ninety-Ten Agencies	\$0	\$11,070,000	\$11,070,000	\$0	\$261,100	\$261,100
TOTAL - INSPECTION AND REG	\$37,548,700	\$34,280,000	\$71,828,700	\$35,303,700	\$31,066,500	\$66,370,200
EDUCATION						
Arts, Commission on the	1,258,900	0	1,258,900	1,492,600	0	1,492,600
Community Colleges	86,727,100	0	86,727,100	98,045,700	136,900	98,182,600
Deaf and Blind, School for	15,263,700	4,768,300	20,032,000	16,168,800	5,183,500	21,352,300
Education, Department of 4/	1,400,227,800	0	1,400,227,800	1,586,652,900	0	1,586,652,900
Historical Society, Arizona	3,282,200	0	3,282,200	3,639,200	0	3,639,200
Historical Society, Prescott	543,700	0	543,700	566,900	0	566,900
Medical Student Loans Board	1,000	0	1,000	114,600	0	114,600
Universities/Board of Regents						
Board of Regents	7,155,400	0	7,155,400	7,463,400	0	7,463,400
Arizona State University - East	0	0	0	2,122,600	0	2,122,600
Arizona State University - Main	184,324,800	0	184,324,800	198,293,900	60,166,500	258,460,400
Arizona State University - West	29,602,800	0	29,602,800	32,235,700	5,304,100	37,539,800
Northern Arizona University	75,531,200	0	75,531,200	81,583,400	21,068,200	102,651,600
University of Arizona - Main	198,968,000	0	198,968,000	214,823,400	58,040,200	272,863,600
University of Arizona - Health Sciences Ctr	44,738,200	0	44,738,200	44,543,200	3,360,700	47,903,900
Subtotal - Universities/Board of Regents	\$540,320,400	\$0	\$540,320,400	\$581,065,600	\$147,939,700	\$729,005,300
TOTAL - EDUCATION	\$2,047,624,800	\$4,768,300	\$2,052,393,100	\$2,287,746,300	\$153,260,100	\$2,441,006,400
PROTECTION AND SAFETY						
Corrections, Department of	283,298,200	20,392,500	303,690,700	338,778,800	14,799,200	353,578,000
Criminal Justice Commission	1,000,000	545,200	1,545,200	1,000,000	538,000	1,538,000
Emergency and Military Affairs, Dept of	7,854,400	131,000	7,985,400	4,488,600	63,900	4,552,500
Executive Clemency, Board of	1,890,600	0	1,890,600	1,739,900	0	1,739,900
Public Safety, Department of	34,148,200	50,165,200	84,313,400	36,761,500	48,800,000	85,561,500

	Fiscal Year 1994 2/			Fiscal Year 1995 3/		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Youth Treatment and Rehabilitation, Dept of	\$33,382,800	\$3,165,300	\$36,548,100	\$34,294,600	\$2,952,300	\$37,246,900
TOTAL - PROTECTION AND SAFETY	\$361,574,200	\$74,399,200	\$435,973,400	\$417,063,400	\$67,153,400	\$484,216,800
TRANSPORTATION						
Transportation, Department of	\$69,600	\$193,042,500	\$193,112,100	\$75,500	\$196,865,500	\$196,941,000
NATURAL RESOURCES						
Environment, Commission on the	89,900	0	89,900	101,200	0	101,200
Game and Fish Department	0	16,718,800	16,718,800	0	17,340,800	17,340,800
Geological Survey	613,200	0	613,200	625,900	0	625,900
Land Department 5/	9,080,900	0	9,080,900	10,123,000	0	10,123,000
Mines and Mineral Resources, Dept of	607,600	0	607,600	660,300	0	660,300
State Parks Board	4,979,000	3,419,300	8,398,300	6,534,800	2,242,400	8,777,200
Water Resources, Department of	11,662,500	0	11,662,500	12,118,800	0	12,118,800
TOTAL - NATURAL RESOURCES	\$27,033,100	\$20,138,100	\$47,171,200	\$30,164,000	\$19,583,200	\$49,747,200
Unallocated Salary Adjustment	0	0	0	475,600	95,200	570,800
Unallocated Lease-Purchase	0	0	0	4,500	3,800	8,300
Unallocated Risk Management	97,400	287,600	385,000	0	(35,100)	(35,100)
Unallocated AFIS Charges	0	476,700	476,700	0	0	0
SUBTOTAL - OPERATING BUDGETS	\$3,756,451,000	\$532,430,400	\$4,288,881,400	\$4,115,222,000	\$661,083,500	\$4,776,305,500
Budget Stabilization Fund	42,000,000	0	42,000,000	0	0	0
TOTAL - GENERAL APPROPRIATION ACT	\$3,798,451,000	\$532,430,400	\$4,330,881,400	\$4,115,222,000	\$661,083,500	\$4,776,305,500

1/ See agency detail pages and Summary of Additional Appropriations for other fiscal actions affecting agency expenditure authority. The amounts shown include the allocation of funding for additional lease-purchase payments (Section 72), additional rent of state-owned space (Section 73), general salary adjustments (Section 74), cost adjustments for providers (Section 75), "90-10" agency risk management and employee related expenditure adjustments (Section 76), and statewide risk management reductions (Section 79).

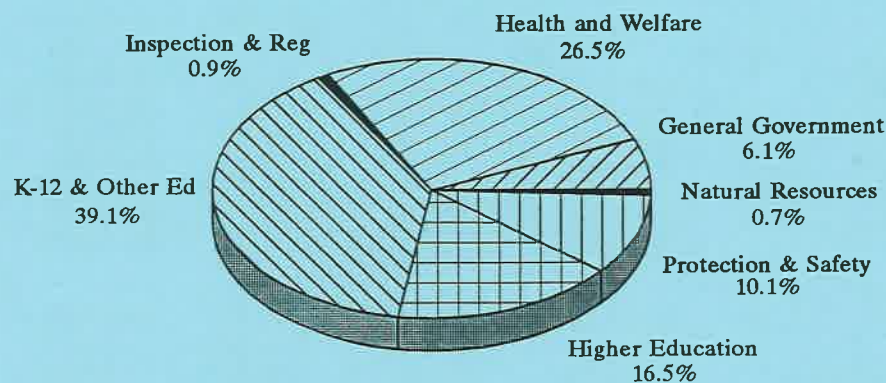
2/ The amounts for FY 1994 reflect the appropriations made in Laws 1993, Chapter 1, 2nd Special Session, as adjusted by Laws 1994, Chapter 6, 8th Special Session.

3/ The amounts for FY 1995 reflect the appropriations made in Laws 1994, Chapter 1, 8th Special Session.

4/ The FY 1994 appropriation does not include a state aid roll-over of \$143,196,400 appropriated in Laws 1992, Chapter 1, 9th Special Session. The FY 1995 appropriation does not include a state aid roll-over of \$53,500,000 appropriated in Laws 1993, Chapter 1, 2nd Special Session, as amended by Laws 1994, Chapter 6, 8th Special Session.

5/ The FY 1995 General Fund appropriation includes a transfer of \$11,400 to the Arizona Navigable Streams Adjudication Commission, as required by Laws 1994, Chapter 277.

DISTRIBUTION OF THE GENERAL APPROPRIATION ACT GENERAL FUND BY FUNCTION OF GOVERNMENT



FISCAL YEAR 1995

Does not include \$75,500 (0.002%) for Transportation and \$480,100 (0.01%) for unallocated salary adjustments.

**SUMMARY OF THE CAPITAL OUTLAY BILL (Chapter 2, H.B. 2002, 8th Special Session)
AND OTHER BILLS WITH CAPITAL OUTLAY APPROPRIATIONS 1/**

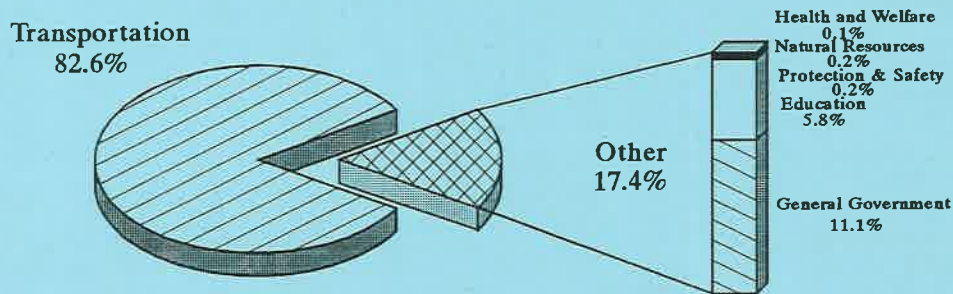
	FY 1994		FY 1995	
	General Fund	Other Funds	General Fund	Other Funds
GENERAL GOVERNMENT				
Administration, Department of				
Building Renewal 2/			\$4,062,100	\$1,000,000
Americans with Disabilities Act Compliance - Planning			100,000	
Americans with Disabilities Act Compliance - Construction			500,000	
416 West Congress, Tucson Renovation			400,000	
Parking and Roadway Maintenance - Governmental Mall			300,000	
Design and Land Acquisition for State Health Laboratory			1,600,000	
Study and Design for Flagstaff State Office Building			260,000	
Purchase of Property on Governmental Mall at 1801 West Madison			390,000	
Pioneers' Home - Electrical Rewiring			100,000	
DYTR Cottage Upgrades			458,300	
Tenant Improvements on 2nd Floor and Basement of Capital Center			167,400	
Tenant Improvements and Relocation - 1st Floor of Capital Center			154,500	
Tenant Improvements on the 1645 West Jefferson Building			93,000	
DOC: Design and Construction of 100 Level II Beds - ASP-Globe			1,131,600	1,557,300
DOC: Design and Construction of 400 Level III Beds - ASP-Yuma			5,151,400	7,089,400
DOC: Conversion of Aspen to a Correctional Mental Health Unit			157,800	217,200
DOC: ASPC-Florence Fire and Safety Corrections			355,300	394,700
DOC: Statewide Correctional Facilities Building Maintenance			94,700	105,300
Renovation of 1688 and 1624 W. Adams (Chapter 7, H.B. 2007, 8th Special Session)		\$2,468,800		
Renovation of DYTR Cottages (Chapter 7, H.B. 2007, 8th Special Session)	\$1,047,600			
DWR Relocation and Tenant Improvements (Chapter 7, H.B. 2007, 8th Sp. Ses.)	620,000	225,000		
DYTR: Design of 100-bed High-security Unit (Chapter 201, S.B. 1356)			350,000	
DOC: Design of 100-bed Level 5 Juvenile Facility (Chapter 195, H.B. 2542)				350,000
SUBTOTAL - Department of Administration	\$1,667,600	\$2,693,800	\$15,826,100	\$10,713,900
Coliseum and Exposition Center				
Building Renewal 2/				636,500
Lottery Commission				
Building Renewal 2/				11,500
Roof Repair				67,600
SUBTOTAL - Lottery Commission	\$0	\$0	\$0	\$79,100
TOTAL - GENERAL GOVERNMENT	\$1,667,600	\$2,693,800	\$15,826,100	\$11,429,500
HEALTH AND WELFARE				
Economic Security, Department of				
ATP-Coolidge Fire & Life Safety Corrections			268,500	
Health Services, Department of				
Arizona State Hospital Fuel Storage Tank Replacement			30,000	
TOTAL - HEALTH AND WELFARE	\$0	\$0	\$298,500	\$0
EDUCATION				
Community Colleges				
Show Low Campus			200,000	
Historical Society, Arizona				
Tucson Museum Renovation			272,000	
Regents, Board of				
Universities Building Renewal 2/			12,402,400	
Americans with Disabilities Act Compliance			1,200,000	
SUBTOTAL - Board of Regents	\$0	\$0	\$13,602,400	\$0
TOTAL - EDUCATION	\$0	\$0	\$14,074,400	\$0

	FY 1994		FY 1995	
	General Fund	Other Funds	General Fund	Other Funds
PROTECTION AND SAFETY				
Public Safety, Department of				
Phoenix Scientific and Technical Support Building Design			\$330,000	
Remote Officer Housing			\$150,000	
SUBTOTAL - Department of Public Safety	\$0	\$0	\$480,000	\$0
Youth Treatment and Rehabilitation, Department of				
Replacement of Fuel Storage Tanks			30,000	
TOTAL - PROTECTION AND SAFETY	\$0	\$0	\$510,000	\$0
TRANSPORTATION				
Transportation, Department of				
Building Renewal 2/				1,149,100
Miscellaneous Capital Projects				6,608,000
Highway Planning & Construction				181,509,000
Airport Planning, Construction, & Development				10,096,600
Flood Control for Marana, Pima County (Chapter 224, H.B. 2192)			500,000	
Replace Avra Valley Road Bridge (Chapter 224, H.B. 2192)			1,250,000	
Border Transportation Projects (Chapter 226, H.B. 2431)				1,000,000
TOTAL - TRANSPORTATION	\$0	\$0	\$1,750,000	\$200,362,700
NATURAL RESOURCES				
Game and Fish Department				
Building Renewal 2/				109,800
Deer Valley North				100,000
Facilities Repair and Maintenance				30,000
Shooting Range Development				10,000
Migratory Waterfowl Habitat				160,000
TOTAL - NATURAL RESOURCES	\$0	\$0	\$0	\$409,800
GRAND TOTAL	\$1,667,600	\$2,693,800	\$32,459,000	\$212,202,000

1/ Reflects all capital appropriations enacted since the beginning of FY 1994.

2/ For major maintenance and repair of state buildings pursuant to sections 41-790 and 41-793.01, Arizona Revised Statutes. The General Fund/Capital Outlay Stabilization Fund portion of the DOA formula was funded at approximately 58% of full funding. The Regents were funded at approximately 58% of their full funding formula, and agencies with Other Appropriated Funds were funded at 100%.

DISTRIBUTION OF CAPITAL OUTLAY BILLS GENERAL FUND AND OTHER APPROPRIATED FUNDS BY FUNCTION OF GOVERNMENT



FISCAL YEAR 1995

Note: The General Government amount includes funding for Department of Corrections and Department of Youth Treatment and Rehabilitation facilities.

LEASE-PURCHASE SUMMARY

The Department of Administration, the Industrial Commission, Arizona State University, and the University of Arizona have entered into lease-purchase agreements for the acquisition and construction of state facilities. The table below provides the following information related to state lease-purchase agreements, as of April 30, 1994: 1) the facility constructed or acquired (and the year of the original issuance); 2) the amount originally issued, including pro rata costs associated with the issuance; 3) the budgeted FY 1995 lease-purchase payment, which is included in the operating budgets for the various tenants ^{1/}; 4) the agency appropriated the required payment; and 5) the source(s) of funding.

<u>FACILITY</u>	<u>TOTAL ISSUANCE</u>	<u>FY 1995 PAYMENT</u>	<u>OCCUPANT</u>	<u>FUNDING SOURCE</u>
<u>DEPT OF ADMINISTRATION</u>				
Revenue Building (1986)	\$26,919,000	\$1,212,900	Department of Revenue	General Fund
DES DD Homes (1986)	3,420,500	155,100	DES	General Fund, Federal ^{1/}
Capitol Center (1986)	20,845,000	1,688,500	Atty General, Others	Multiple Sources
16th Ave Parking Garage (1988)	5,390,000	368,200	DOA	General Fund
Historical Society Museum (1988)	13,665,000	1,207,800	Historical Society	General Fund
ASDB Food Service Facility (1988)	3,765,000	355,500	ASDB	General Fund
Supreme Court Building (1988)	40,440,000	3,277,600	Supreme Court, Others	Multiple Sources ^{1/}
DES-West (1988)	36,205,000	2,889,600	DES	General Fund, Federal ^{1/}
Tucson State Office Bldg. (1988)	22,365,000	2,079,100	Multiple Agencies	Multiple Sources ^{1/}
Old Comp. Fund Bldg. (1989)	8,020,900	469,800	DOA, Land Department	Multiple Sources ^{1/}
Library for the Blind (1989)	1,405,100	81,400	Library and Archives	General Fund
Game & Fish Regional Offices (1989)	2,927,300	181,700	Game & Fish Department	G&F Cap Imp Fund
Tonto Natural Bridge (1990)	4,712,900	279,800	State Parks Board	Parks Enhancement ^{1/}
Records Management Addition (1990)	2,441,900	142,000	Library & Archives	General Fund
ASDB H.S. & Auditorium (1990)	15,811,200	933,300	ASDB	General Fund
ENSCO (1991)	55,080,000	4,582,900	DOA	General Fund
RTC/Distressed Properties (1992)	15,625,000	2,150,900	Multiple Agencies	Multiple Sources ^{1/}
Welcome Center (1992)	490,000	66,300	Office of Tourism	General Fund
1,450 Prison Beds (1993)	44,770,000	12,084,300	Dept of Corrections	Corrections Fund
768 Prison Beds (1994)	<u>44,200,000</u>	<u>2,359,200</u>	Dept of Corrections	Corrections Fund
SUBTOTAL, DOA	\$368,498,800	\$36,565,900		
Industrial Commission Building (1985)	\$17,000,000	\$1,250,000	Industrial Commission	Industrial Commission Fund
<u>UNIVERSITIES</u>				
ASU-Telecommunications (1985)	\$9,975,000	\$ 0	Arizona State University	Local Funds ^{1/}
ASU-West (1989)	55,400,000	5,484,000	Arizona State University	General Fund
ASU-Towers (1991)	4,500,000	446,000	Arizona State University	Local Funds ^{1/}
U of A - Alumni Building (1990)	4,950,000	484,000	University of Arizona	Local Funds ^{1/}
U of A - Telecommunications (1991)	27,595,000	2,656,000	University of Arizona	Local Funds ^{1/}
U of A - Others	8,040,000	514,000	University of Arizona	Local Funds ^{1/}
SUBTOTAL, UNIVERSITIES	<u>\$110,460,000</u>	<u>\$9,584,000</u>		
TOTAL	<u>\$495,958,800</u>	<u>\$47,399,900</u>		

^{1/} Some funds are non-appropriated, and do not appear in agency budgets.

BONDING SUMMARY

The Board of Regents, on behalf of the Universities, the Coliseum and Exposition Center Board, the Department of Transportation (ADOT), and the Arizona Power Authority have issued bonds to acquire and construct facilities and to purchase equipment. Bonding levels and issuances for the Universities are authorized by the Legislature. The total bonds outstanding, as of June 30, 1993, and the required debt service payments are shown in the table below. The figures for Universities include both academic and various auxiliary bonds; only part of the FY 1995 payment is included in Universities' budgets. Scheduled payments for the Coliseum and Exposition Center, ADOT, and the Arizona Power Authority are from non-appropriated sources.

<u>INSTITUTION</u>	<u>BONDS OUTSTANDING</u>	<u>FY 1995 DEBT SERVICE PAYMENT</u>
<u>BOARD OF REGENTS</u>		
University of Arizona	\$240,921,000	\$22,078,000
Arizona State University	261,783,000	22,687,000
Northern Arizona University	<u>95,710,000</u>	<u>10,200,400</u>
SUBTOTAL, BOARD OF REGENTS	\$598,414,000	\$54,965,400
Coliseum & Exposition Center	\$1,820,000	\$ 0 ^{1/}
Department of Transportation	733,580,000 ^{2/}	78,091,200
Arizona Power Authority	<u>81,410,000</u>	<u>5,316,300</u>
TOTAL	<u>\$1,415,224,000</u>	<u>\$138,372,900</u>

^{1/} The Coliseum & Exposition Center intends to retire its outstanding debt in FY 1994.

^{2/} Does not include issuances backed by the Regional Area Road Fund (RARF), with an outstanding debt of \$890.8 million.

SUMMARY OF ADDITIONAL APPROPRIATIONS
(Other Than The General Appropriation Act and All Capital Outlay Appropriations)
Enacted by the 41st Legislature - 2nd Regular Session 1/
For Fiscal Years 1994 and 1995

	Fiscal Year 1994		Fiscal Year 1995	
	General Fund	Other Funds	General Fund	Other Funds
<u>GENERAL GOVERNMENT</u>				
Administration, Department of				
Ch. 97 (H.B. 2009) - Omnibus Named Claimants Relief Act	\$477,400			
Ch. 219 (H.B. 2595) - RICO; Forfeiture			\$75,000	
Ch. 320 (S.B. 1272) - Appropriation; Impeachment and Recall Expenses			423,000	
Ch. 363 (S.B. 1236) - Administrative Procedure; Rule Making			178,600	
Subtotal - Department of Administration	\$477,400	\$0	\$676,600	\$0
Commerce, Department of				
Ch. 353 (H.B. 2575) - Omnibus Alternative Fuels Bill		1,950,000		625,000
Constitutional Defense Council				
Ch. 222 (H.B. 2371) - Constitutional Defense Council			1,000,000	
Courts				
Court of Appeals				
Ch. 220 (S.B. 1277) - Superior Court Clerk; Salaries			52,500	
Superior Court				
Ch. 201 (S.B. 1356) - Juvenile Crime Omnibus			414,700	
Ch. 220 (S.B. 1277) - Superior Court Clerk; Salaries			148,600	
Ch. 374 (S.B. 1460) - Child Support Enforcement			684,400	
Supreme Court				
Ch. 220 (S.B. 1277) - Superior Court Clerk; Salaries			12,900	
Subtotal - Courts	\$0	\$0	\$1,313,100	\$0
Governor, Office of the				
Ch. 141 (H.B. 2493) - Border Volunteer Corps; Appropriation			174,000	
Ch. 193 (H.B. 2190) - Study Committee; NAFTA; Appropriation			100,000	
Subtotal - Office of the Governor	\$0	\$0	\$274,000	\$0
Legislature				
Auditor General				
Ch. 127 (S.B. 1289) - Performance Audits; Victim Compensation Funds				80,000
Legislative Council				
Ch. 277 (H.B. 2589) - State Claims to Streambeds; Ombudsman	43,000		136,700	
Subtotal - Legislature	\$43,000	\$0	\$136,700	\$80,000

	Fiscal Year 1994		Fiscal Year 1995	
	General Fund	Other Funds	General Fund	Other Funds
Secretary of State				
Ch. 363 (S.B. 1236) - Administrative Procedure; Rule Making			\$287,000	
TOTAL - GENERAL GOVERNMENT	\$520,400	\$1,950,000	\$3,687,400	\$705,000
<u>HEALTH AND WELFARE</u>				
Economic Security, Department of				
Ch. 136 (H.B. 2317) - Respite Care; Pilot Program			75,000	
Ch. 166 (S.B. 1342) - AFDC; Adult Time Limits; Appropriation			1,400,000	
Ch. 301 (S.B. 1456) - Full Employment Demonstration Project; Appropriation			200,000	
Ch. 325 (S.B. 1423) - Child Protective Services			1,527,300	
Ch. 374 (S.B. 1460) - Child Support Enforcement			1,018,800	
Subtotal - Department of Economic Security	\$0	\$0	\$4,221,100	\$0
Environmental Quality, Department of				
Ch. 353 (H.B. 2575) - Omnibus Alternative Fuels Bill				50,000
Health Services, Department of				
Ch. 8 (S.B. 1480) - Appropriation; TCE Contamination			250,000	
Ch. 348 (H.B. 2391) - Loan Repayment; Medically Underserved Areas			272,000	
Subtotal - Department of Health Services	\$0	\$0	\$522,000	\$0
TOTAL - HEALTH AND WELFARE	\$0	\$0	\$4,743,100	\$50,000
<u>INSPECTION AND REGULATION</u>				
Insurance, Department of				
Ch. 154 (S.B. 1071) - Insurance Fraud Unit			750,000	
Mine Inspector, State				
Ch. 118 (S.B. 1365) - Reclamation of Mined Lands			120,000	
Radiation Regulatory Agency				
Ch. 47 (H.B. 2008) - Nuclear Emergency Appropriation and Assessment	404,800			
TOTAL - INSPECTION AND REGULATION	\$404,800	\$0	\$870,000	\$0
<u>EDUCATION</u>				
Education, Department of				
Ch. 201 (S.B. 1356) - Juvenile Crime Omnibus			2,500,000	
Ch. 221 (S.B. 1310) - Schools; Optional Performance Incentive Program			100,000	
Ch. 266 (S.B. 1182) - Education in Juvenile Detention Facilities			526,000	
TOTAL - EDUCATION	\$0	\$0	\$3,126,000	\$0
<u>PROTECTION AND SAFETY</u>				
Corrections, Department of				
Ch. 365 (S.B. 1250) - Disproportionality Review; Appropriation			1,000	
Criminal Justice Commission, Arizona				
Ch. 200 (S.B. 1291) - Adult Crime Omnibus			430,000	

	Fiscal Year 1994		Fiscal Year 1995	
	General Fund	Other Funds	General Fund	Other Funds
Emergency Services and Military Affairs, Dept of				
Ch. 47 (H.B. 2008) - Nuclear Emergency Appropriation and Assessment	\$465,200			
Ch. 224 (H.B. 2192) - Appropriation; Flood Relief Funding			\$5,050,000	
Subtotal - Dept of Emergency Services and Military Affairs	\$465,200	\$0	\$5,050,000	\$0
Executive Clemency, Board of				
Ch. 365 (S.B. 1250) - Disproportionality Review; Appropriation			26,300	
Public Safety, Department of				
Ch. 200 (S.B. 1291) - Adult Crime Omnibus			892,000	
Youth Treatment and Rehabilitation, Department of				
Ch. 201 (S.B. 1356) - Juvenile Crime Omnibus			901,200	
TOTAL - PROTECTION AND SAFETY	\$465,200	\$0	\$7,300,500	\$0
<u>NATURAL RESOURCES</u>				
Arizona Navigable Streams Adjudication Commission				
Ch. 277 (H.B. 2589) - State Claims to Streambeds; Ombudsman	46,100		120,400	
Land Department				
Ch. 171 (S.B. 1436) - State Land Grazing Fees			100,000	
Water Resources, Department of				
Ch. 132 (S.B. 1239) - Appropriation; DWR; Hydrologic Study			100,000	
Ch. 224 (H.B. 2192) - Appropriation; Flood Relief Funding			150,000	
Ch. 278 (H.B. 2590) - CAP; Arizona Water Protection Fund			4,110,000	
Ch. 282 (H.B. 2239) - Phoenix and Tucson Groundwater Study			60,000	
Subtotal - Department of Water Resources	\$0	\$0	\$4,420,000	\$0
TOTAL - NATURAL RESOURCES	\$46,100	\$0	\$4,640,400	\$0
GRAND TOTAL	\$1,436,500	\$1,950,000	\$24,367,400	\$755,000

1/ All appropriations have been rounded to the nearest \$100.

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED EXPENDITURES
For Fiscal Years 1994 and 1995 1/

	FY 1994 Estimate	FY 1995 Estimate
GENERAL GOVERNMENT		
Department of Administration		
Arizona Office for Americans with Disabilities Act	\$253,600	\$253,600
Co-Op State Purchasing Agreement	57,300	57,300
Emergency Telecommunications Revolving	6,736,700	6,343,300
Motor Pool Revolving	6,255,800	7,040,100
Special Employee Health Insurance Trust	180,438,000	187,506,000
Special Services Revolving	3,055,900	3,106,800
State Employee Rideshare	251,400	240,000
Surplus Property - Federal	398,600	374,100
Surplus Property - State	485,300	435,300
Telecommunications	13,487,100	13,404,100
Department of Administration - Subtotal	<u>\$211,419,700</u>	<u>\$218,760,600</u>
Attorney General - Department of Law		
Anti-Racketeering Revolving	2,109,200	1,787,200
Antitrust Enforcement Revolving	926,300	926,300
AZ Prosecuting Attorneys Advisory Council	600,000	605,000
Civil Division	12,605,600	13,385,600
CJEF Distribution to County Attorneys	1,677,900	1,677,900
Consumer Protection - Consumer Fraud Revolving	720,300	343,400
Federal Funds	3,263,800	3,013,000
Intergovernmental Agreements	2,951,200	2,951,200
Revolving Printing	2,000	2,000
Victim Witness	121,200	121,400
Attorney General - Department of Law - Subtotal	<u>\$24,977,500</u>	<u>\$24,813,000</u>
Arizona Coliseum & Exposition Center Board		
Capital Outlay	2,050,000	500,000
Coliseum Improvement Special Sinking	1,820,000	0
Construction and Improvement Bond Interest	79,600	0
Arizona Coliseum & Exposition Center Board - Subtotal	<u>\$3,949,600</u>	<u>\$500,000</u>
Department of Commerce		
Commerce & Economic Development	2,855,800	2,855,800
Commerce & Solar Energy	500	1,000
Community Workshops	200,000	175,000
Donations	156,000	110,000
Federal Grants	14,234,700	13,716,900
Housing Finance Review	209,000	209,000
Housing Trust	4,000,000	4,000,000
Oil Overcharge	7,653,600	3,638,400
Recycling	51,700	45,000
Work Force Recruitment and Job Training	30,000	50,000
Department of Commerce - Subtotal	<u>\$29,391,300</u>	<u>\$24,801,100</u>
State Compensation Fund 2/		
State Compensation Fund	411,686,600	465,196,400
Courts - Supreme Court		
Alternative Dispute Resolution	242,600	242,600
Case Processing Assistance	1,257,800	1,257,800
Confidential Intermediary	137,200	137,200
County Public Defender Training	478,400	471,500
Defensive Driving School	1,324,400	1,324,400
Drug Enforcement Account	1,868,800	1,868,800
Grants and Special Revenue	604,700	604,700
Judicial Collection Enhancement	5,109,700	3,725,600
Juvenile Crime Reduction	2,092,000	1,899,700
Supreme Court - Subtotal	<u>\$13,115,600</u>	<u>\$11,532,300</u>
Equal Opportunity, Governor's Office of		
Equal Employment & Economic Development	38,500	38,500

	FY 1994 Estimate	FY 1995 Estimate
Office of the Governor		
County Fairs Livestock & Agricultural Promotion	\$936,000	\$956,300
Federal Grants	3,330,000	3,012,000
Office of the Governor - Subtotal	<u>\$4,266,000</u>	<u>\$3,968,300</u>
Legislature - Auditor General		
Audit Services Revolving	949,800	965,900
Legislature - Department of Library, Archives & Public Records		
Donations	12,000	12,000
Federal Grants	1,918,400	987,800
Gift Shop Revolving	40,900	45,000
Miscellaneous Collections	135,600	0
Department of Library, Archives & Public Records - Subtotal	<u>\$2,106,900</u>	<u>\$1,044,800</u>
Arizona State Lottery Commission		
Economic Development Games	9,324,200	10,333,400
State Lottery	121,348,300	158,250,000
Arizona State Lottery Commission - Subtotal	<u>130,672,500</u>	<u>168,583,400</u>
Arizona State Retirement System		
Admin. Account - Health Insurance & Long-term Disability Administration Fees	1,476,300	1,502,700
Admin. Account - Investment & Facilities Exp.	12,955,200	13,580,200
Admin. Account - Legal Counsel	156,000	156,000
Admin. Account - Outreach Education	638,100	638,100
Arizona State Retirement System - Subtotal	<u>\$15,225,600</u>	<u>\$15,877,000</u>
Department of Revenue		
DOR Estate and Unclaimed Property	415,800	415,800
Liability Setoff Revolving	120,400	110,500
Revenue Publications Revolving	121,700	121,700
Waste Tire	3,884,200	4,078,500
Department of Revenue - Subtotal	<u>\$4,542,100</u>	<u>\$4,726,500</u>
Secretary of State - Department of State		
Arizona Blue Book	15,000	0
Office of Tourism		
Tourism Workshop	94,900	110,800
SUBTOTAL - GENERAL GOVERNMENT		
Other Funds	829,306,100	919,814,800
Federal Funds	23,145,500	21,103,800
TOTAL - GENERAL GOVERNMENT	<u>\$852,451,600</u>	<u>\$940,918,600</u>
 <u>HEALTH AND WELFARE</u>		
<u>AHCCCS</u>		
County Contributions	180,937,800	186,272,900
Federal Funds	977,557,000	1,052,328,300
Health Care Group Medical Premiums	477,100	683,300
Third Party Collections	5,522,000	10,211,700
AHCCCS - Subtotal	<u>\$1,164,493,900</u>	<u>\$1,249,496,200</u>
Department of Economic Security		
AZ Industries for the Blind	\$5,100,600	\$5,100,600
Capital Investment	68,600	34,300
Child Abuse Prevention	700,700	720,000
Child Passenger Restraint	14,500	14,500
Child Support Enforcement Administration	7,430,300	7,279,500
DES Client Trust	29,200	14,600
Economic Security Donations	42,700	42,700
Economic Security Special Administration	1,557,200	845,000
Federal Grants	542,042,700	576,571,300
Homeless Trust	41,200	41,200
Long Term Care (Federal)	111,424,000	116,888,000
Neighbors Helping Neighbors	46,400	46,400
Phoenix ATP Closure	10,000	10,000
Private Donations & Resource Development	2,500	2,500
Special Olympics Tax Refund	69,800	69,800

	FY 1994 Estimate	FY 1995 Estimate
Spinal & Head Injuries Trust	\$225,300	\$225,300
Unemployment Insurance Benefits	280,000,000	280,000,000
Utility Assistance	597,800	512,800
Dept. of Economic Security - Subtotal	<u>\$949,403,500</u>	<u>\$988,418,500</u>
Department of Environmental Quality		
Air Quality Fee	6,653,600	3,216,600
Federal	13,151,200	7,703,400
Indirect Cost Fund	4,606,200	4,575,700
Intergovernmental Agreements	24,300	24,500
Intergovernmental Pesticide Program	44,500	15,400
Landfill Trust Fund	110,300	0
Small Water Systems	25,000	31,300
Solid Waste Recycling	1,359,600	982,700
Underground Storage Tanks	23,839,500	42,893,200
Waste Tire Grant	720,800	112,300
Wastewater Treatment Revolving	219,100	219,600
Water Quality Assurance Revolving Fund	6,831,900	4,383,700
Department of Environmental Quality - Subtotal	<u>\$57,586,000</u>	<u>\$64,158,400</u>
Department of Health Services		
Alcohol Abuse Treatment	910,000	910,000
Arizona State Hospital - Donation	5,000	5,000
Arizona State Hospital - Patient Benefit	159,500	96,500
Arizona State Hospital - Rental Income	436,600	436,600
Clinical Lab Licensing Revolving Fund	400	0
Domestic Violence Shelter	950,000	950,000
Donations	452,600	128,400
Drug and Alcohol Fines	450,000	550,000
Endowment	208,000	208,000
Environmental Licensure	534,300	534,300
Federal Grants	79,412,700	79,718,000
Liquor Services Fees	10,700	53,500
SAMHC Donation	10,500	11,500
SAMHC Patient Benefit	4,000	4,500
Sanitarian's Fund	2,700	2,700
Special Revenue	3,380,200	3,380,200
Department of Health Services - Subtotal	<u>\$86,927,200</u>	<u>\$86,989,200</u>
Arizona Council for the Hearing Impaired		
Donations	10,000	10,000
Federal Grants	50,000	50,000
Telecommunications Devices for the Deaf	4,099,600	4,741,100
Arizona Council for the Hearing Impaired - Subtotal	<u>\$4,159,600</u>	<u>\$4,801,100</u>
Arizona Commission of Indian Affairs		
Publications Revolving Fund	3,000	3,000
Arizona Pioneers' Home		
Donations	30,000	30,000
State Charitable, Penal & Reform. Land Earnings	1,570,100	880,000
Arizona Pioneers' Home - Subtotal	<u>\$1,600,100</u>	<u>\$910,000</u>
Arizona Veterans' Service Commission		
Desert Storm Memorial	20,000	0
Federal Funds	210,400	210,400
Veterans' Native American Outreach Project	29,400	0
Arizona Veterans' Services Commission - Subtotal	<u>\$259,800</u>	<u>\$210,400</u>
SUBTOTAL - HEALTH AND WELFARE		
Other Funds	540,585,100	561,517,400
Federal Funds	1,723,848,000	1,833,469,400
TOTAL - HEALTH AND WELFARE	<u>\$2,264,433,100</u>	<u>\$2,394,986,800</u>
 <u>INSPECTION AND REGULATION</u>		
Arizona Department of Agriculture		
Administrative Support	206,400	186,700
Agriculture Laboratory	276,800	141,700

	FY 1994 Estimate	FY 1995 Estimate
Beef Council	\$720,000	\$707,200
Citrus Research Council	85,300	85,300
Cotton Research and Protection Council	1,660,000	1,617,500
Dangerous Plants, Pests and Diseases	30,000	15,000
Donations	61,700	0
Equine Maintenance	5,900	6,000
Federal	436,300	382,800
Grain Research and Promotion Council	88,200	88,200
Iceberg Lettuce Promotion Council	124,300	0
Iceberg Lettuce Research Council	81,800	81,800
Native Plant Law	224,400	229,500
Seed Law	9,300	9,300
Seizure	6,900	6,400
Stray	48,800	48,800
Yuma County Citrus Pest Control	4,100	0
Arizona Department of Agriculture - Subtotal	<u>\$4,070,200</u>	<u>\$3,606,200</u>
State Banking Department		
Escrow Guaranty	490,000	40,000
Receivership Revolving	141,400	141,400
Revolving	132,900	132,900
State Banking Department - Subtotal	<u>\$764,300</u>	<u>\$314,300</u>
Department of Building and Fire Safety		
Federal Grants	6,800	8,000
Intergovernmental Agreements	404,300	404,300
Manufactured Housing Consumer Recovery	150,000	150,000
Mobile Home Relocation	200,000	200,000
Department of Building and Fire Safety - Subtotal	<u>\$761,100</u>	<u>\$762,300</u>
Registrar of Contractors		
Residential Contractor's Recovery	1,990,600	2,024,600
Corporation Commission		
Federal	107,300	82,600
Public Access	579,700	738,700
Securities Regulatory & Enforcement	1,340,300	1,168,300
Corporation Commission - Subtotal	<u>\$2,027,300</u>	<u>\$1,989,600</u>
Industrial Commission of Arizona		
Federal Grants	1,260,600	1,260,600
Revolving	137,500	137,500
Industrial Commission of Arizona- Subtotal	<u>\$1,398,100</u>	<u>\$1,398,100</u>
Department of Insurance		
Computer System	224,200	251,900
Examiners' Revolving	6,606,600	7,271,600
Joint Underwriting Plan	173,300	173,300
Receivership Liquidation	274,100	274,100
Department of Insurance - Subtotal	<u>\$7,278,200</u>	<u>\$7,970,900</u>
Department of Liquor Licenses and Control		
Racketeering	200	0
Special Collections	899,600	549,600
Department of Liquor Licenses & Control - Subtotal	<u>\$899,800</u>	<u>\$549,600</u>
State Mine Inspector		
Federal Grants	368,000	349,800
Arizona Department of Racing		
Admin. of County Fairs Racing Betterment & Breeders Award	54,400	54,400
Arizona Breeders Award	808,500	757,100
County Fairs Racing Betterment	660,600	647,300
Arizona Department of Racing - Subtotal	<u>\$1,523,500</u>	<u>\$1,458,800</u>
Radiation Regulatory Agency		
Federal	108,800	117,400
State Real Estate Department		
Education Revolving	75,900	47,500
Recovery	165,500	192,100

	FY 1994 Estimate	FY 1995 Estimate
Subdivision Recovery	\$36,100	\$0
State Real Estate Department - Subtotal	<u>\$277,500</u>	<u>\$239,600</u>
Department of Weights & Measures		
Federal	26,500	0
NINETY-TEN AGENCIES		
Board of Medical Examiners		
Physician Monitoring Fund	92,400	92,400
State Board of Nursing		
Nurse Aide Training & Registration	587,800	587,800
State Board of Private Postsecondary Education		
Student Tuition Recovery Fund	157,900	150,000
Structural Pest Control Commission		
Federal Certification and Enforcement Grant	139,100	139,100
SUBTOTAL - 90/10 AGENCIES	<u>\$977,200</u>	<u>\$969,300</u>
SUBTOTAL - INSPECTION AND REGULATION		
Other Funds	20,017,700	19,410,200
Federal Funds	2,453,400	2,340,300
TOTAL - INSPECTION AND REGULATION	<u>\$22,471,100</u>	<u>\$21,750,500</u>
<u>EDUCATION</u>		
AZ Commission on the Arts		
Arts Fund - Federal	890,300	694,400
Arts Fund - Local	139,200	115,000
Arts Trust	1,195,600	1,140,600
AZ Commission on the Arts - Subtotal	<u>\$2,225,100</u>	<u>\$1,950,000</u>
State Board of Directors for Community Colleges		
Certification Fund	197,100	0
Federal Grants	2,866,800	2,866,800
Governmental Services	82,600	0
Les Arie Memorial	400	0
State Board of Directors for Community College - Subtotal	<u>\$3,146,900</u>	<u>\$2,866,800</u>
Arizona State School for the Deaf and the Blind		
Enterprise	17,600	49,400
Federal Grants	947,900	729,700
Local Grants	136,000	0
Trust	98,100	98,100
Arizona State School for the Deaf and the Blind - Subtotal	<u>\$1,199,600</u>	<u>\$877,200</u>
Department of Education		
Certification Fingerprinting	71,000	71,000
Education Evaluation Review	20,000	20,000
Environmental Education	10,100	10,100
Environmental Plate Number	39,600	39,600
Federal Funds	353,429,400	367,510,800
Food Distribution	267,100	267,100
Permanent State School	55,762,800	55,070,200
Printing Revolving	2,190,000	2,194,000
Youth Farm Loan	25,000	25,000
Department of Education - Subtotal	<u>\$411,815,000</u>	<u>\$425,207,800</u>
Arizona Historical Society		
Enterprise Funds	3,500	3,500
Grant Funds	292,800	259,800
Private Funds	232,000	232,000
Restricted Funds	311,000	311,000
Trust Funds	2,700	2,700
Arizona Historical Society - Subtotal	<u>\$842,000</u>	<u>\$809,000</u>
Prescott Historical Society of Arizona		
Sharlot Hall Historical Society	113,100	113,100
Board of Medical Student Loans		
Medical Student Loan	131,600	159,600
Arizona Board of Regents		

	FY 1994 Estimate	FY 1995 Estimate
Federal	\$2,216,600	\$2,195,200
Regents Postsecondary Local	1,381,200	1,381,200
Teacher Loan Forgiveness	67,000	15,000
Regents Local Fund	421,700	465,200
University Land Funds	221,900	147,000
Arizona Board of Regents - Subtotal	<u>\$4,308,400</u>	<u>\$4,203,600</u>
Arizona State University - Main Campus		
Auxiliary	46,485,000	48,810,000
Designated Funds	50,136,000	52,341,000
Federal Grants	52,890,000	54,477,000
Loan	836,000	872,000
Restricted Funds	32,891,000	34,536,000
Collections Fund 3/	58,482,600	0
Arizona State University - Main Campus Subtotal	<u>\$241,720,600</u>	<u>\$191,036,000</u>
Arizona State University - West Campus		
Auxiliary	102,000	107,000
Designated Funds	1,012,000	1,057,000
Federal Grants	130,000	133,000
Restricted Funds	362,000	398,000
Collections Fund 3/	5,208,000	0
Arizona State University - West Campus - Subtotal	<u>\$6,814,000</u>	<u>\$1,695,000</u>
Northern Arizona University		
Auxiliary Enterprises	25,970,400	26,122,200
Designated Funds	16,153,300	17,057,300
Designated - Indirect Cost Recovery	157,400	160,200
Federal Grants	19,747,400	20,257,200
Federal Indirect Cost Recovery	768,600	782,500
Loan	150,000	150,000
Restricted Fund (Excluding Federal Funds)	5,752,600	6,242,800
Collections Fund 3/	21,944,000	0
Northern Arizona University - Subtotal	<u>\$90,643,700</u>	<u>\$70,772,200</u>
University of Arizona - Main Campus		
Auxiliary Enterprise Funds	108,961,000	110,942,000
Designated Funds	82,052,800	83,423,200
Endowment and Similar Funds	1,258,700	1,296,500
Federal Grants	94,605,400	95,548,100
Federal Indirect Cost Recovery	21,839,700	22,056,800
Loan	553,800	563,900
Restricted Funds	44,367,600	45,308,200
Collections Fund 3/	62,107,200	0
University of Arizona - Main Campus - Subtotal	<u>\$415,746,200</u>	<u>\$359,138,700</u>
University of Arizona - AZ Health Science Center		
Auxiliary Enterprise Funds	8,757,800	8,899,900
Designated Funds	8,785,000	8,887,900
Endowment and Similar Funds	583,600	601,100
Federal Grants and Contracts	32,364,000	32,687,700
Federal Indirect Cost Recovery	11,078,300	11,189,000
Restricted Funds	20,792,000	21,054,400
Collections Fund 3/	778,400	0
University of Arizona - Health Science Ctr - Subtotal	<u>\$83,139,100</u>	<u>\$83,320,000</u>
SUBTOTAL - EDUCATION		
Other Funds	668,070,900	531,020,800
Federal Funds	593,774,400	611,128,200
TOTAL - EDUCATION	<u>\$1,261,845,300</u>	<u>\$1,142,149,000</u>
 <u>PROTECTION AND SAFETY</u>		
State Department of Corrections		
Alcohol Abuse Treatment	200,200	203,200
Arizona Correctional Industries Revolving	6,396,000	7,035,500
Criminal Justice Enhancement	2,100,000	2,088,000

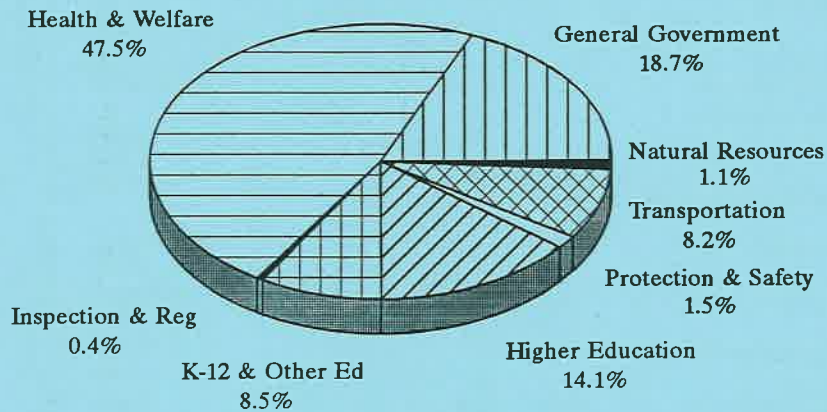
	FY 1994 Estimate	FY 1995 Estimate
Donations	\$8,800	\$8,800
Drug Alcohol Abuse Prevention	19,000	19,000
Federal	64,200	64,200
Inmate Care Revolving	5,000	0
Special Services	10,530,000	10,900,000
Victims' Rights Implementation Assistance	37,900	58,000
State Department of Corrections - Subtotal	<u>\$19,361,100</u>	<u>\$20,376,700</u>
Arizona Criminal Justice Commission		
Drug Enforcement Account	10,870,400	8,905,400
High Intensity Drug Trafficking Areas	3,990,300	3,989,200
Statistical Analysis Center	55,800	54,700
Victims Assistance	507,000	400,000
Victims Compensation	1,099,000	1,099,000
Arizona Criminal Justice Commission - Subtotal	<u>\$16,522,500</u>	<u>\$14,448,300</u>
Department of Emergency & Military Affairs		
Camp Navajo	6,500,000	6,500,000
Federal Funds - Emergency	4,160,200	2,349,000
Federal Funds - Military	11,894,900	12,037,500
Department of Emergency & Military Affairs - Subtotal	<u>\$22,555,100</u>	<u>\$20,886,500</u>
Board of Executive Clemency		
Federal Funds	7,100	0
Department of Public Safety		
Anti-Racketeering	3,502,500	3,002,000
Crime Lab Assessment	0	250,000
Criminal Justice Enhancement - Admin. & Pass-Through	1,792,700	1,001,100
Donations	7,000	7,000
Federal Block Grants - Pass Through	3,401,000	3,315,300
Federal Grants & Reimbursements	3,936,800	3,331,900
Fingerprint	1,729,000	1,744,200
Highway Patrol	3,176,100	3,079,200
Peace Officers Training Fund	3,589,300	3,321,100
Records Processing	117,000	103,600
Department of Public Safety - Subtotal	<u>\$21,251,400</u>	<u>\$19,155,400</u>
Department of Youth Treatment and Rehabilitation		
DYTR Agency Fund	8,800	0
Federal Funds	1,412,100	1,412,100
Parental Assessment and Restitution	50,000	50,000
Training Institution	300	0
Department of Youth Treatment and Rehabilitation - Subtotal	<u>\$1,471,200</u>	<u>\$1,462,100</u>
SUBTOTAL - PROTECTION AND SAFETY		
Other Funds	45,732,400	44,668,300
Federal Funds	35,436,000	31,660,700
TOTAL - PROTECTION AND SAFETY	<u>\$81,168,400</u>	<u>\$76,329,000</u>
TRANSPORTATION		
Department of Transportation		
Arizona Highways Magazine Enterprise	10,272,800	10,634,000
Aviation Federal Funds	1,922,100	2,022,100
Commercial Driver's License	387,500	387,500
County Auto License	8,095,200	8,000,400
Criminal Background Investigation	167,900	167,900
Economic Strength Project	1,213,700	1,213,700
Equipment Revolving	26,648,800	25,503,200
Federal Grants	209,519,000	211,330,700
Maricopa Regional Area Road	142,783,000	154,200,000
Mobile Home Administration Revolving	110,100	0
Motor Carrier Safety Revolving	35,000	35,000
Motor Vehicle Liability Insurance Enforcement	1,050,200	841,600
Motorcycle Education	58,300	58,300
Number Plate Replacement	832,900	832,900
Underground Storage Tank Revolving	190,000	190,000

	FY 1994 Estimate	FY 1995 Estimate
Department of Transportation - Subtotal	\$403,286,500	\$415,417,300
SUBTOTAL - TRANSPORTATION		
Other Funds	191,845,400	202,064,500
Federal Funds	211,441,100	213,352,800
TRANSPORTATION - TOTAL	\$403,286,500	\$415,417,300
<u>NATURAL RESOURCES</u>		
Commission on the Arizona Environment		
Environmental Revolving	110,900	90,400
Special Donations Fund	30,000	0
Commission on the Arizona Environment - Subtotal	\$140,900	\$90,400
Arizona Game & Fish Department		
Conservation Development	6,000	6,000
Donations	129,000	129,000
Federal Funds	12,342,300	12,592,000
Heritage	9,757,000	8,627,700
Off Highway Vehicle Recreation	564,000	547,000
Publications Revolving	168,000	173,000
Trust	348,000	323,000
Wildlife Theft Prevention	183,000	183,000
Arizona Game & Fish Department - Subtotal	\$23,497,300	\$22,580,700
Arizona Geological Survey		
Federal Grants	97,700	60,100
Intergovernmental Grants	33,700	13,000
Printing Revolving	44,700	44,700
Arizona Geological Survey - Subtotal	\$176,100	\$117,800
State Land Department		
Cooperative Fire Control	1,383,100	976,200
Federal Reclamation Trust	75,400	0
Interagency Agreements	10,500	0
Legal Advertising Revolving	100,000	100,000
Resource Analysis Revolving	188,200	105,000
Timber Suspense	268,600	178,900
Zoning Application Fees	6,700	300
State Land Department - Subtotal	\$2,032,500	\$1,360,400
Department of Mines & Mineral Resources		
Museum Donations	86,000	73,500
Print Revolving	15,000	15,000
Department of Mines & Mineral Resources - Subtotal	\$101,000	\$88,500
Arizona State Parks Board		
Arizona Conservation Corps	818,000	945,400
Donations	30,000	35,000
Federal Funds	1,229,600	729,000
Heritage	16,400,000	12,225,000
Land and Water Conservation Surcharge	102,000	102,000
Off Highway Vehicle	212,000	212,000
Publications and Souvenir Revolving	29,000	40,000
State Lake Improvement	7,221,000	6,836,300
State Parks Enhancement	3,675,200	3,000,000
Tonto Natural Bridge Revolving	25,100	16,700
Trails Grant	800	500
Arizona State Parks Board - Subtotal	\$29,742,700	\$24,141,900
Department of Water Resources		
Administrative	2,600	2,600
Augmentation & Conservation	1,932,900	2,415,000
Federal Grants	766,000	772,900
General Adjudications	50,000	50,000
Groundwater Enforcement	69,100	69,100
Non-Emergency Dam Repair	400,000	900,000
Surface/Groundwater Trust	610,800	665,700
Department of Water Resources - Subtotal	\$3,831,400	\$4,875,300

	FY 1994 Estimate	FY 1995 Estimate
SUBTOTAL - NATURAL RESOURCES		
Other Funds	45,010,900	39,101,000
Federal Funds	14,511,000	14,154,000
TOTAL - NATURAL RESOURCES	\$59,521,900	\$53,255,000
TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES		
Total - Other Funds	2,340,568,500	2,317,597,000
Total - Federal Funds	2,604,609,400	2,727,209,200
TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES	\$4,945,177,900	\$5,044,806,200

- 1/ The amounts are generally based on agency information as of December 1993. However, some updated information has been included.
2/ The FY 1994 and FY 1995 amounts represent spending for calendar years 1993 and 1994 respectively. The Joint Legislative Budget Committee approves the State Compensation Fund operating budget.
3/ Collections became subject to legislative appropriation in FY 1995.

**DISTRIBUTION OF FEDERAL AND OTHER
NON APPROPRIATED FUNDS
BY FUNCTION OF GOVERNMENT**



FISCAL YEAR 1995

**SUMMARY OF TOTAL SPENDING AUTHORITY 1/
(APPROPRIATED AND NON-APPROPRIATED FUNDS)
For Fiscal Years 1994 and 1995**

	Fiscal Year 1994			Fiscal Year 1995		
	Appropriated General and Other Funds	Non-	Total	Appropriated General and Other Funds	Non-	Total
		Appropriated Federal and Other Funds 2/			Appropriated Federal and Other Funds 2/	
GENERAL GOVERNMENT						
Administration, Department of 3/	\$159,097,400	\$211,419,700	\$370,517,100	\$140,523,600	\$218,760,600	\$359,284,200
Attorney General	22,557,400	24,977,500	47,534,900	25,275,200	24,813,000	50,088,200
Coliseum and Exposition Center 4/	14,226,200	3,949,600	18,175,800	15,120,500	500,000	15,620,500
Commerce, Department of 5/	11,707,200	29,391,300	41,098,500	10,799,600	24,801,100	35,600,700
Compensation Fund 6/	141,100	411,686,600	411,827,700	0	465,196,400	465,196,400
Constitutional Defense Council	0	0	0	1,000,000	0	1,000,000
Courts						
Court of Appeals	8,218,100	0	8,218,100	8,491,700	0	8,491,700
Comm on Appellate and Trial Court Appts	10,000	0	10,000	10,000	0	10,000
Commission on Judicial Conduct	150,800	0	150,800	208,700	0	208,700
Superior Court	65,658,300	0	65,658,300	76,006,300	0	76,006,300
Supreme Court	10,991,300	13,115,600	24,106,900	12,394,600	11,532,300	23,926,900
SUBTOTAL - Courts	\$85,028,500	\$13,115,600	\$98,144,100	\$97,111,300	\$11,532,300	\$108,643,600
Equal Opportunity, Governor's Office of	229,000	38,500	267,500	235,400	38,500	273,900
Governor, Office of the	5,948,600	4,266,000	10,214,600	5,897,200	3,968,300	9,865,500
Gov's Ofc of Strat Planning & Budgeting	1,372,600	0	1,372,600	1,460,000	0	1,460,000
Law Enforcement Merit System Council	41,300	0	41,300	41,800	0	41,800
Legislature						
Auditor General	7,232,300	949,800	8,182,100	8,568,300	965,900	9,534,200
House of Representatives	7,131,000	0	7,131,000	7,668,400	0	7,668,400
Joint Legislative Budget Committee	1,857,500	0	1,857,500	2,009,600	0	2,009,600
Legislative Council	2,549,000	0	2,549,000	3,078,700	0	3,078,700
Lib, Archives, and Public Rec, Dept of	4,664,400	2,106,900	6,771,300	5,047,900	1,044,800	6,092,700
Senate	5,735,200	0	5,735,200	5,865,600	0	5,865,600
SUBTOTAL - Legislature	\$29,169,400	\$3,056,700	\$32,226,100	\$32,238,500	\$2,010,700	\$34,249,200
Lottery Commission 7/	44,665,500	130,672,500	175,338,000	49,220,200	168,583,400	217,803,600
Personnel Board	299,500	0	299,500	295,100	0	295,100
Retirement System 8/	3,259,600	15,225,600	18,485,200	3,451,200	15,877,000	19,328,200
Revenue, Department of	49,038,300	4,542,100	53,580,400	48,717,000	4,726,500	53,443,500
Secretary of State	1,751,300	15,000	1,766,300	3,741,900	0	3,741,900
Tax Appeals, Board of	684,000	0	684,000	745,300	0	745,300
Tourism, Office of	5,403,300	94,900	5,498,200	7,398,200	110,800	7,509,000
Treasurer 9/	7,085,100	0	7,085,100	3,624,200	0	3,624,200
Uniform State Laws, Commission on	23,300	0	23,300	24,300	0	24,300
TOTAL - GENERAL GOVERNMENT	\$441,728,600	\$852,451,600	\$1,294,180,200	\$446,920,500	\$940,918,600	\$1,387,839,100
HEALTH AND WELFARE						
Ariz Health Care Cost Containment System	482,402,100	1,164,493,900	1,646,896,000	486,731,300	1,249,496,200	1,736,227,500
Economic Security, Department of 10/	357,444,200	949,403,500	1,306,847,700	378,579,800	988,418,500	1,366,998,300
Environmental Quality, Department of	15,035,400	57,586,000	72,621,400	24,017,300	64,158,400	88,175,700
Health Services, Department of	217,060,600	86,927,200	303,987,800	233,164,200	86,989,200	320,153,400
Hearing Impaired, Council for the	207,300	4,159,600	4,366,900	219,700	4,801,100	5,020,800
Indian Affairs, Commission on	161,200	3,000	164,200	171,800	3,000	174,800
Pioneers' Home	2,965,500	1,600,100	4,565,600	3,075,900	910,000	3,985,900
Arizona Ranger's Pension	9,800	0	9,800	10,100	0	10,100
Veteran's Services Commission	1,250,800	259,800	1,510,600	1,328,900	210,400	1,539,300
TOTAL - HEALTH AND WELFARE	\$1,076,536,900	\$2,264,433,100	\$3,340,970,000	\$1,127,299,000	\$2,394,986,800	\$3,522,285,800
INSPECTION AND REGULATION						
Agricultural Employment Relations Board	63,600	0	63,600	58,800	0	58,800
Agriculture, Department of	11,552,200	4,070,200	15,622,400	12,015,000	3,606,200	15,621,200
Banking Department	2,525,100	764,300	3,289,400	2,558,700	314,300	2,873,000
Boxing Commission	59,000	0	59,000	63,400	0	63,400
Building & Fire Safety, Dept of	2,807,900	761,100	3,569,000	2,982,900	762,300	3,745,200

	Fiscal Year 1994			Fiscal Year 1995		
	Appropriated	Non-Approp	Total	Appropriated	Non-Approp	Total
Contractors, Registrar of	\$4,173,700	\$1,990,600	\$6,164,300	\$4,959,000	\$2,024,600	\$6,983,600
Corporation Commission	10,565,400	2,027,300	12,592,700	10,904,800	1,989,600	12,894,400
Industrial Commission 11/	12,539,800	1,398,100	13,937,900	14,721,500	1,398,100	16,119,600
Insurance, Department of	3,022,500	7,278,200	10,300,700	4,450,100	7,970,900	12,421,000
Liquor Licenses & Control, Dept of	1,900,300	899,800	2,800,100	2,055,700	549,600	2,605,300
Mine Inspector	541,500	368,000	909,500	843,700	349,800	1,193,500
Occupational Safety and Health Review Board	9,000	0	9,000	9,000	0	9,000
Racing, Department of	3,801,400	1,523,500	5,324,900	4,121,400	1,458,800	5,580,200
Radiation Regulatory Agency	1,466,800	108,800	1,575,600	1,118,600	117,400	1,236,000
Real Estate Department	2,547,400	277,500	2,824,900	2,922,000	239,600	3,161,600
Residential Utility Consumer Office	1,005,700	0	1,005,700	975,300	0	975,300
Dept of Weights and Measures	2,904,000	26,500	2,930,500	2,219,200	0	2,219,200
Ninety-Ten Agencies						
Accountancy, Board of	949,200	0	949,200	951,700	0	951,700
Appraisal, Board of	229,800	0	229,800	236,600	0	236,600
Barber Examiners Board	141,800	0	141,800	145,300	0	145,300
Behavioral Health Examiners, Board of	296,700	0	296,700	326,400	0	326,400
Chiropractic Examiners Board	236,600	0	236,600	237,900	0	237,900
Cosmetology, Board of	623,300	0	623,300	636,900	0	636,900
Dental Examiners Board	578,000	0	578,000	582,400	0	582,400
Funeral Directors and Embalmers Board	175,300	0	175,300	179,600	0	179,600
Homeopathic Medical Examiners Board	22,300	0	22,300	30,000	0	30,000
Medical Examiners, Board of	2,687,500	92,400	2,779,900	2,781,200	92,400	2,873,600
Naturopathic Physician Examiners Board	46,400	0	46,400	57,200	0	57,200
Nursing Board	1,093,100	587,800	1,680,900	1,128,300	587,800	1,716,100
Nursing Care Institution Administrators Bd	63,600	0	63,600	66,100	0	66,100
Occupational Therapy Examiners, Board of	90,900	0	90,900	88,600	0	88,600
Opticians, Board of Dispensing	68,900	0	68,900	62,300	0	62,300
Optometry, Board of	95,600	0	95,600	100,900	0	100,900
Osteopathic Examiners Board	289,200	0	289,200	295,100	0	295,100
Pharmacy Board	741,000	0	741,000	649,000	0	649,000
Physical Therapy Examiners Board	81,300	0	81,300	75,600	0	75,600
Podiatry Examiners Board	50,400	0	50,400	53,800	0	53,800
Private Postsecondary Education, Board for	130,600	157,900	288,500	157,800	150,000	307,800
Psychologist Examiners Board	197,800	0	197,800	203,100	0	203,100
Respiratory Care Examiners, Board of	134,100	0	134,100	137,800	0	137,800
Structural Pest Control Commission	1,020,000	139,100	1,159,100	1,052,700	139,100	1,191,800
Technical Registration, Board of	856,200	0	856,200	858,700	0	858,700
Veterinary Medical Examining Board	170,400	0	170,400	174,800	0	174,800
Subtotal - Ninety-Ten Agencies	\$11,070,000	\$977,200	\$12,047,200	\$11,269,800	\$969,300	\$12,239,100
TOTAL - INSPECTION AND REG	\$72,555,300	\$22,471,100	\$95,026,400	\$78,248,900	\$21,750,500	\$99,999,400
EDUCATION						
Arts, Commission on the	1,258,900	2,225,100	3,484,000	1,492,600	1,950,000	3,442,600
Community Colleges 12/	86,927,100	3,146,900	90,074,000	98,382,600	2,866,800	101,249,400
Deaf and Blind, School for	20,032,000	1,199,600	21,231,600	21,352,300	877,200	22,229,500
Education, Department of 13/	1,543,424,200	411,815,000	1,955,239,200	1,643,278,900	425,207,800	2,068,486,700
Historical Society, Arizona	3,282,200	842,000	4,124,200	3,911,200	809,000	4,720,200
Historical Society, Prescott	543,700	113,100	656,800	566,900	113,100	680,000
Medical Student Loans Board	1,000	131,600	132,600	114,600	159,600	274,200
Universities/Board of Regents						
Board of Regents 14/	10,407,100	4,308,400	14,715,500	21,065,800	4,203,600	25,269,400
Arizona State University - East	0	0	0	2,122,600	0	2,122,600
Arizona State University - Main	184,324,800	241,720,600	426,045,400	258,460,400	191,036,000	449,496,400
Arizona State University - West	29,602,800	6,814,000	36,416,800	37,539,800	1,695,000	39,234,800
Northern Arizona University	75,531,200	90,643,700	166,174,900	102,651,600	70,772,200	173,423,800
University of Arizona - Main	198,968,000	415,746,200	614,714,200	272,863,600	359,138,700	632,002,300
University of Arizona - Health Sciences Ctr	44,738,200	83,139,100	127,877,300	47,903,900	83,320,000	131,223,900
SUBTOTAL - Universities/Board of Regents	\$543,572,100	\$842,372,000	\$1,385,944,100	\$742,607,700	\$710,165,500	\$1,452,773,200
TOTAL - EDUCATION	\$2,199,041,200	\$1,261,845,300	\$3,460,886,500	\$2,511,706,800	\$1,142,149,000	\$3,653,855,800

	Fiscal Year 1994			Fiscal Year 1995		
	Appropriated	Non-Approp	Total	Appropriated	Non-Approp	Total
PROTECTION AND SAFETY						
Corrections, Department of	\$303,690,700	\$19,361,100	\$323,051,800	\$353,579,000	\$20,376,700	\$373,955,700
Criminal Justice Commission	1,545,200	16,522,500	18,067,700	1,968,000	14,448,300	\$16,416,300
Emergency and Military Affairs, Dept of 15/	16,178,100	22,555,100	38,733,200	9,602,500	20,886,500	30,489,000
Executive Clemency, Board of	1,890,600	7,100	1,897,700	1,766,200	0	1,766,200
Public Safety, Department of 16/	85,181,400	21,251,400	106,432,800	86,933,500	19,155,400	106,088,900
Youth Treatment & Rehab, Dept of 17/	36,776,400	1,471,200	38,247,600	38,178,100	1,462,100	39,640,200
TOTAL - PROTECTION AND SAFETY	\$445,262,400	\$81,168,400	\$526,430,800	\$492,027,300	\$76,329,000	\$568,356,300
TRANSPORTATION						
Transportation, Department of 18/	\$353,219,900	\$403,286,500	\$756,506,400	399,053,700	\$415,417,300	\$814,471,000
NATURAL RESOURCES						
Arizona Navigable Streams Adjud Comm	46,100	0	46,100	120,400	0	120,400
Environment, Commission on the	89,900	140,900	230,800	101,200	90,400	191,600
Game and Fish Department 19/	17,452,400	23,497,300	40,949,700	17,750,600	22,580,700	40,331,300
Geological Survey	613,200	176,100	789,300	625,900	117,800	743,700
Land Department	10,880,900	2,032,500	12,913,400	10,223,000	1,360,400	11,583,400
Mines and Mineral Resources, Dept of	607,600	101,000	708,600	660,300	88,500	748,800
State Parks Board	8,398,300	29,742,700	38,141,000	8,777,200	24,141,900	32,919,100
Water Resources, Department of	11,662,500	3,831,400	15,493,900	16,538,800	4,875,300	21,414,100
TOTAL - NATURAL RESOURCES	\$49,750,900	\$59,521,900	\$109,272,800	\$54,797,400	\$53,255,000	\$108,052,400
Unallocated Salary Adjustment	0	0	0	570,800	0	570,800
Unallocated Lease-Purchase	0	0	0	8,300	0	8,300
Unallocated Risk Management	385,000	0	385,000	(35,100)	0	(35,100)
Unallocated AFIS Charges	476,700	0	476,700	0	0	0
SUBTOTAL - OPERATING BUDGETS	\$4,638,956,900	\$4,945,177,900	\$9,584,134,800	\$5,110,597,600	\$5,044,806,200	\$10,155,403,800
Budget Stabilization Fund	42,000,000	0	42,000,000	0	0	0
GRAND TOTAL	\$4,680,956,900	\$4,945,177,900	\$9,626,134,800	\$5,110,597,600	\$5,044,806,200	\$10,155,403,800

1/ The amounts shown include all appropriations from past sessions and current year supplementals.

2/ The amounts shown are generally based on agency information as of December 1993; however, some updated information has been included.

3/ The FY 1994 Appropriated amount includes a General Fund capital outlay appropriation of \$3,068,200 and an Other Funds capital outlay appropriation of \$2,263,500 in Laws 1993, Chapter 2, 2nd Special Session. The FY 1994 Appropriated amount also includes an Other Funds capital outlay appropriation of \$2,120,000 in Laws 1993, Chapter 230, relating to prison construction, and \$1,500,000 General Fund in Laws 1992, Chapter 191, relating to Indian water rights.

4/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$441,600 in Laws 1993, Chapter 2, 2nd Special Session.

5/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$350,000 in Laws 1993, Chapter 224.

6/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$141,100 in Laws 1993, Chapter 2, 2nd Special Session.

7/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$9,100 in Laws 1993, Chapter 2, 2nd Special Session.

8/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$18,300 in Laws 1993, Chapter 2, 2nd Special Session.

9/ The FY 1994 Appropriated amount includes \$3,629,700 in Laws 1990, Chapter 332, relating to the distribution of tax protest monies.

10/ The FY 1994 Appropriated amount includes a General Fund capital outlay appropriation of \$137,200 in Laws 1993, Chapter 2, 2nd Special Session.

11/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$58,200 in Laws 1993, Chapter 2, 2nd Special Session.

12/ The FY 1994 Appropriated amount includes a General Fund capital outlay appropriation of \$200,000 in Laws 1993, Chapter 2, 2nd Special Session.

13/ The FY 1994 Appropriated amount includes a General Fund K-12 rollover of \$143,196,400, appropriated in Laws 1993, Chapter 1, 2nd Special Session.

The FY 1995 Appropriated amount includes a General Fund K-12 rollover of \$53,500,000 appropriated in Laws 1993, Chapter 1, 2nd Special Session, as amended by Laws 1994, Chapter 6, 8th Special Session.

14/ The FY 1994 Appropriated amount includes a General Fund capital outlay appropriation of \$3,251,700 in Laws 1993, Chapter 2, 2nd Special Session.

15/ The FY 1994 Appropriated amount includes a General Fund capital outlay appropriation of \$27,500 in Laws 1993, Chapter 2, 2nd Special Session and a General Fund capital outlay appropriation of \$4,200,000 in Laws 1993, Chapter 67.

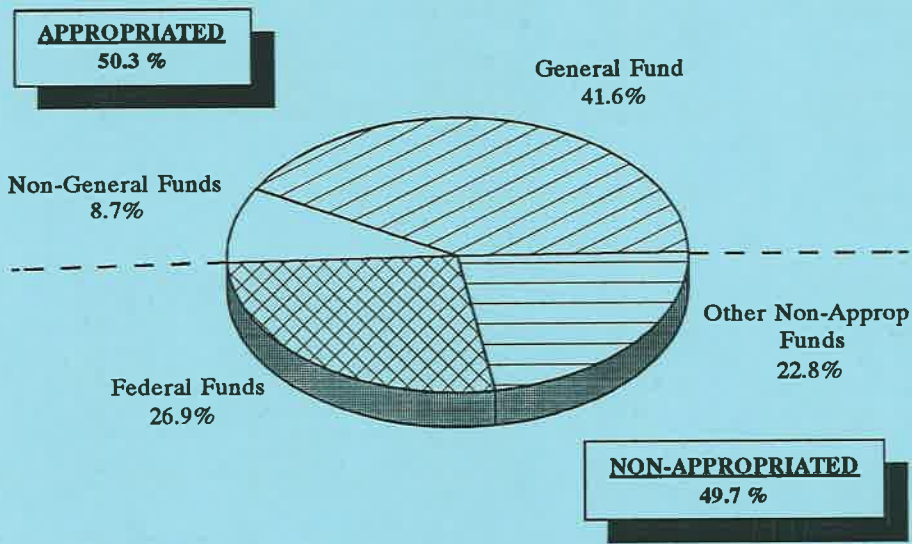
16/ The FY 1994 Appropriated amount includes a General Fund capital outlay appropriation of \$359,000 and an Other Funds capital outlay appropriation of \$509,000 in Laws 1993, Chapter 2, 2nd Special Session.

17/ The FY 1994 Appropriated amount includes a General Fund capital outlay appropriation of \$228,300 in Laws 1993, Chapter 2, 2nd Special Session.

18/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$159,607,800 in Laws 1993, Chapter 2, 2nd Special Session, and a \$500,000 Other Funds capital outlay appropriation in Laws 1993, Chapter 249.

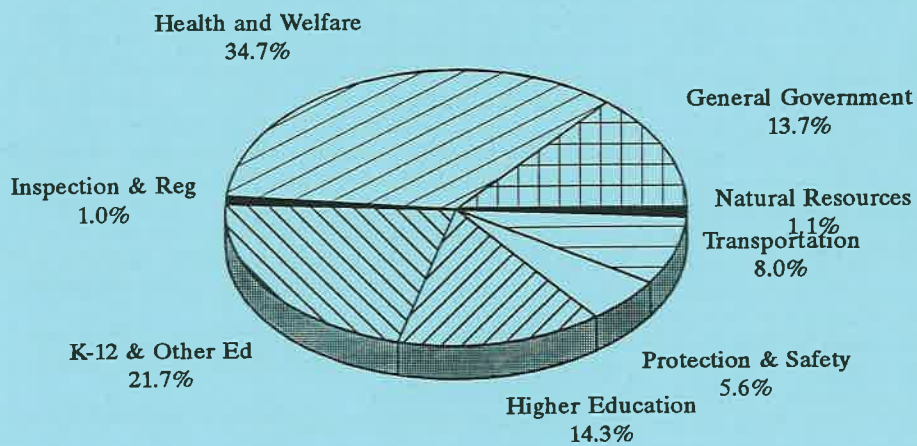
19/ The FY 1994 Appropriated amount includes an Other Funds capital outlay appropriation of \$733,600 in Laws 1993, Chapter 2, 2nd Special Session.

**DISTRIBUTION OF TOTAL STATE SPENDING AUTHORITY
APPROPRIATED AND NON-APPROPRIATED FUNDS
BY FUND SOURCE**



FISCAL YEAR 1995

**DISTRIBUTION OF TOTAL STATE SPENDING AUTHORITY
BY FUNCTION OF GOVERNMENT**



FISCAL YEAR 1995

STATE PERSONNEL SUMMARY
By Full Time Equivalent Positions for Fiscal Years 1994 and 1995 1/

	Fiscal Year 1994			Fiscal Year 1995		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
GENERAL GOVERNMENT						
Administration, Department of	420.2 2/	389.8 3/	810.0	432.7	478.3	911.0
Attorney General	354.0	11.0	365.0	366.0	11.0	377.0
Coliseum and Exposition Center	0.0	278.0	278.0	0.0	278.0	278.0
Commerce, Department of	60.0	15.0	75.0	62.5	15.0	77.5
Courts						
Court of Appeals	134.0	0.0	134.0	134.0	0.0	134.0
Comm on Appellate and Trial Court Appts	0.0	0.0	0.0	0.0	0.0	0.0
Commission on Judicial Conduct	2.0	0.0	2.0	3.0	0.0	3.0
Superior Court	164.0	5.0	169.0	165.0	0.0	165.0
Supreme Court	158.3	0.0	158.3	150.3	7.0	157.3
SUBTOTAL - Courts	458.3	5.0	463.3	452.3	7.0	459.3
Equal Opportunity, Governor's Office of	5.0	0.0	5.0	5.0	0.0	5.0
Governor's Ofc of Strat Planning & Budgeting	24.0	0.0	24.0	24.0	0.0	24.0
Law Enforcement Merit System Council	1.0	0.0	1.0	1.0	0.0	1.0
Legislature						
Auditor General	0.0 4/	0.0	0.0	164.0	0.0	164.0
Joint Legislative Budget Committee	0.0 4/	0.0	0.0	34.0	0.0	34.0
Legislative Council	0.0 5/	0.0	0.0	0.0 5/	0.0	0.0
Library, Archives, and Public Records, Dept of	109.1	0.0	109.1	119.1	0.0	119.1
SUBTOTAL - Legislature	109.1	0.0	109.1	317.1	0.0	317.1
Lottery Commission	0.0	131.3	131.3	0.0	129.3	129.3
Personnel Board	3.0	0.0	3.0	3.0	0.0	3.0
Retirement System	0.0	89.0	89.0	0.0	89.0	89.0
Revenue, Department of	1,236.0	0.0	1,236.0	1,232.0	0.0	1,232.0
Secretary of State	34.0	0.0	34.0	34.0	0.0	34.0
Tax Appeals, Board of	9.5	0.0	9.5	10.5	0.0	10.5
Tourism, Office of	18.0	0.0	18.0	19.0	0.0	19.0
Treasurer	34.0	0.0	34.0	34.0	0.0	34.0
Uniform State Laws, Commission on	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL - GENERAL GOVERNMENT	2,766.1	919.1	3,685.2	2,993.1	1,007.6	4,000.7
HEALTH AND WELFARE						
Arizona Health Care Cost Containment System	1,003.3	0.0	1,003.3 6/	1,039.4	0.0	1,039.4
Economic Security, Department of	2,514.6	13.4	2,528.0	2,655.6	13.4	2,669.0
Environmental Quality, Department of	217.4	87.9 7/	305.3	230.9	146.6	377.5
Health Services, Department of	1,663.5	29.0	1,692.5 8/	1,646.5	31.0	1,677.5
Hearing Impaired, Council for the	5.0	0.0	5.0	5.0	0.0	5.0
Indian Affairs, Commission on	4.0	0.0	4.0	4.0	0.0	4.0
Pioneers' Home	61.2	46.2	107.4	68.4	39.0	107.4
Arizona Ranger's Pension	0.0	0.0	0.0	0.0	0.0	0.0
Veteran's Services Commission	22.0	14.0	36.0	24.0	14.0	38.0
TOTAL - HEALTH AND WELFARE	5,491.0	190.5	5,681.5	5,673.8	244.0	5,917.8
INSPECTION AND REGULATION						
Agricultural Employment Relations Board	1.0	0.0	1.0 9/	1.0	0.0	1.0
Agriculture, Department of	230.9 10/	39.9	270.8	247.6	39.9	287.5
Banking Department	54.2	0.0	54.2	57.0	0.0	57.0
Boxing Commission	1.5	0.0	1.5	1.5	0.0	1.5
Building & Fire Safety, Dept of	69.2	0.0	69.2	69.2	0.0	69.2
Contractors, Registrar of	109.3	0.0	109.3	0.0	110.3	110.3
Corporation Commission	117.0	105.0	222.0	113.0	109.0	222.0
Industrial Commission	0.0	261.0	261.0	0.0	265.0	265.0
Insurance, Department of	86.9	0.0	86.9	86.9	0.0	86.9
Liquor Licenses & Control, Dept of	50.0	0.0	50.0	52.0	0.0	52.0
Mine Inspector	10.0	0.0	10.0	14.0	0.0	14.0
Occupational Safety and Health Review Board	0.0	0.0	0.0	0.0	0.0	0.0
Racing, Department of	49.2	27.5 11/	76.7	50.2	34.0	84.2
Radiation Regulatory Agency	20.0	2.0	22.0	20.0	2.0	22.0

	Fiscal Year 1994			Fiscal Year 1995		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Real Estate Department	67.5	0.0	67.5	68.0	0.0	68.0
Residential Utility Consumer Office	0.0	12.0	12.0	0.0	11.0	11.0
Dept of Weights and Measures	41.0	24.0	65.0	28.0	14.0	42.0
NINETY-TEN AGENCIES						
Accountancy, Board of	0.0	10.0	10.0	0.0	10.0	10.0
Appraisal, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Barber Examiners Board	0.0	3.0	3.0	0.0	3.0	3.0
Behavioral Health Examiners, Board of	0.0	6.0	6.0	0.0	6.0	6.0
Chiropractic Examiners Board	0.0	4.0	4.0	0.0	4.0	4.0
Cosmetology, Board of	0.0	15.5	15.5	0.0	15.5	15.5
Dental Examiners Board	0.0	9.0	9.0	0.0	9.0	9.0
Funeral Directors and Embalmers Board	0.0	3.0	3.0	0.0	3.0	3.0
Homeopathic Medical Examiners Board	0.0	0.5	0.5	0.0	0.5	0.5
Medical Examiners, Board of	0.0	41.5	41.5	0.0	42.5	42.5
Naturopathic Physician Examiners Board	0.0	1.0 12/	1.0	0.0	1.0	1.0
Nursing Board	0.0	21.7	21.7	0.0	21.7	21.7
Nursing Care Inst Administrators, Bd of	0.0	0.7	0.7	0.0	0.7	0.7
Occupational Therapy Examiners, Board of	0.0	2.0	2.0	0.0	2.0	2.0
Opticians, Board of Dispensing	0.0	0.8	0.8	0.0	0.8	0.8
Optometry, Board of	0.0	1.8	1.8	0.0	1.8	1.8
Osteopathic Examiners Board	0.0	5.5	5.5	0.0	5.5	5.5
Pharmacy Board	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
Podiatry Examiners Board	0.0	1.0	1.0	0.0	1.0	1.0
Private Postsecondary Education, Board for	0.0	3.0	3.0	0.0	3.0	3.0
Psychologist Examiners Board	0.0	2.5	2.5	0.0	2.5	2.5
Respiratory Care Examiners, Board of	0.0	2.0	2.0	0.0	2.0	2.0
Structural Pest Control Commission	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
Veterinary Medical Examining Board	0.0	3.0	3.0	0.0	3.0	3.0
SUBTOTAL - Ninety-Ten Agencies	0.0	194.5	194.5	0.0	195.5	195.5
TOTAL - INSPECTION AND REGULATION	907.7	665.9	1,573.6	808.4	780.7	1,589.1
EDUCATION						
Arts, Commission on the	11.5	0.0	11.5	12.5	0.0	12.5
Community Colleges	11.0	0.0 13/	11.0	11.0	3.0	14.0
Deaf and Blind, School for	341.4	145.4	486.8	361.9	153.4	515.3
Education, Department of	221.7 14/	0.0	221.7	221.9	0.0	221.9
Historical Society, Arizona	48.5	0.0	48.5	53.0	0.0	53.0
Historical Society, Prescott	15.5	0.0	15.5	15.5	0.0	15.5
Medical Student Loans Board	0.0	0.0	0.0	0.0	0.0	0.0
Universities/Board of Regents 4/						
Board of Regents	28.1	0.0	28.1	28.1	0.0	28.1
Arizona State University - East	-	-	-	14.0	0.0	14.0
Arizona State University - Main	3,838.8	0.0	3,838.8	5,040.0	0.0	5,040.0
Arizona State University - West	527.2	0.0	527.2	620.4	0.0	620.4
Northern Arizona University	1,637.8	0.0	1,637.8	2,092.5	0.0	2,092.5
University of Arizona - Main	4,168.9	0.0	4,168.9	5,342.3	0.0	5,342.3
University of Arizona - Health Sciences Ctr	604.4	0.0	604.4	664.3	0.0	664.3
SUBTOTAL - Universities/Board of Regents	10,805.2 15/	0.0	10,805.2	13,801.6	0.0	13,801.6
TOTAL - EDUCATION	11,454.8	145.4	11,600.2	14,477.4	156.4	14,633.8
PROTECTION AND SAFETY						
Corrections, Department of	6,812.4	0.0	6,812.4	7,313.4	0.0	7,313.4
Criminal Justice Commission	0.0	6.0	6.0	0.0	6.0	6.0
Emergency and Military Affairs, Dept of	62.5	0.0	62.5	62.5	0.0	62.5
Executive Clemency, Board of	39.0	0.0	39.0	40.0	0.0	40.0
Public Safety, Department of	644.0	871.0	1,515.0	669.0	848.0	1,517.0
Youth Treatment and Rehabilitation, Dept of	646.0 16/	55.0	701.0	655.0	46.0	701.0
TOTAL - PROTECTION AND SAFETY	8,203.9	932.0	9,135.9	8,739.9	900.0	9,639.9

	Fiscal Year 1994			Fiscal Year 1995		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
TRANSPORTATION						
Transportation, Department of	2.0	3,182.5	3,184.5	2.0	3,151.0	3,153.0
NATURAL RESOURCES						
Environment, Commission on the	3.0	0.0	3.0	3.0	0.0	3.0
Game and Fish Department	0.0	271.5	271.5	0.0	271.5	271.5
Geological Survey	13.3	0.0	13.3	13.3	0.0	13.3
Land Department	154.0	0.0	154.0	156.0	0.0	156.0
Mines and Mineral Resources, Dept of	7.0	0.0	7.0	8.0	0.0	8.0
State Parks Board	105.5	73.0	178.5	140.5	38.0	178.5
Water Resources, Department of	210.7	0.0	210.7	214.7	0.0	214.7
TOTAL - NATURAL RESOURCES	493.5	344.5	838.0	535.5	309.5	845.0
TOTAL APPROPRIATED FUNDS	29,319.0	6,379.9	35,698.9 17/	33,230.1	6,549.2	39,779.3
TOTAL NON-APPROPRIATED FUNDS	0.0	0.0	19,694.5 18/	0.0	0.0	17,444.8 19/
GRAND TOTAL	29,319.0	6,379.9	55,393.4	33,230.1	6,549.2	57,224.1

1/ Positions shown for individual agencies include only those supported by appropriated funds. Positions supported by non-appropriated funds are shown in total on a separate line.

2/ The 420.2 FTE positions includes 2 FTE positions for garnishment added last session as an additional appropriation.

3/ Prior to FY 1995, the number of FTE positions in the Attorney General Special Line Items was not subject to appropriation. In FY 1995, this increased the count by 95 FTE positions. Had they been counted in FY 1994, 87 additional FTE positions would have been reported.

4/ Prior to FY 1995, these Legislative FTE positions were not counted. If these positions had been reported in FY 1994, the Auditor General would have reported 149.0 FTE positions and the JLBC would have reported 34.0 FTE positions.

5/ The number of Legislative Council FTE positions is not reported in the General Appropriation Act, but is estimated at 33 FTE positions in FY 1994 and 40 FTE positions in FY 1995.

6/ The 1003.3 FTE positions were rounded incorrectly as 1003.2 in the FY 1994 Appropriations Report.

7/ The 87.9 FTE positions includes 39.4 FTE positions for air quality added in an additional appropriation, 6th special session.

8/ The 1,692.5 FTE positions are 0.2 higher than the original FY 1994 estimate due to reorganization and funding source adjustments.

9/ The 1.0 FTE position includes 1.0 FTE position added in an additional appropriation.

10/ Prior to FY 1995, the 4 Dairy Lab Analysis FTE positions were not reported.

11/ The 27.5 FTE position includes 7.0 FTE positions for State Gaming added in a supplemental appropriation.

12/ The 1.0 FTE position includes 0.5 FTE position added in a supplemental appropriation.

13/ In FY 1995, the Certification Fund and the 3 related FTE positions became appropriated. These 3 FTE positions were not counted in FY 1994.

14/ The 221.7 FTE positions do not include the 3 Basic State-Aid FTE positions as they are not appropriated in the General Appropriation Act. In the FY 1994 Appropriations Report, these 3 FTE positions were counted.

15/ In FY 1995, the Collections Fund and the 2,803.2 related FTE positions became appropriated. If these positions had been appropriated in FY 1994, an additional 2,760.8 FTE positions would have been reported. Note: In the Universities' section of the FY 1995 Appropriations Report, the Collections Fund FTE positions were added in FY 1993 and FY 1994 for comparability with FY 1995.

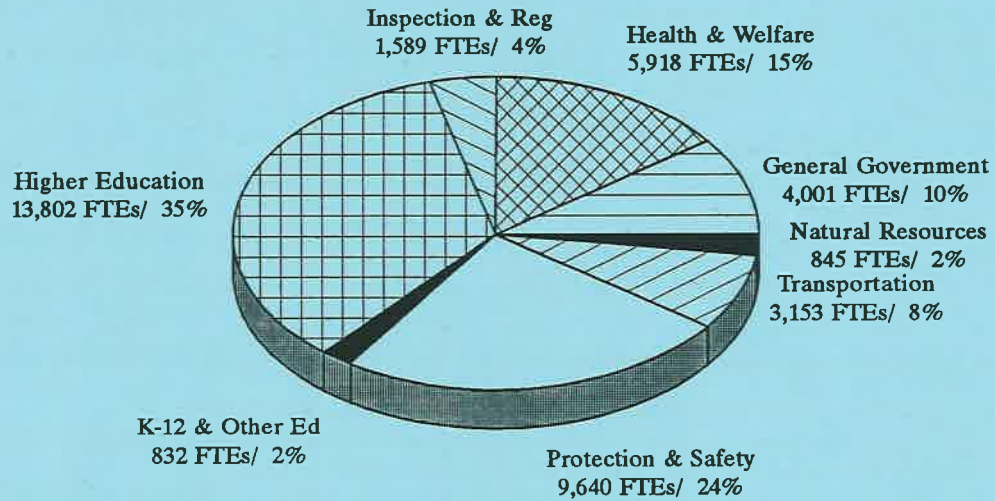
16/ The 646.0 FTE positions includes 43 FTE positions added in a supplemental appropriation for the Johnson v. Upchurch consent decree.

17/ To compare the actual increase in FTE positions between FY 1994 and FY 1995, the FY 1994 total appropriated FTE positions must be revised to reflect changes in methodology, such as appropriating funds and positions that previously had been non-appropriated or reporting positions that had not been reported or counted before (see footnotes numbered 3, 4, 6, 8, 10, 13, 14 and 15 for individual agency explanations). Taking these changes into account for comparative purposes, the total number of appropriated FTE positions would be 38,734.0 for FY 1994. This would adjust the difference between FY 1994 and FY 1995 FTE positions to 1,045.3, or 2.7%.

18/ To compare the actual increase in non-appropriated FTE positions between FY 1994 and FY 1995, the FY 1994 FTE positions must be revised to reflect the FTE positions in the Collections Fund and Certification Fund which were changed to appropriated status in FY 1995 (see footnotes numbered 13 and 15). Taking these changes into account for comparative purposes, the total number of non-appropriated FTE positions would be 16,930.7 for FY 1994. This would adjust the difference between FY 1994 and FY 1995 FTE positions to 514.1, or 3%.

19/ These figures are based on agency information as of December 1993 (less the 2,803.2 University Collections Fund FTE positions and the 3.0 Certification Fund FTE positions that changed from non-appropriated to appropriated status subsequent to agency information).

**STATE PERSONNEL SUMMARY
FULL-TIME EQUIVALENT POSITIONS
BY FUNCTION OF GOVERNMENT**



FISCAL YEAR 1995

FTE positions supported by appropriated funds: 39,780

**GENERAL APPROPRIATION ACT
GENERAL PROVISIONS AND
OTHER OVERALL ISSUES**

GENERAL PROVISIONS OF THE GENERAL APPROPRIATION ACT

In addition to the specific appropriations to agencies, departments and institutions, the General Appropriation Act (Laws 1994, Chapter 1, 8th Special Session) provides direction with regard to several general provisions.

Adjustments to Agency Budgets

Lease-Purchase Payments

Section 72 appropriates \$74,200, of which no more than \$49,800 shall be from the General Fund, for additional lease-purchase payments for the following state office space: Sun State Building, Doubletree Building, Agriculture Lab, DPS District 19 Office Building, Corpstein Building, Centre Pointe Building, Kingman State Office Building, and Black Canyon Building. Estimates of the amount needed to fund the lease-purchase payments were included in individual agency budgets, but fell short of the actual requirement by \$74,200. These additions reflect the higher payments associated with tenant improvements to these buildings as authorized by the Joint Committee on Capital Review. The Director of the Joint Legislative Budget Committee shall determine and the Department of Administration shall allocate the appropriated monies among the state agencies in amounts necessary to make the required payments (see page GP-16).

90-10 Agencies Rental Space

Section 73 appropriates \$21,400, of which no more than \$4,300 shall be from the General Fund, for additional rent and associated costs related to the relocation of 17 boards and commissions from 1645 West Jefferson to 1400 West Washington. The relocation will accommodate the Department of Corrections expansion. The Director of the Joint Legislative Budget Committee shall determine the amounts and the Department of Administration shall allocate the monies among state agencies (see page GP-17). The section also directs the Department of Administration to submit a space allocation plan to the Joint Committee on Capital Review, detailing the square footage to be occupied by each agency or board.

General Salary Adjustment

Section 74 appropriates \$46,500,000, of which no more than \$40,700,000 shall be from the General Fund, for a general salary adjustment for state employees. The adjustment consists of a 3% increase effective July 1, 1994, and an additional 2% increase effective April 1, 1995. All employees are eligible for the raise except employees of the Schools for the Deaf and Blind (whose annual general pay increase is included in their operating budget pursuant to A.R.S. § 15-1331), board and commission members paid on a per diem basis, and agency heads appointed for a fixed term of office. The section directs the Joint Legislative Budget Committee Staff to determine and the Department of Administration to allocate the appropriation among the state agencies. (See page GP-6 for General Fund adjustments and page GP-12 for Other Fund adjustments. See page GP-11 for a recent history of salary adjustments.)

Providers Special Cost Adjustment

Section 75 appropriates \$3,000,000 from the General Fund to the Department of Youth Treatment and Rehabilitation, the Department of Economic Security, the Department of Health Services, and the Arizona Judiciary for the payment of a special cost adjustment to certain contracted providers of services. The Joint Legislative Budget Committee Staff shall determine the amounts and the Department of Administration shall allocate the monies among these departments (see page GP-18). These departments shall attempt, whenever possible, to ensure that the special cost adjustment monies are used to increase provider employee salary and wages. These departments shall also provide a summary of expenditures to a committee composed of the health and welfare subcommittees by October 1, 1994. The committee shall report to the Speaker of the House of Representatives and President of the Senate by January 1, 1995, as to the expenditure of these monies.

90-10 Agency Adjustments

Section 76 appropriates \$44,400 from 90-10 agency funds for technical adjustments to update their FY 1995 appropriations. In FY 1993, these agencies received an appropriation for both FY 1994 and FY 1995, with the intention that technical adjustments to the FY 1995 appropriation would be made during the 1994 Regular Session. These technical adjustments include an increase in the employer contribution rate to the State Retirement System from the originally budgeted 3.59% to

the actual FY 1995 contribution rate of 3.75%. Technical adjustments also included an update to medical and dental insurance rates, and some Risk Management adjustments. The section instructs the Joint Legislative Budget Committee Staff to determine and the Department of Administration to allocate to each 90-10 an amount sufficient to implement these adjustments (see page GP-17).

Risk Management Reduction

Section 79 reduces individual agency's Risk Management appropriations by a total of \$4,444,000, of which \$3,000,000 shall be from the General Fund. The section directs the Joint Legislative Budget Committee Staff to determine and the Department of Administration to deduct from each agency or department an amount sufficient to implement the reduction (see page GP-6 for General Fund adjustments and page GP-12 for Other Fund adjustments). This reduction is based on an estimated Risk Management Revolving Fund FY 1994 unreserved ending balance of approximately \$7,000,000, which can be used in combination with the \$35,713,200 in collections to provide the statewide funding level estimated to be required for FY 1995, and still leave a targeted ending balance of approximately \$10,000,000 in the Risk Management Revolving Fund as of June 30, 1995.

Other General Provisions

Budget Stabilization Fund

Section 77 directs any unreserved monies in the General Fund at the close of FY 1994 that are in excess of \$160,700,000 to be paid into the Budget Stabilization Fund as a FY 1995 appropriation. In addition, if the State Treasurer determines in June 1995 that there are "excess revenues" in FY 1995, Section 78 directs all such excess revenues to be paid into the Budget Stabilization Fund, again as a FY 1995 appropriation. "Excess revenues" are defined as revenues in excess of the FY 1995 revenue forecast of \$4,237,100,000, less any amount necessary to totally eliminate the Department of Education's deferral of Basic State Aid (otherwise known as the "K-12 Rollover"). This appropriation to the Budget Stabilization Fund shall not exceed the amount required by the Budget Stabilization Fund Formula (see A.R.S. § 35-144).

Expenditure Reporting

Section 81 states that it is the intent of the Legislature that all departments, agencies or budget units receiving Lump Sum appropriations continue to report actual, estimated and requested expenditures by budget programs and classes in a format similar to the one used for budgetary purposes in prior years. The purpose of this section is to ensure stability and consistency in expenditure reporting regardless of yearly changes in appropriation formats. A different format may be utilized to implement budget reform legislation (Laws 1993, Chapter 252), if agreed to by the Director of the Joint Legislative Budget Committee and incorporated into the budget instructions issued by the Governor's Office of Strategic Planning and Budgeting.

FTE Position Reporting

Section 82 states that the FTE positions contained in the General Appropriation Act are subject to appropriation. The section directs the Department of Administration to develop all necessary systems in order to account for the utilization of appropriated FTE positions and to insure that budget units do not exceed the appropriation. The director of the Department of Administration shall submit quarterly reports to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee comparing the level of FTE usage in each quarter to the appropriated level (see page TG-33).

OTHER OVERALL ISSUES IN THE FY 1995 BUDGET

In addition to the adjustments to agency budgets and general provisions outlined previously, the FY 1995 budget also reflects the adoption of other technical assumptions.

Vacancy Savings

With the exception of small budgets, most agencies have a "vacancy savings" amount incorporated into their individual appropriation. This amount is reached by applying a "vacancy rate" to their Personal Services and Employee Related Expenditures appropriations. The applied vacancy rate varies with the number of FTE Positions appropriated to the agency. Vacancy rates can be applied because most agencies experience turnover throughout the fiscal year, which often results in positions remaining vacant for a period of time. In addition, new employees tend to have lower salaries than the long term employees they replace. The standard vacancy rates are:

<u>FTE Positions</u>	<u>Vacancy Rate</u>
0-25	0%
26-50	1%
51-100	1.5%
101-250	2%
251 and over	3%

Employer Contribution Rates

The FY 1995 appropriations include the following employer contribution rates. All are expressed as a percent of Personal Services funding except for the life insurance employer contribution:

Life Insurance (per FTE)	\$13.00
Unemployment Insurance	0.30%
Personnel Division Services	0.85%
Disability (Non-State Retirement)	0.53%
<u>Federal Insurance Contributions Act (FICA)</u>	
Social Security (salary \leq \$60,000)	6.20%
Medicare (no salary cap)	1.45%
<u>Retirement Systems</u>	
State Retirement	3.75%
Correctional Officers	5.89%
Elected Officials	5.50%
Department of Public Safety	0.00%
Northern Arizona University Police	4.66%
University of Arizona Police	1.76%
Arizona State University Police	7.22%
Game and Fish Department	18.64%
Dept. of Emergency & Military Affairs Firefighters	3.88%
Attorney General Investigators	8.11%

Health Insurance Adjustments

Health insurance monies are incorporated into individual agency appropriations. These appropriations represent the average medical and dental insurance cost for each particular agency, based on actual FY 1994 participation. Health insurance amounts shall be transferred to the Special Employee Health Insurance Trust Fund. The medical and dental insurance amounts are as follows: General Fund \$86,745,300; Other Funds \$18,403,400; Total \$105,148,700. (The agency detail of the General Fund adjustments can be found starting on page GP-6, and Other Fund adjustments starting on page GP-12.) In addition, \$6,008,000 of FY 1995 health insurance costs will be funded from the "carryforward" or "beginning" balance in the Health Insurance Trust Fund.

Inflation

In general, no inflation increases were added to the amounts originally appropriated for each expenditure category in FY 1994.

Rent

The FY 1995 appropriations include rent for agencies and divisions housed in state-owned buildings. All appropriations to agencies for rent in state-owned space are to be paid into the Capital Outlay Stabilization Fund (see page 18). The following rates were applied for state-owned space:

<u>Type of Space</u>	<u>Rate per foot</u>
Office	\$11.00
Storage	\$ 4.50

These rates are expected to generate the deposit of \$8,440,000 into the Capital Outlay Stabilization Fund, which is used to fund building renewal, utility charges in the Capitol Mall and Tucson Mall, staff in the DOA Building and Planning Services section and Construction Services section, and other specific building projects. The rental rate is determined by the Joint Committee on Capital Review.

Lease-Purchase

The FY 1995 appropriations also include lease-purchase payments for certain buildings. The individual agency descriptions specify the dollar amounts of these payments. (Please refer to the Lease-Purchase Payment Adjustment summary, page GP-16, for a list of lease-purchase obligations.)

In addition, agencies occupying space in the Sun State Building, Doubletree Building, Agriculture Lab, DPS District 19 Office Building, Corpstein Building, Centre Pointe Building, Kingman State Office Building, and Black Canyon Building will be charged \$4.75 per square foot for Operations and Maintenance (O&M) expenses. These amounts are included in individual agency appropriations and will be transferred to the Department of Administration, who will be responsible for providing the service, either directly or under contract.

**Salary and Risk Management Adjustments in Sections 74 and 79 of the
FY 1995 General Appropriation Act and Health Insurance Allocations
General Fund**

	Salary Adjustments 1/			Risk Mgmt Adjustments 2/	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
GENERAL GOVERNMENT						
Administration, Department of						
Administration	\$40,100	\$5,400	\$45,500	(\$36,200)	\$97,500	\$4,600
Governor's Regulatory Review Committee*	6,600	900	7,500	0	13,500	600
Finance	80,700	11,000	91,700	0	228,400	10,800
SLIAG*	1,500	200	1,700	0	9,600	500
GAAP*	15,300	2,100	17,400	0	43,800	2,100
Cost Recovery/Cash Management*	2,600	400	3,000	0	8,200	400
General Services	125,300	17,200	142,500	0	516,500	24,400
Information Services	45,000	6,200	51,200	0	95,000	4,500
Capitol Police	31,600	4,300	35,900	0	135,400	6,400
Chapter 2 (H.B. 2002, 8th Sp Ses, Capital Outlay)	0	0	0	0	800	0
Total - Dept of Administration	\$348,700	\$47,700	\$396,400	(\$36,200)	\$1,148,700	\$54,300
Attorney General						
Administration	64,000	8,200	72,200	(46,800)	146,400	8,300
Civil	170,900	21,300	192,200	0	302,200	17,100
Human Services	49,100	6,300	55,400	0	122,500	6,900
Criminal	196,000	26,000	222,000	0	344,300	19,500
Total - Attorney General	\$480,000	\$61,800	\$541,800	(\$46,800)	\$915,400	\$51,800
Commerce, Department of						
Motion Picture Development*	9,200	1,200	10,400	0	13,800	800
Total - Dept of Commerce	\$74,400	\$9,500	\$83,900	(\$1,800)	\$142,000	\$8,300
Courts						
Court of Appeals						
Division I	107,400	12,100	119,500	(500)	252,400	17,200
Division II	41,300	4,800	46,100	(300)	92,400	6,200
Subtotal - Court of Appeals	\$148,700	\$16,900	\$165,600	(\$800)	\$344,800	\$23,400
Superior Court						
Juvenile Probation Services*	101,000	12,600	113,600	0	29,500	2,300
Intensive Probation - Juvenile*	131,000	16,300	147,300	0	17,200	1,400
Intensive Probation - Adult*	340,800	42,500	383,300	0	19,600	1,500
Juvenile Probation State Aid*	58,000	7,200	65,200	0	2,500	200
Adult Probation Enhancement*	414,300	51,700	466,000	0	14,700	1,200
Community Punishment*	51,200	6,400	57,600	0	7,400	600
Child Support Enforcement*	1,300	200	1,500	0	4,900	400
Subtotal - Superior Court	\$1,097,600	\$136,900	\$1,234,500	(\$86,200)	\$403,700	\$31,800
Supreme Court						
Judicial Performance Review*	3,900	400	4,300	0	7,400	600
Foster Care Review Board	27,900	3,500	31,400	0	70,500	5,500
Subtotal - Supreme Court	\$163,500	\$18,900	\$182,400	(\$9,400)	\$364,100	\$28,600
Commission on Judicial Conduct						
Commission on Appellate and Trial Court Appt	3,700	500	4,200	0	7,400	600
Total - Courts	\$1,413,500	\$173,200	\$1,586,700	(\$96,400)	\$1,120,000	\$84,400
Equal Opportunity, Governor's Office of Governor						
Office of the Governor	85,700	9,700	95,400	(2,200)	40,900	2,500
Office for Excellence in Government*	28,200	3,300	31,500	0	137,100	8,400
Total - Governor	\$113,900	\$13,000	\$126,900	(\$2,200)	\$178,000	\$10,900
Office of Strategic Planning and Budgeting						
Law Enforcement Merit System Council	35,400	4,200	39,600	(200)	57,700	3,500
Legislature						
Auditor General	1,000	100	1,100	(100)	1,800	100
Auditor General	197,100	23,400	220,500	(800)	404,700	22,700

	Salary Adjustments 1/		Risk Mgmt	Health Insurance		
	Personal Services	Employee Rel Expenditures	Adjustments 2/ Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/	
	Total Sal Adjustment					
House of Representatives	\$152,900	\$20,800	\$173,700	(\$1,300)	\$449,100	\$31,800
Joint Legislative Budget Committee	48,100	5,600	53,700	(100)	101,600	5,000
Legislative Council	56,000	6,600	62,600	(300)	102,200	7,600
Senate	115,400	15,700	131,100	(700)	353,500	22,700
Library, Archives and Public Records	91,500	11,800	103,300	(1,200)	242,400	11,800
Total - Legislature	\$661,000	\$83,900	\$744,900	(\$4,400)	\$1,653,500	\$101,600
Personnel Board	2,500	300	2,800	(100)	5,800	100
Revenue, Department of						
Director's Office	18,500	2,300	20,800	0	27,700	1,400
Administrative Services	77,700	10,000	87,700	(19,800)	249,000	12,300
Property Valuation & Equalization	76,800	9,900	86,700	0	187,900	9,300
Special Support	48,700	6,300	55,000	0	114,600	5,600
Tax Enforcement	456,800	58,700	515,500	0	1,414,400	69,700
Taxpayer Support	98,100	12,600	110,700	0	357,500	17,600
Data Management	194,700	25,000	219,700	0	602,800	29,700
Total - Dept of Revenue	\$971,300	\$124,800	\$1,096,100	(\$19,800)	\$2,953,900	\$145,600
Secretary of State	21,600	2,800	24,400	(1,100)	70,100	2,400
Proposition 200*	4,800	600	5,400	0	12,200	400
Total - Secretary of State	\$26,400	\$3,400	\$29,800	(\$1,100)	\$82,300	\$2,800
Tax Appeals, State Board of						
Division I	6,400	500	6,900	(100)	21,200	1,100
Division II	5,100	500	5,600	(100)	13,100	700
Total - State Board of Tax Appeals	\$11,500	\$1,000	\$12,500	(\$200)	\$34,300	\$1,800
Tourism, Office of	19,800	2,500	22,300	(100)	46,900	1,400
International and Domestic Marketing*	1,200	200	1,400	0	2,600	100
Total - Office of Tourism	\$21,000	\$2,700	\$23,700	(\$100)	\$49,500	\$1,500
Treasurer	35,400	4,500	39,900	(100)	99,900	5,600
Uniform State Laws, Arizona Commission on	0	0	0	(100)	0	0
TOTAL - GENERAL GOVERNMENT	\$4,201,300	\$530,700	\$4,732,000	(\$209,700)	\$8,452,200	\$472,700
HEALTH AND WELFARE						
AHCCCS						
Administration	385,700	50,000	435,700	(18,500)	1,208,700	54,500
Indian Advisory Council*	2,000	300	2,300	0	5,400	200
DES-AHCCCS	371,100	49,500	420,600	0	1,411,500	66,900
DES DDSA*	1,300	200	1,500	0	3,200	200
DES PASARR*	800	100	900	0	1,500	100
MEDICS*	7,600	1,000	8,600	0	22,600	1,100
DHS-AHCCCS	9,400	1,300	10,700	0	28,800	1,400
DHS PASARR*	900	100	1,000	0	1,600	100
Total - AHCCCS	\$778,800	\$102,500	\$881,300	(\$18,500)	\$2,683,300	\$124,500
Economic Security, Department of						
Administration	296,800	39,200	336,000	(199,600)	677,100	32,100
Expert System*	3,800	500	4,300	0	6,600	300
Developmental Disabilities	343,100	45,800	388,900	0	1,150,700	54,500
Long Term Care	198,300	26,400	224,700	0	669,800	31,800
Benefits and Medical Eligibility	597,700	79,700	677,400	0	2,110,900	100,100
Child Support Enforcement	59,000	7,800	66,800	0	229,700	10,900
Aging and Community Services	87,300	11,600	98,900	0	223,300	10,600
Long Term Care Ombudsman*	400	100	500	0	1,300	100
Children and Family Services	605,800	80,800	686,600	0	1,554,400	73,700
Videotaping*	2,900	400	3,300	0	8,000	400
Employment and Rehabilitative Services	85,200	11,400	96,600	0	268,800	12,700
Total - Dept of Economic Security	\$2,280,300	\$303,700	\$2,584,000	(\$199,600)	\$6,900,600	\$327,200
Environmental Quality, Department of	221,000	30,100	251,100	(6,500)	551,800	26,600
Aquifer Protection Permit Program*	17,000	2,300	19,300	(300)	44,600	2,200

	Salary Adjustments 1/			Risk Mgmt Adjustments 2/	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
Total - Dept of Environmental Quality	\$238,000	\$32,400	270,400	(\$6,800)	\$596,400	\$28,800
Health Services, Department of						
Director's Office/Intergovt Affairs	144,500	19,900	164,400	0	401,200	18,500
Disease Control Research Commission	3,800	500	4,300	0	9,600	400
Support Services	193,800	26,900	220,700	(174,200)	511,100	23,600
Behavioral Health Services	62,900	8,700	71,600	0	201,000	9,300
Southern Arizona Mental Health Center*	81,600	11,300	92,900	0	193,300	8,900
Psychiatric Review Board*	1,800	300	2,100	0	4,800	200
Arizona State Hospital	696,000	96,000	792,000	0	2,030,400	93,900
Public Health	72,300	9,600	81,900	0	174,300	8,100
Cancer/Birth Defect Registry*	5,300	700	6,000	0	14,400	700
Family Health	70,100	9,700	79,800	0	170,500	7,900
Lab Services	49,200	6,800	56,000	0	129,400	6,000
Total - Dept of Health Services	\$1,381,300	\$190,400	\$1,571,700	(\$174,200)	\$3,840,000	\$177,500
Hearing Impaired, Council for the	4,700	600	5,300	(100)	16,800	800
Indian Affairs, Arizona Commission on	3,500	500	4,000	(100)	11,600	400
Pioneers' Home	46,900	8,000	54,900	0	207,700	12,900
Veterans' Service Commission						
Veterans' Affairs	17,300	2,400	19,700	(1,000)	60,700	3,800
Veterans' Home	400	100	500	0	700	0
Total - Veterans' Service Commission	\$17,700	\$2,500	\$20,200	(\$1,000)	\$61,400	\$3,800
TOTAL - HEALTH AND WELFARE	\$4,751,200	\$640,600	\$5,391,800	(\$400,300)	\$14,317,800	\$675,900
INSPECTION AND REGULATION						
Agricultural Employment Relations Board	1,100	100	1,200	0	2,400	100
Agriculture, Department of						
Administration	25,100	4,000	29,100	(3,100)	69,000	3,500
Animal Services	74,000	12,000	86,000	(11,200)	237,200	11,900
Plant Industries	73,100	11,800	84,900	(11,300)	239,600	12,000
Africanized Honey Bees*	6,800	1,100	7,900	0	30,100	1,500
Chemical/Environmental	12,000	1,900	13,900	(1,700)	38,300	1,900
Agricultural Lab	17,200	2,800	20,000	(1,700)	54,700	2,700
Total - Dept of Agriculture	\$208,200	\$33,600	\$241,800	(\$29,000)	\$668,900	\$33,500
Banking Department	54,200	6,900	61,100	(13,500)	143,200	7,900
Receiverships*	4,300	600	4,900	0	14,000	800
Total - Banking Department	\$58,500	\$7,500	\$66,000	(\$13,500)	\$157,200	\$8,700
Boxing Commission	1,300	200	1,500	(100)	4,400	300
Building & Fire Safety, Department of	63,800	9,200	73,000	(13,900)	198,600	9,400
Corporation Commission						
Administration	27,100	4,100	31,200	(6,400)	63,700	3,400
Corporations	26,800	4,100	30,900	0	104,500	5,600
Securities	45,800	6,900	52,700	0	99,400	5,300
Railroad Safety	8,200	1,200	9,400	0	20,600	1,100
Total - Corporation Commission	\$107,900	\$16,300	\$124,200	(\$6,400)	\$288,200	\$15,400
Insurance, Department of	73,900	9,500	83,400	(22,600)	217,900	13,200
Liquor Licenses & Control, Department of	42,500	5,600	48,100	(6,300)	136,100	5,900
Mine Inspector	13,200	1,700	14,900	(600)	35,700	1,500
Racing, Arizona Department of						
Commercial Racing	46,700	6,300	53,000	(1,100)	124,700	7,000
Yuma Greyhound Park*	1,300	200	1,500	0	4,100	200
Total - Department of Racing	\$48,000	\$6,500	\$54,500	(\$1,100)	\$128,800	\$7,200
Radiation Regulatory Agency						
Radiation Evaluation and Compliance	21,800	3,000	24,800	(500)	52,100	3,700
Real Estate Department	59,800	8,100	67,900	(5,400)	192,400	9,000
Weights and Measures, Department of	27,000	3,800	30,800	(1,500)	71,700	3,100
TOTAL - INSPECTION & REGULATION	\$727,000	\$105,100	\$832,100	(\$100,900)	\$2,154,400	\$111,000

	Salary Adjustments 1/			Risk Mgmt Adjustments 2/	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
EDUCATION						
Arts, Arizona Commission on the	\$11,600	\$1,500	\$13,100	(\$100)	\$26,700	\$2,300
State Board of Directors for Community Colleges	18,500	2,200	20,700	(1,700)	29,700	2,000
Deaf and Blind, Schools for the						
Phoenix Day School	0	0	0	0	186,100	9,000
Arizona Diagnostic Testing/Ed Center	0	0	0	0	99,500	4,800
Tucson Campus	0	0	0	(21,000)	577,500	27,800
Total - Schools for the Deaf and Blind	\$0	\$0	\$0	(\$21,000)	\$863,100	\$41,600
Education, Department of						
State Board	1,900	300	2,200	0	5,300	300
General Services Administration	149,800	20,100	169,900	(11,600)	400,000	23,800
Special Education Audit*	5,400	700	6,100	0	13,200	800
Assistance to Schools						
Academic Decathlon*	700	100	800	0	2,600	200
Adult Education Assistance*	6,000	800	6,800	0	15,000	900
Arizona Teacher Evaluation*	5,200	700	5,900	0	13,200	800
Chemical Abuse*	7,100	1,000	8,100	0	17,400	1,000
Dropout Prevention*	1,700	200	1,900	0	4,000	200
Full-Day Kindergarten*	1,400	200	1,600	0	4,700	300
Gifted Support*	1,300	200	1,500	0	5,300	300
K-3 Support*	3,700	500	4,200	0	8,700	500
Preschool At-Risk*	1,400	200	1,600	0	4,700	300
Vocational Education Program Support*	9,600	1,300	10,900	0	26,400	1,600
Vocational Education	31,800	4,300	36,100	0	68,700	4,100
Total - Department of Education	\$227,000	\$30,600	\$257,600	(\$11,600)	\$589,200	\$35,100
Historical Society, Arizona	35,900	4,700	40,600	(8,600)	94,500	5,000
Papago Park Museum *	10,200	1,300	11,500	0	28,500	1,500
Total - Arizona Historical Society	\$46,100	\$6,000	\$52,100	(\$8,600)	\$123,000	\$6,500
Historical Society, Prescott	12,800	1,800	14,600	(600)	61,900	3,800
Universities/Board of Regents						
Board of Regents	40,700	5,300	46,000	(300)	84,400	4,300
ASU-Main Campus	5,899,800	794,100	6,693,900	(134,500)	10,483,200	609,800
ASU - East	19,900	2,700	22,600	0	29,100	1,700
ASU-West Campus	704,200	99,500	803,700	0	1,290,400	75,100
Northern Arizona University	2,213,400	306,100	2,519,500	(64,500)	4,945,300	319,100
Enrollment Growth Management*	19,100	2,600	21,700	0	40,600	2,600
NAU - Yuma *	33,200	4,600	37,800	0	73,700	4,800
University of Arizona	5,348,900	686,300	6,035,200	(538,900)	9,526,400	537,000
Agriculture*	951,100	122,000	1,073,100	0	1,741,700	98,200
Minority Recruitment & Retention*	26,300	3,400	29,700	0	77,900	4,400
Pima County Campus*	18,500	2,400	20,900	0	27,700	1,600
Health Sciences Center	1,026,100	132,900	1,159,000	(85,700)	1,414,300	79,700
Clinical Teaching Support *	170,300	22,100	192,400	0	0	0
Total - Universities/Regents	\$16,471,500	\$2,184,000	\$18,655,500	(\$823,900)	\$29,734,700	\$1,738,300
TOTAL - EDUCATION	\$16,787,500	\$2,226,100	\$19,013,600	(\$867,500)	\$31,428,300	\$1,829,600
PROTECTION AND SAFETY						
Corrections, Department of						
Adult Institutions	4,666,200	811,000	5,477,200	0	17,492,500	681,200
Correctional Service Officer Pay Plan*	121,500	21,100	142,600	0	0	0
Administration	190,400	30,100	220,500	(1,086,600)	549,200	21,400
Human Resources/Development	71,400	11,500	82,900	0	207,200	8,100
Health Services	679,600	109,800	789,400	0	1,578,000	61,500
Community Corrections	149,600	25,600	175,200	0	438,400	17,100
Total - Dept of Corrections	\$5,878,700	\$1,009,100	\$6,887,800	(\$1,086,600)	\$20,265,300	\$789,300

	Salary Adjustments 1/			Risk Mgmt	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Adjustments 2/ Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
Emergency and Military Affairs, Department of						
Emergency Management	\$14,400	\$2,000	\$16,400	(\$6,100)	\$38,200	\$1,800
Military Affairs	38,900	6,200	45,100	(32,800)	119,700	5,700
Chapter 224 (H.B. 2192; Approp; Flood Relief)	0	0	0	0	2,500	100
Total - Dept of Emergency & Military Affairs	\$53,300	\$8,200	\$61,500	(\$38,900)	\$160,400	\$7,600
Executive Clemency, Board of	39,400	5,300	44,700	(900)	100,400	3,400
Public Safety, Department of						
Service Bureau	590,400	79,300	669,700	(89,700)	1,618,600	89,300
Criminal Investigation Bureau	415,300	49,900	465,200	0	899,900	49,700
Chapter 200 (S.B. 1291; Adult Crime Omnibus)	0	0	0	0	50,100	2,800
Highway Patrol Bureau	750,300	85,100	835,400	0	0	0
Total - Dept of Public Safety	\$1,756,000	\$214,300	\$1,970,300	(\$89,700)	\$2,568,600	\$141,800
Youth Treatment & Rehabilitation, Department of						
Administration	56,100	8,400	64,500	(6,600)	147,700	5,800
Due Process*	1,100	200	1,300	0	2700	100
Family Transition*	1,900	300	2,200	0	8000	300
Youth Rights*	2,500	400	2,900	0	8000	300
Secure Care	374,700	60,700	435,400	(48,100)	1,275,500	50,000
Community Care	75,100	12,100	87,200	(8,100)	203,100	8,000
Education	72,300	11,600	83,900	(6,900)	63,300	2,500
Total - Dept of Youth Treatment & Rehab	\$583,700	\$93,700	\$677,400	(\$69,700)	\$1,708,300	\$67,000
TOTAL - PROTECTION AND SAFETY	\$8,311,100	\$1,330,600	\$9,641,700	(\$1,285,800)	\$24,803,000	\$1,009,100
TRANSPORTATION						
Transportation, Department of						
Public Transit Division	1,500	200	1,700	0	6,000	300
TOTAL - TRANSPORTATION	\$1,500	\$200	\$1,700	\$0	\$6,000	\$300
NATURAL RESOURCES						
Arizona Navigable Streams Adjudication Commission						
Ch. 277 (H.B. 2589, State Claims to Streambeds)	0	0	0	0	5,200	400
Environment, Commission on the Arizona	2,300	400	2,700	(100)	4,600	200
Geological Survey	13,700	1,900	15,600	(400)	26,100	1,900
Land Department	158,800	21,000	179,800	(97,500)	391,200	23,100
Water Litigation*	1,000	100	1,100	0	2,600	200
Streambed Ownership*	1,100	100	1,200	0	2,600	200
Total - Land Department	\$160,900	\$21,200	\$182,100	(\$97,500)	\$396,400	\$23,500
Mines and Mineral Resources, Department of	8,600	1,200	9,800	(100)	20,400	2,000
State Parks Board	116,500	16,700	133,200	(17,100)	391,100	17,300
Arizona Conservation Corps*	4,000	600	4,600	0	8,800	400
Total - State Parks Board	\$120,500	\$17,300	\$137,800	(\$17,100)	\$399,900	\$17,700
Water Resources, Department of						
Administration	53,000	7,200	60,200	(20,600)	113,300	6,000
Engineering	98,000	13,400	111,400	0	233,200	12,400
Water Management	78,100	10,700	88,800	0	202,700	10,800
AMA Support*	2,700	400	3,100	0	7,900	400
Total - Dept of Water Resources	\$231,800	\$31,700	\$263,500	(\$20,600)	\$557,100	\$29,600
TOTAL - NATURAL RESOURCES	\$537,800	\$73,700	\$611,500	(\$135,800)	\$1,409,700	\$75,300
ADJUSTMENTS-SUBTOTAL	\$35,317,400	\$4,907,000	40,224,400	(\$3,000,000)	\$82,571,400	\$4,173,900
Unallocated Amounts	475,600	0	475,600	0	0	0
TOTAL ADJUSTMENTS	\$35,793,000	\$4,907,000	\$40,700,000	(\$3,000,000)	\$82,571,400	\$4,173,900

* Denotes special line item.

1/ Section 74 of the General Appropriation Act provides up to \$40,700,000 from the General Fund for salary adjustments of 3%, effective July 1, 1994, and 2%, effective April 1, 1995. In accordance with Section 74, individual agency amounts have been determined by the Joint Legislative Budget Committee Staff and will be allocated by the Department of Administration.

2/ Section 79 of the General Appropriation Act provides for the reduction of all state agency appropriations relating to risk management payments by a total of \$3,000,000 from the General Fund. Section 79 directs the Joint Legislative Budget Committee to determine individual agency reductions, to be allocated by the Department of Administration.

3/ Pursuant to A.R.S. 38-654, the Joint Legislative Budget Committee Staff annually identify amounts in state agency appropriations for the payment of employee health and dental insurance. These amounts are transferred from agency appropriations into the Special Employee Health Insurance Trust Fund.

**STATE OF ARIZONA
SALARY ADJUSTMENT FOR STATE EMPLOYEES SINCE FY 1984 1/
(Shown in Nominal Dollars)**

Fiscal Year	Dollars Appropriated	Effective Date	Annualized Cost	% Salary Adjustment	% Performance Adjustment
FY 1984	\$18,861,300	Jan. 1	\$37,722,600	5.00%	0.00%
FY 1985	\$29,572,300	Jan. 1	\$59,144,600	5.00%	2.50%
FY 1986	\$24,952,000	Jan. 1	\$49,904,000	4.00%	1.25%
FY 1987	\$27,000,000	Jan. 1	\$54,000,000	3.00%	3.00%
FY 1988	\$15,200,000	July 1	\$15,200,000	1.50%	0.00%
FY 1989	\$30,556,600	July 1	\$30,556,600	3.50%	0.00%
FY 1990	\$12,600,000	July 1	\$12,600,000	0.00%	1.25%
FY 1991	\$45,550,000	July 1	\$45,550,000	4.50%	0.00%
FY 1992	\$0	NA	\$0	0.00%	0.00%
FY 1993	\$9,100,000	April 1	\$36,400,000	\$1,000/FTE	0.00%
FY 1994	\$0	NA	\$0	0.00%	0.00%
FY 1995	\$40,700,000	July 1	\$57,900,000	3.00%	0.00%
		April 1		2.00%	0.00%

1/ Represent original General Fund appropriations.

**STATE OF ARIZONA
ELECTED OFFICIAL SALARIES
(Shown in Nominal Dollars)**

	1994 Salary	1995 Salary	1996 Salary 1/
Governor	\$75,000	\$75,000	\$75,000
Secretary of State	\$54,600	\$54,600	\$54,600
Treasurer	\$54,600	\$54,600	\$54,600
Attorney General	\$76,400	\$76,400	\$76,400
Superintendent of Public Instruction	\$54,600	\$54,600	\$54,600
Corporation Commissioners	\$54,600	\$54,600	\$54,600
Mine Inspector	\$38,200	\$38,200	\$38,200
Supreme Court Chief Justice	\$93,900	\$98,600	\$103,500
Other Supreme Court Justices	\$91,700	\$96,300	\$101,100
Appellate Judges	\$89,600	\$94,000	\$98,700
Superior Court Judges	\$87,400	\$91,700	\$96,300
Legislators	\$15,000	\$15,000	\$15,000

1/ Laws 1994, Chapter 220 increased salaries for Supreme Court, Appellate and Superior Court judges in 1995 and 1996. Salaries for other elected officials were not affected.

**Salary and Risk Management Adjustments in Sections 74 and 79 of the
FY 1995 General Appropriation Act and Health Insurance Allocations
Other Funds**

	Salary Adjustments 1/			Risk Mgmt Adjustments 2/	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
GENERAL GOVERNMENT						
Administration, Department of						
General Services	\$32,800	\$4,400	\$37,200	(\$2,700)	\$76,600	\$3,600
Information Services	172,500	23,700	196,200	(10,600)	426,600	20,100
Risk Management	57,200	7,800	65,000	(6,600)	158,200	7,500
Attorney General Defense-Risk Management*	120,200	16,500	136,700	0	254,400	12,000
Workers' Compensation	14,100	1,900	16,000	(300)	43,800	2,100
Attorney General Defense-Worker's Comp*	2,800	400	3,200	0	5,500	300
Personnel	120,200	16,500	136,700	(8,800)	320,400	15,100
Classification Pilot Program*	2,300	300	2,600	0	6,800	300
Chapter 2 (H.B. 2002, 8th Sp Ses, Capital Outlay)	0	0	0	0	11,000	600
Chapter 7 (H.B. 2007, 8th Sp Ses, Supp Capital Ou	0	0	0	0	2,100	100
Chapter 195 (H.B. 2594, Juvenile Corr Facilities)	0	0	0	0	900	0
Total - Department of Administration	\$522,100	\$71,500	\$593,600	(\$29,000)	\$1,306,300	\$61,700
Attorney General						
Civil						
Collection Enforcement*	15,400	2,000	17,400	0	26,300	1,500
Criminal						
Victims' Rights Implementation*	1,600	200	1,800	0	2,600	100
Total - Attorney General	\$17,000	\$2,200	\$19,200	\$0	\$28,900	\$1,600
Coliseum and Exposition Center	0	0	0	0	83,500	4,900
Commerce, Department of						
Indian Economic Development*	1,100	100	1,200	0	2,300	100
Oil Overcharge Administration*	2,400	300	2,700	0	4,600	300
Total - Dept of Commerce	\$17,800	\$2,200	\$20,000	(\$400)	\$34,600	\$2,000
Supreme Court						
Court Appointed Special Advocate*	22,200	2,800	25,000	0	17,200	1,400
Lottery	121,200	19,300	140,500	(2,900)	333,500	18,900
Retirement System	78,600	10,100	88,700	(400)	216,100	9,700
TOTAL - GENERAL GOVERNMENT	\$778,900	\$108,100	\$887,000	(\$32,700)	\$2,020,100	\$100,200
HEALTH AND WELFARE						
Economic Security, Department of						
Public Assistance Collection*	5,800	800	6,600	0	17,000	800
Children Protective Services Training Program*	7,500	1,000	8,500	0	18,600	900
Total - Dept of Economic Security	\$13,300	\$1,800	\$15,100	\$0	\$35,600	\$1,700
Environmental Quality, Department of						
Aquifer Protection Permit Program*	8,700	1,200	9,900	0	22,600	1,100
Hazardous Waste Program*	17,600	2,400	20,000	0	43,300	2,100
Special Waste Program*	3,500	500	4,000	0	8,000	400
Used Oil Program*	2,000	300	2,300	0	5,800	300
Air Quality Program*	3,100	400	3,500	0	8,000	400
Air Permit Administration Program*	51,500	7,100	58,600	0	114,700	5,500
Emissions Control Program*	53,500	7,300	60,800	0	186,000	9,000
Total - Dept of Environmental Quality	\$139,900	\$19,200	\$159,100	\$0	\$388,400	\$18,800
Health Services, Department of						
Public Health						
Child Fatality Review Team*	0	0	0	0	4,800	200
Emergency Medical Services Operations*	25,200	3,500	28,700	0	68,900	3,200
Total - Department of Health Services	\$25,200	\$3,500	\$28,700	\$0	\$73,700	\$3,400
Pioneers' Home	26,800	4,600	31,400	0	118,400	7300
Veterans' Service Commission						
Veterans' Conservatorship	9,200	1,300	10,500	(800)	37,000	2,300
TOTAL - HEALTH AND WELFARE	\$214,400	\$30,400	\$244,800	(\$800)	\$653,100	\$33,500

	Salary Adjustments 1/			Risk Mgmt	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Adjustments 2/ Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
INSPECTION AND REGULATION						
Agriculture, Department of						
Animal Services						
Aquaculture*	\$300	\$0	\$300	(\$100)	\$1,100	\$100
Egg Inspection*	4,900	800	5,700	(1,000)	18,000	900
Plant Industries						
Fruit and Vegetable Standardization*	15,600	2,500	18,100	(3,200)	60,100	3,000
Chemicals/Environmental						
Pesticide Program*	4,200	700	4,900	(600)	11,800	600
Fertilizer Materials Program*	3,200	500	3,700	(500)	9,000	500
Commercial Feed Program*	3,100	500	3,600	(500)	9,000	500
Total - Dept of Agriculture	\$31,300	\$5,000	\$36,300	(\$5,900)	\$109,000	\$5,600
Corporation Commission						
Administration/Hearing	2,900	400	3,300	0	10,300	600
Arts Trust Fund Administration*	600	100	700	0	2,600	100
Utilities	94,300	14,300	108,600	(13,300)	221,900	11,900
Legal	23,800	3,500	27,300	0	42,500	2,300
Total - Corporation Commission	\$121,600	\$18,300	\$139,900	(\$13,300)	\$277,300	\$14,900
Industrial Commission						
Administration	35,700	4,400	40,100	(700)	103,900	5,300
Claims	48,700	6,200	54,900	0	201,800	10,300
Administrative Law Judge	66,400	8,400	74,800	0	132,900	6,800
Labor	10,100	1,300	11,400	0	35,000	1,800
Special Fund	13,100	1,700	14,800	0	42,500	2,200
Occupational Safety/Health	36,700	4,700	41,400	(100)	94,000	4,800
Legal Counsel	19,900	2,500	22,400	0	45,000	2,300
Total - Industrial Commission	\$230,600	\$29,200	\$259,800	(\$800)	\$655,100	\$33,500
Racing, Arizona Department of						
State Gaming Agency	24,900	3,400	28,300	(300)	72,500	4,100
County Fair Racing	4,300	600	4,900	(200)	15,500	900
Total - Arizona Department of Racing	\$29,200	\$4,000	\$33,200	(\$500)	\$88,000	\$5,000
Radiation Regulatory Agency						
Medical Radiologic Technology Board of Examiner	1,900	300	2,200	0	5,400	400
Residential Utility Consumer Office	14,600	2,200	16,800	(100)	29,600	2,000
Weights and Measures, Department of	10,200	1,400	11,600	(900)	36,200	1,600
Accountancy, Board of	7,400	900	8,300	(100)	18,800	1,100
Appraisal, Board of	3,900	600	4,500	(100)	8,400	200
Barber Examiners Board	2,900	400	3,300	(100)	5,800	500
Behavioral Health Examiners, Board of	5,100	800	5,900	(100)	14,000	700
Chiropractic Examiners Board	3,600	400	4,000	(100)	9,500	300
Cosmetology, Board of	11,300	1,600	12,900	(100)	44,900	2,500
Dental Examiners Board	8,900	1,100	10,000	(100)	20,700	1,100
Funeral Directors and Embalmers Board	2,800	300	3,100	(100)	7,700	600
State Boards Office Contribution	100	0	100	0	500	100
Total - Funeral Directors Board	\$2,900	\$300	\$3,200	(\$100)	\$8,200	\$700
Homeopathic Medical Examiners Board	200	0	200	(100)	0	0
State Boards Office Contribution	200	0	200	0	500	0
Total - Homeopathic Board	\$400	\$0	\$400	(\$100)	\$500	\$0
Medical Examiners, Board of	41,600	5,500	47,100	(800)	112,700	8,500
Naturopathic Physician Examiners Board	900	100	1,000	(700)	2,600	300
State Boards Office Contribution	200	0	200	0	500	0
Total - Naturopathic Board	\$1,100	\$100	\$1,200	(\$700)	\$3,100	\$300
Nursing Board	20,800	2,700	23,500	(1,900)	46,800	2,200
Nursing Care Institution Administrators Board	700	100	800	(100)	2,800	300
State Boards Office Contribution	200	0	200	0	500	0
Total - Nursing Care Administrators Board	\$900	\$100	\$1,000	(\$100)	\$3,300	\$300
Occupational Therapy Examiners, Board of	1,600	200	1,800	(100)	4,000	100
Dispensing Opticians, Board of	900	100	1,000	(100)	1,500	100

	Salary Adjustments 1/			Risk Mgmt Adjustments 2/	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
State Boards Office Contribution	\$200	\$0	\$200	\$0	\$500	\$0
Total - Dispensing Opticians Board	\$1,100	\$100	\$1,200	(\$100)	\$2,000	\$100
Optometry, Board of	1,800	300	2,100	(100)	1,700	200
State Boards Office Contribution	200	0	200	0	500	0
Total - Optometry Board	\$2,000	\$300	\$2,300	(\$100)	\$2,200	\$200
Osteopathic Examiners Board	5,200	600	5,800	(200)	14,300	200
Pharmacy Board	13,800	1,900	15,700	(100)	30,600	2,200
Physical Therapy Examiners Board	1,000	100	1,100	(100)	1,800	100
State Boards Office Contribution	200	0	200	0	500	0
Total - Physical Therapy Board	\$1,200	\$100	\$1,300	(\$100)	\$2,300	\$100
Podiatry Examiners Board	900	100	1,000	(100)	1,800	100
State Boards Office Contribution	200	0	200	0	500	0
Total - Podiatry Board	\$1,100	\$100	\$1,200	(\$100)	\$2,300	\$100
Private Postsecondary Education, Board of	2,700	400	3,100	(100)	8,700	800
Psychologist Examiners Board	2,600	300	2,900	(100)	7,300	600
State Boards Office Contribution	100	0	100	0	600	100
Total - Psychologist Board	\$2,700	\$300	\$3,000	(\$100)	\$7,900	\$700
Registrar of Contractors	92,800	12,700	105,500	(2,200)	312,000	18,500
Respiratory Care Examiners, Board of	2,000	200	2,200	(100)	4,000	500
Structural Pest Control Commission	20,400	2,800	23,200	(1,200)	76,100	3,100
Technical Registration, Board of	4,900	700	5,600	(100)	38,900	1,200
Veterinary Medical Examining Board	2,600	300	2,900	(100)	9,800	900
State Boards Office Contribution	100	0	100	0	600	0
Total - Veterinary Board	\$2,700	\$300	\$3,000	(\$100)	\$10,400	\$900
TOTAL - INSPECTION AND REGULATIO	\$704,400	\$95,600	\$800,000	(\$30,600)	\$2,013,000	\$110,100
EDUCATION						
State Board of Directors for Community Colleges	2,500	300	2,800	(1,000)	8,100	500
Deaf and Blind, Schools for the						
Phoenix Day School	0	0	0	0	141,400	6,800
Arizona Diagnostic Testing and Education Center	0	0	0	0	57,700	2,800
Tucson Campus	0	0	0	(8,500)	166,700	8,000
Total - Schools for the Deaf and Blind	\$0	\$0	\$0	(\$8,500)	\$365,800	\$17,600
TOTAL - EDUCATION	\$2,500	\$300	\$2,800	(\$9,500)	\$373,900	\$18,100
PROTECTION AND SAFETY						
Arizona Criminal Justice Commission	7,300	900	8,200	(100)	15,200	600
Public Safety, Department of						
Highway Patrol Bureau	144,700	16,400	161,100	(161,100)	2,162,500	119,300
Total - Dept of Public Safety	\$144,700	\$16,400	\$161,100	(\$161,100)	\$2,162,500	\$119,300
Youth Treatment and Rehabilitation, Department of						
Education	0	0	0	0	121,300	4,800
TOTAL - PROTECTION AND SAFETY	\$152,000	\$17,300	\$169,300	(\$161,200)	\$2,299,000	\$124,700
TRANSPORTATION						
Transportation, Department of						
Director's Staff	14,000	1,800	15,800	0	24,000	1,200
Transportation Planning	96,500	14,300	110,800	0	263,200	13,100
Administrative Services	442,900	65,500	508,400	(1,135,700)	1,342,700	66,600
Special Support Group	94,800	13,800	108,600	0	212,900	10,600
Highways	952,400	140,900	1,093,300	0	2,547,900	126,500
Highway Maintenance	708,800	105,000	813,800	0	2,812,900	139,600
Aeronautics	27,700	4,100	31,800	(1,600)	98,100	4,900
Motor Vehicle Division	499,200	73,900	573,100	0	1,968,900	97,700
Medical Advisory Board*	1,700	300	2,000	0		
Mobile Home Administration*	2,900	400	3,300	0		
Public Transit	1,200	200	1,400	(200)		
TOTAL - TRANSPORTATION	\$2,842,100	\$420,200	\$3,262,300	(\$1,137,500)	\$9,270,600	\$460,200

	Salary Adjustments 1/			Risk Mgmt Adjustments 2/	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Other Oper Expenditures	Medical Insurance 3/	Dental Insurance 3/
<u>NATURAL RESOURCES</u>						
Game and Fish Department						
Administrative and Field Services	\$228,100	\$49,500	\$277,600	(\$31,800)	\$685,900	\$35,700
Watercraft	16,800	3,000	19,800	0	74,600	3,900
Nongame Wildlife	3,800	600	4,400	0	11,600	600
Total - Game and Fish Department	\$248,700	\$53,100	\$301,800	(\$31,800)	\$772,100	\$40,200
State Parks Board	32,200	4,600	36,800	(4,800)	109,700	4,900
TOTAL - NATURAL RESOURCES	\$280,900	\$57,700	\$338,600	(\$36,600)	\$881,800	\$45,100
ADJUSTMENTS-SUBTOTAL	\$4,975,200	\$729,600	\$5,704,800	(\$1,408,900)	\$17,511,500	\$891,900
Unallocated Amounts	95,200	0	95,200	(35,100)	0	0
TOTAL ADJUSTMENTS	\$5,070,400	\$729,600	\$5,800,000	(\$1,444,000)	\$17,511,500	\$891,900

* Denotes special line item.

1/ Section 74 of the General Appropriation Act provides up to \$5,800,000 from the Other Funds for salary adjustments of 3%, effective July 1, 1994, and 2%, effective April 1, 1995. In accordance with Section 74, individual agency amounts have been determined by the Joint Legislative Budget Committee Staff and will be allocated by the Department of Administration.

2/ Section 79 of the General Appropriation Act provides for the reduction of all state agency appropriations relating to risk management payments by a total of \$1,444,000 from Other Funds. Section 79 directs the Joint Legislative Budget Committee to determine individual agency reductions, to be allocated by the Department of Administration.

3/ Pursuant to A.R.S. 38-654, the Joint Legislative Budget Committee Staff annually identify amounts in state agency appropriations for the payment of employee health and dental insurance. These amounts are transferred from agency appropriations into the Special Employee Health Insurance Trust Fund.

**Lease-Purchase Payment Adjustments in
Section 72 of the FY 1995 General Appropriation Act 1/**

	General Fund	Other Funds	Total
Administration, Department of	(\$300)	\$0	(\$300)
Agriculture, Department of	(5,900)	0	(5,900)
Ariz Health Care Cost Containment System	3,800	0	3,800
Arts, Commission on the	(600)	0	(600)
Auditor General	(400)	0	(400)
Banking Department	(200)	0	(200)
Contractors, Registrar of	0	1,500	1,500
Corrections, Department of	800	0	800
Economic Security, Department of	19,200	0	19,200
Health Services, Department of	30,000	5,500	35,500
Insurance, Department of	400	0	400
Medical Examiners, Board of	0	7,200	7,200
Nursing Board	0	3,200	3,200
Public Safety, Department of	(5,300)	0	(5,300)
Real Estate Department	(200)	0	(200)
Structural Pest Control Commission	0	1,400	1,400
Dept of Weights and Measures	4,000	1,800	5,800
Unallocated Amount	4,500	3,800	8,300
TOTAL	\$49,800	\$24,400	\$74,200

1/ Section 72 provides a total of \$74,200, of which no more than \$49,800 may be from the General Fund, for additional lease-purchase payments. In accordance with Section 72, individual agency amounts have been determined by the Joint Legislative Budget Committee Staff and will be allocated by the Department of Administration.

**Employee Related Expenditure, Risk Management, and
State Office Space Rental Changes in
Sections 73 and 76 of the FY 1995 General Appropriation Act**

	Section 73 1/	Section 76 2/		Total Sec 76
	Addtl Rent 1400 W Wash	ERE Changes	Risk Mgmt Changes	
<u>General Fund Agencies</u>				
Boxing Commission	\$400	\$0	\$0	\$0
Environment, AZ Commision on	1,900	0	0	0
Indian Affairs	2,000	0	0	0
Subtotal - General Fund	<u>\$4,300</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Ninety-Ten Agencies (Other Funds)</u>				
Accountancy, Board of	0	(7,100)	(1,400)	(8,500)
Appraisal, Board of	0	1,400	600	2,000
Barber Examiners Board	700	900	(500)	400
Behavioral Health Examiners, Board of	1,000	2,900	700	3,600
Chiropractic Examiners Board	0	(600)	(200)	(800)
Cosmetology, Board of	0	10,400	(2,000)	8,400
Dental Examiners Board	0	7,700	(1,900)	5,800
Funeral Directors and Embalmers Board	1,300	(100)	100	0
Homeopathic Medical Examiners Board	5,400	1,000	700	1,700
Medical Examiners, Board of	0	26,700	(16,300)	10,400
Naturopathic Physician Examiners Board	3,300	(600)	4,700	4,100
Nursing Board	0	4,300	8,900	13,200
Nursing Care Institution Administrators Bd	1,000	300	500	800
Occupational Therapy Examiners, Board of	300	(3,100)	700	(2,400)
Opticians, Board of Dispensing	1,600	300	300	600
Optometry, Board of	1,400	1,200	200	1,400
Osteopathic Examiners Board	0	(1,000)	(1,100)	(2,100)
Pharmacy Board	0	(2,900)	(1,900)	(4,800)
Physical Therapy Examiners Board	1,300	100	500	600
Podiatry Examiners Board	900	100	700	800
Private Postsecondary Education, Board for	0	1,700	(200)	1,500
Psychologist Examiners Board	1,900	1,100	200	1,300
Respiratory Care Examiners, Board of	500	500	700	1,200
Structural Pest Control Commission	0	16,100	(7,400)	8,700
Technical Registration, Board of	(4,700)	1,000	(6,600)	(5,600)
Veterinary Medical Examining Board	1,200	2,000	100	2,100
Subtotal - Other Funds	<u>\$17,100</u>	<u>\$64,300</u>	<u>(\$19,900)</u>	<u>\$44,400</u>
TOTAL	<u><u>\$21,400</u></u>	<u><u>\$64,300</u></u>	<u><u>(\$19,900)</u></u>	<u><u>\$44,400</u></u>

1/ Section 73 provides a total of \$21,400, of which no more than \$4,300 may be from the General Fund, for the payment of additional rent of state-owned space in 1400 W. Washington St. In accordance with Section 73, individual agency amounts have been determined by the Joint Legislative Budget Committee Staff and will be allocated by the Department of Administration.

2/ Section 76 provides a total of \$44,400 from the funds of self-supporting regulatory agencies for adjustments in Employee Related Expenditures and Risk Management charges for FY 1995. In accordance with Section 76, individual agency amounts have been determined by the Joint Legislative Budget Committee Staff and will be allocated by the Department of Administration.

**Special Cost Adjustment for Providers in
Section 75 of the FY 1995 General Appropriation Act**

	<u>General Fund</u>
Courts	
Juvenile Probation Services	\$178,600
Intensive Probation - Juvenile	6,500
Family Counseling	4,800
Subtotal - Courts	<u>\$189,900</u>
Economic Security, Department of	
Children Services	375,600
Purchase of Care (Long Term Care)	208,600
Purchase of Care (Developmental Disabilities)	195,800
Day Care	124,400
Adoption Services	68,400
Employment Support Services	61,300
Adult Services	33,400
JOBS	29,700
Foster Care (Long Term Care)	27,200
Vocational Rehabilitation Services	23,500
JOBS Child Care	22,000
Foster Care (Developmental Disabilities)	19,900
Transitional Child Care	17,400
Fee for Service	17,200
Intensive Family Services	13,600
Homeless Shelter	12,200
Emergency Assistance	8,200
High Risk Infant Services	6,600
Independent Living Rehabilitation Services	5,500
Rural Food Bank	2,500
Child Severance Project	1,900
Out of District Placement	1,100
Information and Referral Services	1,100
ASH Community Placement	400
Food Distribution Information	200
Subtotal - Department of Economic Security	<u>\$1,277,700</u>
Health Services, Department of	
Seriously Mentally Ill Services	583,700
Children's Behavioral Health State Match	205,000
Children's Behavioral Health Services	127,500
Substance Abuse	120,100
Mental Health	93,900
AHCCCS-CRS	83,200
Children's Rehabilitative Services	63,900
Regional Residential/Psychiatric Beds Program	56,800
Newborn Intensive Care	43,600
Seriously Emotionally Handicapped Children	43,100
Geriatric Residential Beds	21,800
Tuberculosis Provider Hospital and TB Control Subventions	8,700
Children's Respite Care	2,500
Adult Cystic Fibrosis	2,200
Kidney Program Dialysis Care	1,000
Adult Sickle Cell Anemia	700
Subtotal - Department of Health Services	<u>\$1,457,700</u>
Youth Treatment and Rehabilitation, Department of	
Purchase of Care	74,700
Total Provider Adjustments	<u><u>\$3,000,000</u></u>

**OMNIBUS RECONCILIATION BILLS
LEGISLATION REQUIRED TO IMPLEMENT FY 1995 BUDGET
8th SPECIAL SESSION**

	<u>Savings/ (Cost)</u>	<u>Section</u>
EDUCATION - CHAPTER 3 (HB 2003)		
Schools for Deaf and Blind		
• Exempt ASDB from participation in the state motor vehicle fleet.	\$ 160,900	2
Community Colleges		
• Suspend the statutory funding formula to set FY 1995 funding at the level specified in the FY 1995 General Appropriation Act.	(5,517,700)	4
Department of Education		
• Set the FY 1995 Basic State Aid inflation adjustment at 2.0%. These monies are to be transferred into the Classroom Improvement Fund and are intended for classroom items such as textbooks, instructional aids, library books and computers or school improvements such as a reduction in class size and increased program offerings.	14,160,800	5
• Freeze the current Career Ladder funding arrangement at 1/3rd local support and 2/3rds state support.	(11,107,000)	1
• Amend the authorized FY 1994 Rollover from \$142.5 million to \$53.5 million thereby repaying \$89 million. Eliminate requirement for payment of interest expenses.	--	3
• Require excess FY 1994 surplus and excess FY 1995 revenues, if any, to be used to repay the remaining Rollover in FY 1995. (After repayment of Rollover, any additional excess would be deposited in the Budget Stabilization Fund.)	--	6,7
• Require Rollover from FY 1995 to FY 1996 if excess FY 1994 surplus and excess FY 1995 revenues are not sufficient to repay \$53.5 million.	--	8
HEALTH AND WELFARE - CHAPTER 4 (HB 2004)		
Department of Economic Security		
• Suspend annual inflation indexing of AFDC benefits in FY 1995.	5,826,700	8
• Permit one 6-month waiver to those General Assistance recipients who are disenrolled from the program as a result of the 12-month rule and are appealing an adverse decision regarding Social Security benefits.	(200,000)	1
AHCCCS		
• Clarify provisions enacted in 1993 that requires the counties' AHCCCS contribution to equal 29.5% of the nonfederal share of acute and long term care services. Specifies the FY 1995 county acute care contribution as \$74,099,400.	--	3
• Adjust county repayment requirements under the Disproportionate Share Hospital program in line with higher federal funding. For FY 1995, JLBC shall determine amounts withheld from sales tax distribution to counties as reimbursement. Sales tax withholding for FY 1994 additional payments will not occur until FY 1995. (Maricopa: \$7.8 million; Pima: \$1.5 million)	--	5

	<u>Savings/ (Cost)</u>	<u>Section</u>
• Extend county expenditure limit adjustments associated with Disproportionate Share payments for an additional year.	--	6,7
• Require AHCCCS to compute disproportionate share payments based on information received by July 1, 1994. For both FY 1994 and FY 1995, AHCCCS is not liable if encounter data is incomplete or erroneous. For FY 1995, allows AHCCCS to readjust disproportionate share payments if grievances or appeals are upheld.	--	2,4

PUBLIC FINANCES - CHAPTER 5 (HB 2005)

Department of Liquor Licenses and Control

• Once again require that 2/3rds of all liquor license fees be deposited in the General Fund rather than be retained by the Department for automation expenses. Law 1993, Chapter 133 inadvertently allowed the Department to retain these monies. Provision would be retroactive to April 20, 1993, which was the effective date of Chapter 133.	2,114,400	1,9
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Department of Administration

• Require DOA to adjust rent for state-owned buildings to reflect partial year occupancy. Unless the payments are required for private lease space, state-owned rent shall be the greater of the agency's appropriation or the DOA pro-rata rent assessment.	--	2
• As a session law, revert Personnel Fund balances above \$500,000, rather than \$200,000, to the General Fund. This change will prevent the \$300,000 Classification Pilot supplemental from reverting.	--	6

Department of Weights and Measures

• As session law, deposit vapor recovery fees into the Air Quality Fund rather than the General Fund.	(250,000)	3
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Courts

• As session law, allow the Court Appointed Special Advocate (CASA) Fund to be used for Foster Care Review Board expenses.	86,900	4
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Attorney General

• Require deposit of In Re Refined Petroleum Antitrust Litigation settlement to Oil Overcharge Fund.	--	7
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Department of Emergency and Military Affairs

• As session law, permit DEMA to retain armory rental fees for maintenance of the buildings.	--	5
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State Parks Board

• As session law, require deposits to State Parks Enhancement Fund in excess of \$3,191,800, up to a total of \$336,500, be used to offset the FY 1994 Parks Board General Fund supplemental.	336,500	8
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TOTAL NET SAVINGS

\$5,611,500

GENERAL GOVERNMENT

DEPARTMENT OF ADMINISTRATION - SUMMARY

A.R.S. § 41-701

Elliott Hibbs, Director

JLBC Analyst: Smith

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administration	1,783,500	1,925,100	2,205,500
Finance	10,120,100	20,612,900	14,323,700
General Services	12,934,200	15,955,200	13,476,800
Information Services	2,221,900	17,314,400	16,039,200
Capitol Police	1,183,100	1,183,600	1,327,400
Risk Management	31,934,800	66,337,200	43,127,200
Workers' Compensation	14,882,600	18,097,700	17,223,600
Personnel	4,964,300	5,858,200	6,260,200
TOTAL APPROPRIATION	80,024,500	147,284,300	113,983,600
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	616.0	810.0	911.0
Personal Services	13,479,500	20,008,500	21,253,100
Employee Related Expenditures	3,245,000	4,575,200	5,131,300
Professional and Outside Services	1,587,100	2,412,300	1,921,200
Travel - In State	129,300	177,100	180,900
Travel - Out of State	18,800	36,200	39,600
Other Operating Expenditures	3,339,600	11,403,400	4,798,400
Equipment	257,100	232,900	159,100
All Other Operating Expenditures	5,331,900	14,261,900	7,099,200
OPERATING SUBTOTAL	22,056,400	38,845,600 ^{2/}	33,483,600 ^{3/}
Special Line Items ^{4/}	57,968,100	107,961,300 ^{2/}	79,823,400 ^{3/}
Additional Appropriations ^{5/}	--	477,400	676,600
TOTAL APPROPRIATIONS	80,024,500	147,284,300	113,983,600
<u>Fund Summary</u>			
General Fund	20,894,200	29,803,000 ^{2/}	25,924,400
Personnel Fund	4,964,300	5,858,200 ^{2/}	6,260,200
Corrections Fund	345,100	349,100 ^{2/}	317,100
Capital Outlay Stabilization Fund	7,003,500	6,823,300	7,180,900
Risk Management Fund	31,934,800	66,337,200	43,127,200
Workers' Compensation Fund	14,882,600	18,097,700 ^{2/}	17,223,600
Automation Fund	-0- ^{6/}	15,091,600	13,950,200
Oil Overcharge Fund	-0-	4,900,000	-0-
Underground Storage Tank Fund	-0-	24,200	-0-
TOTAL APPROPRIATIONS	80,024,500	147,284,300	113,983,600

(Continued)

DEPARTMENT OF ADMINISTRATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *Provides certain centralized general support services to state agencies, including accounting and financial services, personnel, building and grounds maintenance, purchasing, risk management, automated technology planning and operation, and telecommunications.*

FTE Positions — The approved amount includes an increase of 93 FTE positions and \$-0- in the Attorney General Defense-Risk Management Special Line Item and an increase of 2 FTE positions and \$-0- in the Attorney General Defense-Workers' Compensation Special Line Item. In FY 1994, these positions were funded in the Department of Administration appropriation, but the number of FTE positions was not specified.

The approved amount also includes a net increase of 6 FTE positions, as follows: a) a reduction of 2.5 FTE positions and \$-0- in Administration, b) an additional 14 FTE positions and \$478,800 in Finance, c) an additional 8 FTE positions and \$326,900 in General Services, d) a reduction of 19 FTE positions and \$310,100 in Information Services, e) an additional 3 FTE positions and \$-0- in Risk Management, and f) an additional 2.5 FTE positions and \$84,300 in Personnel. These changes are described on the individual program pages.

Personal Services — The approved amount is based upon a 2.5% vacancy factor and \$233,000 in vacancy savings from the General Fund and \$176,100 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$348,700 from the General Fund and \$522,100 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

1/ The FTE Positions total includes 28 FTE positions funded from certain Special Line Items in FY 1993, 27 FTE positions in FY 1994, and 124.5 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
GRRC	2.0	2.0	2.0
GAAP	17.0	16.0	16.0
SLIAG	6.0	6.0	6.0
Cost Recovery Case Management	3.0	3.0	3.0
Attorney General Defense-Risk Management	0.0 *	0.0 *	93.0
Attorney General Defense-Workers' Comp.	0.0 *	0.0 *	2.0
Classification Pilot Program	0.0	0.0	2.5

* The number of FTE positions funded through the Attorney General Defense Special Line Items was not subject to appropriation prior to FY 1995.

2/ Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session, appropriates \$75,700 from the Corrections Fund for the General Services division, \$2,100,000 from the Workers' Compensation Fund for Workers' Compensation losses, \$300,000 from the Personnel Fund to start a job classification pilot program, and \$3,000,000 from the General Fund for the San Carlos Apache Indian Water Rights Settlement Act of 1992.

3/ Represents General Appropriation Act funds. Appropriated by Fund for the Agency with certain Special Line Items.

4/ Details for the Special Line Items are included on the individual program pages.

5/ Details for the Additional Appropriations are included on the individual program pages.

6/ FY 1994 was the first year that the Automation Fund was subject to legislative appropriation. The comparable FY 1993 non-appropriated expenditure was \$14,037,000.

(Continued)

DEPARTMENT OF ADMINISTRATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Employee Related Expenditures — The approved amount includes an additional \$47,700 from the General Fund and \$71,500 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,202,200 from the General Fund and \$1,353,300 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$223,500 from the General Fund and \$179,300 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$36,200 from the General Fund and \$29,000 from Other Appropriated Funds, as authorized under Section 79 of the General Appropriation Act.

CAPITAL OUTLAY

Supplemental Capital Outlay Bill (Chapter 7, H.B. 2007, 8th Special Session) — Makes FY 1994 supplemental appropriations totalling \$4,361,400 to the Department of Administration (DOA) as follows:

Section 1(A) appropriates \$1,667,600 from the General Fund for the following projects:

- Renovation and Furnishing of Department of Youth Treatment and Rehabilitation Residential Cottages \$1,047,600
 Improve residential cottages to comply with the *Johnson vs. Upchurch* consent decree.
 - Relocation and Tenant Improvements for the Department of Water Resources (DWR) 620,000
 With \$225,000 from the Capital Outlay Stabilization Fund, funds DWR's move to private lease space. The bill requires the department to present an expenditure plan to the Joint Committee on Capital Review (JCCR) before the release of monies.
- Subtotal, General Fund \$1,667,600

Section 1(A) also appropriates \$2,693,800 from the Capital Outlay Stabilization Fund for the following projects:

- Renovation of 1688 and 1624 West Adams \$2,468,800
 Renovate the buildings, primarily to house the Department of Agriculture. Included in the amount is \$38,800 for 1 project-specific FTE position to oversee the project. The approved amount includes a total of \$2,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.
 - Relocation and Tenant Improvements for the Department of Water Resources. 225,000
 With \$620,000 from the General Fund, funds DWR's move to private lease space. The bill requires the department to present an expenditure plan to the JCCR before the release of monies.
- Subtotal, Other Funds \$2,693,800

Total, DOA Supplemental Capital Outlay \$4,361,400

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Makes FY 1995 appropriations totalling \$25,840,000 to the Department of Administration, including \$15,476,100 from the General Fund and \$10,363,900 from Other Funds, as follows:

(Continued)

DEPARTMENT OF ADMINISTRATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Section 1(C)

Appropriates \$4,062,100 from the General Fund and \$1,000,000 from the Capital Outlay Stabilization Fund (COSF) for Building Renewal. This represents 58% support of the Building Renewal Formula as established by A.R.S. § 41-793.01. The appropriation from COSF may exceed or fall short of the appropriated amount, depending upon actual collections for state-owned office space during FY 1995. Any such difference would be reflected in the amounts available for Building Renewal.

Subtotal, Section 1(C) General Fund	\$4,062,100
Subtotal, Section 1(C) Other Funds	\$1,000,000

Section 2(B) 1

Appropriates a total of \$4,523,200 from the General Fund for the following projects:

- | | |
|--|------------|
| a) Americans with Disabilities Act (ADA) Compliance — Planning | \$ 100,000 |
| Design various projects to comply with the public facilities portion of the ADA legislation. | |
| b) Americans with Disabilities Act Compliance — Construction | 500,000 |
| Construct various projects to comply with the public facilities portion of the ADA legislation. Before the release of construction monies, the bill requires the department to present an expenditure plan to the JCCR for its review. | |
| c) 416 West Congress, Tucson Renovation | 400,000 |
| Complete the renovation of the building, enabling Geological Survey to terminate a private lease. Of the amount, \$11,400 is allocated for a 0.3 project-specific FTE position to oversee the project in FY 1995. The approved amount includes a total of \$800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. | |
| d) Parking and Roadway Maintenance — Governmental Mall | 300,000 |
| Repairs to parking lots on the Capitol Mall. | |
| e) Design and Land Acquisition for State Health Laboratory | 1,600,000 |
| Land acquisition and design are expected to cost approximately \$800,000 each for a planned \$14.4 million laboratory. Before the release of land acquisition funds, the bill requires the department to present an analysis and recommendation of potential sites to the JCCR for review. Thereafter, at the completion of the schematic designs, the department shall present the plans for the laboratory to the JCCR for review. | |
| f) Study and Design for Flagstaff State Building | 260,000 |
| Up to \$20,000 is intended for a study of potential tenants and their building design needs. Before the release of design monies, the bill requires the department to present the study to the JCCR for review. | |
| g) Purchase of Property on Governmental Mall at 1801 West Madison | 390,000 |
| Adds 0.31 acres to the Capitol Mall. | |
| h) Pioneers Home — Electrical Rewiring | 100,000 |
| Modernize the electrical system and bring it up to code. | |
| i) Department of Youth Treatment and Rehabilitation Residential Cottage Upgrades | 458,300 |
| Improve residential cottages to comply with the <i>Johnson vs. Upchurch</i> consent decree. | |
| j) Tenant Improvements on Second Floor and Basement of Capital Center Building | 167,400 |
| Funds the Attorney General's expansion within the Capital Center Building. Before the release of any monies, the bill requires the department and Attorney General to present an expenditure plan to the JCCR for review. | |
| k) Tenant Improvements and Agency Relocation — First Floor of Capital Center Building | 154,500 |
| Funds an as yet to be determined agency's(ies') move to the first floor of the Capital Center Building. Before the release of any monies for tenant improvements, the bill requires the department to present an expenditure plan to the JCCR for review. | |

(Continued)

DEPARTMENT OF ADMINISTRATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

1) Tenant Improvements of the 1645 West Jefferson Building	93,000
Funds the Department of Correction's expansion within the 1645 West Jefferson Building. Before the release of any monies, the bill requires the department to present a detailed space allocation plan to the JCCR for review.	
<hr/>	
Subtotal, Section 2(B) 1 General Fund	\$4,523,200

Section 2(C)

Transfers \$6,440,800 from the General Fund to the Corrections Fund and appropriates \$15,304,700 in FY 1995 from the Corrections Fund for the following projects:

1) Design and Construction of 100 Male Level II Prison Beds at ASP-Globe	\$2,688,900
Adds 100 beds to the existing facility. Of the amount, \$40,000 and 2 project-specific FTE positions are allocated for on-site project management. The approved amount includes a total of \$5,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.	
2) Design and Construction of 400 Male Level III Prison Beds at ASP-Yuma	12,240,800
Adds 400 beds to the existing facility. Of the amount, \$162,000 and 3 project-specific FTE positions are allocated for on-site project management. The approved amount includes a total of \$8,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.	

From the appropriations for the 2 projects above, \$26,600 and a 0.7 project-specific FTE position is allocated to oversee the projects in FY 1995. Thereafter, \$38,000 shall be allocated for 1 FTE position in each subsequent fiscal year to oversee the projects until their completion. The approved amount includes a total of \$2,000 in FY 1995 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

3) Conversion of the Aspen Facility to a Correctional Mental Health Unit	375,000
Converts existing DWI beds to mental health beds for incarcerated felons.	
<hr/>	
Subtotal, Section 2(C) General Fund	\$6,440,800
Subtotal, Section 2(C) Other Funds	\$8,863,900

Section 2(D)

Appropriates a total of \$950,000, including \$450,000 from the General Fund, \$300,000 from the Penitentiary Land Fund, and \$200,000 from the Charitable, Penal, and Reformatories Fund, for the following projects:

1) ASPC-Florence Fire and Safety Corrections	\$ 750,000
Continues the effort to bring the Florence Prison up to code.	
2) Statewide Correctional Facilities Building Maintenance	200,000
Provides for non-Building Renewal or emergency needs.	
<hr/>	
Subtotal, Section 2(D) General Fund	\$450,000
Subtotal, Section 2(D) Other Funds	\$500,000
Total, All General Fund	15,476,100
Total, All Other Funds	<u>10,363,900</u>
Grand Total, DOA Capital Outlay	<u>\$25,840,000</u>

(Continued)

DEPARTMENT OF ADMINISTRATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Juvenile Crime Omnibus Bill (Chapter 201, S.B. 1356) — The bill appropriates \$350,000 from the General Fund to DOA for the design of a 100 bed high-security unit for youths committed to the Department of Youth Treatment and Rehabilitation. The bill requires the department to present plans to the JCCR for review.

Juvenile Correctional Facilities (Chapter 195, H.B. 2542) — The bill appropriates \$350,000 from the Corrections Fund to DOA in FY 1995 for the design of a 100 bed male and female high-security unit for juveniles tried as adults under the jurisdiction of the Department of Corrections. The bill appropriates \$3,150,000 in FY 1996 from the Corrections Fund for the construction of the unit and requires the department to present plans to the JCCR for review. The bill also allocates \$12,700 and 1 project-specific FTE position in FY 1995 and, \$78,000 and 3 project-specific FTE positions in FY 1996 for project oversight and on-site project management. The approved amount includes a total of \$900 in FY 1995 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

DOA; Continuation (Chapter 160, S.B. 1256) — The bill extends the sunset date for DOA to July 1, 1996 and states that the purpose of DOA is to provide services to state government in automation, finance, personnel administration, public buildings maintenance, surplus property, and risk management. The bill also modifies provisions on personnel rules.

DEPARTMENT OF ADMINISTRATION - ADMINISTRATION

A.R.S. § 41-712

Elliott Hibbs, Director

JLBC Analyst: Smith

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	34.0	40.5	38.0
Personal Services	1,076,200	1,112,500	1,180,200
Employee Related Expenditures	233,900	251,300	270,100
Professional and Outside Services	28,700	-0-	-0-
Travel - In State	4,700	2,600	2,600
Travel - Out of State	1,500	1,700	1,700
Other Operating Expenditures	330,200	382,000	424,700
Equipment	72,600	36,600	-0-
All Other Operating Expenditures	437,700	422,900	429,000
OPERATING SUBTOTAL	1,747,800	1,786,700	1,879,300
Hearing Office	35,700	35,700	35,700
Governor's Regulatory Review Council	-0-	102,700	111,900
TOTAL	1,783,500	1,925,100	2,026,900 ^{2/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Administrative Procedure; Rule Making, Ch. 363	--	--	178,600
TOTAL APPROPRIATIONS	1,783,500	1,925,100	2,205,500

Program Description — Administration includes the Director's Office and the Management Services Division, which includes internal department analysis, purchasing, accounting, and budgeting. This cost center was previously within Central Operations.

FTE Positions — The approved amount includes a reduction of 2.5 FTE positions to reflect agency reorganization.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$11,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$40,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$27,600 to restore the vacancy factor to the standard rate.

^{1/} The FTE Positions total includes 2 FTE positions funded from the Governor's Regulatory Review Council Special Line Item in FY 1993 through FY 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Fund. The program and line item detail are shown for information only.

(Continued)

DEPARTMENT OF ADMINISTRATION - ADMINISTRATION (Cont'd)
GENERAL FUND

Employee Related Expenditures — The approved amount includes an additional \$5,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$102,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$223,500 for the payment of Risk Management premiums, which reflects a reduction of \$36,200, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes a total of \$5,700 for replacement of chairs and file cabinets.

Hearing Office — This special line item funds costs associated with the Water Quality Appeals Board, created to hear appeals of decisions made by the Department of Environmental Quality.

Governor's Regulatory Review Council — This council is responsible for reviewing and updating state agency rules and regulations. Prior to FY 1994, this function was funded through the budget of the Governor's Office of Strategic Planning & Budgeting. The approved amount includes 2 FTE positions. The approved amount also includes an additional \$7,500 (Personal Services, \$6,600; Employee Related Expenditures, \$900) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The special line item appropriation also includes a total of \$14,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL APPROPRIATIONS

Administrative Procedure; Rule Making (Chapter 363, S.B. 1236) — This bill changes the State of Arizona's process for making rules and for publishing associated public notices. The bill transfers some rule review duties from the Office of the Attorney General to the Department of Administration (DOA), Governor's Regulatory Review Council. The bill appropriates \$465,000 from the General Fund, of which \$178,600 is appropriated to DOA to fund the department's additional rule review duties. The bill also adds 5 FTE positions to the council's 2 appropriated positions. The bill states that it is the intent of the Legislature that up to \$131,700 is for Personal Services and Employee Related Expenditures relating to administering the provisions of the act.

DEPARTMENT OF ADMINISTRATION - FINANCE

A.R.S. § 41-722

Elliott Hibbs, Director

JLBC Analyst: Smith

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	96.0	96.2	110.2
Personal Services	1,648,300	1,913,500	2,377,900
Employee Related Expenditures	397,600	447,100	565,600
Professional and Outside Services	111,500	51,200 ^{2/}	42,000
Travel - In State	1,300	1,000	4,800
Travel - Out of State	2,200	4,500	5,500
Other Operating Expenditures	378,200	458,600	475,400
Equipment	25,400	44,200	55,700
All Other Operating Expenditures	518,600	559,500	583,400
OPERATING SUBTOTAL	2,564,500	2,920,100	3,526,900
ENSCO COP	3,782,800	4,582,600	4,582,900
Statewide Accounting System	1,152,600	-0-	-0-
COSF Rent	748,800	748,800	903,100
GAAP	545,100	620,000	640,900
Lease-Purchase Rent	512,500	427,000	429,100
Tucson State Office Building	107,700	107,900	131,800
Capital Center Lease-Purchase	-0-	-0-	352,800 ^{3/}
Water Rights Settlement	500,000	4,500,000 ^{4/}	-0-
SLIAG	158,600	305,900	107,500
Cost Recovery/Cash Management	47,500	128,300	132,800 ^{5/}
AFIS II	-0-	2,894,900	2,478,900 ^{6/}
Employee Bus Subsidy	-0-	-0-	539,000 ^{7/}
Alternative Fuels	-0-	2,900,000 ^{2/}	-0-
TOTAL	10,120,100	20,135,500	13,825,700 ^{8/9/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Omnibus Named Claimants Relief Act, Ch. 97	--	477,400	--
Appropriation; Impeachment and Recall Expenses, Ch. 320	--	--	423,000
RICO; Forfeiture, Ch. 219	--	--	75,000
TOTAL APPROPRIATIONS	10,120,100	20,612,900	14,323,700

(Continued)

DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

<u>Fund Summary</u>			
General Fund	10,120,100	17,338,700	13,973,700
Automation Fund	-0-	350,000	350,000
Oil Overcharge Fund	-0-	2,900,000	-0-
Underground Storage Tank Fund	-0-	24,200	-0-
TOTAL APPROPRIATIONS	10,120,100	20,612,900	14,323,700

1/ The FTE Positions total includes 26 FTE positions funded from certain special line items in FY 1993 and 25 FTE positions in FY 1994 and FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
GAAP	17	16	16
SLIAG	6	6	6
Cost Recovery/Cash Management	3	3	3

- 2/ The amount shown for Professional and Outside Services reflects an additional \$24,200 from the Underground Storage Tank Fund to provide reimbursement of administrative costs associated with a public transportation subsidy program for state employees and the amount shown for Alternative Fuels reflects an additional \$2,900,000 from the Oil Overcharge Fund for school district vehicle conversion appropriated by Laws 1994, Chapter 1, 6th Special Session.
- 3/ Before the expenditure of monies for the Capital Center lease-purchase payment, the Department of Administration, the Attorney General and the Department of Economic Security shall submit a space allocation plan for the entire Capital Center Building to the Joint Committee on Capital Review for their review. The plan shall detail the square footage to be occupied by sections of the Department of Law and other tenants. The plan shall include the fund sources which can be billed for the lease-purchase agreement. The appropriation of \$352,800 is to fund the lease-purchase payment for the first floor of the Capital Center Building [where the prospective tenants are not yet know]. It is the intent of the Legislature that the state General Fund appropriation may be used for the lease-purchase payment until other tenants can be identified. Upon the space allocation review of the Joint Committee on Capital Review and occupancy of the space, these other tenants shall make deposits to the Special Services Revolving Fund to reflect their usage of the space. Upon deposit of these monies, the \$352,800 appropriation shall revert to the state General Fund by the like amount of such deposits to the Special Services Revolving Fund. (General Appropriation Act footnote.)
- 4/ The amount shown reflects an additional \$3,000,000 from the General Fund for the San Carlos Apache Indian Water Rights Settlement Act of 1992 appropriated by Laws 1993, Chapter 6, 8th Special Session.
- 5/ Included in the lump sum appropriation is \$132,800 and 3 FTE positions to establish an Indirect Cost Recovery and Cash Management program. The Department of Administration shall report quarterly to the Director of the Joint Legislative Budget Committee as to the effectiveness of the Indirect Cost Recovery and Cash Management program. The reports shall identify potential and pending sources of federal reimbursement for indirect costs as well as amounts actually collected. (General Appropriation Act footnote, as adjusted for the general salary adjustment.)
- 6/ The department shall submit quarterly reports to the Director of the Joint Legislative Budget Committee regarding the cost and development of AFIS II, including the distribution of costs among funds. The department may collect an amount not to exceed \$762,600 from other funding sources, excluding federal funds, to recover pro rata costs of operating AFIS II. All AFIS II operating costs below \$3,241,500 shall be proportionately distributed among all contributing funding sources, including the state General Fund. (General Appropriation Act footnote.)
- 7/ The \$539,000 appropriated for the Employee Bus Subsidy shall be used only for a 50% subsidy of charges payable to a regional transit authority for public transportation expenses of non-university state employees in a vehicle emissions control area, as defined in A.R.S. § 49-541, of a county with a population of more than 1,500,000 persons according to the most recent federal decennial census. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description — *The Finance Division maintains the state's financial records, provides accounting services to state agencies, oversees state agency compliance with financial requirements and appropriation authority, and operates the State Procurement Office.*

FTE Positions — The approved amount includes an additional 14 FTE positions as follows. Increases for the general salary adjustment for these positions are not included below, but are added under the total Personal Services and Employee Related Expenditures for the division.

- **AFIS II Fixed Assets Systems** — The approved amount includes increases of 1 FTE position, \$25,200 in Personal Services, \$6,300 in Employee Related Expenditures, \$10,000 in Professional and Outside Services, \$2,900 in Other Operating Expenditures, \$3,300 in Equipment, and \$278,200 in AFIS II operating costs to develop an automated fixed asset tracking system. Of these costs, \$10,000 in Professional and Outside Services, \$1,400 in Other Operating Expenditures, \$3,300 in Equipment, and \$128,600 in AFIS II operating costs are for one-time development costs.
- **Automated Systems Security** — The approved amount includes increases of 6 FTE positions, \$169,100 in Personal Services, \$40,500 in Employee Related Expenditures, \$5,000 in Professional and Outside Services, \$400 in Travel - In State, \$22,400 in Other Operating Expenditures, \$13,300 in Equipment, and \$32,500 in AFIS II operating costs to establish an automated system security team. Of these amounts, \$13,400 in Other Operating Expenditures and \$13,300 in Equipment are for one-time start up costs.
- **Automated Systems - Continuing Customer Education** — The approved amount includes increases of 3 FTE positions, \$84,200 in Personal Services, \$20,200 in Employee Related Expenditures, \$2,000 in Travel - In State, \$1,000 in Travel - Out of State, \$11,100 in Other Operating Expenditures, and \$9,700 in Equipment to establish an automated system training program. Of these amounts, \$6,600 in Other Operating Expenditures and \$9,700 in Equipment are for one-time start up costs.
- **Annualize Bus Card Plus** — The approved amount includes 1 FTE position, \$28,200 in Personal Services, \$6,700 in Employee Related Expenditures, \$2,900 in Other Operating Expenditures, and \$3,300 in Equipment to continue implementation of a Bus Card Plus program, as mandated by Laws 1993, Chapter 1, 6th Special Session. For additional information, refer to the Employee Bus Subsidy Special Line Item.
- **Auditors** — The approved amount includes an increase of 3 FTE positions, \$72,400 in Personal Services, \$18,600 in Employee Related Expenditures, \$1,400 in Travel - In State, and \$6,000 in Other Operating Expenditures to add 3 auditor positions for the General Accounting Office.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$39,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes: a) an additional \$80,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, b) an additional \$4,600 to restore the vacancy factor to the standard rate, and c) an additional \$379,100 for additional positions described above.

8/ In accordance with A.R.S. § 35-142.01, the Department of Economic Security shall remit to the Department of Administration any monies received as reimbursement from the federal government or any other source for the operation of the Department of Economic Security West Building and the Department of Administration shall deposit such monies to the state General Fund. The Department of Administration, with the cooperation of the Department of Economic Security, shall submit an annual report to the Director of the Joint Legislative Budget Committee regarding the amount of federal reimbursement received by the state General Fund for the costs of operating the DES West Building. (General Appropriation Act footnote.)

9/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Fund with certain Special Line Items. With the exception of AFIS II, ENSCO COP, Employee Bus Subsidy, and Capital Center Lease-Purchase, the line items are shown for information only.

(Continued)

DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Employee Related Expenditures — The approved amount includes an additional \$11,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$239,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Equipment — The approved amount includes a total of \$26,100 for replacement equipment as follows: \$10,000 for warrant storage cabinets, \$12,100 for a copy machine, and \$4,000 for a laser copier. The appropriated amount also includes \$29,600 for equipment purchases described under FTE positions.

ENSCO COP — The approved amount funds the required lease-purchase payment for the acquisition of the ENSCO site.

Statewide Accounting System — This special line item reflects development costs of the Arizona Financial Information System (AFIS II). Development was complete in FY 1993. Funding for actual operation in subsequent years appears as the AFIS II Special Line Item.

COSF Rent — The approved amount is for rent for state-owned space to be paid into the Capital Outlay Stabilization Fund.

GAAP — This special line funds 16 FTE positions to produce state accounting reports to comply with the federal Single Audit Act of 1984. The approved amount includes an additional \$17,400 (Personal Services, \$15,300; Employee Related Expenditures, \$2,100) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$45,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Lease-Purchase Rent — The approved amount includes funding for the lease-purchase payments on the Sun State Building, 16th Street Parking Garage and the former State Compensation Fund Building. The funding for the Sun State Building lease-purchase payment includes a reduction of \$300, as authorized by Section 72 of the General Appropriation Act. The lease-purchase payment for the Tucson State Office Building is shown below.

In addition to the lease-purchase payment, the approved amount includes a total of \$700 for Operations and Maintenance (O&M) charges for the Sun State Building. The O&M charge will be transferred to a lease-purchase O&M account, which the department will use in combination with similar amounts from other agencies to provide services, either directly or under contract, for various buildings away from the Capitol Mall.

Tucson State Office Building — The approved amount represents the department's General Fund share of the Tucson State Office Building lease-purchase obligation for FY 1995. The Personnel division and Risk Management section's allocations are included in their respective cost centers.

Capital Center Building Lease-Purchase — The approved amount includes funding for the lease-purchase payment on vacant space in the Capital Center Building. Refer to footnote 2 for additional information.

Water Rights Settlement — This special line item includes \$500,000 in FY 1993 and \$1,500,000 in FY 1994 for payment of the State of Arizona's contribution to the Fort McDowell Indian Community Development Fund, established by the Fort McDowell Indian Community Water Rights Settlement Act of 1990, P.L. 101-628. The FY 1994 approved amount also includes \$3,000,000 for payment to the San Carlos Apache Indian Tribe, in accordance with the San Carlos Apache Indian Water Rights Settlement Act of 1992, P.L. 102-575.

SLIAG — This special line item contains partial year funding for 6 FTE positions and related costs of administering the state's participation in the federal State Legalization Impact Assistance Grants program, which will end in FY 1995. All amounts expended are reimbursed by the federal government. The approved amount includes an additional \$1,700 (Personal Services, \$1,500; Employee Related Expenditures, \$200) for the general salary adjustment, as authorized by Section 74 of

(Continued)

DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

the General Appropriation Act. The approved amount also includes a total of \$10,100 the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Cost Recovery/Cash Management — This special line item includes funding for 3 FTE positions to: a) supervise and administer a program to recover indirect costs associated with federal programs and b) implement and administer a program to achieve compliance with the requirements of the 1990 Federal Cash Management Act. The approved amount includes an additional \$3,000 (Personal Services, \$2,600; Employee Related Expenditures, \$400) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$8,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

AFIS II — This special line item reflects the cost of operating the statewide accounting system. The approved amount includes 1 FTE position and \$2,128,900 from the General Fund and \$350,000 from the Automation Fund. The Department of Administration (DOA) will collect up to \$762,600 from other funding sources, excluding the General Fund and federal funds, to supplement the costs of operating AFIS II. The total authorized amount of \$3,241,500 includes: a) \$302,000 for an AFIS II purchasing component, b) \$2,628,800 (\$1,866,200 appropriated funds plus \$762,600 from other fund collections) to operate AFIS II, c) \$278,200 for an automated fixed asset tracking system, and d) \$32,500 for an automated system security program.

Employee Bus Subsidy — The approved amount includes \$539,000 to implement a bus fare subsidy for non-university Maricopa County employees, effective September 1, 1994. (Full-year subsidy costs are estimated at \$718,600.) This program is intended to reduce pollution in Maricopa County, in compliance with federal Environmental Protection Agency air quality standards. The bus subsidy will work in conjunction with the Bus Card program enacted in the 1993 Special Session on air quality. Employees using a state-issued Bus Card will pay 50% of each fare through a pay check deduction. The state will pay the remaining 50%. Reimbursement of public transportation costs for state employees was authorized by the 1987 Omnibus Air Quality Act (A.R.S. § 41-786) but has not been funded prior to FY 1995.

Alternative Fuels — Laws 1994, Chapter 1, 6th Special Session appropriated \$2,900,000 from the Oil Overcharge Fund to DOA for school districts in the federal Environmental Protection Agency non-attainment "Area A" (Maricopa County) for the purpose of converting school vehicles to alternative fuels. During the 2nd Regular Session, Laws 1994, Chapter 353 modified the appropriation to make the Department of Commerce Energy Office, rather than DOA, responsible for administering these monies, although the monies remain appropriated to DOA. See the Department of Commerce for additional information.

ADDITIONAL APPROPRIATIONS

Appropriation; Impeachment and Recall Expenses (Chapter 320, S.B. 1272) — Makes an appropriation of \$423,000 from the General Fund to DOA for certain recall and impeachment expenses incurred in 1987 and 1988. Before payment of monies, all pending actions and claims must be dismissed, as approved by the Attorney General.

Omnibus Named Claimants Relief Act (Chapter 97, H.B. 2009) — Makes appropriations totalling \$477,400 to various individuals and groups to settle claims against the state.

RICO; Forfeiture (Chapter 219, H.B. 2595) — Makes an appropriation of \$75,000 from the state General Fund to a county with a population between 500,000 and 1,500,000 persons according to the most recent United States decennial census (Pima County) for deposit in the county Anti-Racketeering Revolving Fund for gang prevention, as specified by A.R.S. § 13-2314.03, and for summer youth employment and education of economically disadvantaged youths who are between 12 and 18 years of age. A county that receives monies shall submit a report to the Governor, the President of the Senate and the Speaker of the House of Representatives detailing the program's expenditures, successes, impact on local juvenile crime rate and problems.

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DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

State Employees; Travel Authorization (Chapter 110, S.B. 1033) — The bill changes a requirement that out-of-state travel orders be countersigned by the Governor, who may delegate the authority to countersign to the DOA Director. Instead, out-of-state travel orders shall be countersigned by the agency head or university president, who may delegate that authority. DOA shall adopt and disseminate policies and procedures for the approval of out-of-state travel orders and perform compliance reviews.

School Tax Delinquency (Chapter 367, S.B. 1283) — The bill mandates that DOA, the State Land Department, and the Departments of Revenue and Environmental Quality jointly file a report with the Governor, the President of the Senate and the Speaker of the House of Representatives by September 30, 1994. The report shall recommend improvements in the process and laws governing transferring property by tax deed to the state.

Federal Monies; Management; Electronic Vouchers (Chapter 336, H.B. 2167) — The bill permits DOA to issue, and the State Treasurer to accept, electronic funds transfer vouchers. The bill also permits DOA to issue warrants to expend federal program monies before deposit of these monies to the State Treasury in order to time as closely as possible the receipt of the monies with the redemption of the warrants. DOA may use any interest earned to pay any federal interest liability. Remaining interest earnings shall be deposited to the General Fund. If an interest penalty is accrued due to an agency varying from the policies and procedures established by DOA for drawing federal monies, DOA shall charge the agency account or fund. DOA shall report to the Joint Legislative Budget Committee by March 1 any interest payment charges to agencies.

Omnibus Alternative Fuels Bill (Chapter 353, H.B. 2575) — The bill adds charges payable to a regional transit authority for public transportation expenses to the allowable payroll deductions for state employees. The bill modifies Laws 1994, Chapter 1, 6th Special Session, to make the Department of Commerce Energy Office, rather than DOA, responsible for administering \$2,900,000 for converting school vehicles to alternative fuels, although the monies remain appropriated to DOA. See the Department of Commerce and the Alternative Fuels Special Line Item within DOA General Services for additional information.

DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES

A.R.S. § 41-701

Elliott Hibbs, Director

JLBC Analyst: Smith

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	221.5	218.5	226.5
Personal Services	4,010,500	4,284,900 ^{1/}	4,718,200
Employee Related Expenditures	1,268,800	1,096,200 ^{1/}	1,260,700
Professional and Outside Services	44,500	25,100	25,100
Travel - In State	73,800	89,600	88,100
Travel - Out of State	3,800	1,000	1,000
Other Operating Expenditures	1,188,000	1,231,100	1,199,700
Equipment	55,900	33,700	39,000
All Other Operating Expenditures	1,366,000	1,380,500	1,352,900
OPERATING SUBTOTAL	6,645,300	6,761,600	7,331,800
Utilities	6,122,100	5,985,000	5,985,000
Relocation/Non-West Tower	166,800	-0-	-0-
Relocation	-0-	120,000	160,000
Sun State Building	-0-	1,088,600	-0-
Alternative Fuels	-0-	2,000,000 ^{2/}	-0-
TOTAL APPROPRIATIONS	12,934,200	15,955,200	13,476,800
<u>Fund Summary</u>			
General Fund	5,585,600	6,782,800	5,978,800
Capital Outlay Stabilization Fund	7,003,500	6,823,300	7,180,900 ^{3/}
Corrections Fund	345,100	349,100	317,100 ^{4/}
Oil Overcharge Fund	-0-	2,000,000	-0-
TOTAL APPROPRIATIONS	12,934,200	15,955,200	13,476,800 ^{5/}

Program Description — *General Services is comprised of Tenant Services, Building and Planning Services, and Construction Services. Tenant Services manages Department of Administration (DOA) owned buildings in the Capitol Mall, provides maintenance and janitorial services, and operates the state motor pool, surplus property yard, print shop, and interagency mail service. The former Facilities Management section has been reorganized as Building and Planning Services and Construction Services. These sections plan and manage the design and construction of state prisons and office buildings, review all state construction projects, inspect the condition of non-university buildings at least once every 3 years, and develop an annual Capital Improvement Plan.*

^{1/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session provides a supplemental appropriation of \$75,700 from the Corrections Fund to annualize funding for 8.5 FTE positions required to oversee construction of a 768-bed prison facility in Florence. Previously, 9 months of funding had been authorized to oversee other prison construction scheduled for completion in FY 1994.

(Continued)

DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

FTE Positions — The approved amount includes an additional 7 FTE positions and \$307,500 for a realignment of "core" and "limited staff" positions described below and 1 FTE position and \$19,400 for a Warehouse Worker position.

Personal Services — The approved amount is based upon a 3.4% vacancy factor and \$126,200 in vacancy savings from the General Fund. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes: a) an additional \$125,300 from the General Fund and \$32,800 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, b) an additional \$69,600 to reduce the vacancy factor c) an additional \$252,700 for a realignment of "core" and "limited staff" positions described below, and d) an additional \$14,500 for a Warehouse Worker position.

Employee Related Expenditures — The approved amount includes an additional \$17,200 from the General Fund and \$4,400 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$540,900 from the General Fund and \$80,200 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$16,700 from Other Appropriated Funds for the payment of Risk Management premiums, which reflects a reduction of \$2,700, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes \$6,500 for noncapitalized equipment.

The approved amount also includes a reduction of \$27,800 in reduced maintenance contract requirements enabled by energy efficiency improvements made by the department.

Equipment — The approved amount includes \$39,000 for replacement equipment as follows: \$6,000 for 3 computers, \$25,000 for a dump truck, and \$8,000 for a generator for the Estrella Point ENSCO facility.

Core and Limited Staff Realignment — The positions listed below are intended to include all Building and Planning Services and Construction Services FTE positions, with the exception of the following: a) positions to oversee inmate labor conducted through an inmate construction program and b) project-specific positions specified in other legislation, such as the Capital Outlay bill. Language in the FY 1995 Capital Outlay bill disallows payment of Personal Services and Employee Related Expenditures from project funding, unless specifically authorized in the bill. The Capital Outlay bill authorizes 2 FTE positions for the Male Level II Prison Beds at ASP-Globe, 3 FTE positions for the Male Level III Prison Beds at ASP-

2/ Laws 1994, Chapter 6 (H.B. 2006), 6th Special Session appropriates \$2,000,000 from the Oil Overcharge Fund to partially convert the state vehicle fleet to alternative fuels.

3/ The Department of Administration shall prepare for occupancy by April 1, 1995 the State Office Building at 1688 West Adams Street. If the Department of Agriculture is unable to relocate because the building is not ready for occupancy, the Department of Administration and the Department of Agriculture shall each pay one half of the Department of Agriculture's prorated occupancy costs for private lease space during the period of the fiscal year after April 1, 1995, that the agency is unable to relocate. If the director of either agency believes that agency should be held responsible for less than one-half the additional costs, a complaint may be filed with the Chief Hearing Officer of the Department of Revenue, whose decision in resolving the matter shall be final. (General Appropriation Act footnote.)

4/ It is the intent of the Legislature that the amount appropriated from the Corrections Fund be expended solely for the oversight of construction projects benefiting the Department of Corrections or the Department of Youth Treatment and Rehabilitation. (General Appropriation Act footnote.)

5/ Represents General Appropriation Act funds. Appropriated by Fund for the Agency with certain Special Line Items. With the exception of Utilities and Relocation, the line items are shown for information only.

(Continued)

DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Yuma and a 0.7 FTE position to oversee these 2 projects in FY 1995. The bill also authorizes a 0.3 FTE position for 416 West Congress in Tucson. In addition, the Supplemental Capital Outlay Bill authorizes 1 FTE position for 1688 and 1624 West Adams and Laws 1994, Chapter 195 authorizes 1 FTE position for a high-security juvenile correctional unit. These 8 FTE positions for FY 1995 are in addition to those listed below for the department's operating budget. Refer to "Capital Outlay" in the DOA Summary for a more complete description of the project-specific positions.

The "Core Staff" is intended to serve as the base construction management staff for DOA building projects. The "Limited Staff" is a work-driven addition to the Core Staff which will be closely examined each year to determine the requirements for the coming year.

	FY 1994	Change	FY 1995		
	Total		Core Staff	Limited Staff	Total
Capital Outlay Stabilization Fund (COSF):					
FTE Positions	12.50	8.25	16.25	4.50	20.75
Personal Services	\$480,900	\$217,600	\$563,400	\$135,100	\$698,500
Employee Related Expenditures	<u>100,000</u>	<u>55,600</u>	<u>124,100</u>	<u>31,500</u>	<u>155,600</u>
COSF Subtotal	\$580,900	\$273,200	\$687,500	\$166,600	\$854,100
Corrections Fund:					
FTE Positions	8.50	(1.25)	5.75	1.50	7.25
Personal Services	\$258,500	\$(26,500)	\$182,000	\$50,000	\$232,000
Employee Related Expenditures	<u>55,100</u>	<u>(12,900)</u>	<u>33,100</u>	<u>9,100</u>	<u>42,200</u>
Corrections Fund Subtotal	\$313,600	\$(39,400)	\$215,100	\$59,100	\$274,200
Total Corrections Fund & COSF:					
FTE Positions	21.00	7.00	22.00	6.00	28.00 ^{1/}
Personal Services	\$739,400	\$191,100	\$745,400	\$185,100	\$930,500
Employee Related Expenditures	<u>155,100</u>	<u>42,700</u>	<u>157,200</u>	<u>40,600</u>	<u>197,800</u>
TOTAL	\$894,500	\$233,800	\$902,600	\$225,700	\$1,128,300

^{1/} The total of 28 FTE positions does not include 8 project-specific FTE positions authorized in the other bills.

Utilities — This special line item funds utility charges, including electric, water, gas, and garbage disposal, in buildings located on the Governmental Mall and in Tucson. The line item is entirely funded through the Capital Outlay Stabilization Fund.

Relocation — The approved amount, when combined with amounts for relocation in other agency budgets, funds the moving expenses of various state agencies.

Sun State Building — Funding for the building lease-purchase payment and operating costs was included in the DOA appropriation as a temporary measure in FY 1994. For FY 1995 these costs have been transferred to the budgets of the Sun State Building occupants (the Auditor General and the Departments of Banking, Insurance, and Real Estate). This special line item does not reflect the addition of \$1,500 in FY 1995 to the Lease-Purchase Rent line item in the Finance cost center, for DOA-occupied space in the Sun State Building required for building management.

Alternative Fuels — This special line item funds partial conversion of the state vehicle fleet to use of alternative fuels, as mandated by Laws 1994, Chapter 1, 6th Special Session, and modified by the Alternative Fuels Bill, Chapter 353, H.B. 2575.

(Continued)

DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

Omnibus Alternative Fuels Bill (Chapter 353, H.B. 2575) — The bill modifies Laws 1994, Chapter 1, 6th Special Session, to eliminate a December 31, 1994 statutory target date for partial conversion of the state vehicle fleet to use of alternative fuels. Other target dates are retained. See the Department of Commerce and the Alternative Fuels Special Line Item within DOA Finance for additional information.

Workers' Memorial; Bolin Memorial Plaza, (Chapter 142, H.B. 2361) — The bill directs the DOA Director, subject to the review of the Legislative Governmental Mall Commission, to designate an area in Wesley Bolin Memorial Plaza for placement of a worker's memorial to honor public and private workers killed or permanently disabled on the job. No state monies shall be used for the design, construction, or dedication of the memorial.

Public Finances; Omnibus Budget Reconciliation (Chapter 5, H.B. 2005, 8th Special Session) — The bill requires DOA to adjust rent for state-owned buildings to reflect partial year occupancy. State-owned rent shall be the greater of the agency's appropriation or the DOA pro rata rent assessment. If the rent payments are required for private lease space, the DOA Director may authorize an exemption from payment on the review of the Joint Committee on Capital Review. DOA shall report quarterly to the Director of the Joint Legislative Budget Committee on the status of rental fee collection adjustments.

OTHER ISSUES

Capital Outlay Stabilization Fund — COSF consists of monies collected by DOA from state agencies for payment of rent of state-owned space, as authorized by A.R.S. § 41-792.01. The rental rate is determined by the Joint Committee on Capital Review. The Legislature makes appropriations from COSF for the following purposes: a) utility charges in the Capitol Mall and Tucson Mall, b) Building Renewal, c) partial operating costs of the Building and Planning Services section and Construction Services section of the DOA General Services Division, and d) specific building projects. In addition, the Capital Outlay Bill in both FY 1994 and FY 1995 appropriates all collections for rent of state-owned buildings, in excess of the amounts appropriated in the General Appropriation Act and Capital Outlay Bill, to DOA for Building Renewal.

	<u>FY 1994</u>	<u>FY 1995</u>
Balance Beginning of Fiscal Year	\$ 3,928,500	\$ 189,400
Revenue:		
Rent Collections	8,092,400	8,440,000
TOTAL FUNDS AVAILABLE	<u>\$12,020,900</u>	<u>\$8,629,400</u>
Expenditures:		
Utilities	\$5,985,000	\$5,985,000
Building Renewal	1,223,400	1,000,000
DOA General Services Division	838,300	1,195,900
Building Projects - Cap. supp 94	2,693,800	-0-
Non-Lapsing Prior Year Appropriations	952,300	-0-
TOTAL EXPENDITURES	<u>\$11,692,800</u>	<u>\$8,180,900</u>
Administrative Adjustments	<u>\$ 138,700</u>	<u>-0-</u>
BALANCE END OF FISCAL YEAR	<u>\$ 189,400</u>	<u>\$ 448,500</u>

DEPARTMENT OF ADMINISTRATION - INFORMATION SERVICES

A.R.S. § 41-701

Elliott Hibbs, Director

JLBC Analyst: Smith

GENERAL FUND AND AUTOMATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	37.0	213.3	194.3
Personal Services	1,127,300	6,386,200	6,407,000
Employee Related Expenditures	267,200	1,396,700	1,427,800
Professional and Outside Services	683,500	1,376,900	1,044,100
Travel - In State	100	11,400	11,400
Travel - Out of State	1,000	13,500	13,500
Other Operating Expenditures	135,800	8,092,700	1,426,500
Equipment	7,000	37,000	-0-
All Other Operating Expenditures	827,400	9,531,500	2,495,500
OPERATING SUBTOTAL	2,221,900	17,314,400	10,330,300
Automation Equipment	-0-	-0-	2,335,500
Software License and Maintenance	-0-	-0-	2,226,300
Maintenance and Repair	-0-	-0-	1,147,100
TOTAL APPROPRIATIONS	2,221,900	17,314,400	16,039,200 ^{1/}
<u>Fund Summary</u>			
General Fund	2,221,900	2,572,800	2,439,000
Automation Fund	-0- ^{2/}	14,741,600	13,600,200
TOTAL APPROPRIATIONS	2,221,900	17,314,400	16,039,200

Program Description — *The Information Services Division operates the DOA Data Center, which provides centralized computer services for approximately 70 state agencies and automation planning for most state agencies. The division also provides statewide emergency telecommunications services and state agency telecommunications services. The General Fund portion of this division operates the Arizona Financial Information System (AFIS II), the Human Resource Management System (HRMS), and the Benefit Information Tracking System (BITS).*

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Fund. The program and line item detail are shown for information only.

^{2/} FY 1994 was the first year that this fund was subject to legislative appropriation. The comparable FY 1993 non-appropriated expenditure was \$14,037,000.

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DEPARTMENT OF ADMINISTRATION - INFORMATION SERVICES (Cont'd)
GENERAL FUND AND AUTOMATION FUND

FTE Positions - The Automation Fund portion of this division was first appropriated in FY 1994, with the number of positions equal to the number of positions authorized for the formerly non-appropriated fund. The approved amount includes a reduction of 19 FTE positions and \$310,100 from the Automation Fund to eliminate positions which are vacant or unnecessary for FY 1995 operations.

Personal Services — The approved amount is based upon a 3.5% General Fund and 1.5% Other Fund vacancy factor, with \$46,500 in vacancy savings from the General Fund and \$74,800 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the reduction in FTE positions. The approved amount includes: a) an additional \$45,000 from the General Fund and \$172,500 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, b) an additional \$27,900 to reduce the Other Funds vacancy rate from 2% to 1.5%, and c) a reduction of \$224,600 from the Automation Fund associated with the elimination of 19 FTE positions.

Employee Related Expenditures — The approved amount includes an additional \$6,200 from the General Fund and \$23,700 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$99,500 from the General Fund and \$446,700 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a total of \$729,100 from the General Fund, which reflects a reduction of \$169,500 for Data Center charges paid by the Information Services Division. The amount includes full funding of computer operations after an expected reduction in Data Center charges.

The approved amount from the Automation Fund includes a decrease of \$156,000 for disaster recovery, a decrease of \$11,800 for training, and miscellaneous increases of \$4,500. These changes are due to a reallocation of resources by the division.

Other Operating Expenditures — The approved amount includes: a) a total of \$65,400 from the Automation Fund for the payment of Risk Management premiums, which reflects a reduction of \$10,600, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$247,100 from the Automation Fund for rent of state-owned space and \$153,500 from the Automation Fund for the Old Compensation Fund Building lease-purchase payment.

The approved amount also includes: a) a reduction of \$992,800 from the Automation Fund for maintenance/repair contracts and for purchase or lease-purchase of automation capital equipment and software licenses and b) a reduction of \$5,708,900 from the Automation Fund for expenditures transferred into 3 new special lines.

Automation Equipment — This new special line item contains funding from the Automation Fund for the purchase and lease-purchase of automation equipment and improvements, previously funded in the Other Operating Expenditures Line Item.

Software License and Maintenance — This new special line item contains funding from the Automation Fund for computer software licensing and maintenance costs, previously funded in the Other Operating Expenditures line item.

Maintenance and Repair — This new special line item contains funding from the Automation Fund for computer maintenance and repair costs, previously funded in the Other Operating Expenditures Line Item.

DEPARTMENT OF ADMINISTRATION - CAPITOL POLICE

A.R.S. § 41-701

Elliott Hibbs, Director

JLBC Analyst: Smith

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	50.0	50.0	50.0
Personal Services	856,900	877,000	930,300
Employee Related Expenditures	214,200	198,100	288,600
Professional and Outside Services	400	9,900	9,900
Travel - In State	29,300	37,100	37,100
Travel - Out of State	700	-0-	-0-
Other Operating Expenditures	78,400	61,500	61,500
Equipment	3,200	-0-	-0-
All Other Operating Expenditures	112,000	108,500	108,500
TOTAL APPROPRIATIONS	1,183,100	1,183,600	1,327,400 ^{1/}

Program Description — *The Capitol Police Department provides police officers and security aides for protection of the Phoenix and Tucson capitol complex areas. This cost center was previously within Central Operations.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$9,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes: a) an additional \$31,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$21,700 to restore the vacancy factor to the standard rate.

Employee Related Expenditures — The approved amount includes: a) an additional \$4,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, b) an additional \$6,600 to restore the vacancy factor to the standard rate, and c) an additional \$18,500 for uniform allowances.

The approved amount also includes a total of \$141,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Capitol Police (Chapter 130, S.B. 1032) — This bill adds Department of Administration (DOA) police officers, who are certified by the Arizona Law Enforcement Officer Advisory Council and regularly assigned to hazardous duty, to the group of governmental employees eligible for membership in the Public Safety Personnel Retirement System. Accordingly, the bill adds DOA to the group of eligible employers which shall have a local board to administer the system and resolve questions. The local board shall be comprised of 2 employee members, elected by DOA employees in the Public Safety Retirement System, and 3 citizen members, appointed by the Governor. The bill also makes miscellaneous revisions to related statutes regarding DOA police personnel, their duties, rules, monetary penalties, and hearings. The estimated cost for FY 1995 is \$10,000, which will be absorbed within the department's FY 1995 appropriation.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Fund. The program and line item detail are shown for information only.

DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT

A.R.S. § 41-622

Elliott Hibbs, Director

JLBC Analyst: Smith

RISK MANAGEMENT REVOLVING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	56.0	56.0	152.0 ^{1/}
Personal Services	1,449,200	1,550,300	1,683,900
Employee Related Expenditures	330,900	341,900	392,800
Professional and Outside Services	206,400	310,000	277,100
Travel - In State	4,100	20,100	21,600
Travel - Out of State	5,700	10,000	12,400
Other Operating Expenditures	370,500	396,600	407,600
Equipment	34,100	4,000	57,800
All Other Operating Expenditures	620,800	740,700	776,500
OPERATING SUBTOTAL	2,400,900	2,632,900	2,853,200
Liab. & Prop. Losses/Related Expenditures	21,703,500	54,862,000	29,772,800
Attorney General Defense-Risk Management	4,136,600	4,163,800	4,873,700
Insurance Premiums	3,203,400	4,428,500	5,377,500
Loss Control Grants	490,400	250,000	250,000
TOTAL APPROPRIATIONS	31,934,800	66,337,200	43,127,200 ^{2/}

Program Description — The Risk Management section acts as the state's insurance agent, which includes making liability payments and developing and administering loss control programs. With the exception of certain limited areas of coverage, the state is self-insured, paying its own losses and liabilities.

FTE Positions — The approved amount includes an additional 3 FTE positions and \$136,700 transferred from Liability and Property Losses and Related Expenditures on a trial basis. The department will test the cost efficiency of bringing an additional 3 claims adjusters in-house and reducing the level of contracted claims adjusting.

The approved amount also reflects an increase of 93 FTE positions, included in the Attorney General Defense-Risk Management Special Line Item. Prior to FY 1994, the number of FTE positions funded through this special line item was not subject to appropriation or shown in the agency's total.

^{1/} Of the 152 FTE positions, 85 FTE positions are appropriated for the Attorney General Defense program and 8 FTE positions are appropriated for continuation of a pilot program between the Department of Administration and the Attorney General to determine whether outside counsel or Attorney General services are more cost effective. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated by Fund for the Agency with certain Special Line Items. All Risk Management funds are located within this program and are appropriated as an Operating Lump Sum with a Special Line Item Lump Sum and with an Attorney General Defense-Risk Management Special Line Item. With the exception of Attorney General Defense-Risk Management, the line items are shown for information only.

(Continued)

DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT (Cont'd)
RISK MANAGEMENT REVOLVING FUND

Personal Services — The approved amount is based upon a 2% vacancy factor and \$31,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$57,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a reduction of \$7,900 to adjust the vacancy factor to 2% and an increase of \$84,300 for 3 additional claims adjusters.

Employee Related Expenditures — The approved amount includes an additional \$7,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$165,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a total of \$85,900 for data processing services, which includes a decrease of \$34,100 to reflect an expected rate reduction for Data Center charges.

The approved amount also includes an increase of \$1,200 associated with claims adjusting.

Other Operating Expenditures — The approved amount includes: a) a total of \$40,600 for the payment of Risk Management premiums, which reflects a reduction of \$6,600, as authorized by Section 79 of the General Appropriation Act, b) a total of \$117,400 for rent of state-owned space, c) a total of \$21,300 for the Tucson State Office Building lease-purchase payment, and d) a total of \$13,500 for payment of statewide accounting system charges.

Equipment — The approved amount includes funding for computer equipment and replacement of a copier machine.

Liability & Property Losses/Related Expenditures — The approved amount represents funding for estimated FY 1995 Risk Management claims, settlements, and other losses at a 50% confidence level. The approved amount is based on an annual actuarial estimate conducted for the Risk Management section and represents a decrease of \$25,089,200 from the FY 1994 amount. This decrease is due to several factors: a) \$544,500 was transferred from this special line item to the Attorney General - Insurance Defense Special Line Item to replace some outside attorney services with 8 in-house attorneys on a trial basis, b) the severity of losses has decreased due to loss control programs conducted by Risk Management in conjunction with various state agencies, c) several environmental losses have settled favorably, bringing down the state's reserves in this area, d) the Risk Management section has implemented an indemnity program against third party losses, reducing the state's liability due to the actions of contractors hired by various state agencies, and e) an unusual increase in the level of legal actions against the state, which affected the FY 1994 estimate, has decreased to a more standard level.

Attorney General - Insurance Defense — The approved amount represents funding for the Risk Management section's contract with the Attorney General's Insurance Defense section for legal representation in Risk Management-related lawsuits against the state. This special line appropriation includes 93 FTE positions. This represents an increase of 8 FTE positions and \$544,500, transferred from the Liability and Property Losses and Related Expenditures line, to replace some outside attorney services with in-house attorneys on a trial basis. Prior to FY 1995, the number of FTE positions funded through this special line item was not subject to appropriation or shown in the agency's total. The approved amount includes an additional \$136,700 (Personal Services, \$120,200; Employee Related Expenditures, \$16,500) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$266,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Insurance Premiums — The approved amount includes funding for estimated FY 1995 premium costs, in order to secure primary or excess private insurance for certain types of property and liability risks, which the department deems more cost-effective than providing self-insurance.

(Continued)

DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT (Cont'd)
RISK MANAGEMENT REVOLVING FUND

Loss Control Grants — These grants are made by the department to state agencies to implement loss control projects or programs which can demonstrate tangible loss/cost avoidance.

ADDITIONAL LEGISLATION

Prisoner Litigation; Corrections Reform (Chapter 358, S.B. 1111) — Among other provisions, the bill establishes that an inmate in the State Department of Corrections is responsible for payment of court costs associated with filing most civil actions or proceedings. The bill also restricts inmates' claims of injury against the state and provides penalties for claims without substantial justification, unreasonable delays, and submittal to the court of false information or a claim intended solely to harass. This bill may reduce the Department of Administration (DOA) Risk Management section operating costs and legal expenditures associated with inmate litigation against the state.

Limitation of Action (Chapter 162, S.B. 1284) — This bill sets time limitations for filing claims or legal actions against a public entity or public employee. This bill may reduce the DOA Risk Management section operating costs and legal expenditures associated with litigation against the state.

Civil Justice Reform; Protections (Chapter 113, S.B. 1305) — This bill establishes immunity from liability and the prohibition of civil actions in several circumstances. This bill may reduce the DOA Risk Management section operating costs and legal expenditures associated with litigation against the state. The provisions of this bill do not become effective unless the Constitution of Arizona is amended at the next general election to authorize enactment of laws limiting recovery of damages for death or injury actions.

Prisoner's Medical Contract (Chapter 114, S.B. 1315) — This bill provides that DOA may obtain insurance against loss for the professional liability of physicians and psychiatrists under contract with the State Department of Corrections.

State Personnel; Immunity From Liability (Chapter 231, H.B. 2094) — The bill provides that DOA Risk Management shall pay any damages, including punitive damages, on behalf of any state officer, agent or employee, if the acts or omissions resulting in liability were within the course and scope of employment.

Recovery of Fees and Costs (Chapter 281, H.B. 2234) — The bill provides that a state administrative hearing authority may award fees and other costs to a party prevailing against a state department, if the action brought by the department is found to constitute harassment or was not substantially justified. If a department fails or refuses to pay the award, a person may file a claim with DOA for payment through the Risk Management section. If the cited department had appropriated monies available, the Legislature shall reduce the department's operating appropriation for the following fiscal year by the amount of the award and appropriate that amount to DOA as reimbursement for the loss.

OTHER ISSUES

Risk Management Revolving Fund — The fund consists of monies collected by DOA from state agencies for payment of Risk Management charges, as authorized by A.R.S. § 41-622. DOA recommends to the Legislature the dollar amount to be appropriated for each agency's Risk Management charge, based on factors including prior losses, current exposures, an outside actuarial study conducted for the department, and the statewide funding level estimated to be required for the fiscal year. Monies in the fund are appropriated by the Legislature for costs of the DOA Risk Management section, including payment of certain state losses and related expenditures. Section 79 of the General Appropriation Act reduced the FY 1995 appropriations to individual agencies for payment of Risk Management charges by \$4,444,000 statewide (\$3,000,000 General Fund and \$1,444,000 Other Appropriated Funds). In addition, the Risk Management charges paid from Non-Appropriated Funds were reduced by \$1,366,400. These reductions were based on an estimated Risk Management Revolving Fund FY 1994 unreserved ending balance of \$7,263,100, which can be used in combination with the Risk Management charge collections from state agencies in order to provide the funding level estimated to be required for FY 1995.

(Continued)

DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT (Cont'd)
RISK MANAGEMENT REVOLVING FUND

	<u>FY 1994</u>	<u>FY 1995</u>
Balance Beginning of Fiscal Year	\$21,223,000	\$17,263,100
Revenue:		
General Fund	\$26,754,700	\$18,517,400
Other Appropriated Funds	18,796,200	8,758,100
Non-Appropriated Funds	14,852,100	8,437,900
Insurance Losses Recovered	1,946,000	304,000
Loss Control Refunds	28,300	10,000
TOTAL FUNDS AVAILABLE	<u>\$83,600,300</u>	<u>\$53,290,500</u>
Expenditures:		
DOA Risk Management	\$66,337,200	\$43,127,200
TOTAL EXPENDITURES	<u>\$66,337,200</u>	<u>\$43,127,200</u>
BALANCE END OF FISCAL YEAR	<u>\$17,263,100</u> ^{1/}	<u>\$10,163,300</u>

^{1/} Up to \$10,000,000 of the amount shown may be required for Risk Management losses. This leaves an unreserved fund balance of \$7,263,100 at the end of FY 1994.

DEPARTMENT OF ADMINISTRATION - WORKERS' COMPENSATION A.R.S. § 41-622

Elliott Hibbs, Director

JLBC Analyst: Smith

WORKERS' COMPENSATION LIABILITY LOSS REVOLVING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	4.0	16.0	18.0 ^{1/}
Personal Services	84,200	339,100	414,700
Employee Related Expenditures	19,900	85,400	102,900
Professional and Outside Services	224,500	319,400	256,000
Travel - In State	500	3,900	3,900
Travel - Out of State	500	1,000	1,000
Other Operating Expenditures	29,700	85,200	115,600
Equipment	5,500	72,600	1,500
All Other Operating Expenditures	260,700	482,100	378,000
OPERATING SUBTOTAL	364,800	906,600	895,600
Workers' Compensation Losses	12,667,700	15,240,000 ^{2/}	14,676,000
Claim Management Fees	1,127,000	506,600	-0-
Premium Tax	485,500	725,000	725,000
Insurance Premiums	143,400	400,000	500,000
University Student Health Work Program	94,200	159,500	159,500
Transfers Out: Loss Control	-0-	100,000	150,000
Attorney General Defense-Workers' Comp.	-0-	60,000	117,500
TOTAL APPROPRIATIONS	14,882,600	18,097,700	17,223,600 ^{3/}

Program Description — *The Workers' Compensation section makes Workers' Compensation payments to state employees and former employees who are injured in the course of performing state duties. Also, the section conducts workplace safety seminars and provides loss control grants to prevent workplace injuries. The state is self-insured, paying its own Workers' Compensation liabilities.*

- ^{1/} Of the 18 FTE positions appropriated with associated funding from the Workers' Compensation Fund, 2 FTE positions are appropriated for the Attorney General Defense Program. (General Appropriation Act footnote.)
- ^{2/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated an additional \$2,100,000 to reflect the cost of Workers' Compensation liability payments in excess of the original budgeted amount.
- ^{3/} Represents General Appropriation funds. Appropriated by Fund for the Agency with certain Special Line Items. All Workers' Compensation funds are located within this program and are appropriated as an Operating Lump Sum with a Special Line Item Lump Sum and with an Attorney General Defense - Workers' Compensation Special Line Item. With the exception of Attorney General Defense - Workers' Compensation, the line items are shown for information only.

(Continued)

DEPARTMENT OF ADMINISTRATION - WORKERS' COMPENSATION (Cont'd)
WORKERS' COMPENSATION LIABILITY LOSS REVOLVING FUND

FTE Positions — The approved amount reflects an increase of 2 FTE positions, included in the Attorney General Defense-Workers' Compensation Special Line Item. Prior to FY 1995, the number of FTE positions funded through this special line item was not subject to appropriation or shown in the agency's total.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$14,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$61,500 to annualize funding for 12 FTE positions added in FY 1994 in order to bring the claims management function in-house.

Employee Related Expenditures — The approved amount includes an additional \$1,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$45,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes: a) a total of \$135,700 for data processing services, which reflects a decrease of \$53,900 due to an expected rate reduction for Data Center charges, and b) a total of \$15,500 for actuarial costs, which reflects a decrease of \$9,500 due to a reduction in the cost of the actuarial contract.

Other Operating Expenditures — The approved amount includes: a) a total of \$2,100 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$44,100 for rent of state-owned space, which reflects an increase of \$30,000 for additional space built to house the Workers' Compensation program.

Equipment — The approved amount includes funding for a laser printer.

Workers' Compensation Losses — The approved amount represents estimated FY 1995 payments to Workers' Compensation beneficiaries for the state's liability resulting from workplace injuries. The approved amount includes an increase of \$1,536,000 over the original FY 1994 appropriation, based on the annual actuarial estimate conducted for the state. Due to an FY 1994 supplemental appropriation of \$2,100,000 to reflect higher than anticipated FY 1994 losses, the FY 1995 amount represents a decrease of \$564,000 from the total FY 1994 special line item appropriation.

Claim Management Fees — This represents the cost of a vendor contract to process and manage all payments to beneficiaries. This function was transferred in-house during FY 1993 and FY 1994.

Premium Tax — The approved amount represents the estimated tax payable by the state as a self-insured employer, as authorized by A.R.S. § 23-961. Monies collected are used by the Industrial Commission of Arizona to fund the regulation of Workers' Compensation insurance.

Insurance Premiums — The approved amount includes funding for estimated FY 1995 private insurance premium costs, for coverage of types of risk which the department deems more cost effective than providing self-insurance.

University Student Health Work Program — This program uses student nurses from the three state universities to perform health services for minor work-related injuries or illnesses in lieu of treatment by private physicians.

Transfers Out: Loss Control — The approved amount is transferred from the Workers' Compensation Fund to the Loss Control Grant Program administered by the Risk Management section.

Attorney General Defense-Worker's Compensation — The approved amount represents funding for the Workers' Compensation section's contract with the Attorney General's Insurance Defense section for legal representation in Workers' Compensation-related lawsuits against the state. This special line item includes 2 FTE positions. Prior to FY 1995, the number of FTE positions funded through this special line item was not subject to appropriation or shown in the agency's

(Continued)

DEPARTMENT OF ADMINISTRATION - WORKERS' COMPENSATION (Cont'd)
WORKERS' COMPENSATION LIABILITY LOSS REVOLVING FUND

total. The approved amount includes an additional \$3,200 (Personal Services, \$2,800; Employee Related Expenditures, \$400) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

State Volunteers (Chapter 10, H.B. 2030) — The bill creates a \$10,000 death benefit for eligible state volunteers, upon proof of death while in the course and scope of duties. The benefit shall be paid from the Workers' Compensation Liability Loss Revolving Fund. The provisions of the act are retroactive to July 3, 1993.

DEPARTMENT OF ADMINISTRATION - PERSONNEL

A.R.S. § 41-761

Elliott Hibbs, Director

JLBC Analyst: Smith

PERSONNEL DIVISION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	117.5	119.5	122.0 ^{1/}
Personal Services	3,226,900	3,545,000	3,540,900
Employee Related Expenditures	512,600	758,500	822,800
Professional and Outside Services	287,600	319,800	267,000
Travel - In State	15,500	11,400	11,400
Travel - Out of State	3,400	4,500	4,500
Other Operating Expenditures	828,800	695,700	687,400
Equipment	53,400	4,800	5,100
All Other Operating Expenditures	1,188,700	1,036,200	975,400
OPERATING SUBTOTAL	4,928,200	5,339,700	5,339,100
Special Recruitment	36,200	43,500	43,500
Personnel Automation Project	-0-	175,000	175,000
Classification Pilot Program	-0-	300,000 ^{2/}	702,600 ^{3/}
TOTAL APPROPRIATIONS	4,964,400	5,858,200	6,260,200 ^{4/}

^{1/} The FTE Positions total includes 2.5 FTE positions funded from the Classification Pilot Program Special Line Item in FY 1995.

^{2/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated an additional \$300,000 from the Personnel Fund to start a job classification pilot program. This amount is appropriated as a special line item and is exempt from lapsing.

^{3/} Prior to the expenditure of the \$702,600 appropriated for a personnel Classification Pilot Program, the Department of Administration shall submit a comprehensive plan including the associated request for proposal, if any, to the Auditor General and the Joint Legislative Budget Committee for review and advice not less than sixty days prior to the proposal due date. The evaluation committee for the bid proposals received by the department shall include a majority of persons with experience in personnel classification systems from outside of the Department of Administration and the Office of Excellence in Government.

As an essential component of any new classification system, the department shall, after soliciting input from the Legislature, develop for implementation no later than April 1, 1995, a performance appraisal process that can be used in conjunction with any future merit pay plan.

The department shall submit quarterly reports to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Appropriations Committees, the Chairman of the Joint Legislative Audit Committee, and the Director of the Joint Legislative Budget Committee on the development and costs of the personnel Classification Pilot Program and on the progress in developing the performance appraisal process. (General Appropriation Act footnote, as adjusted for the general salary adjustment.)

^{4/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with a Classification Pilot Program Special Line Item. With the exception of Classification Pilot Program, the line items are shown for information only.

(Continued)

DEPARTMENT OF ADMINISTRATION - PERSONNEL (Cont'd)
PERSONNEL DIVISION FUND

Program Description — *The Personnel Division serves as the state personnel office, providing recruitment and evaluation services, assisting state agencies with hiring and personnel issues, and administering the state's health insurance plans. The division is funded through a pro rata charge equal to 0.85% of state agency payrolls. Under A.R.S. § 41-764, this pro rata charge is scheduled to rise by 0.05% annually, until a level of 1% is reached in FY 1998.*

FTE Positions — The approved amount includes an additional 2.5 FTE positions and associated \$84,300 in a new Classification Pilot Program special line described below.

The approved amount also continues a Personnel Specialist position to facilitate compliance with personnel-related requirements of the Americans with Disabilities Act. The Personnel Specialist was approved for a 2-year period, starting in FY 1994.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$69,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$120,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a reduction of \$124,300, to reflect reductions made by the division.

The approved amount also includes \$31,600 (before the salary adjustment) to fund the second year of the Personnel Specialist position.

Employee Related Expenditures — The approved amount includes an additional \$16,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$335,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes: a) \$5,000 for test proctors and b) \$262,000 for data processing services, which includes a reduction of \$52,800 to reflect an expected rate reduction for Data Center charges.

Other Operating Expenditures — The approved amount includes: a) a total of \$54,500 for the payment of Risk Management premiums, which reflects a reduction of \$8,800, as authorized by Section 79 of the General Appropriation Act, b) a total of \$243,200 for rent of state-owned space, c) a total of \$37,900 for the Old Compensation Fund Building lease-purchase payment, d) a total of \$22,900 for the Tucson State Office Building lease-purchase payment, e) a total of \$2,100 for non-capitalized equipment, and f) a total of \$2,900 for the payment of statewide accounting system charges.

Equipment — The approved amount includes \$5,100 for replacement of a copier machine.

Special Recruitment — Monies in this special line item are used to fund advertising and related costs of hiring specialized or upper management positions.

Personnel Automation Project — This special line item funds the ongoing development of automated systems for job applications and other functions.

Classification Pilot Program — This new special line item funds a pilot program to develop a new job classification system. The approved amount includes 2.5 FTE positions, starting in FY 1995. The approved amount includes an additional \$2,600 (Personal Services, \$2,300; Employee Related Expenditures, \$300) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

(Continued)

DEPARTMENT OF ADMINISTRATION - PERSONNEL (Cont'd)
PERSONNEL DIVISION FUND

The approved amount also includes a total of \$7,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Laws 1994, Chapter 6, 8th Special Session makes a nonlapsing appropriation of \$300,000 for this special line item in FY 1994. This provides partial year funding to begin program implementation and allows use of monies in the Personnel Division Fund, which otherwise would revert to the General Fund at the end of FY 1994.

ADDITIONAL LEGISLATION

State Employees; Health Insurance (Chapter 62, S.B. 1082) — The bill changes DOA's authority to expend public funds appropriated to procure health and accident coverage for state employees from a maximum of \$194.84 to \$215.00 monthly per person with individual coverage; from \$423.24 to \$460.00 monthly per person with family coverage; and from a maximum of \$423.24 to \$460.00 monthly per married couple, both of whom are state employees, with family or individual coverages.

Medical Care Savings Account (Chapter 45, S.B. 1175) — The bill directs the DOA Director to procure a health and accident coverage option for state employees which combines a high deductible plan with an individual medical care savings account. The option shall be available to full-time state employees after December 31, 1994, but no later than January 1, 1999. Costs shall not exceed DOA's authority to expend public funds appropriated to procure health and accident coverage for state employees (see State Employees; Health Insurance, Chapter 62, S.B. 1082). The department shall report on a regular basis to the Legislative Oversight Health Insurance Benefits Review Committee regarding the development and implementation of this coverage option. The bill also defines and adds provisions for individual medical care savings accounts to the Arizona state tax code.

State Employees; Ethics Training (Chapter 235, H.B. 2114) — The bill requires that all state officers or employees receive public service orientation training by July 1, 1995 and changes the requirement for training from at least once every 2 years to within 6 months of hire. The bill also adds a requirement that DOA in each subsequent year shall provide written information to each officer and employee regarding changes in law relating to the proper conduct of public business (except as separately mandated for the Attorney General, Legislature, and the Judiciary.)

Health Insurance; Retirees (Chapter 25, H.B. 2197) — The bill mandates that retirees be grouped with state employees for health and accident insurance, as necessary to obtain favorable rates, and provides a re-enrollment window for retirees who elected to leave the state employee health insurance plan after June 1992. The estimated cost to the state for FY 1995 is \$715,000, which will be absorbed by the Health Insurance Trust Fund. The cost will be reflected in increased health insurance premiums. The bill also permits DOA to adopt rules so that qualified survivors of state employees who were eligible for normal retirement at the time of death may continue state employee health insurance coverage. The insured surviving spouse shall be charged the full premium for such coverage.

Public Finances; Omnibus Budget Reconciliation (Laws 1994, Chapter 5, 8th Special Session (H.B. 2005) — As a session law, the bill changes the fund balance above which monies shall revert from the Personnel Fund to the General Fund at FY 1994 year end from \$200,000 to \$500,000. This prevents the FY 1994 \$300,000 Classification Pilot Program supplemental appropriation from reverting to the General Fund.

ATTORNEY GENERAL - DEPARTMENT OF LAW - SUMMARY

A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administration	4,262,300	4,438,500	5,619,500
Civil	6,440,800	8,061,600	8,620,300
Human Services	1,362,900	1,372,800	1,945,200
Criminal	8,185,600	8,684,500	9,090,200
TOTAL APPROPRIATIONS	20,251,600	22,557,400	25,275,200
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	365.0	365.0	377.0
Personal Services	12,804,900	12,804,900	14,209,900
Employee Related Expenditures	2,284,700	2,408,100	2,789,700
Professional and Outside Services	167,500	167,500	189,800
Travel - In State	209,000	93,100	99,100
Travel - Out of State	39,900	39,900	40,500
Other Operating Expenditures	2,681,900	3,076,600	2,919,100
Equipment	70,100	-0-	250,200
All Other Operating Expenditures	3,168,400	3,377,100	3,498,700
OPERATING SUBTOTAL	18,258,000	18,590,100	20,498,300
Special Line Items ^{2/}	1,993,600	3,967,300	4,776,900
TOTAL APPROPRIATIONS	20,251,600	22,557,400	25,275,200 ^{3/}
<u>Fund Summary</u>			
General Fund	18,741,900	18,860,000	21,558,600
Collection Enforcement Fund	471,800	2,196,700	2,214,100
Victims' Rights Implementation Fund	1,037,900	1,500,700	1,502,500
TOTAL APPROPRIATIONS	20,251,600	22,557,400	25,275,200

^{1/} The FTE Positions total includes 14 FTE positions funded from certain special line items in FY 1993, and 11 FTE positions in FY 1994 and FY 1995.

^{2/} Details for the Special Line Items are included on the individual program pages.

^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

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ATTORNEY GENERAL - DEPARTMENT OF LAW - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The Attorney General is an elected constitutional officer. The department consists of the Administration Division, the Civil Division, the Human Services Division, and the Criminal Division. These divisions are responsible, respectively, for department organization and policy direction, legal services and representation of departments and agencies of the state, consumer advocacy and civil rights enforcement, and criminal investigation and prosecution.*

FTE Positions — The approved amount includes an additional 12 FTE positions and \$546,800 for support and enforcement responsibilities associated with the Arizonans with Disabilities Act (ADA) and the Equal Employment Opportunity Commission (EEOC) Program in the Human Services Division.

Personal Services — The approved amount is based upon a 5% vacancy factor and \$719,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$480,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes \$518,200 to reduce the overall agency vacancy factor from 8.8% to 5%, and \$406,600 for the 12 new FTE positions added for ADA and EEOC.

Employee Related Expenditures — The approved amount includes an additional \$61,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$967,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$289,000 for the payment of Risk Management premiums, which reflects a reduction of \$46,800, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$1,088,300 for rent of state-owned space.

An additional \$910,300 is included as a special line item in the Administration Division for the Capital Center lease-purchase payment. The department will expand into the second and basement floors of the Capital Center.

ATTORNEY GENERAL - DEPARTMENT OF LAW - ADMINISTRATION A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	60.5	59.0	59.0
Personal Services	2,096,100	1,896,100	1,960,300
Employee Related Expenditures	400,600	390,800	409,900
Professional and Outside Services	96,000	96,000	118,300
Travel - In State	22,400	10,100	10,100
Travel - Out of State	15,400	15,400	15,400
Other Operating Expenditures	1,587,400	1,910,200	1,984,600
Equipment	44,400	-0-	210,600
All Other Operating Expenditures	1,765,600	2,031,700	2,339,000
OPERATING SUBTOTAL	4,262,300	4,318,600	4,709,200
Rent - 1400 W. Washington	-0-	119,900 ^{1/}	-0-
Capital Center Lease-Purchase	-0-	-0-	910,300 ^{2/}
TOTAL APPROPRIATIONS	4,262,300	4,438,500	5,619,500 ^{3/}

Program Description — *Provides executive policy direction and implementation for the department. Provides legal advice to state officials, legislators, county attorneys, and client state agencies as well as certifying rules promulgated by state agencies.*

- ^{1/} Of the FY 1994 amount, \$71,500 was transferred to the Capital Center Lease-Purchase Special Line Item to be used for the Capital Center Lease-Purchase payment, and the remaining \$48,400 was transferred to the Other Operating Expenditures Line Item for the continuation of a private lease in Tucson.
- ^{2/} It is the intent of the Legislature that the monies for the Capital Center lease-purchase shall only be used to pay the lease-purchase payment for the Capital Center Building. Before the expenditure of monies for the Capital Center lease-purchase payment, the Department of Administration, the Attorney General and the Department of Economic Security shall submit a space allocation plan for the entire Capital Center Building to the Joint Committee on Capital Review for their review. The plan shall detail the square footage to be occupied by sections of the Department of Law and other tenants. The plan shall include the fund sources which can be billed for the lease-purchase payment. Of the \$910,300 appropriated for the Capital Center, \$532,000 is to fund the lease-purchase payment for the second and basement floors of the Capital Center Building. It is the intent of the Legislature that the state General Fund appropriation of \$532,000 may be used for the lease-purchase payment until alternative fund sources can be identified. Upon the space allocation review of the Joint Committee on Capital Review and occupancy of the space, the Attorney General and/or the Department of Economic Security shall make deposits to the Department of Administration Special Services Revolving Fund to reflect the usage of the space by FTE positions funded from sources other than the state General Fund. Upon deposit of these monies, the \$532,000 appropriation shall revert to the state General Fund by the like amount of such deposits to the Special Services Revolving Fund. (General Appropriation Act footnote.)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

ATTORNEY GENERAL - DEPARTMENT OF LAW - ADMINISTRATION (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 5.5% vacancy factor and \$110,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$64,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$8,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$154,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a \$22,300 increase for DOA data processing charges.

Other Operating Expenditures — The approved amount includes: a) a total of \$289,000 for the payment of Risk Management premiums, which reflects a reduction of \$46,800, as authorized by Section 79 of the General Appropriation Act, and b) \$874,300 for rent at 1275 West Washington in Phoenix (another \$79,700 is to be paid by the Department of Transportation), \$197,500 for rent at 402 West Congress in Tucson, \$16,500 for rent at 416 West Congress in Tucson, and \$48,400 which was transferred from the Rent - 1400 West Washington Line Item for the continuation of a private lease in Tucson.

The approved amount also reflects the transfer of \$371,200 to the Capital Center Lease-Purchase Special Line Item, and a total of \$245,100 transferred in from other divisions to consolidate all department Risk Management charges in the Administration Division.

Equipment — The approved amount is for replacement equipment and maintenance of existing computer and telephone systems.

Capital Center Lease-Purchase — Of the \$910,300 appropriated, \$378,300 is for space previously allocated to the department, and the remaining \$532,000 is for expansion into the second and basement floors. The total Capital Center payment requirement of \$1,335,700 is made up as follows:

Attorney General - General Fund	\$378,300
Attorney General - Non-Appropriated Funds	43,300
Department of Economic Security	251,700
DOA - Insurance Defense Section	130,400
To Be Determined (See footnote 2)	<u>532,000</u>
TOTAL	\$1,335,700

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — The bill appropriates \$167,400 to the Department of Administration (DOA) for tenant improvements on the second floor and basement of the Capital Center building, which the Attorney General will begin occupying in FY 1995. Before the release of any monies, the bill requires DOA, the Department of Economic Security, and the Attorney General to present an expenditure plan to the Joint Committee on Capital Review for review.

ATTORNEY GENERAL - DEPARTMENT OF LAW - CIVIL

A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	131.5	131.7	131.7
Personal Services	4,402,800	4,602,800	5,032,900
Employee Related Expenditures	655,600	722,400	949,700
Professional and Outside Services	25,300	25,300	25,300
Travel - In State	7,300	3,200	3,200
Travel - Out of State	7,700	7,700	7,700
Other Operating Expenditures	472,500	503,500	387,400
Equipment	12,400	-0-	-0-
All Other Operating Expenditures	525,200	539,700	423,600
OPERATING SUBTOTAL	5,583,600	5,864,900	6,406,200
Centex-Rodgers	238,500	-0-	-0-
Property Tax Appeals	146,900	-0- ^{2/}	-0-
Collection Enforcement	471,800	2,196,700	2,214,100
TOTAL APPROPRIATIONS	6,440,800	8,061,600	8,620,300 ^{3/}
<u>Fund Summary</u>			
General Fund	5,969,000	5,864,900	6,406,200
Collection Enforcement Fund	471,800	2,196,700	2,214,100
TOTAL APPROPRIATIONS	6,440,800	8,061,600	8,620,300

Program Description — *Provides general legal services to state officers and state agencies. Represents the state in lawsuits, administrative matters, and civil appeals. Responds to certain requests for formal opinions.*

Personal Services — The approved amount is based upon a 5.5% vacancy factor and \$283,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$170,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and \$259,200 to reduce the vacancy factor from 10.5% to 5.5%.

- ^{1/} The FTE Positions total includes 3 FTE positions funded from the Property Tax Appeals Special Line Item in FY 1993 and 10 FTE positions funded from the Collection Enforcement Special Line Item in FY 1993 through FY 1995.
- ^{2/} The 3 FTE positions and associated funding were moved to the Operating Subtotal in FY 1994.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

ATTORNEY GENERAL - DEPARTMENT OF LAW - CIVIL (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Employee Related Expenditures — The approved amount includes an additional \$21,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$319,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount reflects the transfer of \$116,100 to consolidate all department Risk Management charges in the Administration Division.

Collection Enforcement — The approved amount includes 10 FTE positions and \$780,500, including the general salary adjustment, for administrative and enforcement costs for the collection of debts owed to the state and state agencies. The remaining \$1,433,600 is for disbursements to agencies whose debts are collected.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$15,400 in Personal Services and \$2,000 in Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$27,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Prisoner Litigation: Corrections Reform (Chapter 358, S.B. 1111) - The bill modifies state statutes so that the state can recover court and other damage costs from inmates. The bill also directs the Department of Corrections to establish a per annum cost of incarceration, and authorizes the Attorney General to recover incarceration costs from an inmate who obtains a monetary judgement against the state. Seventy percent of recovered incarceration costs shall be deposited in the State General Fund and the remaining 30% shall go to the Attorney General to cover costs associated with recovery litigation. The Attorney General is to file a semi-annual report on cost recoveries to the President of the Senate, the Speaker of the House, the Chairman of the House and Senate Appropriations Committees, and the Director of the Joint Legislative Budget Committee.

Public Finances: Omnibus Budget Reconciliation (Chapter 5, H.B. 2005, 8th Special Session) - The bill requires that any monies obtained from the settlement in In Re: Refined Petroleum Anti-Trust Litigation be deposited in the Oil Overcharge Fund. The Oil Overcharge Fund is administered by the Department of Commerce.

ATTORNEY GENERAL - DEPARTMENT OF LAW - HUMAN SERVICES A.R.S. § 41-1401

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	30.5	34.6	46.6
Personal Services	1,020,400	1,020,400	1,445,600
Employee Related Expenditures	198,000	208,700	309,400
Professional and Outside Services	11,500	11,500	11,500
Travel - In State	13,300	5,900	11,900
Travel - Out of State	3,500	3,500	4,100
Other Operating Expenditures	115,200	122,800	123,100
Equipment	1,000	-0-	39,600
All Other Operating Expenditures	144,500	143,700	190,200
TOTAL APPROPRIATIONS	1,362,900	1,372,800	1,945,200 ^{1/}

Program Description — *Assists in the provision of consumer advocacy services, civil rights enforcement, elderly protection, fair housing and employment enforcement, and monitoring of community relations activities for the state.*

FTE Positions — The approved amount includes an additional 10 FTE positions: 2 attorneys, 4 case specialists, 2 technical analysts, 2 legal secretaries, and \$465,000 for support and enforcement responsibilities associated with the Arizonans with Disabilities Act (ADA) (A.R.S. § 41-1492). The approved amount also includes 2 FTE positions (employment specialists) and \$81,800 to increase resources for the Equal Employment Opportunity Commission (EEOC) Program.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$49,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$406,600 for the 12 FTE positions added for ADA and EEOC, and a \$30,500 transfer to the Criminal Division.

Employee Related Expenditures — The approved amount includes an additional \$6,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$129,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount reflects the transfer of \$12,900 to consolidate all department Risk Management charges in the Administration Division. The approved amount also includes \$13,200 for the 12 ADA and EEOC FTE positions.

Equipment — The approved amount is for furniture and computer equipment for the 12 ADA and EEOC FTE positions.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

ATTORNEY GENERAL - DEPARTMENT OF LAW - CRIMINAL

A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

GENERAL FUND AND VICTIMS' RIGHTS IMPLEMENTATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	142.5	139.7	139.7
Personal Services	5,285,600	5,285,600	5,771,100
Employee Related Expenditures	1,030,500	1,086,200	1,120,700
Professional and Outside Services	34,700	34,700	34,700
Travel - In State	166,000	73,900	73,900
Travel - Out of State	13,300	13,300	13,300
Other Operating Expenditures	506,800	540,100	424,000
Equipment	12,300	-0-	-0-
All Other Operating Expenditures	733,100	662,000	545,900
OPERATING SUBTOTAL	7,049,200	7,033,800	7,437,700
Grand Jury	98,500	150,000	150,000 ^{2/}
Victims' Rights Implementation	1,037,900	1,500,700	1,502,500
TOTAL APPROPRIATIONS	8,185,600	8,684,500	9,090,200 ^{3/}
<u>Fund Summary</u>			
General Fund	7,147,700	7,183,800	7,587,700
Victims' Rights Implementation Fund	1,037,900	1,500,700	1,502,500
TOTAL APPROPRIATIONS	8,185,600	8,684,500	9,090,200

Program Description — *Investigates and prosecutes cases involving criminal violations. Represents the state in criminal appeals. Provides trial and research assistance to county attorneys. Advises all state agencies on environmental enforcement matters.*

- 1/ The FTE Positions total includes 1 FTE position funded from the Victims' Rights Implementation Special Line Item in FY 1993 through FY 1994.
- 2/ The \$150,000 appropriated for State Grand Jury expenses is for costs incurred pursuant to A.R.S. § 21-428C. It is the legislative intent that State Grand Jury expenses be limited to the amount appropriated and that a supplemental appropriation will not be provided. (General Appropriation Act footnote.)
- 3/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

ATTORNEY GENERAL - DEPARTMENT OF LAW - CRIMINAL (Cont'd)
GENERAL FUND AND VICTIMS' RIGHTS IMPLEMENTATION FUND

Personal Services — The approved amount is based upon a 5.5% vacancy factor and \$325,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$196,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$259,000 to reduce the vacancy factor from 10.4% to 5.5%, and \$30,500 transferred from the Human Services Division.

Employee Related Expenditures — The approved amount includes an additional \$26,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$363,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount reflects the transfer of \$116,100 to consolidate all department Risk Management charges in the Administration Division.

Victims' Rights Implementation — The approved amount includes 1 FTE position and \$94,100, including the general salary adjustment, for administrative costs the department will incur in administering the Victims' Rights Implementation Act. The remaining \$1,408,400 is for grants to be distributed in accordance with the purpose of the Victims' Rights Implementation Act.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,600 in Personal Services and \$200 in Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$2,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Performance Audit; Victim Compensation Funds (Chapter 127, S.B. 1289) — Appropriates \$80,000 from the Victims' Rights Implementation Fund to the Auditor General to pay for costs of conducting performance audits of Victim Compensation and Victim-Witness Programs in the counties of Maricopa, Pima, Coconino, and Cochise.

Adult Crime Omnibus (Chapter 200, S.B. 1291) - The bill makes several changes to the criminal code, allows RICO funds to be used for witness protection, directs the Department of Public Safety (DPS) to establish a Forensics Firearms Identification System, and creates the Street Gang Enforcement Revolving Fund. The bill appropriates from the State General Fund \$892,000 to DPS for full implementation of the gang intelligence and team enforcement mission, and \$430,000 to the Street Gang Enforcement Revolving Fund (SGERF). Fund monies are administered by the Arizona Criminal Justice Commission and are subject to legislative appropriation in future fiscal years. In FY 1995, this act allocates 25% of SGERF monies to the Attorney General and the remaining 75% to county attorneys.

RICO; Forfeiture (Chapter 219, H.B. 2595) — Revises sections of the RICO statutes. Requires that all RICO forfeiture revenues be deposited in an Anti-Racketeering Revolving Fund administered by the Attorney General or a county attorney. Requires the Director of the Joint Legislative Budget Committee to approve revenue and expenditure reporting forms prescribed by the Arizona Criminal Justice Commission. Creates the Joint Legislative Oversight Committee on Forfeiture and Anti-Racketeering Programs, and appropriates \$75,000 from the General Fund to the Pima County Anti-Racketeering Revolving Fund for gang prevention and youth employment and education programs.

ARIZONA COLISEUM AND EXPOSITION CENTER BOARD

A.R.S. § 3-1001

Gary D. Montgomery, Executive Director

JLBC Analyst: Case

ARIZONA COLISEUM AND EXPOSITION CENTER FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	289.0	278.0	278.0
Personal Services	4,828,800	4,660,200	4,917,000
Employee Related Expenditures	695,300	723,300	711,000
Professional and Outside Services	2,325,700	2,323,400	2,439,600
Travel - In State	8,600	12,500	14,800
Travel - Out of State	34,900	39,300	39,300
Other Operating Expenditures	6,373,200	5,925,900	6,262,300
Equipment	-0-	100,000	100,000
All Other Operating Expenditures	8,742,400	8,401,100	8,856,000
TOTAL APPROPRIATIONS	14,266,500	13,784,600	14,484,000 ^{1/}

Agency Description — *The Coliseum and Exposition Center Board is custodian of the State Fairgrounds and Memorial Coliseum properties. The board directs and conducts the annual Arizona State Fair and the annual Livestock Show, and leases the coliseum and fairgrounds facilities for special events.*

A.R.S. § 3-1005 states "Monies received by the board...shall be under full control and jurisdiction of the board." As a result, the appropriation equals 100% of the board's collections. The approved amount reflects the board's current estimate of collections and will be adjusted in accordance with the actual collection level.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes \$167,000 for the general salary adjustment.

Employee Related Expenditures — The approved amount includes \$21,100 for the general salary adjustment. The approved amount also includes a total of \$88,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a 5% increase for State Fair entertainer fees.

Other Operating Expenditures — The approved amount includes a total of \$50,000 for the payment of Risk Management premiums, which reflects a reduction of \$8,100, as authorized by Section 79 of the General Appropriation Act.

The approved amount also includes increases of \$150,000 for lease payments on the new electronic information sign, \$55,000 for utilities, and \$50,000 for liability insurance.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Section 1(E) of the Capital Outlay Bill appropriates \$636,500 from the Arizona Coliseum and Exposition Center Fund to the Arizona Coliseum and Exposition Center Board for Building Renewal.

^{1/} All collections paid into the State Treasury are appropriated for Personal Services, Employee Related Expenditures, and All Other Operating Expenditures. The estimated appropriation for FY 1995 is \$14,484,000. (General Appropriation Act footnote.)

DEPARTMENT OF COMMERCE

A.R.S. § 41-1501

Sara Goertzen, Director

JLBC Analyst: Siegwarth

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	69.0	75.0	77.5
Personal Services	1,846,200	2,218,500	2,338,700
Employee Related Expenditures	388,300	434,600	461,500
Professional and Outside Services	140,900	195,100	200,100
Travel - In State	57,600	66,900	67,700
Travel - Out of State	54,000	81,100	81,400
Other Operating Expenditures	655,500	689,500	696,400
Equipment	89,100	9,700	15,200
All Other Operating Expenditures	997,100	1,042,300	1,060,800
OPERATING SUBTOTAL	3,231,600	3,695,400	3,861,000
Economic Development Matching Funds	60,000	104,000	104,000
CEDC Commission	157,800	200,200	200,200
Advertising & Promotion	451,600	495,200	495,200
Asian Pacific Trade Office	111,900	169,900	169,900
Mexico Trade Office	186,900	300,100	300,100
REDI Matching Grants	86,100	45,000	45,000
Motion Picture Development	478,800	480,200	606,400
National Law Center/Free Trade	150,000	-0-	572,000
Indian Economic Development	63,000	64,600	65,900
Oil Overcharge Administration	80,500	122,600	124,900
Japan Trade/Tourism Office	122,100	280,000	280,000
Border Governor's Conference	-0-	150,000 ^{2/}	-0-
Arizona Sonora Economic Development Study	-0-	300,000 ^{3/}	-0-
Work Force Recruitment and Training	-0-	3,000,000	3,000,000
Williams AFB Economic Development	-0-	-0-	350,000
TOTAL	5,180,300	9,407,200	10,174,600
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Omnibus Alternative Fuels Bill, Chapter 353	--	1,950,000	625,000
TOTAL APPROPRIATIONS	5,180,300	11,357,200	10,799,600 ^{4/}

(Continued)

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

<u>Fund Summary</u>			
General Fund	3,499,600	6,990,800	7,181,700
Bond Fund	65,300	89,000	91,000
Commerce & Economic Development Commission (CEDC) Fund	1,254,400	1,840,500	2,408,900
Lottery Fund	157,800	1,700,200	200,200
Oil Overcharge Fund	80,500	122,600	124,900
Housing Trust Fund	122,700	149,500	153,300
Solar Qualification Fund	-0-	14,600	14,600
Department of Administration Special Services Revolving (DOASSR) Fund	-0-	450,000	625,000
TOTAL APPROPRIATIONS	5,180,300	11,357,200	10,799,600

Agency Description — *The department conducts programs to encourage the creation, expansion and retention of businesses in Arizona. The department has 9 major activities: Administration, Business Development, Community Assistance, Energy Development and Utilization, Financial Services and Housing Development, International Trade and Investment, Motion Picture Development, Sports Promotion and Communications and Research.*

FTE Positions — The approved amount includes an increase of 2.5 FTE positions and \$180,600 from the General Fund for the following: 1 FTE position for Motion Picture Development, 1 FTE position for Management Information Systems and 0.5 FTE position to assist the Work Force Recruitment and Training program.

Personal Services — The approved amount is based upon a 1.5% General Fund vacancy factor and \$27,500 in vacancy savings from the General Fund, an increase of \$4,300 over FY 1994. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new FTE positions. The approved amount includes an additional \$65,200 from the General Fund and \$14,300 from Other Appropriated Funds (\$9,500 from the CEDC Fund, \$3,200 from the Housing Trust Fund, and \$1,600 from the Bond Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$45,000 from the General Fund for 1.5 new FTE positions. The Motion Picture Development FTE position is funded through the Motion Picture Development Special Line Item.

1/ The FTE Positions total includes 8 FTE positions funded from certain Special Line Items in FY 1993, 8 FTE positions in FY 1994 and 9 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Motion Picture Office	5.0	5.0	6.0
Oil Overcharge Administration	2.0	2.0	2.0
Indian Economic Development	1.0	1.0	1.0

2/ Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$150,000 from the CEDC Fund for the Border Governor's Conference.

3/ Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$300,000 from the CEDC Fund for the Arizona Sonora Economic Development Study. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

4/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Employee Related Expenditures — The approved amount includes an additional \$8,300 from the General Fund and \$1,800 from Other Appropriated Funds (\$1,200 from the CEDC Fund, \$400 from the Housing Trust Fund, and \$200 from the Bond Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$135,700 from the General Fund and \$29,300 from Other Appropriated Funds (\$18,300 from the CEDC Fund, \$7,300 from the Housing Trust Fund, and \$3,700 from the Bond Fund) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes \$85,000, an increase of \$5,000, for the Main Street program. Beginning in FY 1995, the \$85,000 for the Main Street program will be funded from the CEDC Fund. The Main Street program provides funding for contracts with private design firms and special issue consultants for communities participating in the program. These contracts had been previously funded by the General Fund.

Travel - In State — The approved amount includes an increase of \$800 associated with the new FTE positions.

Travel - Out of State — The approved amount includes an increase of \$300 associated with the new FTE positions.

Other Operating Expenditures — The approved amount includes a total of \$11,100 from the General Fund and \$2,400 from Other Appropriated Funds (\$1,500 from the CEDC Fund, \$700 from the Housing Trust Fund, and \$200 from the Bond Fund), for the payment of Risk Management premiums. These amounts reflect a reduction of \$1,800 from the General Fund and \$400 from Other Appropriated Funds (\$300 from the CEDC Fund and \$100 from the Bond Fund), as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes \$92,800 from the General Fund and \$168,800 from Other Appropriated Funds (\$158,000 from the CEDC Fund, \$5,500 from the Housing Trust Fund, and \$5,300 from the Bond Fund) for the rent of private lease space and an increase of \$4,600 associated with the new FTE positions.

Equipment — The approved amount includes an increase of \$5,500 associated with the new FTE positions. The remaining amount of \$9,700, the same as FY 1994, represents partial funding of the department's 3-year automation plan.

Economic Development Matching Funds — The approved amount, the same as FY 1994, provides state support to local community job creation efforts. Grants up to \$10,000 will be awarded on a competitive basis to communities with approved plans to design a long-range capital improvement strategy. The approved amount is funded from the CEDC Fund.

CEDC Commission — The Commerce and Economic Development Commission (CEDC) consists of 35 public and private sector members serving at the request of the Governor. The approved amount, the same as FY 1994, provides for Professional and Outside Services and board member expenses in providing oversight for the short-term and long-term economic development initiatives formulated by the statewide economic development strategic plan. The approved amount is funded from the Lottery Fund.

Advertising and Promotion — The approved amount, the same as FY 1994, provides funding for advertising and promotion to the department's various programs. The funds are used for magazine advertising, direct mail, special events, and the production of support materials. Support materials include "Business Profiles" of the various communities within the state and the semi-annual newsletter "Spirit of Success." The approved amount is funded from the CEDC Fund.

Asian Pacific Trade Office — The approved amount, the same as FY 1994, funds the trade office located in Taipei, Taiwan and includes \$10,000 for promotional activities. In FY 1995, support for the foreign trade offices from the CEDC Fund is consolidated in the Japan Trade/Tourism Office Special Line Item to simplify fund accounting. The approved amount is now funded solely by the General Fund.

(Continued)

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Mexico Trade Office — The approved amount, the same as FY 1994, funds the trade office located in Mexico City, Mexico and includes \$45,000 for promotional activities. In FY 1995, support for the foreign trade offices from the CEDC Fund is consolidated in the Japan Trade/Tourism Office Special Line Item to simplify fund accounting. The approved amount is now funded solely by the General Fund.

REDI Matching Grants — The Rural Economic Development Initiative (REDI) program provides technical assistance to rural communities' economic development programs. The approved amount, the same as FY 1994, funds individual grants, up to \$5,000, for special community projects that enhance local economic development programs. The approved amount is funded from the CEDC Fund.

Motion Picture Development — The approved amount includes a General Fund increase of \$115,000 associated with the new FTE position. The approved amount includes \$50,000 for the Motion Picture Board, \$95,000 for advertising and promotion, and \$461,400 for the funding of 6 FTE positions.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$10,400 (Personal Services, \$9,200 and Employee Related Expenditures, \$1,200) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$14,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount is funded from the General Fund.

National Law Center/Free Trade — The National Law Center for Inter-American Free Trade is a research and educational center which seeks to identify and eliminate mechanical and structural legal obstacles to the free movement of goods and services among Mexico, Canada and the United States. The approved amount provides \$342,000 or 58.4% of the center's estimated overhead and administrative costs in FY 1995. The remaining amount of \$230,000, when matched with \$250,000 of private sector monies, provides funding for 8 research projects. The 8 research projects are as follows: harmonization of transportation laws, judicial cooperation, text for commercial and custom invoices, uniform powers of attorney, uniform warehouse receipts, uniform accounting standards, medicine and the law, and the Mexican Real Estate Regulatory Agency.

The approved amount is funded from the General Fund. CEDC

Indian Economic Development — The approved amount funds 1 FTE position to promote economic development on Arizona Native American reservations.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,200 (Personal Services, \$1,100 and Employee Related Expenditures, \$100) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$2,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount is funded from the CEDC Fund.

Oil Overcharge Administration — The approved amount funds 2 FTE positions which provide administrative support to the oil overcharge grant and loan restitution programs. It is estimated that the Oil Overcharge Fund will expend \$3,638,400 on these programs in FY 1995.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,700 (Personal Services, \$2,400 and Employee Related Expenditures, \$300) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount includes a total of \$4,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount also includes \$400 for the payment of Risk Management premiums.

The approved amount is funded from the Oil Overcharge Fund.

Japan Trade/Tourism Office — The approved amount, the same as FY 1994, provides funding for a local consultant in Japan to assist in expanding trade and tourism with the state. The approved amount includes \$45,000 for promotional activities.

In FY 1994, \$100,000 from the CEDC Fund was used to support the promotional activities of the 3 foreign trade offices. Funding from the CEDC Fund for the trade offices is consolidated in this special line item in FY 1995 to simplify fund accounting. Therefore, the approved amount represents \$180,000 from the General Fund and \$100,000 from the CEDC Fund.

Border Governor's Conference — Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$150,000 from the CEDC Fund to support the 10-state Border Governor's Conference to be held in Arizona during FY 1994. The one-time FY 1994 appropriation provided funding for printing, translation, postage and other planning costs.

Arizona Sonora Economic Development Study — Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$300,000 from the CEDC Fund to provide funding for an 18-month study to examine ways to expand trade between Arizona and Sonora. The study will examine industrial clusters, foundations of trade as well as opportunities related to tourism. The one-time FY 1994 appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations.

Work Force Recruitment and Training — The approved amount, the same as FY 1994, funds the Work Force Recruitment and Training Program administered by the Department of Commerce. The program provides training and retraining for specific employment opportunities with new and expanding businesses. Training is through the community college system, a licensed private postsecondary educational institution, or a community college operated by a tribal government, unless the employer requests another qualified training provider.

The approved amount is funded from the General Fund.

Williams AFB Economic Development — The Williams Redevelopment Partnership was created by Executive Order to coordinate the efforts to create a "reliever" airport and a major education, research and training campus at the former Williams Air Force Base. The Partnership is working with the Intergovernmental Agreement (IGA) Group, a group of 5 communities and Maricopa County, as well as 22 educational institutions who formed the Williams Education, Research and Training Consortium. The approved amount provides funding to market the project. Additional funding for marketing will be provided by the Partnership and IGA Group.

The approved amount is funded from the ^{CEDC} General Fund.

ADDITIONAL APPROPRIATIONS

Omnibus Alternative Fuels Bill (Chapter 353, H.B. 2575) — The bill establishes the non-lapsing Alternative Fuel Delivery System Development (AFDSD) Fund to promote public use of alternative fuels. The department may provide grants up to \$100,000 for the establishment of alternative fuel delivery systems which are accessible to the general public. The bill:

- appropriates \$450,000 from the Department of Administration Special Services Revolving (DOASSR) Fund for FY 1994.
- appropriates up to \$1,500,000, or the amount remaining after the deposit of at least \$42,500,000 into the State General Fund, from the Lottery Fund to the AFDSD Fund for FY 1994.

(Continued)

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

- appropriates \$625,000 from the DOASSR Fund to the AFSD Fund for FY 1995.
- reallocates Air Quality Fund monies which are currently allocated by statute to political subdivisions for converting vehicles to compressed natural gas. These monies in FY 1995 will be deposited into the AFSD Fund. The amount is approximately \$200,000. Current law designates \$250,000 of Air Quality Fund monies for political subdivisions less the amount reimbursed to the Highway User Revenue Fund (HURF) the prior fiscal year. As clean burning fuel is taxed at a lower rate, the Air Quality Fund reimburses the HURF, up to \$250,000, for the lost tax revenue from the sale of such fuel. The FY 1995 estimate of the HURF reimbursement is \$50,000.
- reallocates \$400,000 of Air Quality Fund monies which are currently allocated by statute to the Department of Transportation for public transit demonstration projects. These monies in FY 1995 will also be deposited into the AFSD Fund.

If the monies deposited into the AFSD Fund exceed \$2 million, 50% of the excess monies shall be used to establish a grant program of up to \$1,000 per individual for the purchase and installation of an alternative fuel delivery system for use on the individual's property. The department shall report annually to the Legislature on the status of the fund.

The bill directs the department to pursue the establishment of a network of public alternative refueling stations. The bill also requires that the department establish a certification program for new alternative fuel vehicles, equipment used to convert vehicles and equipment installed in alternative fuel delivery systems.

Finally, the bill transfers the oversight of the school bus conversion program from the Department of Administration (DOA) to the Department of Commerce. The department will now issue the minimum guidelines, receive school district's plans for converting nondiesel powered fleet vehicles to alternative use and distribute the \$2,900,000 appropriated to DOA, from Laws 1993, 6th Special Session, Chapter 1, for school bus conversion. (see the DOA and the Department of Environmental Quality for additional information).

ADDITIONAL LEGISLATION

Department of Commerce; Trade (Chapter 51, H.B. 2203) — The bill eliminates the private sector matching requirement for expenditures related to the foreign trade offices.

Small Business Program, Technology Grants (Chapter 83, S.B. 1228) — The bill provides that Arizona recipients of federal small business technology transfer program grants are eligible for an interim funding loan. Loans of up to \$50,000 may be awarded from the Arizona Small Business Enterprise and Research program, which was established by Laws 1993, Chapter 247.

Department of Commerce; Continuation (Chapter 148, H.B. 2210) — The bill extends the department's termination date to July 1, 2004.

International Development Authority (Chapter 225, H.B. 2194) — The bill establishes the Arizona International Development Authority to facilitate the development of international trade and commerce between the state and other countries. The authority is a corporate body and is a political subdivision of the state. The Authority may fix and collect tolls, fees and rents which shall be deposited into the Arizona International Development Authority Fund. The Authority may also issue bonds. The state is not responsible for any costs incurred by the authority including compensation for board members or employees.

Minority Business Development (Chapter 260, H.B. 2435) — The bill establishes a minority and women-owned business development program within the department to promote the economic development of minority and women-owned business enterprises. The bill also establishes a small business advocate office within the department to promote the creation, growth and vitality of Arizona small businesses. The bill authorizes the department to use a total of \$200,000 from the CEDC Fund in FY 1995 to fund the 2 programs.

(Continued)

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Main Street Program, Rural Economic Development (Chapter 280, H.B. 2198) — The bill eliminates the program advisory committees for the Main Street and the Rural Economic Development programs. The bill also permits cities, towns or a Board of Supervisors to spend public monies on economic development. In addition, the bill increases the amount a city or town, with a population of under 60,000 persons, may spend on advertising from 0.2% to 0.3% of assessed valuation.

Economic Development Incentive Policy (Chapter 339, H.B. 2202) — The bill clarifies eligibility for business incentives and other assistance, removes the \$1,000,000 statutory limit on assistance, appropriates \$1,000,000 in FY 1996 from the General Fund to the Department of Commerce in order to eliminate or mitigate the impact to the state of possible base realignments or closures, and creates a Military Facilities Study Commission. The commission shall study all military facilities in this state and make a final report by June 30, 1995 regarding the future of the facilities. The report shall contain recommendations on how to expend the FY 1996 General Fund appropriation of \$1,000,000 to the Department of Commerce.

Public Finances: Omnibus Budget Reconciliation (Chapter 5, H.B. 2005, 8th Special Session) — The bill provides that monies obtained from the settlement in Re: Refined Petroleum Anti-Trust Litigation shall be deposited in the Oil Overcharge Fund.

CONSTITUTIONAL DEFENSE COUNCIL

A.R.S. § 41-401

JLBC Analyst: Morris

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Constitutional Defense Council, Ch. 222	—	—	1,000,000
TOTAL APPROPRIATIONS	—	—	1,000,000

Agency Description - The Constitutional Defense Council has been established to restore, maintain and advance the state's sovereignty and authority over issues that affect this state and the well-being of its citizens. In particular, the Council will be seeking remedies, judicial and otherwise, for the increasing encroachment by the federal government on states' rights. Council members are the Governor or his designee, one person appointed by the President of the Senate and one person appointed by the Speaker of the House of Representatives.

ADDITIONAL APPROPRIATIONS

Constitutional Defense Council (Chapter 222, H.B. 2371) — Appropriates \$1,000,000 from the General Fund to the Constitutional Defense Council Revolving Fund, a new fund established by this act. Monies in this fund are continuously appropriated and exempt from the from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

The Constitutional Defense Council may meet and conduct hearings regarding federal mandates, court rulings, the authority granted to or assumed by the federal government, laws, regulations and practices of the federal government, and any other appropriate activity. The council can require the Attorney General to testify on potential legal actions that would enhance the state's sovereignty or authority on issues affecting this state and the well-being of its citizens. By a majority vote, the council may direct the Attorney General to initiate and prosecute actions to further the purposes of the council. When requested by the council, all state agencies and departments, except the Department of Law, shall provide reasonable personnel and other resources to the council.

To implement this act, the council may select and employ attorneys. Annually, the Attorney General and the council shall prepare a list of 10 attorneys who are qualified to represent the council. The council may only employ attorneys who are on that list. Before being employed by the council, an attorney must be approved by the Attorney General. The Attorney General must also negotiate a contract for services with each attorney selected. It is the responsibility of the Attorney General to direct and assist all council attorneys. The council is not authorized to have permanent staff. Both the council and the Department of Law are exempt from the provisions of the procurement code in regard to matters pertaining to the purposes of this legislation.

The Director of the Department of Administration administers the Constitutional Defense Council Revolving Fund. Monies in this fund are to be used exclusively for the cost of legal actions initiated by the council. All claims submitted to the Department of Administration by council attorneys must be reviewed and approved by the Attorney General.

Annually, on December 1, the council is required to file a report with the President of the Senate and the Speaker of the House of Representatives, which summarizes their activities during the year.

ARIZONA JUDICIARY - SUMMARY

Arizona Constitution Article VI
A.R.S. § 12-101

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Cawley

SUMMARY OF GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Supreme Court-Judicial and Administrative	9,380,500	9,766,200	9,995,300
Supreme Court-Foster Care Review Board	1,199,000	1,225,100	2,399,300
Court of Appeals - Division I	5,435,900	5,479,000	5,667,700
Court of Appeals - Division II	2,503,400	2,739,100	2,824,000
Superior Court	59,380,600	65,658,300	76,006,300
Commission on Judicial Conduct	138,500	150,800	208,700
Commissions on Appellate and Trial Court Appointments	3,500	10,000	10,000
TOTAL APPROPRIATIONS	78,041,400	85,028,500	97,111,300
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	459.3	463.3	459.3
Personal Services	15,891,200	16,567,200	17,010,500
Employee Related Expenditures	2,441,400	2,584,800	2,789,600
Professional and Outside Services	123,500	122,500	214,800
Travel	194,200	223,900	239,900
Other Operating Expenditures	5,650,700	5,527,000	5,378,900
Equipment	282,700	45,700	280,100
All Other Operating Expenditures	6,251,100	5,919,100	6,113,700
OPERATING SUBTOTAL	24,583,700	25,071,100	25,913,800
Special Line Items ^{2/}	53,457,700	59,957,400	69,884,400
Additional Appropriations ^{2/}	--	--	1,313,100
TOTAL APPROPRIATIONS	78,041,400	85,028,500	97,111,300 ^{3/}
<u>Fund Summary</u>			
General Fund	77,621,300	84,228,500	95,986,300
Other Appropriated Funds	420,100	800,000	1,125,000
TOTAL APPROPRIATIONS	78,041,400	85,028,500	97,111,300

(Continued)

ARIZONA JUDICIARY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Summary — The Arizona Judiciary consists of the Supreme Court, Court of Appeals, the Superior Court, Commission on Judicial Conduct and the Commissions on Appellate and Trial Court Appointments.

FTE Positions — The approved amount reflects a total decrease of 4 FTE positions. The overall total includes the transfer out of the 9 Law Library FTE positions and the adding of 1 Education Specialist, 1 Secretary, 1 Superior Court Judge, and 2 support positions to the Court Appointed Special Advocate program.

Personal Services — The approved amount is based upon a Judiciary-wide 1% vacancy factor and \$174,300 in vacancy savings. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$312,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$35,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,093,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$594,800 from the General Fund for the payment of Risk Management premiums, which reflects a reduction of \$96,400, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$546,000 for the Tucson State Office Building and \$2,887,800 for the Supreme Court Building lease-purchase payments.

Special Line Items — The approved amount includes \$1,238,800 from the General Fund (Personal Services, \$1,101,500; Employee Related Expenditures, \$137,300) and \$25,000 from Other Appropriated Funds (Personal Services, \$22,200; Employee Related Expenditures, \$2,800) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. No vacancy factor was applied in these special line items.

The approved amount also includes a total of \$111,400 from the General Fund and \$18,600 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also includes an additional \$189,900 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

- 1/ The FTE Positions total includes 53 FTE positions funded from certain special line items in FY 1993, 56 FTE positions in FY 1994, and 49 FTE positions in FY 1995.
- 2/ Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- 3/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agencies with Special Line Items as appropriate. Details for the agency and special line items are included on the individual agency pages.

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ARIZONA JUDICIARY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1995 General Fund operating budget from the revised FY 1994 estimate:

• General Salary Adjustment	\$1,586,700
• 2,120 Adult/480 Juvenile New Probation Slots	5,255,100
• 14.8% Juvenile Support Services Growth/Other	3,181,100
• Additional Appropriations	1,313,100
• Judicial Education Enhancement/Provider Increase/Other	<u>421,700</u>
TOTAL CHANGE FROM REVISED FY 1994	\$11,757,800

SUPREME COURT - JUDICIAL AND ADMINISTRATIVE

Arizona Constitution Article VI
A.R.S. § 12-101

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Cawley

**GENERAL FUND AND LEGISLATIVE,
EXECUTIVE & JUDICIAL PUBLIC
BUILDINGS LAND EARNINGS FUND**

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	126.3	129.3	121.3
Personal Services	3,871,700	4,138,800	4,340,700
Employee Related Expenditures	739,000	696,500	791,900
Professional and Outside Services	107,000	80,000	86,000
Travel	51,500	68,400	71,000
Other Operating Expenditures	3,817,500	3,701,700	3,611,000
Equipment	147,300	30,700	253,500
All Other Operating Expenditures	4,123,300	3,880,800	4,021,500
OPERATING SUBTOTAL	8,734,000	8,716,100	9,154,100
Building Tenant Improvement	-0-	50,000 ^{2/}	-0-
Judicial Assistance	-0-	87,400	87,400
Judicial Education	201,000	208,700	242,700
Law Library ^{1/}	296,700	306,200	-0-
Grand Jury	148,800	148,800	148,800
Judicial Performance Review ^{1/}	-0-	249,000	349,400
TOTAL	9,380,500	9,766,200	9,982,400 ^{3/4/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Superior Court Clerk; Salaries, Ch. 220	--	--	12,900
TOTAL APPROPRIATIONS	9,380,500	9,766,200	9,995,300
Fund Summary			
General Fund	9,380,500	9,716,200	9,995,300
Legislative, Executive and Judicial Public Buildings Land Earnings Fund	-0-	50,000	-0-
TOTAL APPROPRIATIONS	9,380,500	9,766,200	9,995,300

Agency Description — The Court consists of the 5 Supreme Court Justices, judicial support staff and the Administrative Office of the Courts (AOC). The Supreme Court, as the state's highest court, has the responsibility to review appeals and to provide rules of procedure for all the courts in Arizona. Under the direction of the Chief Justice, the AOC provides administrative supervision over the Arizona court system.

(Continued)

SUPREME COURT - JUDICIAL AND ADMINISTRATIVE (Cont'd)
GENERAL FUND AND LEGISLATIVE, EXECUTIVE &
JUDICIAL PUBLIC BUILDINGS LAND EARNINGS FUND

FTE Positions — The approved amount reflects an increase of 1 Educational Specialist and \$68,300 for providing training to limited jurisdiction judges.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$67,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of the new position. The approved amount includes an additional \$131,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes \$45,100 for the Education Specialist and \$25,500 to fully fund a Staff Attorney. During FY 1994, in order to handle the increased growth in case and petition filings, the Court filled a vacant full-time secretarial position with a Staff Attorney. The additional money allows the Court to fund a full-time attorney.

Employee Related Expenditures — The approved amount includes an additional \$15,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation also reflects \$11,000 for the new position and the full funding of the Staff Attorney.

The approved amount also includes a total of \$308,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an increase of \$6,000 for the hiring of temporary help to archive the backlog of cases.

Travel — The approved amount reflects a \$2,600 increase associated with the Education Specialist and full funding of the Staff Attorney.

Other Operating Expenditures — The approved amount includes: a) a total of \$58,200 for the payment of Risk Management premiums, which reflects a reduction of \$9,400, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$2,887,800 for the Supreme Court Building lease-purchase payment. The appropriation also includes \$1,600 associated with the Education Specialist and full funding of the Staff Attorney.

Equipment — The approved amount includes the following one-time equipment costs: a) \$49,000 to upgrade the Courts' appellate automation computer hardware; b) \$150,000 to begin to replace the Courts Building's computer wiring; and c) \$23,800 for the new Education Specialist and the full funding of the Staff Attorney.

Building Tenant Improvement — The funding for the Building Tenant Improvement has been eliminated. The Courts Building is part of the Department of Administration's Building Renewal program. Any emergency improvements should be funded through Building Renewal.

- 1/ The FTE Positions total includes 9 FTE positions funded from the Law Library Special Line Item in FY 1993 and FY 1994 and 3 FTE positions funded from the Judicial Performance Review Special Line Item in FY 1994 and FY 1995.
- 2/ Any unencumbered balance remaining in the Courts Building Improvement Special Line Item shall revert to the Legislative, Executive and Judicial Public Buildings Land Fund at the end of the fiscal year as prescribed by A.R.S. § 35-190.
- 3/ Included in the lump sum appropriation is \$1,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)
- 4/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

SUPREME COURT - JUDICIAL AND ADMINISTRATIVE (Cont'd)
GENERAL FUND AND LEGISLATIVE, EXECUTIVE &
JUDICIAL PUBLIC BUILDINGS LAND EARNINGS FUND

Judicial Assistance — The approved amount provides: 1) payment of judges pro tempore salaries when serving in the Superior Court pursuant to A.R.S. § 12-143; and 2) payment of retired judges differential pay between an active justice's salary and the retiree's retirement benefits and payment of travel expenses if serving outside of the retired judge's residing county, pursuant to Arizona Constitution Article VI, Sections 19 and 20.

Judicial Education — The appropriation provides for the establishment of a continuous core curriculum with supplemental offerings of timely topics, which address judicial competence, performance, case management, opinion writing, and administration. The approved amount includes a \$34,000 increase for providing training to limited jurisdiction judges.

Law Library — The funding and 9 FTE positions for operating the Law Library in the Supreme Court Building were transferred to the Department of Library, Archives and Public Records (DLAPR). The DLAPR is the agency responsible for operating the Law Library.

Grand Jury — The approved amount provides for direct costs incurred by a county for impaneling a state grand jury and the related costs associated with the grand jury's functions and duties. Expenditures that are reimbursable to the counties include jury fees, lodging, meals, and mileage. Other covered costs include attorneys, interpreters, investigators, and expert witnesses, who are appointed to a particular case, and transcript preparation.

Judicial Performance Review — The approved amount reflects the adding of \$96,100 for the dissemination of information to assist voters in making election decisions. The appropriation provides for the surveying of attorneys, witnesses, jurors, peers and staff about the performance of a judge. These surveys will be conducted twice during each term of office. The information will be provided to the public prior to the election and also will be reviewed with the judge as a tool for professional growth and improvement. This unit will also staff the nominating commissions, and it will track all the appointments made by the Chief Justice to commissions and committees.

The approved amount provides funding for 3 FTE positions and includes an additional \$4,300 (Personal Services, \$3,900; Employee Related Expenditures, \$400) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount includes a total of \$8,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL APPROPRIATIONS

Superior Court Clerk; Salaries (Chapter 220, S.B. 1277) — Raises the Chief Justice of the Supreme Court's salary to \$98,608 in January 1995 and to \$103,538 in January 1996. The other Supreme Courts Justices' salaries are raised to \$96,314 in January 1995 and to \$101,130 in January 1996. This legislation adds \$11,600 in Personal Services and \$1,300 in Employee Related Expenditures during FY 1995.

SUPREME COURT - FOSTER CARE REVIEW BOARD

A.R.S. § 8-515.04

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Cawley

GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	29.0	29.0	36.0
Personal Services	794,700	793,400	821,300
Employee Related Expenditures	167,700	154,900	176,100
Professional and Outside Services	4,300	16,500	88,500
Travel	40,100	45,800	57,200
Other Operating Expenditures	183,300	209,500	213,100
Equipment	8,900	5,000	5,000
All Other Operating Expenditures	236,600	276,800	363,800
OPERATING SUBTOTAL	1,199,000	1,225,100	1,361,200
Court Appointed Special Advocate (CASA)	--	--	1,038,100 ^{1/}
TOTAL APPROPRIATIONS	1,199,000	1,225,100	2,399,300 ^{2/}
<u>Fund Summary</u>			
General Fund	1,199,000	1,225,100	1,274,300
Court Appointed Special Advocate (CASA) Fund	--	--	1,125,000
TOTAL APPROPRIATIONS	1,199,000	1,225,100	2,399,300

Agency Description — *The board reviews cases of dependent children in out-of-home placement to assess progress toward returning the child home or achieving a permanent plan for the child's removal. Federal law requires that each state provide independent administrative reviews of children who are in out-of-home care. Each review board reviews as many as 100 children and is comprised of 5 volunteers appointed by the presiding judge in each county.*

FTE Positions — The transfer in of the Court Appointed Special Advocate (CASA) program included 7 FTE positions. The CASA program was expanded by 2 FTE positions for FY 1995.

^{1/} The appropriation from the Court Appointed Special Advocate Fund is an estimate representing 30% of unclaimed lottery prize money distributed to this Fund during FY 1995 pursuant to A.R.S. § 5-518. The monies are appropriated for the purposes established in A.R.S. § 8-524. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Court Appointed Special Advocate Fund. Appropriated expenditures shall not exceed the Fund's receipts. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program with a Special Line Item. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

SUPREME COURT - FOSTER CARE REVIEW BOARD (Cont'd)
GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$9,700 in vacancy savings from the General Fund. The vacancy savings amounts do not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$27,900 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$3,500 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$76,000 from the General Fund for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an increase of \$72,000 of one-time expenses funded from the CASA Fund. This funding will provide for speakers and trainers at the annual conference, \$2,000; for Parent Assistance Hotline staff training, \$2,500; and for the redevelopment of the Foster Care Review Board's database, \$67,500.

Travel — The approved amount includes an increase of \$11,400 from the CASA Fund for reimbursing volunteer board members for their travel expenses.

Other Operating Expenditures — The approved amount includes a total of \$85,200 from the General Fund for the Tucson State Office Building lease-purchase payment.

The approved amount also includes an increase of \$3,500 from the CASA Fund for the printing of new Foster Care Review Board brochures written in Spanish and to update manuals and brochures to meet requirements of the American Disabilities Act.

Court Appointed Special Advocate — The CASA program trains community volunteers appointed by a judge to advocate for abused and neglected children in Juvenile Court proceedings. The appropriation is funded by the CASA Fund, which receives 30% of unclaimed state lottery prize money. The approved amount reflects the transfer in from the Superior Court of \$750,000 and 5 FTE positions. The approved amount also includes: a) \$30,000 for the development of a new CASA automated database; b) \$20,000 for equipment replacement in 5 counties; and c) \$213,100 for the adding of 2 administrative state positions and 6 county-hired staff to support the 216 new CASA volunteers.

The approved amount includes an additional \$25,000 from the Court Appointed Special Advocate Fund (Personal Services, \$22,200; Employee Related Expenditures, \$2,800) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act for 7 state FTE positions and 22 county-hired positions. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$18,600 from the Court Appointed Special Advocate Fund for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The CASA Fund's revenues from unclaimed state lottery prize money may be impacted by 2 changes. First, the 15-state "Lotto-style" game known as Powerball was introduced in Arizona in April 1994. The JLBC Staff believes that as much as 40% of the new Powerball sales will be at the expense of existing state lotto ticket sales. A reduction in state lotto ticket sales may also lower the amount of unclaimed prize money available; thereby, decreasing the CASA Fund's revenues. On the other hand, the introduction of Powerball may increase the number of people playing Powerball, which may increase the unclaimed prize money in Powerball. The second change will be the introduction of instant ticket barcoding by July 1, 1994. Instant ticket barcoding will make it easier to claim the instant ticket prizes. Prior to the barcoding, winners had to either go back to the store where they bought the instant ticket or directly contact the Arizona State Lottery Commission. After instant barcoding is introduced, a winner may claim the prize wherever instant tickets are sold.

ADDITIONAL LEGISLATION

Public Finances: Omnibus Budget Reconciliation (Chapter 5, H.B. 2005, 8th Special Session) — Allows CASA Fund monies to be appropriated for use by the Foster Care Review Board program during FY 1995.

COURT OF APPEALS - DIVISION I

Arizona Constitution Article VI
A.R.S. § 12-120

Honorable Thomas Kleinschmidt, Chief Judge

JLBC Analyst: Cawley

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	98.0	98.0	98.0
Personal Services	4,228,400	4,399,700	4,507,100
Employee Related Expenditures	663,400	756,800	770,600
Professional and Outside Services	6,200	800	800
Travel	61,900	63,900	63,900
Other Operating Expenditures	408,900	247,800	277,900
Equipment	67,100	10,000	10,000
All Other Operating Expenditures	544,100	322,500	352,600
TOTAL	5,435,900	5,479,000	5,630,300 ^{1/}
Additional Appropriations			
41st Legislature, 2nd Regular Session			
Superior Court Clerk; Salaries, Ch. 220	--	--	37,400
TOTAL APPROPRIATIONS	5,435,900	5,479,000	5,667,700

Agency Description — *The Court has jurisdiction in all proceedings appealable from the Superior Court with the exception of criminal death penalty cases which are automatically appealed to the Supreme Court. Division I also has statewide responsibility for reviewing appeals from the Industrial Commission, DES unemployment compensation rulings and the Arizona Tax Court. Division I convenes in Phoenix and encompasses the counties of Apache, Coconino, La Paz, Maricopa, Mohave, Navajo, Yavapai, and Yuma.*

Personal Services — The approved amount is based upon a 1.4% vacancy factor and \$50,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$107,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$12,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$269,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Division. The line items are shown for information only.

(Continued)

COURT OF APPEALS - DIVISION I
GENERAL FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$3,300 for the payment of Risk Management premiums, which reflects a reduction of \$500, as authorized by Section 79 of the General Appropriation Act. In addition, the approved amount includes \$30,000 for library acquisitions and on-line legal research.

ADDITIONAL APPROPRIATIONS

Superior Court Clerk; Salaries (Chapter 220, S.B. 1277) — Raises appellate court judges salaries to \$94,021 in January 1995 and to \$98,722 in January 1996. This legislation adds \$33,600 in Personal Services and \$3,800 in Employee Related Expenditures during FY 1995.

ADDITIONAL LEGISLATION

Sixteenth Judge; Court of Appeals (Chapter 245, H.B. 2208) — This legislation adds a 16th judge to Division I of the Court of Appeals effective July 1, 1995.

COURT OF APPEALS - DIVISION II

Arizona Constitution Article VI
A.R.S. § 12-120

Honorable William Druke, Chief Judge

JLBC Analyst: Cawley

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	36.0	36.0	36.0
Personal Services	1,544,100	1,711,900	1,753,200
Employee Related Expenditures	235,700	296,700	299,800
Professional and Outside Services	-0-	1,000	1,000
Travel	31,300	36,400	36,400
Other Operating Expenditures	642,800	693,100	718,500
Equipment	49,500	-0-	-0-
All Other Operating Expenditures	723,600	730,500	755,900
TOTAL	2,503,400	2,739,100	2,808,900 ^{1/}
Additional Appropriations			
41st Legislature, 2nd Regular Session			
Superior Court Clerk; Salaries, Ch. 220	--	--	15,100
TOTAL APPROPRIATIONS	2,503,400	2,739,100	2,824,000 ^{2/}

Agency Description — The Court has jurisdiction in all proceedings appealable from the Superior Court with the exception of criminal death penalty cases which are automatically appealed to the Supreme Court. Division II convenes in Tucson and encompasses the counties of Cochise, Gila, Graham, Greenlee, Pima, Pinal and Santa Cruz.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$14,300 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$41,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$4,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$98,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Division. The line items are shown for information only.

(Continued)

COURT OF APPEALS - DIVISION II (Cont'd)
GENERAL FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$1,200 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$460,800 for the Tucson State Office Building lease-purchase payment. In addition, the approved amount includes \$25,000 for library acquisitions and on-line legal research.

ADDITIONAL APPROPRIATIONS

Superior Court Clerk; Salaries (Chapter 220, S.B. 1277) — Raises appellate court judges salaries to \$94,021 in January 1995 and to \$98,722 in January 1996. This legislation adds \$13,500 in Personal Services and \$1,600 in Employee Related Expenditures during FY 1995.

SUPERIOR COURT

Arizona Constitution Article VI
A.R.S. § 12-121

Dave Byers, Administrative Director

JLBC Analyst: Cawley

GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	168.0	169.0	165.0 ^{2/}
Personal Services	5,365,500	5,435,200	5,478,700
Employee Related Expenditures	620,500	665,700	729,800
Other Operating Expenditures	583,400	650,100	532,100
OPERATING SUBTOTAL	6,569,400	6,751,000	6,740,600
Family Counseling	427,900	462,100	490,500
Juvenile Probation State Aid	1,653,400	1,694,000	2,250,300
Adult Probation Enhancement	12,135,600	13,648,600	15,888,000
Intensive Probation - Adult	10,645,400	13,095,400	14,781,800
Intensive Probation - Juvenile	4,853,000	5,351,900	6,443,200
Juvenile Probation Services ^{3/}	20,188,400	21,327,700	24,777,500 ^{4/}
Court Appointed Special Advocate	420,100	750,000	-- ^{5/}
Community Punishment	2,439,400	2,527,400	3,335,000
Child Support Enforcement	48,000	50,200	51,700
TOTAL	59,380,600	65,658,300	74,758,600 ^{6/7/}
Additional Appropriations			
41st Legislature, 2nd Regular Session			
Juvenile Crime Omnibus, Ch. 201	--	--	414,700
Superior Court Clerk; Salaries, Ch. 220	--	--	148,600
Child Support Enforcement, Ch. 374	--	--	684,400
TOTAL APPROPRIATIONS	59,380,600	65,658,300	76,006,300
<u>Fund Summary</u>			
General Fund	58,960,500	64,908,300	76,006,300
Court Appointed Special Advocate Fund	420,100	750,000	--
TOTAL APPROPRIATIONS	59,380,600	65,658,300	76,006,300

Agency Description — The Superior Court, which has a division in every county, is the state's only general jurisdiction court. Superior Court judges hear all types of cases except small claims, minor offenses, or violations of city codes and ordinances. In addition, the responsibility for supervising adults and juveniles who have been placed on probation resides in the Superior Court.

(Continued)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND

FTE Positions — The approved amount reflects 1 new judgeship established during FY 1994 in Mohave County. Pursuant to A.R.S. § 12-128, the state funds 50%, \$49,500, of the judge's salary, which is \$99,000. Pursuant to A.R.S. § 12-121 and Article VI, Section 10 of the Arizona Constitution, each county shall have at least one elected judge. In addition, judges may be added for each 30,000 inhabitants, or majority fraction of 30,000, upon petition by the County Board of Supervisors and the Governor's approval.

Personal Services — The approved amount is based upon a 0.5% vacancy factor and \$31,700 in vacancy savings from the General Fund. The vacancy savings amounts do not include any changes resulting from the addition of the new judgeship. The approved amount also includes an increase of \$43,700 for the state's share of the new Mohave County judge.

Employee Related Expenditures — The approved amount includes an increase of \$5,800 for the state's share of the new Mohave County judge.

The approved amount also includes a total of \$332,100 from the General Fund for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

1/ The FTE Positions total includes 44 FTE positions funded in FY 1993 and FY 1994 and 39 FTE positions funded in FY 1995 from the following special line items:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>	
	<u>FY 1993-FY 1994</u>	<u>FY 1995</u>
Juvenile Probation State Aid	1	1
Adult Probation Enhancement	6	6
Intensive Probation-Adult	8	8
Intensive Probation-Juvenile	7	7
Juvenile Probation Services	12	12
Court Appointed Special Advocate	5	0
Community Punishment	3	3
Child Support Enforcement	2	2

2/ Of the 165 FTE positions, 126 FTE positions represent Superior Court judges. One-half of their salaries are provided by state General Fund appropriations pursuant to A.R.S. § 12-128. This is not meant to limit the counties' ability to add additional judges pursuant to A.R.S. § 12-121. (General Appropriation Act footnote.)

3/ This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations pursuant to Laws 1991, Chapter 133 (S.B. 1035).

4/ Up to 4.6% of the amount appropriated for Juvenile Probation Services may be retained and expended by the Supreme Court to administer the programs established by A.R.S. § 8-230.02 and to conduct evaluations as needed. The remaining portion of the Juvenile Probation Services Special Line Item shall be deposited to the Juvenile Probation Fund established by A.R.S. § 8-230.02. (General Appropriation Act footnote.)

5/ With the enactment of Laws 1991, Chapter 230 (H.B. 2419), funding in FY 1992 for the Court Appointed Special Advocate (CASA) program became earmarked within the General Fund; Laws 1992, Chapter 312 (S.B. 1365) establishes the CASA Fund as its own fund. This special line item has been transferred to the Foster Care Review Board cost center.

6/ It is the intent of the Legislature that a committee composed of legislators appointed by the Speaker of the House of Representatives and the President of the Senate and Courts' representatives appointed by the Chief Justice of the Supreme Court submit a report and recommendations by November 30, 1994 to the appointing authorities on the issue of state and county financial responsibility for probation services in the State of Arizona. (General Appropriation Act footnote.)

7/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency, with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND

Other Operating Expenditures — The approved amount includes a total of \$532,100 from the General Fund for the payment of Risk Management premiums. This amount reflects a reduction of \$86,200 from the General Fund, as authorized under Section 79 of the General Appropriation Act.

Family Counseling — The appropriation provides funding for prevention of delinquency and incorrigibility and to strengthen family relationships of 3,500 juvenile offenders. The amount shown reflects an increase of \$23,600 due to a 6.1% caseload growth in the number of families attending these programs. The approved amount also includes an additional \$4,800 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Juvenile Probation State Aid — This appropriation provides funding for probation services to nearly 2,105 juveniles annually. Legislation requires that the funds be used primarily for the salaries of supervising probation officers. In this special line item and those that follow, the state shares in the counties' cost of operating the program.

The approved amount provides \$113,700 for Pinal County to hire 3 probation officers and 1 support staff to supervise an additional 105 probationers. An additional \$377,400 is provided to add 10 probation officers to aid in achieving a 35:1 client to probation officer ratio and to address rising petition filings. Laws 1994, Chapter 201 mandates a ratio of 35:1 for this program. Chapter 201 adds additional probation officers to reach this new mandate. (See Additional Appropriations.)

The approved amount includes an additional \$65,200 (Personal Services, \$58,000; Employee Related Expenditures, \$7,200) for 1 state FTE position and 60 county-hired positions for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor.

The approved amount also includes a total of \$2,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Adult Probation Enhancement — The approved amount includes \$1,079,100 for 6-month phase-in funding of 26 probation officers, 6 supervisors and 12.5 support staff. Since 1983, when this program was established, the state has provided funds to counties for probation officers in order to maintain a 1:60 statutory average of probation officers to probationers. Laws 1993, Chapter 254, 2nd Special Session, provides funding for additional staffing required to obtain the 1:60 ratio by increasing the adult probationer's assessed monthly probation services fees from \$30 to \$40. An additional 27 officers will be funded from the \$10 increase in probation services fees. With this appropriation and the use of the probation services fees, a total of 29,500 probationer slots will be available by the end of FY 1995. The approved amount also includes \$150,000 for start up of the Adult System Automation Project development.

The approved amount includes an additional \$466,000 (Personal Services, \$414,300; Employee Related Expenditures, \$51,700) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act for 6 state FTE positions and 436.5 county-hired positions. The approved amount is based upon a 0% vacancy factor. In addition, \$544,300 is added to fully cover the costs associated with county pay increases for those probation officers paid with state funds.

The approved amount also includes a total of \$15,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Intensive Probation-Adult — This program was created to divert serious, non-violent adult offenders from prison. Total program capacity is approximately 3,050. The approved amount includes \$687,400 for 6-months' phase-in funding to increase caseload capacity by funding an additional 8 teams, 6 supervisors, and 18.5 support positions. Also included is \$615,700 for annualization of FY 1994 funding of 12 teams (24 probation and surveillance officers).

The approved amount also includes an additional \$383,300 (Personal Services, \$340,800; Employee Related Expenditures, \$42,500) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act for 8 state FTE positions and 365.5 county-hired positions. The approved amount is based upon a 0% vacancy factor.

The approved amount also includes a total of \$21,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND

Intensive Probation-Juvenile — This program was created to divert serious, non-violent juvenile offenders from incarceration or residential care and to provide intensive supervision for high risk offenders already on probation. Total program capacity is approximately 1,325. The approved amount includes \$937,500 for 30 probation and surveillance officers. The approved amount also includes an additional \$6,500 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

The approved amount includes an additional \$147,300 (Personal Services, \$131,000; Employee Related Expenditures, \$16,300) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act for 7 state FTE positions and 94 county-hired positions funded through this line. The approved amount is based upon a 0% vacancy factor.

The approved amount also includes a total of \$18,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Juvenile Probation Services — The appropriation provides funding for Juvenile Courts to meet the requirements of A.R.S. § 8-230.01 and § 8-230.02, and to provide services to children referred for incorrigibility or delinquency and placed in foster care, day treatment programs, residential treatment centers, counseling, shelter care and other programs.

The approved amount includes an increase of \$2,000,000 to offset rate increases in state-only juvenile probation treatment services covered by Title XIX. The approved amount also includes increases of: 1) \$345,600 to add 8 intake officers and staff to run the Teen Court programs as part of the Progressively Increasing Consequences Act; 2) \$512,000 for residential treatment services for juvenile sex offenders; and 3) \$500,000 for a homebuilders program, which focuses on intensive in-home intervention and family support. The approved amount also reflects a transfer out of \$200,000 state match to the Department of Health Services for juveniles under the Courts' jurisdiction, who receive federal Title XIX behavioral health services. Within the approved amount is also an additional \$178,600 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

The approved amount includes an additional \$113,600 (Personal Services, \$101,000; Employee Related Expenditures, \$12,600) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act for 12 state FTE positions and 91 county-hired positions. The approved amount is based upon a 0% vacancy factor.

The approved amount also includes a total of \$31,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Court Appointed Special Advocate — The Court Appointed Special Advocate program trains community volunteers appointed by a judge to advocate for abused and neglected children in Juvenile Court proceedings. The appropriation is funded by the Court Appointed Special Advocate Fund, which receives 30% of unclaimed state lottery prize money. This special line item is transferred to the Foster Care Review Board cost center.

Community Punishment Program — This program was established to provide probation departments with behavioral treatment. The program also allows for intensive supervision, such as electronic monitoring and specialized probation caseloads. The program is intended to divert offenders from prison and jail as well as enhance probation programs.

The approved amount adds \$750,000. The Administrative Office of the Courts will evaluate and prioritize the various county requests and apportion the \$750,000 to best divert offenders from prison and jail. The additional funding is projected to add 360 new placement slots. Of these 360 new placements, 137 are estimated to be for individuals diverted from placement in the Department of Corrections. In addition, 10 county-hired positions are added to increase supervision of the new placements.

The approved amount includes an additional \$57,600 (Personal Services, \$51,200; Employee Related Expenditures, \$6,400) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act for 3 state FTE positions and 53.5 county-hired positions. The approved amount is based upon a 0% vacancy factor.

The approved amount also includes a total of \$8,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND

Child Support Enforcement — The appropriation provides for a secretarial position, operating costs and a 10% match of federal funds anticipated through the Department of Economic Security (DES). The state and federal funds provides for 3 FTE positions to coordinate automation implementation at the local level (court clerks), to serve as liaisons between the local courts and DES and to refine and maintain child support program hardware and software at each court site.

The approved amount includes an additional \$1,500 (Personal Services, \$1,300; Employee Related Expenditure, \$200) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act for 2 state FTE positions. The approved amount is based upon a 0% vacancy factor.

The approved amount also includes a total of \$5,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Laws 1994, Chapter 374 will add \$684,400 to this special line item. (See Additional Appropriations.)

SUMMARY OF PROGRAM APPROPRIATIONS

The state General Fund appropriation provides a portion of the funding available for Adult Probation and the Juvenile Court programs. Based on FY 1994 estimates, on a statewide basis, the General Fund provides 54.5% of the funding available for adult probation. Another 4.8% of the funding is derived from state non-appropriated funds. The counties contribute 40.6%. Within each county, these funding breakdowns will vary. For services provided statewide through the Juvenile Court system, the General Fund provides 39.7%, state other appropriated and non-appropriated funds contribute another 1.1%, and the counties provide 59.2%. Again, the breakdown within a specific county will vary from these aggregate numbers. The majority of the state funding is required by state statute to be expended on salaries for probation staff.

As displayed below, the General Fund appropriation provides for new probationer slots. The approved amount for the adult probation programs, which includes Adult Probation, Adult Intensive Probation, and Community Punishment, adds 2,120 new slots. The approved amount for juvenile probation programs adds 480 new probationer slots. These new slots will provide a number of potential diversions from the Department of Youth Treatment and Rehabilitation and the Department of Corrections.

Programs	Probationer Slot Increase
<u>Juvenile</u>	
Probation State Aid	105
Intensive Probation	<u>375</u>
Total Juvenile	<u>480</u>
<u>Adult</u>	
Probation Enhancement	1,560 *
Intensive Probation	200
Community Punishment	<u>360</u>
Total Adult	<u>2,120</u>
* An additional 1,620 probationer slots will be available through the use of the probation services fees to hire an additional 27 probation officers. These additional slots will provide more DOC diversion slots beyond those included in the JLBC Staff's recommendation.	

(Continued)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND COURT APPOINTED SPECIAL ADVOCATE FUND

ADDITIONAL APPROPRIATIONS

Juvenile Crime Omnibus (Chapter 201, S.B. 1356) — Adds \$414,700 for 11 additional probation officers to meet this legislation's established ratio mandate of 35 probationers to 1 probation officer for those participating in the Juvenile Probation State Aid program.

Superior Court Clerk; Salaries (Chapter 220, S.B. 1277) — Raises Superior Court Judges' salaries to \$91,728 in January 1995 and to \$96,314 in January 1996. This legislation adds \$137,600 in Personal Services and \$11,000 in Employee Related Expenditures during FY 1995.

Child Support Enforcement (Chapter 374, S.B. 1460) — Provides \$346,600 for the administrative support of the Child Support Enforcement and Domestic Relations Committees; \$100,000 for training judicial staff working on child support and domestic relations matters; \$190,900 for costs associated with establishing a one-stop shop pilot program; and \$46,900 for the development and provision of an annual statement providing a noncustodial parent's child support payments and outstanding balance.

COMMISSION ON JUDICIAL CONDUCT

Arizona Constitution Article VI.I

Honorable Bernardo P. Velasco, Chairman

JLBC Analyst: Cawley

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	2.0	2.0	3.0
Personal Services	86,800	88,200	109,500
Employee Related Expenditures	15,100	14,200	21,400
Professional and Outside Services	6,000	24,200	38,500
Travel	9,400	9,400	11,400
Other Operating Expenditures	11,300	14,800	16,300
Equipment	9,900	-0-	11,600
All Other Operating Expenditures	36,600	48,400	77,800
TOTAL APPROPRIATIONS	138,500	150,800	208,700 ^{1/}

Agency Description — *The commission investigates and prosecutes complaints against state and local judges for judicial misconduct and criminal behavior. The commission is comprised of 11 members: 2 appellate court judges, 2 superior court judges, 1 justice of the peace, 1 municipal court judge, 2 attorneys and 3 public members.*

FTE Positions — The approved amount reflects an increase of 1 FTE position and \$34,000 for the addition of 1 secretary to meet the increasing workload demands.

Personal Services — The approved amount is based upon a 0% vacancy factor. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of the new position. The approved amount includes an additional \$3,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also reflects \$17,600 for the new secretary.

Employee Related Expenditures — The approved amount includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$4,800 for the new secretary.

The approved amount also includes a total of \$8,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an increase of \$25,000 for investigation and legal assistance needed as an outgrowth of the Supreme Court's expanded fiscal and administrative auditing of courts' systems throughout the state. With the adding of a full-time secretary, the approved amount also reflects a decrease of \$10,700 for the contracting of a part-time secretary.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

COMMISSION ON JUDICIAL CONDUCT (Cont'd)
GENERAL FUND

Travel — The approved amount includes an additional \$2,000 to cover the commission members' rising travel expenses due to increased meetings to address the growing number of inquiries and complaints.

Other Operating Expenditures — The approved amount reflects a \$1,500 increase for the rising postage and printing costs related to the commission's assistance to the Supreme Court's Judicial Ethics Advisory Committee. The Ethics Advisory Committee has increased its activities in advising and informing judges on ethical standards.

Equipment - The approved amount includes one-time equipment costs associated with the new secretary.

COMMISSIONS ON APPELLATE AND TRIAL COURT APPOINTMENTS

Arizona Constitution
Article VI Section 36

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Cawley

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
Other Operating Expenditures	3,500	10,000	10,000
TOTAL APPROPRIATIONS	3,500	10,000	10,000 ^{1/}

Agency Description — The Commissions on Appellate and Trial Court Appointments are the merit selection committees for the Superior Court in Maricopa and Pima counties, Court of Appeals and Supreme Court vacancy appointments. The committees recommend at least 3 individuals for each vacancy to the Governor, who makes the appointment.

Other Operating Expenditures — The approved amount represents operating expenses, primarily postage, printing, advertising and travel and per diem for committee members.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY

Executive Order 93-20

Michael R. Moreno, Director

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	5.0	5.0	5.0
Personal Services	139,100	150,000	155,300
Employee Related Expenditures	30,100	27,400	28,700
Professional and Outside Services	1,000	6,400	6,400
Travel - In State	700	2,000	1,600
Travel - Out of State	1,400	1,500	1,500
Other Operating Expenditures	19,200	41,700	41,900
Equipment	19,500	-0-	-0-
All Other Operating Expenditures	41,800	51,600	51,400
TOTAL APPROPRIATIONS	211,000	229,000	235,400 ^{1/}

Agency Description — *The agency monitors equal opportunity plans submitted annually by each state agency and assists agencies in equal employment opportunity training and evaluation. In 1993 the agency's name was changed by Executive Order 93-20 from the Governor's Office of Affirmative Action to the Governor's Office of Equal Opportunity.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$5,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$9,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$15,100 for rent of state-owned space.

ADDITIONAL LEGISLATION

Minority Business Development (Chapter 260, H.B. 2435) — Moves the minority and women-owned business development program from the Governor's Office of Equal Opportunity to the Department of Commerce.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

OFFICE OF THE GOVERNOR

A.R.S. § 41-101

The Honorable Fife Symington, Governor

JLBC Analyst: Morris

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
Lump Sum Appropriation	3,506,700	4,102,200	4,195,400 ^{1/2/}
Office for Excellence in Government	201,200 ^{3/}	1,846,400	1,427,800
TOTAL	3,707,900	5,948,600	5,623,200 ^{4/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Border Volunteer Corps; Appropriation, Ch. 141	--	--	174,000 ^{5/}
Study Committee; NAFTA; Appropriation, Ch. 193	--	--	100,000
TOTAL APPROPRIATIONS	3,707,900	5,948,600	5,897,200
<u>Fund Summary</u>			
General Fund	3,428,100	5,948,600 ^{6/}	5,897,200
Legislative, Executive & Judicial Public Buildings Land Earnings Fund	78,600 ^{7/}	-0-	-0-
SLIM Fund	201,200	-0-	-0-
TOTAL APPROPRIATIONS	3,707,900	5,948,600	5,897,200

Agency Description - The Governor is the state's Chief Executive Officer and responsible for the faithful execution of state laws. The Constitution provides that the Governor shall be the Commander-in-Chief of the state's military forces, except when they are called into federal service, and authorizes the Governor to grant reprieves, commutations and pardons, except in cases of treason and impeachment. The Office of the Governor includes the Office for Women's Services, the Office for Children, the Office for Drug Policy, and the Office for Excellence in Government. Each of these offices has been created by executive order. The Office of Sonora was established and placed in the Office of the Governor by a statute enacted in 1993.

- ^{1/} The lump sum appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)
- ^{2/} Included in the lump sum appropriations is \$10,000 for the Governor's Protocol Fund. (General Appropriation Act footnote.)
- ^{3/} In addition to the amounts shown, \$1,250,000 was appropriated in FY 1993 to the Governor's Office of Strategic Planning and Budgeting for the Statewide Long-term Improved (SLIM) project.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency with Special Line Items.
- ^{5/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.
- ^{6/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$700,000 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- ^{7/} There is a balance of \$315,443 available for expenditure from this FY 1992 non-lapsing appropriation of \$800,000.

(Continued)

OFFICE OF THE GOVERNOR (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Lump Sum Appropriation — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$85,700 for Personal Services and \$9,700 for Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$145,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes: a) a total of \$13,600 for the payment of Risk Management premiums, which reflects a reduction of \$2,200, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$252,400 for rent of state-owned space and \$35,500 for the Tucson State Office Building lease-purchase payment.

Office for Excellence in Government — The Governor created the Office for Excellence in Government (OEG) by Executive Order, as the successor to the Statewide Long-term Improved Management (SLIM) project. OEG is responsible for the Institute for Excellence in Government and for conducting programs to improve organizational effectiveness, administrative systems, operational methods, productivity and the quality of state services.

The FY 1995 approved amount is based upon the following items:

FTE Positions	17.0
Personal Services	\$ 830,500
Employee Related Expenditures	141,300
Professional and Outside Services	200,000
Travel - In State	10,000
Travel - Out of State	1,600
Other Operating Expenditures	236,900
Equipment	7,500
All Other Operating Expenditures	456,000
TOTAL	\$1,427,800

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$28,200 for Personal Services and \$3,300 for Employee Related Expenditures to fund the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$43,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL APPROPRIATIONS

Border Volunteer Corps; Appropriation, (Chapter 141 (H.B. 2493) — Requires the Arizona-Mexico Commission to implement a border volunteer project to address issues of health, education, public safety, and the environment as part of the North American Free Trade Agreement. The sum of \$174,000 is appropriated from the General Fund to the Governor for distribution to the Arizona-Mexico Commission to carry out the purposes of the act. The appropriation is exempt from lapsing and the commission is required to report the use of these monies annually. The reports are to be made to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

(Continued)

OFFICE OF THE GOVERNOR (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Study Committee; NAFTA; Appropriation (Chapter 193, H.B. 2190) — Establishes a 9-member, joint interim committee to study and develop the North American Free Trade Agreement data link system. The sum of \$100,000 is appropriated from the General Fund to the Office of the Governor for professional consulting services to support the work of the committee. The committee is required to report its findings the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 31, 1994. The statutory authority for the committee is repealed on December 31, 1995.

ADDITIONAL LEGISLATION

Office for Excellence; Fund (Chapter 152, S.B. 1075) — Establishes a new fund for monies collected and expended by the Governor's Office for Excellence in Government. The fund shall consist of payments by state agencies for training materials, institutional materials and other administrative or management services. In FY 1995, expenditures from this fund are limited to \$500,000. Beginning in FY 1996, the Office for Excellence is required to submit a budget estimate, and the Office for Excellence in Government Fund is subject to legislative appropriation. At the end of each fiscal year, all monies in the fund that are unexpended or unencumbered are to be returned to the state fund from which the monies came.

GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETINGExecutive Order
No. 90-22

Peter J. Burns, Budget Director

JLBC Analyst: Morris

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	23.0	24.0	24.0
Lump Sum Appropriation	1,148,200	1,372,600	1,460,000
Regulation Review Council	43,200	-0-	-0-
SLIM	3,345,000 ^{1/}	-0-	-0-
TOTAL APPROPRIATIONS	4,536,400	1,372,600	1,460,000 ^{2/}

Agency Description — *Advises the Governor in the preparation of the Executive budget and provides the Executive Branch a central resource for the compilation, analysis and investigation of state fiscal matters. Facilitates a strategic planning process and assists agencies in preparation and execution of their budgets.*

Lump Sum Appropriation — The approved amount is based on a 0% vacancy factor. The approved amount includes an additional \$35,400 for Personal Services and \$4,200 for Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$61,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes: a) a total of \$1,100 for the payment of Risk Management premiums, which reflects a reduction of \$200, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$65,200 for rent of state-owned space.

ADDITIONAL LEGISLATION

Governor; Budget Authority (Chapter 87, S.B. 1269) — Expands the Governor's authority to delegate certain budgetary powers to the Office of Strategic Planning and Budgeting. This change includes the delegation of the power to investigate budget units, including the Arizona Board of Regents.

^{1/} This appropriation is contained in Laws 1991, Chapter 287, the General Appropriation Act. Additional appropriations for the Statewide Long-Term Improved Management (SLIM) project, and its successor the Office for Excellence in Government, are shown in the Office of the Governor.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency.

LAW ENFORCEMENT MERIT SYSTEM COUNCIL

A.R.S. § 28-235

Jerry Spencer, Business Manager

JLBC Analyst: Thompson

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	1.0	1.0	1.0
Personal Services	25,800	27,800	28,800
Employee Related Expenditures	4,900	5,900	5,400
Professional and Outside Services	2,100	2,100	2,100
Travel - In State	700	2,500	2,500
Other Operating Expenditures	3,100	3,000	3,000
All Other Operating Expenditures	5,600	7,600	7,600
TOTAL APPROPRIATIONS	36,600	41,300	41,800 ^{1/}

Agency Description — *The Law Enforcement Merit System Council sets the standards and qualifications for all classified positions within the Department of Public Safety (DPS). The Council provides the rules for selection, appointment, retention, separation, dismissal and retirement of DPS employees. The Council also hears appeals in connection with suspension, demotion or dismissal of classified employees.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$400, as authorized by Section 79 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

LEGISLATURE - SUMMARY

Arizona Constitution
Article IV, Section 1

JLBC Analyst: Morris

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Senate	5,708,800	5,735,200 ^{1/}	5,865,600 ^{2/3/4/}
House of Representatives	7,130,100	7,131,000	7,668,400 ^{2/3/4/}
Auditor General	7,471,700	7,232,300	8,568,300
Joint Legislative Budget Committee	1,676,800	1,857,500	2,009,600
Legislative Council	2,194,800	2,549,000	3,078,700
Dept. of Library, Archives and Public Records	4,762,000	4,664,000	5,047,900
TOTAL APPROPRIATIONS	28,944,200	29,169,000	32,238,500
<u>Fund Summary</u>			
General Fund	28,944,200	29,169,000	32,158,500
Victims' Rights Implementation Revolving Fund	-0-	-0-	80,000
TOTAL APPROPRIATIONS	28,944,200	29,169,000	32,238,500

Department Description — *The legislative authority of the state is vested in the Legislature by the Constitution. The Legislature consists of a Senate and a House of Representatives elected by the voters of Arizona. In addition to the staff employed by each body of the Legislature, there are 4 state agencies that are established within the legislative branch and governed by statutorily created committees of the Legislature. They are: the Auditor General, the Joint Legislative Budget Committee, the Legislative Council, and the Department of Library, Archives and Public Records.*

Senate — The Senate is made up of 30 members elected from each of the legislative districts. The officers and employees of the Senate consist of the President of the Senate, a Secretary of the Senate, and other employees as the Senate directs.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$115,400 for Personal Services and \$15,700 for Employee Related Expenditures to fund the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

- ^{1/} In addition to the amount shown, there is a \$200,000 non-lapsing appropriation from the Legislative, Executive and Judicial Public Buildings Land Earnings Fund.
- ^{2/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency.
- ^{4/} Included in the lump sum appropriation is \$1,000 for purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)

(Continued)

LEGISLATURE - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount also includes a total of \$376,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a total of \$4,300 for the payment of Risk Management premiums, which reflects a reduction of \$700, as authorized by Section 79 of the General Appropriation Act.

House of Representatives — The House of Representatives is made up of 60 members, 2 of whom are elected from each of the legislative districts. The officers and employees of the House of Representatives consist of the Speaker of the House, a Chief Clerk of the House, and other employees as the House directs.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$152,900 for Personal Services and \$20,800 for Employee Related Expenditures to fund the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$480,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a total of \$8,100 for the payment of Risk Management premiums, which reflects a reduction of \$1,300, as authorized by Section 79 of the General Appropriation Act. An increase of \$7,500 was approved for the purchase and installation of an automated card access system for the House of Representatives' building. An additional increase of \$7,500 was provided for computerized bulletin board services.

LEGISLATURE - AUDITOR GENERAL

A.R.S. § 41-1279.01

Douglas R. Norton, Auditor General

JLBC Analyst: Morris

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	146.0 ^{1/}	149.0 ^{1/}	164.0
Personal Services	5,167,600	5,248,700	5,803,500
Employee Related Expenditures	940,000	980,200	1,117,600
Professional and Outside Services	183,800	185,200	287,000
Travel - In State	266,600	278,700	320,600
Travel - Out of State	6,300	10,600	20,000
Other Operating Expenditures	632,800	454,400	682,700
Equipment	274,600	74,500	256,900
All Other Operating Expenditures	1,364,100	1,003,400	1,567,200
TOTAL	7,471,700	7,232,300	8,488,300 ^{2/3/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Victim Compensation Fund Audits, Ch. 127	--	--	80,000
TOTAL APPROPRIATIONS	7,471,700	7,232,300	8,568,300
Fund Summary			
General Fund	7,471,700	7,232,300	8,488,300
Victims' Rights Implementation Revolving Fund	-0-	-0-	80,000
TOTAL APPROPRIATIONS	7,471,700	7,232,300	8,568,300

Agency Description — The Auditor General, a staff agency of the Legislative Department, provides an independent financial, performance, and compliance audit capability in support of legislative oversight and public accountability of funds administered by the state and certain local governments.

FTE Positions — The approved amount includes 15 additional FTE positions and \$226,500 for State Budget Reform (Laws 1993, Chapter 252). State Budget Reform expanded the Auditor General's performance audit responsibilities by adding the Department of Education, the Judiciary, the Universities, and AHCCCS to the performance audit cycle. These new positions will be funded for approximately 6 months in FY 1995 and will require annualized funding in FY 1996. The new positions include 12 Performance Auditors (4 Senior Auditors, 4 Auditor II's, and 4 Auditor I's), 1 Electronic Data Processing Auditor, 1 Audit Manager, and 1 support staff position.

^{1/} The FTE Positions are shown for comparative purposes only. These positions have not been reported in prior years.

^{2/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)

^{3/} Represents General Appropriation Act fund. Appropriated as a Lump Sum by Agency.

(Continued)

**LEGISLATURE - AUDITOR GENERAL
GENERAL FUND**

Personal Services — The approved amount is based upon a 2% vacancy factor and \$107,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$197,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. In addition, an increase of \$131,200 was included in the approved amount for salary market rate adjustments. The market rate adjustments will allow the Auditor General to increase the staff compensation plan in order to attract qualified employees and reduce staff turnover.

Employee Related Expenditures — The approved amount includes an additional \$23,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$427,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount allows an increase of \$69,600 for financial audit contracts and \$32,200 for other professional services to support the activities of the Performance Audit Section. With these increases, there will be a total of \$210,000 available for financial audits and \$65,000 available for performance audits from the General Fund appropriation. The remaining funds will allow \$10,000 for lecture fees and \$2,000 for outside secretarial services.

Travel - In State — The approved amount provides an increase of \$41,900. This increase allows an additional \$23,100 for employee's per diem, \$5,000 to fund the travel costs of the newly authorized employees, \$7,300 for increased transportation expenses and \$6,500 for lodging.

Travel - Out of State — The approved amount funds an increase of \$9,400. These additional funds will provide an increase of \$4,700 for public transportation, \$4,000 to pay additional lodging expenses, and \$700 for employee per diem.

Other Operating Expenditures — The approved amount includes: a) a total of \$5,000 for payment of Risk Management premiums, which reflects a reduction of \$800, as authorized by Section 79 of the General Appropriation Act, b) a total of \$198,200 for the Sun State Building lease-purchase payment, and c) \$30,500 for the Tucson State Office Building lease-purchase payment. The funding for the Sun State building lease-purchase payment reflects a reduction of \$400, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$126,800 for Operation and Maintenance (O&M) charges for the Sun State Building. The O&M charges will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

Other increases include \$35,500 to provide operating support for the employees added for State Budget Reform and \$21,500 for telecommunication charges. The additional telecommunication charges are the result of the agency's recent relocation of the Phoenix Office.

Equipment — The approved amount includes \$60,000 for the replacement of 30 laptop computers and \$8,100 for the replacement of 4 desktop computers. Funding of \$80,000 was included in the approved amount for the replacement of the main copy machine. Office furniture, fixtures, and other equipment in the amount of \$76,000 is provided to support State Budget Reform activities and the associated new staffing.

The approved amount includes \$19,000 to upgrade the size of vehicles leased from the Department of Administration's Motor Pool. This will allow the Auditor General to lease 3 minivans and acquire 2 mid-sized sedans as replacement vehicles. Funds in the amount of \$13,800 were also included for an additional minivan.

ADDITIONAL APPROPRIATIONS

Performance Audit: Victims Compensation Funds (Chapter 127, S.B.1289) — This act appropriates \$80,000 from the Victims' Rights Implementation Revolving Fund to the Auditor General. The appropriation is to pay for performance audits conducted by the Auditor General of the Victims Compensation and Victims-Rights programs in Maricopa, Pima, Coconino and Cochise Counties.

LEGISLATURE - JOINT LEGISLATIVE BUDGET COMMITTEE

A.R.S. § 41-1272

Ted A. Ferris, Director

JLBC Analyst: Morris

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	32.0 ^{1/}	34.0 ^{1/}	34.0
Personal Services	1,226,300	1,369,000	1,417,100
Employee Related Expenditures	217,900	250,000	271,600
Professional and Outside Services	72,700	69,500	159,500
Travel - In State	12,200	11,000	11,000
Travel - Out of State	11,500	11,800	11,800
Other Operating Expenditures	101,400	100,700	100,600
Equipment	34,800	45,500	38,000
All Other Operating Expenditures	232,600	238,500	320,900
TOTAL APPROPRIATIONS	1,676,800	1,857,500 ^{2/}	2,009,600 ^{3/4/}

Agency Description — *The Staff of the Joint Legislative Budget Committee, established by the Arizona Legislature, provides its members with analysis, forecasts, research and recommendations on state government finances and public policies.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$13,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$48,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$5,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$106,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} The FTE Positions are shown for comparative purposes only. These positions have not been reported in prior years.
^{2/} Includes \$90,000 appropriated by Laws 1993, Chapter 258.
^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency.
^{4/} This appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. (General Appropriation Act footnote.)

(Continued)

LEGISLATURE - JOINT LEGISLATIVE BUDGET COMMITTEE GENERAL FUND

Professional and Outside Services — The approved amount includes an increase of \$90,000 for the first-year cost to develop, design and install an income tax simulation and forecasting model. The new model is needed to improve the accuracy of both the Individual Income Tax and Corporate Income Tax revenue projections. Using the new model, the Legislature will have the capability to identify and simulate the incidence and financial impact of income tax policies proposed for the State of Arizona. The approved amount also includes funding for:

- Economic and Revenue Forecasting Services - \$60,000,
- Contract Data Processing - \$ 7,500, and
- Analytical and Other Services - \$ 2,000.

Other Operating Expenditures — The approved amount includes a total of \$1,000 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

Equipment — The approved amount includes funding for:

- Scheduled replacement of micro-computers and ancillary hardware - \$12,000,
- Replacement of the telephone system and associated equipment - \$10,000,
- The acquisition of enhanced spreadsheet and word processing software - \$8,000, and
- Office furniture, fixtures and equipment replacements - \$8,000.

ADDITIONAL LEGISLATION

Review of Adult Incarceration Contracts (Chapter 5, H.B. 2038) — Provides that the Joint Legislative Budget Committee (JLBC) shall review all requests for proposals, original contracts, contract renewals, price adjustments or other contract adjustments presented by the Department of Corrections for the incarceration of adults. The word "review" replaces "approve." The Attorney General has opined that legislative approval of the execution of laws after enactment, violates the separation of powers doctrine contained in the Arizona State Constitution (Arizona Attorney General Opinion, 187-107, September 15, 1987.)

RICO; Forfeitures (Chapter 219, H.B. 2595) — Requires the Director of the Joint Legislative Budget Committee to approve the reporting form for income and expenditures to the Anti-Racketeering Revolving Funds, as required by A.R.S. § 13-2314.01 and § 13-2314.03. That form is to be designed by the Arizona Criminal Justice Commission. For additional information concerning Chapter 219, see the Arizona Criminal Justice Commission.

JLBC; Non-Appropriated Funds (Chapter 366, S.B. 1253) — Requires the Staff of the Joint Legislative Budget Committee (JLBC) to report and recommend to the JLBC the elimination or consolidation of 10% of all federal or other non-appropriated state funds in existence each fiscal year. In addition, the report is to include a list of funds that can be converted from non-appropriated to appropriated status. This list must represent at least 5% of the estimated dollar amount of non-appropriated state funds.

This law also makes technical corrections relating to the reporting requirements for the constitutional expenditure limitation.

LEGISLATURE - LEGISLATIVE COUNCIL

A.R.S. § 41-1301

Mike Braun, Executive Director

JLBC Analyst: Morris

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	34.0 ^{1/}	33.0 ^{1/}	40.0 ^{2/}
Personal Services	1,185,600	1,312,500	1,650,400
Employee Related Expenditures	233,900	248,600	303,700
Professional and Outside Services	86,700	243,500	243,500
Travel - In State	1,300	8,500	8,500
Travel - Out of State	2,300	19,000	19,000
Other Operating Expenditures	563,500	425,300	446,300
Equipment	121,500	248,600	270,600
All Other Operating Expenditures	775,300	944,900	987,900
TOTAL	2,194,800	2,506,000	2,942,000 ^{3/4/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
State Claims to Streambeds; Ombudsman, Ch. 277	--	43,000 ^{5/}	136,700 ^{5/}
TOTAL APPROPRIATIONS	2,194,800	2,549,000	3,078,700

Agency Description — The Legislative Council, a staff agency of the Legislative Department, provides bill drafting and research services, continuing code revision and manages the operation and renovation of certain legislative buildings and grounds. The council is also responsible for the development, operation, and maintenance of the legislative computer system.

FTE Positions — The approved amount includes an additional 7 FTE positions (6 Attorney/Researchers and 1 Clerical) and \$393,000 to expand and enhance the bill drafting, research and others services provided by the staff of the Legislative Council.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$13,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$56,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

- ^{1/} The FTE Positions are shown for comparative purposes only. These positions have not been reported in prior years.
- ^{2/} Not included in the General Appropriation Act.
- ^{3/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)
- ^{4/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency.
- ^{5/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

(Continued)

**LEGISLATURE - LEGISLATIVE COUNCIL
GENERAL FUND**

Employee Related Expenditures — The approved amount includes an additional \$6,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$109,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$1,900 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act. An increase of \$22,000 was also approved to support the 7 new positions authorized.

Equipment — The approved amount includes an increase of \$22,000 for office furniture and other office equipment to required for the 7 new positions.

ADDITIONAL APPROPRIATIONS

State Claims to Streambeds; Ombudsman (Chapter 277, H.B. 2589) — This act establishes an ombudsman's office in the Legislative Council to represent the interests of private property owners in matters pertaining to state claims of streambeds. The ombudsman shall also receive complaints and inquiries from private property owners regarding constitutional takings. The approved amounts for FY 1994 and FY 1995 are based on the following items:

	<u>FY 1994</u>	<u>FY 1995</u>
OMBUDSMAN'S OFFICE		
FTE Positions	<u>2.0</u>	<u>2.0</u>
Personal Services	\$20,300	\$ 80,800
Employee Related Expenditures	4,100	16,200
Professional and Outside Services	6,200	25,000
Travel - In State	300	1,000
Travel - Out of State	-0-	500
Other Operating Expenditures	6,100	13,200
Equipment	<u>6,000</u>	<u>-0-</u>
All Other Operating Expenditures	<u>18,600</u>	<u>39,700</u>
TOTAL	<u><u>\$43,000</u></u>	<u><u>\$136,700</u></u>

The approved amounts include funding for 1 attorney and 1 legal secretary. The approved amount for FY 1994 provides 3 months funding for all items except start-up costs, which are included in Other Operating Expenditures and Equipment. The approved amount for FY 1995 represents full-year funding and is based upon a 0% vacancy factor. The approved amount for FY 1995 also includes a total of \$5,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Indian Dual Taxation Study Committee (Chapter 326, S.B. 1440) — Establishes a 16 member committee to study the effects of taxation of non-Indian property located on Indian reservations or in Indian country.

**LEGISLATURE - DEPARTMENT OF LIBRARY,
ARCHIVES AND PUBLIC RECORDS**

A.R.S. § 41-1331

Arlene Bansal, Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	112.5	109.1	119.1
Personal Services	2,218,700	2,386,800	2,695,800
Employee Related Expenditures	533,000	531,200	604,500
Professional and Outside Services	83,400	4,000	4,000
Travel - In State	6,600	13,800	13,800
Travel - Out of State	6,300	2,800	2,800
Other Operating Expenditures	803,300	813,600	878,000
Equipment	98,300	20,000	25,200
All Other Operating Expenditures	997,900	854,200	923,800
OPERATING SUBTOTAL	3,749,600	3,772,200	4,224,100
Acquisitions	380,000	330,000	330,000
Grants-in-Aid	482,000	502,200	433,800
Statewide Radio Reading Service for the Blind	60,000	60,000	60,000
Talking Book Program ^{1/}	90,400	-0-	-0-
TOTAL APPROPRIATIONS	4,762,000	4,664,400	5,047,900 ^{2/}

Agency Description — The department is the archival authority and the designated repository for historical records of state and local government, as well as a designated federal document repository. Other responsibilities include: the Library for the Blind and Physically Handicapped; coordination of statewide planning and development of library services; 2 museums on state government history and the people of Arizona; records management standards and storage; and a research library for state agencies, the Legislature, the Courts, the legal community and the general public.

FTE Positions — The approved amount includes an additional security guard FTE position and \$22,500, and 9 Law Library FTE positions and \$306,100. The department has been responsible for providing staff support for the Law Library in the Supreme Court Building. Funding for the 9 Law Library FTE positions and operations has been provided to the department through an intergovernmental agreement with the Supreme Court since FY 1991. In FY 1995, the 9 FTE positions and related expenses are transferred from the Courts' budget to the Library's budget.

^{1/} The FTE Positions total includes 3 FTE positions funded from the Talking Book Program Special Line Item in FY 1993. Funding for the Talking Book Program Line Item in FY 1994 was moved into the operating budget.

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

LEGISLATURE - DEPARTMENT OF LIBRARY, ARCHIVES AND PUBLIC RECORDS (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 2% vacancy factor and \$48,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount also includes an additional \$91,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$16,900 for the security guard position and \$200,600 for the 9 Law Library positions.

Employee Related Expenditures — The approved amount includes an additional \$11,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$4,400 for the security guard FTE position and \$45,600 for the 9 Law Library FTE positions.

The approved amount also includes a total of \$254,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$7,300 for the payment of Risk Management premiums, which reflects a reduction of \$1,200, as authorized by Section 79 of the General Appropriation Act, b) \$119,600 for the Library for the Blind lease-purchase payment, which is an increase of \$1,600, and c) \$200,900 for the Records Management Addition lease-purchase payment, which is an increase of \$2,700. The approved amount also includes an additional \$1,200 related to the security guard FTE position and \$59,900 related to the 9 Law Library FTE positions.

Equipment — The approved amount reflects an increase of \$5,200 for replacement equipment.

Acquisitions — The approved amount is to purchase necessary updates of publications and to acquire library materials.

Grants-in-Aid — The approved amount includes a decrease of \$68,400 from the FY 1994 estimated expenditures. This decrease satisfies the federal Library Services and Construction Act (LSCA) Title I maintenance-of-effort requirement. By meeting the maintenance-of-effort requirement, the state ensures receipt of approximately \$1.25 million of federal monies. Of these federal funds, \$550,000 will provide for the statewide Interlibrary Loan Program, State Reference Center Services, Youth Summer Reading Program, Librarian Continuing Education Program, and LSCA Administration. The remainder, \$700,000, is for competitive grants awarded to libraries throughout the state.

The state Grants-in-Aid monies are provided to county and municipal libraries for library development. In 1986, the Legislature passed legislation which allows for the creation of county-free library districts. These districts may tax to provide monies for necessary expenses of the county-free library district.

Statewide Radio Reading Service for the Blind — This appropriation provides for the statewide radio information service for the blind, visually impaired, and physically disabled.

Talking Book Program — The program serves persons throughout the state who are blind, visually impaired, and physically handicapped by providing books and magazines in braille, on phonodisc and audio cassette, and the machines to play them. The appropriation fulfills the requirement of Laws 1990, Chapter 59 which transferred the program out of the Department of Economic Security, Division of Employment and Rehabilitation Services, to the Department of Library, Archives and Public Records. The monies for the 3 FTE positions funded in this special line item were moved into the operating budget in FY 1994.

ARIZONA STATE LOTTERY COMMISSION

A.R.S. § 5-501

Ralph Decker, Executive Director

JLBC Analyst: Case

LOTTERY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	138.3	131.3	129.3
Personal Services	3,303,900	3,471,300	3,571,000
Employee Related Expenditures	768,500	778,800	921,900
Professional and Outside Services	137,700	140,600	120,600
Travel - In State	204,200	167,000	177,600
Travel - Out of State	9,800	13,000	13,000
Other Operating Expenditures	2,403,100	2,531,100	909,300
Equipment	-0-	439,600	175,100
All Other Operating Expenditures	2,754,800	3,291,300	1,395,600
OPERATING SUBTOTAL	6,827,200	7,541,400	5,888,500
Instant Tickets	1,415,400	1,609,300	1,985,500 ^{1/}
Advertising	9,555,300	10,218,800	12,660,000 ^{2/}
On-Line Vendor Fees	5,552,900	5,984,100	7,703,500 ^{3/}
Retailer Commissions	13,972,500	15,328,200	18,990,000 ^{4/}
Instant Ticket Barcode System	382,200	-0-	-0-
Multi-State Lottery Expenses	-0-	3,974,600 ^{5/}	-0-
Multi-State Lottery Operations	-0-	-0-	124,300
Telecommunications	-0-	-0-	1,789,300 ^{6/}
TOTAL APPROPRIATIONS	37,705,500	44,656,400	49,141,100 ^{7/8/9/10/}

- ^{1/} If instant ticket sales exceed \$68,000,000, amounts above \$1,985,500 may be expended at the rate of \$22.00 per 1000 tickets purchased. (General Appropriation Act footnote.)
- ^{2/} In addition to the amounts shown above, an amount equal to 4% of net Lottery game sales is appropriated for advertising in accordance with A.R.S. § 5-505, which states that not more than 4% of the annual gross revenue shall be expended for advertising. This amount is currently estimated to be \$12,660,000. (General Appropriation Act footnote.)
- ^{3/} In addition to the amounts shown above, an amount equal to 3.1% of net on-line Lottery game sales is appropriated for payment of on-line vendor fees, in accordance with the matrix of percentages set forth in contract. This amount is currently estimated to be \$7,703,500. (General Appropriation Act footnote.)
- ^{4/} In addition to the amounts shown above, an amount equal to 6% of net Lottery game sales is appropriated for payment of sales commissions to ticket retailers. This amount is currently estimated to be \$18,990,000. (General Appropriation Act footnote.)
- ^{5/} Laws 1994, Chapter 6, 8th Special Session (H.B. 2006) appropriated \$3,974,600 from the Lottery Fund for start-up costs associated with the multi-state lottery game, Powerball.
- ^{6/} If the number of on-line terminals exceeds 2,350, amounts above \$1,789,300 may be expended at the average rate of \$62.25 per additional terminal per month, up to the allowable terminals set forth in contract. (General Appropriation Act footnote.)

(Continued)

ARIZONA STATE LOTTERY COMMISSION (Cont'd)
LOTTERY FUND

Agency Description — *The Arizona Lottery is currently responsible for the administration of 4 state-sanctioned games of chance:*

- *the Lotto — players attempt to match 6 of 42 balls in a bi-weekly drawing for a minimum jackpot of \$1 million and lower tier prizes.*
- *Fantasy Five — players attempt to match 5 of 35 balls in a bi-weekly drawing for a jackpot of \$50,000 and lower tier prizes.*
- *Powerball — a multi-state game played in 16 states and the District of Columbia; players attempt to match 5 of 45 balls plus 1 of 45 balls in a bi-weekly drawing for a minimum jackpot of \$2 million and lower tier prizes.*
- *Instant Tickets — players attempt to win immediate cash and retail prizes of up to \$30,000.*

Lottery sales generate revenues for the Economic Development Commission, the Local Transportation Assistance Fund, the County Assistance Fund, the Heritage Fund, the General Fund and, most recently, the Local Transportation Assistance Fund - Mass Transit. A portion of the unclaimed prizes support the Court Appointed Special Advocate (CASA) program.

FTE Positions — The approved amount reflects the elimination of 2 FTE positions. Through the use of a barcode system, instant ticket validation will be automated, permitting the elimination of 2 Revenue Control Technicians I, grade 10. The positions will be eliminated at the beginning of the second quarter of FY 1995.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$70,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$121,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount reflects the elimination of 2 FTE positions and a reduction of \$22,600 (see discussion under FTE Positions).

Employee Related Expenditures — The approved amount includes an additional \$19,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$352,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The amount also includes a reduction of \$7,900 associated with the elimination of 2 FTE positions (see discussion under FTE Positions).

Professional and Outside Services — The approved amount includes \$9,300 for data processing, \$64,300 for accounting and auditing services, \$10,000 for legal services, \$17,000 for outside security services, and \$20,000 for other professional services. The appropriation also includes a reduction of \$20,000 for the one-time services of a communications consultant.

7/ Nothing in this subdivision is intended to require that all monies appropriated to the Arizona State Lottery Commission be expended. (General Appropriation Act footnote.)

8/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for Instant Tickets, Telecommunications, Multi-state Lottery Operations, Advertising, Retailer Commissions, and On-Line Vendor Fees shall require approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

9/ Represents General Appropriation Act funds. Appropriated as Lump Sum by Agency with Special Line Items for Multi-State Lottery Operations, Instant Tickets, and Telecommunications. The line items within the "Operating Subtotal" and the remaining special line items are shown for information only.

10/ Advertising, On-Line Vendor Fees, and Retailer Commissions are appropriated as a percentage of sales and, therefore, the amounts shown for those line items are estimates only.

(Continued)

ARIZONA STATE LOTTERY COMMISSION (Cont'd)
LOTTERY FUND

Travel - In State — The approved amount includes \$2,600 for public transportation, \$20,300 for non-public transportation, \$5,300 for lodging, and \$6,500 for per diem expenses. In addition, \$142,900 is included for the payment of fees to the Department of Administration for the extended dispatch of 27 sales vehicles.

Travel - Out of State — The approved amount includes funding for travel to the Lottery Directors' Annual Meeting, the North American Association of State and Provincial Lotteries Trade Show, and the Public Gaming Association Annual Meeting. The approved amount also includes funding for travel to 5 computer training seminars.

Other Operating Expenditures — The approved amount includes a total of \$18,300 for the payment of Risk Management premiums, which reflects a reduction of \$2,900, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes \$230,100 for data processing equipment rental, \$128,100 for data processing maintenance contracts, \$67,700 for rental of private space in Tucson, \$106,800 for operating supplies, \$63,600 for utilities, \$215,000 to lease instant ticket vending machines, and \$79,700 for other expenses. The \$215,000 for instant ticket vending machines will permit the Lottery to continue leasing 87 units located in supermarkets. The sum of \$1,789,300 for telecommunications was moved to the new Telecommunications Special Line Item.

Equipment — The approved amount funds the purchase of 17 sales vehicles to be maintained by the Department of Administration on extended dispatch. The purchase of the vehicles completes the replacement of all private sales vehicles with public vehicles.

Instant Tickets — The approved amount is based on the production of an estimated 90,250,000 tickets at \$22.00 per 1000 tickets. The approved amount accounts for tickets given away as prizes and those left unsold, and is therefore higher than the amount required for only the \$68,000,000 in projected sales.

Advertising — The approved amount is 4% of net Lottery game sales. The FY 1995 net sales are estimated at \$316,500,000. The approved amount of 4% is the maximum amount allowable under A.R.S. § 5-505.

On-Line Vendor Fees — The approved amount is based upon current contract rates that average 3.1% of sales. Lotto ticket sales are projected to be \$127,500,000, Powerball sales \$100,000,000, and Fantasy Five sales \$21,000,000, for a total FY 1995 on-line sales estimate of \$248,500,000. On-line vendor fees are paid to the vendor who operates these 3 games that use the on-line terminals ("green machines"), and are not paid on instant tickets.

Retailer Commissions — The appropriation is based upon 6% retailer commissions for sales of \$316,500,000. The Arizona Lottery pays retailer commissions on all games sold by private retailers.

Instant Ticket Barcode System — For FY 1993, the Legislature appropriated \$450,000 to the Arizona Lottery to purchase an instant ticket barcode system that would allow cross validation and enhanced security. Since the purchase of this system required only a one-time cost, funding for this line item was discontinued in FY 1994.

Multi-State Lottery Expenses — The approved amount includes \$3,927,400 to fund 2 Powerball prize guarantee funds, \$17,000 for computer upgrades, and \$30,200 for the partial FY 1994 Multi-State Lottery Association (MUSL) membership fee required to play Powerball. The amounts included for the prize guarantee and computer upgrades will not be required on an annual basis. The FY 1995 MUSL membership fee is reflected in the Multi-State Lottery Operations Special Line Item and will be required annually.

Multi-State Lottery Operations — The approved amount will fund the annual fee required to be a member of the Multi-State Lottery Association, which administers Powerball. The fee is based on Arizona's projected sales relative to that of all member states.

(Continued)

ARIZONA STATE LOTTERY COMMISSION (Cont'd)
LOTTERY FUND

Telecommunications — The approved amount funds all of the Lottery's telecommunications expenses, including those for the retailer terminal network. If the network is expanded, a General Appropriations Act footnote allows the Lottery to expend additional amounts at the rate of \$62.25 per terminal per month up to the allowable number of terminals set forth in contract.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Section 1(H) of the Capital Outlay Bill appropriates \$11,500 from the State Lottery Fund to the Arizona State Lottery Commission for Building Renewal. Section 2(F) appropriates \$67,600 from the State Lottery Fund to the commission for the repair of the lottery building's roof.

ADDITIONAL LEGISLATION

Lottery: Multistate Games: Revenue (Chapter 3, H.B. 2003, 6th Special Session) — The bill authorizes the commission to operate multi-state lottery games and changes the apportionment of Lottery revenue. The maximum percentage of Lottery revenue available for administrative costs is reduced from 20% to 18.5%; the minimum percentage of Lottery revenue transferred to the Lottery Fund is reduced from 32.5% to 31.5%; and the minimum percentage of Lottery revenue awarded as prizes is increased from 47.5% to 50%. With the authority to operate multi-state games, the commission joined the Multi-State Lottery Association and began the playing of Powerball on April 4, 1994.

Air Quality: Emissions Control: Vehicle Inspections: Alternative Fuels (Chapter 1, H.B. 2001, 6th Special Session) — The bill requires the deposit of up to \$18,000,000 from Powerball sales revenue to the Local Transportation Assistance Fund, primarily for public mass transportation. Deposits to the fund are contingent upon a minimum deposit of \$45,000,000 to the General Fund from the proceeds of all Lottery games.

OTHER ISSUES

Lottery Revenue Distribution — With the bills discussed above, FY 1995 Lottery revenue is projected to be distributed as follows:

After administrative costs (a maximum 18.5% of sales, by law) and prize payouts (a minimum 50% of sales, by law) have been deducted, the first \$50,650,000 of general ticket sales revenue and \$18,000,000 of Powerball ticket sales revenue are transferred to 4 funds as revenue. The remainder is then deposited into the General Fund. However, if the General Fund is not projected to receive a minimum of \$45,000,000, Powerball revenue shall be deposited to the General Fund until the minimum is met. The minimum percentage of a ticket sale price that must be utilized as revenue has been reduced from 32.5% to 31.5%. Historically the percentage of revenue, or "realization rate," has been 37% to 38% of total sales, due to administrative costs being held to about 15%. With the new legislation, the realization rate should fall to 34.5% to 35.5%. Thus, the JLBC Staff estimates that the "realized" revenue will be distributed as follows:

<u>Specified Statutory Distributions:</u>		
Local Transportation Assistance Fund (LTAF)	\$23,000,000	
County Assistance Fund (CAF)	7,650,000	
Heritage Fund (HF)	<u>20,000,000</u>	
SUBTOTAL	\$50,650,000	
LTAF - Mass Transit	\$13,408,000	^{1/}
General Fund	45,000,000	^{2/}
Economic Development Fund (EDF)	5,000,000	^{3/}
Court Appointed Special Advocate (CASA) Fund	<u>800,000</u>	^{4/}
TOTAL	<u>\$114,858,000</u>	

(Continued)

ARIZONA STATE LOTTERY COMMISSION (Cont'd)
LOTTERY FUND

- 1/ Once the General Fund is guaranteed \$45,000,000, the LTAF-Mass Transit receives Powerball revenues up to a maximum of \$18,000,000. For FY 1995, the JLBC Staff estimates that the LTAF-Mass Transit will receive \$13,408,000 in revenue.
- 2/ The General Fund receives all revenues in excess of the funds distributed to the LTAF, the CAF, the HF, the EDF, and the LTAF - Mass Transit. The amount represents the FY 1995 estimate only.
- 3/ The Economic Development Fund receives 100% of the revenues from 2 instant ticket games each year, and no revenue from any other game sales. The amount represents the FY 1995 estimate only.
- 4/ The CASA Fund receives 30% of unclaimed ticket prizes. NOTE: This revenue comes from the 50% intended for prizes, not from the realization rate. The amount represents the FY 1995 estimate only.

PERSONNEL BOARD

A.R.S. § 41-781

Judy Henkel, Executive Director

JLBC Analyst: Smith

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	3.0	3.0	3.0
Personal Services	69,100	72,900	75,400
Employee Related Expenditures	16,300	14,200	15,800
Professional and Outside Services	106,700	169,700	162,300
Travel - In State	1,900	2,000	2,000
Other Operating Expenditures	30,800	37,300	35,600
Equipment	6,100	3,400	4,000
All Other Operating Expenditures	145,500	212,400	203,900
TOTAL APPROPRIATIONS	230,900	299,500 ^{1/}	295,100 ^{2/}

Agency Description — *The Personnel Board hears grievances for state employees in the Department of Administration Personnel System who have been dismissed, demoted, or suspended.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a reduction of \$7,400, which removes from the base a one-time FY 1994 expenditure to resolve the board's backlog of cases carried over from the prior year. The approved amount continues funding for that portion of the FY 1994 supplemental appropriation intended to address the board's increased workload.

All Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, b) a total of \$15,400 for rent of state-owned space, and c) a total of \$2,400 for noncapitalized equipment.

Equipment — The approved amount includes \$4,000 for a facsimile machine and audio equipment.

^{1/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session provided a supplemental appropriation of \$69,700 to address the board's increased workload and backlog of cases.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

ARIZONA STATE RETIREMENT SYSTEM

A.R.S. § 38-741

LeRoy Gilbertson, Director

JLBC Analyst: Child

STATE RETIREMENT SYSTEM ADMINISTRATION ACCOUNT	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	87.0	89.0	89.0
Personal Services	1,991,200	2,182,000	2,319,100
Employee Related Expenditures	546,600	480,900	524,700
Professional and Outside Services	110,400 ^{1/}	108,200	108,200
Travel - State	13,100	10,000	10,000
Travel - Out of State	9,100	6,800	6,800
Other Operating Expenditures	452,400	436,400	451,800
Equipment	100,200	17,000	30,600
All Other Operating Expenditures	685,200	578,400	607,400
OPERATING SUBTOTAL	3,223,000	3,241,300	3,451,200
Automated Facilities Development	774,100	-0-	-0- ^{2/}
Attorney General IGA	35,000 ^{1/}	-0-	-0-
TOTAL APPROPRIATIONS	4,032,100	3,241,300	3,451,200 ^{3/}

Agency Description — The State Retirement System provides retirement, health, disability, and survivors's benefits to employees of Arizona school districts and state, county, and local governments. As of June 30, 1993, State Retirement System membership included approximately 145,000 active employees, 41,000 retired members, and nearly \$11 billion in assets.

FTE Positions — The approved amount includes the extension of 1 Data Processing Programmer position through June 30, 1995. This temporary position was originally authorized for FY 1993 and was to expire June 30, 1994.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$33,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$78,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, a total of \$22,500 to facilitate position upgrades associated with agency restructuring, and the transfer of \$4,200 from Other Operating Expenditures for the State Retirement System Board per diem.

^{1/} \$29,000 in legal expenses included in Professional and Outside Services and the \$35,000 expended from the Attorney General IGA Special Line are the same expenditures shown in the FY 1995 Non-Appropriated Funds book under Legal Counsel.

^{2/} The agency shall submit to the Joint Legislative Budget Committee by August 1, 1994, a plan for any future expenditures from the Automated Facilities Development Special Line Item. (General Appropriation Act footnote.)

^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

ARIZONA STATE RETIREMENT SYSTEM (Cont'd)
STATE RETIREMENT SYSTEM ADMINISTRATION ACCOUNT

Employee Related Expenditures — The approved amount includes an additional \$10,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a total of \$2,900 to facilitate position upgrades associated with agency restructuring.

The approved amount also includes a total of \$225,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$2,800 for the payment of Risk Management premiums, which reflects a reduction of \$400, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes a total of \$22,000 for a reallocation of telephone expenses from non-appropriated to appropriated monies.

Equipment — The approved amount includes a total of \$2,000 for accounting software, \$15,000 for a Local Area Network (LAN), \$8,000 for replacement computers, and \$5,600 for replacement printers.

ADDITIONAL LEGISLATION

Investment Advisory Council (Chapter 101, S.B. 1121) — Broadens the qualifications for appointees to the Investment Advisory Council (IAC) and deletes the "substantial experience in making investments" requirement; provides for 2 "swing" members of the Arizona State Retirement System (ASRS) Board to also serve on the IAC; replaces the "prudent man" rule with a "prudent expert" rule as the standard required by ASRS's investment managers.

Retirement; Military Service Credits; Contributions (Chapter 207, H.B. 2042) — Allows members of ASRS, the Public Safety Personnel Retirement System (PSPRS), the Corrections Officers Retirement Plan (CORP), and the Elected Officials' Retirement Plan (EORP), who are members of the Arizona National Guard or the United States Military Reserves, to receive credited service for active military duty as part of a presidential call-up. Employers will be required to pay employer and employee retirement contributions for up to 48 months. Also provides that certain active members of the State Retirement Plan who were eligible to redeem service credits under Laws 1982, Chapter 222, but failed to, may do so until December 31, 1994 by paying the employer and employee contributions and applicable interest. The Speaker of the House and President of the Senate may elect to pay the employer contributions on behalf of these individuals.

In addition, the bill 1) defines "average yearly salary" from which retirement benefits are calculated for members of EORP as the average salary of any 3 consecutive years within the last 10 years which yields the highest average; 2) increases the retiree health insurance subsidy by \$22.50 for dependents or retired members of PSPRS; and 3) increases the "salary multiplier" used to determine pension benefits for members of CORP from 2% to 2.2% of the member's average monthly salary, which is then multiplied by the member's years of credited service up to a maximum of 37½ years. As a result, employee and employer contributions to CORP should each increase in FY 1996 by 116 basis points (each basis point equals 1/100 of 1%), causing an increase in General Fund retirement contributions of approximately \$1,554,400. Additionally, employee and employer contributions to PSPRS should each increase in FY 1996 by 35 basis points, causing an increase in General Fund retirement contributions of approximately \$17,700.

ASRS; Omnibus Revisions (Chapter 356, S.B. 1042) — Makes numerous changes to ASRS, PSPRS, CORP, and EORP statutes, including: 1) amends ASRS and Department of Administration insurance statutes to require that nonmedicare eligible retirees residing in Arizona be offered the option of enrolling in a qualified health maintenance organization (HMO) at the same premium they would pay if they lived within the HMO's boundaries, under certain restrictions; 2) directs the State Retirement System Board to designate a hearing officer to conduct hearings requested by persons dissatisfied with determinations made by the Board; 3) allows ASRS to expend non-appropriated monies from the Administration Account for the cost of continuing education programs for the Board and the IAC and for all actuarial services rather than just the cost of the actuarial valuation; 4) changes the amortization period used to determine ASRS's annual valuation of the retirement plan from a fixed to a rolling 30-year period by extending the present valuation period every year by 2 years;

(Continued)

ARIZONA STATE RETIREMENT SYSTEM (Cont'd)
STATE RETIREMENT SYSTEM ADMINISTRATION ACCOUNT

5) allows an ASRS retiree, who upon retirement chose the joint and survivor retirement option, to name a different contingent annuitant at any time by notice in writing to the Board or to rescind the election and thereafter receive a straight life annuity and become eligible for a retirement income equal to what the participant would have received if the participant had not elected the joint and survivor annuity option originally. The participant no longer needs to show evidence of good health and the date restrictions have been eliminated; 6) allows professors and instructors at community colleges or universities who are members of ASRS to purchase up to 5 years of credited service for certain out-of-state service; 7) requires that ASRS's health insurance premium benefit program be accounted for separately from other benefits and that the cost of the program be attributed only to the employer's portion of the contributions; 8) authorizes a buy-back window until December 31, 1994, whereby members of ASRS may purchase up to 1 year of credited service for periods of leave of absence by paying the employer and employee contributions plus interest into the Retirement Fund; 9) makes conforming changes to current practice and federal law. As a result, ASRS employee and employer contributions should increase in FY 1996 by 9 basis points, causing an increase in General Fund retirement contributions of approximately \$1,845,000.

State Retirement; Annual Permanent Benefit (Chapter 357, S.B. 1058) — Provides an "excess earnings" cost of living adjustment (COLA) effective July 1 of each year for ASRS retirees. The adjustment is limited to ½ of the increase in the "All Items" component for the previous calendar year of the Consumer Price Index for all urban consumers. In order for a COLA to be granted, the yield on Plan assets must be greater than 9% on those accounts associated with eligible individuals. The aggregate COLA is capped at 3% per year, but any excess earnings over 3% are available for benefit increases in subsequent years when the cap is not met. Participants receiving ASRS long-term disability (LTD) benefits before June 30, 1995 are eligible for the benefit increase. The COLA has an automatic repeal date of June 30, 2000.

In addition, a minimum monthly retirement benefit of \$600 is authorized for members and beneficiaries of ASRS with 20 or more years of credited service who are at least 75 years old. The resulting increase in employee and employer contributions to ASRS due to the "excess earnings" COLA cannot be determined. The minimum benefit provision should cause an increase in ASRS employee and employer contributions in FY 1996 of 1 basis point, resulting in an increase in General Fund retirement contributions of approximately \$205,000.

DEPARTMENT OF REVENUE - SUMMARY

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Director's Office	604,900	778,500	792,000
Administrative Services	9,493,100	9,487,200	9,550,600
Property Valuation & Equalization	3,070,300	3,162,000	3,269,500
Special Support	1,733,500	1,742,100	1,808,200
Tax Enforcement	17,241,100	18,836,500	17,951,100
Taxpayer Support	3,688,500	3,813,700	3,857,800
Data Management	10,569,000	11,218,300	11,487,800
TOTAL APPROPRIATIONS	46,400,400	49,038,300	48,717,000
<u>Expenditure Detail</u>			
FTE Positions	1,236.0	1,236.0	1,232.0
Personal Services	26,659,600	27,731,400	28,603,800
Employee Related Expenditures	6,710,300	6,361,300	6,789,000
Professional and Outside Services	1,896,400	2,089,700	2,089,700
Travel - In State	381,000	436,600	436,600
Travel - Out of State	463,200	492,700	492,700
Other Operating Expenditures	9,374,900	10,376,600	10,305,200
Equipment	915,000	-0-	-0-
All Other Operating Expenditures	13,030,500	13,395,600	13,324,200
OPERATING SUBTOTAL	46,400,400	47,488,300	48,717,000
Special Line Items ^{1/}	-0-	1,550,000	-0-
TOTAL APPROPRIATIONS	46,400,400	49,038,300	48,717,000 ^{2/}

Agency Description — *The Department of Revenue administers and enforces the collection of personal and corporate income, sales, withholding, luxury and estate taxes. The department administers state property tax laws through the 15 county assessors. The department does not collect transportation related fees and taxes, nor the insurance premium tax. The department is organized along functional lines.*

^{1/} Details for Special Line Items are included on the individual program pages.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

DEPARTMENT OF REVENUE - SUMMARY (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 4.6% vacancy factor and \$1,347,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$971,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes a reduction of \$65,200 due to the reduction of 4 FTE positions in Taxpayer Support.

Employee Related Expenditures — The approved amount includes an additional \$124,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$3,114,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a reduction of \$19,100 due to the reduction of 4 FTE positions in Taxpayer Support.

Other Operating Expenditures — The approved amount includes a total of \$122,500 for the payment of Risk Management premiums, which reflects a total decrease of \$49,700 and includes a reduction of \$19,800, as authorized by Section 79 of the General Appropriation Act. The approved amount includes a decrease of \$21,700 due to the reduction of 4 FTE positions in Taxpayer Support.

ADDITIONAL LEGISLATION

Taxpayers' Bill of Rights; Ombudsman (Chapter 375, S.B. 1489, 2nd Regular Session) — Among other provisions, provides that, if the Department of Revenue's position in certain administrative hearings was not substantially justified, a taxpayer who prevails as to the most significant issue(s) may be reimbursed for reasonable fees and other costs incurred after December 31, 1994. Taxpayers' approved claims are to be paid by the Department of Revenue from appropriated monies, or in the absence of such payment by the Department of Administration, Risk Management Division.

DEPARTMENT OF REVENUE - DIRECTOR'S OFFICE

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	8.0	11.0	11.0
Personal Services	398,200	525,200	543,700
Employee Related Expenditures	68,800	101,500	96,500
Professional and Outside Services	114,200	125,000	125,000
Travel - In State	2,800	1,600	1,600
Travel - Out of State	2,500	5,000	5,000
Other Operating Expenditures	18,400	20,200	20,200
All Other Operating Expenditures	137,900	151,800	151,800
TOTAL APPROPRIATIONS	604,900	778,500	792,000 ^{1/}

Program Description — *The Director's Office provides executive management to the department and serves as a liaison to the Legislature and the media.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$18,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$2,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$29,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - ADMINISTRATIVE SERVICES

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	106.0	101.0	101.0
Personal Services	2,265,300	2,210,100	2,287,600
Employee Related Expenditures	568,700	521,100	556,700
Professional and Outside Services	167,500	202,000	202,000
Travel - In State	21,400	22,500	22,500
Travel - Out of State	300	3,700	3,700
Other Operating Expenditures	6,430,100	6,527,800	6,478,100
Equipment	39,800	-0-	-0-
All Other Operating Expenditures	6,659,100	6,756,000	6,706,300
TOTAL APPROPRIATIONS	9,493,100	9,487,200	9,550,600 ^{1/}

Program Description — *Administrative Services: a) provides internal operations support of the department's programs including records management, purchasing, training and the comptroller's office; b) administers the luxury tax, flight property tax, private car and estate tax program; c) provides for locator services for unclaimed and escheated property owners; and d) addresses taxpayer disputes through a formal department appeals office.*

Personal Services — The approved amount is based upon a 2% vacancy factor and \$45,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$77,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$10,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$262,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$122,500 for the payment of Risk Management premiums, which reflects a total decrease of \$49,700 and includes a reduction of \$19,800, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$203,700 for rent of state-owned space and \$1,212,900 for the Revenue Building lease-purchase payment.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

**DEPARTMENT OF REVENUE - PROPERTY VALUATION
AND EQUALIZATION**

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	78.0	77.0	77.0
Personal Services	2,044,500	2,185,100	2,261,900
Employee Related Expenditures	505,000	457,600	488,300
Professional and Outside Services	355,300	355,500	355,500
Travel - In State	82,000	90,500	90,500
Travel - Out of State	8,900	10,000	10,000
Other Operating Expenditures	64,500	63,300	63,300
Equipment	10,100	-0-	-0-
All Other Operating Expenditures	520,800	519,300	519,300
TOTAL APPROPRIATIONS	3,070,300	3,162,000	3,269,500 ^{1/}

Program Description — Property Valuation: a) appraises all centrally valued property, including producing mines, communication, pipeline, and utility companies, and railroads; b) administers state property tax laws through the 15 county assessors; c) prepares appraisal manuals and guidelines for use by the county assessors and taxpayers; d) administers training and certification of county assessors and the department's appraisers; and e) monitors assessment performance of county assessors. Property Valuation and Equalization has intergovernmental agreements with 11 counties to provide the data processing services necessary to maintain and produce their property tax assessment and tax rolls.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$67,600 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$76,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$9,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$198,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

DEPARTMENT OF REVENUE - PROPERTY VALUATION AND EQUALIZATION (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

Building Permits: Tax Database (Chapter 347, H.B. 2362, 2nd Regular Session) — Requires the Department of Revenue to develop a central electronic database of building permit information and appropriates \$360,000 from the state General Fund for FY 1995-1996 to the department for this purpose.

Taxing Possessory Interests: Classification (Chapter 293, S.B. 1101, 2nd Regular Session) — Allows the Department of Revenue to assist county assessors in establishing property values for property tax purposes during FY 1994 and FY 1995. The assistance depends on several factors, including county size, determination by the Director of the Department of Revenue, and a decision by the Arizona Health Care Cost Containment System (AHCCCS) on whether to waive the counties' final monthly FY 1994 Long-Term Care payment. For Maricopa County the Department of Revenue shall provide assistance equal to at least 20 FTE positions for 1 year, unless some other amount is agreed to by the Director of the Department of Revenue and the Chairman of the Maricopa County Board of Supervisors. For other counties the Director of the Department of Revenue shall determine the assistance.

If AHCCCS determines before June 4, 1994, to reduce Long-Term Care payments by counties for FY 1994 by more than \$2,000,000, then the level of assistance for Maricopa County shall be determined by the Director of the Department of Revenue. If AHCCCS determines after June 4, 1994, but before January 1, 1995, to either reduce remaining Long-Term Care payments for FY 1994 by more than \$2,000,000, or to refund more than \$2,000,000 to the counties from the Arizona Long Term Care System Fund, then Maricopa County shall reimburse the state General Fund for the costs of the assistance provided and the amount of the reimbursement is appropriated to the Department of Revenue for FY 1995. If AHCCCS does not reduce the payments by January 1, 1995, then the state General Fund and the Department of Revenue would not be reimbursed by Maricopa County for the costs of the assistance.

DEPARTMENT OF REVENUE - SPECIAL SUPPORT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	47.0	46.0	46.0
Personal Services	1,357,200	1,387,300	1,436,000
Employee Related Expenditures	305,300	287,900	305,300
Professional and Outside Services	4,800	7,000	7,000
Travel - In State	11,400	13,000	13,000
Travel - Out of State	5,400	6,000	6,000
Other Operating Expenditures	36,600	40,900	40,900
Equipment	12,800	-0-	-0-
All Other Operating Expenditures	71,000	66,900	66,900
TOTAL APPROPRIATIONS	1,733,500	1,742,100	1,808,200 ^{1/}

Program Description — *Special Support: a) researches and writes rules, policies and opinions relating to department statutes and procedures; b) provides ombudsman services for taxpayers; c) provides affirmative action and personnel services; d) administers the internal audit of department procedures and controls and oversees criminal investigations; e) forecasts and analyzes state tax revenues and determines the fiscal impact of proposed legislation on state tax revenues; and f) provides internal operation support to the department's programs through a management analysis function.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$14,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$48,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$6,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$120,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - TAX ENFORCEMENT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	597.0	593.0	593.0
Personal Services	12,784,200	13,023,600	13,453,000
Employee Related Expenditures	3,201,600	2,986,300	3,221,500
Professional and Outside Services	33,900	138,000	138,000
Travel - In State	232,900	275,000	275,000
Travel - Out of State	444,100	463,500	463,500
Other Operating Expenditures	396,400	400,100	400,100
Equipment	148,000	-0-	-0-
All Other Operating Expenditures	1,255,300	1,276,600	1,276,600
OPERATING SUBTOTAL	17,241,100	17,286,500	17,951,100
Federal Retiree Program	-0-	1,550,000 ^{1/}	-0-
TOTAL APPROPRIATIONS	17,241,100	18,836,500	17,951,100 ^{2/}

Program Description — Tax Enforcement is responsible for the department's tax compliance program consisting of sales, corporate and personal income taxpayer audits. The program oversees the city sales tax audit and collection program. It collects delinquent accounts listed on the automated collection system and non-sufficient funds checks returned by the Treasurer's Office. This includes the filing of liens and levies, phone collections, skip tracing and field collection efforts.

Personal Services — The approved amount is based upon a 5.2% vacancy factor and \$712,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$456,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$58,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,491,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$1,550,000 for costs incurred by the department due to administering the Federal Retiree Income Tax Refund program, which covers approximately 45,000 federal retirees. See the General Fund Revenue section of this report for further information on this program.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - TAXPAYER SUPPORT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	151.0	149.0	145.0
Personal Services	2,727,900	2,854,900	2,887,600
Employee Related Expenditures	743,200	714,900	748,000
Professional and Outside Services	98,700	110,000	110,000
Travel - In State	30,000	29,500	29,500
Travel - Out of State	900	3,000	3,000
Other Operating Expenditures	77,400	101,400	79,700
Equipment	10,400	-0-	-0-
All Other Operating Expenditures	217,400	243,900	222,200
TOTAL APPROPRIATIONS	3,688,500	3,813,700	3,857,800 ^{1/}

Program Description — Taxpayer Support: a) provides general information concerning business and individual income taxes administered by the department; b) resolves taxpayer account problems, billing inquiries and disputes; c) processes license applications for sales tax, use tax, tobacco, cannabis and controlled substances, and employer withholding tax; d) performs compliance activities to identify and license previously unlicensed businesses; and e) assists the public through dissemination of general license information, distribution of tax forms and cashiering services.

FTE Positions — The approved number of FTE positions was reduced by 4 due to the completion of database purification for sales and withholding accounts.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$58,300 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$98,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes a reduction of \$65,200 due to the reduction of 4 FTE positions.

Employee Related Expenditures — The approved amount includes an additional \$12,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$376,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a reduction of \$19,100 due to the reduction of 4 FTE positions.

Other Operating Expenditures — The approved amount includes a reduction of \$21,700 due to the reduction of 4 FTE positions.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - DATA MANAGEMENT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	249.0	259.0	259.0
Personal Services	5,082,300	5,545,200	5,734,000
Employee Related Expenditures	1,317,700	1,292,000	1,372,700
Professional and Outside Services	1,122,000	1,152,200	1,152,200
Travel - In State	500	4,500	4,500
Travel - Out of State	1,100	1,500	1,500
Other Operating Expenditures	2,351,500	3,222,900	3,222,900
Equipment	693,900	-0-	-0-
All Other Operating Expenditures	4,169,000	4,381,100	4,381,100
TOTAL APPROPRIATIONS	10,569,000	11,218,300	11,487,800 ^{1/}

Program Description — *Data Management is responsible for a major data processing center that provides for programming, computer operations and support for all department tax systems including personal and corporate income, sales, withholding and property taxes.*

Personal Services — The approved amount is based upon a 7.5% vacancy factor and \$449,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$194,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$25,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$635,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

National Voter Registration Act (Chapter 378, S.B. 1206, 2nd Regular Session) — Requires the Department of Revenue in cooperation with the Secretary of State to mail voter registration forms, in each general election year after December 31, 1994, to individual income taxpayers who have not registered to vote. The department is required to prepare a report on the efficacy of this program, which is due to the Governor, the President of the Senate and the Speaker of the House of Representatives by December 1, 1996.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

DEPARTMENT OF STATE - SECRETARY OF STATE

A.R.S. § 41-121

The Honorable Richard D. Mahoney, Secretary of State

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	34.0	34.0	34.0
Personal Services	624,400	669,700	691,500
Employee Related Expenditures	167,600	147,900	162,900
Professional and Outside Services	30,500	32,000	31,000
Travel - In State	600	-0-	-0-
Other Operating Expenditures	426,900	457,300	441,000
All Other Operating Expenditures	458,000	489,300	472,000
OPERATING SUBTOTAL	1,250,000	1,306,900	1,326,400
Rules-Publications Division	188,700	199,200	190,500
Elections	1,452,500	82,000	1,767,100 ^{2/}
Proposition 200	159,600	163,200	170,900
TOTAL	3,050,800	1,751,300	3,454,900 ^{3/4/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Administrative Procedure; Rule Making, Ch. 363	-0-	-0-	287,000
TOTAL APPROPRIATIONS	3,050,800	1,751,300	3,741,900

Agency Description — *The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for filings and recordings under the Uniform Commercial Code (U.C.C.); for statewide election coordination; for required filings from legislators, state officials, judges, candidates for office, campaign committees, and lobbyists; for training county elections officials; for implementing the requirements of Proposition 200 regarding campaign contributions; for filings of administrative rules, intergovernmental agency agreements, and official executive orders/proclamations; for registering trade names, trademarks and limited partnerships; for appointing notaries public; and for certifying certain telemarketing and charitable solicitation organizations.*

- 1/ The FTE Positions total includes 5 FTE positions funded from the Proposition 200 Special Line Item in FY 1993 through FY 1995.
- 2/ If the campaign finance forms required by the Secretary of State's Office are not computerized by June 30, 1995, \$250,000 of the Elections Line Item shall revert to the state General Fund. (General Appropriation Act footnote.)
- 3/ Of the \$3,454,900 total appropriation, the sum of \$41.22 is to be used solely for the mailing of legislative resolutions. All resolutions shall be transmitted by certified mail with return receipt and a copy of that receipt shall be transmitted to the Speaker of the House of Representatives and the President of the Senate. (General Appropriation Act footnote, as adjusted for the general salary adjustment and the Risk Management reduction.)
- 4/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum with Special Line Items by Agency. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF STATE - SECRETARY OF STATE (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 1% vacancy factor and \$6,800 in vacancy savings. The approved amount includes an additional \$21,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$2,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$72,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a decrease of \$1,000 for press clipping services.

Other Operating Expenditures — The approved amount includes: a) a total of \$6,400 for the payment of Risk Management premiums, which reflects a total increase of \$3,500, including a reduction of \$1,100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$120,000 for the rent of state-owned space, which reflects a reduction of \$6,000.

The approved amount also includes a reduction of \$13,800 to reflect a change in the lease-purchase payment amounts for a microfiche reader.

Rules — The approved amount includes: a) a decrease of \$4,500 for a maintenance contract and b) a decrease of \$4,200 to reflect a change in the lease-purchase payment amounts for a document publisher.

Elections — The approved amount provides funding for expenses incurred during an election year. The amount includes increases of \$110,000 in Personal Services and \$14,400 in Employee Related Expenditures for overtime and temporary personnel, \$1,284,900 in Professional and Outside Services (including \$1,253,900 to reimburse the counties for the cost of printing and mailing approximately 1,284,000 sample primary election ballots and approximately 1,489,800 sample general election ballots and \$5,000 to computerize campaign finance forms), \$600 for Travel - In State, and \$275,200 in Other Operating Expenditures (including \$216,000 to cover the cost of printing publicity pamphlets for ballot proposals referred to the voters.)

Proposition 200 — The appropriation provides for the personnel costs of administering the requirements of the campaign finance laws. The approved amount is based upon a 0% vacancy factor and includes \$135,400 in Personal Services and \$30,100 in Employee Related Expenditures for 5 FTE positions.

The approved amount includes an additional \$5,400 (Personal Services, \$4,800; Employee Related Expenditures, \$600) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$12,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL APPROPRIATIONS

Administrative Procedure; Rule Making (Chapter 363, S.B. 1236) — Appropriates \$287,000 in FY 1995 to the Secretary of State to publish a full-text Arizona Administrative Register and to expand the text of the Administrative Code. The bill also changes the rule-making process and transfers some rule review duties from the Office of the Attorney General to the Department of Administration.

ADDITIONAL LEGISLATION

National Voter Registration Act (Chapter 378, S.B. 1206) — Requires offices that provide public assistance, serve the handicapped, or recruit for the armed forces to help register voters. The legislation changes the voter registration form content, state and county reporting requirements, and voter verification procedures in order to comply with the provisions of the National Voter Registration Act of 1993. The legislation also requires the Department of Revenue to mail voter registration forms to unregistered voters in election years, starting in 1996.

STATE BOARD OF TAX APPEALS - SUMMARY

A.R.S. § 42-171

Donald Joseph, Chairman - Division I
 Stephen P. Linzer, Chairman - Division II

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
BOTA - Division I	424,000	485,700	496,600
BOTA - Division II	190,200	198,300	248,700
TOTAL APPROPRIATIONS	614,200	684,000	745,300
FTE Positions	9.5	9.5	10.5
Personal Services	383,000	449,300	494,500
Employee Related Expenditures	64,200	68,000	80,800
Professional and Outside Services	15,200	17,000	17,000
Travel - In State	26,000	32,100	32,100
Travel - Out of State	4,900	3,200	3,200
Other Operating Expenditures	104,100	114,400	114,700
Equipment	16,800	-0-	3,000
All Other Operating Expenditures	167,000	166,700	170,000
TOTAL APPROPRIATIONS	614,200	684,000	745,300 ^{1/}

Agency Description — *The Board of Tax Appeals is comprised of 2 boards, Division I and Division II. Division I provides an independent appeals process for taxpayers, county assessors, and the Department of Revenue in disputes relating to the valuation and classification of property. Division II provides an independent appeals process for taxpayers with disputes relating to income, sales, and use tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.*

FTE Positions — The approved amount includes an additional hearing officer FTE position and \$40,700 for Division II to assist with the case resolution backlog.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$11,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a total of \$33,700 for Division II to hire an additional hearing officer to assist with the case resolution backlog.

Employee Related Expenditures — The approved amount includes an additional \$1,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a total of \$7,000 for Division II to hire an additional hearing officer to assist with the case resolution backlog.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

STATE BOARD OF TAX APPEALS - SUMMARY (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$36,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures — The approved amount includes: a) a total of \$1,300 for the payment of Risk Management premiums, which reflects a reduction of \$200, as authorized by Section 79 of the General Appropriation Act, b) a total of \$68,800 for the Supreme Court Building lease-purchase payment, and c) a total of \$1,000 for the use of state-owned storage space.

Equipment — The approved amount includes a total of \$3,000 for Division I for a replacement computer and upgraded software.

STATE BOARD OF TAX APPEALS - DIVISION I

A.R.S. § 42-171

Donald Joseph, Chairman

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	6.5	6.5	6.5
Personal Services	247,000	307,700	314,100
Employee Related Expenditures	49,500	46,700	48,000
Professional and Outside Services	15,200	17,000	17,000
Travel - In State	24,700	30,800	30,800
Travel - Out of State	2,800	2,300	2,300
Other Operating Expenditures	73,200	81,200	81,400
Equipment	11,600	-0-	3,000
All Other Operating Expenditures	127,500	131,300	134,500
TOTAL APPROPRIATIONS	424,000	485,700	496,600 ^{1/}

Program Description — *Division I provides an independent appeals process for taxpayers, county assessors, and the Department of Revenue in disputes relating to the valuation and classification of property.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$6,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$22,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, b) a total of \$43,500 for the Supreme Court Building lease-purchase payment, and c) a total of \$700 for the use of state-owned storage space.

Equipment — The approved amount includes a total of \$3,000 for a replacement computer and upgraded software.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

STATE BOARD OF TAX APPEALS - DIVISION I (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

Property Tax; Valuation; Refunds; Appeals (Chapter 323, S.B. 1362) — Effective January 1, 1996, modifies the appeals calendar and consolidates the locally valued property valuation administrative appeals process for Maricopa and Pima Counties by eliminating appeals to the County Board of Equalization for these counties and establishing a State Board of Equalization. Provisions particularly affecting the Board of Tax Appeals (BOTA) include the establishment of qualifications and residency requirements for Division I BOTA members. Division I may use a 2-, 3-, or 5- member panel to make orders and decisions for the Division.

In addition, the State Board of Equalization (SBE) is established as an independent agency, consisting of the members of Division I plus 10 additional members appointed by the Board of Supervisors from Maricopa and Pima Counties. Members of Division I are not eligible for additional compensation for service on the SBE. Members appointed by the County Board of Supervisors are eligible to receive \$150 per day plus reimbursement for expenses, paid by the respective counties from which they are appointed. The Chairman of Division I shall act as Chairman of the SBE and is responsible for the administration and operation of the SBE. BOTA shall provide staff support and meeting accommodations to serve the SBE. The SBE may employ hearing officers who are eligible to receive \$150 per day. Any party dissatisfied with the valuation or classification of property reviewed by BOTA or the SBE may appeal to the Tax Court. A sunset date of July 1, 2004 for the SBE is established.

STATE BOARD OF TAX APPEALS - DIVISION II

A.R.S. § 42-171

Stephen P. Linzer, Chairman

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	3.0	3.0	4.0
Personal Services	136,000	141,600	180,400
Employee Related Expenditures	14,700	21,300	32,800
Travel - In State	1,300	1,300	1,300
Travel - Out of State	2,100	900	900
Other Operating Expenditures	30,900	33,200	33,300
Equipment	5,200	-0-	-0-
All Other Operating Expenditures	39,500	35,400	35,500
TOTAL APPROPRIATIONS	190,200	198,300	248,700 ^{1/}

Program Description — *Division II provides an independent appeals process for taxpayers with disputes relating to income, sales, and use tax decisions of the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.*

FTE Positions — The approved amount includes an additional hearing officer FTE position to assist with the case resolution backlog.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$5,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a total of \$33,700 for Division II to hire an additional hearing officer to assist with the case resolution backlog.

Employee Related Expenditures — The approved amount includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a total of \$7,000 for Division II to hire an additional hearing officer to assist with the case resolution backlog.

The approved amount also includes a total of \$13,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures — The approved amount includes: a) a total of \$400 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, b) a total of \$25,300 for the Supreme Court Building lease-purchase payment, and c) a total of \$300 for the use of state-owned storage space.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

OFFICE OF TOURISM

A.R.S. § 41-2301

Greg Gilstrap, Director

JLBC Analyst: Case

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	17.0	18.0	19.0 ^{1/}
Personal Services	469,900	564,500	584,300
Employee Related Expenditures	106,000	110,200	123,100
Professional and Outside Services	116,100	140,000	52,200
Travel - In State	21,700	17,000	19,000
Travel - Out of State	39,300	50,000	50,000
Other Operating Expenditures	618,900	665,000	548,400
Equipment	22,100	10,000	10,000
All Other Operating Expenditures	818,100	882,000	679,600
OPERATING SUBTOTAL	1,394,000	1,556,700	1,387,000
Toll-Free Line Production and Placement	-0-	-0-	2,810,300 ^{2/}
Toll-Free Line Response	-0-	-0-	1,121,700
International and Domestic Marketing	-0-	-0-	877,200
Other Marketing	-0-	-0-	1,202,000
Media Advertising	1,813,300	1,477,800	-0-
Tourism Fund	2,152,000	2,368,800	-0-
TOTAL APPROPRIATIONS	5,359,300	5,403,300	7,398,200 ^{3/}

Agency Description — *The office is responsible for promoting tourism within the state, which includes planning and developing an information campaign, advertising, exhibitions, and operating a visitors' center.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$19,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$2,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$48,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} The FTE Positions total includes 1 FTE position funded in a special line item for FY 1995.

^{2/} Of the \$2,810,300 appropriated to Toll-Free Line Production and Placement, \$2,365,000 shall be deposited in the Tourism Fund pursuant to A.R.S. § 42-1341C(3)c. (General Appropriation Act footnote.)

^{3/} Represents General Appropriation Act funds. Appropriated as Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

OFFICE OF TOURISM (Cont'd)
GENERAL FUND

Professional and Outside Services — For FY 1995, \$87,800 has been moved to the Toll-Free Line Response Special Line Item.

Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, b) a total of \$44,600 for rent of state-owned space and \$66,300 for the Painted Cliffs Welcome Center lease-purchase payment, and c) a total of \$123,200 for the operation of the Painted Cliffs Welcome Center, including \$119,000 for printed materials and a \$4,200 increase for other costs such as telecommunications, maintenance, and security. For FY 1995, \$238,300 has been moved to the Toll-Free Line Response Special Line Item.

Equipment — The approved amount is to be used for furniture and office equipment at the Painted Cliffs Welcome Center.

Toll-Free Line Production and Placement — The approved amount is to be used for media advertising to promote the toll-free information line. Of the approved amount, \$2,365,000 represents the estimated Tourism Fund deposit, which has been moved from the Tourism Fund Special Line Item. Laws 1990, Chapter 391, allocates 75% of the growth of the last 1/2% of bed tax revenues from the General Fund to the Tourism Fund. This amount is in addition to the \$2,000,000 annual appropriation for the Tourism Fund. The additional bed tax revenues are projected to be \$365,000 in FY 1995, a decrease of \$3,800, as bed tax revenues are estimated to grow at 9.3% in FY 1995 compared to 12.3% in FY 1993. In addition to the Tourism Fund deposit, the approved amount includes an additional \$445,300.

Toll-Free Line Response — The approved amount is to be used to operate the toll-free line and respond to requests for information. In FY 1994, the Office of Tourism signed an intergovernmental agreement to allow Arizona Highways Magazine of the Arizona Department of Transportation to operate the toll-free line at a cost of approximately 83 cents per call. Printing, postage, and handling costs for each information packet sent in response to a call are approximately \$1.98. Thus, the total cost of a call is \$2.81, so the approved amount will enable the office to handle approximately 400,000 calls. The approved amount includes \$87,800 moved from Professional and Outside Services, \$238,300 moved from Other Operating Expenditures, and an additional \$795,600.

International and Domestic Trade Marketing — The approved amount funds the office's international and domestic trade marketing program, which targets industry professionals. Activities will include press releases, familiarization tours, direct mailings, representation at trade shows, and targeted advertising. The approved amount includes \$35,000 in Personal Services and \$7,200 in Employee Related Expenditures to hire a trade marketing specialist, and includes an additional \$1,200 in Personal Services and \$200 in Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$2,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The total approved amount is comprised of \$275,800 moved from the Media Advertising Special Line Item and an additional \$601,400.

Other Marketing — The approved amount provides the office with some discretionary funding to augment other programs to take advantage of changing market conditions. The approved amount was moved from the Media Advertising Special Line Item.

Tourism Fund — The special line item has been eliminated for FY 1995. Tourism Fund monies are incorporated into the Toll-Free Line Production and Placement Special Line Item.

Media Advertising — The special line item has been eliminated for FY 1995. Of the FY 1994 appropriation, \$275,800 has been moved to the International and Domestic Trade Marketing Special Line Item and \$1,202,000 has been moved to the Other Marketing Special Line Item.

STATE TREASURER

A.R.S. § 41-171

The Honorable Tony West, Treasurer

JLBC Analyst: Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	30.0	34.0	34.0
Personal Services	925,800	1,031,000	1,098,500
Employee Related Expenditures	203,300	216,500	246,000
Professional and Outside Services	113,100	124,100	124,100
Travel - In State	1,100	2,000	2,000
Travel - Out of State	11,200	13,700	13,700
Other Operating Expenditures	169,500	170,900	172,400
Equipment	20,200	17,700	37,500
All Other Operating Expenditures	315,100	328,400	349,700
OPERATING SUBTOTAL	1,444,200	1,575,900	1,694,200
Justice of Peace Salaries	1,456,600	1,879,500	1,930,000
Distribution of Tax Protest Monies ^{1/}	3,629,700	3,629,700	-0-
TOTAL APPROPRIATIONS	6,530,500	7,085,100	3,624,200 ^{2/2/}

Agency Description — The State Treasurer is an elected Constitutional Officer. The primary responsibilities of the office are to receive and keep custody over all monies belonging to the state that are not required to be kept by some other entity, to pay warrants of the Department of Administration, and to keep an account of all monies received and disbursed. The office also invests state monies and operates the local government investment pool (LGIP) for the benefit of participating units of local government.

Personal Services — The approved amount is based upon a 1.8% vacancy factor and \$19,600 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$35,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an additional \$32,100 to reflect actual salaries.

- 1/ Laws 1990, Chapter 332, appropriated \$3,629,666 to the State Treasurer in each of FY 1992-1994, to pay cities, towns, and counties as reimbursement for undistributed transaction privilege tax revenues.
- 2/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.
- 3/ It is the intent of the Legislature that the investment management fee on monies managed by the State Treasurer be set at 8 basis points as of July 1, 1994. (General Appropriation Act footnote.) The current fee is 12 basis points and yields approximately \$3,000,000 of revenues for the state General Fund. This footnote will result in a General Fund revenue loss of \$1,000,000.

(Continued)

STATE TREASURER (Cont'd)
GENERAL FUND

Employee Related Expenditures — The approved amount includes an additional \$4,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$105,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$1,000 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$86,100 for rent of state-owned space.

Equipment — The approved amount is for the purchase of computer equipment that will allow the Treasurer's Office to interface with a new investment service that will provide improved reporting and investment efficiencies.

Justice of the Peace Salaries — The Justice of the Peace Salaries Special Line Item is for pass-through funds used to pay the state portion of Justice of the Peace salaries. The state share is 40% of the total salaries in accordance with A.R.S. § 22-117. The salaries are determined by a calculation of judicial productivity credits as defined in A.R.S. § 22-125, which are then used to determine the percentage of a Superior Court Judge salary to be paid to each Justice of the Peace. Justice of the Peace salaries range from 25% to 70% of a Superior Court Judge's salary. Based on prior year expenditures and the agency's anticipated expenditures, the amount reflects a 2.6% increase. Chapter 220, S.B. 1277, provides for a 5% increase to Superior Court Judge salaries starting January 1, 1995. The potential impact of this increase on Justice of the Peace salaries is not factored in the 2.6% increase.

Distribution of Tax Protest Monies — Laws 1990, Chapter 332 appropriated \$3,629,666 to the State Treasurer each year for FY 1992 through FY 1994 for disbursement to cities, towns and counties. This was a reimbursement for undistributed transaction privilege tax revenues collected by the state.

ADDITIONAL LEGISLATION

Appropriations Adjustments; 1993-1994 Fiscal Year (Chapter 6, H.B. 2006, 8th Special Session) — The Budget Stabilization Fund (BSF) was created to set revenue aside during times of strong economic growth and to spend this revenue during times of weak economic growth or decline. A formula, based upon annual economic growth in Arizona versus the 7-year trend, guides both deposits and withdrawals to and from the BSF. The Arizona Economic Estimates Commission (EEC) is to make a final determination of the required appropriation to or transfer from the BSF. A total of \$42,000,000 has been appropriated to the BSF for FY 1994. Subsequently, the EEC determined that the required appropriation is \$78,345,815.

COMMISSION ON UNIFORM STATE LAWS

A.R.S. § 41-1306

James M. Bush, Commissioner

JLBC Analyst: Fusak

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	0.0	0.0	0.0
Personal Services	600	500	1,000
Travel - In State	-0-	500	500
Travel - Out of State	2,900	4,700	4,200
Other Operating Expenditures	15,600	17,600	18,600
All Other Operating Expenditures	18,500	22,800	23,300
TOTAL APPROPRIATIONS	19,100	23,300	24,300 ^{1/}

Agency Description — *The Commissioners are members of the National Conference of Commissioners on Uniform State Laws which meets annually to discuss where uniformity among the 50 states is desirable. The Commission then recommends to the Legislature proposed uniform laws promulgated by the National Conference which are deemed appropriate for Arizona.*

Personal Services — The approved amount includes an increase of \$500 for a total of \$1,000 for board member per diem only, and therefore no funding is included to fund the cost of the general salary adjustment.

All Other Operating Expenditures — The approved amount includes a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act. The approved amount includes a reduction of \$500 for Travel - Out of State and an increase of \$800 for the state's annual assessed membership dues and registration fees for the National Conference of Commissioners on Uniform State Laws (NCCUSL). Each state pays a base fee of \$5,000 plus an additional \$2.50 per 1,000 population.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

HEALTH AND WELFARE

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY A.R.S. § 36-2901

Dr. Mabel Chen, Director

JLBC Analyst: Headley

GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS, AND MISC. FUNDS		FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>				
Administration	(GF)	24,436,100	25,510,100	26,063,600
	(TF)	49,870,700	55,308,100	59,906,000
DES - AHCCCS	(GF)	10,461,800	18,298,100	19,832,500
	(TF)	19,725,800	37,105,400	39,430,400
DHS - AHCCCS	(GF)	403,800	664,700	674,400
	(TF)	11,833,300	20,565,900	16,588,800
Acute Care	(GF)	435,050,900	437,929,200	440,160,800
	(TF)	1,102,034,400	1,234,295,900	1,280,385,400
Long-Term Care	(GF)	-0-	-0-	-0-
	(TF)	262,592,000	302,198,200	334,021,900
AGENCY TOTAL	(GF)	470,352,600	482,402,100	486,731,300
	(TF)	1,446,056,200	1,649,473,500	1,730,332,500
FTE Positions	(SM)	981.5	1,003.3	1,039.4
	(TF)	1,948.2	2,072.9	2,182.9
Personal Services	(SM)	16,255,800	20,821,100	22,564,500
	(TF)	32,591,400	43,565,100	47,594,700
Employee Related Expenditures	(SM)	4,310,300	5,205,900	5,799,400
	(TF)	8,272,600	10,880,100	12,208,000
Professional and Outside Services	(SM)	4,923,700	6,404,400	3,596,500
	(TF)	11,424,600	14,567,900	9,576,200
Travel - In State	(SM)	177,100	258,000	349,600
	(TF)	331,400	538,500	692,400
Travel - Out of State	(SM)	12,800	20,700	23,200
	(TF)	22,000	44,000	43,900
Other Operating Expenditures	(SM)	8,038,500	8,696,200	8,534,600
	(TF)	14,538,800	18,026,100	17,804,000
Equipment	(SM)	1,085,200	687,400	458,300
	(TF)	1,921,700	1,439,300	1,232,400
All Other Operating Expenditures	(SM)	14,237,300	16,066,700	12,962,200
	(TF)	28,238,500	34,615,800	29,348,900
OPERATING SUBTOTAL	(SM)	34,803,400	42,093,700	41,326,100
	(TF)	69,102,500	89,061,000	89,151,600

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS, AND MISC. FUNDS

Special Line Item Total ^{1/}	(SM) 603,988,800	632,822,800	636,678,100
	(TF) 1,376,953,700	1,560,412,500	1,641,180,900
AGENCY SUBTOTAL	(SM) 638,792,200	674,916,500	678,004,200
	(TF) 1,446,056,200	1,649,473,500	1,730,332,500
Less:			
County Acute Care Contribution	(65,076,100)	(77,884,200)	(74,099,400)
Miscellaneous Funds Offset	(3,315,900)	(8,576,600)	(5,000,000)
SLIAG Offset	(7,750,000)	(3,000,000)	-0-
County Long-Term Care Contribution	(92,297,600)	(103,053,600)	(112,173,500)
AGENCY TOTAL	(GF) 470,352,600	482,402,100	486,731,300
	(TF) 1,446,056,200	1,649,473,500	1,730,332,500
<u>Fund Summary</u>			
General Fund	470,352,600	482,402,100	486,731,300
Federal Funds	815,014,000	977,557,000	1,052,328,300
County Funds	157,373,700	180,937,800	186,272,900
Miscellaneous Funds	3,315,900	8,576,600	5,000,000
AGENCY TOTAL-ALL SOURCES	<u>1,446,056,200</u>	<u>1,649,473,500</u> ^{2/}	<u>1,730,332,500</u> ^{3/}

SM = State Match, and consists of the State General Fund and County Funds.
TF = Total Funds, and represents the sum of Federal Funds, County Funds, Miscellaneous Funds, and the State General fund.
GF = State General Fund.

Agency Description — *The Arizona Health Care Cost Containment System, or AHCCCS, is Arizona's alternative to a traditional fee for service Medicaid system. Started in 1982, AHCCCS operates on a health maintenance organization model in which contracted providers receive a predetermined monthly capitation payment for the medical services cost of enrolled members. AHCCCS members gain eligibility through a variety of federal and state programs. Eligibility based on federal programs is often tied to the applicant also being eligible for a cash assistance program, such as Aid to Families with Dependent Children. Low-income pregnant women and children can qualify under a federal "medical assistance only" category. Other individuals not meeting federal eligibility requirements but either indigent or having catastrophic medical expenses may qualify for state-supported assistance in the Medically Needy/Medically Indigent (MN/MI) program. In addition to an acute medical services program, AHCCCS also operates the Arizona Long-Term Care System, a Medicaid program that provides long-term nursing care in nursing facilities or home and community based settings.*

^{1/} Details for the Special Line Items are included on the individual program pages.

^{2/} The expenditure detail for FY 1994 includes a supplemental appropriation of \$5,210,300 (GF) and \$21,866,900 (TF) authorized by Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session.

^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program with Special Line Items.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS, AND MISC. FUNDS

FTE Positions — The approved FTE total reflects the addition of 110 (TF) FTE positions for the following purposes:

- 64 FTE positions for medical assistance caseload growth in the Department of Economic Security;
- 27 FTE position for caseload growth in Long-Term Care System eligibility determinations;
- 12 FTE positions for the replacement of computer consultants with state employees;
- 3 FTE positions to implement Electronic Data Interchange;
- 2 FTE positions for in-house review of health plan bids; and
- 2 FTE positions to implement the review process for Federally Qualified Health Centers.

Personal Services and Employee Related Expenditures — The approved amount includes an additional \$881,300 (GF) and \$1,861,200 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$1,388,400 (GF) and \$2,931,700 (TF) for the new FTE positions.

The approved amount also includes a total of \$2,807,800 (GF) and \$5,892,200 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$114,700 (GF) and \$252,100 (TF) for the payment of Risk Management premiums, which reflects a reduction of \$18,600 (GF) and \$40,900 (TF), as authorized by Section 79 of the General Appropriation Act.

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1995 General Fund operating budget from the revised FY 1994 estimate:

• 3% Capitation Rate/5% Medical Inflation Increase	\$ 12,269,100
• Phase Down Quick Pay Discount	5,672,300
• Lower County Acute Care Contribution	3,784,800
• Lower Third Party Collections	3,576,600
• Other Acute and Administrative Changes	2,742,700
• New Long-Term Care and Medical Assistance Eligibility Staff	1,711,200
• 25,180 New Member Years (6.1% Growth) and Other Demographics, Offset by FY 1994 Surplus	<u>(25,427,500)</u>
TOTAL CHANGE FROM REVISED FY 1994	\$ 4,329,200

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -
ADMINISTRATION**

A.R.S. § 36-2901

Dr. Mabel Chen, Director

JLBC Analyst: Headley

GENERAL FUND AND FEDERAL FUNDS		FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	(GF)	491.1	476.5	479.9
	(TF)	963.7	1,015.7	1,061.7
Personal Services	(GF)	9,861,500	10,878,200	11,358,200
	(TF)	20,617,100	23,212,200	25,156,100
Employee Related Expenditures	(GF)	2,648,800	2,616,000	2,820,300
	(TF)	5,160,600	5,578,300	6,243,000
Professional and Outside Services	(GF)	4,846,800	6,371,600	3,551,200
	(TF)	11,277,900	14,499,800	9,484,000
Travel - In State	(GF)	53,800	66,800	81,700
	(TF)	102,200	147,000	155,800
Travel - Out of State	(GF)	12,000	19,600	22,100
	(TF)	20,500	41,700	41,700
Other Operating Expenditures	(GF)	5,649,900	5,133,600	4,516,000
	(TF)	10,041,500	10,917,000	9,940,500
Equipment	(GF)	921,200	331,500	421,100
	(TF)	1,595,400	726,500	1,173,900
All Other Operating Expenditures	(GF)	11,483,700	11,923,100	8,592,100
	(TF)	23,037,500	26,332,000	20,795,900
OPERATING SUBTOTAL	(GF)	23,994,000	25,417,300	22,770,600
	(TF)	48,815,200	55,122,500	52,195,000
DOA Data Center Charges	(GF)	-0-	-0-	3,197,900 ^{2/}
	(TF)	-0-	-0-	7,520,900
Health Care Group	(GF)	103,700	-0-	-0-
	(TF)	103,700	-0-	-0-
Indian Advisory Council	(GF)	83,400	92,800	95,100
	(TF)	160,400	185,600	190,100
S.B. 1144 Mental Health	(GF)	255,000	-0-	-0-
	(TF)	791,400	-0-	-0-
Special Line Item Total	(GF)	442,100	92,800	3,293,000
	(TF)	1,055,500	185,600	7,711,000

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

PROGRAM TOTAL	(GF)	24,436,100	25,510,100	26,063,600
	(TF)	49,870,700	55,308,100	59,906,000
<hr/>				
<u>Fund Summary</u>				
General Fund		24,436,100	25,510,100	26,063,600
Federal Funds		25,434,600	29,798,000	33,842,400
<hr/>				
PROGRAM TOTAL-ALL SOURCES		49,870,700	55,308,100	59,906,000 ^{3/4/}
<hr/>				
GF = State General Fund.				
TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.				

Program Description - *The AHCCCS Administration manages Arizona's Medicaid Demonstration Project, a medical services delivery system built on the health maintenance organization model. The Administration contracts with providers, or health plans, who agree to accept a predetermined monthly payment for the cost of providing medical care to enrolled members. Administration responsibilities related to health plan contracting include rate negotiations, health plan auditing and financial oversight, and assisting with the formulation of new health plans. The Administration also manages a fee for service payment system that covers medical bills incurred by AHCCCS members prior to enrollment in a health plan or bills incurred by persons not eligible for health plan enrollment. Other major Administration responsibilities include the development and maintenance of the management information system, adjudicating provider or eligibility grievances, policy development and research, and agency finance and accounting. Additionally, the Administration performs eligibility determinations for the Arizona Long-Term Care System. Eligibility for the Acute Care program is conducted by the Department of Economic Security, counties, and the federal Social Security Administration.*

FTE Positions — The approved amount reflects the following changes to the FY 1994 appropriation:

- A higher federal administrative matching rate allowed 17.5 FTE positions to be moved from federal funds, lowering General Fund FTE positions by a like amount;
- 12.6 (GF) and 27 (TF) FTE positions for caseload growth in the Long-Term Care program;
- 4.8 (GF) and 12 (TF) FTE positions to allow the agency to replace contracted computer consultants with state employees;
- 0.7 (GF) and 3 (TF) FTE positions associated with the implementation of electronic data interchange (EDI), a program to automate many functions now accomplished on paper, such as claims submissions and data reporting;

1/ The FTE Positions total includes 2 (GF) and 4 (TF) FTE positions from the Indian Advisory Council Special Line Item in FY 1993, FY 1994 and FY 1995.

2/ It is the intent of the Legislature that the appropriation for the Department of Administration Data Center charges be used only for the payment of charges incurred by the administration for the usage of computing services provided by the Department of Administration Data Center. (General Appropriation Act footnote.)

3/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

4/ Of the \$59,906,000 expenditure authority for Administration, \$26,063,600 is appropriated from the General Fund. (General Appropriation Act footnote, as adjusted for the general salary adjustment, Risk Management reductions, and lease-purchase adjustments.)

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

- 1.4 (GF) and 2 (TF) FTE positions for increased in-house review of health plan bids;
- 1.4 (GF) and 2 (TF) FTE positions to implement the review process for Federally Qualified Health Centers (FQHCs), community medical centers serving low income populations, and entitled by federal law to reimbursement of "100% of reasonable costs."

Personal Services — The approved amount is based upon a 6% vacancy factor and \$667,800 (GF) and \$1,447,800 (TF) in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$385,700 (GF) and \$854,200 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also reflects the following changes to the FY 1994 appropriation:

- A reduction of \$26,900 (GF) and \$59,300 (TF) due to a higher vacancy rate;
- A reduction of \$389,300 (GF) and \$0 (TF) due to a lower state matching rate;
- \$263,500 (GF) and \$563,000 (TF) for the Long-Term Care positions;
- \$141,000 (GF) and \$355,400 (TF) for the computer staff;
- \$25,300 (GF) and \$112,500 (TF) for the EDI positions;
- \$42,300 (GF) and \$61,900 (TF) for the health plan bid review positions;
- \$38,400 (GF) and \$56,200 (TF) for the FQHC positions.

Employee Related Expenditures — The approved amount includes an additional \$50,000 (GF) and \$110,800 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,263,200 (GF) and \$2,796,700 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also reflects the following changes to the FY 1994 appropriation:

- A reduction of \$95,000 (GF) and \$0 (TF) due to a lower state matching rate;
- A reduction of \$3,500 (GF) and \$7,600 (TF) due to a higher vacancy rate;
- \$126,900 (GF) and \$282,600 (TF) for an Employee Related Expenditures rate change;
- \$70,800 (GF) and \$149,200 (TF) for the Long-Term Care positions;
- \$31,700 (GF) and \$80,000 (TF) for the computer staff;
- \$5,200 (GF) and \$23,100 (TF) for the EDI positions;
- \$9,400 (GF) and \$13,700 (TF) for the health plan bid review positions;
- \$8,800 (GF) and \$12,900 (TF) for the FQHC positions.

Professional and Outside Services — The approved amount reflects the following changes to the FY 1994 appropriation:

- A reduction of \$283,600 (GF) and \$0 (TF) due to a lower state matching rate;
- A reduction of \$2,772,000 (GF) and \$6,600,000 (TF) associated with the transfer of Department of Administration Data Center costs to a special line item;
- \$541,800 (GF) and \$2,409,000 (TF) for EDI implementation;
- A reduction of \$406,600 (GF) and \$1,024,800 (TF) based on the expected phase-out of computer consultants;
- \$100,000 (GF) and \$200,000 (TF) for additional outside attorneys.

Travel - In State — The approved amount reflects the following changes to the FY 1994 appropriation:

- A increase of \$10,000 (GF) and \$0 (TF) due to a higher state matching rate;
- \$2,600 (GF) and \$5,400 (TF) for the Long-Term Care positions;
- \$900 (GF) and \$1,300 (TF) for the health plan bid review positions;
- \$1,400 (GF) and \$2,100 (TF) for the FQHC positions.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

Travel - Out of State — The approved amount reflects an increase of \$2,500 (GF) and \$0 (TF) for a higher state matching rate.

Other Operating Expenditures — The approved amount includes a total of \$114,700 (GF) and \$252,100 (TF) for the payment of Risk Management premiums, which reflects a reduction of \$18,500 (GF) and \$40,900 (TF), as authorized by Section 79 of the General Appropriation Act, and b) a total of \$10,600 (GF) and \$23,200 (TF) for the Kingman State Office Building lease-purchase payment. Funding for the lease-purchase payment includes an additional \$3,800 (GF) and \$8,300 (TF), as authorized by Section 72 of the General Appropriation Act.

The approved amount also reflects the following changes to the FY 1994 appropriation:

- A reduction of \$167,400 (GF) and \$0 (TF) due to a lower state matching rate;
- A reduction of \$551,300 (GF) and \$1,211,800 (TF) for lower Risk Management premiums;
- \$67,900 (GF) and \$143,100 (TF) for the Long-Term Care positions;
- \$39,700 (GF) and \$100,000 (TF) for the computer staff;
- \$4,200 (GF) and \$18,800 (TF) for the EDI positions;
- \$2,000 (GF) and \$3,000 (TF) for the health plan bid review positions;
- \$2,000 (GF) and \$3,000 (TF) for the FQHC positions.

Equipment — The approved amount reflects the following changes to the FY 1994 appropriation:

- A reduction of \$87,500 (GF) \$190,600 (TF) for one-time equipment funding for new FY 1994 FTE positions;
- \$44,800 (GF) and \$94,500 (TF) for the Long-Term Care positions;
- \$117,300 (GF) and \$521,500 (TF) for the EDI positions;
- \$7,500 (GF) and \$11,000 (TF) for the health plan bid review positions;
- \$7,500 (GF) and \$11,000 (TF) for the FQHC positions.

DOA Data Center Charges — This special line item was created for FY 1995 to isolate costs associated with the agency's usage of mainframe computing services provided by the Department of Administration Data Center. These costs were previously reflected in the Professional and Outside Services line. For FY 1995, \$2,772,000 (GF) and \$6,600,000 (TF) was transferred from Professional and Outside Services to this new line item, plus \$425,900 (GF) and \$920,900 (TF) was added to reflect AHCCCS' estimated share of statewide Data Center usage. A footnote was added to this line item to indicate legislative intent that funds be used only for the payment of DOA Data Center charges.

Indian Advisory Council — The Advisory Council on Indian Health Care was established in Laws 1989, Chapter 293 to develop a comprehensive health care delivery system for Arizona's Native American population.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,300 (GF) and \$4,500 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$5,600 (GF) and \$11,200 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -
DES - AHCCCS**

A.R.S. § 36-2901

Dr. Mabel Chen, Director

JLBC Analyst: Headley

GENERAL FUND AND FEDERAL FUNDS		FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	(GF)	477.7	514.1	546.8
	(TF)	957.8	1,030.5	1094.5
Personal Services	(GF)	6,214,200	9,674,200	10,928,200
	(TF)	11,720,100	19,786,900	21,852,700
Employee Related Expenditures	(GF)	1,616,100	2,523,400	2,913,300
	(TF)	3,048,000	5,161,800	5,826,200
Professional and Outside Services	(GF)	13,800	19,100	31,600
	(TF)	26,000	39,200	63,300
Travel - In State	(GF)	116,200	180,600	257,300
	(TF)	219,200	369,200	514,300
Travel - Out of State	(GF)	800	1,100	1,100
	(TF)	1,500	2,300	2,200
Other Operating Expenditures	(GF)	2,372,600	3,538,700	3,994,700
	(TF)	4,474,700	7,058,700	7,813,100
Equipment	(GF)	14,500	355,900	37,200
	(TF)	27,300	712,800	58,500
All Other Operating Expenditures	(GF)	2,517,900	4,095,400	4,321,900
	(TF)	4,748,700	8,182,200	8,451,400
OPERATING SUBTOTAL	(GF)	10,348,200	16,293,000	18,163,400
	(TF)	19,516,800	33,130,900	36,130,300
DES - Disability Determination Services Administration	(GF)	57,700	94,700	99,100
	(TF)	109,900	189,300	198,100
DES - PASARR	(GF)	17,700	53,400	52,200
	(TF)	60,900	212,600	207,800
Federal Funds Program	(GF)	38,200	516,700	-0-
	(TF)	38,200	1,033,300	-0-
MEDICS	(GF)	-0-	1,340,300	1,517,800
	(TF)	-0-	2,539,300	2,894,200
Special Line Item Total	(GF)	113,600	2,005,100	1,669,100
	(TF)	209,000	3,974,500	3,300,100
PROGRAM TOTAL	(GF)	10,461,800	18,298,100	19,832,500
	(TF)	19,725,800	37,105,400	39,430,400

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DES - AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

<u>Fund Summary</u>			
General Fund	10,461,800	18,298,100	19,832,500
Federal Funds	9,264,000	18,807,300	19,597,900
PROGRAM TOTAL-ALL SOURCES	19,725,800	37,105,400	39,430,400 ^{2/3/4/}

GF = State General Fund.
TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.

Program Description — *The appropriation for DES - AHCCCS represents an allocation of costs incurred by the Department of Economic Security in its role of performing eligibility determinations for the AHCCCS program. DES staff, in addition to conducting eligibility determinations for cash assistance programs such as Aid to Families with Dependent Children (AFDC), also evaluate applications for AHCCCS eligibility. In general, persons eligible for AFDC are also eligible for AHCCCS. DES eligibility staff also take applications for "medical assistance only" in the federal SOBRA program for pregnant women and children.*

FTE Positions — The approved amount reflects the addition of 32 (GF) and 64 (TF) FTE positions for caseload growth in AHCCCS medical assistance eligibility determinations.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$100,700 (GF) and \$201,400 (TF) in vacancy savings, a reduction of \$8,400 (GF) and \$16,700 (TF) from FY 1994. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$371,100 (GF) and \$742,000 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

1/ The FTE Positions total includes special line FTE positions as follows:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
DES - DDSA	2.0 (GF)	1.2 (GF)	1.2 (GF)
	4.0 (TF)	2.4 (TF)	2.4 (TF)
DES - PASARR	1.3 (GF)	0.7 (GF)	0.2 (GF)
	5.0 (TF)	2.3 (TF)	2.3 (TF)
Federal Funds Program	16.0 (GF)	16.0 (GF)	0.0 (GF)
	32.0 (TF)	32.0 (TF)	0.0 (TF)
MEDICS	0.0 (GF)	8.5 (GF)	8.5 (GF)
	0.0 (TF)	17.0 (TF)	17.0 (TF)

2/ Represents General Appropriation Act Funds. Appropriated as a Lump Sum by Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

3/ Of the \$39,430,400 expenditure authority for DES - AHCCCS, \$19,832,500 is appropriated from the state General Fund. (General Appropriation Act footnote, as adjusted for the general salary adjustment.)

4/ The amounts appropriated shall be used for intergovernmental agreements with the Department of Economic Security for the purpose of eligibility determination and other functions as set forth above. The General Fund share may be used for eligibility determination for other programs administered by the Division of Benefits and Medical Eligibility, based upon the results of the Arizona random moment sampling survey. (General Appropriation Act footnote.)

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DES - AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

The approved amount also includes the following changes to the FY 1994 appropriation:

- \$584,500 (GF) and \$1,168,900 (TF) for new eligibility staff;
- \$306,800 (GF) and \$613,500 (TF) due to the transfer of funding from the Federal Funds Program Special Line Item;
- A reduction of \$0 (GF) and \$441,900 (TF) to correct total expenditure authority.

Employee Related Expenditures — The approved amount includes an additional \$49,500 (GF) and \$99,000 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,478,400 (GF) and \$2,956,800 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also includes the following changes to the FY 1994 appropriation:

- \$167,500 (GF) and \$334,900 (TF) for new eligibility staff;
- \$75,000 (GF) and \$150,000 (TF) due to the transfer of funding from the Federal Funds Program Special Line Item;
- A reduction of \$0 (GF) and \$115,300 (TF) to correct total expenditure authority;
- \$99,100 (GF) and \$198,100 (TF) for an Employee Related Expenditures rate adjustment;
- A reduction of \$1,200 (GF) and \$2,300 (TF) due to higher vacancy savings.

Professional and Outside Services — The approved amount reflects the following changes to the FY 1994 appropriation:

- \$3,700 (GF) and \$7,400 (TF) associated with caseload growth;
- \$8,800 (GF) and \$17,600 (TF) due to the transfer of funding from the Federal Funds Program Special Line Item;
- A reduction of \$0 (GF) and \$900 (TF) to correct total expenditure authority.

Travel - In State — The approved amount reflects the following changes to the FY 1994 appropriation:

- \$37,700 (GF) and \$75,300 (TF) for new eligibility staff;
- \$39,000 (GF) and \$78,000 (TF) due to the transfer of funding from the Federal Funds Program Special Line Item;
- A reduction of \$0 (GF) and \$8,200 (TF) to correct total expenditure authority.

Travel - Out of State — The approved amount reflects a reduction of \$0 (GF) and \$100 (TF) to correct total expenditure authority.

Other Operating Expenditures — The approved amount reflects the following changes to the FY 1994 appropriation:

- \$368,900 (GF) and \$737,800 for new eligibility staff;
- \$87,100 (GF) and \$174,200 (TF) due to the transfer of funding from the Federal Funds Program Special Line Item;
- A reduction of \$0 (GF) and \$157,600 (TF) to correct total expenditure authority.

Equipment — The approved amount reflects the following changes to the FY 1994 appropriation:

- \$37,200 (GF) and \$74,400 (TF) for new eligibility staff;
- A reduction of \$355,900 (GF) and \$712,800 (TF) for one-time equipment funding for new FY 1994 positions;
- A reduction of \$0 (GF) and \$15,900 (TF) to correct total expenditure authority.

DES - Disability Determination Services Administration (DDSA) — DDSA, through an intergovernmental agreement with AHCCCS, determines disability entitlement for the Arizona Long-Term Care System. The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,500 (GF) and \$3,100 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DES - AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

\$3,400 (GF) and \$6,700 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also reflects an increase of \$2,900 (GF) and \$5,700 (TF) for an Employee Related Expenditures rate change.

DES - PASARR — DES Preadmission Screening and Annual Resident Review, through an intergovernmental agreement with AHCCCS, screens all individuals with developmental disabilities before they enter the Long-Term Care program to determine the appropriate level and types of specialized services needed.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$900 (GF) and \$3,600 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$1,600 (GF) and \$6,400 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also reflects a base reduction of \$100 (GF) and \$300 (TF) and an Employee Related Expenditure rate reduction of \$2,000 (GF) and \$8,100 (TF).

Federal Funds Program — This Special Line Item was eliminated for FY 1995 and funding transferred to the operating budget.

MEDICS — The Medical Eligibility Determinations and Information Control System is an automated system for determining AHCCCS eligibility in the federal SOBRA program for pregnant women and children and other "medical assistance only" programs.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$8,600 (GF) and \$17,200 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$23,700 (GF) and \$47,300 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also reflects an additional \$167,500 (GF) and \$335,000 (TF) to fully fund DES' consultant contract for MEDICS. The approved amount also reflects a base reduction of \$1,100 (GF) and \$2,200 (TF) and an increase of \$2,500 (GF) and \$4,900 (TF) for an Employee Related Expenditures rate adjustment.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -
DHS - AHCCCS**

A.R.S. § 36-2901

Dr. Mabel Chen, Director

JLBC Analyst: Headley

GENERAL FUND AND FEDERAL FUNDS		FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	(GF)	12.7	12.7	12.7
	(TF)	26.7	26.7	26.7
Personal Services	(GF)	180,100	268,700	278,100
	(TF)	254,200	566,000	585,900
Employee Related Expenditures	(GF)	45,400	66,500	65,800
	(TF)	64,000	140,000	138,800
Professional and Outside Services	(GF)	9,200	13,700	13,700
	(TF)	13,000	28,900	28,900
Travel - In State	(GF)	7,100	10,600	10,600
	(TF)	10,000	22,300	22,300
Other Operating Expenditures	(GF)	16,000	23,900	23,900
	(TF)	22,600	50,400	50,400
All Other Operating Expenditures	(GF)	32,300	48,200	48,200
	(TF)	45,600	101,600	101,600
OPERATING SUBTOTAL	(GF)	257,800	383,400	392,100
	(TF)	363,800	807,600	826,300
Children's Rehabilitative Services	(GF)	-0-	-0-	-0-
	(TF)	11,233,200	19,000,000	15,000,000
DHS - PASARR	(GF)	33,000	94,200	95,200
	(TF)	93,100	384,100	388,300
Indirect Cost-Licensure	(GF)	113,000	187,100	187,100
	(TF)	143,200	374,200	374,200
Special Line Item Total	(GF)	146,000	281,300	282,300
	(TF)	11,469,500	19,758,300	15,762,500
PROGRAM TOTAL	(GF)	403,800	664,700	674,400
	(TF)	11,833,300	20,565,900	16,588,800
<u>Fund Summary</u>				
General Fund		403,800	664,700	674,400
Federal Funds		11,429,500	19,901,200	15,914,400
PROGRAM TOTAL-ALL SOURCES		11,833,300	20,565,900	16,588,800 ^{2/4/95}

GF = State General Fund.

TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DHS - AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

Program Description — *The appropriation for DHS - AHCCCS represents an allocation of costs incurred by the Department of Health Services in its role of performing licensing and inspections of Title XIX-certified nursing care facilities. This function is a federal Medicaid requirement and is conducted in accordance with an intergovernmental agreement between AHCCCS and DHS.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$9,400 (GF) and \$19,900 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,300 (GF) and \$2,700 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also reflects a reduction of \$2,000 (GF) and \$3,900 (TF) for an Employee Related Expenditures adjustment.

The approved amount also includes a total of \$29,200 (GF) and \$58,300 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Children's Rehabilitative Services — The approved amount reflects an estimate of Title XIX funds to be passed through to the Department of Health Services. The state matching funds for these federal dollars are reflected in the DHS Family Health appropriation.

DHS - PASARR — The Department of Health Services, through an intergovernmental agreement with AHCCCS, conducts Level II psychiatric evaluations of Title XIX certified nursing facility patients who have been identified through a Level I screening as potentially having a mental illness.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,000 (GF) and \$4,200 (TF) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$1,700 (GF) and \$6,800 (TF) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Indirect Cost-Licensure — Represents the cost of administrative functions performed by non-Licensure Division staff in support of the Licensure Division.

- 1/ The FTE Positions total includes 0.7 (GF) and 2.7 (TF) FTE positions funded from DHS-PASARR Special Line Item in FY 1993 through FY 1995.
- 2/ Includes \$7,000,000 of additional federal expenditure authority authorized by Laws 1994, Chapter 6, 8th Special Session (H.B. 2006).
- 3/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.
- 4/ Of the \$16,588,800 expenditure authority for DHS - AHCCCS, \$674,400 is appropriated from the state General Fund. (General Appropriation Act footnote, as adjusted for the general salary adjustment.)
- 5/ The amounts appropriated shall be used for intergovernmental agreements with the Department of Health Services for the purpose of Medicaid-related licensure, certification and registration, and other functions as set forth above. (General Appropriation Act footnote.)

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -
ACUTE CARE**

A.R.S. § 36-2901

Dr. Mabel Chen, Director

JLBC Analyst: Headley

**GENERAL FUND, FEDERAL FUNDS,
COUNTY FUNDS AND MISCELLANEOUS
FUNDS**

**FY 1993
Actual**

**FY 1994
Estimate**

**FY 1995
Approved**

Capitation	(SM)	388,018,100	361,082,800	352,110,600
	(TF)	724,114,600	800,194,300	831,035,900
Fee for Service	(SM)	50,424,100	73,184,300	72,592,400
	(TF)	131,332,200	165,943,600	171,429,700
Reinsurance	(SM)	29,508,200	31,216,200	31,702,600
	(TF)	48,905,900	41,373,100	49,524,800
Deferred Liability	(SM)	10,749,500	20,814,600	19,394,900
	(TF)	31,467,600	32,454,100	32,449,000
Medicare Premiums	(SM)	1,660,300	2,729,600	3,421,900
	(TF)	10,552,000	8,004,100	10,149,900
Qualified Medicare Beneficiaries	(SM)	495,300	659,500	1,712,900
	(TF)	1,737,100	1,933,800	5,078,900
Disproportionate Share Payments	(SM)	29,478,000	37,703,000	38,324,900
	(TF)	89,511,300	107,392,900	110,717,200
Children's Title XIX Behavioral Health	(SM)	859,400	-0-	-0-
	(TF)	45,436,400	45,000,000	40,000,000
Adult Title XIX Behavioral Health	(SM)	-0-	-0-	-0-
	(TF)	18,977,300	32,000,000	30,000,000
PROGRAM SUBTOTAL	(SM)	511,192,900	527,390,000	519,260,200
	(TF)	1,102,034,400	1,234,295,900	1,280,385,400
Less:				
County Acute Care Contribution		(65,076,100)	(77,884,200)	(74,099,400)
Miscellaneous Funds Offset		(3,315,900)	(8,576,600)	(5,000,000)
SLIAG Offset		(7,750,000)	(3,000,000)	-0-
PROGRAM TOTAL	(GF)	435,050,900	437,929,200	440,160,800
	(TF)	1,102,034,400	1,234,295,900	1,280,385,400
<u>Fund Summary</u>				
General Fund		435,050,900	437,929,200	440,160,800
Federal Funds		598,591,500	709,905,900	761,125,200
County Funds		65,076,100	77,884,200	74,099,400
Miscellaneous Funds		3,315,900	8,576,600	5,000,000
PROGRAM TOTAL-ALL SOURCES		1,102,034,400	1,234,295,900	1,280,385,400

SM = State Match, and consists of the State General Fund and County Funds.

TF = Total Funds, and represents the sum of Federal Funds, County Funds, Miscellaneous Funds, and the State General Fund.

GF = State General Fund.

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

Program Description - The AHCCCS Acute Care program is the medical services component of the Arizona's Medicaid Demonstration Project. The program is based on prepaid monthly capitation payments to contracted providers for the full range of authorized medical services available to enrolled members. The program follows a health maintenance organization model in which capitated providers accept a predetermined rate and are responsible for managing patient utilization and cost through a system of prior authorization and utilization review, coordinated by a primary care physician. As a federal demonstration project, the Acute Care program operates under a series of federal waivers that make the "managed care" concept possible. AHCCCS covers the mandatory federal eligibility groups, as well as certain optional state groups, such as the Medically Needy/Medically Indigent. In cases involving catastrophic medical expenses, or when the applicant is hospitalized at the time of enrollment, AHCCCS supplements capitation through Reinsurance and Deferred Liability to ensure health plan financial viability.

FY 1995 Acute Care Overview

No major programmatic changes affecting the Acute Care program were enacted in the 1994 legislative session. The approved FY 1995 budget reflects the continuation of policy changes made in the 1993 session. Those changes included providing only emergency services coverage to undocumented aliens, setting the county contribution for Acute and Long-Term Care at 29.5% of total nonfederal costs, and lowering private hospital reimbursement by \$10 million. Conforming legislation was approved to establish the FY 1995 county Acute Care contribution, as well as to make certain changes regarding Disproportionate Share. These provisions, contained in the Health Omnibus Reconciliation bill, are discussed in full detail in the Additional Legislation section.

In other legislation, most notably the AHCCCS Omnibus bill, pilot programs were authorized allowing AHCCCS to test new service concepts and reform measures, pending federal approval of the necessary waivers. These pilots include the extension of transitional AHCCCS benefits beyond the current 2 year maximum, extending family planning services for 2 years, establishing managed care on reservations, and allowing dually eligible Medicare and Medicaid enrollees to receive all services through an AHCCCS health plan. Other welfare reform legislation approved in 1994 that focused on programs in the Department of Economic Security may have AHCCCS implications, if such reforms affect enrollment in assistance programs that are linked to AHCCCS eligibility.

- ^{1/} Of the appropriation for disproportionate share payments made pursuant to A.R.S. § 36-2903.01, R, the sum of \$85,766,900 is for qualifying county operated hospitals, \$10,576,000 is for deposit in the Arizona State Hospital Disproportionate Share Payment Fund and \$12,681,600 is for other qualifying disproportionate share hospitals. The remaining \$1,692,700 is for in-lieu payments to counties having a population of 500,000 persons or less according to the most recent United States decennial census, in an amount which is the difference between the disproportionate share payments made pursuant to A.R.S. § 36-2903.01, R, and \$201,700, if the disproportionate share payments are less than \$201,700. For each county that would receive less than \$100,900 from these in-lieu payments, the system administration shall make an additional in-lieu payment that will provide the county with a total payment of \$100,900. (General Appropriation Act footnote.)
- ^{2/} The expenditure detail for FY 1994 includes a supplemental appropriation of \$5,210,300 (GF) and \$14,866,900 (TF) authorized by Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session. The supplemental appropriation provides the necessary state matching funds and additional expenditure authority for greater than expected Disproportionate Share funding awarded to Arizona in FY 1994.
- ^{3/} Of the \$1,280,385,400 expenditure authority for Acute Care, \$440,160,800 is appropriated from the state General Fund. (General Appropriation Act footnote.)
- ^{4/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program with Special Line Items.

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

In terms of state matching funds only, Acute Care costs for FY 1995 are expected to be less than the FY 1994 appropriation. In fact, FY 1995 member years are estimated to be 3.7% less than enrollment assumed in the FY 1994 appropriation. As the FY 1995 budget was being closed in March, it appeared that FY 1994 would end with a significant General Fund surplus in the Acute Care budget, after shortfalls of \$25 million and \$16 million in FY 1992 and FY 1993, respectively. For counties, the Acute Care contribution was reduced by \$3.8 million, based on the formula that counties pay 29.5% of the nonfederal cost of AHCCCS. Lower Acute Care costs, combined with increases in Long-Term Care, pushed the county Acute Care contribution down.

Arizona's allocation of Disproportionate Share funding continued to grow in FY 1994. The FY 1994 budget was supplemented by \$5.2 million to allow AHCCCS to draw down the additional federal funding awarded for FY 1994. It appears that the federal government, at least in the short-term, is moving towards basing Arizona's Disproportionate Share allocation on 6% of statewide Medicaid expenditures, a methodology applied to other states. Given this increasing degree of certainty regarding annual growth in the state's allocation, the FY 1995 Disproportionate Share appropriation was increased by 3%. The final FY 1995 allocation will not be known, however, until late 1994 or early 1995.

Lastly, the FY 1995 General Fund appropriation reflects the elimination of all offsetting federal funding from the State Legalization Impact Assistance Grant (SLIAG) program. This 5-year program to compensate states for the cost of providing services to aliens granted residency under the Federal Amnesty Program is nearing termination. Also, the offset for third party collections has been reduced by \$3.6 million to better reflect the actual level of collections.

The remaining sections provide explanations of the various line items in the Acute Care budget, as well as descriptions of AHCCCS eligibility categories.

Capitation — Represents payments made to health plans under contract with AHCCCS for the cost of care provided to enrolled members. These payments are made on a monthly basis and cover the full range of services required in statute. Contracts are awarded for a 2-year period upon the completion of a competitive bidding process in which health plans respond to a Request for Proposals from AHCCCS. Health plans bid by AHCCCS eligibility group, or rate code, meaning that different rates are paid for different groups. Varying capitation rates are due to the nature of federal Medicaid and state-funded eligibility categories, which are comprised of markedly different demographic groups. In general, capitation rates are based on an actuarial assessment of the medical services utilization and costs incurred by each of the AHCCCS eligibility groups. Additionally, capitation rates may reflect program changes, such as a required expansion of available services, or changes in eligibility requirements.

Since the starting point for new or renewed health plan contracts coincides with the new federal fiscal year, the state fiscal year appropriation reflects 3 months of capitation rates paid at a level negotiated for the period of October 1993 through September 1994, and 9 months at new rates negotiated for the contract year beginning in October 1994. The FY 1995 appropriation provides for a capitation inflation increase of 3% for the contract year starting October 1, 1994. The FY 1995 amount for Capitation is based on the following statewide average rates:

<u>Federal Eligibility Groups</u>	<u>Total Capitation Rate</u>	<u>Federal Share</u>	<u>State Share</u>
Aid to Families with Dependent Children	\$120.88	\$80.26	\$40.62
Supplemental Security Income, with Medicare	120.15	79.78	440.37
Supplemental Security Income, without Medicare	304.57	202.24	102.34
SOBRA Women	119.97	79.66	40.31
SOBRA Children	107.08	71.10	35.98
SOBRA Deliveries (One time payment)	4,489.54	2,981.06	1,508.49

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

State Eligibility Groups

Medically Needy/Medically Indigent, with Medicare	149.73	-0-	149.73
Medically Needy/Medically Indigent, without Medicare	253.17	-0-	253.17
Eligible Assistance Children	107.05	-0-	107.05
Eligible Low Income Children	107.53	-0-	107.53

For federally-qualified members also eligible for Medicare, AHCCCS pays the member's Medicare Part B Premiums, thereby allowing AHCCCS to bill the federal Medicare program for a portion of the member's medical expenses. As the capitation rates indicate, this Medicare "buy-in" substantially reduces total capitation costs and state share costs for Medicare-eligible members.

The federal share of capitation and other costs incurred by federally-eligible members is based on a predetermined federal matching rate known as the Federal Medical Assistance Percentage, or FMAP. This federal matching rate varies from state to state and is based on a mathematical relationship between state per capita income and the national average. States are guaranteed a "floor" of 50% federal participation. Arizona's FMAP for the federal fiscal year ending September 30, 1994, is 65.90%. For the federal fiscal year beginning October 1, 1994, Arizona's FMAP will increase to 66.40%. State eligibility groups are funded entirely with state dollars.

Estimated FY 1995 member years paid are shown below.

<u>Federal Eligibility Groups</u>	<u>Average Annual Member Years Paid</u>
Aid to Families with Dependent Children	212,063
Supplemental Security Income, with Medicare	19,370
Supplemental Security Income, without Medicare	36,665
SOBRA Women	12,375
SOBRA Children	119,277
<u>State Eligibility Groups</u>	
Medically Needy/Medically Indigent, with Medicare	1,282
Medically Needy/Medically Indigent, without Medicare	33,975
Eligible Assistance Children	1,500
Eligible Low Income Children	<u>1,409</u>
Total Member Years	437,916
SOBRA Deliveries	16,410

Fee for Service — This expenditure line item is for payments made by AHCCCS directly to health care providers on behalf of members not yet enrolled in a health plan or else not eligible for health plan enrollment. For in-patient hospital bills, the level of reimbursement is based on the tiered per diem hospital reimbursement methodology authorized in Laws 1992, Chapter 302. This methodology classifies services into one of seven per diem rates, such as surgery, intensive care, and routine care. Pursuant to Chapter 302, the per diem rates shall be adjusted annually (on October 1) by the Data Resources Incorporated Market Basket Index for Prospective Payment System Hospitals.

Another component of the per diem payment system having budgetary implications is the phase down of the "quick pay" discount. The discount is a reduction AHCCCS applies to bills it pays within 30 days of receipt. When first authorized in 1992, the per diem system contained a provision to gradually phase down the 10% discount starting March 1, 1996, by 1% per year, until reaching 1% March 1, 2004. This provision was amended, however, by Laws 1993, Chapter 6, 2nd Special Session (Health Omnibus Reconciliation Bill), to accelerate this phase down schedule, but only for bills incurred by federally-eligible members. Under Chapter 6, the discount will be lowered to 6% on October 1, 1994, 3% on October 1, 1995, and

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

finally to 1% on October 1, 1996. The FY 1995 appropriation includes an additional \$5,672,300 (SM) and \$16,881,800 (TF) for the increased costs of this phase down.

The phase down schedule for bills incurred by members in state eligibility groups (Medically Needy/Medically Indigent) will follow the original schedule from Chapter 302. Accordingly, the discount for these bills will begin the phase down process on March 1, 1996, falling by 1% per year until March 1, 2004. For FY 1995, as with FY 1994, bills for state-eligible members will continue to be discounted not only by 10%, but also by an additional factor necessary to achieve \$10 million in total reductions. This reduction factor is required by Chapter 6 and will end after FY 1995.

As indicated above, one area of fee for service coverage is for AHCCCS members not yet enrolled in a health plan. This fee for service "window" varies based on the category of eligibility. Federally-eligible persons have a 10-day period in which to choose a health plan. During this period and any additional time between eligibility and the effective date of health plan enrollment, these individuals are eligible to have medically necessary services paid on their behalf. Additionally, if these persons have unpaid bills for services received in the 90-day period prior to their application for eligibility and would have been eligible for some period of time in that 90-day period, AHCCCS pays these bills on a fee for service basis. This retroactive coverage is referred to as "prior quarter coverage."

State-only applicants are enrolled with a prepaid health plan within 3 days of the determination of eligibility through an automatic assignment process. Under current law, AHCCCS covers emergency services received up to 48 hours prior to the date of notification of eligibility by a county office. This period of state liability is known as "48 hour retro."

In addition to temporary fee for service coverage for the pre-enrollment period, AHCCCS also covers certain groups not eligible for health plan enrollment. These groups include Native Americans living on reservations and those eligible for only emergency services coverage, due to a lack of legal U.S. residency but otherwise AHCCCS-eligible.

Pursuant to an agreement between the State of Arizona and the federal government, Medicaid-eligible Native Americans living on reservations may be referred off-reservation by the Indian Health Service (IHS) for services if the IHS is unable to provide the necessary services. The state's cost for these referrals corresponds to the established state matching rate for other federally-eligible members. Native Americans eligible for an AHCCCS state eligibility group (MN/MI) may also be referred off reservation for services, with AHCCCS paying 100% of the cost, as with other state-eligible members. For Medicaid-eligible Native Americans treated on reservation in an IHS facility, the federal government pays all costs, with AHCCCS passing through these federal funds to the IHS facility.

With the passage of Laws 1993, Chapter 6, 2nd Special Session, eligibility in state groups such as MN/MI was limited to applicants having proof of legal U.S. residency. Those unable to provide such proof but still fulfilling all other eligibility requirements can still find coverage for emergency medical care through either federal or state emergency services eligibility. AHCCCS will reimburse providers for services if the service was in fact for an emergency medical condition. AHCCCS coverage continues until such time as an emergency condition no longer exists.

Reinsurance — Payments from this line item are intended to supplement Capitation in catastrophic cases. Such payments are made to AHCCCS health plans and have the effect of reimbursing health plans for extraordinary costs not reflected in the Capitation rate. AHCCCS has set \$10,000 as the Reinsurance deductible for all Medically Needy/Medically Indigent, EAC, and ELIC members (without Medicare Part A coverage). Reinsurance deductibles for federally-eligible individuals are dependent upon plan enrollment by county as of November of each year and vary as follows:

<u>Enrollment</u>	<u>Reinsurance Deductible</u>
1 - 999 members	\$10,000
1,000 - 9,999 members	\$20,000
10,000 + members	\$30,000

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

For federally-eligible members, 80% of the cost incurred by a health plan in excess of the appropriate deductible is borne by AHCCCS (90% for state-only members), under the following circumstances when costs have been incurred:

- In the provision of payment for covered inpatient hospitalization, emergency care, and certain covered outpatient services such as dialysis not covered by Title XIX, total parenteral nutrition, and other ambulatory services.
- During the contract year or such part of that year in which the individual is enrolled with a plan. Any movement to another plan shall be cause for resetting the reinsurance level.

Additionally, for state-only members, 95% of the cost incurred by a prepaid health plan in excess of the \$10,000 deductible is borne by AHCCCS for related outpatient services that are authorized by AHCCCS and which were incurred within 14 days after discharge from the hospital.

The Reinsurance deductible for enrolled members diagnosed as having Acquired Immune Deficiency Syndrome (AIDS), and persons requiring organ transplants, is \$1,000 regardless of the type of eligibility or plan size. AHCCCS assumes 90% of the liability for medical costs in excess of this threshold.

Deferred Liability — Like Reinsurance, this line item represents payments that supplement Capitation, covering extraordinary costs not reflected in the Capitation rate. In general, Deferred Liability payments are made to health plans for members who are hospitalized on the day of enrollment. In such cases, AHCCCS assumes 50% of the costs for patients who are already incurring expenses on the day they are assigned to a health plan. In order for AHCCCS to defer liability, one of the following conditions must exist:

- The eligible person is in the last 2 weeks of a high-risk pregnancy;
- The eligible person is receiving either active chemotherapy or active radiation for a malignancy or a metastatic disease;
- The eligible person is hospitalized on the effective date of enrollment. Liability may be deferred until the person is discharged or for 15 days, whichever is less, subject to a utilization review by the Administration; or
- The eligible person is an infant who has been continually hospitalized since birth and had a birth weight of less than 2250 grams; or a gestational age of less than 36 weeks; or a major malformation requiring special neonatal care; or received more than 2 days of intensive neonatal care; or required intensive care and subsequently died.

Medicare Premiums — This line item represents the purchase of Medicare Part B (supplemental medical insurance) on behalf of those eligible for Medicaid and Part A (hospital insurance) coverage. This "buy-in" reduces state costs since the federal government, through Medicare, absorbs some costs that otherwise would have been paid by AHCCCS. In addition, the line also includes the costs of payment of Part A premium costs for certain disabled workers.

Qualified Medicare Beneficiaries — Federal law requires the state to pay Medicare Part A and Part B premiums, deductibles, and co-payments on behalf of certain low-income Medicare beneficiaries. An individual is eligible if:

- They are entitled to Part A Medicare benefits;
- Their resources do not exceed twice the SSI resource limit, or \$4,000; and
- Their income does not exceed 100% of the FPL (\$7,360 for 1 person).

Disproportionate Share Payments — This line item represents supplementary payments to hospitals that serve a large, or disproportionate, number of low income patients. The federal basis for payments is either a reflection of a hospital's number of Title XIX inpatient days, or a "low income" utilization rate. States may also establish optional payment categories. Arizona has established optional groups that include county or state hospitals and hospitals that are also associated with AHCCCS health plans. Payments to county hospitals have been based on a "pool" of expenses consisting of charity care, uncollectible or bad debt, county General Fund subsidies, and state payments to county hospitals for AHCCCS recipients.

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

Additionally, this line item provides for "in-lieu" payments to counties not having county-operated hospitals. The allocation of the FY 1995 disproportionate share appropriation is as follows:

County-Operated Hospitals	\$28,817,700 (SM) 85,766,900 (TF)
Arizona State Hospital	3,553,500 (SM) 10,576,000 (TF)
Private Hospitals	4,261,000 (SM) 12,681,600 (TF)
County In-Lieu Payments	<u>1,692,700 (TF)</u>
Total Appropriation	38,324,900 (SM) 110,717,200 (TF)

Children's Title XIX Behavioral Health — The total expenditure authority amount reflects an estimate of federal funds to be passed through to the Department of Health Services for mental health services rendered to Title XIX-eligible children. The state match for these pass-through federal dollars is reflected in the Department of Health Services Behavioral Health appropriation.

Adult Title XIX Behavioral Health — The total expenditure authority amount reflects an estimate of Title XIX funding to be passed through to the Department of Health Services for the provision of mental health services to Title XIX-eligible clients over the age of 21 diagnosed as being seriously mentally ill. The state match for these federal funds is reflected in the DHS Behavioral Health appropriation.

AHCCCS Eligibility Categories

The following is a description of federal and state eligibility groups as defined in state law:

Federal Eligibility Groups

AFDC — Individuals receiving cash assistance from the Aid to Families with Dependent Children (AFDC) program in the Department of Economic Security are automatically eligible for AHCCCS benefits. This is often referred to as categorical eligibility. Federal law also allows for some individuals not eligible for cash assistance but still meeting certain AFDC standards (e.g., Ribicoff Children), or those no longer eligible for cash payments (transitional medical assistance), to still be eligible for Medicaid. These are known as Medical Assistance Only (MAO) cases. Also, individuals in the AFDC-Unemployed Parent program are entitled to AHCCCS benefits.

The Comprehensive Medical and Dental Program (CMDP) in the Department of Economic Security has AHCCCS-eligible children among its total population. AHCCCS passes through funds to CMDP on behalf of these eligible children.

SSI — Individuals receiving Supplemental Security Income (SSI) monthly cash payments are automatically eligible for AHCCCS benefits. These individuals are eligible in one of following three SSI categories: those age 65 or older (aged), the blind, and the disabled. Eligibility for the SSI program is based on uniform nationwide requirements. Like AFDC, SSI also has related MAO groups. Additionally, AHCCCS passes through funds to CMDP on behalf of SSI-eligible children enrolled in that program.

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

SOBRA Women and Infants — States are required to provide care to pregnant women and infants (under 1 year old) whose family incomes do not exceed 133% of the Federal Poverty Level (FPL) (\$16,386 for a family of 3). A resource standard may be established, but AHCCCS has chosen to waive this requirement. SOBRA refers to the federal Sixth Omnibus Budget Reconciliation Act.

The federal government allows states the option of increasing the income limit to 185% of the FPL. Arizona acted upon this option and moved the state's income standard to 140% of the FPL (\$17,248 for a family of 3) in 1990. Coverage for women is limited to the term of pregnancy and 60 days of postpartum care.

SOBRA Children — The federal government requires states to provide medical assistance to children under age 6 whose family incomes do not exceed 133% of the FPL. Additionally, states are required to cover children under age 18 and born after October 1, 1983, with family incomes up to 100% of the FPL.

1902 (r)(2) Children — This eligibility group name refers to the relevant section of the federal Social Security Act that allows states discretion in establishing higher income eligibility standards than exist in other federal categories, such as SOBRA. Eligibility for this group requires an income below 100% of the FPL. Like SOBRA, this category has no resource limit. Most children in the 100% state funded Eligible Assistance Children (EAC) category were transferred to this federally-funded group.

Federal Emergency Services — All federal eligibility categories (AFDC, SSI, and SOBRA) have an emergency service component. Applicants for these federal programs who would be eligible except for a lack of legal U.S. residency are eligible for coverage of emergency medical services, but not full Medicaid benefits. Eligibility lasts as long as a emergency medical condition exists. This definition has been interpreted to include deliveries, as well as prenatal care.

State-Only Groups

Medically Needy/Medically Indigent (MN/MI) — State law provides for eligibility for individuals meeting specified resource limits and the following income criteria:

<u>Family Size</u>	<u>Maximum Net Income</u>
1	\$3,200
4	\$5,354
8	\$7,530

MN/MI statutes allow medical expenses to be used to reduce the applicant's total annual income, thus allowing an applicant to "spend-down" into eligibility. Spend-down provisions do not apply to the calculation of the applicant's liquid and non-liquid resources. Unlike most federal Medicaid categories, MN/MI eligibility standards contain no restrictions relating to age, gender, or the presence of dependent children in the household. Beginning July 1, 1993, MN/MI applicants must be legal U.S. residents to be eligible for full AHCCCS services. Non-residents may qualify for emergency services coverage.

Eligible Assistance Children (EAC) — Children, ages 0-13 years, in families certified by the Department of Economic Security to be eligible for the federal Food Stamp Program qualify automatically for AHCCCS benefits. Because of the expansion of the federal SOBRA program and the creation of 1902(r)(2) group, the state has been able to transfer a large number of these children into federally-matched categories.

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

Eligible Low-Income Children (ELIC) — These are children, ages 0-13 years, in families whose annual income falls between the following guidelines, which represents the gap between the upper limit of the MN/MI income standard and the Federal Poverty Level:

<u>Family Size</u>	<u>Minimum Income</u>	<u>Maximum Income</u>
1	\$3,201	\$7,360
4	\$5,355	\$14,800
8	\$7,531	\$24,720

As with the Medically Needy/Medically Indigent program, applicants for ELIC must be legal U.S. residents to be eligible for full services. Non-residents may qualify for emergency services coverage.

State Emergency Services — Established in Laws 1993, Chapter 6, 2nd Special Session, this eligibility category provides coverage of emergency medical services to those otherwise eligible for a state group, such as MN/MI, except for the lack of legal U.S. residency. Services covered are the same as those in the Federal Emergency Services program, except the cost is 100% state-funded.

ADDITIONAL LEGISLATION

Welfare; Health; Omnibus Budget Reconciliation (Chapter 4, 8th Special Session) — Establishes the FY 1995 county Acute Care contribution and makes changes affecting Disproportionate Share payments. Section 36 sets the FY 1995 county Acute Care contribution at \$74,099,400 and clarifies that the county contribution for Acute and Long-Term Care is equal to 29.5% of the nonfederal cost of AHCCCS. As with past session laws, Chapter 4 sets forth the percentage allocation to be collected from each county. Provisions affecting Disproportionate Share establish the cut-off point for the submission of hospital data and prescribe the amount of sales tax revenue to be withheld from counties in FY 1995 as reimbursement for Disproportionate Share payments. The sales tax withholding includes \$9.4 million which normally would have been withheld in FY 1994. However, to assist county financial standing, that withholding was deferred until FY 1995, thus allowing counties to retain greater additional Disproportionate Share funding through the close of FY 1994. Chapter 4 further prescribes that the Director of the Joint Legislative Budget Committee shall notify the State Treasurer regarding individual sales tax amounts to be withheld from distributions to Maricopa and Pima counties.

Behavioral Health Services (Chapter 229, H.B. 2067) — In addition to provisions affecting regional behavioral health authorities, this act includes a statement of legislative intent that general mental health and substance abuse services for the AHCCCS Acute and Long-Term Care populations ages 18-24 not be implemented before October 1, 1995. The act also directs the Joint Legislative Committee for the Arizona Health Care Cost Containment System to present recommendations to the Legislature regarding these services by December 31, 1994.

DES; Benefits Demonstration Program (Chapter 233, H.B. 2097) — Requires AHCCCS to develop a joint demonstration project with the Department of Economic Security, in which former Aid to Families with Dependent Children recipients may receive an additional 12 months of transitional medical assistance and child care. The act also provides AHCCCS with an appropriation of \$430,900 (GF) and \$1,282,500 (TF) in FY 1996 for the cost of providing transitional medical assistance. All provisions of the act are conditional, based on federal approval of the necessary waivers by January 1, 1995.

Child Medical Support (Chapter 274, S.B. 1422) — Makes changes to conform with OBRA '93, prohibiting insurers from taking into account an applicant's or policyholder's AHCCCS eligibility when considering eligibility or payments, or from cancelling or failing to renew a policy based on AHCCCS eligibility, among other provisions. This act also directs AHCCCS to establish a system to implement medical child support.

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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISCELLANEOUS FUNDS

AHCCCS; Omnibus (Chapter 322, S.B. 1325) — Makes changes to conform with provisions of the federal Omnibus Budget Reconciliation Act of 1993 (OBRA '93), removing personal care as a mandatory covered service and extending from 30 months to 36 months the period in which applicants for Long-Term Care may not transfer assets for less than fair market value. In addition, this act extends family planning services for 2 years for women previously SOBRA-eligible. Eligibility for such services will be available to women whose SOBRA eligibility ends March 1, 1995 and thereafter, and who are not eligible for another AHCCCS category, such as AFDC. Implementation of family planning services is contingent upon federal approval of a waiver, which must include federal matching funds covering 90% of the cost.

In addition to these provisions, this act authorizes AHCCCS to establish 3 pilot programs, all of which will require federal waivers to be implemented. First, for individuals in the Long-Term Care program determined to be no longer in need of continued institutional care, AHCCCS may administer a second screening based on functional level for potential placement in a home or community based setting. Second, AHCCCS may enter into a contract with the Indian Health Services to test managed care on reservations. Lastly, for AHCCCS members also eligible for Medicare, AHCCCS may allow these members to receive Medicare-covered services through an AHCCCS-contracted health plan.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -
LONG-TERM CARE**

A.R.S. § 36-2901

Dr. Mabel Chen, Director

JLBC Analyst: Headley

COUNTY FUNDS AND FEDERAL FUNDS		FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
OPERATING BUDGET				
Professional and Outside Services	(SM)	53,900	-0-	-0-
	(TF)	107,700	-0-	-0-
Equipment	(SM)	149,500	-0-	-0-
	(TF)	299,000	-0-	-0-
All Other Operating Expenditures	(SM)	203,400	-0-	-0-
	(TF)	406,700	-0-	-0-
OPERATING SUBTOTAL	(SM)	203,400	-0-	-0-
	(TF)	406,700	-0-	-0-
Program Lump Sum Appropriation	(SM)	92,094,200	103,053,600	112,105,200
	(TF)	262,185,300	302,198,200	333,812,200
Board of Nursing	(SM)	-0-	-0-	68,300
	(TF)	-0-	-0-	209,700
Special Line Item Total	(SM)	92,094,200	103,053,600	112,173,500
	(TF)	262,185,300	302,198,200	334,021,900
PROGRAM SUBTOTAL	(SM)	92,297,600	103,053,600	112,173,500
	(TF)	262,592,000	302,198,200	334,021,900
Less:				
County ALTCS Contribution		(92,297,600)	(103,053,600)	(112,173,500) ^{1/}
PROGRAM TOTAL	(GF)	-0-	-0-	-0-
	(TF)	262,592,000	302,198,200	334,021,900
<u>Fund Summary</u>				
General Fund		-0-	-0-	-0-
Federal Funds		170,294,400	199,144,600	221,848,400
County Funds		92,297,600	103,053,600	112,173,500
PROGRAM TOTAL-ALL SOURCES		262,592,000	302,198,200	334,021,900 ^{2/3/}

SM = State Match (County Funds).

TF = Total Funds, and represents the sum of County Funds and Federal Funds.

GF = State General Fund.

^{1/} Pursuant to A.R.S. § 11-292B, the FY 1994-1995 nonfederal portion of the costs of providing Long-Term Care system services is \$112,173,500. (General Appropriation Act footnote.)

^{2/} Any federal funds that AHCCCS passes through to the Department of Economic Security for use in long-term care for the developmentally disabled shall not count against the long-term care expenditure authority above. (General Appropriation Act footnote.)

^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program with Special Line Items.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - LONG-TERM CARE (Cont'd)
COUNTY FUNDS AND FEDERAL FUNDS

Program Description — The Arizona Long-Term Care System (ALTCS) was established in 1989 to provide federal Medicaid long-term care services to persons meeting federally prescribed income and resources standards and at risk of being institutionalized. ALTCS program costs are funded entirely with county and federal dollars, while the administrative cost of ALTCS is borne by the state. The AHCCCS Administration conducts ALTCS eligibility and is also responsible for contracting with providers. As in the Acute program, providers receive a monthly capitation payment that covers the full range of ALTCS services, including acute medical services.

Lump Sum Appropriation — The approved amount is based on a total of 13,005 member years and an FY 1995 average cost of \$2,130 per member per month. The approved amount reflects amounts for Capitation, Fee for Service payments, Medicare Premium payments, and nurse aid training costs.

Board of Nursing — Reflects amounts to be passed through to the Board of Nursing for the board's cost of administering the Nurse Aid Training program.

ADDITIONAL LEGISLATION

AHCCCS; Omnibus (Chapter 322, S.B. 1325) — Among other provisions, this act allows AHCCCS to administer a second level screening to Long-Term Care members determined to be no longer in need of institutional care. Such a screening will be based on functional level and may result in the member being eligible for continued Long-Term Care services in a home or community based setting. Implementation of this provision is contingent upon a federal waiver.

DEPARTMENT OF ECONOMIC SECURITY - SUMMARY

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

**SUMMARY OF GENERAL FUND
AND OTHER APPROPRIATED FUNDS**

**FY 1993
Actual**

**FY 1994
Estimate**

**FY 1995
Approved**

Program Summary

Administration	25,188,300	25,909,400	25,003,100
Developmental Disabilities	35,441,800	37,845,100	37,620,600
Long Term Care	56,076,200	42,578,600	41,539,300
Benefits and Medical Eligibility	128,377,000	135,367,800	135,035,300
Child Support Enforcement	2,767,700	2,814,300	3,739,900
Aging and Community Services	13,177,400	13,308,500	15,108,800
Children and Family Services	91,513,500	92,250,100	102,630,900
Child Protective Services Training Program	204,300	431,600	790,600
Employment and Rehabilitation Services	7,041,600	6,801,600	16,842,800

TOTAL APPROPRIATIONS

359,787,800

357,307,000

378,311,300

Expenditure Detail

FTE Positions ^{1/}	2,726.1	2,528.0	2,669.0
Personal Services	62,877,800	61,817,300	67,163,900
Employee Related Expenditures	14,996,400	14,057,300	16,239,100
Professional and Outside Services	1,968,900	2,354,800	2,425,100
Travel - In State	1,631,400	1,764,400	1,970,800
Travel - Out of State	59,500	57,800	66,900
Other Operating Expenditures	18,056,400	18,150,900	18,404,700
Food	586,700	446,900	446,900
Equipment	858,900	777,200	1,554,500
All Other Operating Expenditures	23,161,800	23,552,000	24,868,900

OPERATING SUBTOTAL

101,036,000

99,426,600

108,271,900

Special Line Items ^{2/}

258,751,800

257,880,400 ^{3/}

265,818,300

Additional Appropriations

--

--

4,221,100

TOTAL APPROPRIATIONS

359,787,800

357,307,000

378,311,300 ^{4/5/6/}

Fund Summary

General Fund	359,283,900	356,663,900	377,612,600
Other Appropriated Funds	503,900	643,100	698,700

TOTAL APPROPRIATIONS

359,787,800

357,307,000

378,311,300

Agency Description — *The department provides an array of services for low income households and others in need. These services are provided through the following divisions: Developmental Disabilities, Benefits and Medical Eligibility, Aging and Community Services, Children and Family Services, Child Support Enforcement, and Employment and Rehabilitative Services. For further detail, see the specific program.*

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - SUMMARY (Cont'd)
SUMMARY OF GENERAL FUND AND OTHER APPROPRIATED FUNDS

FTE Positions — The approved amount includes an increase of 141 FTE positions and \$6,919,500 from the General Fund as a result of:

- an increase of 4.8 FTE positions and \$458,300 for Fraud Investigators and ADA compliance in the Department of Administration.
- an increase of 22 FTE positions and \$902,400 for case management in the Developmental Disabilities program.
- an increase of 10.9 FTE positions and \$470,900 for case management in the Long Term Care program.
- an increase of 45 FTE positions and \$1,700,800 for eligibility determination and fraud prevention in the Division of Benefits and Medical Eligibility.
- an increase of 14 FTE positions and \$500,000 for Adult Protective Service Staff.
- an increase of 70 FTE positions and \$3,471,900 for Child Protective Service Staff.
- an increase of 3 FTE positions and \$115,000 for Child Care Staff.
- an increase of 4.8 FTE positions and \$262,000 for Employment and Rehabilitation Staff.
- an increase of 2.5 FTE positions and \$200,000 funded in the Expert Systems Special Line Item.
- a shift of 36 FTE positions and \$1,161,800 to federal funding in the Long Term Care program.

Personal Services — The approved amount is based upon a 2.4% vacancy factor and \$1,541,300 in vacancy savings from the General Fund. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$2,273,200 from the General Fund and \$7,500 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$302,700 from the General Fund and \$1,000 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$7,211,100 from the General Fund and \$19,500 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$1,233,100 from the General Fund for the payment of Risk Management premiums. These amounts reflect a reduction of \$199,600 from the General Fund, as authorized under Section 79 of the General Appropriation Act.

- ^{1/} The FTE Positions total includes 26.4 FTE positions funded from certain special line items in FY 1993, 9.9 FTE positions in FY 1994, and 12.4 FTE positions in FY 1995.
- ^{2/} Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- ^{3/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$10,000 for Child Care/Community Education. See the Division of Children and Family Services for additional information.
- ^{4/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.
- ^{5/} The above appropriation is in addition to funds granted to the state by the federal government for the same purposes, but shall be deemed to include the sums deposited in the state treasury to the credit of the Department of Economic Security, pursuant to the provisions of A.R.S. § 42-1341. (General Appropriation Act footnote.)
- ^{6/} A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee by the 25th of the following month. The report shall include an estimate of (a) potential shortfalls in entitlement programs, (b) potential federal and other funds, such as the statewide assessment for indirect costs, and any projected surplus in state-supported programs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, (c) shortfalls resulting from new leases or renegotiation of current leases and associated costs, and (d) total expenditure authority of the Child Support Enforcement program for the month and year-to-date as compared to prior year totals. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - SUMMARY (Cont'd)
SUMMARY OF GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount also includes a total of \$47,500 from the General Fund for rent of state-owned space and \$1,470,400 from the General Fund for several lease-purchase payments. The funding for the lease-purchase payments include an additional \$19,200 from the General Fund, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$20,500 from the General Fund for Operations and Maintenance (O&M) charges for the Kingman State Office Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

Special Line Items — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$8,100 (Personal Services, \$7,100; Employee Related Expenditures, \$1,000) from the General Fund and \$6,600 (Personal Services, \$5,800; Employee Related Expenditures, \$800) from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$16,700 from the General Fund and \$17,800 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also includes an additional \$1,277,700 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1995 General Fund operating budget from the revised FY 1994 estimate:

• General Salary Adjustment	\$ 2,584,000
• Employee Related Expenses	1,056,600
• Provider Cost Adjustment	1,277,700
• Risk Management	(1,451,000)
• Developmental Disabilities (DD) Program - Children's Waiting List/FY 1994 Base Adjustments	1,043,500
• Long Term Care (LTC) Program - 4% Caseload Growth	1,879,400
• 32.9 New Case Management Staff for the DD and LTC programs	1,373,300
• 98 New AFDC Eligibility/Fraud Staff	1,700,800
• AFDC - 10,613 New Recipients (5% Growth); No Benefit Increase; and 1994 Base Adjustment	(2,859,800)
• Transfer of Children's Behavioral Health to the Department of Health Services	(2,800,000)
• 3,444 New Child Care Placements	2,461,600
• 70 New CPS and 14 New Adult Protective Staff	3,971,900
• Children Services/Adoption Services 9% Growth	4,458,700
• JOBS - Offset of Decrease in Other Receipts	1,500,000
• Additional Appropriations from Other Bills	4,221,100
• All Other Changes	<u>530,900</u>
TOTAL CHANGE FROM REVISED FY 1994	\$ 20,948,700

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	313.8	274.7	271.5
Personal Services	8,084,700	8,357,000	8,739,800
Employee Related Expenditures	1,899,700	1,701,000	1,895,900
Professional and Outside Services	494,900	422,400	433,600
Travel - In State	117,500	173,100	182,700
Travel - Out of State	58,900	52,600	54,000
Other Operating Expenditures	10,780,800	12,218,500	10,598,700
Equipment	777,200	777,200	785,900
All Other Operating Expenditures	12,229,300	13,643,800	12,054,900
OPERATING SUBTOTAL	22,213,700	23,701,800	22,690,600
Public Assistance Collection Fund ^{1/}	124,600	211,500	255,400
AZTECS Modification	401,800	547,700	338,800
FMCS Modification	131,300	131,300	132,300
Lease-Purchase Equipment	970,100	1,452,500	1,381,700
MEDICS ^{1/}	1,346,800	581,600	-0-
SLIM Lump Sum Reduction	-0-	(717,000)	-0-
Expert System ^{1/}	-	--	204,300
TOTAL APPROPRIATIONS	25,188,300	25,909,400	25,003,100 ^{2/3/}
<u>Fund Summary</u>			
General Fund	25,063,700	25,697,900	24,747,700
Public Assistance Collections Fund	124,600	211,500	255,400
TOTAL APPROPRIATIONS	25,188,300	25,909,400	25,003,100

Program Description — *The program consists of the Office of the Director, the Divisions of Administrative Services, Business and Finance, and Data Administration. This program provides departmentwide administrative, research and evaluation, financial and computer automation support.*

^{1/} The FTE Positions total includes 14.9 FTE positions funded in FY 1993, 6.4 FTE positions funded in FY 1994, and 8.9 FTE positions funded in FY 1995 from the following special line items:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
MEDICS	8.5	0.0	0.0
Public Assistance Collection Fund	6.4	6.4	6.4
Expert System	0.0	0.0	2.5

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)
GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND

FTE Positions — The approved amount reflects a decrease of 3.2 FTE positions. The approved amount includes a transfer out of 10.5 FTE positions to the Divisions of Developmental Disabilities and the Long Term Care System Fund. The approved amount includes increases of 3.5 Fraud Investigator positions, 0.5 Information Processing Specialist, 0.8 FTE position to address American Disabilities Act (ADA) compliance, and 2.5 FTE positions funded from the Expert System Special Line Item.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$258,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$296,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation includes a transfer out of \$200,400 for the 10.5 FTE positions being transferred out. The increases include \$98,500 for the new FTE positions and \$187,500 to offset the loss of federal funds.

Employee Related Expenditures — The approved amount includes an additional \$39,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation includes a transfer out of \$55,900 for the 10.5 FTE positions being transferred out. The increases include \$26,400 for the new FTE positions and \$187,500 to offset the loss of federal funds.

The approved amount also includes a total of \$709,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount reflects a transfer in of \$5,700, and increases of \$2,700 to offset the loss of federal funds and \$2,800 to meet ADA requirements.

Travel - In State — The approved amount reflects a transfer out of \$1,100 for the 10.5 FTE positions being transferred out, an increase of \$7,400 to offset the loss of federal funds, and an increase of \$3,300 associated with the 4.8 new FTE positions.

Travel - Out of State — The approved amount reflects an increase of \$800 to offset the loss of federal funds and \$600 for the 4.8 new FTE positions.

Other Operating Expenditures — The approved amount includes: a) a total of \$1,233,100 for the payment of Risk Management premiums, which reflects a reduction of \$199,600, as authorized by Section 79 of the General Appropriation Act; b) a total of \$47,500 for rent of state-owned space; c) \$933,400 for the DES-West lease-purchase payment; d) \$281,400 for the Tucson State Office Building lease-purchase payment; e) \$110,600 for the Capital Center Building lease-purchase payment; f) \$90,400 for the Developmental Disabilities Division group homes lease-purchase payment; and g) \$54,600 for the Kingman State Office Building lease-purchase payment. The Kingman State Office Building lease-purchase payment includes an additional \$19,200, as authorized by Section 72 of the General Appropriation Act. A decrease of \$11,600 in Kingman private lease payments is also reflected.

^{2/} The department shall conduct a performance evaluation on the effect of adding additional FTE positions for fraud prevention and fraud investigation and detection in the Food Stamp and Aid to Families with Dependent Children programs. A preliminary report by December 1, 1994, with a final report by February 1, 1995, shall be provided to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee. The evaluation shall include an estimate of the annual cost of fraud and misrepresentation prior to and after the addition of the new FTE positions. The evaluation shall also include a comparison of the effectiveness of pre-eligibility versus post-eligibility measures. (General Appropriation Act footnote.)

^{3/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)
GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND

In addition to the lease-purchase payment, the approved amount includes a total of \$20,500 for Operations and Maintenance (O&M) charges for the Kingman State Office Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

The appropriation also reflects the transfer in of the \$717,000 reduction taken in the SLIM Lump Sum Reduction Special Line Item. In addition, the approved amount includes increases of \$160,300 to offset the loss of federal dollars, \$42,600 associated with the new FTE positions, \$75,400 for meeting ADA compliance requirements in 211 leased buildings, \$96,200 transferred in from the MEDICS Special Line Item for occupancy costs, and \$200,000 for automation maintenance costs.

Equipment — The approved amount includes \$293,900 for general replacement equipment and \$483,300 for automation replacement equipment. The appropriation reflects an increase of \$8,700 for one-time equipment costs associated with the new FTE positions.

Public Assistance Collection Fund — The approved amount includes an additional \$6,600 (Personal Services, \$5,800; Employee Related Expenditures, \$800) for the general salary adjustment. The approved amount is based upon a 0% vacancy factor. The appropriation also reflects the inclusion of \$37,300 of indirect and overhead costs of this program. The approved amount contains \$17,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

A.R.S. § 46-295 requires 25% of repaid erroneous public assistance benefits to be deposited into the Public Assistance Collections Fund. This Special Line funded 6.4 FTE positions in FY 1993—FY 1995, all of which have been included in the FTE Positions line of the fund summary.

AZTECS Modification — The approved amount funds modifications to the Arizona Technical Eligibility Computer System (AZTECS) to reduce on-line processing time and provide increased capacity for caseload expansion. AZTECS is the automated eligibility determination system for AFDC and Food Stamps.

The approved amount includes \$260,500 for the fifth year payment of a 7-year lease-purchase, which reflects decreases of \$108,200 in the lease-purchase payment and \$179,000 for professional and outside services. The appropriation also includes \$78,300 to offset the loss of federal funds. The initial authorization for this purchase was in FY 1990, but due to delays in the acquisition of the system, the original lease-purchase payment schedule was revised. The revised lease-purchase schedule appears on page 106 of the FY 1993 Appropriations Report.

FMCS Modification — The approved amount includes \$132,300 for Professional and Outside Services for continual modifications and enhancement to the department's Financial Management Control System (FMCS). This appropriation includes a \$1,000 increase to offset the loss of federal funds. In addition, another \$35,800 is funded in the Professional and Outside Services line item for FMCS. The approved amount funds consulting assistance in the installation of additional subsystems, in developing policies and procedures, and in meeting FMCS system needs that are outside the scope and expertise of department staff.

Lease-Purchase Equipment — The approved amount includes 3 lease-purchase payments for computer equipment.

- **Memory and Storage Expansion** \$183,400
The first lease-purchase permits DES to expand the memory and storage capacity of the existing mainframe computer. The lease-purchase schedule appears on page 96 of the FY 1991 Appropriations Report. This will be the last payment on this lease-purchase.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)
GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND

- Second Mainframe \$464,800

The second lease-purchase funds the acquisition of a second mainframe computer. The additional workload generated by the new federal welfare reform legislation exceeds the capacity of the current mainframe. The lease-purchase schedule for this computer has been revised, due to the elimination of enhanced federal funding effective April 1, 1994. The original mainframe lease-purchase schedule appears on page 97 of the FY 1991 Appropriations Report. The following scheduling is the revised 7-year lease-purchase.

	<u>TOTAL</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>STATE</u>	<u>FEDERAL</u>
FY 1991	\$ 97,700	\$ 74,400	\$ 23,300	\$ 52,400	\$ 45,300
FY 1992	737,900	543,300	194,600	404,900	333,000
FY 1993	854,500	685,500	169,000	433,100	421,300
FY 1994	853,400	729,400	124,000	426,600	426,800
FY 1995	851,500	773,400	78,100	464,800	386,700
FY 1996	756,100	725,400	30,700	393,400	362,700
FY 1997	<u>125,800</u>	<u>124,500</u>	<u>1,300</u>	<u>63,600</u>	<u>62,200</u>
	<u>\$4,276,900</u>	<u>\$3,655,900</u>	<u>\$621,000</u>	<u>\$2,238,800</u>	<u>\$2,038,000.</u>

- Central Processing Unit (CPU) Expansion \$733,600

The third lease-purchase funds the expansion of the DES mainframe central processing unit to ensure the needed memory and storage capacity for the department's increasing caseloads and programs. Funding for this lease-purchase began in FY 1993 and was funded in the Other Operating Expenditures line. The FY 1993 budgeted amount funded a 6-month lease-purchase payment. The implementation of the lease-purchase did not begin until the final quarter of FY 1993. The 6-year lease-purchase schedule appears on page 122 of the FY 1994 Appropriations Report.

MEDICS — The approved amount reflects a decrease of \$485,400, as the project to upgrade DES facilities to handle the automation for the Medical Eligibility Determination and Information Control System (MEDICS) was completed in FY 1994. Another \$96,200 was transferred to the Other Operating Expenditures line item for occupancy costs associated with the displacement of staff to private office space.

SLIM Lump Sum Reduction — The approved amount reflects a decrease of \$717,000 due to savings from efficiencies achieved by the department through reorganizing its Office of Special Investigation, organizing its accounts payable functions and janitorial services, and by improving its handling of agency travel claims and telecommunication bills. The reduction was transferred to the Other Operating Expenditures line item.

Expert System — The approved amount reflects the adding of 2.5 FTE positions to develop an automated expert system for Aid to Families with Dependent Children, Food Stamp and Medical Assistance Only eligibility determination. State funds will be matched by a like amount of federal dollars.

The approved amount includes \$4,300 (Personal Services, 3,800; Employee Related Expenditures, \$500) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount includes a total of \$6,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

**DEPARTMENT OF ECONOMIC SECURITY -
DEVELOPMENTAL DISABILITIES**

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	489.0	474.3	446.3
Personal Services	10,600,700	10,418,500	10,104,300
Employee Related Expenditures	2,780,100	2,501,900	2,558,700
Professional and Outside Services	589,200	878,400	878,400
Travel - In State	150,500	243,000	254,300
Food	277,100	204,200	204,200
Other Operating Expenditures	1,179,000	790,200	831,800
Equipment	-0-	-0-	83,500
All Other Operating Expenditures	2,195,800	2,115,800	2,252,200
OPERATING SUBTOTAL	15,576,600	15,036,200	14,915,200
ASH Community Placement	21,000	118,300	43,700
Assistance to Families	368,400	463,200	463,200
Foster Care	1,696,400	2,635,600	2,019,900
Housekeeping Payments	171,900	172,600	172,600
Out-of-District Placement	52,100	208,200	109,300
Purchase of Care	17,549,700	18,804,500	19,886,300
Stipends and Allowances	5,700	10,400	10,400
Vocational Rehabilitation Contracts	-0-	396,100	-0-
TOTAL APPROPRIATIONS	35,441,800	37,845,100	37,620,600 ^{1/23/}

Program Description — *The Developmental Disabilities (DD) program provides 100% state funded services to individuals with mental retardation, cerebral palsy, autism and epilepsy. Clients eligible for the federal Title XIX program are funded through the Long Term Care (LTC) program. Besides contracting for services, the program: a) operates the Arizona Training Programs at Coolidge and Tucson and smaller state-operated group homes and b) provides case management services to eligible recipients.*

- 1/ The department shall report to the Director of the Joint Legislative Budget Committee, upon completion of contract negotiations for the first quarter, the difference between appropriated and contracted rates and the impact any difference may have on the division. (General Appropriation Act footnote.)
- 2/ It is the intent of the Legislature that any available surplus monies for developmental disability programs be applied toward the waiting list. The amount appropriated for developmental disabilities shall be used to provide for services for non-Title XIX eligible clients. The amount shall not be used to pay for other purposes, unless a transfer of monies is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote.)
- 3/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)
GENERAL FUND

Caseload Projections — Changes below reflect funding of the children's waiting list and clients "aging out" from one service category to another. See "Purchase of Care" for further explanation. As a client may receive services from more than 1 category, the estimates below do not add to a total caseload for the division. No estimate is provided for Support Services, as clients typically receive more than 1 service from within this category. Estimates for each service category are as follows:

	<u>End of FY 1994</u>	<u>End of FY 1995</u>
Arizona Training Program at Coolidge	62	62
Large State-Operated Group Homes - Phoenix	5	5
Other State-Operated Homes	19	19
ASH Community Placements	8	8
Assistance to Families	545	545
Foster Care	150	150
Housekeeping Payments	236	236
Out-of-District Placement	4	4
Purchase of Care		
Residential	386	393
Adult Day	359	365
Children Services	851	1324
Support Services	N/A	N/A
Stipends and Allowances	17	17

FTE Positions — The approved amount includes a net decrease of 28 FTE positions as a result of:

- an increase of 22 FTE positions and \$902,400 for case management, a 20% increase over FY 1994. The additional FTE positions will decrease the case manager's estimated average caseload from 75.6 to 67.4 clients.
- a transfer out of 54.6 FTE positions and \$1,762,800 to the LTC program to more accurately reflect the division of labor between the 2 programs.
- a transfer out of 1.5 FTE positions and \$45,800 to the LTC program in order to consolidate the mental health unit where it is more appropriately matched by federal revenues.
- a transfer in of 6.1 FTE positions and \$156,300 from the Division of Administration (DA) to place the accounting function within the division.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$301,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$343,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$437,900 associated with the new case management FTE positions, \$20,300 associated with a decrease in vacancy savings over FY 1994, \$116,700 from DA associated with the transfer in of accounting FTE positions, a transfer out of \$32,200 to the LTC program associated with the mental health FTE positions, and a transfer out of \$1,200,000 to the LTC program associated with the workload distribution between DD and LTC programs.

Employee Related Expenditures — The approved amount includes an additional \$45,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,205,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount includes an increase of \$11,300 associated with the new case management FTE positions, a transfer in of \$600 from DA associated with the accounting FTE positions, and a transfer out of \$600 to the LTC program associated with workload distribution.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)
GENERAL FUND

Other Operating Expenditures — The approved amount, an increase of \$41,600, includes \$249,800 associated with the new case management FTE positions, \$39,900 to provide funding for the vaccination of state employees who have occupational exposure to blood, a transfer out of \$250,000 to the LTC program associated with workload distribution, a transfer in of \$6,400 from DA associated with the accounting FTE positions, and a transfer out of \$4,500 to the LTC program associated with the mental health FTE positions. Of the \$249,800 associated with the new FTE positions, \$131,600 is for one-time non-capitalized equipment and telephone costs and \$52,900 is for occupancy costs.

Equipment — The approved amount provides for one-time equipment costs associated with the new case management FTE positions.

ASH Community Placement — The approved amount, a decrease of \$74,600, incorporates an estimated FY 1994 surplus of \$75,000. The approved amount also includes an additional \$400 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

The total funding of \$43,700 will provide additional support services to non-Title XIX "dually-diagnosed" clients from the Arizona State Hospital, in order that they may be placed in community settings. These clients need a joint service plan to address both their mental health needs and their developmental disabilities. The additional support services include psychiatric care and support, day program activities and short-term hospitalization, if necessary. Although the number of clients who may qualify for these services is not known at this time, the approved amount will provide funding for up to 8 clients.

Previously, this special line item has only funded Title XIX clients who received residential services through the Title XIX LTC program. Funding for these clients is now listed as Support Services (100% State) under the Purchase of Care Special Line Item in the LTC program.

Assistance to Families — This program provides payments to families or guardians to purchase services needed to keep a developmentally disabled person in his or her own home or in a semi-independent environment. A maximum of \$400 per month is available for any one individual. The approved amount, the same as FY 1994, will fund an estimated 381 clients living with parents or guardians and 164 clients that live independently.

Foster Care — The approved amount, a decrease of \$615,700, incorporates an estimated FY 1994 surplus of \$635,600. The approved amount also includes an additional \$19,900 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The approved amount provides services for 150 developmentally disabled children adjudicated dependent by the courts, which is the same as FY 1994.

Housekeeping Payments — The approved amount, the same as FY 1994, provides an average subsidy of \$70 a month to assist clients in retaining help to assist them with housecleaning, laundry and shopping. The approved amount will fund an estimated 236 clients, which is the same as FY 1994.

Out-of-District Placement — The approved amount, a decrease of \$98,900, incorporates an estimated FY 1994 surplus of \$100,000. The approved amount also includes an additional \$1,100 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The approved amount provides services for 4 clients, which is the same as FY 1994. Funding for Title XIX eligible clients is reflected in the Purchase of Care Special Line Item within the LTC appropriation.

Purchase of Care — The approved amount, an increase of \$1,081,800, funds contracted providers for the following services:

Residential Services	\$10,685,600
Adult Day Services	1,942,400
Children Services	3,047,900
Support Services	4,710,400
FY 1994 Surplus	<u>(500,000)</u>
Total	\$19,886,300

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)
GENERAL FUND

The approved amount includes:

- an increase of \$1,751,400 to provide residential, children and support services for 473 children on the waiting list.
- an increase of \$466,300 to annualize residential and support services for 23 foster care children who turned 18 years of age in FY 1994 and are no longer eligible for foster care.
- an increase of \$116,600 to annualize adult day and support services for 12 clients who turned 22 years of age in FY 1994 and are no longer receiving a public education.
- an increase of \$115,100 to fund part-year residential and support services for 7 foster care children who will turn 18 years of age in FY 1995 and will no longer qualify for foster care.
- an increase of \$28,200 to fund part-year adult day services for 6 clients and support services for 9 clients who will turn 22 years of age in FY 1995 and will no longer receive a public education.
- an increase of \$195,800 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.
- a reduction of \$500,000 to adjust for the FY 1994 surplus.
- a transfer out of \$1,091,600 and employment related programs to the Division of Employment and Rehabilitation Services (DERS) (see Vocational Rehabilitation Contracts).

Stipends and Allowances — The approved amount, the same as FY 1994, provides weekly allowances to 17 residents of the Arizona Training Program at Coolidge.

Vocational Rehabilitation Contracts — Funding for this special line item and all other employment related programming has been transferred out to DERS. These programs were transferred to DERS in FY 1994 as the division has traditionally provided these services through transfers of funding from DD, in order for clients to participate in the federally matched program managed by DERS. DERS will now also provide 100% state-funded employment support services, which were previously provided by DD.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — The bill appropriates \$268,500 to the department for fire and life safety corrections at the Arizona Training Program at Coolidge.

ADDITIONAL LEGISLATION

Developmental Disabilities Advisory Council; Continuation (Chapter 14, H.B. 2092) — The bill extends the date of termination for the council from July 1, 1994 to July 1, 1997.

Developmental Disabilities Oversight Committee (Chapter 35, S.B. 1129) — The bill creates a 6-member committee to review and approve expenditures from the Developmentally Disabled Client Services Trust Fund. In addition, the bill tasks the Oversight Committee to investigate and make recommendations to the Legislature on possible alternative uses of the Arizona Training Program facilities at Coolidge and Tucson.

Child and Adult Development Homes (Chapter 214, H.B. 2135) — The bill provides that child and adult development homes be licensed, that licenses expire after 1 year, and that the department monitor each licensed home at least 2 times a year. In addition, the bill requires the department to develop a rate structure that ensures an equitable funding basis for private nonprofit or for profit agencies.

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND AND LONG TERM CARE SYSTEM FUND ^{1/}		FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	(GF)	340.3	224.4	259.8
	(TF)	979.1	944.9	1,050.4
Personal Services	(GF)	7,584,600	4,912,500	5,838,600
	(TF)	20,611,100	21,958,300	23,729,500
Employee Related Expenditures	(GF)	1,347,500	1,125,900	1,482,800
	(TF)	4,870,300	5,474,800	6,011,200
Professional and Outside Services	(GF)	442,400	515,800	515,800
	(TF)	2,103,300	2,254,400	2,254,400
Travel - In State	(GF)	280,400	124,800	135,600
	(TF)	553,500	521,700	553,800
Travel - Out of State	(GF)	-0-	-0-	-0-
	(TF)	-0-	400	400
Other Operating Expenditures	(GF)	777,900	378,500	631,600
	(TF)	1,944,700	1,852,800	2,349,400
Food	(GF)	309,600	242,700	242,700
	(TF)	580,800	582,800	582,800
Equipment	(GF)	6,100	-0-	50,100
	(TF)	50,700	-0-	146,900
All Other Operating Expenditures	(GF)	1,816,400	1,261,800	1,575,800
	(TF)	5,233,000	5,212,100	5,887,700
OPERATING SUBTOTAL	(GF)	10,748,500	7,300,200	8,897,200
	(TF)	30,714,400	32,645,200	35,628,400
Acute Care	(GF)	9,922,100	7,897,600	6,736,000
	(TF)	20,248,400	23,778,200	24,572,600
Fee for Service	(GF)	1,774,900	1,346,300	1,748,200
	(TF)	5,051,000	7,173,300	6,601,900
LTC Foster Care	(GF)	2,758,600	2,377,100	2,766,700
	(TF)	6,291,100	8,480,900	8,907,700
LTC Purchase of Care	(GF)	30,682,100	23,452,000	21,185,800
	(TF)	76,756,600	81,719,600	82,511,300
Stipends and Allowances	(GF)	190,000	205,400	205,400
	(TF)	190,000	205,400	205,400
TOTAL EXP. AUTHORITY	(TF)	139,251,500	154,002,600	158,427,300
Less Title XIX and Other Funds		83,175,300	111,424,000	116,888,000
TOTAL APPROPRIATIONS	(GF)	56,076,200	42,578,600	41,539,300

(GF) = General Fund

(TF) = Total Funds (General Fund and Other Funds)

^{3/4}

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND AND LONG TERM CARE SYSTEM FUND

Program Description — *The Long Term Care (LTC) program provides services to individuals with mental retardation, cerebral palsy, autism and epilepsy, who are eligible for the federal Title XIX program. Title XIX is an entitlement program — any individual meeting the financial and functional requirements must receive assistance. To qualify for federal funding, an individual must have an income below 300% of the Supplemental Security Income (SSI) eligibility limit and have certain functional needs. Clients not eligible for the federal program are funded through the 100% state Developmental Disabilities (DD) program. Besides contracting for services, the program: a) operates the Arizona Training Programs at Coolidge and Tucson and smaller state-operated group homes and b) provides case management services to eligible recipients.*

Federal Participation — The approved amount reflects a continuation of the FY 1994 Federal Medical Assistance Percentage (FMAP) of 65.9%. The increase of the FY 1995 FMAP to 66.4% and the resultant increase in federal participation is anticipated to be offset by the decrease in federal Title XIX capitated reimbursement rates in FY 1995. The renegotiations were not finalized prior to the passage of the General Appropriation Act.

Caseload Projections — The approved amount is based upon a caseload of 6,815 clients in FY 1995. Since the department is required to provide Acute Care Services for all clients, the Acute Care estimate represents total overall caseload. As a client may receive services from more than 1 category, the estimates below do not add to the Acute Care caseload estimate. No estimate is provided for Support Services, as clients typically receive more than 1 service from within this category. Estimates for each service category are as follows:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>Reason for Change</u>
Arizona Training Program at Coolidge	117	117	
Arizona Training Program at Tucson	43	43	
State Operated Group Homes - Phoenix	40	40	
State Operated Group Homes - Other	72	72	
Fee for Service	332	396	caseload growth of 64 clients, or 19.3%
Foster Care	380	402	caseload growth of 22 clients, or 5.8%
Purchase of Care			
Residential	1,553	1,625	10 "aging out" clients, 62 clients caseload growth, or 4%
Adult Day - 100% State	719	748	29 clients caseload growth, or 4%
Adult Day - Title XIX	1,375	1,482	50 "aging out" clients, 57 clients caseload growth, or 4%
Children's Services - 100% State	743	773	caseload growth of 30 clients, or 4%
Children's Services - Title XIX	965	1,004	caseload growth of 39 clients or 4%
Support Services	n/a	n/a	4% growth in funding
Acute Care	6,540	6,815	caseload growth of 275 clients or 4.2%

- 1/ A.R.S. § 36-2953 establishes a Long Term Care System Fund. Subject to legislative appropriation, this fund consists of all AHCCCS monies, state appropriations and other grants used to finance developmentally disabled long term care. The following chart displays both the state General Fund (GF) contribution and the Total Expenditure Authority (TF) of the Long Term Care System Fund.
- 2/ Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session, appropriated an increase in Total Expenditure Authority of \$4,802,500 as follows: \$1,200,000 for Personal Services; \$500,000 for Employee Related Expenditures; \$250,000 for Other Operating Expenditures; \$1,394,400 for the Acute Care Special Line Item; and \$1,458,100 for the Fee For Service Special Line Item.
- 3/ The department shall report to the Director of the Joint Legislative Budget Committee, upon completion of contract negotiations for the first quarter, the difference between appropriated and contracted rates and the impact any difference may have on the division. (General Appropriation Act footnote.)
- 4/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND AND LONG TERM CARE SYSTEM FUND

FTE Positions — The approved amount includes an increase of 35.4 (GF) and 105.5 (TF) FTE positions and \$1,230,000 (GF) and \$3,652,800 (TF) as a result of:

- an increase of 10.9 (GF) and 32 (TF) FTE positions and \$470,900 (GF) and \$1,380,700 (TF) for *case management*, a 7.9% increase over FY 1994. The additional FTE positions will decrease the case manager's estimated average caseload from 38.2 to 37 clients.
- the transfer in of 4.4 (GF) and 12.9 (TF) FTE positions and \$112,300 (GF) and \$329,100 (TF) from the Division of Administration (DA) *to place the accounting function within the division.*
- the transfer in of 1.5 (GF) and 6 (TF) FTE positions and \$45,800 (GF) and \$180,200 (TF) from the DD program *to consolidate the mental health unit where it is more appropriately matched by federal revenues.*
- the transfer in of 18.6 (GF) and 54.6 (TF) FTE positions and \$601,000 (GF) and \$1,762,800 (TF) from the DD program *to more accurately reflect the division of labor between the 2 programs.*

Personal Services — The approved amount is based upon a 3% vacancy factor and \$174,400 in vacancy savings from the General Fund and \$709,000 in vacancy savings from Total Funds. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$198,300 from the General Fund and \$805,800 from Total Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes:

- an increase of \$225,200 (GF) and \$660,300 (TF) associated with the new case management FTE positions;
- a transfer in of \$32,200 (GF) and \$126,600 (TF) from the DA associated with the accounting FTE positions;
- a transfer in of \$83,700 (GF) and \$245,500 (TF) from the DD program associated with the mental health FTE positions; and
- a transfer in of \$409,200 (GF) and \$1,200,000 (TF) from the DD program associated with workload distribution.
- a reduction of \$1,200,000 (TF) as the FY 1994 supplemental adjustment was not incorporated into the FY 1995 appropriation

Employee Related Expenditures — The approved amount includes an additional \$26,400 from the General Fund and \$107,300 from Total Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$701,600 from the General Fund and \$2,836,600 from Total Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount is an increase of \$10,800 (GF) and \$32,100 (TF). The approved amount includes:

- an increase of \$9,700 (GF) and \$28,400 (TF) associated with the new case management FTE positions; and
- a transfer in \$1,100 (GF) and \$3,700 (TF) from the DD program associated with workload distribution.

Other Operating Expenditures — The approved amount is an increase of \$253,100 (GF) and \$496,600 (TF). The approved amount includes:

- an increase of \$33,300 (GF) and \$97,700 (TF) for vaccination of state employees who have occupational exposure to blood;
- an increase of \$125,400 (GF) and \$367,600 (TF) associated with the new case management FTE positions;
- a transfer in of \$4,600 (GF) and \$15,800 (TF) from the DA associated with the accounting FTE positions;
- a transfer in of \$4,500 (GF) and \$15,500 (TF) from the DD program associated with the mental health FTE positions; and
- a transfer in of \$85,300 (GF) and \$250,000 (TF) from the DD program associated with workload distribution;

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND AND LONG TERM CARE SYSTEM FUND

- a reduction of \$250,000 (TF) as the FY 1994 supplemental adjustment was not incorporated into the FY 1995 appropriation.

The \$125,400 (GF) and \$367,600 (TF) associated with the new case management FTE positions includes:

- \$64,700 (GF) and \$190,300 (TF) for one-time capitalized equipment and telephone costs; and
- \$26,200 (GF) and \$79,400 (TF) for occupancy costs.

Equipment — The approved amount provides for one-time equipment costs associated with the new FTE positions.

Acute Care — The approved amount is a decrease of \$1,161,600 (GF) and an increase of \$794,400 (TF). The approved amount includes an increase of \$384,400 (GF) and \$1,127,200 (TF) for 5% medical inflation, an increase of \$307,500 (GF) and \$901,800 (TF) for caseload growth of 4.2% and an increase of \$159,800 (TF) to adjust for a FY 1994 (TF) shortfall. The approved amount also includes a reduction of \$1,853,500 (GF) associated with increased federal participation and a reduction of \$1,394,400 (TF) as the FY 1994 supplemental adjustment was not incorporated into the FY 1995 appropriation.

Fee for Service — The approved amount is an increase of \$401,900 (GF) and a decrease of \$571,400 (TF). The approved amount includes an increase of \$384,700 (GF) and \$821,700 (TF) for caseload growth and a reduction of \$1,458,100 (TF) as the FY 1994 supplemental adjustment was not incorporated into the FY 1995 appropriation. The approved amount also includes an additional \$17,200 (GF) and \$65,000 (TF) for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Services will be provided for 34 medically fragile children and 362 on-reservation American Indians who receive assistance on a traditional fee-for-service basis, rather than through a capitated system..

Foster Care — The approved amount is an increase of \$389,600 (GF) and \$426,800 (TF). The approved amount includes \$362,400 (GF) and \$339,200 (TF) for caseload growth of 5.8%. The approved amount also includes an additional \$27,200 (GF) and \$87,600 (TF) for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

The approved amount provides services to 402 developmentally disabled children, adjudicated dependent by the courts. The approved amount funds 94 children in residential settings, 295 in family settings, and 13 in other settings.

Purchase of Care — The approved amount, a reduction of \$2,266,200 (GF) and an increase of \$791,700 (TF), funds contracted providers for the following services:

	<u>GF</u>	<u>TF</u>
Residential Services	\$10,678,800	\$44,343,000
Room and Board	1,732,900	6,311,700
Adult Day Services (100% State)	104,000	104,000
Adult Day Services (Title XIX)	3,164,100	13,100,500
Vocational Rehabilitation	-0-	-0-
Children Services (100% State)	1,199,900	1,199,900
Children Services (Title XIX)	445,800	1,833,400
Support Services (100% State)	119,600	119,600
Support Services (Title XIX)	<u>3,740,700</u>	<u>15,499,200</u>
Total	\$21,185,800	\$82,511,300

The approved amount includes the following changes, which include \$208,600 (GF) and \$812,400 (TF) for a 1% provider increase.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND AND LONG TERM CARE SYSTEM FUND

• **Residential Services**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 105,100	\$ 436,600
FY 1994 Annualization of 31 Clients who Aged Out from Foster Care	165,200	484,600
FY 1995 Cost of 10 New Clients who will Age Out from Foster Care	51,500	151,100
Caseload Growth of 4%	<u>567,500</u>	<u>1,664,300</u>
Total	\$ 889,300	\$ 2,736,600

The approved amount provides 4% caseload growth, or an additional 62 clients, for a total of 1,625 clients in FY 1995. Out-of-District Placement is not a separate line item, as in the 100% state funded DD program. Therefore, the 20 Out-of-District Placement clients, who are Title XIX eligible, are included in the total of 1,625 clients. Estimated expenditures for Out-of-District Placement are \$862,100 in FY 1995 and are included in the total above.

• **Room and Board**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 17,100	\$ 62,100
FY 1994 Annualization of 31 Clients who Aged Out from Foster Care	73,600	73,600
FY 1995 Cost of 10 New Clients who will Age Out from Foster Care	24,800	24,800
Caseload Growth of 4%	<u>236,600</u>	<u>236,600</u>
Total	\$ 352,100	\$ 397,100

• **Adult Day (100% State)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 1,000	\$ 1,000
FY 1994 Annualization of 23 Clients Aging Out from School	106,800	106,800
FY 1994 Annualization of 31 Clients Aging Out from Foster Care	367,700	367,700
Caseload Growth of 4%	165,200	165,200
Transfer to the Division of Employment and Rehabilitation Services (DERS)	<u>(4,667,200)</u>	<u>(4,667,200)</u>
Total	\$ (4,026,500)	\$ (4,026,500)

The approved amount provides 4% caseload growth, or an additional 29 clients, for a total of 748 clients in FY 1995. These programs are educational or employment related, such as job training, job placement and supported employment, and are not Title XIX reimbursable. The amount transferred to the DERS consolidates all employment related programs within that division. The remaining funding of \$104,000 (GF and TF) will provide educational day programming for 89 LTC clients in FY 1995.

• **Adult Day (Title XIX)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 31,200	\$ 129,000
FY 1994 Annualization of 23 Clients who Aged Out from School	32,500	95,300
FY 1995 Cost 50 New Clients who will Age Out from School	51,100	149,900
Caseload Growth of 4%	<u>166,900</u>	<u>489,500</u>
Total	\$ 281,700	\$ 863,700

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND AND LONG TERM CARE SYSTEM FUND

The approved amount provides caseload growth of 4%, or an additional 57 clients, for a total of 1,482 in FY 1995. These programs provide training in community living skills and activities directed mainly towards personal and social adjustment and are Title XIX reimbursable.

• **Vocational Rehabilitation**

	<u>GF</u>	<u>TF</u>
Caseload Growth of 4%	\$ 3,900	\$ 3,900
Transfer to DERS	<u>(101,500)</u>	<u>(101,500)</u>
Total	\$ (97,600)	\$ (97,600)

The transfer to DERS consolidates all employment related programs within that division.

• **Children Services (100% State)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 11,800	\$ 11,800
Caseload Growth of 4%	<u>45,700</u>	<u>45,700</u>
Total	\$ 57,500	\$ 57,500

The approved amount provides for caseload growth of 4%, or an additional 30 clients, for a total of 773 clients in FY 1995. These programs are educational in nature and are not Title XIX reimbursable.

• **Children Services (Title XIX)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 4,400	\$ 18,100
Caseload Growth of 4%	<u>23,800</u>	<u>69,800</u>
Total	\$ 28,200	\$ 87,900

The approved amount provides caseload growth of 4%, or an additional 39 clients, for a total of 1,004 clients in FY 1995. These programs, such as summer programs, provide continuity of training for DD clients when schools are out of session and are Title XIX reimbursable.

• **Support Services (100% State)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 1,200	\$ 1,200

The approved amount maintains FY 1994 caseload of 31 clients from the Arizona State Hospital.

• **Support Services (Title XIX)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 36,800	\$ 152,600
Aging Out Clients	10,300	30,100
Caseload Growth of 4%	<u>200,800</u>	<u>589,100</u>
Total	\$ 247,900	\$ 771,800

The approved amount provides an increase of 4% in total funds available over FY 1994. These programs provide a wide variety of services, such as respite, therapeutic, transportation, in-home family support and adaptive aids, and are Title XIX reimbursable.

Stipends and Allowances — The approved amount, the same as FY 1994, provides weekly allowances to 184 residents of the Arizona Training Programs.

ADDITIONAL LEGISLATION

See the Division of Developmental Disabilities for Additional Legislation.

**DEPARTMENT OF ECONOMIC SECURITY -
BENEFITS & MEDICAL ELIGIBILITY**

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	758.2	758.2	802.2
Personal Services	15,522,900	16,167,000	17,601,500
Employee Related Expenditures	3,827,000	3,953,500	4,568,900
Professional and Outside Services	142,700	270,700	300,100
Travel - In State	295,000	382,500	439,900
Other Operating Expenditures	3,505,400	3,145,000	3,726,800
Equipment	23,400	-0-	49,000
All Other Operating Expenditures	3,966,500	3,798,200	4,515,800
OPERATING SUBTOTAL	23,316,400	23,918,700	26,686,200 ^{1/}
Aid to Families with Dependent Children	87,980,900	95,138,500	92,278,700
Emergency Assistance	771,900	849,500	-0-
General Assistance	16,287,500	15,441,700	15,362,600
Tuberculosis Control	20,300	19,400	19,400
Institutional Support Payments	-0-	-0-	478,400
Youth Support Research	-0-	-0-	10,000 ^{2/}
TOTAL	128,377,000	135,367,800	134,835,300 ^{3/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Full Employment Demonstration Project, Ch. 301	--	--	200,000
TOTAL APPROPRIATIONS	128,377,000	135,367,800	135,035,300

Program Description — *The program develops policy and operating procedures, determines eligibility, pays benefits and carries out an evaluation and monitoring program for Food Stamps, Aid to Families with Dependent Children (AFDC), General Assistance, Institutional Support Payments, and Tuberculosis Control.*

- ^{1/} The operating lump sum appropriation may be expended on AHCCCS eligibility determinations based upon the results of the Arizona random moment sampling survey. (General Appropriation Act footnote.)
- ^{2/} The \$10,000 appropriated for youth support research is to be used for a K-12 pilot program designed in conjunction with the College of Education of Arizona State University to increase school performance and reduce gang activity. The legislative oversight committee of performance-based employee incentive pilot projects will oversee the design and implementation of this research program. (General Appropriation Act footnote.)
- ^{3/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program, with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)
GENERAL FUND

FTE Positions — The approved amount, an increase of 44 FTE positions, includes 45 FTE positions and \$1,700,800 for caseload growth and fraud prevention. One FTE position and \$25,000 was transferred out to the Division of Aging and Community Services (DACs), in conjunction with the transfer out of the Emergency Assistance program to DACs.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$171,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$597,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, \$818,900 for the new FTE positions, and \$46,000 to offset the reduction of federal funding to 50% of administrative costs. The department had been receiving an enhanced match rate on certain automation and fraud detection projects. The approved amount also includes a reduction of \$8,500 associated with an increase of vacancy savings over FY 1994. In addition, \$19,600 associated with the Emergency Assistance FTE position was transferred out to DACs.

Employee Related Expenditures — The approved amount includes an additional \$79,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$2,211,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount, an increase of \$29,400, includes \$18,900 for the new FTE positions and \$10,500 to offset the loss of federal funding.

Travel - In State — The approved amount, an increase of \$57,400, includes \$51,100 for the new FTE positions and \$6,300 to offset the loss of federal funding.

Other Operating Expenditures — The approved amount, an increase of \$581,800, includes \$527,800 for the new FTE positions and \$54,000 to offset the loss of federal funding. Of the \$527,800 for the new FTE positions, \$242,800 is for one-time non-capitalized equipment and telephone costs, and \$117,000 is for occupancy costs.

Equipment — The approved amount provides for one-time equipment costs associated with the new FTE positions.

Aid to Families with Dependent Children (AFDC) — The approved amount, a decrease of \$2,859,800, includes an additional \$5,764,700 for caseload growth. The appropriation will provide for 10,338 new recipients, or 5% caseload growth, over the estimated FY 1994 population in the single-parent program, and provide for 275 new recipients, or 5% growth, in the 2-parent program. This adjustment provides for an average population of 212,312 recipients in the single-parent program and 5,641 recipients in the 2-parent program in FY 1995.

The increase due to caseload growth is more than offset by an estimated surplus of \$6,365,000, due to lower than anticipated caseload growth in FY 1994, and an increase in federal participation of \$1,059,500. The approved amount also incorporates \$1,700,000 of State Share of Retained Earnings (SSRE) from child support collections which are used to offset the cost of the AFDC program, an increase of \$1,200,000 over FY 1994.

The approved amount does not provide for a benefit increase. Laws 1994, Chapter 4, 8th Special Session (H.B. 2004) ties the FY 1995 AFDC benefit level to 36% of the 1992 federal poverty level (FPL) (see Additional Legislation). AFDC benefits would otherwise be tied to 36% of the current FPL. As the FPL is adjusted annually for inflation, AFDC benefits would also be adjusted. Since Laws 1993, Chapter 5, 2nd Special Session suspended the adjustment for FY 1994, the adjustment for FY 1995 would have included the adjustments for both FY 1994 and FY 1995 at a projected cost of \$5,826,700. The maximum benefit for a family of 3 will remain \$347, as opposed to a projected maximum benefit of \$369.

Emergency Assistance — The state-funded program provides temporary financial assistance in emergency situations without reference to certain eligibility factors required for other welfare programs. The program has been transferred to DACs, where these funds will be coordinated with the other temporary assistance programs provided by DACs.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)
GENERAL FUND

General Assistance — The state-funded program provides financial aid to persons who are unemployable because of a physical or mental disability. Beginning in FY 1994, eligibility was limited to 12 months out of every 36-month period. This has been modified to allow up to a 6-month extension if the recipient is currently appealing an adverse decision by the Social Security Administration regarding federal benefits (see Additional Legislation).

The approved amount of \$15,362,600, a reduction of \$79,100, is based upon the following:

- **Caseload** — Caseload costs are projected to be \$17,223,200, an increase of \$1,092,800 due to 6.8% caseload growth. The approved amount provides for an average caseload of 9,610 clients, receiving an average benefit payment of \$149.35, the same as FY 1994. The payment of \$149.35 reflects a weighted average of a full-month payment of \$155 and an average partial month payment of \$92.50.
- **Retroactive Recovery of SSI Payments** — The approved amount includes total savings of \$613,000, which is \$912,200 less than FY 1994. In FY 1995, 450 recipients are projected to be accepted into the federal Supplemental Security Income (SSI) program. Since SSI is paid retroactively to the date of application, an average of \$726 will be reimbursed by the Social Security Administration (SSA). The FY 1994 appropriation was based on 820 recipients being accepted into the SSI program, with an average reimbursement of \$1,860 per recipient. The higher estimates in FY 1994 were the result of an anticipated backlog in assisting GA recipients to apply for SSI.

A requirement of the General Assistance program is that applicants with long term disabilities apply for the SSI program and that SSI retroactive payments be sent to DES for offsetting General Assistance benefits received by the recipient while waiting for SSI approval. Funds in excess of General Assistance benefits paid will be forwarded to the recipient within 10 days.

- **Savings Resulting from the 12-Month Limit** — Savings of \$2,176,200 will result as 1,170, or 13%, of the FY 1994 recipients will be disenrolled from the program in FY 1995. These recipients will have received 12 months of benefits since July 1, 1993.
- **Six-Month Extensions** — The approved amount includes \$200,000 for an estimated 710 recipients who will receive a 6-month extension of benefits, as they are currently appealing an adverse decision by the SSA to an administrative law judge regarding the denial of SSA benefits (see Additional Legislation). The approved amount is based upon a projection that 284 of these recipients will receive an average of 4.5 months of additional benefits, which will not be reimbursed by the SSA as the recipients will not be accepted into the SSI program.
- **Representative Payee Contracts** — The approved amount is based upon a projection that 252 recipients will be converted in FY 1995 to the SSI program through the Representative Payee program. These recipients, though eligible for SSI, are not in the SSI program as they are deemed incapable of handling their own finances. DES will contract out to the counties for representative payee services to aid these recipients with their finances, which will allow the conversions to take place. These contracts are estimated to cost \$215,100, the same as FY 1994.
- **Application Assistance** — The approved amount is based upon a projection that 252 recipients will be converted in FY 1995 to the SSI program through the application assistance program. Application assistance should increase the likelihood that the recipients served by the program will be accepted into the SSI program. Payments for application assistance are estimated to cost \$212,900, the same as FY 1994.
- **Contracted Medical Examinations** — The approved amount of \$300,600, a decrease of \$107,900, provides for 6,527 medical examinations at an average cost of \$45 per exam and 153 medical consultation hours, at a cost of \$45 per hour.

Tuberculosis Control — The appropriation provides assistance to persons certified unemployable by the State Tuberculosis Control Office because of communicable tuberculosis. The approved amount, the same as FY 1994, will fund payments to 12 recipients at an average monthly cost of \$134.72.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)
GENERAL FUND

Institutional Support Payments — This program was transferred into the division as it is primarily a cash assistance program. In addition, the division currently processes and mails out the support payments. The approved amount, an increase of \$51,400, provides funding for an additional 55 recipients, or 7.4% caseload growth over FY 1994. Estimated FY 1995 caseload includes an average of 791 supervisory care clients who receive a \$50 monthly payment and an average of 4 private nursing home clients who receive an \$80 monthly payment.

Youth Support Research — The approved amount provides funding for a K-12 pilot program to increase school performance and reduce gang activity. The pilot program is to be designed in conjunction with the College of Education of Arizona State University. The legislative oversight committee of performance-based employee incentive pilot projects will oversee the design and implementation of this research program.

ADDITIONAL APPROPRIATIONS

Full Employment Demonstration Project; Appropriation, (Chapter 301, S.B. 1456) — The bill establishes a 3-year Full Employment Demonstration Project which replaces certain welfare benefits with guaranteed employment to help persons achieve self-sufficiency and be competitive in the work force. The bill establishes and appropriates \$200,000 to the Arizona Full Employment Demonstration Project Fund for costs associated with the implementation of the project. The bill further provides that the appropriation shall revert to the General Fund if the appropriate federal waivers are not approved.

ADDITIONAL LEGISLATION

AFDC; Adult Time Limits; Appropriation (Chapter 166, S.B. 1342) — The bill limits AFDC benefits to 24 months during any 60 consecutive month period for any person who is between the ages of 18 and 62 unless the person is disabled, incapacitated, a caretaker of a disabled dependent or participating in a demonstration project that subsidizes the person's wages with monies from the AFDC program. The department may grant up to 8 months of extensions to allow a person to complete an academic or vocational program that will enable the person to become self-sufficient. The bill also appropriates \$1.4 million to the Division of Employment and Rehabilitation Services for the JOBS program. To implement the provisions of the bill, federal waivers are required.

AFDC Eligibility Limitations (Chapter 227, H.B. 2018) — The bill changes the child care exemption for a child under the age of 2 to exempt only those families with a child under the age of 1. Beginning in FY 1996, the bill also provides that assistance shall not be denied or terminated because the principal wage earner works more than 100 hours per month and establishes Individual Development Accounts (IDA). IDAs allow a family to deposit up to \$9,000 into an account managed by a financial institution without affecting their AFDC eligibility. Monthly deposits to the account are not to exceed \$200 and 50% of such deposits are excluded from income for determining AFDC benefits. Funds may only be withdrawn from the IDA, without penalty, for educational and training costs. To implement the provisions of the bill, federal waivers are required.

The estimated cost of providing assistance to eligible families where the principal wage earner works more than 100 hours per month is \$550,000. The estimate is based upon 700 new families being accepted into the program and 200 families not being disenrolled from the program. The estimated cost of the IDA program is between \$200,000 and \$400,000. Approximately 3,920 AFDC recipients will participate in the program and deposit on average \$50 to \$100 per month into an IDA.

DES; Benefits Demonstration Program (Chapter 233, H.B. 2097) — The bill extends Transitional Child Care and Arizona Health Care Cost Containment System (AHCCCS) benefits from 12 to 24 months for eligible families who leave the AFDC program beginning in FY 1996. The bill appropriates \$495,700 in FY 1996 for the joint pilot demonstration program. Of the \$495,700, the sum of \$52,300 is for child care and \$15,000 is for the department to conduct an evaluation of the program. The remainder of \$430,900 is appropriated to AHCCCS for medical benefits. To implement the provisions of the bill, federal waivers are required.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)
GENERAL FUND

Welfare; AFDC Benefits; Additional Children (Chapter 319, S.B. 1211) — The bill eliminates AFDC benefit increases for families which result from the birth of an additional child, during the period a family is receiving AFDC benefits or during any period between AFDC eligibility which is less than 60 months. The bill requires the department to allow families to earn an income equal to the disallowed benefit, approximately \$72, without affecting their eligibility. To implement the provisions of the bill, federal waivers are required.

AFDC; Unwed Minor Parent (Chapter 368, S.B. 1313) — The bill requires an unwed minor parent to live with their parents or other specified adult in order to be eligible for AFDC benefits, unless they qualify for an exemption. Exemptions include being legally emancipated, having no living or locatable parent, adult relative or legal guardian, or that such a living arrangement would jeopardize the health or safety of the unwed parent and/or their children. To implement the provisions of the bill, federal waivers are required.

Welfare; Health; Omnibus Budget Reconciliation (Chapter 4, S.B. 2004, 8th Special Session) — The bill provides that the department shall grant up to an additional 6 months of General Assistance benefits to an eligible person during the period the person appeals an adverse decision regarding the receipt of Social Security Administration benefits to an administrative law judge. The estimated cost of this provision is \$200,000 (see General Assistance). For FY 1995, the bill also ties the level of AFDC assistance payments to 36% of the 1992 FPL, for savings of \$5,826,700.

**DEPARTMENT OF ECONOMIC SECURITY -
CHILD SUPPORT ENFORCEMENT**

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	87.3	87.3	87.3
Personal Services	1,591,400	1,677,300	1,736,300
Employee Related Expenditures	453,900	447,900	472,600
Professional and Outside Services	76,000	75,200	75,200
Travel - In State	9,000	9,100	9,100
Other Operating Expenditures	103,900	104,700	104,700
All Other Operating Expenditures	188,900	189,000	189,000
OPERATING SUBTOTAL	2,234,200	2,314,200	2,397,900
Financial Reconciliation	311,000	-0-	-0-
Automation Equipment	222,500	189,100	12,200
Phase II Conversion	-0-	311,000	311,000
TOTAL	2,767,700	2,814,300	2,721,100 ^{1/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Child Support Enforcement, Ch. 374	--	--	1,018,800
TOTAL APPROPRIATIONS	2,767,700	2,814,300	3,739,900

Program Description — *The program provides intake services; locates absent parents; establishes the legal obligation for, and the amount of, child support payments; and evaluates the absent parent's ability to pay. The program also collects, enforces, investigates and works with the courts to review and adjust child support orders.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$16,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$59,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILD SUPPORT ENFORCEMENT (Cont'd)
GENERAL FUND

Employee Related Expenditures — The approved amount includes an additional \$7,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$240,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Automation Equipment — The approved amount, a reduction of \$176,900, represents the final lease-purchase payment for automation equipment for the Child Support Enforcement Administration. Several studies had singled out the department's lack of automation as the biggest obstacle to improving the program's collection rate. Due to delays in purchasing some of the equipment, the lease-purchase schedules on page 98 of the FY 1990 Appropriations Report have been modified.

Phase II Conversion — The approved amount, the same as FY 1994, provides funding for Phase II of the Arizona Tracking and Locate Automated System (ATLAS). Phase II is the system development required to achieve federal certification. To meet the Family Support Act of 1988 certification requirements, additional data elements must be added to the system. Federal certification is required by October 1995. Phase I, which was completed in FY 1993, consisted of the necessary modifications to allow the computer system imported from the state of Idaho to operate in Arizona, conversion and loading of the case files onto the computer system, purchase of computer hardware, and financial reconciliation.

ADDITIONAL APPROPRIATIONS

Child Support Enforcement (Chapter 374, S.B. 1460) — The bill provides the statutory changes and funding necessary to implement the recommendations of the Joint Select Committee on Child Support Enforcement. Statutory changes concerned paternity establishment, employer reporting, enforcement, collections and the establishment of a Child Support Enforcement and Domestic Relations Reform Committee. The bill appropriates a total of \$1,703,200 to implement the Committee's recommendations. Of the appropriation, \$1,018,800 is to the Department of Economic Security for the following:

- \$606,600 for intergovernmental funding of additional court commissioners and related staff and to offset the additional workload within county clerks of the court offices;
- \$200,000 for intake interview training;
- \$67,000 for development and provision of an annual statement of child support payments and outstanding balances;
- \$77,700 for a one-stop shop pilot program which would include the co-location of Title IV-D and court services; and
- \$67,500 for a pilot program to determine the effectiveness of allowing the hearing or mediation of custody, visitation and child support issues at one time.

The remaining amount of \$684,400 was appropriated to the Supreme Court. See the Supreme Court for further details.

ADDITIONAL LEGISLATION

Child Medical Support (Chapter 274, S.B. 1422) — The bill brings Arizona into compliance with the federal Omnibus Reconciliation Act of 1993 (OBRA 1993). OBRA 1993 established federal laws which states must adopt to increase the efficiency and effectiveness with which Title IV-D agencies are able to establish and enforce medical child support orders. The federal law is designed to assist Title IV-D agencies enforce medical support awards by requiring employers, who offer health insurance to their employees, to comply with new enrollment criteria and prohibits insurers from engaging in specified discriminatory practices.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILD SUPPORT ENFORCEMENT (Cont'd)
GENERAL FUND

OTHER ISSUES

In addition to the General Fund appropriation, the department receives federal matching funds and federal performance-based incentive payments. The department also retains a portion of child support collections for Aid to Families with Dependent Children (AFDC) households which is known as the state share of retained earnings or SSRE. The table below, which does not include funds to be transferred out, illustrates the funding for this cost center on a total funds basis.

	FY 1992 <u>Actual</u>	FY 1993 <u>Actual</u>	FY 1994 <u>Estimate</u>	FY 1995 <u>Estimate</u>
FTE Positions	<u>468.5</u>	<u>622.5</u>	<u>760.5</u>	<u>851.5</u>
Personal Services	\$8,330,200	\$11,039,500	\$15,944,300	\$18,485,200
Employee Related Expenditures	2,119,500	2,688,900	4,270,500	5,328,300
All Other Operating	<u>4,332,000</u>	<u>6,889,500</u>	<u>6,295,600</u>	<u>6,153,300</u>
Operating Subtotal	14,781,700	20,618,300	26,560,400	29,966,800
Special Line Items	6,088,100	7,009,700	12,631,000	15,077,500
Total Expenditures	<u>\$20,869,800</u>	<u>\$27,628,000</u>	<u>\$39,191,400</u>	<u>\$45,044,300</u>
State Appropriations	\$ 2,751,000	\$ 2,636,400	\$ 2,814,300	\$ 3,133,300 ^{1/}
SSRE and Incentive Payments	2,847,800	5,531,600	8,624,000	10,144,300
Federal Funds	<u>15,271,000</u>	<u>19,460,000</u>	<u>27,753,100</u>	<u>31,766,700</u>
Total Revenues	<u>\$20,869,800</u>	<u>\$27,628,000</u>	<u>\$39,191,400</u>	<u>\$ 45,044,300</u>
Total Collections	<u>\$52,446,000</u>	<u>\$75,027,900</u>	<u>\$90,605,100</u>	<u>\$140,098,500</u>

^{1/} The amount does not include the \$606,600, appropriated by Laws 1994 (Chapter 374, S.B. 1460), for intergovernmental funding of additional staff in the courts and county clerks of the court offices. The additional staff will offset the increased workload associated with the legislation (see Additional Appropriations).

**DEPARTMENT OF ECONOMIC SECURITY -
AGING & COMMUNITY SERVICES**

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	70.8	70.8	85.8
Personal Services	2,119,700	2,172,800	2,571,900
Employee Related Expenditures	520,600	470,000	579,200
Professional and Outside Services	29,100	32,600	15,300
Travel - In State	29,600	116,800	139,000
Other Operating Expenditures	406,900	168,800	289,200
Equipment	52,200	-0-	30,100
All Other Operating Expenditures	517,800	318,200	473,600
OPERATING SUBTOTAL	3,158,100	2,961,000	3,624,700
Emergency Assistance	-0-	-0-	857,700
Food Distribution Information	24,000	24,000	24,200
Homeless Shelter	1,016,100	1,023,900	1,236,100
Information and Referral	111,000	111,000	112,100 ^{2/}
Rural Food Bank Project	171,600	200,900	253,400 ^{3/}
Adult Services	8,174,600	8,444,100	8,808,000
Institutional Support Payments	425,300	427,000	-0-
LTC Ombudsman ^{1/}	96,700	116,600	117,600
TOTAL	13,177,400	13,308,500	15,033,800 ^{4/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Respite Care: Pilot Program, Ch. 136	--	--	75,000
TOTAL APPROPRIATIONS	13,177,400	13,308,500	15,108,800

^{1/} The FTE Positions total includes 0.5 FTE position funded from the Long-Term Care (LTC) Ombudsman Special Line Item in FY 1993 through FY 1995.

^{2/} It is the intent of the Legislature that the \$112,100 appropriated for Information and Referral Services shall be used to fund services in each city of this state with a population of more than 250,000 persons according to the most recent United States decennial or special census. (General Appropriation Act footnote, as adjusted for Section 75 of the General Appropriation Act.)

^{3/} It is the intent of the Legislature that a state General Fund amount of \$50,000 in the Rural Food Bank Project be matched with \$45,000 from the federal Social Services Block Grant, as agreed to by the agency, for the Statewide Gleaning Project. (General Appropriation Act footnote.)

^{4/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program, with Special Line Items. The line items within the "Operating Subtotal" are for information only.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)
GENERAL FUND

Program Description — *The program provides alternatives to institutional care for the elderly and physically disabled through a range of non-medical home and community-based services. The program manages statewide programs of advocacy, social services, nutrition services, program development services, adult protective services, nursing home ombudsman services, volunteer services and employment opportunities.*

The program also provides for an array of services primarily through contracts with community-based organizations, in the following programmatic areas: social services community action; food and nutritional assistance to persons and families in hunger-related crises; a variety of services for homeless persons and families; emergency services networks; refugee resettlement, including medical assistance; domestic violence victim assistance; and utility assistance.

FTE Positions — The approved amount includes an increase of 15 FTE positions. This increase reflects the transfer in of 1 FTE position from the Division of Benefits and Eligibility and adds 14 new FTE positions associated with Adult Protective Services. The 14 Adult Protective Services workers are added to attain a FY 1995 projected investigation rate of at least 71%.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$37,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$87,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation includes \$269,500 for the new FTE positions and \$19,600 for the FTE position transferred in.

Employee Related Expenditures — The approved amount includes an additional \$11,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation includes \$75,100 for the new FTE positions and \$5,400 for the FTE position transferred in.

The approved amount also includes a total of \$233,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount reflects a \$17,300 transfer out to the Other Operating Expenditures line item.

Travel - In State — The approved amount reflects an increase of \$22,200 associated with the new FTE positions.

Equipment — The approved amount reflects the one-time equipment costs associated with the new FTE positions.

Other Operating Expenditures — The approved amount reflects a transfer in of \$17,300 and \$103,100 associated with the new FTE positions.

Emergency Assistance — The approved amount reflects the transfer in of this special line item from the Division of Benefits and Medical Eligibility. This state-funded only program provides temporary financial aid in emergency situations without reference to certain eligibility factors required for other welfare programs. The approved amount also includes an additional \$8,200 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The approved amount will fund an average of 548 payments per month at an average cost of \$130.43.

Food Distribution Information — The approved amount is used to a) inform the hungry about potential sources of food and b) operate a toll-free telephone line for donors to notify food banks of the availability of food. A.R.S. § 41-1954 requires the department to coordinate and assist public and private nonprofit organizations that aid the hungry throughout the state. The approved amount also includes an additional \$200 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)
GENERAL FUND

Homeless Shelter — The approved amount reflects a \$200,000 program increase. The approved amount also includes an additional \$12,200 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. This program, along with private sector, city, county and federal funds, addresses the emergency and transitional shelter needs of the homeless. The agency has divided the program into:

- Emergency Assistance to Needy Families With Children - This federal program provides emergency shelter and services to eligible families for a period of up to 30 days from the date of application. Estimates for FY 1995 are that 51.5% or \$636,400 of the approved amount will be used for this program. As state funds are matched at a 50/50% rate by the federal government, \$1,272,800 in total funds will be available.
- Homeless Shelter - This program previously served both homeless families and individuals. With the federal program for families, this program now serves homeless individuals or families that are not eligible for the federal program. Estimates for FY 1995 are that 48.5% or \$599,700 of the approved amount will be used for this program.

Information and Referral Services — The approved amount provides information and referral services on a 24-hour toll-free, statewide telephone system. The approved amount also includes an additional \$1,100 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. This system serves all individuals requesting specific information regarding available resources.

Rural Food Bank — The approved amount reflects an increase of \$50,000 for the Arizona Statewide Gleaning Project. This project is a coordinated program with the state Departments of Agriculture and Corrections and state food banks to deliver surplus farm produce to those in need. The approved amount also includes an additional \$2,500 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The remainder of the appropriation provides funding of \$64,900 for the rural food bank in Willcox, \$60,000 for the rural food bank in Yuma, \$50,000 for operating costs of a food network truck and \$26,000 for outreach to high need populations or geographic areas.

Adult Services — The approved amount which reflects an increase of \$330,500, provides for a community-based continuum of care and services for abused, neglected, and exploited adults. The approved amount also includes an additional \$33,400 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The approved amount is based upon the following allocation:

- Adult Protective Services \$ 176,100
Evaluates allegations of abuse. The approved amount a \$50,400 increase.
- Supplemental Payment 3,194,700
Provides a continuation of care and services, such as housekeeper, home health aide and visiting nurse services for Supplemental Security Income (SSI)-eligible households. Laws 1993, Chapter 5, 2nd Special Session, removed the statutory mandate to provide a \$70 a month payment for housekeeping services to any qualified SSI recipient. In the past, DES was required to provide this payment or a contracted service. The change in this law allows DES to provide services to their clientele based upon severity of need. The approved amount is based upon FY 1994 caseload and cost estimates. Program costs are borne fully by the state. Any funds not expended on SSI recipients may be reallocated to pay for housekeeper, home health aide, and visiting nurse services provided to non-SSI recipients who are eligible for the Home Care services component of the Adult Services Special Line Item. The SSI-eligible population receiving Supplemental Payment services will continue to be the priority target group.

	Average # of Clients	Average Monthly Cost
Home Health Aide	662	\$84.42
Housekeeping Payments	2,658	68.70
Visiting Nurse	368	74.64

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)
GENERAL FUND

- Home Care 3,704,100
Provides supplemental payment services plus personal care to non-SSI recipients. The approved base amount of \$2,476,600 will fund an average of 60 hours of services for 4,780 individuals at an average cost of \$18.18 per hour. The approved amount includes an increase of \$250,000 to provide home care services to people on waiting lists for services. In addition to the state share of \$2,476,600, federal programs and local contributions provide funding for services: the federal Older Americans Act, \$602,500; the federal Social Services Block Grant, \$1,073,000; other federal sources, \$303,900; and local contributions of \$758,000.

Based on actual and projected caseloads and costs, an additional \$1,227,500 may be available to provide Home Care from the Supplemental Payment Program (SPP) component to serve a maximum of 1,125 additional non-SSI recipients on the waiting list. Because of the significant growth in contracted Home Care services, and because clients must be assessed and case managed in order to receive Home Care services, the department may allocate some of available funds from the SPP component to the Assessments and Case Management component of the Adult Services program.

- Older Americans Act 941,100
Matches federal funds for congregate and home-delivered meals as well as other social services. The approved amount will provide home-delivered meals to 11,005 individuals and congregate meals to 45,305 individuals. The approved amount includes an increase of \$30,100 for a total state match of \$741,100 for the federal cost sharing requirements of Title III. The approved amount also includes a total of \$100,000 in 100% state funds for the 8 Area Agencies on Aging to provide support services, senior centers, and nutrition services. Other funding sources include \$11,233,700 in federal funds and \$13,627,600 in local contributions.

- Assessments and Case Management 771,800
Through contracted agencies, assesses the elderly's service need by measuring the ability to perform activities of daily living, family support, and financial status. A contracted case manager assists the client in matching needs to available resources. The approved amount will provide case management services to 17,182 persons. Each person averages 7.37 hours of service at an estimated cost of \$27.74 per hour. In addition to the state share of \$771,800, other sources provide funding: the federal Older Americans Act, \$497,200; the federal Social Services Block Grant, \$1,075,100; other federal, \$14,400; and local contributions of \$1,156,300. Based upon the growth in Home Care caseload, DES may allocate additional state funds from the SPP or Home Care components of the Adult Services Special Line Item to this contracted activity. If caseloads grow for Home Care services, approximately \$230,000 of the \$1,227,500 of the funds available in SPP may be needed for Assessment and Case Management.

- Geriatric Nurse 20,200
The approved amount will help fund the cost of a geriatric nurse to dispense drugs to the elderly. Program costs are borne fully by the state.

TOTAL \$8,808,000

Institutional Support Payments — This program has been transferred out to the Division of Benefits and Medical Eligibility.

DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)
GENERAL FUND

Long-Term Care (LTC) Ombudsman — The approved amount funds the administrative costs and a 0.5 FTE position of the Office of State Long-Term Care Ombudsman (Laws 1989, Chapter 215). The Office was established during FY 1990 in accordance with the requirements of the federal Older Americans Act. The 0.5 FTE position is for legal services provided by the Attorney General.

The approved amount includes \$500 (Personal Services, \$400; Employee Related Expenditures, \$100) for the general salary adjustment. The approved amount is based upon a 0% vacancy factor. In addition, another \$500 is included to provide for Employee Related Expenditure rate changes. The approved amount also includes \$1,400 for medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL APPROPRIATIONS

Respite Care; Pilot Program (Chapter 136, H.B. 2317) — This legislation provides \$75,000 for a pilot program of respite care for care givers of the elderly. The pilot is created for 1 year and will be administered by Region I of the Area Agencies on Aging.

**DEPARTMENT OF ECONOMIC SECURITY -
CHILDREN & FAMILY SERVICES**

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND AND CHILD ABUSE PREVENTION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	548.4	532.9	605.9
Personal Services	14,885,300	15,575,600	17,840,700
Employee Related Expenditures	3,571,500	3,275,300	4,014,900
Professional and Outside Services	123,000	26,300	26,300
Travel - In State	702,300	654,600	743,500
Travel - Out of State	-0-	-0-	7,000
Other Operating Expenditures	1,019,300	1,044,600	1,862,400
Equipment	-0-	-0-	537,600
All Other Operating Expenditures	1,844,600	1,725,500	3,176,800
OPERATING SUBTOTAL	20,301,400	20,576,400	25,032,400
Homeless and Runaway Youth	175,000	-0-	-0-
Adoption Services	15,162,400	12,523,300	16,378,200
Children Services	36,249,500	39,456,800	38,163,800
High Risk Infant Services	429,300	558,800	666,200
Intensive Family Services	605,800	1,371,200	1,384,800
Child Severance Project	189,200	189,200	191,100
Comprehensive Medical & Dental	3,354,900	3,354,900	2,794,900
Day Care	12,510,400	11,590,300	12,635,100 ^{2/}
JOBS Child Care	1,135,300	1,078,100	2,235,100
Transitional Child Care	1,301,800	1,340,400	1,764,000
Videotaping ^{1/}	98,500	200,700	205,300
Child Care/Community Education	--	10,000 ^{3/}	--
TOTAL	91,513,500	92,250,100	101,450,900 ^{4/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Child Protective Services, Ch. 325	--	--	1,180,000
TOTAL APPROPRIATIONS	91,513,500	92,250,100	102,630,900
<u>Fund Summary</u>			
General Fund	91,338,500	92,250,100	102,630,900
Child Abuse Prevention Fund	175,000	-0-	-0-
TOTAL APPROPRIATIONS	91,513,500	92,250,100	102,630,900

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND AND CHILD ABUSE PREVENTION FUND

Program Description — *The program provides staff resources, such as Child Protective Service workers, and an array of services for abused, neglected or abandoned children; child care subsidy and contracted programs; and medical and dental care for foster children.*

FTE Positions — The approved amount includes an increase of 73 FTE positions—70 Child Protective Services FTE positions and 3 Child Care FTE positions. The new Child Protective Services workers are expected to raise the investigation rate to at least 93%. The Child Care staff will aid in administering the increasing demand on the JOBS and Transitional Child Care programs.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$531,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$605,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation includes \$1,708,800 associated with the new FTE positions.

Employee Related Expenditures — The approved amount includes an additional \$80,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation includes \$432,400 associated with the new FTE positions.

The approved amount also includes a total of \$1,628,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount includes \$88,900 associated with the new FTE positions.

Travel - Out of State — The approved amount includes \$7,000 associated with the new FTE positions.

Other Operating Expenditures — The approved amount includes \$812,500 associated with the new FTE positions. An additional \$5,300 was added for compliance with OSHA requirements to make vaccinations available to all employees who have occupational exposure to blood borne pathogens.

Equipment — The approved amount reflects the one-time costs associated with the new FTE positions.

Adoption Services — The approved amount subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental or emotional disorders or who, because of age, sibling relationship, or racial or ethnic background would be otherwise difficult to place in adoption. The appropriation includes a transfer in of \$3,054,500 from Foster Care in the Children Services Special Line Item to follow those children moving from foster care to adoption status, and an increase of \$732,000 for 182 new children.

- ^{1/} The FTE Positions total includes 3 FTE positions funded from the Videotaping Special Line Item in FY 1993 through FY 1995.
- ^{2/} Of the \$12,635,100 appropriated for Day Care, \$8,205,400, is for a program in which the upper income limit is at least 65% of the state median income as determined by the Department of Economic Security. (General Appropriation Act footnote, as adjusted for Section 75 of the General Appropriation Act.)
- ^{3/} The amount reflects the adjustment made to the original 1994 appropriation by Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session.
- ^{4/} Represents General Appropriation Act Funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within "Operating Subtotal" are shown for information only.

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DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND AND CHILD ABUSE PREVENTION FUND

The approved amount will fund services for an average of 2,324 children per year. The approved amount is also based upon: a) an average annual cost per child of \$8,620.59; b) Title IV-E federal funds of \$3,809,200; and c) federal funds for Minority Adoption of \$101,700. The amount includes \$84,500 for non-recurring adoption expenses. The approved amount also includes an additional \$68,400 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Children Services — The appropriation funds a range of contracted services to ensure the well-being of children who are abused or neglected. The program is projected to cost \$38,163,800 from the General Fund and \$47,528,500 from Total Funds. The General Fund appropriation is a \$1,293,000 decrease from FY 1994. The approved General Fund amount includes a 9.4% increase of \$3,726,700 and 3 transfers out which decrease the appropriation by \$5,395,300. The 3 transfers out include: a) \$3,054,500 is transferred to Adoption Services; b) \$2,240,000 is transferred to the Department of Health Services for the state match of Title XIX Children's Behavioral Health Services; and c) \$100,800 is transferred to the High Risk Infants program. The approved amount also includes an additional \$375,600 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

The cost estimates for FY 1995 are projected for the following type of services:

- In-home services \$ 7,445,500
Resolves family problems through the use of counseling, day support and parent aides while the child remains in the home.
- Out-of-home services (Foster Care) 33,081,200
Requires removal of the child from the home and his/her placement in family foster care or other residential setting.
- Child protective services 6,801,800
Provides support services, such as assessments and transportation, related to removing abused children from the home.

The department also plans to provide \$200,000 for community-based services to homeless and runaway youth and their families. In FY 1993, \$175,000 was appropriated from Child Abuse Prevention Fund for these services.

The program will be funded from the following sources:

	<u>FY 1994</u>	<u>Changes</u>	<u>FY 1995</u>
State General Fund	\$39,456,800	\$(1,293,000)	\$38,163,800
Federal Funds Offset			
Title IV-E	6,620,500	1,579,500	8,200,000
Social Services Block Grant	897,700	-0-	897,700
Title IV-B	267,000	-0-	267,000
Crisis Nursery Grant	<u>288,500</u>	<u>(288,500)</u>	<u>-0-</u>
Total	<u>\$47,530,500</u>	<u>\$ (2,000)</u>	<u>\$47,528,500</u>

High Risk Infant Services — The approved amount reflects an increase of \$100,800, which adds contracted case management services for 64 more families. The approved amount also includes an additional \$6,600 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The program will serve a total of to 422 families whose children are exposed to substance abuse. Contracted counselors/parent aides provide in-home services including parent education. Services per family will be limited to 6 months, with the contracted counselor aiding 23 families a year. The contracted counselors/parent aides will also work closely with the Department of Health Services and county public health nurses, who will provide medical services for the infant and behavioral services and substance abuse

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND AND CHILD ABUSE PREVENTION FUND

treatment for the parent. An underlying assumption of this program is that these children are being kept out of the more costly out-of-home (foster care) program; thereby, lowering the demand for additional out-of-home services funding.

Intensive Family Services — The approved amount provides services to 481 families whose children are at imminent risk of out-of-home placement due to abuse, neglect, or dependency. The approved amount also includes an additional \$13,600 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. Cost per family is projected to be \$2,849. A team consists of 1 Parent Aide, 1 Counselor, and 1 Coordinator. A team will respond within 24 hours to the child abuse report and to family emergencies, as well as provide services to the family within its home. The services are to be intensive, time-limited (6 to 8 weeks), and geared toward keeping the child in the home. The program will emphasize in-home crisis intervention and parent education. An underlying assumption of this program is that these children are being kept out of the more costly out-of-home (foster care) program; thereby lowering the demand for additional out-of-home services funding. Laws 1994, Chapter 325 adds \$980,000 and 10 teams to this program. (See Additional Appropriations.)

Child Severance Project — Based upon Laws 1986, Chapter 205, this project is designed to expedite the procedures for making a child eligible for adoption after the original parent-child relationship has been severed. DES may use the funds to: a) enter into an intergovernmental agreement with the Attorney General for legal and paralegal services, or b) contract for social services incurred in expediting severance and adoption. The approved amount also includes an additional \$1,900 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Comprehensive Medical and Dental — The appropriation provides full coverage of the medical and dental expenses of foster children under the jurisdiction of the Department of Economic Security, Juvenile Probation Offices and the Department of Corrections.

The approved amount will fund medical services for a monthly average of 5,861 children, which is the same as the estimated FY 1994 budgeted amount. The amount is based upon an average annual cost of \$1,341.20 per child. The total estimated program would be expected to cost \$7,860,800, which includes \$169,000 in Independent Professional Review Team fees. This appropriation includes the transfer out of \$560,000 to the Department of Health Services for the state match of Title XIX Children's Behavioral Health Services. The program will be funded from the following sources:

• State General Fund	\$2,794,900
• AHCCCS Title XIX	3,832,900
This amount reflects Arizona Health Care Cost Containment System reimbursement of children eligible for federal assistance and federal monies from the Early Periodic Screening Diagnosis and Treatment (EPSDT) Mental Health program, which is mandated under the federal Omnibus Budget Reconciliation Act (OBRA) of 1989.	
• ALTCS	1,139,100
This amount reflects Arizona Long Term Care System reimbursement of children eligible for disabled long-term care.	
• Third Party Liability Payments	93,900
This amount includes the private insurance share of medical costs.	
TOTAL	<u>\$7,860,800</u>

Day Care — The approved amount reflects an increase of \$920,400, which includes a \$981,400 increase for caseload growth and a \$61,000 decrease in the state's required funding match from 34.1% to 33.72% in certain federal day care subsidy programs. The approved amount also includes an additional \$124,400 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. Due to federal requirement that the federal child care programs maintain a market-based subsidy rate based on a survey of providers and that an updated survey will be completed during FY 1995, the total provider increase is applied to only the 100% state-funded day care subsidy.

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DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND AND CHILD ABUSE PREVENTION FUND

The appropriation provides a child day care subsidy for 3 different child care programs. During FY 1992, DES began implementation of its integrated child care administration consisting of 4 programs which provide day care subsidies for eligible families: state Day Care subsidy, AFDC-Employed, At Risk, and the 100% federally funded Child Care Development Block Grant (CCDBG). The total FY 1995 estimated expenditures for these 4 programs is \$37,701,200, of which \$12,635,100 is from the General Fund. A total of 23,973 children are estimated to be served.

FY 1995 estimated expenditures and fund sources for each program follows:

- State Day Care Subsidy \$14,738,800
 This program provides a subsidy for eligible families based on family income, family size, and the number of hours of child care received per child. The upper income limit of participating families is at least 65% of the state median income, as determined by DES. The approved amount funds an average of 13,466 children at an estimated per child average monthly subsidy of \$91.21. The state Day Care subsidy is funded through 2 sources: a state appropriation of \$8,249,000, and the federal Social Services Block Grant of \$6,489,800.
- AFDC-Employed Child Care 6,972,300
 This federal program provides a subsidy for families that are receiving Aid to Families with Dependent Children (AFDC) and need child care to accept or maintain employment. The subsidy is a market based rate with no family co-payment. The approved amount funds an average of 3,171 children at an estimated per child average monthly subsidy of \$183.23. The AFDC-Employed Child Care program is funded through an approximate 66.28% federal/33.72% state match rate, which results in a state appropriation match of \$2,350,900 and a federal Title IV-A match of \$4,621,400.
- At Risk Child Care 6,035,200
 This federal program provides a subsidy for families with a gross monthly income level below 33.5% of the October 1991 state median income, which is a level set by DES. The families must also be at risk of qualifying for the Aid to Families with Dependent Children (AFDC) unless they receive child care so they can accept or maintain employment. The subsidy is a market based rate minus a family co-payment which is determined by using a sliding fee schedule. The FY 1995 average monthly co-payment per child is projected to be \$10.99. The approved amount funds an average of 2,677 children at an estimated per child average monthly subsidy of \$187.89. The At Risk Child Care program is funded through 2 sources: \$2,035,200 state appropriation and \$4,000,000 federal Title IV-A monies. Federal funding is capped.
- Child Care and Developmental Block Grant (CCDBG) 9,954,900
 This 100% federal program provides a subsidy for eligible families based on family income, family size, and the number of days of child care received per child. Qualifying families have a gross monthly income level below 33.5% of the October 1991 state median income, which is a level set by DES, and need child care to obtain employment, job training, or education. The subsidy is a market based rate minus a family co-payment. The FY 1995 average monthly co-payment per child is estimated to be \$10.26. The DES projects receipt of \$15,596,100 of CCDBG funds. Of this amount, \$9,954,900 will fund an average of 4,659 children at an estimated per child average monthly subsidy of \$178.06. An additional \$1,687,100 of federal CCDBG monies is projected to be expended on staff and operating costs, \$3,054,100 is to be expended on early childhood development and before and after school programs; and \$900,000 will provide for resource and referral services. The latter 2 expenditure estimates meet federal requirements.

TOTAL

\$ 37,701,200

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND AND CHILD ABUSE PREVENTION FUND

With the initiation of the federal CCDBG, states are required to maintain a certain funding level and are not allowed to supplant state funds with the new federal CCDBG dollars. The required maintenance level includes the monies appropriated in the JOBS Child Care and Transitional Child Care Special Line Items.

JOBS Child Care — The approved amount reflects an increase of \$1,135,000, which includes a \$1,159,900 increase for caseload growth and a \$24,900 decrease in the state's required funding match from 34.1% to 33.72% for this federal child care program. The approved amount also includes an additional \$22,000 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The federal government requires that the federal child care programs maintain a market-based subsidy rate based on a survey of providers. An updated survey will be completed during FY 1995.

The approved amount funds child care assistance to AFDC recipients in the JOBS program, consisting of single-parents attending job training 3 days each week, job search applicants, and tribal participants. Funds are also included for AFDC-UP households assuming the parents attend job training 3 days each week. Starting July 1, 1994, those AFDC-UP households with children under 1 year of age are exempt from the program. Prior to July 1, 1994, AFDC-UP households with children under 2 years of age were exempt from the program.

The approved amount is based upon the following assumptions:

- an average caseload of approximately 3,375 children;
- an average cost of \$162.05 per month, assuming the parent attends job training 3 days each week;
- \$22,000 for the special cost adjustment for providers; and
- a 66.28% federal matching rate, which will result in the state receiving \$4,393,300 in federal funds.

Transitional Child Care — The approved amount reflects an increase of \$406,200, which includes a \$425,900 increase for caseload growth and a \$19,700 decrease in the state's required funding match from 34.1% to 33.72% for this federal child care program. The approved amount also includes an additional \$17,400 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The federal government requires that the federal child care programs maintain a market-based subsidy rate based on a survey of providers. An updated survey will be completed during FY 1995.

The appropriation funds transitional day care assistance. Starting April 1, 1990, federal law required the state to guarantee child care for 1 year to former AFDC recipients who are no longer eligible for cash assistance due to increased earnings. The approved amount is based upon the following assumptions:

- an average caseload of approximately 2,289 children;
- an average cost of \$188.56 per month, after deducting a parental co-payment as determined by a sliding fee schedule based on ability to pay;
- \$17,400 for the special cost adjustment for providers; and
- a 66.28% federal matching rate, which will result in the state receiving \$3,467,300 in federal funds.

Videotaping — The approved amount provides funds for DES to videotape investigative interviews of child sex abuse victims. To lessen the number of such interviews, the department is to coordinate all such interviews with law enforcement officials and the county attorneys' office.

The approved amount includes \$3,300 (Personal Services, \$2,900; Employee Related Expenditures, \$400) for the general salary adjustment. The approved amount is based upon a 0% vacancy factor. The approved amount contains \$8,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND AND CHILD ABUSE PREVENTION FUND

Child Care/Community Education — The FY 1994 supplemental provides for an Intergovernmental Agreement with the Canon Elementary School District for its child care and community education.

ADDITIONAL APPROPRIATIONS

Child Protective Services (Chapter 325, S.B. 1423) — This legislation provides \$980,000 to add 10 family preservation teams and \$200,000 to develop a comprehensive plan to automate Child Protective Services records.

ADDITIONAL LEGISLATION

DES: Benefits Extension Demonstration Project (Chapter 233, S.B. 2097) — This legislation extends Transitional Child Care and Arizona Health Care Cost Containment System (AHCCCS) benefits from 12 to 24 months for eligible families who leave the AFDC program, if a waiver is approved by the U.S. Department of Health and Human Services. The bill appropriates \$495,700 in FY 1996 for the joint pilot demonstration program. Of the \$495,700, DES' Children and Family Services division receives \$52,300 for the extension of transitional child care benefits and \$12,500 for evaluating the extension of these benefits. The other \$430,900 is appropriated to AHCCCS.

**DEPARTMENT OF ECONOMIC SECURITY -
CHILD PROTECTIVE SERVICES TRAINING PROGRAM**

A.R.S. § 8-503.01

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND AND CHILDREN AND FAMILY SERVICES TRAINING PROGRAM FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	7.0	7.0	7.0
Personal Services	107,500	213,400	220,900
Employee Related Expenditures	22,200	44,800	49,000
Professional and Outside Services	31,600	87,500	87,500
Travel - In State	5,800	20,700	20,700
Travel - Out of State	300	5,200	5,200
Other Operating Expenditures	36,900	60,000	60,000
All Other Operating Expenditures	74,600	173,400	173,400
TOTAL	204,300 ^{1/}	431,600 ^{1/}	443,300 ^{2/3/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Child Protective Services, Ch. 325	--	--	347,300
TOTAL APPROPRIATIONS	204,300	431,600	790,600
<u>Fund Summary</u>			
General Fund	-0-	-0-	347,300
Children and Family Services Training Program Fund	204,300	431,600	443,300
TOTAL APPROPRIATIONS	204,300	431,600	790,600

^{1/} The original FY 1993 appropriation was \$430,100. The total FY 1993 actual expenditures, including federal Title IV-E monies, was \$417,900. The original FY 1994 appropriation was \$431,600. The total FY 1994 estimated expenditures, including federal Title IV-E monies, is \$572,200.

^{2/} The department anticipates a federal offset of \$142,100.

^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program. The line items are shown for information only.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - CHILD PROTECTIVE SERVICES
TRAINING PROGRAM (Cont'd)
GENERAL FUND AND CHILDREN AND FAMILY SERVICES TRAINING PROGRAM FUND**

Program Description — *A.R.S. § 8-503.01 establishes a Children and Family Services Training Program Fund for child protective services staff training. Revenue is generated through the collection of support fees assessed on the parents or guardian of a child in the custody of the department or a county juvenile probation office. The department may also expend up to 10% of the fund on collecting these fees. The department also utilizes federal Title IV-E monies that are available for training activities. These federal funds offset state expenditures.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$7,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$19,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL APPROPRIATIONS

Child Protective Services (Chapter 325, S.B. 1423) — This legislation provides \$347,300 from the General Fund to cover the expenses of the training staff's salaries and other related staff expenses; thereby making available the Child Protective Services Training Fund money for the development and procurement of appropriate curriculum and training for Child Protective Services investigators and case managers. This amount does not include monies for the general salary adjustment.

**DEPARTMENT OF ECONOMIC SECURITY -
EMPLOYMENT AND REHABILITATION SERVICES**

A.R.S. § 41-1951

Linda Blessing, Director

JLBC Analyst: Cawley/Siegwarth

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	111.3	98.4	103.2
Personal Services	2,381,000	2,323,200	2,509,900
Employee Related Expenditures	573,900	537,000	617,100
Professional and Outside Services	40,000	45,900	92,900
Travel - In State	41,300	39,800	46,000
Travel - Out of State	300	-0-	700
Other Operating Expenditures	246,300	240,600	299,500
Equipment	-0-	-0-	18,300
All Other Operating Expenditures	327,900	326,300	457,400
OPERATING SUBTOTAL	3,282,800	3,186,500	3,584,400
Vocational Rehabilitation Services	2,317,900	1,900,000	2,384,400 ^{2/}
Independent Living Rehabilitation Services	531,300	552,700	558,200
Job Search Stipends	119,100	173,900	173,900
Navajo Employment Service ^{1/}	202,000	-0-	-0-
JOBS	1,489,600	2,988,500	3,018,200 ^{3/}
Employment Support Services	-0-	-0-	6,223,700
TOTAL EXPENDITURE AUTHORITY	7,942,700	8,801,600	15,942,800
Other Receipts	(901,100)	(2,000,000)	(500,000) ^{4/}
TOTAL	7,041,600	6,801,600	15,442,800 ^{5/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
AFDC: Adult Time Limits; Appropriation, Ch. 166	--	--	1,400,000
TOTAL APPROPRIATIONS	7,041,600	6,801,600	16,842,800

Program Description — *This program provides: rehabilitative services to individuals with disabilities; job training opportunities to economically disadvantaged adults and youth; and employability services to Aid to Families with Dependent Children (AFDC) recipients through the Job Opportunity and Basic Skills Training (JOBS) program. Several 100% federally funded programs are located in this division such as the unemployment benefit program and the Job Training Partnership Act (JTPA) program.*

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHABILITATION SERVICES (Cont'd)
GENERAL FUND

FTE Positions — The approved amount includes an increase of 4.8 General Fund FTE positions (9.2 total FTE positions):

- 1.1 FTE positions (5.0 total FTE positions) are added to meet new federally mandated Vocational Rehabilitation set asides;
- 3.2 FTE positions are transferred from federal dollars to reflect the decrease in the federal government's share and the increase in the state share, due to the change in federal/state match ratio; and
- 0.5 FTE position (1 total FTE position) is added to ensure adequate staffing of vocational rehabilitation and employment support services for 123 developmentally disabled clients transferred into this division.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$49,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$85,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation also includes \$103,600 associated with the new FTE positions.

Employee Related Expenditures — The approved amount includes an additional \$11,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The appropriation also includes \$27,300 associated with the new FTE positions.

The approved amount also includes a total of \$281,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an increase of \$45,500 associated with the new FTE positions and \$1,500 for a transfer in from the Travel - In State Line Item.

Travel - In State — The approved amount reflects a \$7,700 increase associated with the new FTE positions and a \$1,500 decrease for the transfer out.

Travel - Out of State — The approved amount reflects a \$700 increase associated with new FTE positions.

Other Operating Expenditures — The approved amount reflects a \$58,900 increase associated with the new FTE positions.

Equipment — The approved amount includes an \$18,300 increase of one-time costs associated with the new FTE positions.

1/ The FTE Positions total includes 8 FTE positions funded from the Navajo Employment Services Line Item in FY 1993.

2/ It is the intent of the Legislature that Vocational Rehabilitation Services will receive \$200,000 from the Industrial Commission's Special Fund for the purpose of assisting injured workers. (General Appropriation Act footnote.)

3/ It is the intent of the Legislature that the \$3,018,200 appropriated for JOBS may be used to support non-permanent and seasonal positions to fulfill federal program requirements when contracts for services cannot be established with outside parties. The use of such positions shall be reported to the Joint Legislative Budget Committee. (General Appropriation Act footnote, as adjusted for Section 75 of the General Appropriation Act.)

4/ It is the intent of the Legislature that the Special Administration Fund serve as the source for the \$500,000 of Other Receipts. (General Appropriation Act footnote.)

5/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHABILITATION SERVICES (Cont'd)
GENERAL FUND

Vocational Rehabilitation Services — The approved amount, which includes a \$460,900 increase, provides for individually planned services for the disabled. The approved amount also includes an additional \$23,500 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. Services include case management, counseling, prostheses, and remedial education. The federal government matches the state funds at a 78.7/21.3% rate. The approved amount will permit the department to serve 16,000 individuals at an average cost of \$1,108.78.

The \$460,900 increase includes:

- a \$64,800 increase for 123 developmentally disabled clients who have aged out of school and foster care;
- a transfer in of \$272,600 from the Division of Developmental Disabilities' (DDD) Vocational Rehabilitation Contracts Special Line Item, as part of the overall transfer of employment related programs from DDD to the Rehabilitation Services Administration; and
- a \$123,500 increase to offset the loss of federal dollars due to a change in the federal/state match.

To ensure the drawdown of all available federal dollars, DES has identified other sources of state match—either existing appropriated or non-appropriated funds.

The FY 1994 and FY 1995 estimated of other matching sources are:

	<u>FY 1994</u>	<u>FY 1995</u>
• Arizona Schools for the Deaf and the Blind	\$ 93,800	\$ 93,800
• Industrial Commission	200,000	200,000
• Developmental Disabilities General Fund Transfer	986,100	-0-
• School Districts	259,400	259,400
• Department of Health Services - Behavioral Health	1,250,000	1,750,000
• Blind Enterprises Program	246,000	246,000
• Client Billing Revenue	-0-	-0-
• Arizona Industries for the Blind	90,100	90,100
• Establishment Grant Contributions	64,500	64,500
• City of Phoenix	32,200	28,200
TOTAL	<u>\$3,222,100</u>	<u>\$2,732,000</u>

Local non-profit organizations are usually the source of the Establishment Grant Contributions. These funds can be used to establish new facilities, but cannot finance a client's actual rehabilitation.

The department expanded its relationship with the Division of Behavioral Health in the Department of Health Services (DHS), which provides vocational rehabilitation services for the seriously mentally ill. DHS can use their existing state appropriations as the match and expand its programs nearly four-fold—given the 78.7/21.3% federal matching ratio. The FY 1995 DHS match is estimated to be \$1,750,000.

Independent Living Rehabilitation Services — The approved amount will allow severely disabled individuals to live more independently. DES assists the disabled to overcome or circumvent their handicaps through training, counseling, and adaptive aids. The approved amount also includes an additional \$5,500 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The program consists of:

- Services to Individuals, \$345,100. An estimated 2,100 persons will receive independent living services during the year, including case management and counseling. In addition to the General Fund appropriation, \$194,500 of federal Title VII of the Rehabilitation Act of 1973 monies, \$673,000 of Title XX Social Services Block Grant monies, and \$223,000 of other funds from the non-appropriated Spinal and Head Injury Trust Fund are used to provide these services.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHABILITATION SERVICES (Cont'd)
GENERAL FUND

- Medical Services for Clients, \$213,100. This program will fund 8,000 eye examinations and 6,318 eye glasses and other eye appliances for eligible low-income individuals at an average cost of \$26.05 per person.

Job Search Stipends — The approved amount provides for the state's share of the federal food stamp statute requirement for states to pay allowances to recipients searching for a job. The state amount is matched by a like federal amount. The program provides \$25 per participant for up to 2 months. The stipend is provided in a 3-tier method. The approved amount will fund 13,327 participants for the first payment of \$10.00, 6,927 participants for the second payment of \$15.00, and 4,425 participants for a third payment of \$25.00.

JOBS — The approved amount funds services under the Job Opportunities and Basic Skills (JOBS) program. The approved amount also includes an additional \$29,700 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. Federal law required the state to begin offering this education, employment and/or training program to AFDC recipients by October 1, 1990. In addition, Laws 1994, Chapter 166 will add \$1,300,500 to the JOBS Special Line Item. (See Additional Appropriations.) These 2 appropriations will fund the following:

JOBS-Single-Parent AFDC Households	\$3,016,800
JOBS-2-Parent AFDC-UP Households	1,000,200
TOTAL	\$4,016,000

The state amount will be matched by federal funds of \$7,103,000, which is a 64% match. This match reflects the department's receipt of federal funds at various match rates. Some funds are received at a 90/10% match and some at 50/50%. Most of the federal funding is a 66.28/33.72% match, which is Arizona's Federal Medical Assistance Percentage (FMAP) for FY 1995.

- **JOBS - Basic** - For AFDC single-parent households, DES staff will provide case management and initial appraisal and assessment services to active participants. The approved amount funds development of employment plans, literacy tests, employment search and training, and a work experience (workfare) program. Training includes English as a second language, remedial training, or general equivalency degree (G.E.D.) preparation. Funds are also provided for vocational training and Teen Parent Services.
- **JOBS - 2-Parent Employed Program (TPEP)** - For 2-parent households in the AFDC-UP program, DES will either contract out its case management function or hire non-permanent and seasonal positions to provide case management if outside contracts cannot be established. Besides case management, the approved amount will fund employment plan development, skills training, basic education and employment services.

Several changes have impacted the implementation of the JOBS program since its inception. By federal requirement, the AFDC single-parent households program began statewide implementation on October 1, 1992. Prior to this date, the program was implemented only in Maricopa and Pima Counties, in which reside 70% of this AFDC population. The AFDC-UP 2-parent household program was implemented statewide. In addition to the federal statewide requirement, new state legislation was adopted which changed the direction of the state's JOBS program. Laws 1992, Chapter 103 revised the state's focus, which had emphasized an education and training framework to one which emphasizes a balance between immediate employment and education and training services. Laws 1992, Chapter 103 required implementation of this new model by October 1, 1992, with a complete statewide phase-in by October 1, 1994. In addition, this bill expanded the number of program participants. Prior to October 1, 1992, parents who personally provide care for a child under 3 years old were exempt. After October 1, 1992, the age of the child was lowered to 2 years; thereby, decreasing the number of exemptions to the program.

Laws 1994, Chapter 227 once again changed this exemption by lowering the age of child for whom parents are personally providing care. The age is lowered from 2 to 1 year of age. (See Additional Legislation.) The department does not anticipate that this change will impact the number of clients eligible for the JOBS program. Laws 1994, Chapter 301 will also affect the JOBS program. However, the full impact of this law will not be felt until FY 1996. (See Additional Legislation.)

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHABILITATION SERVICES (Cont'd)
GENERAL FUND

Based on the General Appropriation Act and Chapter 166 appropriations, DES estimates that 17,250 AFDC recipients out of approximately 78,449 adult AFDC recipients will be served under the new requirements. Of these 17,250, 14,039 are single-parent families and 3,211 are 2-parent families. In addition, the department projects that the new state focus will encourage a less expensive and faster track for many participants.

Employment Support Services — The approved amount provides 100% state funded long term services to ensure the stability of employment for individuals with disabilities. The appropriation reflects the completion of the transfer of all employment related programs and 1,611 clients from the Divisions of Developmental Disabilities and the Long Term Care System Fund to the Rehabilitative Services Administration. The transfer amount was \$5,860,300. Another \$302,100 was added to offset the loss of federal funds for those clients exiting from the 100% federally funded Vocational Rehabilitation Services program. The approved amount also includes an additional \$61,300 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. Another \$1,381,200 is provided from the federal Social Services Block Grant. The program will serve the 1,611 clients at an annual cost per client of \$4,720.60

Other Receipts — It is the intent of the Legislature that the cost of the Employment and Rehabilitative Services program be offset by \$500,000 from the Special Administration Fund, which consists of penalties collected for late payment of unemployment compensation charges. The federal government permits states flexibility in their use of these funds. In FY 1995, these "Other Receipts" will be used to fund the JOBS line item.

ADDITIONAL APPROPRIATIONS

AFDC; Adult Time Limits; Appropriation (Chapter 166, S.B. 1342) — The bill adds \$1,400,000 to the JOBS program, which may include funding for new positions and computer automation needs. The additional appropriations include \$998,800 which will be applied to the JOBS Special Line Item and \$301,700 and 7.1 FTE positions to this division's operating budget. The additional monies into the JOBS Special Line Item will serve an additional 3,305 clients. Of the remaining \$99,500, \$30,200 will be distributed to the Division of Benefits and Medical Eligibility, \$50,400 to the Division of Administration, and \$18,900 will cover the anticipated lease-purchase payment for computer automation needs. The bill also limits AFDC benefits to 24 months during any 60 consecutive month period for certain eligible participants. (See Additional Legislation in the Benefits and Medical Eligibility program write-up.)

ADDITIONAL LEGISLATION

AFDC Eligibility Limitations (Chapter 227, H.B. 2018) — The bill changes one of the JOBS program participant exemptions. The child care exemption for a child under the age of 2 is changed to exempt only those families with a child under the age of 1. This legislation has other provisions impacting AFDC participants. (See Additional Legislation in the Benefits and Medical Eligibility program.)

Full Employment Demonstration Project, Appropriation (Chapter 301, S.B. 1456) — The bill establishes a 3-year Full Employment Demonstration Project, which will include JOBS program participants. The project replaces certain welfare benefits with guaranteed employment to help participants achieve self-sufficiency and be competitive in the workforce. The bill adds \$200,000 in the Benefits and Medical Eligibility program. (See Additional Appropriations in the Benefits and Medical Eligibility program.)

Deficiency Assessment; Employee Security (Chapter 1214, S.B. 1262) — The bill reduces the minimum penalty to be applied to an employer for under-reporting from \$35 to no minimum. The revenues from such penalties go into the Special Administration Fund. The agency estimates that this change will reduce the revenues raised from these penalties by approximately \$100,000.

DEPARTMENT OF ENVIRONMENTAL QUALITY

A.R.S. § 49-101

Edward Z. Fox, Director

JLBC Analyst: Bock/Bahl

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	296.3	305.3	377.5
Personal Services	5,798,400	6,121,500	6,509,400
Employee Related Expenditures	1,489,500	1,301,600	1,481,100
Professional and Outside Services	158,900	136,200	151,900
Travel - In State	129,600	139,300	148,300
Travel - Out of State	9,500	22,100	22,100
Other Operating Expenditures	1,300,500	1,496,000	1,533,400
Equipment	238,100	153,900	89,400
All Other Operating Expenditures	1,836,600	1,947,500	1,945,100
OPERATING SUBTOTAL	9,124,500	9,370,600	9,935,600
WQARF Priority Site Remediation	-0-	-0-	1,550,000
Environmental Health Reserve	-0-	-0-	250,000
Aquifer Protection Permits	945,300	1,261,300	1,128,000
Hazardous Waste Program	646,700	629,000	932,900
Hazardous Waste Reserve	-0-	-0-	64,000
Special Waste Program	474,700	154,400	186,100
Used Oil Program	81,300	93,300	137,900
Air Quality Program	-0-	116,900	122,300
Air Permits Administration Program	155,100	1,801,300 ^{2/}	3,443,600 ^{3/}
Emissions Control Program	-0-	1,608,600	6,216,900
TOTAL	11,427,600	15,035,400 ^{4/}	23,967,300 ^{5/67/} 8/9/
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Omnibus Alternative Fuels, Ch. 353	--	--	50,000
TOTAL APPROPRIATIONS	11,427,600	15,035,400	24,017,300
<u>Fund Summary</u>			
General Fund	9,930,900	9,695,500	12,377,400
Air Quality Fund	-0-	116,900	172,300
Air Permits Administration Fund	155,100	1,801,300	3,443,600
Emissions Inspection Fund	-0-	1,608,600	6,216,900
Hazardous Waste Fund	646,700	629,000	996,900
Special Waste Fund	-0-	154,400	186,100
Used Oil Fund	81,300	93,300	137,900
Water Quality Assurance Revolving Fund	613,600	936,400	486,200
TOTAL APPROPRIATIONS	11,427,600	15,035,400	24,017,300

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — The Department of Environmental Quality's purpose is to protect human health and the environment by enforcing standards of quality for Arizona's air, water, and land. The department's Office of Air Quality issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors and assesses the ambient air, and develops air quality improvement strategies. The Office of Waste Programs implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the clean up (remediation) of hazardous waste sites. The Office of Water Quality regulates drinking water and waste water systems, monitors and assesses waters of the state, and provides hydrologic analysis to support hazardous site remediation.

1/ The FTE Positions total includes 58 FTE positions funded from certain special line items in FY 1993, 95.9 FTE positions in FY 1994, and 167.4 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Aquifer Protection Permits	22.0	30.0	25.3
Air Quality	0.0	3.0	3.0
Air Permits Administration	4.0	14.4	47.6
Emissions Control	0.0	29.0	70.0
Hazardous Waste	15.5	14.5	16.3
Special Waste	14.5	3.0	3.0
Used Oil	2.0	2.0	2.2

- 2/ For FY 1994, all monies in the Permit Administration Fund were appropriated to the Arizona Department of Environmental Quality (ADEQ). The FY 1993 General Appropriation Act (Laws 1993, Chapter 6, Second Special Session) required ADEQ to provide an expenditure plan prior to expending fund monies. The expenditure estimate is \$1,801,300.
- 3/ Before the expenditure of receipts from the Air Permit Administration program in excess of the \$3,443,600, the director shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote, as adjusted for the general salary adjustment.)
- 4/ Laws 1993, Chapter 1 (H.B. 2001), 6th Special Session (the Air Quality Amendments) made several transfers involving ADEQ funds, which are not shown as appropriations. For FY 1994, it transferred \$6,000,000 from the Underground Storage Tank Revolving Fund (UST) to the Regional Public Transportation Authority. For FY 1994 and FY 1995 combined, it requires a total of \$10,000,000 to be transferred from the UST to the Emissions Inspection Fund. See discussion under "Other Issues".
- 5/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The line items within "All Other Operating Expenditures" are shown for information only.
- 6/ Up to \$1,250,000 of the General Fund appropriation may be utilized temporarily to maintain existing environmental programs for which application for federal funds has been submitted. (General Appropriation Act footnote.)
- 7/ When expenditures from the hazardous waste or environmental health reserves are authorized, the director shall report the nature of the emergency and the authorized expenditure amount to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees, and the Director of the Joint Legislative Budget Committee Staff. (General Appropriation Act footnote.)
- 8/ Of the \$250,000 appropriated for the environmental health reserve, up to \$100,000 may be used for the Comparative Environmental Risk Project. (General Appropriation Act footnote.)
- 9/ The department shall report quarterly to the Legislature in writing on the progress of WQARF activities, including emergency response, priority site remediation, cost-recovery activity, revenue and expenditure activity and other WQARF-funded program activity. The department shall submit the report to the members of the Joint Legislative Budget Committee and to the Director of the Joint Legislative Budget Committee Staff. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

FTE Positions — The appropriation adds a net 13.5 General Fund FTE positions and 58.7 Other Fund FTE positions (a net 72.2 FTE positions in all) over FY 1994. Most of these are to expand existing programs to meet stricter federal requirements. Additions and funding shifts are outlined below. The dollar amount represents all salary and operating costs associated with the positions.

- For the Safe Drinking Water program, adds 8 FTE positions and \$519,500 to the General Fund. The program now has a total of 37 General Fund FTE positions and 12 federally funded FTE positions.
- For the Aquifer Protection Permit (APP) Special Line Item, shifts 8.8 FTE positions and \$297,900 from the Water Quality Assurance Revolving Fund (WQARF) to the General Fund.
- For the APP Special Line Item, shifts 4.7 FTE positions and \$173,000 from WQARF to the Solid Waste program in the General Fund operating budget.
- For state regulatory activity resulting from the Federal Clean Air Act Amendments of 1990, adds 29.2 FTE positions and \$3,442,700 to the Air Permit Administration Fund.
- For the Emissions Control Special Line Item—which Laws 1993, Chapter 1, 6th Special Session expanded—shifts 8 FTE positions and \$364,700 from the General Fund operating budget to the Emissions Inspection (EI) Fund and adds 33 new FTE positions and \$3,851,400.
- For the Hazardous Waste Special Line Item, adds 1 inspector FTE position and \$55,200, and 0.8 FTE position and \$29,100 for data tracking, to the Hazardous Waste Fund.
- For the Used Oil Special Line Item, adds 0.2 FTE position and \$13,500 to the Used Oil Fund.

Personal Services — The General Fund operating budget increase of \$387,900 includes standard adjustments, described below, and a net increase of \$167,000 associated with the following FTE position changes:

- Adds \$227,100 for 8 new Safe Drinking Water program FTE positions.
- Shifts \$193,600 from the General Fund to the Emissions Inspection Fund for 8 shifted Emissions Control FTE positions.
- Shifts \$133,500 to the General Fund operating budget from the WQARF APP Special Line Item for 4.7 shifted Solid Waste/Landfill Permits FTE positions.

The approved amount is based upon a 3% vacancy factor and \$189,300 from the General Fund in vacancy savings, a decrease to Personal Services of \$100. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$221,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$30,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$567,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$40,200 for the payment of Risk Management premiums, which reflects a reduction of \$6,500, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$92,400 for the Tucson State Office Building lease-purchase payment.

Risk Management/Other Appropriated Funds — ADEQ charges each Other Appropriated Fund and Non-Appropriated Fund an amount for indirect costs, which is transferred to the Indirect Cost Fund. This fund is used for the non-General Fund share of certain departmentwide overhead expenses, such as general accounting, rent, and telecommunications systems. ADEQ pays the non-General Fund portion of its Risk Management premiums from this fund. The total premiums for FY 1995 for all Other Appropriated Funds is \$14,100.

WQARF Priority Site Remediation — A.R.S. § 42-1341 directs the distribution of transaction privilege taxes. According to this statute as amended in 1992, \$2.9 million is to be appropriated annually for the Water Quality Assurance Revolving Fund (WQARF) for priority hazardous waste site remediation. For FY 1995, the Legislature has appropriated \$1,550,000

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DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

for this purpose. Also, the Legislature made available another \$460,000 for remediation and other WQARF functions by shifting part of the Aquifer Protection Permit (APP) program to the General Fund. See "Aquifer Protection Permits" below.

Environmental Health Reserve — The Legislature approved \$250,000 for ADEQ to address unbudgeted emergencies such as illness clusters, tire fires, trans-jurisdictional pollution problems, or other environmental health emergencies which have no other dedicated funding source. One General Appropriation Act footnote requires ADEQ to notify the Legislature of any expenditures from the reserve, and another allows ADEQ to use up to \$100,000 of the reserve for the Arizona Comparative Environmental Risk Project (ACERP). The ACERP is to identify all environmental health threats facing Arizona. It will determine the relative risk these threats pose and will show what the state can do to reduce risk the most cost-effectively.

Aquifer Protection Permits — ADEQ issues permits to industrial or other facilities whose activities or waste discharges could pose a threat to groundwater. The permit is issued upon ADEQ approval of facility safeguard measures.

The approved amount is based on the following line-item detail:

FTE Positions	<u>General Fund</u>	<u>WQARF</u>	<u>Total</u>
	<u>16.8</u>	<u>8.5</u>	<u>25.3</u>
Personal Services	\$501,700	\$255,600	\$ 757,300
Employee Related Expenditures	111,000	58,800	169,800
Professional and Outside Services	-0-	27,200	27,200
Travel - In State	9,400	4,600	14,000
Other Operating Expenditures	<u>19,700</u>	<u>58,200</u>	<u>77,900</u>
Operating Subtotal	641,800	404,400	1,046,200
Indirect Costs	<u>-0-</u>	<u>81,800</u>	<u>81,800</u>
TOTAL	<u>\$641,800</u>	<u>\$486,200</u>	<u>\$1,128,000</u>

Aquifer Protection Permit fees have not been sufficient to support all program activities. Therefore, two funding shifts were approved so that WQARF will no longer have to subsidize the APP program. The 4.7 FTE positions preparing landfill permits were shifted to the General Fund operating budget from WQARF since landfills can be regulated under the Solid Waste program which is in the operating budget. Activities not billable to Aquifer Protection Permits fees were shifted, along with 8.8 FTE positions, to General Fund support within the Aquifer Protection Permits Special Line Item.

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$17,000 from the General Fund and \$8,700 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$2,300 from the General Fund and \$1,200 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$46,800 from the General Fund and \$23,700 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for Other Operating Expenditures includes \$1,500 from the General Fund and \$1,500 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$200 from the General Fund, as authorized by Section 79 of the General Appropriation Act.

Hazardous Waste/Pollution Prevention Programs — Under these programs, ADEQ processes and issues permits for treatment, storage, and disposal facilities, and monitors hazardous waste generators and handlers. ADEQ also evaluates

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

waste reduction and other pollution control plans submitted by businesses that generate hazardous waste. ADEQ collects related fees and civil penalties which are deposited to the Hazardous Waste Management Fund. The approved amount is based on the following line-item detail:

FTE Positions	16.3
Personal Services	\$517,300
Employee Related Expenditures	116,500
Travel - In State	15,700
Travel - Out of State	4,000
Other Operating Expenditures	31,900
Equipment	5,800
Operating Subtotal	691,200
Indirect Cost	241,700
TOTAL — Hazardous Waste Fund	\$932,900

To increase service to southern Arizona, the appropriation adds 1 FTE inspector position and \$55,200. To improve data and manifest tracking, the appropriation adds 0.8 FTE position and \$29,100.

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$17,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. Also included in the approved Personal Services amount is an additional \$41,700 for the new positions.

The approved amount for Employee Related Expenditures includes an additional \$2,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$45,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Hazardous Waste Reserve — The Legislature authorized ADEQ to utilize otherwise-unprogrammed revenues for hazardous waste contingencies. If it authorizes any such emergency expenditures, ADEQ must report to the Legislature. ADEQ estimated that \$64,000 would be available for such emergencies.

Special Waste Program — Through this program, ADEQ determines whether wastes such as asbestos, auto shredder fluff and petroleum-contaminated soils should be classified as "special waste". The department then establishes and enforces regulations for special waste handling and disposal. The department assesses fees based on the quantity of special waste generated. The fees are deposited to the Special Waste Fund.

The approved amount is based on the following line-item detail:

FTE Positions	3.0
Personal Services	\$112,500
Employee Related Expenditures	23,800
Professional and Outside Services	3,700
Travel - In State	1,100
Other Operating Expenditures	7,100
Equipment	5,800
Operating Subtotal	154,000
Indirect Costs	32,100
TOTAL — Special Waste Fund	\$186,100

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount includes an additional \$3,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$8,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The Special Waste program is expected to have sufficient revenue for FY 1995 to support both direct program and indirect costs. The net \$32,000 increase over FY 1994 is due to indirect costs and technical adjustments.

Used Oil — Through this program, the department assists in used-oil recycling and management efforts, and regulates used oil disposal. ADEQ also enforces laws regarding used oil that is contaminated with hazardous substances.

The approved amount is based on the following line-item detail:

FTE Positions	2.2
Personal Services	\$ 59,100
Employee Related Expenditures	14,300
Professional and Outside Services	10,100
Travel - In State	7,200
Travel - Out of State	200
Other Operating Expenditures	9,600
Equipment	9,400
Operating Subtotal	109,900
Indirect Costs	28,000
TOTAL — Used Oil Fund	\$137,900

To improve data tracking, 0.2 FTE position and \$13,500 were added.

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount includes an additional \$2,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. Also included in the approved amount is an additional \$4,500 for the new position.

The approved amount for Employee Related Expenditures includes an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$6,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Air Quality Fund — The Air Quality Fund is used for a variety of studies and programs aimed at improving air quality where the ambient air does not meet federal standards. (Only a portion of the fund is appropriated.)

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount is based on the following line-item detail:

FTE Positions	<u>3.0</u>
Personal Services	\$91,100
Employee Related Expenditures	20,800
All Other Operating Expenditures	10,400
TOTAL — Air Quality Fund	<u><u>\$122,300</u></u>

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$3,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$8,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Air Permit Administration Fund — ADEQ regulates stationary air pollution sources primarily through the Air Permit program. ADEQ inspects permitted facilities and may take enforcement action. Sources pay a combination of emissions and permit fees, which are deposited to the Air Permit Administration (APA) Fund.

The approved amount is based on the following line-item detail:

FTE Positions	<u>43.6</u>
Personal Services	\$1,517,400
Employee Related Expenditures	354,000
Professional and Outside Services	323,200
Travel - In State	82,400
Travel - Out of State	27,800
Other Operating Expenditures	275,400
Equipment	160,500
Operating Subtotal	<u>2,740,700</u>
Indirect Costs	<u>702,900</u>
TOTAL — Air Permit Administration	<u><u>\$3,443,600</u></u>

An expanded Air Permit program, which includes a new fee structure, took effect in FY 1994. In a General Appropriation Act footnote for FY 1994, the Legislature appropriated all fund receipts to the department, but required ADEQ to submit an expenditure plan prior to expending fund monies for FY 1995. For FY 1995, a specific dollar amount is appropriated, but a General Appropriation Act footnote allows ADEQ to expend more APA Fund monies upon notifying the Legislature.

The FY 1994 estimate includes \$1,801,300 and 14.4 FTE positions for the program, which was ADEQ's estimate of FY 1994 expenditures. The approved amount for FY 1995 includes 33.2 new FTE positions and \$1,583,700 for the program. The new staff will analyze permit applications and perform monitoring and other regulation of stationary air pollution sources, as required by Laws 1992, Chapter 299 (Comprehensive Air Quality Act) and by Laws 1993, Chapter 1, 6th Special Session (Air Quality Amendments).

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$51,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$7,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$131,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Emissions Control — As required by federal law, ADEQ supervises the emissions testing for all vehicles in areas that do not meet certain air quality standards. ADEQ utilizes a contractor for private vehicle testing but conducts fleet inspections, waivers, and exemptions itself. The Emissions Inspection (EI) Fund is for the ADEQ-administered programs (the contractors collect fees directly from the public). Pursuant to Laws 1993, Chapter 1, 6th Special Session, the EI Fund is now subject to appropriation and its scope of sources and uses expanded. New program components include: auditing, contractor training, inspection fee and repair subsidy, technical assistance, and remote sensing.

Most of these components are part of I/M 240 vehicle inspection requirements. "I/M 240" refers to the inspection and maintenance program with a 240-second emissions test. The I/M 240 test is stricter than the current test. Remote sensing is a separate program: devices set up on roadways will measure the emissions of passing vehicles. At the same time, the devices will read the vehicle license plate number so that emissions violators can be notified by mail that an inspection is required.

To meet the new staffing needs for these functions, the approved amount shifts 8 FTE positions and \$364,700 from the General Fund to the EI Fund and adds 33 new FTE positions and \$3,851,400 to the EI Fund.

The approved amount is based on the following line-item detail:

FTE Positions	<u>70.0</u>
Personal Services	\$1,575,700
Employee Related Expenditures	430,900
Professional and Outside Services	58,300
Travel - In State	76,500
Travel - Out of State	2,900
Other Operating Expenditures	178,000
Equipment	<u>357,900</u>
Operating Subtotal	2,680,200
Indirect Costs	671,000
I/M 240 Repair Subsidies	2,393,400
Remote Sensing	472,300
TOTAL — Emissions Inspection Fund	<u>\$6,216,900</u>

The approved amount for Personal Services is based upon a 1.5% vacancy factor and \$23,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$53,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount includes an additional \$7,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$195,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL APPROPRIATION

Omnibus Alternative Fuels (Chapter 353, H.B. 2575) — Creates a variety of incentives for installing alternative vehicle fuel delivery and use technology. Makes technical changes to correct Laws 1993, Chapter 1, 6th Special Session, the Air Quality Amendments (see Other Issues below). Establishes the Alternative Fuel Delivery System Development (AFDSD) Fund in the Department of Commerce and requires appropriations and transfers, including the following which affect ADEQ:

- For FY 1995, the amount that ADEQ would have granted from the Air Quality Fund to localities for compressed natural gas (CNG) conversions will be deposited to the AFDSD Fund. This amount is expected to be approximately \$200,000.
- For FY 1995, the amount that ADEQ would have transferred from the Air Quality Fund to the Arizona Department of Transportation for public transportation demonstration projects will be allocated to the AFDSD Fund. The amount is \$400,000.
- Of the \$6,000,000 that the Regional Public Transportation Authority for the Maricopa County area received from the Underground Storage Tank (UST) Fund pursuant to Laws 1993, Chapter 1, 6th Special Session, the authority must allocate \$250,000 to the Air Quality Fund. The monies are to support an ozone-reduction assistance program which this act establishes. For FY 1996 and beyond, the amounts otherwise designated for public vehicle CNG conversions shall be used to pay the authority back for the \$250,000.
- For FY 1995, \$50,000 is appropriated from the Environmental Special Plate Fund to the Air Quality Fund for the ozone-reduction assistance program which Chapter 353 establishes.

See Department of Commerce, Department of Administration, and State Lottery for additional discussion.

ADDITIONAL LEGISLATION

Underground Storage Tank; Revisions (Chapter 248, H.B. 2226) — Changes tax credit provisions related to reimbursements from the Underground Storage Tank (UST) Fund. Eliminates ADEQ's authority to make loans from the UST Fund and clarifies provisions relating to making UST Fund grants.

Aquifer Protection Permit; BADCT (Chapter 273, H.B. 2125) — Among other changes, this act specifically allows ADEQ to contract with a private consultant for the review of aquifer protection permit applications. A permit applicant may request accelerated permit review, and may pay ADEQ for related additional costs of consultant services.

Mined Land Reclamation (Chapter 118, S.B. 1365) — Among other provisions, this act establishes requirements for closing mines to achieve stability and safety consistent with post-mining land-use objectives. Requires that acceptable reclamation plans and financial assurance documentation be submitted before new surface disturbances may be allowed. These requirements are under Title 49 but the bill establishes a study committee which will recommend what agency—whether ADEQ or another agency—should administer the act. The study committee will consider consolidating existing state entities involved with mineral resources. (See also State Mine Inspector.)

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

OTHER ISSUES

Air Quality Amendments (Chapter 1, H.B. 2001, 6th Special Session) — In October, 1993, the Legislature convened in special session to pass air quality improvement measures required by the U.S. Environmental Protection Agency. The measures are intended to return air quality to acceptable standards within a strict timetable. The act includes new or expanded regulations that affect political subdivisions, state agencies, other governmental entities, and the public within areas that have not attained acceptable air quality (primarily Maricopa County; also Pima County). Affected state agencies include ADEQ, the State Lottery, the Arizona Department of Education, the Department of Transportation, the Department of Weights and Measures, the Department of Revenue, and the Department of Administration.

The act expands several existing programs, and adds other new ones. ADEQ must now regulate a wider variety of stationary air pollution sources, and pollution standards are more strict. This affects the Air Permit Administration Fund, as described above. Standards for the oxygenated fuels program are now more stringent. The act expands the vehicle emissions inspection program extensively, establishing a more stringent inspection/maintenance (I/M) program and other measures to control vehicle pollution. The state will subsidize the new I/M program's added costs. These vehicle emissions programs affect the Emissions Inspection (EI) Fund, as described above. The act also raises several civil penalties related to pollution control violations.

The act authorizes funding for these programs from several sources, including those listed below:

- Segregates the Underground Storage Tank (UST) Fund into revenue from Maricopa County and revenue from the rest of Arizona, and allocates 50% of the Maricopa portion to the EI Fund after FY 1996.
- Transfers \$2,000,000 in FY 1994 from the UST Fund to the EI Fund and appropriates the fund for emissions control programs.
- Transfers \$8,000,000 in FY 1995 from the UST Fund to the EI Fund for emissions control programs.
- Transfers \$8,000,000 in FY 1996 from the UST Fund to the EI Fund for emissions control programs.
- Appropriates \$24,200 in FY 1994 to the Department of Administration for certain public transit subsidy administrative costs.
- Allows up to \$18 million of "Powerball" lottery revenues to be channeled into public transit projects once the General Fund is guaranteed \$45,000,000 of Powerball ticket sales revenues.
- Transfers \$6,000,000 in FY 1994 from the UST Fund to the regional public transit authority for a county with a population over 1,200,000 persons (established by A.R.S. § 28-2502). The transit authority shall use the monies to buy buses and to expand local transit. The authority must eventually repay this amount from grants it receives through the Arizona Department of Transportation from the Local Transportation Assistance Fund (LTAF). The authority must pay UST any LTAF amounts it receives over \$2,000,000 in a given fiscal year, up to a payment cap of \$2,000,000 per year.

DEPARTMENT OF HEALTH SERVICES - SUMMARY

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Office of the Director/Intergovernmental Affairs	5,730,100	6,041,700	6,272,100
Support Services	8,733,500	13,836,400	11,415,100
Public Health	8,881,500	10,039,400	11,255,000
Disease Control Research Commission	-0-	-0-	2,604,300
Family Health	26,552,100	25,738,600	26,135,900
Behavioral Health	147,694,800	158,722,900	142,360,900
Arizona State Hospital	-0-	-0-	30,525,200
Laboratory Services	2,489,100	2,681,600	2,565,700
TOTAL APPROPRIATIONS	200,081,100	217,060,600	233,134,200
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	1,746.4	1,692.5	1,677.5
Personal Services	34,517,700	38,768,500	38,068,600
Employee Related Expenditures	9,272,000	8,846,600	9,161,500
Professional and Outside Services	3,999,600	5,179,500	4,763,200
Travel - In State	372,600	466,700	468,500
Travel - Out of State	34,200	55,900	57,000
Food	834,900	751,800	764,000
Other Operating Expenditures	10,209,500	8,602,100	8,041,600
Equipment	586,100	549,200	465,800
All Other Operating Expenditures	16,036,900	15,605,200	14,560,100
OPERATING SUBTOTAL	59,826,600	63,220,300	61,790,200
Special Line Items ^{2/}	140,254,500	153,840,300	170,822,000
Additional Appropriations ^{2/}	-0-	-0-	522,000
TOTAL APPROPRIATIONS	200,081,100	217,060,600 ^{3/}	233,134,200 ^{4/5/6/7/}
<u>Fund Summary</u>			
General Fund	190,793,900	198,708,100	217,004,400
EMS Operating Fund	2,001,100	2,269,300	2,535,900
ASH Disproportionate Share Fund	7,286,100	11,983,200	11,993,900
Special Revenue Fund	-0-	4,000,000	1,500,000
Child Fatality Review Fund	-0-	100,000	100,000
TOTAL APPROPRIATIONS	200,081,100	217,060,600	233,134,200

(Continued)

DEPARTMENT OF HEALTH SERVICES - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The Department of Health Services is responsible for the provision of most public health programs not administered by AHCCCS, most behavioral health programs, emergency medical services, state laboratory support, vital records maintenance, disease control, and epidemiological monitoring.*

- 1/ The FTE Positions total includes 56.6 FTE positions funded from certain special line items in FY 1993, 29 FTE positions in FY 1994, and 120.8 FTE positions in FY 1995.
- 2/ Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- 3/ The amount shown reflects \$6,529,900 in adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session.
- 4/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.
- 5/ A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives and the Director of the Joint Legislative Budget Committee by the 25th of the following month. The report shall include an estimate of (a) potential shortfalls in programs, (b) potential federal and other funds, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, and (c) total expenditure authority of the month and year-to-date for SMI Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health, Substance Abuse, Children's Respite Care, Geriatric Residential Beds, SMI Clozaril Program, Seriously Emotionally Handicapped Children, and Children's Rehabilitative Services. In addition, all positions eliminated or other reductions made as a result of Project SLIM recommendations shall be detailed on a monthly and year-to-date basis. (General Appropriation Act footnote.)
- 6/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for SMI Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health, Substance Abuse, Seriously Emotionally Handicapped Children, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, EMS Provider Contracts, State EMS Special Projects, TB Provider Hospital Care, Kidney Program, Adult Cystic Fibrosis, Adult Sickle Cell Anemia, Newborn Intensive Care, Perinatal Care Services, Teen Prenatal Express, Prenatal Outreach, Nutrition Subvention, WIC Supplemental, Geriatric Residential Beds, SMI Clozaril Program, Children's Respite Care, University of Arizona Poison Information Center, and the Poison Control Center Funding shall require approval of the Joint Legislative Budget Committee. The amounts appropriated for these items shall be used exclusively for the contracts for the provision of services to clients. No monies shall be used from these appropriated amounts for any other expenses of the state Department of Health Services.
- 7/ In addition to the appropriation for the Department of Health Services, earnings on state lands and interest on the investment of the permanent land funds are appropriated to the State Hospital in compliance with the Enabling Act and the Constitution. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF HEALTH SERVICES - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1995 General Fund operating budget from the revised FY 1994 estimate:

• Adjust Funding to Reflect One-time FY 1994 Supplementals	\$(6,529,900)
• Children's Rehabilitative Services - Increased Federal Offset	(1,902,300)
• Project SLIM Reductions	(1,400,000)
• Seriously Mentally Ill Services Increase	7,360,000
• Children's Behavioral Health State Match for Additional Title 19 Funds	5,000,000
• Consolidation of Behavioral Health Matching Funds from Other Agencies	3,040,000
• Appropriation of Disease Control Research Commission Monies	2,604,300
• Children's Behavioral Health -- Non-Title 19 Increase for Prevention and Other Subvention Services	1,750,000
• General Salary Adjustment	1,602,000
• Provider Increases	1,457,700
• Poison Center Network	800,000
• Management Information System Resources	505,600
• Employee Related Expenditures Increase	321,900
• Children's Respite Care	250,000
• Cancer/Birth Defect Registry	245,800
• All Other Changes	<u>968,500</u>
TOTAL CHANGE FROM REVISED FY 1994	<u>\$16,073,600</u>

Personal Services — The approved amount is based upon a 3.3% vacancy factor and \$1,236,200 in vacancy savings from the General Fund and \$7,300 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$1,381,300 from the General Fund and \$26,600 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$190,400 from the General Fund and \$3,700 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$4,017,500 from the General Fund and \$77,100 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$1,075,800 from the General Fund for the payment of Risk Management premiums. These amounts reflect a reduction of \$174,200 from the General Fund, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$1,070,600 from the General Fund and \$89,600 from Other Appropriated Funds for rent of state-owned space.

Project SLIM Savings — The appropriation includes the reduction of 52 FTE positions and \$1,400,000 due to expected Project SLIM savings. The Executive and the department had originally requested a reduction of 50 FTE positions and \$1,300,000, based on a preliminary study of the department by Project SLIM. However, the Legislature in its review of the budget believed that an additional 2 FTE positions and \$100,000 of savings would be possible. The Project SLIM savings will accrue mainly from the consolidation of the agency business offices and a streamlining of administrative

(Continued)

DEPARTMENT OF HEALTH SERVICES - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

functions. The reduction was appropriated on a prorated basis by the Legislature, based upon the relative size of each programs operating budget. The agency is required by footnote to report all Project SLIM savings in detail as they occur.

Reorganization — The Department of Health Services (DHS) has reorganized. The new internal organization of DHS creates 4 small programs that are mostly administrative in nature and 2 very large programs that are primarily client service oriented. While the Executive is able to organize and operate as they choose, in this particular case the Legislature chose to appropriate to DHS in a different program format. The intent is to place greater focus and legislative oversight on specific client services and less emphasis on the smaller administrative areas. The table below shows the FY 1994 programs in the first column, the DHS FY 1995 internal program organization and the FY 1995 Appropriation format. The programs appear in bold.

<u>FY 1994 PROGRAMS</u>	<u>FY 1995 DHS INTERNAL PROGRAMS</u>	<u>FY 1995 APPROPRIATION FORMAT</u>
Director's Office	Director's Office (Only Immediate Staff)	Director's Office/Intergovernmental Affairs
EMS/Health Care Facilities Licensure	Intergovernmental Affairs and Legislative Liaison	• Director's Office
Disease Prevention	• Vital Records (Director's Office)	• Intergovernmental Affairs and Legislative Liaison
Family Health	• Health Care Facilities Licensure	Support Services
Behavioral Health	• Other Areas (Director's Office)	• Information and Technology Services
Laboratory Services	Information Technology Services	• Administration and Finance
	• Data Processing (Drawn from several former programs)	Public Health
	Administration and Finance	• Disease Prevention
	• Drawn from several former programs	• EMS
	Medical Services and Public Health	• Other Health Programs
	• EMS	Family Health
	• Disease Prevention	Laboratory Services
	• Family Health	Behavioral Health
	• Laboratory Services	• Less ASH
	Behavioral Health	Arizona State Hospital
	• Mostly unchanged	Disease Control Research Commission

FY 1994 Supplemental — The supplemental appropriation bill (Laws 1994, Chapter 6, 8th Special Session) made several adjustments to the FY 1994 Department of Health Services appropriation. These changes are as follows:

Section 8.

- Building Management** — The sum of \$50,000 was added from the General Fund to be used for building management costs at the Morton and Black Canyon building sites. \$50,000
- Data Processing** — The sum of \$3,250,000 was appropriated from the General Fund to pay for data processing expenditures made by the department in excess of the original appropriation. These costs include hardware purchases, software and system development, payments on revolving credit charges, and other expenditures. 3,250,000
- Children's Behavioral Health State Match for Title 19** — A total of \$1,500,000 was added from the General Fund to pay increased state matching requirements due primarily to an increase in monthly capitation rates, and secondarily, to an increase in client population counts. 1,500,000

(Continued)

DEPARTMENT OF HEALTH SERVICES - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Children's Rehabilitative Services (CRS) — The CRS program continued to shift clients into Title 19 eligibility. This resulted in substantial General Fund savings. The federal expenditure authority in the AHCCCS program was raised by \$7,000,000 to reflect this shift, as well as the payment of prior year federal claims. (1,462,100)

AHCCCS-Children's Rehabilitative Services — The services provided to clients included a higher percentage of federally covered procedures, resulting in these General Fund savings. (440,200)

Arizona Poison Control — In order to maintain operation of the University of Arizona Poison Information Center for all of FY 1994, a General Fund supplemental of \$75,000 was made from original \$442,000 appropriation. In addition, a \$100,000 supplemental for this purpose was made to the State Board of Pharmacy funds for FY 1994, and the Poison Center agreed to raise another \$133,000, for total funding of \$750,000. The shortfall occurred when the University of Arizona, which had been subsidizing the Poison Center for several years, decided it was unable to provide a subsidy for FY 1994. 75,000

Clinical Laboratory Improvement Act (CLIA) — A General Fund supplemental was provided to maintain laboratory staffing and funding at a level sufficient to conform to federal CLIA requirements. CLIA requires all laboratories receiving federal funds to be inspected and licensed in order to improve standards and accuracy. The supplemental was due to lower than anticipated federal funding for this program. 49,700

Section 23.

FY 1994 RBHA Payments — The supplemental includes \$750,000 from the General Fund and \$2,000,000 from the Special Revenue Fund to make payments for services provided by the Pima County Regional Behavioral Health Authority (RBHA). By July 1, 1995, an accounting shall be completed and any excess payments shall be repaid to the Special Revenue Fund. Any unspent portion of this appropriation will revert to the General Fund on June 30, 1995. 2,750,000

Section 25.

Prior Year Children's Behavioral Health Claims — For FY 1991 claims, there is appropriated \$122,500 and for FY 1992 claims, there is appropriated \$635,000. The department will use these General Fund appropriations to resolve payment of unpaid claims from these 2 fiscal years. The appropriations are non-lapsing until June 30, 1995, when any unspent portions will revert to the state General Fund. 747,500

TOTAL SUPPLEMENTAL

\$6,529,900

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — The bill appropriates \$30,000 to the department to replace 2 fuel storage tanks at the Arizona State Hospital.

The bill also appropriates \$1,600,000 to the Department of Administration (DOA) for land acquisition and design of a new state health laboratory. Design and land acquisition are expected to cost approximately \$800,000 each. Before the release of land acquisition funds, the bill requires DOA to present an analysis and recommendation of potential sites to the Joint Committee on Capital Review (JCCR) for review. Thereafter, at the completion of the schematic designs, DOA shall present the plans for the laboratory to the JCCR for review.

**DEPARTMENT OF HEALTH SERVICES -
OFFICE OF THE DIRECTOR/INTERGOVERNMENTAL AFFAIRS**

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	170.6	170.6	171.2
Personal Services	3,858,700	4,086,000	4,255,500
Employee Related Expenditures	951,300	931,200	1,010,900
Professional and Outside Services	42,800	44,500	44,500
Travel - In State	137,800	156,200	156,200
Travel - Out of State	4,100	15,700	15,700
Other Operating Expenditures	683,600	789,400	800,300
Equipment	51,800	18,700	16,800
All Other Operating Expenditures	920,100	1,024,500	1,033,500
OPERATING SUBTOTAL	5,730,100	6,041,700	6,299,900
Project SLIM Reductions	-0-	-0-	(27,800)
TOTAL APPROPRIATIONS	5,730,100	6,041,700	6,272,100 ^{1/}

Program Description — *The Office of the Director/Intergovernmental Affairs includes the director's immediate staff, vital records services for birth and death certificates, oversight of federal fund expenditures, and acts as a liaison to county health departments, the Legislature, other political subdivisions, and the public.*

FTE Positions — The approved amount includes a transfer of 1.6 FTE positions and \$65,200 from the Behavioral Health program, as part of the department's reorganization.

The approved amount also includes a reduction of 1 FTE position and \$27,800 to reflect Project SLIM savings.

Personal Services — The approved amount is based upon a 2.4% vacancy factor and \$100,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$144,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes an additional \$45,100 due to the FTE position transfer.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - OFFICE OF THE DIRECTOR/INTERGOVERNMENTAL
AFFAIRS (Cont'd)
GENERAL FUND**

Employee Related Expenditures — The approved amount includes an additional \$19,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$419,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes an increase of \$1,100 for rent.

Equipment — The approved amount includes \$12,000 for a copier machine for the Office of Behavioral Health Licensure and \$4,800 for a laser printer for the Director's Office.

Project SLIM Reductions — Of the 52 FTE Positions and \$1,400,000 of total Project SLIM savings projected for the department as a whole, 1 FTE position and \$27,800 were prorated as savings for this program.

DEPARTMENT OF HEALTH SERVICES - SUPPORT SERVICES

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	185.5	203.8	218.1 ^{1/}
Personal Services	3,621,700	5,100,700	5,708,100 ^{1/}
Employee Related Expenditures	852,200	1,145,300	1,340,900 ^{1/}
Professional and Outside Services	461,900	451,600	451,600
Travel - In State	8,000	16,700	16,700
Travel - Out of State	-0-	2,000	2,000
Other Operating Expenditures	3,716,300	3,791,700 ^{2/}	3,543,500
Equipment	73,400	78,400	6,500
All Other Operating Expenditures	4,259,600	4,340,400	4,020,300
OPERATING SUBTOTAL	8,733,500	10,586,400	11,069,300
Data Processing	-0-	3,250,000 ^{2/}	-0-
Morton/Black Canyon Building Management	-0-	-0-	457,400
Project SLIM Reductions	-0-	-0-	(111,600)
TOTAL APPROPRIATIONS	8,733,500	13,836,400	11,415,100 ^{3/}

Program Description — *The Support Services program encompasses most centralized functions including business, finance, accounting, personnel and information technology services.*

FTE Positions — The approved amount includes: a) an additional 17 FTE positions and \$505,600 to enhance existing Management Information System (MIS) resources, b) a reduction of 4.1 FTE positions and \$111,600 to reflect Project SLIM savings, and c) a transfer of 1.4 FTE positions and \$63,100 from the Family Health program and an increase of \$200, as part of the department's reorganization.

- ^{1/} Of the amount appropriated for Support Services, 13 FTE positions and \$370,700 shall be transferred to the Arizona Health Care Cost Containment System, if H.B. 2500 or a similar bill is passed which moves Behavioral Health Services from the state Department of Health Services to the Arizona Health Care Cost Containment System. (General Appropriation Act footnote.) These positions and \$235,800 represent the additional Management Information System (MIS) positions associated with the Behavioral Health program. The other 4 FTE positions and \$134,900 are associated with the CRS program. H.B. 2500 or similar legislation was not enacted.
- ^{2/} The amount reflects the adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session (H.B. 2006).
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF HEALTH SERVICES - SUPPORT SERVICES (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 2.4% vacancy factor and \$124,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$193,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes an additional \$406,300 to fund the MIS positions and an additional \$49,400 due to the FTE position transfer.

Employee Related Expenditures — The approved amount includes an additional \$26,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$534,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a total of \$1,075,800 for the payment of Risk Management premiums, which reflects a reduction of \$174,200, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes \$189,600, \$126,000, and \$90,300 for the lease-purchase payments for the Center Point, Tucson State Office and Black Canyon Buildings, respectively. These amounts include an additional \$15,900 for the Center Point Building and an additional \$14,100 for the Black Canyon Building, as authorized by Section 72 of the General Appropriation Act.

Equipment — The approved amount includes \$4,000 for a postage scale meter for the Real Property Section and \$2,500 for a fax machine to be used for the Controller's Office and the Business Office.

Data Processing — Laws 1994, Chapter 6, 8th Special Session, provided a supplemental appropriation of \$3,250,000 to pay for data processing expenditures made by the department in excess of the original appropriations. The expenditures include lease payments for hardware, software and system development, and payments on a revolving line of credit. The department has stated that it intends to discontinue the use of revolving credit for data processing costs.

The department had been funding similar expenses out of programmatic special line items intended for client services. However, the intent of the Legislature is to not use programmatic special line items for administrative costs. For more discussion of this issue, please see the Behavioral Health Program under "Realignment of Administrative Expenses".

Morton/Black Canyon Building Management — In addition to the lease-purchase payments in Other Operating Expenditures, the approved amounts also include a total of \$457,400 for Operations and Maintenance (O&M) charges for the Center Point and Black Canyon Buildings. This amount was appropriated as a separate line item called "Morton/Black Canyon Building Management." The O&M charge will be transferred to the Department of Administration (DOA), which will be responsible for providing all building services, either directly or under contract.

The FY 1994 supplemental (Laws 1994, Chapter 6, 8th Special Session) included \$50,000 to provide additional operating and maintenance funding for these 2 building sites. The supplemental resulted from the use of more intensive maintenance than was originally funded.

Project SLIM Reductions — Of the 52 FTE Positions and \$1,400,000 of total Project SLIM savings projected for the department as a whole, 4.1 FTE positions and \$111,600 were prorated as savings for this program.

DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	108.7	102.2	111.0
Personal Services	1,872,200	2,066,300	2,129,800
Employee Related Expenditures	424,100	455,800	463,200
Professional and Outside Services	75,500	106,200	106,200
Travel - In State	58,100	89,600	89,600
Travel - Out of State	7,200	11,000	11,000
Other Operating Expenditures	402,900	369,100	369,100
Equipment	52,600	24,200	6,800
All Other Operating Expenditures	596,300	600,100	582,700
OPERATING SUBTOTAL	2,892,600	3,122,200	3,175,700
Direct Grants	578,000	578,000	578,000 ^{2/}
Reimbursement to Counties	396,300	396,300	396,300 ^{3/}
Tuberculosis Provider Hospital Care and Tuberculosis Control Subventions	746,100	873,300	882,000
Sexually Transmitted Disease Control	56,600	52,500	52,500
AIDS Reporting and Surveillance	97,300	125,000	125,000
Vaccines	1,755,300	2,125,100	1,915,100
Kidney Program Dialysis Care	83,300	100,000	101,000
Health Effects Studies	115,000	-0-	-0-
Chronic Disease Surveillance	159,900	-0-	-0-
Cancer/Birth Defect Registry	-0-	-0-	251,800
University of Arizona Poison Information Center	450,000	517,000 ^{4/}	750,000 ^{5/}
Poison Control Center Funding	-0-	-0-	500,000 ^{6/}
Project SLIM Reductions	-0-	-0-	(83,300)
Child Fatality Review Team	-0-	147,700	100,000
Emergency Medical Services Operations	1,254,100	1,244,500	1,271,500
EMS Provider Contracts	-0-	310,400	331,200
State EMS Special Projects	42,900	155,200	170,000
Ambulance Replacement	110,800	116,400	300,000
EMSCOM Development	35,000	77,600	90,000
EMS Regional Coordinating System	108,300	98,200	98,200
TOTAL	8,881,500	10,039,400	11,005,000 ^{7/8/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Appropriation, TCE Contamination, Ch. 8	--	--	250,000
TOTAL APPROPRIATIONS	8,881,500	10,039,400	11,255,000

(Continued)

DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

<u>Funding Summary</u>			
General Fund	6,880,400	7,670,100	8,619,100
Emergency Medical Services Operating Fund	2,001,100	2,269,300	2,535,900
Child Fatality Review Team Fund	-0-	100,000	100,000
TOTAL APPROPRIATIONS	8,881,500	10,039,400	11,255,000

Program Description — *The Public Health program provides emergency medical services which includes funding for both state and local programs and poison control centers. In addition, the program provides funding for some county health programs, disease prevention, and treatment of a number of specific illnesses.*

1/ The FTE Positions total includes 29 FTE positions funded from certain special line items in FY 1993, 29 FTE positions in FY 1994, and 37 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Emergency Medical Services Operating Fund	29.0	29.0	29.0
Cancer/Birth Defect Registry	0.0	0.0	6.0
Child Fatality Review Team	0.0	0.0	2.0

- 2/ The appropriation for Direct Grants is to provide for local health work and is to be divided equally among the 15 counties on a non-matching basis, with each county to employ 1 Public Health Nurse and 1 Sanitarian. All monies received by a county under this appropriation which are not used for the prescribed purposes shall revert to the state General Fund. (General Appropriation Act footnote.)
- 3/ The \$396,300 appropriated for reimbursement to counties is to provide matching monies to counties for local health work on an equal matching basis and shall be distributed in the following manner: \$174,790 of the monies shall be distributed to counties with populations of less than 500,000 persons on an equal per capita basis as determined by the latest United States decennial census. The distribution for counties with a population of more than 500,000 persons but less than 1,000,000 persons shall be \$57,750 and for counties with a population of 1,000,000 persons the distribution shall be \$163,760. (General Appropriation Act footnote.)
- 4/ The amount shown reflects the adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session, (H.B. 2006). In addition to the amount shown, \$100,000 is appropriated by the same act to the Board of Pharmacy for use by the University of Arizona Poison Control Center.
- 5/ The \$750,000 appropriated for the University of Arizona Poison Control Center shall not be utilized to support any poison control center other than the one at the University of Arizona. The state Department of Health Services shall transmit all of the appropriated amount to the University of Arizona for this purpose. (General Appropriation Act footnote.)
- 6/ The \$500,000 appropriated for poison control center funding shall only be expended for poison control services in counties with a population of more than 1,500,000 persons according to the most recent United States decennial census. (General Appropriation Act footnote.)
- 7/ Within 60 days after the effective date of this act, the state Department of Health Services, in conjunction with all poison control centers receiving state funding, shall develop a plan for uniform accounting of expenditures, number of positions, and activities for each state funded poison control information center in Arizona for submittal to all members of the Health and Welfare Subcommittees of the House and Senate Appropriations Committees, and to the Director of the Joint Legislative Budget Committee. In conjunction with the preparation and transmittal of their FY 1995-96 budget request, the state Department of Health Services shall develop a comprehensive list of alternative funding sources for poison control centers, to offset all or part of any future state appropriations for this purpose. (General Appropriation Act footnote.)
- 8/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

GENERAL FUND

FTE Positions — The approved amount includes: a) a reduction of 3.2 FTE positions and \$83,300 to reflect Project SLIM savings, b) an additional 6 FTE positions and \$251,800 for the Cancer/Birth Defect Registry Special Line Item, c) 2 FTE positions for the Child Fatality Review Team Special Line Item, approved last session by Laws 1993, Chapter 245, and d) an additional 4 FTE positions for the Disease Control Research Commission. As these last 4 positions are also reflected in the new Disease Control Research Commission program, they will be eliminated during the FY 1996 budget process.

Personal Services — The approved amount is based upon a 1.9% vacancy factor and \$39,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$72,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$9,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$182,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Equipment — The approved amount includes \$6,800 for Disease Prevention Services to replace 2 obsolete computers with 486 based processors and associated hardware and software.

Direct Grants — See footnote 2 for a description of the program.

Reimbursement to Counties — See footnote 3 for a description of the program.

Tuberculosis Provider Hospital Care and Tuberculosis Control Subventions — Provides reimbursement to hospitals and physicians for the care of hospitalized tuberculosis patients, and for assistance to all county health departments for local tuberculosis control programs. The approved amount also includes an additional \$8,700 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Sexually Transmitted Disease Control — Provides assistance to local venereal disease control programs.

AIDS Reporting and Surveillance — Provides a database system to track the incidence of AIDS and AIDS-related conditions.

Vaccines — Previously, this line item provided funding for the purchase of vaccines for the state immunization program. The approved amount includes a reduction of \$200,000 due to the federal government's approval of full funding for the purchase of vaccines for children, AHCCCS recipients, and the uninsured. Federal funding for the immunization program in Arizona was increased by \$2,215,100 to a total of \$5,952,000 for federal fiscal year 1994. In addition, the state has received a grant for over \$600,000 to aid in the development of an immunization information and tracking system. While the state will still need to retain partial funding in order to administer the new program, maintain a reserve of vaccine for outbreaks, and to purchase vaccines for illnesses and groups not covered by the federal plan, it should realize substantial savings.

Kidney Program Dialysis Care — Reimburses provider hospitals and licensed dialysis centers for the transportation and medication costs of patients ineligible for other public assistance programs. The approved amount also includes an additional \$1,000 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Cancer/Birth Defects Registry — The registry allows the department to track rates of cancer and birth defects, thereby enabling it to identify possible cluster sites. The approved amount includes 6 FTE positions and \$251,800, in addition to the 6 FTE positions and \$194,900 in Chronic Disease Surveillance monies located above-the-line. The total of 12 FTE positions and \$446,700 represents full funding for this program.

(Continued)

DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount is based upon a 0% vacancy factor. The approved amount includes a total of \$6,000 (\$5,300 in Personal Services; \$700 in Employee Related Expenditures) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$15,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Poison Control and Information Centers

The Legislature appropriated additional funding for poison control and information services for FY 1995. The two reasons for this action were: 1) The imminent closure of the University of Arizona Poison Information Center (UAPIC) due to the University's decision to eliminate their traditional subsidy of the center; and 2) the imminent closure of the privately operated Good Samaritan Poison Information Center (GSPIC) in Phoenix due to financial concerns. In the original FY 1994 appropriation, UAPIC had received \$442,000 and GSPIC had received no funding. The UAPIC received \$175,000 of supplemental funding in FY 1994 in order to continue operations. For FY 1995, the Legislature increased UAPIC state funding from \$442,000 to \$750,000, or full-funding. In addition, the Legislature appropriated \$500,000 to preserve poison information services in Maricopa County.

The Legislature took these actions as an immediate response to maintaining poison information services. However, the Legislature intends to modify the Poison Control System in the future. To this end, a footnote was enacted which requires standardized reporting of expenditures and activities, and also requires the Department of Health Services to prepare a list of alternative funding sources to offset all or part of future appropriations. This report must be submitted in conjunction with the department's FY 1996 budget request.

University of Arizona Poison Information Center — The approved amount includes \$475,000 from the General Fund and an additional \$275,000 from the EMS Fund, for a total appropriation of \$750,000. This is a \$308,000 total funds increase from the original FY 1994 funding. This represents full funding for an entire year. The funding provides 24 hour poison education services and treatment information. The Center receives approximately 77,000 calls annually, many concerning children, and a sizeable number from medical personnel seeking treatment advice for their patients. An appropriations footnote specifies that the entire \$750,000 be passed through to the University of Arizona Poison Information Center.

Poison Control Center Funding — The approved amount provides \$500,000 for provision of poison control services in Maricopa County. An existing center, currently located at Good Samaritan Hospital, receives approximately 60,000 calls annually. This center was scheduled to close operation prior to the enactment of state support.

Project SLIM Reductions — Of the 52 FTE Positions and \$1,400,000 of total Project SLIM savings projected for the department as a whole, 3.2 FTE positions and \$83,300 were prorated as savings for this program.

CHILD FATALITY REVIEW TEAM FUND

Child Fatality Review Team — The Child Fatality Review Team tracks all child fatalities and studies ways to reduce the state's child mortality rate. The approved amount includes a reduction of \$47,700 due to elimination of a one-time start-up loan. For FY 1994, the Legislature appropriated \$47,700 from the General Fund as a start-up loan which was to be repaid by the end of FY 1994. This funding is no longer necessary due to the \$100,000 available per year from the Child Fatality Review Team Fund.

The approved amount is based upon a 0% vacancy factor. The approved amount includes authorization to expend \$1,600 (\$1,400 in Personal Services and \$200 in Employee Related Expenditures) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. However, A.R.S. § 36-3504(C) precludes total expenditures for the Child Fatality Review Team (CFRT) from exceeding \$100,000. Revenues in excess of \$100,000 are transferred by law to the Child Abuse Prevention Fund. Therefore, if the general salary adjustment is made, the CFRT will have to reduce other operating expenses on a dollar-for-dollar basis so as not to exceed the \$100,000 statutory limitation.

(Continued)

DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount also includes a total of \$5,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

EMERGENCY MEDICAL SERVICES OPERATING FUND

The programs below are funded entirely through Emergency Medical Services Operating Fund (EMS) monies. The Emergency Medical Services Operating Fund receives 58.1% of the Medical Services Enhancement Fund revenues, which in turn receives monies from an 11% surcharge on fines charged for criminal offenses and traffic violations. The purpose of the EMS Operating Fund is to provide a variety of statewide emergency medical services.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$7,300 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$25,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$3,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$72,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes \$91,400 for the Centre Pointe Building lease-purchase payment. The funding for the lease-purchase payment includes an additional \$5,500, as authorized by Section 72 of the General Appropriation Act.

EMS Provider Contracts — Provides state grants for emergency receiving facilities, ambulance services, and rescue services.

The approved amount includes an additional \$20,800 to purchase additional equipment and to defray the costs of liability insurance premiums.

State EMS Special Projects — At the regional level, the primary concern is with upgrading EMS training and documentation and evaluation of clinical performances of pre- and post-hospital phases of EMS delivery. The approved amount includes an additional \$14,800 to provide additional training to local emergency response personnel.

Ambulance Replacement — Provides funding to upgrade and maintain ambulance services in the rural areas, through the purchase of new ambulances. The approved amount includes an additional \$183,600 for total funding of \$300,000 which will permit the purchase of 5 new ambulances. After the ambulances are purchased, the local ambulance operators maintain the ambulances. The program targets areas of need where local resources are insufficient to purchase the necessary number of ambulances.

EMSCOM Development — The approved amount includes an additional \$12,400 to replace and upgrade emergency communications equipment in rural areas.

EMS Regional Coordinating System — Provides funding of \$24,550 for each of the 4 local Regional Coordinating Councils that coordinate and plan for the provision of the local EMS programs.

ADDITIONAL APPROPRIATIONS

Appropriation: TCE Contamination (Chapter 8, S.B. 1480) — Appropriates \$250,000 to the department to distribute to providers in Pima County that are treating patients affected by the trichlorethylene contamination. The bill requires a \$250,000 match from Pima County.

**DEPARTMENT OF HEALTH SERVICES -
DISEASE CONTROL RESEARCH COMMISSION**

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	0.0	0.0	4.0
Personal Services	-0-	-0-	112,200
Employee Related Expenditures	-0-	-0-	25,700
Professional and Outside Services	-0-	-0-	-0-
Travel - In State	-0-	-0-	4,500
Travel - Out of State	-0-	-0-	2,000
Food	-0-	-0-	-0-
Other Operating Expenditures	-0-	-0-	44,900
Equipment	-0-	-0-	15,000
All Other Operating Expenditures	-0-	-0-	66,400
OPERATING SUBTOTAL	-0-	-0-	204,300
Research Grants	-0-	-0-	2,400,000
TOTAL APPROPRIATIONS	-0-	-0-	2,604,300 ^{1/}

Program Description — *The Disease Control Research Commission (DCRC) awards grants to medical researchers investigating the causes, incidence, and treatment of different diseases. The commission prioritizes proposals that focus on diseases particular to Arizona, involve collaborative efforts between institutions, or that are submitted by researchers without a long research track record or by established researchers changing their field of emphasis. The largest share of the research grants are awarded for cancer research and treatment.*

Prior to FY 1995, the Disease Control Research Commission (DCRC) had received \$2,900,000 annually in diverted sales tax revenues. This funding method was unique in that the funds were neither appropriated nor were they shown in the state expenditures as a non-appropriated fund. Because the monies were diverted to a separate fund prior to being posted to the state's revenue, they were recorded as an "income expenditure" or negative revenue.

The Legislature completed a Sunset Review of the DCRC and recommended that the commission be subject to appropriation. The Sunset Legislation re-established the DCRC for 5 years, subject to legislative appropriation, and allowed the authority for the sales tax diversion to lapse.

Through the appropriation process, other options for the use of these funds were discussed. However, the Legislature ultimately chose to appropriate \$200,000 for operating and administration and \$2,400,000 for research grants. The Legislature discussed whether to appropriate the DCRC as a separate agency with a non-reverting clause, but chose instead to make an annual appropriation as a separate cost center within the Department of Health Services. However, the DCRC retains autonomy over the awarding of research grants.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF HEALTH SERVICES - DISEASE CONTROL RESEARCH COMMISSION (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$10,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Research Grants — The approved amount is for grants to various medical researchers throughout Arizona for disease control research. The commission solicits and receives research proposals on various topics. The commission utilizes outside professional reviewers to recommend proposals for acceptance, and then the commission decides both awards and amounts. Awards are typically based on research projects with durations of 1 to 3 years.

DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	87.6	76.9	72.4
Personal Services	1,950,000	2,050,800	2,064,600
Employee Related Expenditures	431,200	444,200	473,800
Professional and Outside Services	146,900	151,600	151,600
Travel - In State	64,400	74,600	74,600
Travel - Out of State	2,000	2,700	2,700
Other Operating Expenditures	381,900	393,700	390,200
Equipment	-0-	-0-	-0-
All Other Operating Expenditures	595,200	622,600	619,100
OPERATING SUBTOTAL	2,976,400	3,117,600	3,157,500
Adult Cystic Fibrosis	202,500	221,400	223,600
Adult Sickle Cell Anemia	69,400	69,400	70,100
AHCCCS-Children's Rehabilitative Services	8,708,400	8,368,200 ^{1/}	8,451,400 ^{2/}
Children's Rehabilitative Services	8,590,000	6,427,900 ^{1/}	6,491,800 ^{2/}
Newborn Intensive Care	3,000,000	4,385,900	4,429,500
Perinatal Care Services	257,000	257,000	257,000
Teen Prenatal Express	1,081,000	1,081,100	1,081,100
Rural Obstetric Services	86,000	-0-	-0-
Medical Malpractice/Obstetrical Services	51,300	280,000	255,000
Nutrition Subventions	330,100	330,100	330,100
Prenatal Outreach	200,000	200,000	200,000
WIC Supplemental	1,000,000	1,000,000	1,000,000
Project SLIM reductions	-0-	-0-	(83,200)
TOTAL	26,552,100	25,738,600	25,863,900 ^{2/}
Additional Appropriations -			
 41st Legislature, 2nd Regular Session			
Loan Repayment; Medically Underserved Areas, Ch. 341	--	--	272,000
TOTAL APPROPRIATIONS	26,552,100	25,738,600	26,135,900

^{1/} The amount shown reflects a reduction of \$1,902,300 from the original FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session.

(Continued)

DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)
GENERAL FUND

Program Description — *The Division of Family Health Services provides non-mental public health programs. The largest program is Children's Rehabilitative Services (CRS) which provides treatment for seriously physically impaired children that would benefit from a team surgical approach. CRS includes children with severe congenital defects, spina bifida, cleft palate, and other serious, yet correctable or improvable conditions. Non-CRS programs include prenatal programs, nutrition, dental care and targeted care for specific diseases.*

FTE Positions — The approved amount includes: a) a reduction of 3.1 FTE positions and \$83,200 to reflect Project SLIM savings and b) a transfer of 1.4 FTE positions and \$63,100 to the Support Services program as part of the department's reorganization.

Personal Services — The approved amount is based upon a 1.9% vacancy factor and \$49,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$70,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a reduction of \$49,200 due to the FTE position transfer.

Employee Related Expenditures — The approved amount includes an additional \$9,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$178,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Adult Cystic Fibrosis — Provides contracted care and treatment services for adult residents of the state suffering from cystic fibrosis. The approved amount also includes an additional \$2,200 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Adult Sickle Cell Anemia — Provides contracted treatment for adults suffering from sickle cell anemia. The approved amount also includes an additional \$700 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Children's Rehabilitative Services (CRS) — CRS provides comprehensive health care to children suffering from handicapping or potentially handicapping conditions. The goal of the program is to provide early diagnosis and treatment including surgical intervention to prevent or substantially ameliorate medical conditions which, if left untreated, would lead to permanent handicaps. Additionally, the program strives, through rehabilitative medical care, to improve the health and quality of life for children suffering from non-preventable handicaps. In addition, the AHCCCS - CRS line item provides state match for federal Title XIX eligible children.

2/ The amounts appropriated for Children's Rehabilitative Services, AHCCCS-Children's Rehabilitative Services, and for federal expenditure authority in the AHCCCS program are intended to cover all indirect, fixed contract, fee for services costs, and all other costs of the Children's Rehabilitative Services program in full, unless a transfer of funds is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

3/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)
GENERAL FUND

Laws 1994, Chapter 6, 8th Special Session included a reduction of \$1,902,300 (GF) from the original FY 1994 appropriated level. This reduction is due to a continued shift of clients to federal Title XIX eligibility. As this occurs, the federal participation increases, and therefore, the state requirement decreases, while total service levels are maintained. The approved amount continues this reduction and also includes an additional \$147,100 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. This provider increase is divided between the CRS line items, \$83,200 for the AHCCCS-Children Rehabilitative Services Special Line Item and \$63,900 for the Children's Rehabilitative Services Special Line Item.

	Original FY 1994	Revised FY 1994 ^{1/}	FY 1995
CRS	\$7,890,000	\$ 6,427,900	\$6,491,800
AHCCCS CRS - State Match	8,808,400	8,368,200	8,451,400
AHCCCS CRS - Federal Funds ^{2/}	12,000,000	19,000,000 ^{3/}	15,000,000
TOTAL ^{4/}	\$28,698,400	\$33,796,100	\$29,943,200

^{1/} The amounts shown reflect the adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session (H.B. 2006).

^{2/} These amounts reflect expenditure authority only. Actual expenditures may vary.

^{3/} This figure includes from \$5,000,000 to \$7,000,000 for payment of prior year federal claims. The remaining \$12,000,000 to \$14,000,000 is for FY 1994 claims.

^{4/} The total does not reflect approximately \$600,000 of administrative costs contained in the operating appropriation for the program.

The CRS program has claims presented for payment following the end of each fiscal year. This extension of bills into the next year is commonly referred to as the "tail". It is the intent of the Legislature that the department properly allocate funding to pay for this "tail" and all other program requirements. In other words, the department must manage the program within the appropriation, including the payment of the "tail". The Legislature expressed this intent directly in the General Appropriation Act footnote referred to on the second page of this program section.

Newborn Intensive Care — Provides for transport to and care for newborns in intensive care centers. The AHCCCS program, private insurance, and other third party payers reimburse the state for these services. Therefore, the state ultimately expends funds for only uninsured, "notch group" clients. Newborn intensive care can result in substantial long-term savings by avoiding more serious medical conditions in the patient's future. The approved amount also includes an additional \$43,600 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Perinatal Health Care — Provides funding for adequate prenatal care for women with incomes below the federal poverty level, but above the Arizona Health Care Cost Containment System (AHCCCS) eligibility cutoff. The term "perinatal" refers to care before, during and immediately after pregnancy.

Teen Prenatal Express Program — Provides funding for prenatal care, hospital delivery and nursing case management for low income pregnant adolescents not enrolled in AHCCCS. This program is a component of the Perinatal Health Care Program. The Teen Prenatal Express program targets high-risk teenagers who might otherwise not seek or receive any prenatal care. The goal is to reduce low-birth weight babies and other physical problems.

Rural Obstetrical Services — This line item was combined with the Medical Malpractice/Obstetrical line item in FY 1994.

(Continued)

DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)
GENERAL FUND

Medical Malpractice/Obstetrical — Provides funding to physicians and non-profit, community based, non-hospital affiliated primary care clinics performing obstetrical services in rural areas in the state. The approved amount includes a reduction of \$25,000. The reduction is based upon a new federal program which provides malpractice insurance to some rural obstetric providers. This new program removes the need for this portion of state funding.

Nutrition Subventions — Provides support to counties participating in the Nutritional Assessment Program, which provides screening, education, counseling and referrals to persons identified as needing nutrition services.

Prenatal Outreach — Provides funding to assist health workers in identifying high risk (low-income, minority and teen) pregnant women and assisting them in obtaining prenatal care early in their pregnancies. The more common name for this program is Un Comienzo Sano, or "A Healthy Start." The state funding provides referral assistance to about 500 low-income families. In addition to the state funding, there is an estimated \$392,000 in federal and private funding which serves approximately 1,000 low-income families.

WIC Supplemental — The Woman, Infants and Children (WIC) program is a federal food assistance program without any state matching requirements. The approved amount provides a supplement to the federal program of \$1,000,000 from the General Fund to supply nutritious foods to high risk pregnant and lactating women, infants and children up to their fifth birthday. The state portion serves approximately 1,900 individuals per month. This is in addition to an estimated \$57,000,000 of federal funding for this program, and an estimated \$12,000,000 in manufacturer rebates. Total clients served in FY 1995 are expected to be over 70,000 clients per month.

Project SLIM Reductions — Of the 52 FTE Positions and \$1,400,000 of total Project SLIM savings projected for the department as a whole, 3.1 FTE positions and \$83,200 were prorated as savings for this program.

ADDITIONAL APPROPRIATIONS

Loan Repayment; Medically Underserved Areas (Chapter 341, H.B. 2391) — The bill appropriates: a) \$140,000 to offset medical malpractice premiums for physicians and mid-level practitioners who provide obstetrical services in medically underserved areas, and b) \$100,000 to establish a primary care loan repayment program in order to encourage physicians and mid-level practitioners to practice in medically underserved areas. The bill defines eligibility criteria, maximum award amounts, and penalties for non-compliance with program requirements. The bill also appropriates \$32,000 to the department to administer the loan repayment program.

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	<u>1,134.0</u>	<u>1,083.5</u>	<u>170.4</u>
Personal Services	<u>21,777,000</u>	<u>24,040,200</u>	<u>1,852,100</u>
Employee Related Expenditures	<u>6,259,200</u>	<u>5,556,800</u>	<u>494,000</u>
Professional and Outside Services	3,272,400	4,422,600	1,047,500
Travel - In State	93,000	107,400	54,300
Travel - Out of State	16,600	13,100	7,100
Food	834,900	751,800	-0-
Other Operating Expenditures	4,533,800	2,742,900	350,100
Equipment	<u>218,000</u>	<u>36,000</u>	<u>-0-</u>
All Other Operating Expenditures	<u>8,968,700</u>	<u>8,073,800</u>	<u>1,459,000</u>
OPERATING SUBTOTAL	37,004,900	37,670,800	3,805,100
Client Satisfaction Incentive Program	-0-	-0-	100,000
Psychiatric Review Board	-0-	-0-	82,100
Third Party Payor Costs	-0-	-0-	2,248,900
Court Monitoring	-0-	-0-	441,400
Data Processing Debt Retirement	-0-	-0-	1,500,000
Computer Hardware Lease	-0-	-0-	996,000
Managed Care & Actuarial Services	-0-	-0-	1,695,000
Case Management & Curriculum Development	-0-	-0-	180,000
Behavioral Health Task Force	-0-	-0-	160,000
HUD Grants Compliance	-0-	-0-	70,000
Southern Arizona Mental Health Center	-0-	-0-	3,781,300
Children's Behavioral Health Services	11,800,600	12,288,800	12,954,900 ^{2/}
Seriously Emotionally Handicapped Children	3,805,800	4,332,200	4,375,300
Children's Behavioral Health State Match for Title 19	10,536,600	13,043,300 ^{3/}	20,826,300
Children's Respite Care	-0-	-0-	252,500
Prior Year Children's Behavioral Health Claims	-0-	757,500 ^{2/}	-0-
EPSDT-DES	-0-	1,038,000	-0-
Seriously Mentally Ill (SMI) Services	51,457,900	55,349,300	58,790,700
SMI Medications	2,535,800	-0-	-0-
Transitional Living Unit	60,900	-0-	-0-
FY 1994 RBHA Payments	-0-	2,750,000 ^{3/}	-0-
Community Geriatric Treatment Beds	1,550,800	2,190,000	2,211,800
Regional Residential/Psychiatric Beds Program	5,713,500	5,713,500	5,770,300
SMI Clozaril Program	486,800	487,100	487,100
Mental Health	9,682,800	9,745,300	9,537,800
Substance Abuse	13,058,400	13,357,100	12,201,000
Project SLIM Reductions	<u>-0-</u>	<u>-0-</u>	<u>(106,600)</u>
TOTAL APPROPRIATIONS	<u>147,694,800</u>	<u>158,722,900</u>	<u>142,360,900</u> ^{4/}

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

<u>Fund Summary</u>			
General Fund	140,408,700	144,739,700	142,360,900
ASH Disproportionate Share Fund	7,286,100	11,983,200	-0-
Special Revenue Fund	-0-	2,000,000	-0-
TOTAL APPROPRIATIONS	147,694,800	158,722,900	142,360,900

Program Description — *The Behavioral Health program administers most mental health services for the state including both adult and children's behavioral health, substance abuse and seriously emotionally handicapped children. The division operates the Southern Arizona Mental Health Center (SAMHC) which provides primarily outpatient treatment services. Most services are provided through contracts with 6 Regional Behavioral Health Authorities (RBHAs) which then subcontract for provision of services with a provider network.*

FTE Positions — The approved amount includes: a) a transfer of 875.5 Arizona State Hospital (ASH) FTE positions and \$30,651,800 to a separate program, b) a transfer of 81.8 FTE positions and \$3,688,400 to a special line item, c) a reduction of 6 FTE positions and \$106,600 to reflect Project SLIM reductions, d) an increase of 2 FTE positions and \$80,000 for the Psychiatric Review Board, and e) a transfer of 1.6 FTE positions and \$65,200 to the Director's Office/Intergovernmental Affairs program and a reduction of \$2,200, as part of the department's reorganization.

Personal Services — The approved amount is based upon a 3.4% vacancy factor and \$174,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$62,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a reduction of \$2,319,400 due to the changes in the FTE Positions total described above. The transfer of the Arizona State Hospital reduced Personal Services by \$19,800,200.

Employee Related Expenditures — The approved amount includes an additional \$8,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The transfer of the Arizona State Hospital reduced Employee Related Expenditures by \$4,917,300.

- 1/ The FTE Positions total includes: a) 14 FTE positions funded from the Transitional Living Unit Special Line Item in FY 1993 and b) 81.8 FTE positions funded from the Southern Arizona Mental Health Center Special Line Item and 2 FTE positions funded from the Psychiatric Review Board Special Line Item in FY 1995.
- 2/ The amount appropriated for Children's Behavioral Health Services shall be used to provide services for non-Title 19 eligible children. The amount shall not be used to pay for either federally or non-federally-reimbursed services for Title 19 eligible children, unless a transfer of monies is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote.)
- 3/ The amount shown reflects the adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session (H.B. 2006).
- 4/ Represents General Appropriation Act funds. Appropriated as a Modified-Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount also includes a total of \$210,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures — The transfer of the Arizona State Hospital reduced All Other Operating Expenditures by \$5,934,300.

Client Satisfaction Incentive Program — The approved amount includes \$100,000 to distribute small monetary awards to providers that have very high client satisfaction scores according to monthly client surveys. The department will develop and perform these monthly surveys. The goal of this program is to increase emphasis on client outcomes and satisfaction.

Psychiatric Review Board — The approved amount includes 2 FTE positions and \$82,100 to fund the Psychiatric Review Board to review the cases of those persons committed to ASH as "Not Guilty By Reason of Insanity." The Psychiatric Review Board was created last year by Laws 1993, Chapter 256.

The approved amount includes \$2,100 (\$1,800 in Personal Services; \$300 in Employee Related Expenditures) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Realignment of Administrative Expenses — For the last few fiscal years, the department has used funds appropriated for contracted services in certain special line items to pay for data processing, consultants, administrative costs and other expenses. The intent of the Legislature is that this practice be discontinued. To achieve this goal, the Legislature has added footnote language to the appropriation specifically restricting these special line items to payment for services to clients only. In order to more accurately reflect monies available for services, the Legislature removed administrative expenses from certain special line items and placed them into new administrative special line items. The amounts transferred are reflects in the table following:

REALIGNMENT OF SPECIAL LINE ITEM EXPENDITURES

<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>				<u>TOTAL</u>
	<u>SMI SERVICES</u>	<u>CHILDREN'S BEH HEALTH</u>	<u>SUBSTANCE ABUSE</u>	<u>GENERAL MENTAL HEALTH</u>	
Third Party Payor Costs	\$1,347,300	\$ 371,800	\$ 529,800	\$ -0-	\$2,248,900
Court Monitoring Costs	441,400	-0-	-0-	-0-	441,400
Data Processing Debt Retirement	750,000	375,000	255,000	120,000	1,500,000
Computer Hardware Lease	498,000	249,000	169,300	79,700	996,000
Managed Care and Actuarial Services	1,135,600	135,600	322,100	101,700	1,695,000
Case Mgmt & Curriculum Development	180,000	-0-	-0-	-0-	180,000
Behavioral Health Task Force	80,000	80,000	-0-	-0-	160,000
HUD Grants Compliance	70,000	-0-	-0-	-0-	70,000
TOTAL REALIGNMENTS	<u>\$4,502,300</u>	<u>\$1,211,400</u>	<u>\$1,276,200</u>	<u>\$301,400</u>	<u>\$7,291,300</u>

Third Party Payer Costs — The approved amount includes a transfer from certain special line items to a new special line item in order to better reflect the third party payer costs and the monies available for services. Third party payer costs reflect payments made under private contract for processing and payment of provider claims. The costs include fixed costs, costs per transaction, and costs to modify system parameters. The amounts transferred include \$1,347,300 from the SMI Services Special Line Item, \$529,800 from the Substance Abuse Special Line Item, and \$371,800 from the Children's Behavioral Health Subvention Special Line Item.

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Court Monitoring Costs — The approved amount includes the transfer of funding for the Office of the Monitor for the Arnold vs. Sarn lawsuit from SMI Services to a new special line item. The Court Monitor was appointed by a federal judge to oversee the state's progress in implementing reforms agreed to in the Arnold vs. Sarn consent decree, known as "The Blueprint". The case involves services provided to Seriously Mentally Ill (SMI) clients in Maricopa County. The Maricopa County Health Department is a co-defendant in the case. The Court Monitor receives a salary, employs staff, and conducts studies related to monitoring SMI service outcomes. The Department of Health Services is required by court order to pay these expenses.

Data Processing Debt Retirement — The approved amount is appropriated to make required payments on outstanding debts charged to a revolving line of credit. The department owes approximately \$5,000,000 to a major vendor of computer hardware for services and purchases made in prior years. At the current rate of repayment, 2 more years of appropriations will be required to eliminate this debt.

Computer Hardware Lease — The appropriated amount provides funds to lease hardware to operate the Client Information System (CIS) in the Behavioral Health Program.

Managed Care and Actuarial Services — The \$1,695,000 is appropriated to pay for actuarial determination of capitation rates, review of prior claims, and other specialty services.

Case Management and Curriculum Development — The approved amount will provide consultant funding to develop and review case management and curriculum.

Behavioral Health Task Force — A one-time appropriation of \$160,000 is provided to complete implementation of the recommendations made by the Governor's Behavioral Health Task Force, which has completed its term of existence.

HUD Grants Compliance — The \$70,000 provides administrative support for approximately \$14,000,000 of grants from the federal Department of Housing and Urban Development (HUD) for housing needs of seriously mentally ill clients.

Southern Arizona Mental Health Center (SAMHC) — The approved amount includes moving funding for 81.8 FTE positions and \$3,781,300 to a new special line item, in order to facilitate transitioning SAMHC into the private sector. The legislative intent is that the department may continue to operate SAMHC for all or part of FY 1995, but shall privatize the facility prior to the start of FY 1996. For FY 1996, these funds will be appropriated to the appropriate special line items i.e. Children's Behavioral Health, SMI Services, etc. The details of the privatization were left to the discretion of the department in order to provide maximum flexibility. The physical facility could be sold, leased or retained, and services could be contracted out to one or more providers.

The approved amount is based upon a 1.5% vacancy factor and \$35,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$92,900 (\$81,600 in Personal Services; \$11,300 in Employee Related Expenditures) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$202,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Children's Behavioral Health Delivery System (CBHDS) — The funding provided by the special line items shown below represents the appropriations for CBHDS. The goal of these programs is to provide comprehensive behavioral health care to all eligible children.

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The following chart depicts funding for this program:

Children's Behavioral Health Services

These funds provide for prevention programs and for treatment of Non-Title 19 eligible children. The approved amount includes an increase of \$1,750,000 to provide prevention funding and to handle increased population growth. The approved amount also reflects a transfer of \$1,211,400 to other special line items as discussed under "Realignment of Administrative Expenses." The approved amount also includes an additional \$127,500 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. \$12,954,900

Seriously Emotionally Handicapped Children

These funds provide for a portion of the cost of residential treatment and educational services for children referred by school districts. Referrals are based on the inability to educate the children in a conventional school environment due to a serious emotional handicap. Funding is also provided for this program through the State Department of Education and local school districts. The approved amount also includes an additional \$43,100 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. 4,375,300

Children's Behavioral Health State Match for Title 19

This is the General Fund portion for providing treatment to Title 19 eligible children. The approved amount includes an additional \$1,500,000 to adjust the FY 1995 base to reflect the supplemental need for FY 1994. The amount also includes an additional \$3,500,000 to fund an increase in population and the capitation rate. The approved amount reflects an additional \$3,040,000 due to the consolidation of state matching funds from other agencies and an additional \$1,038,000 formally appropriated as the EPSDT-DES Special Line Item. The approved amount also includes an additional \$205,000 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. 20,826,300

Children's Respite Care

The approved amount includes \$250,000 for Children's Behavioral Health respite services. Respite care provides temporary in-home counseling and supervision of clients with the goal of retaining family integrity and avoiding costly residential care. The approved amount also includes an additional \$2,500 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. 252,500

Prior Year Children's Behavioral Health Claims

Laws 1994, Chapter 6, 8th Special Session appropriated a total of \$747,500 for the payment of unpaid provider claims from FY 1991 \$(122,500), and FY 1992 \$(635,000). The expenditures are reflected in the revised FY 1994 appropriation. The appropriations are non-lapsing until June 30, 1995, when any unspent portions will revert to the state General Fund. -0-

EPSDT-DES

EPSDT is the acronym for Early Periodic Screening, Diagnosis and Treatment, and is synonymous with Title 19 Children's Behavioral Health. In FY 1994, the EPSDT-DES Special Line Item provided \$1,038,000 for the state portion of costs for Title 19 eligible children referred from the Department of Economic Security (DES). For FY 1995, the \$1,038,000 was transferred into the Children's Behavioral Health State Match for Title 19 Special Line Item. -0-

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

AHCCCS-EPSDT-Federal Funds

This is the estimated amount of federal funds that will be received for providing treatment to Title 19 eligible children. 40,000,000

Other Agency Charges for State Match

Clients are also referred by other state agencies for Title 19 behavioral health services. -0-
 Previously, these agencies were then charged by the department for the state share of costs. For FY 1995, these monies were transferred to the Children's Behavioral Health State Match for Title 19 Special Line Item. The \$3,040,000 transfer consists of \$2,800,000 from DES, \$200,000 from the Courts, and \$40,000 from the Department of Youth Treatment and Rehabilitation. The Department of Health Services is now responsible for the state match requirements for this population and will no longer charge other state agencies.

County Intergovernmental Agreements (IGAs)

Maricopa and Pima Counties provide funding to the state for mental health services. These funds then "draw down" a federal match and are returned to the originating county by contracting with the county as a mental health provider. 1,750,000

State Total	\$38,409,000
Federal and Other Total	\$41,750,000
TOTAL	<u>\$80,159,000</u>

The total expenditures on children's behavioral health programs by the state may actually approach or exceed \$85 million in FY 1995. The Courts, the Department of Youth Treatment and Rehabilitation, and the Department of Economic Security, and some counties also expend funds directly for Children's Behavioral Health Services in addition to those children referred to DHS. Although the table shows most of the expenditures of these agencies for Title 19 services, the expenditures for non-Title 19, or subvention services, are not reflected. In addition, the numbers shown above reflect only contracted costs, while there are substantial administrative expenses within the department that are not included. Substance abuse programs and other such programs with a mental health component are also not included.

Seriously Mentally Ill (SMI) Funding — SMI is a population of adult patients that have more serious and persistent mental illnesses than those funded through the Mental Health Special Line Item. SMI determination is made based upon a "SMI checklist" developed by the department. SMI funding is divided into several special line items.

The following table depicts state expenditures and estimated federal revenue only. The counties also expend considerable funds for SMI treatment; however, these amounts are not shown.

Seriously Mentally Ill Services — These funds are used to provide treatment to both Title 19 and non-Title 19 adults that enter the state mental health system. The approved amount includes an increase of \$7,360,000. The approved amount also includes an additional \$583,700 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The approved amount also reflects a transfer of \$4,502,300 to other special line items as discussed under "Realignment of Administrative Expenses."	\$58,790,700
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(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

FY 1994 RBHA Payments — Laws 1994, Chapter 6, 8th Special Session appropriated \$2,750,000, (\$750,000 from the General Fund and \$2,000,000 from the Special Revenue Fund), for payments to the Pima County Regional Behavioral Health Authority (RBHA) for services provided in FY 1994. The appropriation is reflected in the revised FY 1994 appropriation. An accounting shall be completed by July 1, 1995 and any excess payments shall be repaid to the Special Revenue Fund. Any unspent portion of this appropriation will revert to the General Fund on June 30, 1995.	-0-
Community Geriatric Treatment Beds — The approved amount is for approximately 42 community geriatric psychiatric treatment beds. These beds are funded in order to reduce the census at the Arizona State Hospital by moving some geriatric patients into community care. The approved amount also includes an additional \$21,800 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.	2,211,800
Regional Residential/Psychiatric Beds Program — The approved amount includes funding for the regional beds program which is designed to reduce growth in the Arizona State Hospital (ASH) census by developing secure residential/in patient alternatives in local areas. These smaller (usually 6 bed capacity) facilities allow for short-term crisis stabilization which eliminates the need for transportation to metropolitan areas or long-term commitment. These small Psychiatric Hospital Facilities (PHFs) have traditionally been referred to as "Puffs" based on their original acronym. The approved amount also includes an additional \$56,800 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.	5,770,300
SMI Clozaril Program — The approved amount is for the purchase of clozapine (brand name is "Clozaril") and lab services for treatment of persistent debilitating mental illnesses which have resisted other psychotropic therapy treatments. Lab expenses are incurred because treatment with Clozaril requires frequent blood testing and monitoring.	487,100
County Intergovernmental Agreements (IGAs) — Maricopa and Pima Counties provide funding to the state for mental health services. These funds then "draw down" a federal match and are returned to the originating county by contracting with the county as a mental health provider.	26,750,000 ^{1/}
AHCCCS-Adult Mental Health - Federal Funds — This is the estimated amount of federal funds that will be received for providing treatment to Title 19 eligible adult SMI clients. This federal expenditure authority is shown in the AHCCCS program.	30,000,000 ^{2/}
State Total	<u>\$67,259,900</u>
Federal and Other Total	<u>\$56,750,000</u>
TOTAL	<u><u>\$124,009,900</u></u>

^{1/} The amount shown is an estimate only. County IGAs are established with Maricopa and Pima Counties for the provision of mental health services. The amount shown includes some non-SMI funding.

^{2/} The amount shown reflects federal expenditure authority. The actual expenditure of federal funds may vary.

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

In addition to the amounts shown in the table, the state also expends funds for administrative costs and the Southern Arizona Mental Health Center which provides some services to SMI clients.

Mental Health — The approved amount provides funding for non-Seriously Mentally Ill adults. These services tend to be more acute than the SMI program and are not currently included in the Title 19 program. It is expected that these services will be covered by Title 19 effective October 1, 1995, which will have a significant impact on FY 1996 funding levels. The approved amount also includes an additional \$93,900 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The approved amount also reflects a transfer of \$301,400 to other special line items as discussed under "Realignment of Administrative Expenses."

Substance Abuse — The approved amount provides funding for drug and alcohol abuse services throughout the state. The approved amount also includes an additional \$120,100 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act. The approved amount also reflects a transfer of \$1,276,200 to other special line items as discussed under "Realignment of Administrative Expenses."

Project SLIM Reductions — Of the 52 FTE Positions and \$1,400,000 of total Project SLIM savings projected for the department as a whole, 4 FTE positions and \$106,600 were prorated as savings for this program.

ADDITIONAL APPROPRIATIONS

Behavioral Health Clean Claims Bill (Chapter 229, H.B. 2067) — The bill establishes timeframes for the payment of providers for "clean" claims and penalties for late payment. A clean claim is a payment claim submitted by a service provider that is properly filled out without technical errors or omissions. The act also establishes stricter contract requirements for Regional Behavioral Health Authorities (RBHA's), operating requirements and procedures to be followed if a RBHA insolvency occurs. The bill establishes October 1, 1995 as the date to implement Title 19 services for non-SMI adults. The legislation is intended to improve various aspects of the current behavioral health system by clearly defining capitalization requirements, contract relationships, and payment expectations.

DEPARTMENT OF HEALTH SERVICES - ARIZONA STATE HOSPITAL A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	<u>-0-</u>	<u>-0-</u>	<u>875.5</u>
Personal Services	<u>-0-</u>	<u>-0-</u>	<u>20,496,200</u>
Employee Related Expenditures	<u>-0-</u>	<u>-0-</u>	<u>5,013,300</u>
Professional and Outside Services	-0-	-0-	2,958,800
Travel - In State	-0-	-0-	50,400
Travel - Out of State	-0-	-0-	5,100
Food	-0-	-0-	764,000
Other Operating Expenditures	-0-	-0-	2,036,500
Equipment	<u>-0-</u>	<u>-0-</u>	<u>119,500</u>
All Other Operating Expenditures	<u>-0-</u>	<u>-0-</u>	<u>5,934,300</u>
OPERATING SUBTOTAL	-0-	-0-	31,443,800
Project SLIM Reductions	<u>-0-</u>	<u>-0-</u>	<u>(918,600)</u>
TOTAL APPROPRIATIONS	<u>-0-</u>	<u>-0-</u>	<u>30,525,200</u> ^{1/}
<u>Fund Summary</u>			
General Fund	-0-	-0-	17,031,300
Disproportionate Share Fund	-0-	-0-	11,993,900
Special Revenue Fund	<u>-0-</u>	<u>-0-</u>	<u>1,500,000</u>
TOTAL APPROPRIATIONS	<u>-0-</u>	<u>-0-</u>	<u>30,525,200</u>

Program Description — *Provides inpatient psychiatric hospitalization services for adolescent and adult seriously mentally ill residents. The Arizona State Hospital (ASH) is licensed for a maximum of 511 patients. For FY 1995, ASH will have an estimated average daily census of 450 patients.*

The Arizona State Hospital (ASH) FTE positions and resources were transferred from the Behavioral Health program to a new separate program. The intent of this change was to clearly define the resources available to ASH and to prevent unrecorded transfers of resources between behavioral health programs. ASH has consistently required supplemental appropriations and this new appropriation format will facilitate resolving this recurring problem.

FTE Positions — The approved amount includes a reduction of 32 FTE positions and \$918,600 to reflect Project SLIM savings.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF HEALTH SERVICES - ARIZONA STATE HOSPITAL (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services — The approved amount is based upon a 3.4% vacancy factor and \$686,300 in vacancy savings from the General Fund. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$696,000 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$96,000 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$2,124,300 from the General Fund for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Food — The approved amount includes a General Fund increase of \$12,200 for food costs, which increases the per meal funding from \$1.24 in FY 1994 to \$1.32 per meal in FY 1995.

Other Operating Expenditures — The approved amount includes an additional \$500,000 from the General Fund to adjust for an estimated decrease in offsetting Medicaid recoveries and other revenue for services provided at ASH and the Southern Arizona Mental Health Center (SAMHC) from the estimated FY 1994 levels.

The approved amount also includes \$47,000 from the General Fund for upgrading furnishings for the patient living areas at ASH.

Equipment — The approved amount includes an additional \$99,500 from the General Fund for replacement laboratory and treatment equipment at ASH.

Project SLIM Reductions — Of the 52 FTE Positions and \$1,400,000 from the General Fund of total Project SLIM savings projected for the department as a whole, 32 FTE positions and \$918,600 were prorated as savings for this program.

Arizona State Hospital Disproportionate Share Fund — The following table illustrates payments to, and appropriations from, the ASH Disproportionate Share Fund.

Arizona State Hospital Disproportionate Share Fund

	<u>Net Change</u>	<u>Fund Balance</u>
<u>FY 1993</u>		
AHCCCS General Fund Payment to DSF	1,942,000	5,680,100
Federal Payment to DSF	3,751,400	9,431,500
Less: Appropriation for Capital Improvements at ASH	(2,000,000)	7,431,500
Less: Appropriation for ASH Operations	(7,431,500)	-0-
Added General Fund Supplemental Payment to DSF	1,072,700	1,072,700
Added Federal Supplemental Payment to DSF	2,072,200	3,144,900
<u>FY 1994</u>		
AHCCCS General Fund Payment to DSF	3,014,700	6,159,600
Federal Payment to DSF	5,823,600	11,983,200
Less: Appropriation to DHS	(11,983,200)	-0-
Added AHCCCS General Fund Supplemental Payment to DSF	458,600	458,600
Added Federal Supplemental Payment to DSF	888,700	1,347,300
<u>FY 1995</u>		
AHCCCS General Fund Payment to DSF	3,801,600	5,148,900
Federal Payment to DSF	6,845,000	11,993,900 ^{1/}
Less: Appropriation for ASH Operations	(11,993,900) ^{1/}	-0-

^{1/} The Legislature traditionally appropriates the entire accumulated fund balance as an offset to the costs of operating the state hospital. These amounts were based on the estimated revenue at the time of the appropriation. Current estimates of disproportionate share revenues differ slightly.

DEPARTMENT OF HEALTH SERVICES - LABORATORY SERVICES

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Bradley/Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	60.0	57.5 ^{1/}	54.9
Personal Services	1,438,100	1,424,500 ^{1/}	1,450,100
Employee Related Expenditures	354,000	313,300 ^{1/}	339,700
Professional and Outside Services	100	3,000	3,000
Travel - In State	11,300	22,200	22,200
Travel - Out of State	4,300	11,400	11,400
Other Operating Expenditures	491,000	515,300 ^{1/}	507,000
Equipment	190,300	391,900	301,200
All Other Operating Expenditures	697,000	943,800	844,800
OPERATING SUBTOTAL	2,489,100	2,681,600	2,634,600
Project SLIM Reductions	-0-	-0-	(68,900)
TOTAL APPROPRIATIONS	2,489,100	2,681,600	2,565,700 ^{2/}

Program Description — *The Division of Laboratory Services provides laboratory testing for other state agencies in addition to water testing, public health tests, and other health related testing. The division also monitors and evaluates the quality of laboratory testing statewide.*

FTE Positions — The approved amount includes a reduction of 2.6 FTE positions and \$68,900 to reflect Project SLIM savings. The approved amount also continues 2 new FTE positions which were approved as part of the FY 1994 supplemental (Laws 1994, Chapter 6, 8th Special Session).

Personal Services — The approved amount is based upon a 1.9% vacancy factor and \$26,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$49,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes an additional \$11,000 for funding for the 2 laboratory inspector positions continued by the FY 1994 supplemental (Laws 1994, Chapter 6, 8th Special Session). These positions were authorized to comply with the Clinical Laboratory Inspection Act (CLIA). The increased funding was the amount needed to fully fund these positions for this purpose.

Employee Related Expenditures — The approved amount includes an additional \$6,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} The amount shown reflects the adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session (H.B. 2006).

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF HEALTH SERVICES - LABORATORY SERVICES (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$135,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Equipment — The approved amount includes funding of \$100,000 for a flame/graphite furnace AA spectrophotometer, \$50,000 for a Gas Chromatograph with FID, PID/ELCD and Autosamplers, \$55,500 for a Gas Chromatograph with ELCD/PID, Purge, Trap and Autosampler, \$45,000 for an autoclave at the Tucson site, \$9,000 for a potentiometric titrator, \$9,000 for an ultralow freezer, \$8,200 for a high-temperature dryer, \$8,000 for a table-top CO2 incubator for the Flagstaff site, \$6,000 for an ambi-low incubator, \$5,000 for a lab refrigerator at the Flagstaff site, \$3,000 for an analytical precision balance, and \$2,500 for an upright freezer at the Tucson site.

Project SLIM Reductions — Of the 52 FTE Positions and \$1,400,000 of total Project SLIM savings projected for the department as a whole, 2.6 FTE positions and \$68,900 were prorated as savings for this program.

ARIZONA COUNCIL FOR THE HEARING IMPAIRED

A.R.S. § 36-1941

Stuart R. Brackney, Executive Director

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	5.0	5.0	5.0
Personal Services	130,500	133,800	138,500
Employee Related Expenditures	29,800	34,100	35,600
Professional and Outside Services	6,400	8,100	8,100
Travel - In State	2,900	3,000	6,800
Travel - Out of State	2,600	2,000	2,000
Other Operating Expenditures	16,900	26,300	28,700
Equipment	3,400	-0-	-0-
All Other Operating Expenditures	32,200	39,400	45,600
TOTAL APPROPRIATIONS	192,500	207,300	219,700 ^{1/}

Agency Description — *The agency acts as an information and referral resource for the deaf and the hearing impaired and administers a statewide telephone access program. The agency also provides educational materials to the general public.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$4,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$17,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount reflects a transfer of \$3,800 for council member travel to the Travel - In State line item. The amount also includes a reduction of \$200 to reflect actual travel expenditures.

Other Operating Expenditures — The approved amount includes a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

Open Captions — The approved amount includes \$4,000 to provide open captions for the agency's weekly television program "Sign Out." It is the Legislature's intent that these monies be matched with private donations and grants.

Quarterly News Bulletin — The approved amount includes \$3,000 for printing and postage costs associated with the publication of the agency's quarterly news bulletin. It is the Legislature's intent that these monies be matched with private donations and grants.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

ARIZONA COUNCIL FOR THE HEARING IMPAIRED (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

Telecommunication Services: TDD Excise Tax (Chapter 88, S.B. 1276) — Increases the cap on the Telecommunication Services Excise Tax charged by telephone companies from 0.8% to 1.6%. Under this bill, the Joint Legislative Tax Committee (JLTC) still retains the authority to determine the actual rate. The revenues collected are used to fund the distribution of text telephones and the operation of the Arizona Relay Service, which allows individuals who are deaf, hearing impaired, or speech impaired to use a text telephone or other non-voice terminal devices to communicate over telephone lines with individuals who do not use such devices.

ARIZONA COMMISSION OF INDIAN AFFAIRS

A.R.S. § 41-541

Tony Machukay, Executive Director

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	4.0	4.0	4.0
Personal Services	99,300	101,600	105,100
Employee Related Expenditures	21,400	24,900	27,100
Travel - In State	7,300	6,800	6,800
Other Operating Expenditures	25,300	27,900	32,800
Equipment	-0-	-0-	-0-
All Other Operating Expenditures	32,600	34,700	39,600
TOTAL APPROPRIATIONS	153,300	161,200	171,800 ^{1/}

Agency Description — *The agency studies policy issues affecting the Indian tribes, attempts to facilitate better working relationships between the tribes and government agencies, and promotes an understanding of Indian history and culture through statewide forums and other educational activities.*

Personal Services — The approved amount includes a 0% vacancy factor. The approved amount includes an additional \$3,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$12,000 for the state share of the employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a) a total of \$900 for Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$17,700 for rent of state-owned space, which includes an additional \$2,000, as authorized by Section 73 of the General Appropriation Act.

The amount also includes an additional \$2,700 for a facsimile machine and telecommunications equipment.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

ARIZONA PIONEERS' HOME

A.R.S. § 41-921

Doris Marlowe, Superintendent

JLBC Analyst: Cawley

GENERAL FUND AND MINERS' HOSPITAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	107.4	107.4	107.4
Personal Services	1,999,800	2,097,300	2,171,000
Employee Related Expenditures	625,800	683,200	719,900
Food	-0-	185,000	185,000
All Other Operating Expenditures	-0-	185,000	185,000
TOTAL APPROPRIATIONS	2,625,600	2,965,500	3,075,900 ^{1/2}
<u>Fund Summary</u>			
General Fund	2,625,600	1,769,600	1,840,000
Miners' Fund	-0-	1,195,900	1,235,900
TOTAL APPROPRIATIONS	2,625,600	2,965,500	3,075,900

Agency Description — *The Pioneers' Home provides a home and long-term nursing and medical care for Arizona pioneers and long-time residents and disabled miners.*

Personal Services — The approved amount is based upon a 2% vacancy factor and \$27,200 in vacancy savings from the General Fund and \$15,600 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$46,900 from the General Fund and \$26,800 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$8,000 from the General Fund and \$4,600 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$220,600 from the General Fund and \$125,700 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} In addition to the amounts appropriated, earnings on state lands and interest on the investment of the permanent land funds are appropriated for the Pioneers' Home and the hospital for disabled miners in compliance with the Enabling Act and the Constitution. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

ARIZONA PIONEERS' HOME (Cont'd)
GENERAL FUND AND MINERS' HOSPITAL FUND

Food — Prior to FY 1992, food costs were paid by General Fund monies. For FY 1992 and FY 1993, food costs were covered by the non-appropriated Pioneers' Home State Charitable Earnings Fund. As anticipated, this non-appropriated fund revenue has now been expended down to a very low balance, approximately \$3,600; thereby, requiring the need for food expenditures to be covered by appropriated monies.

Miners' Fund — This fund was established through Section 25 of the Arizona Enabling Act having to do with the disposition of earnings and interest from the proceeds of federal lands deeded to the state in 1910. The fund was created to provide a continuous source of monies for a miners' hospital for disabled miners. Monies are received from interest on the Miners' Hospitals for Disabled Miners Fund and from the rental of these lands and property. The projected FY 1995 carry-forward balance is \$6,192,300. The fund is projected to earn \$1,100,000 of new revenue in FY 1995.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — The bill appropriates \$100,000 to the Department of Administration for the electrical rewiring of the Pioneers' Home.

ARIZONA RANGERS' PENSIONS

A.R.S. § 41-951

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Other Operating Expenditures	<u>9,500</u>	<u>9,800</u>	<u>10,100</u>
All Other Operating Expenditures	<u>9,500</u>	<u>9,800</u>	<u>10,100</u>
TOTAL APPROPRIATIONS	<u>9,500</u>	<u>9,800</u>	<u>10,100</u> ^{1/}

Agency Description — *Provides a monthly benefit for retired rangers and their surviving spouses.*

The approved amount includes a 2.6% adjustment for inflation, as per the provisions of A.R.S. § 41-951B. The pension for the remaining sole survivor is approximately \$842 per month.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line item is shown for information only.

ARIZONA VETERANS' SERVICE COMMISSION - SUMMARY

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegwarth

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Veterans' Affairs	749,700	797,400	841,800
Veterans' Conservatorship	332,100	428,400	441,100
Veterans' Nursing Home	-0-	25,000	46,000
TOTAL APPROPRIATIONS	1,081,800	1,250,800	1,328,900
<u>Expenditure Detail</u>			
FTE Positions	35.0	36.0	38.0
Personal Services	614,200	751,300	795,300
Employee Related Expenditures	163,100	196,700	214,200
Professional and Outside Services	100	-0-	-0-
Travel - In State	28,400	28,500	29,600
Travel - Out of State	4,000	4,800	4,800
Other Operating Expenditures	216,100	199,200	212,700
Equipment	19,900	5,300	6,800
All Other Operating Expenditures	268,500	237,800	253,900
OPERATING SUBTOTAL	1,045,800	1,185,800	1,263,400
Special Line Items ^{1/}	36,000	65,000	65,500
TOTAL APPROPRIATIONS	1,081,800	1,250,800	1,328,900 ^{2/}
<u>Fund Summary</u>			
General Fund	749,700	797,400	862,300
Veterans' Conservatorship Fund	332,100	428,400	441,100
State Home for Veterans Trust Fund	-0-	25,000	25,500
TOTAL APPROPRIATIONS	1,081,800	1,250,800	1,328,900

Agency Description — *The agency assists veterans in developing and filing claims for federal entitlements, acts as a guardian or conservator for incapacitated veterans or their families and supervises state educational and training programs for veterans. In addition, the agency will begin to operate and maintain a home for Arizona veterans in FY 1996. Construction of the 200-bed State Veterans' Nursing Home on the Indian School land began in FY 1994 with completion estimated in late FY 1995.*

^{1/} Details for the Special Line Items are included on the individual program pages.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

ARIZONA VETERANS' SERVICE COMMISSION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

FTE Positions — The approved amount reflects 2 additional FTE positions, a Veterans' Service Officer for Native American Outreach and a Nursing Home Administrator to begin preparations for receiving patients in FY 1996 at the new nursing home. Funding for these positions, from the General Fund, is \$24,000 and \$20,500 respectively.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$17,700 from the General Fund and \$9,200 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes, from the General Fund, \$29,300 for the new FTE positions and \$6,800 for FTE position classification upgrades. Base reductions of \$17,200 from the General Fund and \$1,800 from Other Appropriated Funds are also included.

Employee Related Expenditures — The approved amount includes an additional \$2,500 from the General Fund and \$1,300 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$65,200 from the General Fund and \$39,300 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount provides funding, from the General Fund, for costs associated with the new Veterans' Service Officer FTE position.

Other Operating Expenditures — The approved amount includes a total of \$6,500 from the General Fund and \$4,600 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$1,000 from the General Fund and \$800 from Other Appropriated Funds, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$50,000 from the General Fund and \$31,400 from Other Appropriated Funds for rent of private-leased space and \$12,000 from the General Fund for the Tucson State Office Building lease-purchase payment.

Equipment — The approved amount provides funding, from the General Fund, for one-time capitalized equipment costs associated with the new Nursing Home Administrator FTE position.

ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' AFFAIRS A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegarth

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	21.0	22.0	23.0
Personal Services	421,700	487,300	510,800
Employee Related Expenditures	111,800	123,600	134,600
Professional and Outside Services	100	-0-	-0-
Travel - In State	24,400	22,800	23,900
Travel - Out of State	2,900	4,800	4,800
Other Operating Expenditures	132,900	113,600	122,400
Equipment	19,900	5,300	5,300
All Other Operating Expenditures	180,200	146,500	156,400
OPERATING SUBTOTAL	713,700	757,400	801,800
Veterans' Organization Contracts	36,000	40,000	40,000
TOTAL APPROPRIATIONS	749,700	797,400	841,800 ^{1/}

Program Description — *The division assists veterans, their dependents and/or survivors in developing and filing claims for federal entitlements from the U.S. Department of Veterans Affairs in areas of disability, pension, insurance, and burial.*

FTE Positions — The approved amount reflects 1 additional FTE position, a Veterans' Service Officer, and \$24,000 for Native American outreach.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$17,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$16,600 for the new FTE position, \$6,800 for FTE position classification upgrades and a base reduction of \$17,200.

Employee Related Expenditures — The approved amount includes an additional \$2,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$64,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount includes an additional \$1,100 for the new FTE position.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' AFFAIRS (Cont'd)
GENERAL FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$6,500 for the payment of Risk Management premiums, which reflects a reduction of \$1,000, as authorized by Section 79 of the General Appropriation Act, b) a total of \$50,000 for rent of private-leased space, an increase of \$6,800, c) \$12,000 for the Tucson State Office Building lease-purchase payment, an increase of \$100, and d) \$1,200 for the new FTE position.

Equipment — The approved amount, the same as FY 1994, provides partial funding for the department's 3-year automation plan.

Veterans' Organization Contracts — The approved amount, the same as FY 1994, provides funding for contracts with Arizona Veterans' organizations that hold charters granted by Congress for the beneficial interest of veterans (A.R.S. § 41-603A).

ADDITIONAL LEGISLATION

Desert Storm Memorial Board: Extension (Chapter 6, H.B. 2049) — The bill extends the date of termination for the board from December 31, 1994 to December 31, 1995.

Veterans' Cemetery Fund: Repeal (Chapter 32, S.B. 1039) — The bill repeals the establishment of the Veterans' Cemetery Fund. As Laws 1989, Chapter 29 authorized conveyance of the state's Veterans' Cemetery to the U.S. National Cemetery system, a fund for the operation and maintenance of the cemetery is no longer necessary.

**ARIZONA VETERANS' SERVICE COMMISSION -
VETERANS' CONSERVATORSHIP**

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegwarth

VETERANS' CONSERVATORSHIP FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	14.0	14.0	14.0
Personal Services	192,500	264,000	271,400
Employee Related Expenditures	51,300	73,100	76,700
Travel - In State	4,000	5,700	5,700
Travel - Out of State	1,100	-0-	-0-
Other Operating Expenditures	83,200	85,600	87,300
All Other Operating Expenditures	88,300	91,300	93,000
TOTAL APPROPRIATIONS	332,100	428,400	441,100 ^{1/}

Program Description — *The division acts as guardian of an incapacitated veteran, his or her incapacitated spouse and/or their minor children. A guardian appointment assumes responsibility for financial obligations and physical well-being of the veteran or family member. As conservator of a veteran's estate, the division may also oversee only the veteran's financial obligations. The program is funded through fees charged to the clients served.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$9,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a base reduction of \$1,800.

Employee Related Expenditures — The approved amount includes an additional \$1,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$39,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$4,600 for the payment of Risk Management premiums, which reflects a reduction of \$800, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$31,400 for rent of private-leased space, an increase of \$1,400.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

**ARIZONA VETERANS' SERVICE COMMISSION -
VETERANS' NURSING HOME**

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegarth

GENERAL FUND AND STATE HOME FOR VETERANS TRUST FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	0.0	0.0	1.0
Personal Services	-0-	-0-	13,100
Employee Related Expenditures	-0-	-0-	2,900
Other Operating Expenditures	-0-	-0-	3,000
Equipment	-0-	-0-	1,500
All Other Operating Expenditures	-0-	-0-	4,500
OPERATING SUBTOTAL	-0-	-0-	20,500
Veterans' Home	-0-	25,000	25,500
TOTAL APPROPRIATIONS	-0-	25,000	46,000 ^{1/}
<u>Fund Summary:</u>			
General Fund	-0-	-0-	20,500
State Home for Veterans Trust Fund	-0-	25,000	25,500
TOTAL APPROPRIATION	-0-	25,000	46,000

Program Description — *The division will operate and maintain a home for Arizona veterans. Construction of the State Veterans' Nursing Home on the Indian School land began in FY 1994 with completion estimated in late FY 1995. The 200-bed facility will begin accepting patients in FY 1996.*

Laws 1990, Chapter 203 appropriated \$1,250,000 for FY 1991 and \$1,250,000 for FY 1992 from the state General Fund for deposit with and investment by the State Treasurer to be used for construction of a state veterans' nursing home on the Indian School land, provided that the federal government pays for 65% of the cost of construction. Interest earned on the monies is also appropriated to the Arizona Veterans' Service Commission for such use. These monies, in addition to the \$2,500,000 appropriated in Laws 1989, Chapter 205, completed the total (35%) state matching requirement.

FTE Positions — The approved amount includes 1 FTE position, a Nursing Home Administrator, and \$20,500 from the General Fund, to begin preparations for receiving patients in FY 1996. The approved amount provides 3-months of funding for the new FTE position.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' NURSING HOME (Cont'd)
GENERAL FUND AND STATE HOME FOR VETERANS TRUST FUND

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount provides other operating expenditures associated with the new FTE position.

Equipment — The approved amount provides funding for one-time capitalized equipment costs associated with the new FTE position.

Veterans' Home — Laws 1992, Chapter 208 (S.B. 1140), provides that of the \$25 fee for a Veteran Special Plate, \$17 will be a donation to the State Home for Veterans Trust Fund. These monies are to be appropriated by the Legislature for the operation and maintenance of state-operated homes for Arizona veterans. The \$25,500, an increase of \$500, will allow for the purchase of medical devices needed by the residents of the home.

INSPECTION AND REGULATION

AGRICULTURAL EMPLOYMENT RELATIONS BOARD

A.R.S. § 23-1386

Michele Gámez, Executive Director

JLBC Analyst: Bock

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	3.5	1.0	1.0
Personal Services	58,700	32,500	33,600
Employee Related Expenditures	17,100	6,100	6,900
Professional and Outside Services	-0-	10,000	10,000
Travel - In State	100	2,500	2,500
Other Operating Expenditures	12,100	6,400	5,800
Equipment	-0-	6,100	-0-
All Other Operating Expenditures	12,200	25,000	18,300
TOTAL APPROPRIATIONS	88,000	63,600	58,800 ^{1/}

Agency Description — *This board receives and investigates complaints of unfair agricultural labor practices and arbitrates agricultural labor disputes. It also conducts farm labor union elections.*

Agency Termination — A.R.S. § 41-2992.15 terminated the original Agricultural Employment Relations Board (AERB) as of July 1, 1992. Subsequently, the Legislature approved Laws 1993, Chapter 139, to re-establish the agency. The FY 1993 amount reflects a half-year's expenses for 3 staff while the FY 1994 and FY 1995 estimates are full-year funding for 1 staff position.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$2,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The AERB is not being assessed a Risk Management premium for FY 1995. The AERB has a formal agreement to rent office space from the Department of Agriculture.

One-Time Expenditures — The amounts for one-time office furniture and equipment are eliminated in FY 1995.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

ARIZONA DEPARTMENT OF AGRICULTURE - SUMMARY

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administration	1,075,500	1,483,600	1,579,700
Animal Services	3,650,400	3,700,000	3,536,000
Plant Industries	3,783,100	4,207,100	4,558,800
Chemicals/Environmental Services	953,800	1,170,700	1,140,000
Agricultural Lab	951,000	990,800	1,200,500
TOTAL APPROPRIATIONS	10,413,800	11,552,200	12,015,000
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	272.5	270.8	287.5
Personal Services	5,314,600	5,595,500	5,933,800
Employee Related Expenditures	1,472,100	1,523,600	1,667,600
Professional and Outside Services	206,000	390,400	216,300
Travel - In State	456,400	566,600	582,400
Travel - Out of State	25,900	25,100	30,600
Other Operating Expenditures	1,472,500	1,481,600	1,064,100
Equipment	23,400	44,600	183,800
All Other Operating Expenditures	2,184,200	2,508,300	2,077,200
OPERATING SUBTOTAL	8,970,900	9,627,400	9,678,600
Special Line Items ^{2/}	1,442,900	1,924,800	2,336,400
TOTAL APPROPRIATIONS	10,413,800	11,552,200	12,015,000 ^{3/4/}
<u>Fund Summary</u>			
General Fund	9,015,200	9,627,400	10,276,100
Egg Inspection Fund	179,400	228,800	236,400
Aquaculture Fund	5,000	13,600	13,600
Citrus, Fruit, and Vegetable Fund	693,300	894,100	914,300
Pesticide Fund	180,000	207,000	207,600
Fertilizer Materials Fund	170,600	190,400	186,200
Commercial Feed Fund	170,300	190,900	180,800
Commerce and Economic Development Commission Fund	-0-	200,000	-0-
TOTAL APPROPRIATIONS	10,413,800	11,552,200	12,015,000

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The Department of Agriculture (ADA) administers and enforces agriculture-related statutes, which regulate, protect, and promote Arizona's agricultural industries. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to protect public health and to ensure product quality. The department administers programs to protect livestock and crops from diseases and to protect farm-workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, and provides administrative support to several product-promotion groups.*

FTE Positions — The FTE Positions total includes 17 new FTE positions: a support staff position for the Office of Commodities Promotion, a compliance assistance position for the Chemicals/Environmental Division, 11 staff for the Africanized Honey Bees program, and 4 positions for dairy analysis. Also, 0.3 FTE position was eliminated due to rounding adjustments.

Personal Services — The approved amount is based upon a 1.4% vacancy factor and \$81,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$201,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$32,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$670,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} The FTE Positions total includes 39.5 FTE positions funded from certain special line items in FY 1993, 39.9 FTE positions in FY 1994, and 50.9 positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Egg Inspection	6.6	6.6	6.6
Aquaculture	0.0	0.4	0.4
Citrus/Fruit/Vegetable	22.0	22.0	22.0
Pesticide	4.3	4.3	4.3
Fertilizer Materials	3.3	3.3	3.3
Commercial Feed	3.3	3.3	3.3
Africanized Honey Bees	0.0	0.0	11.0

^{2/} Details for the Special Line Items and Additional Appropriations are on the individual program pages.

^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency with Special Line Items. The program detail and the line items within "All Other Operating Expenditures" are shown for information only.

^{4/} Of the \$12,015,000 appropriated to the Department of Agriculture, \$307,900 shall be used for an Africanized Honey Bees program and \$50,000 shall be used from All Other Operating Expenditures to fund a legal services agreement with the Attorney General. The \$307,900 shall be used within the Plant Industries Division, in conjunction with other resources of the department, to address the public health and safety issues associated with the africanized honey bees in Arizona. Of the 287.5 FTE positions authorized, 11 FTE positions are for the Africanized Honey Bees Special Line Item. (General Appropriation Act footnote, as adjusted for the general salary adjustment.)

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Other Operating Expenditures — The approved amount includes a total of \$178,600 for the payment of Risk Management premiums, which reflects a total reduction of \$154,700, including a reduction of \$29,000 as authorized by Section 79 of the General Appropriation Act. The approved amount also includes a total of \$0 for rent of state-owned space (see Rent/Relocation in the Administration Division) and \$177,100 for the State Agricultural Laboratory lease-purchase payment. The funding for the lease-purchase payment includes a reduction of \$5,900, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$106,400 for Operations and Maintenance (O&M) charges for the State Agricultural Laboratory. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

Expenditure Restrictions — The ADA appropriation has been partly restricted by a General Appropriation Act footnote and by a provision in another act. The footnote (printed on the previous page) requires ADA to utilize \$50,000 of the total appropriation for a legal services agreement with the Attorney General. See Administration Division, Professional and Outside Services, for further details. Laws 1994, Chapter 370, Agricultural Consulting and Training, requires ADA to expend \$76,900 of the All Other Operating amount for regulatory compliance consultation and training. See Chemicals/Environmental Division for further details.

ARIZONA DEPARTMENT OF AGRICULTURE - ADMINISTRATION

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	24.5	24.5	25.5
Personal Services	678,700	695,600	739,500
Employee Related Expenditures	141,800	168,500	190,200
Professional and Outside Services	28,000	114,300	64,300
Travel - In State	8,300	10,500	17,500
Travel - Out of State	7,600	8,500	10,500
Other Operating Expenditures	204,500	264,800	223,200
Equipment	-0-	21,400	44,900
All Other Operating Expenditures	248,400	419,500	360,400
OPERATING SUBTOTAL	1,068,900	1,283,600	1,290,100
Wine Commission	-0-	200,000	-0-
Rent/Relocation	-0-	-0-	289,600
Reduction-In-Force Cost	6,600	-0-	-0-
TOTAL APPROPRIATIONS	1,075,500	1,483,600	1,579,700 ^{1/2}

Program Description — *This program includes executive management and central business functions as well as the Office of Commodities Development.*

FTE Positions — The approved number of positions includes 1 new support staff FTE position to assist the commodities promotion staff. Total funding for this position is \$39,400.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency with Special Line Items. The program detail and the line items within "All Other Operating Expenditures" are shown for information only.

^{2/} The Department of Administration shall prepare for occupancy by April 1, 1995, the state office building at 1688 West Adams Street. If the Department of Agriculture is unable to relocate because the building is not ready for occupancy, the Department of Administration and the Department of Agriculture shall each pay half of the Department of Agriculture's prorated occupancy costs for private lease space during the period of the fiscal year after April 1, 1995 that the agency is unable to relocate. If the director of either agency believes that agency should be held responsible for less than half the additional costs, a complaint may be filed with the Chief Hearing Officer of the Department of Revenue, whose decision in resolving the matter shall be final. (General Appropriation Act footnote.)

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - ADMINISTRATION (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 1% vacancy factor and \$7,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of the new position. The approved amount includes an additional \$25,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$18,600 for the new commodities support staff position.

Employee Related Expenditures — The approved amount includes an additional \$4,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$72,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — A footnote to the General Appropriation Act states that, of the amount appropriated to ADA for All Other Operating Expenditures, \$50,000 is for a legal services agreement with the Attorney General. Although basic legal services are provided for through the Attorney General's budget, the \$50,000 is intended for additional special services.

Other Operating Expenditures — The approved amount includes a total of \$18,800 for the payment of Risk Management premiums, which reflects a total reduction of \$16,600, including a reduction of \$3,100 as authorized by Section 79 of the General Appropriation Act. The General Fund rent amount of \$81,000 has been transferred to a new special line item for rent in this division. See Rent/Relocation below.

Commodities Support — In addition to the new support staff position for the Commodities Section, the approved amount includes new operating funds for existing staff, as follows: Travel - In State, \$7,000; Travel - Out of State, \$2,000; Other Operating Expenditures, \$6,000. Such operating monies were not added at the time that the existing commodities staff were approved.

Rent/Relocation — In February, 1994, the ADA offices were moved from the state office building at 1688 West Adams so that the building could be rehabilitated. ADA is to occupy private office space until the renovations are complete, when it will return to state-owned space. The General Fund rent amounts from all costs centers have been consolidated in a special line item to facilitate tracking. No increase over the FY 1994 rent amount for "1688" has been provided. The total rent amount is sufficient for private lease costs until March 30, 1995. The Capital Outlay bill appropriates funding for the renovation. (See below for discussion.)

Reduction-In-Force Cost — This amount was provided in FY 1993 to defray expenses associated with reductions in force. Staff reductions were completed in FY 1993 and the amount is no longer needed.

Arizona Wine Commission — Laws 1993, Chapter 40 (S.B. 1188) created the Arizona Wine Commission to promote wine production and marketing in Arizona. The commission may contract with ADA for administrative support services. The act appropriated \$200,000 from the Commerce and Economic Development Fund to the new Wine Promotional Fund.

CAPITAL OUTLAY

Supplemental Capital Outlay Bill (Chapter 7, H.B. 2007, 8th Special Session) — The bill appropriates \$2,468,800 from the Capital Outlay Stabilization Fund to the Department of Administration for the renovation of the state-owned office buildings located at 1688 and 1624 West Adams. The Department of Agriculture has been temporarily relocated to private space until the completion of the renovations (scheduled for March 1, 1995), at which time it will be moved back into the 1688 building. A General Appropriation Act footnote states that if the Department of Agriculture is not able to return by April 1, 1995 because the building is not ready for occupancy, the Department of Administration and the Department of Agriculture shall each pay half of the Department of Agriculture's additional costs for private lease space. The appropriated amount includes \$38,800 for 1 limited FTE position to oversee the project.

ARIZONA DEPARTMENT OF AGRICULTURE - ANIMAL SERVICES

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	95.1	95.1	95.1
Personal Services	2,118,000	2,105,400	2,179,700
Employee Related Expenditures	573,400	576,700	613,300
Professional and Outside Services	146,700	189,100	65,000
Travel - In State	295,000	316,000	316,000
Travel - Out of State	8,400	7,000	7,000
Other Operating Expenditures	283,800	263,400	105,000
Equipment	3,000	-0-	-0-
All Other Operating Expenditures	736,900	775,500	493,000
OPERATING SUBTOTAL	3,428,300	3,457,600	3,286,000
Reduction-In-Force Cost	37,700	-0-	-0-
Aquaculture	5,000	13,600	13,600
Egg Inspection	179,400	228,800	236,400
TOTAL APPROPRIATIONS	3,650,400	3,700,000	3,536,000 ^{2/}
<u>Fund Summary</u>			
General Fund	3,466,000	3,457,600	3,286,000
Aquaculture Fund	5,000	13,600	13,600
Egg Inspection Fund	179,400	228,800	236,400
Ratite Control Fund	-0-	-0-	-0- ^{3/}
TOTAL APPROPRIATIONS	3,650,400	3,700,000	3,536,000

^{1/} The FTE Positions total includes 6.6 FTE positions funded from certain special line items in FY 1993, and 7 FTE positions in FY 1994 and FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Aquaculture	0.0	0.4	0.4
Egg Inspection	6.6	6.6	6.6

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency with Special Line Items. The line items within "All Other Operating Expenditures" are shown for information only.

^{3/} For FY 1995, 100% of receipts are appropriated to the newly created Ratite Control Fund. See Additional Legislation for further discussion.

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - ANIMAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description — This division records livestock brands and investigates livestock losses. It regulates livestock sales, meat and poultry processing, dairy production, egg processing, and aquaculture. The division also conducts livestock disease control programs and participates in wild animal damage control efforts.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$43,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$74,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$12,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$249,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The sum of \$124,100 is shifted from the Animal Services Division, Professional and Outside Services, to the Agricultural Laboratory, Personal Services and Employee Related Expenditures. The monies were historically used to fund a dairy analysis contract between the Livestock Board and the State Chemist. Now, the dairy staff are to be properly included with other laboratory staff.

Other Operating Expenditures — The approved amount includes a total of \$68,700 for the payment of Risk Management premiums, which reflects a total reduction of \$58,500, including a reduction of \$11,200 as authorized by Section 79 of the General Appropriation Act. The General Fund rent amount of \$99,900 has been transferred to the new special line item for rent in the Administration Division.

Aquaculture — The department regulates facilities such as fish hatcheries where aquatic organisms are raised. Regulations concern product labeling and quality control, disease control, and aquatic wildlife protection. The department assesses facility license fees. The approved amount will fund 0.4 FTE position for this program which was established in FY 1991 with a "90/10" fund. The approved amount was based on the following line item detail:

FTE Positions	0.4
Personal Services	\$ 7,800
Employee Related Expenditures	2,400
All Other Operating Expenditures	3,400
TOTAL	\$13,600

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount includes an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures also includes a total of \$1,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for All Other Operating Expenditures includes a total of \$400 for Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ARIZONA DEPARTMENT OF AGRICULTURE - ANIMAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Egg Inspection Board — The department regulates egg production facilities and egg product handling to protect public health and to ensure product quality. The department assesses inspection fees. The Egg Inspection Fund historically has been a "90/10" fund, but now is not. See Additional Legislation below. The approved amount was based on the following line item detail:

FTE Positions	6.6
Personal Services	\$ 144,500
Employee Related Expenditures	46,000
All Other Operating Expenditures	45,900
TOTAL	\$236,400

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount includes an additional \$4,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures also includes a total of \$18,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for All Other Operating Expenditures includes a total of \$6,000 for Risk Management premiums, which reflects a reduction of \$1,000, as authorized by Section 79 of the General Appropriation Act.

Animal Damage Control — From FY 1986 to FY 1993, the Legislature appropriated \$75,000 for a cooperative agreement with the U.S. Department of Agriculture's Animal Damage Control (ADC) unit, which destroys animals that are believed to cause harm to livestock or crops through predation, foraging, or disease transmission. The special line item was eliminated in FY 1993 and the \$75,000 moved to Other Operating Expenditures for general operating support of the department. The department has elected to continue funding the program from its operating budget.

ADDITIONAL LEGISLATION

Regulating Ratite Production (Chapter 309, H.B. 2173) — Defines "ratite" as a distinct class of livestock consisting of ostriches, emus and related birds. Allows ADA to establish, by rule, a ratite regulatory program and to adopt related fees. Regulation would cover disease prevention and slaughtering. Adds ratites to the list of Class 11 personal property. The act also establishes the Ratite Control Fund which is subject to appropriation. All fund monies are appropriated to ADA for FY 1995.

Egg and Egg Products Regulation (Chapter 228, H.B. 2031) — Repeals the provision which directed 10% of egg inspection fees to the General Fund. Now, all egg inspection revenue shall be deposited to the Egg Inspection Fund. The General Fund loss will be approximately \$20,000 annually. Establishes civil penalties for violation of egg regulations.

ARIZONA DEPARTMENT OF AGRICULTURE - PLANT INDUSTRIES

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

GENERAL FUND AND CITRUS, FRUIT, AND VEGETABLE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	112.0	111.2	122.0
Personal Services	1,954,800	2,079,800	2,153,300
Employee Related Expenditures	617,600	587,300	625,100
Professional and Outside Services	7,000	8,000	8,000
Travel - In State	139,900	220,600	220,600
Travel - Out of State	3,600	3,000	3,000
Other Operating Expenditures	359,100	391,100	297,200
Equipment	7,800	23,200	29,400
All Other Operating Expenditures	517,400	645,900	558,200
OPERATING SUBTOTAL	3,089,800	3,313,000	3,336,600
Fruit and Vegetable Standardization	693,300	894,100	914,300
Africanized Honey Bees	-0-	-0-	307,900
TOTAL APPROPRIATIONS	3,783,100	4,207,100	4,558,800 ^{2/3/}
<u>Fund Summary</u>			
General Fund	3,089,800	3,313,000	3,644,500
Citrus, Fruit, and Vegetable Fund	693,300	894,100	914,300
TOTAL APPROPRIATIONS	3,783,100	4,207,100	4,558,800

Program Description — *This division's programs include: plant quarantine and border inspections for pest exclusion; pest survey, control, and eradication; integrated pest management planning; nursery regulation; seed and hay broker regulation; apiary regulation; native plant harvest regulation; fruit and vegetable standardization, and africanized honey bee response.*

- 1/ The FTE Positions total includes 22 FTE positions funded from the Fruit and Vegetable Special Line Item from FY 1993 through FY 1995 and 11 FTE positions funded from the Africanized Honey Bees Special Line Item for FY 1995.
- 2/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency with Special Line Items. The program detail and line items within "All Other Operating Expenditures" are shown for information only.
- 3/ Of the \$2,015,000 appropriated to the Department of Agriculture, \$307,900 shall be used for an Africanized Honey Bees program, and \$50,000 shall be used from All Other Operating Expenditures to fund a legal services agreement with the Attorney General. The \$307,900 shall be used within the Plant Industries Division, in conjunction with other resources of the department, to address the public health and safety issues associated with africanized honey bees in Arizona. Of the 287.5 FTE positions authorized, 11 FTE positions are for the Africanized Honey Bees Special Line Item. (General Appropriation Act footnote as adjusted for the general salary adjustment.)

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - PLANT INDUSTRIES (Cont'd)
GENERAL FUND AND CITRUS, FRUIT, & VEGETABLE FUND

FTE Positions — The approved FTE positions total includes 11 new positions added for the Africanized Honey Bees Special Line Item and 0.2 FTE position eliminated due to rounding adjustments.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$31,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$73,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$11,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$251,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$69,500 for the payment of Risk Management premiums, which reflects a total reduction of \$60,800, including a reduction of \$11,300 as authorized by Section 79 of the General Appropriation Act. The General Fund rent amount of \$33,100 has been transferred to the new special line item for rent in the Administration division.

Fruit and Vegetable Standardization — The department inspects produce before and after harvesting to ensure that marketed products meet both standards of quality and packaging requirements. The approved amount for this special line item is based on the following line item detail:

FTE Positions	<u>22.0</u>
Personal Services	\$459,100
Employee Related Expenditures	139,700
All Other Operating Expenditures	<u>315,500</u>
TOTAL	<u><u>\$914,300</u></u>

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount includes an additional \$15,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$2,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$63,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for All Other Operating Expenditures includes a total of \$20,100 for Risk Management premiums, which reflects a reduction of \$3,200, as authorized by Section 79 of the General Appropriation Act.

Africanized Honey Bees — The approved amount includes 11 new FTE positions and \$192,700 in Personal Services to address public health and safety issues associated with Africanized Honey Bees. The approved amount includes an additional \$6,800 in Personal Services and \$1,100 in Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$31,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - PLANT INDUSTRIES (Cont'd)
GENERAL FUND AND CITRUS, FRUIT, & VEGETABLE FUND

ADDITIONAL LEGISLATION

Fruit and Vegetable Fees; Allocation (Chapter 163, S.B. 1292) — Repeals the provision of law which allocated a portion of produce standardization fees to the General Fund. All monies will now be deposited to the Citrus, Fruit and Vegetable Revolving Fund. The General Fund loss will be approximately \$20,000 annually.

Organic Food Certification Program (Chapter 179, S.B. 1545) — Among other provisions, clarifies that organic food certification fees are to be annual and nonrefundable, and establishes fee limits and certain new fees. Expands the scope of regulation to include organic produce processors and distributors.

Nursery Regulation (Chapter 213, H.B. 2130) — Provides specific authority for ADA to conduct a nursery certification program through which ADA can certify that products meet importation standards of other states or countries. Allows ADA to collect fees to cover the costs of certification-related laboratory analysis.

Cotton Regulations and Penalties (Chapter 275, S.B. 1470) — Eliminates ADA's authority to assess civil penalties against cotton producers who violate plow-up requirements. (The plow-up program is no longer needed, since the boll weevil is now under control.) Revenues from these penalties had been deposited in the General Fund. Provides for regulating colored cotton and establishes related fees and penalties. Revenues related to colored cotton regulations are to be deposited in the Cotton Research and Protection Council Fund.

Hay Brokers (Chapter 337, H.B. 2172) — Moves hay and feed broker regulation from the Animal Services Division to the Plant Industries Division. Eliminates apiary (bee) regulation from ADA responsibilities, so the ADA will no longer inspect for diseases or quarantine regular honey bees. (Note that the new Africanized Honey Bees program is an education program, not a regulatory one.) The act adds requirements that beekeepers and farmers communicate regarding bee placement and pesticide applications, and it changes the scope of certain property tax classifications.

**ARIZONA DEPARTMENT OF AGRICULTURE -
CHEMICALS/ENVIRONMENTAL SERVICES**

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	24.9	24.0	24.9
Personal Services	242,800	317,100	354,300
Employee Related Expenditures	57,500	87,900	99,400
Professional and Outside Services	2,900	59,000	59,000
Travel - In State	8,400	13,500	22,300
Travel - Out of State	1,000	600	600
Other Operating Expenditures	107,700	104,300	20,300
Equipment	12,600	-0-	9,500
All Other Operating Expenditures	132,600	177,400	111,700
OPERATING SUBTOTAL	432,900	582,400	565,400
Commercial Feed Program	170,300	190,900	180,800
Fertilizer Materials Program	170,600	190,400	186,200
Pesticide Program	180,000	207,000	207,600
TOTAL APPROPRIATIONS	953,800	1,170,700	1,140,000 ^{2/}
<u>Fund Summary</u>			
General Fund	432,900	582,400	565,400
Pesticide Fund	180,000	207,000	207,600
Commercial Feed Fund	170,300	190,900	180,800
Fertilizer Materials Fund	170,600	190,400	186,200
TOTAL APPROPRIATIONS	953,800	1,170,700	1,140,000

^{1/} The FTE Positions total includes 13.9 FTE positions funded from certain special line items in FY 1993, 10.9 FTE positions in FY 1994, and 10.9 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Commercial Feed Program	3.3	3.3	3.3
Fertilizer Materials Program	3.3	3.3	3.3
Pesticide Program	7.3	4.3	4.3

For FY 1993, the 3.0 FTE positions for Agricultural Worker Safety are included in the Pesticide Program.

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency with Special Line Items. The program and line item detail within "All Other Operating Expenditures" are shown for information only.

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - CHEMICALS/ENVIRONMENTAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description — *This division registers pesticides and regulates their use; licenses commercial feed dealers and fertilizer products; and enforces labeling and content laws for pesticide, feed, and fertilizer products. The division also includes the Office of Agricultural Worker Safety, which promotes the safe handling of agricultural chemicals.*

Special Funds — Before FY 1995, the Commercial Feed, Fertilizer, and Pesticide programs were all appropriated as part of the operating budget of this division. For FY 1995, to be consistent with other specially funded programs in the department, these 3 programs are appropriated as special line items. The FY 1993 and FY 1994 amounts are displayed as special line items for comparability. The amount for the Agricultural Worker Safety program is part of the operating budget in FY 1995, and the FY 1993 and FY 1994 amounts for this program are included in the operating budget for comparability.

FTE Positions — The approved amount includes 1 new FTE position for regulatory compliance assistance. Total funding added for this position is \$51,500. Also, 0.1 FTE position was eliminated due to rounding adjustments.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$12,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The amount also includes \$25,200 for the new compliance consultant position.

Employee Related Expenditures — The approved amount includes an additional \$1,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$40,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$10,800 for the payment of Risk Management premiums, which reflects a total reduction of \$9,400, including a reduction of \$1,700 as authorized by Section 79 of the General Appropriation Act. The General Fund rent amount of \$75,600 has been transferred to the new special line item for rent in the Administration Division.

Equipment — The approved amount is for a vehicle for the new compliance assistance position.

Pesticide Program — The department licenses pesticide handlers and enforces pesticide labeling and use laws. License fees support the program. The appropriation is based on the following:

FTE Positions	4.3
Personal Services	\$123,700
Employee Related Expenditures	32,700
All Other Operating Expenditures	51,200
TOTAL	\$207,600

The approved amount is based upon a 0% vacancy factor. The approved amount for Personal Services includes an additional \$4,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$12,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - CHEMICALS/ENVIRONMENTAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount includes: a) a total of \$4,000 for the payment of Risk Management premiums, which reflects a reduction of \$600, as authorized by Section 79 of the General Appropriation Act.

Fertilizer Materials Regulation — The department enforces labeling requirements and other laws related to fertilizer products. Fees support the program. The appropriation is based on the following:

FTE Positions	3.3
Personal Services	\$ 95,600
Employee Related Expenditures	25,200
All Other Operating Expenditures	65,100
TOTAL	\$186,200

The approved amount is based upon a 0% vacancy factor. The approved amount for Personal Services includes an additional \$3,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$9,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes: a) a total of \$3,000 for the payment of Risk Management premiums, which reflects a reduction of \$500, as authorized by Section 79 of the General Appropriation Act.

Commercial Feed Regulation — The department enforces animal feed content and labeling laws, to protect consumers. Fees support the program. The appropriation is based on the following:

FTE Positions	3.3
Personal Services	\$ 90,700
Employee Related Expenditures	24,600
All Other Operating Expenditures	65,500
TOTAL	\$180,800

The approved amount is based upon a 0% vacancy factor. The approved amount for Personal Services includes an additional \$3,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for Employee Related Expenditures includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$9,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes a total of \$3,100 for the payment of Risk Management premiums, which reflects a reduction of \$500, as authorized by Section 79 of the General Appropriation Act.

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - CHEMICALS/ENVIRONMENTAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

Agricultural Consulting and Training Program (Chapter 370, S.B. 1373) — Requires ADA to implement a compliance consulting program to assist agricultural producers in complying with pesticide and other regulations. The program will be based on producers' requests for site visits. Also clarifies ADA's authority to implement a training certification program for agricultural worker protection trainers. The act also makes several changes related to horse and dog racing (see Department of Racing). Finally, the act requires ADA to use \$79,600 of its "All Other Operating Expenditures" appropriation for the new compliance program.

ARIZONA DEPARTMENT OF AGRICULTURE - AGRICULTURAL LAB

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	16.0	16.0	20.0
Personal Services	320,300	397,600	507,000
Employee Related Expenditures	81,800	103,200	139,600
Professional and Outside Services	21,400	20,000	20,000
Travel - In State	4,800	6,000	6,000
Travel - Out of State	5,300	6,000	9,500
Other Operating Expenditures	517,400	458,000	418,400
Equipment	-0-	-0-	100,000
All Other Operating Expenditures	548,900	490,000	553,900
TOTAL APPROPRIATIONS	951,000	990,800	1,200,500 ^{1/}

Program Description — *This division provides laboratory analyses for several department inspection and regulation programs as well as for certain other state agencies.*

FTE Positions — The number of FTE Positions includes 4 new FTE positions associated with dairy analysis. Dairy analysis historically was performed under a contract between the Livestock Board and the State Chemist. The monies have now been moved from the Animal Services Division, Professional and Outside Services to the Agricultural Laboratory, Personal Services and Employee Related Expenditures, and the 4 staff are added to the FTE count.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$17,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The amount also includes \$92,200 added for the 4 dairy staff.

Employee Related Expenditures — The approved amount includes an additional \$2,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$57,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The amount includes \$26,400 added for the 4 dairy staff.

Other Operating Expenditures — The approved amount includes a total of \$10,800 for the payment of Risk Management premiums, which reflects a total reduction of \$9,400, including a reduction of \$1,700 as authorized by Section 79 of the General Appropriation Act. The approved amount also includes a total of \$177,100 for the State Agricultural Laboratory lease-purchase payment, which includes a reduction of \$5,900 as authorized by Section 72 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency with Special Line Items. The items within "All Other Operating Expenditures" are shown for information only.

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - AGRICULTURAL LAB (Cont'd)
GENERAL FUND

In addition to the lease-purchase payment, the approved amount includes a total of \$106,400 for Operations and Maintenance (O&M) charges for the Agriculture Laboratory Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

Equipment — The \$100,000 was approved for one-time replacement items such as chemical analysis and gas chromatography equipment.

STATE BANKING DEPARTMENT

A.R.S. § 6-101

Richard C. Houseworth, Superintendent

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	55.0	54.2	57.0
Personal Services	1,315,100	1,446,900	1,595,300
Employee Related Expenditures	297,700	303,700	355,900
Professional and Outside Services	69,700	21,400	21,400
Travel - In State	48,100	43,000	55,000
Travel - Out of State	11,300	16,000	16,000
Other Operating Expenditures	272,600	118,500	329,900
Equipment	-0-	-0-	4,000
All Other Operating Expenditures	401,700	198,900	426,300
OPERATING SUBTOTAL	2,014,500	1,949,500	2,377,500
Receiverships	149,700	575,600 ^{2/}	181,200 ^{3/}
TOTAL APPROPRIATIONS	2,164,200	2,525,100	2,558,700 ^{4/5/}

Agency Description — *The department regulates state-chartered financial entities in order to assure financial soundness. These entities include money transmitters, motor vehicle dealers, holding companies, trust companies, sales finance companies, collection agencies, escrow agents, debt management companies, consumer lenders, mortgage bankers, mortgage brokers, premium finance companies, savings and loan associations, credit unions, and banks.*

FTE Positions — The approved amount includes a reduction of 0.2 FTE position and \$600 in funding as a technical adjustment. The approved amount also includes 3 additional FTE positions and \$119,100 for an Administrative Services Officer to assist with the department's new responsibility to examine escrow rates, and 2 Senior Financial Examiners to address the workload resulting from other recent changes to the agency's statutory responsibilities, including the regulation of money transmitters, advance fee loan brokers, and premium finance companies.

- ^{1/} The FTE Positions total includes 5 FTE positions funded from the Receivership Special Line Item in FY 1993 through FY 1995.
- ^{2/} Laws 1994, Chapter 6 (H.B. 2006), 2nd Special Session appropriated \$400,000 to the Receivership Division for expenses associated with the Charter Title receivership.
- ^{3/} From the amount appropriated for Receiverships, the department shall revert, at fiscal year end, \$1 for each \$1 over \$75,000 credited to the Banking Department Receivership Revolving Fund pursuant to A.R.S. § 6-131.01. (General Appropriation Act footnote.)
- ^{4/} The Banking Department shall assess and set fees to ensure that funds deposited to the General Fund will equal or exceed its expenditure from the General Fund. (General Appropriation Act footnote.)
- ^{5/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

STATE BANKING DEPARTMENT (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$22,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount also includes an additional \$54,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and \$94,200 associated with the 3 new FTE positions.

Employee Related Expenditures — The approved amount includes an additional \$6,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and \$20,900 associated with the 3 new FTE positions.

The approved amount also includes a total of \$151,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount includes the transfer of \$12,000 from Other Operating Expenditures.

Other Operating Expenditures — The approved amount includes: a) a total of \$83,600 for the payment of Risk Management premiums, which reflects a reduction of \$13,500, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$94,400 for the Sun State Building lease-purchase payment. The funding for lease-purchase payment includes a reduction of \$200, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$60,400 for Operations and Maintenance (O&M) charges for the Sun State Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract. The approved amount also includes a reduction of \$1,100, reflecting the elimination of private storage space.

Equipment — The approved amount includes a total of \$4,000 for equipment for the new FTE positions.

Receiverships — The approved amount was based on the following line item detail:

FTE Positions	5.0
	<hr/>
Personal Services	\$ 126,700
Employee Related Expenditures	31,200
Professional and Outside Services	23,300
	<hr/>
TOTAL	\$181,200
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The approved amount for the Receiverships Special Line Item includes the following:

- **Personal Services** — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$4,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.
- **Employee Related Expenditures** — The approved amount includes an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$14,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

STATE BANKING DEPARTMENT (Cont'd)
GENERAL FUND

A footnote to the FY 1994 General Appropriation Act required the department to revert from the Receiverships Special Line Item appropriation an amount equal to 0% of the first \$125,000 of revenues credited to the Receivership Revolving Fund, 100% of the next \$125,000, 90% of the next \$100,000, and 80% of any additional revenues. The FY 1995 footnote to the General Appropriation Act simplified the formula to require the department to revert \$1 for each \$1 over \$75,000 credited to the Receivership Revolving Fund during the fiscal year. It is the intent of the Legislature that the Receivership Division receive a total of approximately \$256,200 from appropriated and non-appropriated sources in FY 1995.

ADDITIONAL LEGISLATION

Banking Department; Continuation (Chapter 30, H.B. 2491) — Continues the State Banking Department under the sunset cycle until July 1, 2004. Also defines the purpose of the Banking Department to promote the public welfare by protecting the financial assets of the citizens of this state by administering statutes that relate to financial institutions and enterprises.

Commercial Mortgage Bankers; Regulation (Chapter 302, H.B. 2206) — Provides that commercial mortgage bankers shall be licensed separately from other mortgage bankers, and sets requirements for license applicants. Application and renewal fees are to be set by the Superintendent and deposited in the General Fund. Any applicant who meets the qualifications for licensure as a commercial mortgage banker or mortgage banker may choose to apply for either license.

Escrow Agents (Chapter 362, S.B. 1231) — This bill: a) broadens the Superintendent's authority to refuse to license any applicant or suspend or revoke an escrow agent's license; b) requires escrow agents to follow generally accepted accounting principles; c) establishes the priority of distribution of claims during receivership; d) renames the Arizona Escrow Guaranty Fund the Arizona Escrow Recovery Fund and doubles its size from \$2,000,000 to \$4,000,000, and e) instructs the Banking Department to examine escrow trust accounts at least every 2 years, and to examine all other escrow accounts at least every 4 years, rather than all escrow accounts at least every 3 years.

ARIZONA STATE BOXING COMMISSION

A.R.S. § 5-221

John Montano, Executive Director

JLBC Analyst: Case

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	1.0	1.5	1.5
Personal Services	36,400	36,600	37,900
Employee Related Expenditures	7,900	8,700	10,800
Professional and Outside Services	-0-	500	500
Travel - In State	-0-	3,000	3,400
Travel - Out of State	-0-	700	700
Other Operating Expenditures	4,300	9,500	10,100
All Other Operating Expenditures	4,300	13,700	14,700
TOTAL APPROPRIATIONS	48,600	59,000	63,400 ^{1/2}

Agency Description — The Boxing Commission licenses, investigates and regulates the professional boxing and kick-boxing industry in Arizona. The Department of Racing is responsible for collection and accounting of Boxing Commission revenues.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$4,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$3,600 for rent of state-owned space. In FY 1995, the Boxing Commission's office will be moved from the state-owned building located at 1645 W. Jefferson to the state-owned building located at 1400 W. Washington.

^{1/} The Boxing Commission shall report to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriation Committees, and the Director of the Joint Legislative Budget Committee on a semi-annual basis. This report shall contain the number of boxing events, gross receipts, state revenues, and license fee collections. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

DEPARTMENT OF BUILDING AND FIRE SAFETY

A.R.S. § 41-2141

Eric Borg, Director

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	70.2	69.2	69.2
Personal Services	1,700,000	1,797,600	1,879,300
Employee Related Expenditures	455,000	459,600	480,800
Professional and Outside Services	900	-0-	-0-
Travel - In State	180,700	196,700	196,700
Travel - Out of State	3,800	6,000	6,000
Other Operating Expenditures	314,900	295,700	378,300
Equipment	-0-	22,300	11,800
All Other Operating Expenditures	500,300	520,700	592,800
OPERATING SUBTOTAL	2,655,300	2,777,900	2,952,900
Fire Training School	30,000	30,000	30,000
TOTAL APPROPRIATIONS	2,685,300	2,807,900	2,982,900 ^{1/}

Agency Description — *The agency enforces safety standards for manufactured homes, mobile homes, factory-built buildings and recreational vehicles. The agency also includes the Office of the State Fire Marshal, which enforces the state fire codes and provides training and education for fire personnel and the general public.*

Personal Services — The approved amount is based upon a 2.1% vacancy factor and \$38,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount restores \$26,900 in vacancy savings, in part to fund the reclassification of an existing vacant position as a 0.5 Deputy Fire Marshal I to service Yuma and La Paz Counties. Currently, those counties are serviced by inspectors from Phoenix and Bullhead City. Thirty nursing homes and fifty-eight schools did not receive regular inspections last year. Funding this position ensures that all necessary inspections will be conducted and will also free up inspector time in both the Phoenix and Bullhead City offices.

The approved amount also includes a reduction of \$9,000 to reflect the department's hiring an FTE position at a lower salary level.

The approved vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$63,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF BUILDING AND FIRE SAFETY (Cont'd)
GENERAL FUND

Employee Related Expenditures — The approved amount includes an additional \$9,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$208,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$86,100 for the payment of Risk Management premiums, which reflects a total increase of \$82,600, including a reduction of \$13,900, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$38,700 for the Tucson State Office Building lease-purchase payment.

Equipment — The approved amount includes \$11,800 to fund the second year of the department's 2-year automation plan. These monies will enable the department to purchase 5 computers and software.

Fire Training School — This appropriation provides training for volunteer firefighters from small communities and rural areas.

REGISTRAR OF CONTRACTORS

A.R.S. § 32-1101

Michael P. Goldwater, Registrar

JLBC Analyst: Reddy

GENERAL FUND AND REGISTRAR OF CONTRACTORS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	103.5	109.3	110.3
Personal Services	2,303,100	2,520,500	2,735,700
Employee Related Expenditures	565,800	575,900	703,400
Professional and Outside Services	12,200	16,000	56,000
Travel - In State	173,700	181,500	197,200
Travel - Out of State	2,500	1,100	1,100
Other Operating Expenditures	651,800	762,000	640,900
Equipment	9,700	116,700	116,500
All Other Operating Expenditures	849,900	1,077,300	1,011,700
OPERATING SUBTOTAL	3,718,800	4,173,700	4,450,800
Imaging Equipment	-0-	-0-	343,800
Automation	-0-	-0-	164,400
TOTAL APPROPRIATIONS	3,718,800	4,173,700	4,959,000 ^{1/}
<u>Fund Summary</u>			
General Fund	\$3,718,800	\$4,173,700	-0-
Registrar of Contractors Fund	-0-	-0-	\$4,959,000
TOTAL APPROPRIATIONS	3,718,800	4,173,700	4,959,000

Agency Description — The agency licenses, regulates and conducts examinations of residential and commercial construction contractors. Laws 1993, Chapter 116 permitted the agency, beginning in FY 1995, to retain most of its revenue rather than deposit the money into the General Fund. The agency will split its revenue between the newly-established Registrar of Contractors Fund and the General Fund as follows: in FY 1995, 70/30; in FY 1996, 80/20; in FY 1997, and thereafter, 90/10.

FTE Positions — The approved amount includes an increase of 1 FTE position and a decrease of \$63,100.

- In House Testing — The agency received 4 FTE positions and \$259,700 in FY 1994 to move the testing program in-house. The approved amount includes a reduction of 3 FTE positions and \$220,800 (\$26,000 in Personal Services; \$9,900 in Employee Related Expenditures; \$87,000 in Other Operating Expenditures; and \$97,900 in Equipment) to reflect the agency's decision to continue contracting with an outside vendor for testing services and one-time costs associated with the 1 FTE position. The agency will retain the 1 FTE position to monitor the activities of the vendor.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

REGISTRAR OF CONTRACTORS (Cont'd)
GENERAL FUND AND REGISTRAR OF CONTRACTORS FUND

- **Sierra Vista Office** — The approved amount includes 2 FTE positions and \$85,500 (\$37,800 in Personal Services; \$11,300 in Employee Related Expenditures; \$3,700 in Travel - In State; \$10,000 in Other Operating Expenditures; and \$22,700 in Equipment) to open an office in Sierra Vista.
- **Hearing Division** — The approved amount includes 2 FTE positions and \$72,200 (\$52,300 in Personal Services; \$13,300 in Employee Related Expenditures; \$6,600 in Equipment) to hire a hearing officer for the Phoenix office and a legal secretary for the Tucson office in order to reduce the average resolution time for complaints.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$51,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$92,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The amount also includes an increase of \$59,400 to fund the special recruitment rates for inspectors approved by the Department of Administration (DOA).

Employee Related Expenditures — The approved amount includes an additional \$12,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$330,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an increase of \$40,000 for public service announcements.

Travel - In State — The approved amount includes an increase of \$12,000 to fund the expansion of the agency's "enforcement sweep" operations, which target unlicensed contractors.

Other Operating Expenditures — The approved amount includes: a) a total of \$13,900 for the payment of Risk Management premiums, which reflects a total reduction of \$37,700, including a reduction of \$2,200, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$247,100 for rent of state-owned space. The approved amount also includes lease-purchase payments of \$42,200 and \$4,600 for the Tucson and Kingman State Office Buildings. The funding for the lease-purchase payment for the Kingman State Office Building includes an increase of \$4,500, including an additional \$1,500, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$3,400 for Operations and Maintenance (O&M) charges for the Kingman State Office Building. The O&M charge will be transferred to DOA, which will be responsible for providing the service, either directly or under contract.

The approved amount includes an additional \$5,300 to purchase a new telephone system for the Yuma office and an additional \$1,000 to purchase replacement non-capitalized equipment. The approved amount also includes decreases of \$11,900 to reflect the completion of lease-purchase payments on an upgrade for the agency's computer system, \$4,400 for private rent, and \$4,300 for start-up costs incurred by the office in Lake Havasu City.

Equipment — The approved amount includes: 1) an additional \$23,300 for the purchase of 9 computers, 5 tables, 1 laser printer, and cabling for the inspections and investigations departments and 2) an additional \$21,700 for the purchase of a LAN network. The Legislature included additional monies for automation resources in special line items.

The approved amount also includes an increase of \$42,200 for replacement equipment and a decrease of \$18,800 to reflect one-time equipment costs for the Lake Havasu City Office.

(Continued)

REGISTRAR OF CONTRACTORS (Cont'd)
GENERAL FUND AND REGISTRAR OF CONTRACTORS FUND

Imaging Equipment — The approved amount includes an increase of \$343,800 for the purchase of an imaging system for the agency's licensing department.

Automation — The approved amount includes an increase of \$164,400 for an upgrade to the agency's computer system.

ADDITIONAL LEGISLATION

Registrar of Contractors; Continuation (Chapter 7, H.B. 2050) — The bill changes the sunset date for the Registrar of Contractors from July 1, 1994 to July 1, 2004.

CORPORATION COMMISSION - SUMMARY

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Child

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administration/Hearing	1,884,900	1,985,600	1,828,300
Corporations	1,177,600	1,178,700	1,271,000
Securities	1,545,800	1,559,700	1,657,200
Railroad Safety	397,800	347,800	365,800
Utilities	4,809,700	4,548,700	4,787,400
Legal	931,100	944,900	995,100
TOTAL APPROPRIATIONS	10,746,900	10,565,400	10,904,800
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	225.0	222.0	222.0
Personal Services	6,494,300	6,672,500	6,903,800
Employee Related Expenditures	1,474,700	1,369,600	1,638,800
Professional and Outside Services	251,600	230,500	159,700
Travel - In State	179,900	177,200	177,200
Travel - Out of State	48,900	59,900	59,900
Other Operating Expenditures	1,649,800	1,661,400	1,571,900
Equipment	103,900	17,500	15,500
All Other Operating Expenditures	2,234,100	2,146,500	1,984,200
OPERATING SUBTOTAL	10,203,100	10,188,600	10,526,800
Special Line Items ^{2/}	543,800	376,800	378,000
TOTAL APPROPRIATIONS	10,746,900	10,565,400	10,904,800 ^{3/}
<u>Fund Summary</u>			
General Fund	4,980,000	5,045,000	4,985,700
Other Appropriated Funds	5,766,900	5,520,400	5,919,100
TOTAL APPROPRIATIONS	10,746,900	10,565,400	10,904,800

1/ The FTE Positions total includes 1 FTE position funded from the Arts Trust Administration Special Line Item in FY 1993 through FY 1995.

2/ Details for the Special Line Items are on the individual program pages.

3/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and line items within the "Operating Subtotal" are shown for information only.

(Continued)

CORPORATION COMMISSION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — The Arizona Corporation Commission was established by Article 15 of the Arizona Constitution and consists of 3 statewide elected Commissioners, each serving 6-year terms. The commission's primary responsibilities include the review and establishment of public utility rates, regulating the sale of securities in Arizona, and administering the Arizona Corporations Code. As part of its responsibilities related to corporations, the commission serves as the repository of corporate annual reports and other publicly-available documents filed by corporations in accordance with state law.

Personal Services — The approved amount includes an additional \$107,900 from the General Fund and \$121,000 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$16,300 from the General Fund and \$18,200 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$243,600 from the General Fund and \$281,300 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$39,300 from the General Fund and \$82,400 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$6,400 from the General Fund and \$13,300 from Other Appropriated Funds, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$259,900 from the General Fund and \$332,400 from Other Appropriated Funds for rent of state-owned space and \$27,300 from the General Fund and \$31,700 from Other Appropriated Funds for the Tucson State Office Building lease-purchase payment.

CORPORATION COMMISSION - ADMINISTRATION/HEARING

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Child

GENERAL FUND AND UTILITY REGULATION REVOLVING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	30.0	29.0	29.0
Personal Services	980,200	1,017,300	1,047,200
Employee Related Expenditures	218,400	201,600	238,200
Professional and Outside Services	161,600	105,800	5,000
Travel - In State	7,600	11,000	11,000
Travel - Out of State	13,300	16,000	16,000
Other Operating Expenditures	475,300	633,900	510,900
Equipment	28,500	-0-	-0-
All Other Operating Expenditures	686,300	766,700	542,900
TOTAL APPROPRIATIONS	1,884,900	1,985,600	1,828,300 ^{1/}
<u>Fund Summary</u>			
General Fund	1,884,900	1,985,600	1,719,700
Utility Regulation Revolving Fund	-0-	-0-	108,600
TOTAL APPROPRIATIONS	1,884,900	1,985,600	1,828,300

Program Description — *The Administration/Hearing program, while treated as one budgetary unit, represents 2 distinct elements of the commission. The Administration Division is responsible for preparation of the annual budget request, financial management for all divisions, and other administrative services required by all divisions. The Commissioners and their support staff are located within the Administration Division. The Hearings Division is responsible for conducting public utility rate hearings, analyzing evidence, and drafting recommended commission orders regarding decisions on utility rates.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$10,300 in vacancy savings from the General Fund. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$27,100 from the General Fund and \$2,900 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes funding from both the General Fund and the Utility Regulation Revolving Fund in order to more accurately cost allocate the salaries of staff with agencywide administrative duties.

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and line items within the "Operating Subtotal" are shown for information only.

(Continued)

CORPORATION COMMISSION - ADMINISTRATION/HEARING (Cont'd)
GENERAL FUND AND UTILITY REGULATION REVOLVING FUND

Employee Related Expenditures — The approved amount includes an additional \$4,100 from the General Fund and \$400 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$67,100 from the General Fund and \$10,900 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a decrease of \$100,800, reflecting the agency's FY 1994 purchase of a minicomputer, thereby eliminating their Department of Administration Data Center charges.

Other Operating Expenditures — The approved amount includes: a) a total of \$39,300 from the General Fund for the payment of Risk Management premiums, which reflects a reduction of \$6,400 from the General Fund, as authorized under Section 79 of the General Appropriation Act, b) a total of \$259,900 from the General Fund for rent of state-owned space and \$27,300 for the Tucson State Office Building lease-purchase payment, and c) a decrease of \$19,300 reflecting lower repair and maintenance charges.

CORPORATION COMMISSION - CORPORATIONS

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Child

GENERAL FUND AND ARIZONA ARTS TRUST FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	43.0	42.0	42.0
Personal Services	746,700	762,000	788,700
Employee Related Expenditures	195,700	195,800	230,200
Professional and Outside Services	21,900	20,000	50,000
Travel - In State	700	600	600
Travel - Out of State	3,500	3,500	3,500
Other Operating Expenditures	174,900	170,000	170,000
Equipment	8,100	-0-	-0-
All Other Operating Expenditures	209,100	194,100	224,100
OPERATING SUBTOTAL	1,151,500	1,151,900	1,243,000
Arts Trust Fund Administration	26,100	26,800	28,000
TOTAL APPROPRIATIONS	1,177,600	1,178,700	1,271,000 ^{2/}
<u>Fund Summary</u>			
General Fund	1,151,500	1,151,900	1,243,000
Arizona Arts Trust Fund	26,100	26,800	28,000
TOTAL APPROPRIATIONS	1,177,600	1,178,700	1,271,000

Program Description — *The Corporations Division is responsible for administering the corporations code. The Corporations Division receives and maintains for public access corporate annual reports, articles of incorporation, and corporate status change documents.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$7,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$26,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$26,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} The FTE Positions total includes 1 FTE position funded from the Arts Trust Fund Administration Special Line Item in FY 1993 through FY 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and line items within the "Operating Subtotal" are shown for information only.

(Continued)

CORPORATION COMMISSION - CORPORATIONS (Cont'd)
GENERAL FUND AND ARIZONA ARTS TRUST FUND

The approved amount also includes a total of \$110,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount reflects an additional \$30,000 for hiring temporary clerical help to assist with the processing backlog during the peak corporation annual report filing period.

Arts Trust Fund Administration — Represents funds appropriated from the Arizona Arts Trust Fund to support 1 FTE position who processes the Arts Trust Fund assessment. The approved amount includes an additional \$600 in Personal Services and \$100 in Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$2,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Arizona Business Corporation Act; Fees (Chapter 199, S.B. 1245) — This law contains the fee schedule to accompany the Arizona Business Corporation Act, with only minor modifications to the existing schedule to reflect the changes made by H.B. 2124. The Public Access Fund will continue but will no longer become subject to legislative appropriation in FY 1996.

Arizona Business Corporation Act (Chapter 223, H.B. 2124) — Effective January 1, 1996, this law entirely replaces Arizona's previous corporation code, established in 1975. The new Corporation Act is based on the American Bar Association's Model Corporation Act of 1984 and incorporates developments from corporate law and other states as well as an overhaul of the current statutes in order to enhance uniformity.

CORPORATION COMMISSION - SECURITIES

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	40.0	39.0	39.0
Personal Services	1,279,500	1,303,100	1,348,800
Employee Related Expenditures	266,100	256,600	308,400
Professional and Outside Services	-0-	-0-	-0-
Travel - In State	-0-	-0-	-0-
Other Operating Expenditures	200	-0-	-0-
All Other Operating Expenditures	200	-0-	0
TOTAL APPROPRIATIONS	1,545,800	1,559,700	1,657,200

Program Description — *The Securities Division regulates the sale of securities in Arizona, including the registration of securities and the licensing of securities brokers. The Securities Division also takes enforcement actions against persons violating provisions of the Arizona Securities Act. The division is comprised of 5 sections: Corporation Finance, Trading and Markets, Laws and Policy, Enforcement, and Financial Analysis.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$13,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$45,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$6,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$104,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Investment Management; Licensure (Chapter 311, H.B. 2271) — Requires licensure by September 1, 1994 of investment advisers and establishes rules and procedures regulating their business practice. Dealers or salesmen already registered under the Arizona Securities Act are not required to re-register. The annual license fee for each adviser is \$250 and for each advisor representative \$40. Transfer fees are set at \$40. These fees are to be deposited in the Investment Management Regulatory and Enforcement Fund, to become subject to legislative appropriation July 1, 1996. Sums over \$500,000 at the end of each fiscal year remaining in the Investment Management Regulatory and Enforcement Fund will revert to the General Fund. Conditions for license revocation and appeal are outlined.

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and line items within the "Operating Subtotal" are shown for information only.

(Continued)

CORPORATION COMMISSION - SECURITIES Cont'd)
GENERAL FUND

Also prescribes procedures for the registration of an indefinite amount of securities issued by open-end companies, defined as any management company that is offering for sale or has outstanding any redeemable security of which it is the issuer, and unit investment trusts, defined as an investment company which issues only redeemable securities, each of which represents an undivided interest in a unit of specified securities. Registration fees are to be divided among the General Fund, the Capital Markets Account of the Commerce and Economic Development Commission Fund, and the Investment Management Regulatory and Enforcement Fund.

CORPORATION COMMISSION - RAILROAD SAFETY

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	8.0	8.0	8.0
Personal Services	226,100	233,000	241,200
Employee Related Expenditures	52,600	48,600	58,400
Travel - In State	48,000	44,000	44,000
Travel - Out of State	6,800	6,800	6,800
Other Operating Expenditures	16,200	15,400	15,400
All Other Operating Expenditures	71,000	66,200	66,200
OPERATING SUBTOTAL	349,700	347,800	365,800
Railroad Warning Systems	48,100	-0-	-0-
TOTAL APPROPRIATIONS	397,800	347,800	365,800 ^{1/}

Program Description — *The Railroad Safety program is a unit within the Utilities Division and is responsible for the inspection of railroad track, equipment, operating practices, hazardous material loading and unloading, and rail-highway grade crossings. Through an agreement with the Federal Railroad Administration, this division also conducts inspection of interstate railroads.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$8,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$21,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Railroad Warning Systems — Funds in the Railroad Warning Systems Special Line Item provide the state match for federal funds used to upgrade railroad crossings throughout the state. No new General Fund appropriation was approved for FY 1995 given the presence of a \$397,900 FY 1994 carry-forward balance remaining from prior year appropriations.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency with Special Line Items. The program detail and line items within the "Operating Subtotal" are shown for information only.

CORPORATION COMMISSION - UTILITIES

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Child

UTILITY REGULATION REVOLVING FUND & PIPELINE SAFETY REVOLVING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	87.5	87.5	87.5
Personal Services	2,601,200	2,680,200	2,777,200
Employee Related Expenditures	619,500	544,900	655,100
Professional and Outside Services	49,200	85,000	85,000
Travel - In State	118,700	118,100	118,100
Travel - Out of State	15,700	20,000	20,000
Other Operating Expenditures	876,200	733,000	766,500
Equipment	59,600	17,500	15,500
All Other Operating Expenditures	1,119,400	973,600	1,005,100
OPERATING SUBTOTAL	4,340,100	4,198,700	4,437,400
Utility Audits, Studies, Investigations	390,000	350,000	350,000 ^{1/}
Pipeline Safety Revolving Fund	79,600	-0-	-0-
TOTAL APPROPRIATIONS	4,809,700	4,548,700	4,787,400 ^{2/}
<u>Fund Summary</u>			
Utility Regulation Revolving Fund	4,730,100	4,548,700	4,787,400
Pipeline Safety Revolving Fund	79,600	-0-	-0-
TOTAL APPROPRIATIONS	4,809,700	4,548,700	4,787,400

Program Description — *The Utilities Division monitors the operations of approximately 500 public service corporations within the State of Arizona. The Utilities Division participates as an independent party in all utility-related proceedings before the commission and provides the Commissioners with recommendations. The Utilities Division also monitors compliance with commission rate decisions, attempts to resolve disputes between utilities and their customers, and is responsible for the inspection of gas pipelines and the operation of a pipeline safety program.*

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$40,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount also includes an additional \$94,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

CORPORATION COMMISSION - UTILITIES (Cont'd)

UTILITY REGULATION REVOLVING FUND & PIPELINE SAFETY REVOLVING FUND

Employee Related Expenditures — The approved amount includes an additional \$14,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$233,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$82,400 for the payment of Risk Management premiums, which reflects a reduction of \$13,300, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$332,400 for rent of state-owned space, \$31,700 for the Tucson State Office Building lease-purchase payment, and \$2,700 for private office lease space.

Equipment — The approved amount includes a total of \$15,500 for the purchase of 7 replacement computers and a laser printer.

Utility Audits, Studies, Investigations and Rate Hearings — Represents funds used to hire outside consultants who provide expertise and advise Utilities staff during commission public utility rate hearings.

ADDITIONAL LEGISLATION

Corporation Commission; Rate Filing Procedures (Chapter 153, H.B. 2099) — Establishes a timetable within which the Corporation Commission must act on utility rate filings. For utilities with an annual operating revenue of \$1,000,000 or more, the deadline is 270 days; for smaller utilities, the deadline is 180 days. Also requires the Corporation Commission to adopt rules providing for simplified filing requirements and procedures for utilities whose annual operating revenues are less than \$250,000. If a decision on a rate filing has not been issued within the required time period, the utility may implement reasonable modifications to rates and charges on an interim basis, subject to refund, pending a final decision.

CORPORATION COMMISSION - LEGAL

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Child

UTILITY REGULATION REVOLVING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	16.5	16.5	16.5
Personal Services	660,600	676,900	700,700
Employee Related Expenditures	122,400	122,100	148,500
Professional and Outside Services	18,900	19,700	19,700
Travel - In State	4,900	3,500	3,500
Travel - Out of State	9,600	13,600	13,600
Other Operating Expenditures	107,000	109,100	109,100
Equipment	7,700	-0-	-0-
All Other Operating Expenditures	148,100	145,900	145,900
TOTAL APPROPRIATIONS	931,100	944,900	995,100 ^{1/}

Program Description — *The Legal Division provides legal representation to the Corporation Commission in the performance of all its duties, except for areas associated with the Securities Division. Securities-related legal cases are litigated by the Attorney General's office.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$23,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$3,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$44,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and line items within the "Operating Subtotal" are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - SUMMARY

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administration	2,720,900	2,879,400	4,608,100
Claims	2,462,600	2,725,000	2,659,400
Administrative Law Judge	3,619,400	3,649,900	3,873,800
Labor	414,600	432,400	447,400
Special Fund	420,900	464,200	563,900
Occupational Safety and Health	1,572,900	1,664,400	1,676,100
Legal Counsel	663,900	666,300	892,800
TOTAL APPROPRIATIONS	11,875,200	12,481,600	14,721,500
<u>Expenditure Detail</u>			
FTE Positions	260.0	261.0	265.0
Personal Services	6,103,200	6,543,900	6,818,700
Employee Related Expenditures	1,440,600	1,428,200	1,558,200
Professional and Outside Services	1,531,400	1,627,100	1,755,100
Travel - In State	133,400	155,400	167,300
Travel - Out of State	12,500	11,900	11,900
Other Operating Expenditures	2,342,500	2,690,100	2,590,000
Equipment	311,600	25,000	19,000
All Other Operating Expenditures	4,331,400	4,509,500	4,543,300
OPERATING SUBTOTAL	11,875,200	12,481,600	12,920,200
Automation	-0-	-0-	1,801,300
TOTAL APPROPRIATIONS	11,875,200	12,481,600	14,721,500 ^{1/}

Agency Description — *The Industrial Commission regulates the workers' compensation insurance industry. The commission is also responsible for child labor issues, occupational safety and health issues, wage claim dispute resolutions, licensing of private employment agencies and providing workers' compensation coverage for claimants of uninsured and self-insured employers or insolvent carriers.*

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

INDUSTRIAL COMMISSION OF ARIZONA - SUMMARY (Cont'd)
ADMINISTRATIVE FUND

Laws 1993, Chapter 9 changed the Administration Fund tax rate from a 3% tax per year to a floating rate not to exceed 3%. Previously, any surplus Administration Fund collections were transferred to the Special Fund. By the end of FY 1993, the Special Fund had accumulated an unobligated fund balance of \$47.4 million. Under the new legislation, the commission sets the tax rate in order to cover the anticipated cost of the commission's operating budget. Any surplus or deficit in the revenue above or below the expenses of the commission must be incorporated into the calculation of next year's rate. For CY 1994, the rate was fixed at 1.25%.

Personal Services — The approved amount is based upon an overall agency vacancy factor of 1.1% and \$71,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$230,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$29,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$688,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$4,700 for the payment of Risk Management premiums, which reflects a total reduction of \$20,300, including a reduction of \$800, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$621,100 in rent payments to the Special Fund.

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1995 General Fund operating budget from the revised FY 1994 estimate:

• Automation Project	\$ 1,801,300
• General Salary Adjustment	259,800
• One-time Adjustments in the Personal Services Base	(126,000)
• Hearing Costs	159,300
• Caseload Growth	110,300
• Rehabilitation Nurse	52,000
• Other Changes	<u>(16,900)</u>
TOTAL CHANGE FROM REVISED FY 1994	\$ 2,239,900

INDUSTRIAL COMMISSION OF ARIZONA - ADMINISTRATION

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	43.0	42.0	42.0
Personal Services	1,013,400	1,056,300	1,077,800
Employee Related Expenditures	240,200	227,600	243,400
Professional and Outside Services	40,000	78,700	78,700
Travel - In State	19,600	17,800	17,800
Travel - Out of State	5,100	4,500	4,500
Other Operating Expenditures	1,201,900	1,494,500	1,384,600
Equipment	200,700	-0-	-0-
All Other Operating Expenditures	1,467,300	1,595,500	1,485,600
OPERATING SUBTOTAL	2,720,900	2,879,400	2,806,800
Automation	-0-	-0-	1,801,300
TOTAL APPROPRIATIONS	2,720,900	2,879,400	4,608,100 ^{1/}

Program Description — *The Administration Division provides an Ombudsman to assist claimants and resolve difficulties associated with filing workers' compensation claims. The division provides general administrative services, including personnel, building maintenance and data processing. The division also evaluates funding criteria and applications and renewals of applications for self-insured employers, as well as providing medical and compensation payments for uninsured claimants.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$10,500 in vacancy savings. The approved amount includes an additional \$35,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a reduction of \$14,400 to reflect a one-time adjustment to the Personal Services base.

Employee Related Expenditures — The approved amount includes an additional \$4,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$109,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

INDUSTRIAL COMMISSION OF ARIZONA - ADMINISTRATION (Cont'd)
ADMINISTRATIVE FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$3,900 for the payment of Risk Management premiums, which reflects a total reduction of \$17,000, including a reduction of \$700, as authorized by Section 79 of the General Appropriation Act.

The approved amount includes: a) a decrease of \$99,700 to reflect lower maintenance costs associated with the new automation system, b) a decrease of \$55,300 to reflect the one-time purchase of supplies for the optical disk system, and c) an additional \$62,100 to fund the expansion of the commission's Tucson space by 4,600 square feet to allow it to provide hearing room facilities comparable to the facilities in the Phoenix office.

Automation — The approved amount includes \$1,801,300 to fund the replacement of the agency's mainframe system and the expansion of its optical disk system to other divisions within the commission.

INDUSTRIAL COMMISSION OF ARIZONA - CLAIMS

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	83.0	83.0	82.0
Personal Services	1,304,400	1,458,100	1,435,100
Employee Related Expenditures	338,600	377,400	396,800
Professional and Outside Services	301,100	400,000	363,000
Travel - In State	400	1,000	1,000
Travel - Out of State	1,900	2,000	2,000
Other Operating Expenditures	416,200	461,500	461,500
Equipment	100,000	25,000	-0-
All Other Operating Expenditures	819,600	889,500	827,500
TOTAL APPROPRIATIONS	2,462,600	2,725,000	2,659,400 ^{1/}

Program Description — *The Claims Division regulates activities of insurance carriers and self-insured employers that process industrial injury claims. The division also assesses penalties or increases in insurance benefits for bad faith or unfair claims processes.*

FTE Positions — The approved amount includes a transfer of 1 FTE position and \$41,600 to the Special Fund division.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$21,600 in vacancy savings. The approved amount includes an additional \$48,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes: a) a decrease of \$37,800 to reflect a one-time adjustment to the Personal Services base, and b) a decrease of \$34,500 to reflect the FTE position transfer.

Employee Related Expenditures — The approved amount includes an additional \$6,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$212,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a decrease of \$37,000 in Department of Administration data charges.

Equipment — The approved amount includes a decrease of \$25,000 to reflect the one-time purchase of a server and software package.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

**INDUSTRIAL COMMISSION OF ARIZONA -
ADMINISTRATIVE LAW JUDGE**

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	54.0	54.0	54.0
Personal Services	1,819,800	1,915,400	1,955,300
Employee Related Expenditures	403,500	363,600	388,300
Professional and Outside Services	1,044,800	1,031,200	1,181,200
Travel - In State	25,400	25,000	28,700
Travel - Out of State	-0-	600	600
Other Operating Expenditures	325,900	314,100	319,700
All Other Operating Expenditures	1,396,100	1,370,900	1,530,200
TOTAL APPROPRIATIONS	3,619,400	3,649,900	3,873,800 ^{1/}

Program Description — *The Administrative Law Judge Division adjudicates disputed workers' compensation claims. The division issues citations and cease and desist orders, as well as assesses penalties for the OSHA and Labor Divisions.*

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$28,800 in vacancy savings. The approved amount includes an additional \$66,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a decrease of \$26,900 to reflect a one-time adjustment to the Personal Services base.

Employee Related Expenditures — The approved amount includes an additional \$8,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$139,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Hearing Costs — The approved amount includes an increase of \$150,000 in Professional and Outside Services for court reporter and medical witness fees to address a projected increase in caseload in FY 1995. The amount also includes an additional \$5,600 in Other Operating Expenditures and \$3,700 in Travel - In State.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - LABOR

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	14.0	14.0	14.0
Personal Services	278,500	288,000	297,500
Employee Related Expenditures	65,700	69,500	75,000
Professional and Outside Services	200	200	200
Travel - In State	4,900	7,500	7,500
Travel - Out of State	500	1,400	1,400
Other Operating Expenditures	55,600	65,800	65,800
Equipment	9,200	-0-	-0-
All Other Operating Expenditures	70,400	74,900	74,900
TOTAL APPROPRIATIONS	414,600	432,400	447,400 ^{1/}

Program Description — *The Labor Division provides for the administration of labor laws relating to the resolution of wage complaint disputes. The division regulates private employment agencies and enforces child labor statutes and regulations.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$10,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes a decrease of \$600 which reflects a one-time adjustment to the Personal Services base.

Employee Related Expenditures — The approved amount includes an additional \$1,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$36,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - SPECIAL FUND

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	15.0	15.0	17.0
Personal Services	280,400	320,100	386,200
Employee Related Expenditures	76,100	75,900	94,400
Professional and Outside Services	21,100	15,700	15,700
Travel - In State	-0-	1,000	5,100
Other Operating Expenditures	43,300	51,500	53,000
Equipment	-0-	-0-	9,500
All Other Operating Expenditures	64,400	68,200	83,300
TOTAL APPROPRIATIONS	420,900	464,200	563,900 ^{1/}

Program Description — *The Special Fund Division processes all claims and provides benefits for injured workers when the employer fails to provide workers' compensation insurance. The benefits are non-appropriated. The majority of benefits relate to pre-1973 permanent injuries; prior to then, insurance carriers were not required to provide workers' compensation benefits. The division also provides rehabilitation for permanently injured workers.*

FTE Positions — The approved amount includes: a) an increase of 1 Rehabilitation Nurse FTE position and \$52,000 (\$30,400 in Personal Services; \$6,500 in Employee Related Expenditures; \$4,100 in Travel - In State; \$1,500 in Other Operating Expenditures; and \$9,500 in Equipment) to assist claimants in obtaining appropriate medical services, thereby minimizing time lost from work. The Travel - In State and Equipment monies will fund a vehicle, which will be shared by the division's 2 investigators and the nurse. The amount also includes a transfer of 1 FTE position and \$41,600 from the Claims Division.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$13,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes: a) an increase of \$34,500 to reflect the FTE position transfer, and b) a decrease of \$11,900 to reflect the hiring of new employees at lower salary levels.

Employee Related Expenditures — The approved amount includes an additional \$1,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$44,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - OCCUPATIONAL SAFETY AND HEALTH A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	36.0	38.0	38.0
Personal Services	1,000,500	1,077,900	1,080,100
Employee Related Expenditures	235,000	224,900	237,700
Professional and Outside Services	49,500	47,100	47,100
Travel - In State	74,100	95,400	95,400
Travel - Out of State	3,900	2,900	2,900
Other Operating Expenditures	208,200	216,200	212,900
Equipment	1,700	-0-	-0-
All Other Operating Expenditures	337,400	361,600	358,300
TOTAL APPROPRIATIONS	1,572,900	1,664,400	1,676,100 ^{1/}

Program Description — *The Occupational Safety and Health Division, which is certified by the U.S. Department of Labor, administers the Arizona occupational safety and health laws. The division also is responsible for ensuring that elevators and boilers are safe and in proper working condition.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$10,500 in vacancy savings. The approved amount includes an additional \$36,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a decrease of \$34,300 to reflect a one-time adjustment in the Personal Services base.

Employee Related Expenditures — The approved amount includes an additional \$4,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$98,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$800 for the payment of Risk Management premiums, which reflects a total reduction of \$3,300, including a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

INDUSTRIAL COMMISSION - LEGAL COUNSEL

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Reddy

ADMINISTRATIVE FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	15.0	15.0	18.0
Personal Services	406,200	428,100	586,700
Employee Related Expenditures	80,900	89,300	122,600
Professional and Outside Services	74,700	54,200	69,200
Travel - In State	9,000	7,700	11,800
Travel - Out of State	1,100	500	500
Other Operating Expenditures	92,000	86,500	92,500
Equipment	-0-	-0-	9,500
All Other Operating Expenditures	176,800	148,900	183,500
TOTAL APPROPRIATIONS	663,900	666,300	892,800 ^{1/}

Program Description — *The Legal Division represents the Industrial Commission when litigating cases involving the enforcement and collection of penalties associated with employees not having workers' compensation insurance. The division provides legal opinions and advice to the director of the commission concerning policy and procedural matters.*

FTE Positions — The approved amount includes an additional 3 FTE positions and an increase of \$135,700.

- **Caseload Growth** — Over the past five years, the division's caseload has increased 55.6% without any corresponding increase in staff. The approved amount includes \$93,800 (\$75,700 in Personal Services; \$15,100 in Employee Related Expenditures; and \$3,000 in Other Operating Expenditures) to hire and equip an Attorney IV FTE position and a Legal Secretary II FTE position.
- **Investigations Backlog** — The approved amount includes \$41,900 (\$21,500 in Personal Services; \$5,300 in Employee Related Expenditures; \$4,100 in Travel - In State; \$1,500 in Other Operating Expenditures; and \$9,500 in Equipment) to hire and equip an Investigator III FTE position to investigate and collect damages from employers whose employees have received payment from the Special Fund for work-related injuries.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$19,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes \$41,500 to fund the reclassification of 3 attorney positions.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The program and line item detail are shown for information only.

(Continued)

INDUSTRIAL COMMISSION - LEGAL COUNSEL (Cont'd)
ADMINISTRATION FUND

Employee Related Expenditures — The approved amount includes an additional \$2,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$47,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an increase of \$15,000 to adjust for caseload growth.

Other Operating Expenditures — The approved amount includes an increase of \$1,500 to adjust for caseload growth.

DEPARTMENT OF INSURANCE

A.R.S. § 20-101

Chris Herstam, Director

JLBC Analyst: Smith

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	86.0	86.9	86.9
Personal Services	1,790,900	2,097,000	2,176,700
Employee Related Expenditures	452,900	461,900	512,400
Professional and Outside Services	180,300	33,700	81,700
Travel - In State	3,500	4,800	9,200
Travel - Out of State	10,700	10,600	10,600
Other Operating Expenditures	606,600	389,500	865,100
Equipment	27,200	25,000	4,400
All Other Operating Expenditures	828,300	463,600	971,000
OPERATING SUBTOTAL	3,072,100	3,022,500	3,660,100 ^{1/2}
Insurance Rate Publication	-0-	-0-	40,000
TOTAL	3,072,100	3,022,500	3,700,100
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Insurance Fraud Unit, Ch. 154	--	--	750,000
TOTAL APPROPRIATIONS	3,072,100	3,022,500	4,450,100

Agency Description — *The department regulates the insurance industry. The department's major duties include solvency regulation, collection and audit of insurance premium taxes, agent licensing, company certification, consumer assistance, complaint resolution, rate and policy form regulation, and administration of companies in receivership.*

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with a Special Line Item. The line items within the "Operating Subtotal" are shown for information only.

^{2/} It is the intent of the Legislature that only expenses specifically related to examinations, including pre-examination and post-examination expenses, shall be paid from the Insurance Examiners Revolving Fund. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF INSURANCE (Cont'd)
GENERAL FUND

FTE Positions — The approved amount includes: a) an additional 2 FTE positions and associated \$89,600 for an Administrative Service Officer III and an Insurance Analyst III position in order to implement the provisions of Laws 1993, Chapter 231, which mandates licensure and regulation of insurers which provide group health insurance policies (accountable health plans); b) an additional 1 FTE position and associated \$53,800 for a Solvency Analyst position to address increased national guidelines for solvency regulation; c) a reduction of 1 FTE position and associated \$46,100 to remove an Escrow Analyst position in order to implement the provisions of Laws 1992, Chapter 203, which transferred the department's responsibilities for examination of escrow agents to the State Banking Department; and d) a reduction of 2 FTE positions and associated \$74,700 to remove an EDP Programmer Analyst III and an EDP Programmer Analyst II position, now funded through the department's non-appropriated Computer System Fund.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$31,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$73,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes an additional \$33,700 for the Administrative Service Officer position, an additional \$30,900 for the Insurance Analyst position, an additional \$40,600 for the Solvency Analyst position, a reduction of \$38,000 for the Escrow Analyst position, and a reduction of \$61,400 for the 2 EDP Programmer Analyst positions.

Employee Related Expenditures — The approved amount includes an additional \$9,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$231,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an additional \$48,000 for contract services to replace monies previously spent from the non-appropriated Insurance Examiners Revolving Fund. (See footnote 2.)

Other Operating Expenditures — The approved amount includes: a) a total of \$139,900 for the payment of Risk Management premiums, which reflects a reduction of \$22,600, as authorized by Section 79 of the General Appropriation Act; b) a total of \$266,400 for the Sun State Building lease-purchase payment, which reflects an additional \$400, as authorized by Section 72 of the General Appropriation Act; c) a total of \$22,900 for the Tucson State Office Building lease-purchase payment; and d) a total of \$11,600 in noncapitalized equipment.

In addition to the lease-purchase payment, the approved amount includes a total of \$170,600 for Operations and Maintenance (O&M) charges for the Sun State Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

In FY 1994, the department's Sun State Building lease-purchase payment and O&M charge were funded in the Department of Administration's budget as a transitional measure during agency relocation. The Department of Insurance was 1 of 4 agencies to relocate to the Sun State Building located at 44th Street and Thomas Road in Phoenix. The lease-purchase payment and O&M charge listed above reflect the return of this funding to the Department of Insurance's appropriation in FY 1995.

The approved amount also includes an additional \$3,900 in one-time expenditures associated with the department's new positions.

Equipment — The approved amount includes a total of \$4,400 for furniture and equipment associated with the new positions.

Insurance Rate Publication — Laws 1993, 5th Special Session, Chapter 1 requires the department to hold public hearings in at least 5 geographical areas, report on the profit or loss of auto insurance, compile auto insurance premium comparisons and complaint ratios, and provide copies of the premium comparisons and complaint ratios to the Department of

(Continued)

DEPARTMENT OF INSURANCE (Cont'd)
GENERAL FUND

Transportation for distribution to the public. This special line item appropriation includes \$40,000 for costs associated with providing copies of the premium comparisons and complaint ratios. An additional \$4,400 is included in the Travel - In State line item, rather than in this special line item.

ADDITIONAL APPROPRIATION

Insurance Fraud Unit (Chapter 154, S.B. 1071) — This bill establishes a fraud unit in the Department of Insurance, starting in FY 1995. The department shall investigate suspected fraud committed by insureds against insurance companies and report alleged violations to the Attorney General. Starting after the April 18, 1994 effective date of the legislation, the department shall annually assess insurance companies up to \$500 for the administration and operation of the fraud unit. Monies will be deposited to the General Fund. Each year the fee will be revised so that the total is at least 95% but not more than 110% of the appropriated budget of the fraud unit for the prior fiscal year. For FY 1995, the department is appropriated the amount of fees collected from the first annual assessment or \$750,000, whichever is less. The department expects to collect \$827,500. Beginning in 1996, the department shall report each December to the President of the Senate and the Speaker of the House of Representatives on the activities of the fraud unit, including the number of cases investigated, the number of cases referred to the Attorney General, the number of cases resulting in prosecution, and the total dollar amount of restitution that resulted from the operation of the fraud unit. The authority for the fraud unit is repealed after June 30, 1999.

DEPARTMENT OF LIQUOR LICENSES AND CONTROL

A.R.S. § 4-101

Howard Adams, Director

JLBC Analyst: Child

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	54.0	50.0	52.0
Personal Services	1,119,100	1,166,600	1,264,600
Employee Related Expenditures	287,700	279,300	309,300
Professional and Outside Services	25,600	34,800	34,800
Travel - In State	60,900	56,000	94,800
Travel - Out of State	1,100	-0-	1,000
Other Operating Expenditures	387,400	338,800	332,200
Equipment	-0-	-0-	19,000
All Other Operating Expenditures	475,000	429,600	481,800
OPERATING SUBTOTAL	1,881,800	1,875,500	2,055,700
Liquor Board	23,900	24,800	-0-
TOTAL APPROPRIATIONS	1,905,700	1,900,300	2,055,700 ^{1/}

Agency Description — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

FTE Positions — The approved amount includes an increase of 2 FTE Investigator III positions and \$75,200 to assist the department's field investigation and enforcement efforts.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$11,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$42,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, an additional \$43,000 for the new Investigator III positions, and the transfer of \$12,600 in Liquor Board per diem from the Liquor Board Special Line Item, which is being eliminated.

Employee Related Expenditures — The approved amount includes an additional \$5,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a total of \$11,200 for the new Investigator III positions.

The approved amount also includes a total of \$142,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

DEPARTMENT OF LIQUOR LICENSES AND CONTROL (Cont'd)
GENERAL FUND

Travel - In State — The approved amount includes the transfer of \$11,400 from the Liquor Board Special Line Item, and an increase of \$2,000 for travel associated with the new Investigator III positions. The approved amount also includes an increase of \$17,500 to fund the monthly fee and mileage charges for 4 Department of Administration fleet vehicles, and an increase of \$7,900 to comply with the Americans with Disabilities Act.

Travel - Out of State — The approved amount includes a total of \$1,000 to help compensate for loss of Racketeering Influenced Corrupt Organizations (RICO) monies, which the department is no longer accepting.

Other Operating Expenditures — The approved amount includes: a) a total of \$38,700 for the payment of Risk Management premiums, which reflects a reduction of \$6,300, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$26,700 for the Tucson State Office Building lease-purchase payment.

Equipment — The approved amount includes a total of \$19,000 for vehicles for the new Investigator III positions.

Liquor Board — The Liquor Board Special Line Item is being eliminated. The department's Liquor Board was the only regulatory board in the state with separate line item appropriation for its expenses.

ADDITIONAL LEGISLATION

Public Finances: Omnibus Budget Reconciliation (Chapter 5, H.B. 2005) — Retroactively corrects the language of A.R.S. § 4-115B, clarifying that the General Fund is to receive 2/3 of all liquor license fees. The department is to return \$3,000 to Maricopa and Pima Counties for each license issued in an unincorporated area, up to an annual maximum of \$150,000 per county. The department will retain the remainder for agency automation. All other counties will continue to receive 1/3 of all liquor license fees for licenses issued within their county.

Omnibus Liquor Bill (Chapter 372, S.B. 1389) — Establishes a new license and renewal fee of \$25 for certain out-of-state wineries. Also authorizes the director of the department to assess an annual \$20 surcharge on certain liquor licenses to support an auditor and support staff position to review restaurant liquor license minimum revenue requirements. The director may also assess an annual \$25 surcharge on all liquor licenses to fund an enforcement program to investigate licensees who have been the subject of multiple complaints.

Liquor Administration and Enforcement (Chapter 373, S.B. 1397) — Makes numerous changes to the department's statutes, including: a) authorizes the director to adopt rules and set standards for approving server training programs, b) allows municipalities to enact and enforce ordinances regulating the age and conduct of erotic entertainers, but prohibits them from adopting ordinances or regulations in conflict with any other state liquor law, c) prohibits the use of a vending machine for dispensing spirituous liquor, d) authorizes the confiscation of wines carrying a label including a reference to Arizona or any Arizona city unless at least 75% of the grapes used in making the wine were grown in this state, e) prohibits the department from issuing or renewing a license for any person who does not provide a complete financial disclosure statement, and f) prohibits a licensee from furnishing spirituous liquor to an "obviously" intoxicated person.

STATE MINE INSPECTOR

A.R.S. § 27-121

The Honorable Douglas K. Martin, State Mine Inspector

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	10.5	10.0	14.0
Personal Services	324,700	316,100	425,700
Employee Related Expenditures	72,700	67,900	93,500
Professional and Outside Services	2,800	-0-	-0-
Travel - In State	38,000	43,400	108,200
Travel - Out of State	600	1,400	1,700
Other Operating Expenditures	179,200	107,400	79,200
Equipment	-0-	5,300	15,400
All Other Operating Expenditures	220,600	157,500	204,500
OPERATING SUBTOTAL	618,000	541,500	723,700 ^{1/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Mines and Mined Land Reclamation, Ch. 118	--	--	120,000
TOTAL APPROPRIATIONS	618,000	541,500	843,700

Agency Description — *The State Mine Inspector is an elected constitutional officer. The Mine Inspector inspects the health conditions and safety of mining operations, investigates mining accidents, identifies abandoned mines, and conducts safety certification classes for mine employees.*

FTE Positions — The approved amount includes 4 new FTE positions (2 Deputy Mine Inspectors, 1 accountant and 1 secretary) and \$193,600 to augment the safety inspection division. Each additional inspector, after 1 year of training, will provide approximately 300 additional safety inspections and 25 dust and noise sampling surveys annually. This increased enforcement should improve the health and safety working conditions of Arizona mines.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$13,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$96,400 for the 4 new staff.

Employee Related Expenditures — The approved amount includes an additional \$1,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$23,400 for the 4 new FTE positions.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE MINE INSPECTOR (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$37,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount includes an increase of \$64,800 for 2 motor pool vehicles and related costs associated with the 2 new Deputy Mine Inspector positions.

Travel - Out of State — The approved amount includes an increase of \$300 to fully fund trips to the National Safety Council and the Arizona Rock Product Association meetings.

Other Operating Expenditures — The approved amount includes: a) a total of \$3,500 for the payment of Risk Management premiums, which reflects a reduction of \$600, as authorized by Section 79 of the General Appropriation Act. and b) a total of \$43,200 for rent of state-owned space. The approved amount also includes an increase of \$5,200 related to the 4 new positions.

Equipment — The approved amount includes funding for 2 dust monitors, 2 gas monitors, and 1 photocopy machine.

ADDITIONAL APPROPRIATIONS

Mines and Mined Land Reclamation (Chapter 118, S.B. 1365) — The sum of \$120,000 is appropriated in FY 1995 from the General Fund to develop the mined land reclamation rules. The appropriation is exempt from A.R.S. § 35-190, related to lapsing of appropriations.

Beginning on January 1, 1997, and subject to legislative appropriation, the State Mine Inspector shall establish a program to locate, inventory, classify and eliminate public safety hazards at abandoned mines, first on state lands and thereafter on any land not owned by this state.

The act also establishes a study committee which shall examine and recommend on: the need for a state department of mineral resources; the efficiency of combining existing state agencies, boards and commissions involved in the regulation or promotion of mineral resources in the state; and, the appropriate state agency to administer the mined land reclamation program. The study committee shall submit a final report by December 15, 1995.

OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD

A.R.S. § 23-422

Jim Weeks, Chairman

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	0.0	0.0	0.0
Personal Services	200	700	700
Professional and Outside Services	7,900	7,400	7,400
Travel - In State	700	900	900
All Other Operating Expenditures	8,600	8,300	8,300
TOTAL APPROPRIATIONS	8,800	9,000	9,000 ^{1/2/3/}

Agency Description — *The board reviews cases involving OSHA violations. The cases start with an informal conference with the Industrial Commission's OSHA Division Director. If not resolved, the employer can request a hearing before an Industrial Commission Administrative Law Judge. If either the Director of OSHA or the employer disagrees, the ruling can be appealed before the OSHA Review Board.*

Personal Services — The approved amount includes \$700 for board member per diem.

- 1/ Fifty percent of all Board expenses are paid for by the Federal Government as part of the OSHA grant included in the budget of the Industrial Commission - Occupational Safety and Health Division.
- 2/ Pursuant to A.R.S. § 23-422, the appropriation is exempt from A.R.S. § 35-190 relating to lapsing appropriations.
- 3/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

ARIZONA DEPARTMENT OF RACING - SUMMARY

A.R.S. § 5-101

James Higginbottom, Director

JLBC Analyst: Case

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Commercial Racing	2,338,700	2,421,400	2,522,200
Arizona Racing Industry	17,200	19,700	-0- ^{1/}
County Fair Racing	265,200	344,900	284,600
State Gaming Agency	193,200	1,015,400	1,314,600
TOTAL APPROPRIATIONS	2,814,300	3,801,400	4,121,400
<u>Expenditure Detail</u>			
FTE Positions	69.7	76.7 ^{2/}	84.2 ^{3/}
Personal Services	1,395,000	1,957,700 ^{4/}	2,236,700
Employee Related Expenditures	324,000	470,400 ^{4/}	527,500
Professional and Outside Services	558,600	696,000	90,900
Travel - In State	140,200	233,600	289,800
Travel - Out of State	13,700	54,900	44,800
Other Operating Expenditures	279,900	312,200	270,900
Equipment	102,900	76,600	57,100
All Other Operating Expenditures	1,095,300	1,373,300 ^{4/}	753,500
OPERATING SUBTOTAL	2,814,300	3,801,400 ^{4/}	3,517,700
Special Line Items	-0-	-0-	603,700
TOTAL APPROPRIATIONS	2,814,300	3,801,400 ^{4/}	4,121,400 ^{5/}
<u>Fund Summary</u>			
General Fund	2,355,900	2,441,100	2,522,200
County Fair Racing Fund	265,200	344,900	284,600
Permanent Tribal-State Compact Fund	193,200	1,015,400	1,314,600
TOTAL APPROPRIATIONS	2,814,300	3,801,400	4,121,400

- ^{1/} The Arizona Racing Industry has been eliminated as a program in the Appropriations Report. Funding for the Racing Commission, which was contained in the Arizona Racing Industry, has been transferred to Commercial Racing.
- ^{2/} The approved amount reflects the addition of 7 FTE positions by Laws 1994, Chapter 6.
- ^{3/} The FTE Positions total includes 1.6 FTE position funded from a special line item in FY 1995.
- ^{4/} The amounts shown reflect the adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6.
- ^{5/} Represents General Appropriation Act funds. Appropriation format varies by program.

(Continued)

ARIZONA DEPARTMENT OF RACING - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The department regulates the Arizona racing industry through supervision of race meetings, screening of license applicants, collection of taxes and fees, and assessment of fines or other penalties. The department also carries out the responsibilities of the State Gaming Agency in compacts with Indian tribes, and collects revenues for the Boxing Commission.*

FTE Positions — The approved amount adds a total of 7.5 FTE positions. The amount adds 1 FTE position to the Commercial Racing program to conduct inspections of greyhound-related facilities, eliminates 0.5 FTE position from the County Fair Racing program to reflect historical staffing patterns, and adds 7 FTE positions to the State Gaming Agency to handle an increased workload.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$13,800 in vacancy savings from the General Fund in the Commercial Racing program. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$46,700 from the General Fund and \$29,200 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$6,300 from the General Fund and \$4,000 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$136,000 from the General Fund and \$93,000 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$7,000 from the General Fund and \$2,900 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$1,100 from the General Fund and \$500 from Other Appropriated Funds, as authorized under Section 79 of the General Appropriation Act. The approved amount also includes a total of \$63,300 from the General Fund and \$48,400 from Other Appropriated Funds for rent in private space.

ARIZONA DEPARTMENT OF RACING - COMMERCIAL RACING

A.R.S. § 5-101

James Higginbottom, Director

JLBC Analyst: Case

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	49.2	49.2	50.2 ^{1/}
Personal Services	1,167,200	1,345,200	1,374,900
Employee Related Expenditures	277,800	316,600	317,500
Professional and Outside Services	507,800	518,800	7,100
Travel - In State	69,100	76,000	85,200
Travel - Out of State	8,000	1,500	4,800
Other Operating Expenditures	237,600	161,800	157,000
Equipment	71,200	1,500	12,000
All Other Operating Expenditures	893,700	759,600	266,100
OPERATING SUBTOTAL	2,338,700	2,421,400	1,958,500
Animal Testing	-0-	-0-	439,500
Yuma Greyhound Park	-0-	-0-	124,200 ^{2/}
TOTAL APPROPRIATIONS	2,338,700	2,421,400	2,522,200 ^{3/}

Program Description — Licenses, investigates and regulates the pari-mutuel horse and greyhound racing within the state. Also includes the 5-member Racing Commission, which issues race dates for commercial and county fair racing, prepares and promulgates rules for the industry, conducts hearings on disciplinary actions and permit applications, and issues permits to race tracks.

FTE Positions — The approved amount adds 1 FTE position and \$44,800 to comply with Laws 1993, Chapter 253, which requires the department to license and inspect greyhound kenneling, training, and breeding facilities.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$13,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$46,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$21,500 for an Investigator III to conduct inspections of greyhound-related facilities, as required by Laws 1993, Chapter 253. For FY 1995, \$38,300 has been moved to the Yuma Greyhound Park Special Line Item.

- ^{1/} The FTE Positions total includes 1.6 FTE positions funded from the Yuma Greyhound Park Special Line Item.
- ^{2/} If live racing is not held at Yuma Greyhound Park, \$122,700 shall revert to the state General Fund and 1.6 FTE positions are eliminated. (General Appropriation Act footnote.)
- ^{3/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line item detail within the Operating Subtotal is shown for information only.

(Continued)

ARIZONA DEPARTMENT OF RACING - COMMERCIAL RACING (Cont'd)
GENERAL FUND

Employee Related Expenditures — The approved amount includes an additional \$6,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$125,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount funds the provision of legal services. A total of \$514,300 for Animal Testing has been shifted to separate line items: \$439,500 to the Animal Testing Special Line Item and \$74,800 to the Yuma Greyhound Special Line Item.

Other Operating Expenditures — The approved amount includes a total of \$7,000 for the payment of Risk Management premiums, which reflects a reduction of \$1,100, as authorized by Section 79 of the General Appropriation Act and a total of \$63,300 for rent in private space.

Equipment — The approved amount includes \$12,000 for a van to provide transportation for the new greyhound facilities inspector.

Animal Testing — The approved amount funds the testing of racing horses and greyhounds for the presence of illegal substances, pursuant to A.R.S. § 5-105. In FY 1994, the funding was in the Professional and Outside Services line item, but has been shifted to a separate line item for better tracking.

Yuma Greyhound Park — The approved amount includes \$74,800 for animal testing, \$38,300 in Personal Services for 1.6 FTE positions, and \$9,600 in Employee Related Expenditures associated with the regulation of Yuma Greyhound Park. The park ceased running live races in FY 1994 but may conduct races again in FY 1995. A General Appropriation Act footnote requires these funds to be reverted and the FTE positions to be eliminated if live racing does not resume in FY 1995.

Racing Commission — With the elimination of the Arizona Racing Industry as a program, a total of \$19,700 has been transferred to Commercial Racing. The transferred amount includes \$2,600 for Professional and Outside Services, \$3,500 for Travel - In State, \$3,400 for Travel - Out of State, and \$10,200 for Other Operating Expenditures.

ADDITIONAL LEGISLATION

Agricultural Consulting and Training Program (Chapter 370, S.B. 1373) — The legislation changes the taxation and revenue picture of commercial horse and dog racetracks in the state. Its provisions include: 1) beginning in FY 1996, a hardship tax credit for tracks whose pari-mutuel handle is substantially down from a base year; 2) beginning in FY 1996, a 3-year phased in reduction in the tax on dog track pari-mutuel handles from 7.5% to 5.5% in Maricopa County and the same reduction for daily handles over \$100,000 for tracks in all other counties; 3) beginning in FY 1996, a 3-year phase-out of the state transactions privilege tax on wagering monies retained by tracks; 4) beginning in FY 1995, the exemption of all simulcast races from the payment of the tax on pari-mutuel handles; 5) beginning in FY 1996, the reinstatement of the capital improvement program for all counties but Maricopa, whereby tracks will receive a tax reduction if engaged in facility improvement projects approved by the Racing Commission; 6) beginning in FY 1995, permission for racetracks in all counties but Maricopa to conduct teletrack and simulcast wagering without running live races; 7) beginning in FY 1995, an increase in track "takeout"—the amount of the wagered handle retained by the track before winning ticket holders are paid; 8) beginning in FY 1995, minimum annual deposits to 7 racing-related funds; 9) beginning in FY 1995, under certain conditions, permission to offer simulcast races on days when live racing is not offered; and 10) beginning in FY 1995, permission to expand the number of off-track betting locations in Pima County.

ARIZONA DEPARTMENT OF RACING - ARIZONA RACING INDUSTRY A.R.S. § 5-101

James Higginbottom, Director

JLBC Analyst: Case

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	0.0	0.0	0.0
Professional and Outside Services	2,200	2,600	-0-
Travel - In State	1,500	3,500	-0-
Travel - Out of State	1,700	3,400	-0-
Other Operating Expenditures	11,300	10,200	-0-
All Other Operating Expenditures	16,700	19,700	-0-
TOTAL APPROPRIATIONS	16,700	19,700	-0-

Program Description - *The Arizona Racing Industry has been eliminated as a separate program. Funding has been transferred to Commercial Racing.*

ARIZONA DEPARTMENT OF RACING - COUNTY FAIR RACING

A.R.S. § 5-101

James Higginbottom, Director

JLBC Analyst: Case

COUNTY FAIR RACING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	6.5	6.5	6.0
Personal Services	112,100	162,900	127,300
Employee Related Expenditures	22,000	40,300	33,700
Professional and Outside Services	48,700	47,800	47,900
Travel - In State	62,300	82,600	69,100
Other Operating Expenditures	16,000	8,800	6,600
Equipment	4,100	2,500	-0-
All Other Operating Expenditures	131,100	141,700	123,600
TOTAL APPROPRIATIONS	265,200	344,900	284,600 ^{1/}

Program Description — Licenses, investigates and regulates pari-mutuel county fair horse racing within the state. The program is funded from 3.5% of pari-mutuel racing receipts.

FTE Positions — The approved amount eliminates 0.5 FTE positions to match historical staffing patterns.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$4,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$16,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$200, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes \$1,100 for rent in private space.

ADDITIONAL LEGISLATION

Agricultural Consulting and Training Program (Chapter 370, S.B. 1373) — Establishes annual County Fair Racing Fund revenues at 3.5% of pari-mutuel tax revenues or \$300,000, whichever is greater. The fund is still subject to appropriation by the Legislature. (See Commercial Racing for additional provisions of the bill.)

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program. The line item detail is shown for information only.

ARIZONA DEPARTMENT OF RACING - STATE GAMING AGENCY

A.R.S. § 5-601

James Higginbottom, Director

JLBC Analyst: Case

PERMANENT TRIBAL-STATE COMPACT FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	14.0	21.0 ^{1/}	28.0
Personal Services	115,700	449,600 ^{1/}	734,500
Employee Related Expenditures	24,200	113,500 ^{1/}	176,300
Professional and Outside Services	300	126,800	35,900
Travel - In State	8,100	71,500	135,500
Travel - Out of State	3,200	50,000	40,000
Other Operating Expenditures	14,100	131,400	107,300
Equipment	27,600	72,600	45,100
All Other Operating Expenditures	53,300	452,300 ^{1/}	363,800
OPERATING SUBTOTAL	193,200	1,015,400 ^{1/}	1,274,600
Arbitration Expense	-0-	-0-	40,000
TOTAL APPROPRIATIONS	193,200 ^{2/}	1,015,400 ^{1/2/}	1,314,600 ^{1/2/3/}

Program Description — *The State Gaming Agency regulates Indian gaming activities authorized by the state-tribal gaming compacts. The program is funded from the Permanent Tribal-State Compact Fund, which receives monies from Indian tribes that have compacts with the state to reimburse the state for administrative and regulatory expenses. The fund also receives monies from gaming employees to finance investigations of their backgrounds. A portion of the monies remaining in the fund at the end of the fiscal year are returned to the Indian tribes.*

FTE Positions — The approved amount includes 7 new FTE positions to permit the agency to adequately certify employees working in tribal gaming and enforce the provisions of the tribal-state compacts.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$24,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes \$374,500 to fund 7 new FTE positions, to annualize 7 FTE positions added by Laws 1994, Chapter 6, and to annualize other FTE positions phased in during FY 1994.

Employee Related Expenditures — The approved amount includes an additional \$3,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

- ^{1/} The amounts shown reflect the adjustments made to the original FY 1994 appropriation by Laws 1994, Chapter 6.
- ^{2/} Laws 1992, Chapter 286 (H.B. 2352), 2nd Regular Session, created this program in FY 1993. Funds for this program were subject to appropriation beginning in FY 1994.
- ^{3/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with a Special Line Item. The program and line item detail are shown for information only.

(Continued)

ARIZONA DEPARTMENT OF RACING - STATE GAMING AGENCY (Cont'd)
PERMANENT TRIBAL-STATE COMPACT FUND

The approved amount also includes a total of \$76,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also includes \$89,100 for the new FTE positions.

Professional and Outside Services — The approved amount includes funding for education and training and for legal expenses.

Travel - In State — The approved amount includes funding for auditing, investigative, legal, and administrative purposes.

Travel - Out of State — The approved amount includes funding for investigative, certification, and educational purposes.

Other Operating Expenditures — The approved amount includes a total of \$2,000 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes \$47,300 to rent private space.

Arbitration Expense — The approved amount will fund one-half of the cost of arbitration required to resolve disputes between the state and Indian tribes. This arrangement is required by the state-tribal gaming compacts.

ADDITIONAL LEGISLATION

Gambling; Indian Reservations; Casino Activities (Chapter 285, H.B. 2396) — Repeals Laws 1993, Chapter 1, 1st Special Session which criminally prohibited all forms of casino gambling. This legislation also prohibits the expansion of Indian Gaming off reservation land and extends the Department of Racing's control of the State Gaming Agency 2 more years.

RADIATION REGULATORY AGENCY - SUMMARY

A.R.S. § 30-652 and 32-2802

Aubrey V. Godwin, Director

JLBC Analyst: Reddy

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Radiation Evaluation and Compliance	1,303,000	1,373,800	1,016,100
Medical Radiologic Technology			
Board of Examiners	87,700	93,000	102,500
TOTAL APPROPRIATIONS	1,390,700	1,466,800	1,118,600
<u>Expenditure Detail</u>			
FTE Positions	22.0	22.0	22.0
Personal Services	588,400	676,500	700,500
Employee Related Expenditures	139,600	149,400	158,500
Professional and Outside Services	40,400	9,000	9,000
Travel - In State	26,600	31,500	31,500
Travel - Out of State	3,300	5,800	4,000
Other Operating Expenditures	196,300	189,800	215,100
Equipment	5,700	-0-	-0-
All Other Operating Expenditures	272,300	236,100	259,600
OPERATING SUBTOTAL	1,000,300	1,062,000	1,118,600
Special Line Items ^{1/}	390,400	-0-	-0-
Additional Appropriation ^{1/}	--	404,800	--
TOTAL APPROPRIATIONS	1,390,700	1,466,800	1,118,600 ^{2/}
<u>Fund Summary</u>			
General Fund	912,600	969,000	1,016,100
Nuclear Emergency Management Fund	390,400	404,800 ^{3/}	-0-
State Radiologic Technologist Certification Fund	87,700	93,000	102,500
TOTAL APPROPRIATIONS	1,390,700	1,466,800	1,118,600

^{1/} Details for the Special Line Items and the Additional Appropriation are included on the individual program pages.
^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program. The line items are shown for information only.
^{3/} Laws 1994, Chapter 47 appropriated \$404,800 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1995. The appropriation is shown in FY 1994 due to enactment with an emergency clause. The department has a July 1, 1993 carry forward of \$437,100 that is also available for expenditures in FY 1994.

(Continued)

RADIATION REGULATORY AGENCY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The department regulates the use, storage, and disposal of sources of radiation. This includes licensing or certifying users, inspecting x-ray equipment, developing emergency response capability, and monitoring environmental radiation.*

Personal Services — The approved amount is based upon a 2.7% vacancy factor and \$17,300 in vacancy savings from the Radiation Evaluation and Compliance program. The vacancy savings amounts do not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$21,800 from the General Fund and \$1,900 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$3,000 from the General Fund and \$300 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$55,800 from the General Fund and \$5,800 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$3,100 from the General Fund and \$300 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a total increase of \$1,100, including a reduction of \$500 from the General Fund, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$72,600 from the General Fund and \$6,400 from Other Appropriated Funds for rent of private space.

**RADIATION REGULATORY AGENCY -
RADIATION EVALUATION AND COMPLIANCE**

A.R.S. § 30-652

Aubrey V. Godwin, Director

JLBC Analyst: Reddy

GENERAL FUND AND NUCLEAR EMERGENCY MANAGEMENT FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	20.0	20.0	20.0
Personal Services	545,300	620,800	643,800
Employee Related Expenditures	129,500	136,300	144,900
Professional and Outside Services	28,300	8,500	8,500
Travel - In State	25,500	28,500	28,500
Travel - Out of State	3,300	4,100	2,300
Other Operating Expenditures	175,000	170,800	188,100
Equipment	5,700	-0-	-0-
All Other Operating Expenditures	237,800	211,900	227,400
OPERATING SUBTOTAL	912,600	969,000	1,016,100
Nuclear Emergency Management Fund	390,400	-0-	-0-
TOTAL	1,303,000	969,000	1,016,100
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Nuclear Emergency Management, Ch. 47	--	404,800	--
TOTAL APPROPRIATIONS	1,303,000	1,373,800	1,016,100
<u>Fund Summary</u>			
General Fund	912,600	969,000	1,016,100
Nuclear Emergency Management Fund	390,400	404,800	-0-
TOTAL APPROPRIATIONS	1,303,000	1,373,800	1,016,100

1/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program. The line items are shown for information only.

2/ Laws 1994, Chapter 47 appropriated \$404,800 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1995. The appropriation is shown in FY 1994 due to enactment with an emergency clause. The department has a July 1, 1993 carry forward of \$437,100 that is also available for expenditures in FY 1994.

(Continued)

**RADIATION REGULATORY AGENCY - RADIATION EVALUATION AND COMPLIANCE (Cont'd)
GENERAL FUND AND NUCLEAR EMERGENCY MANAGEMENT FUND**

Program Description — *The Radiation Evaluation and Compliance program responsibilities include administrative services, regulation, licensing, inspection, emergency response, and environmental monitoring.*

Personal Services — The approved amount is based upon a 2.7% vacancy factor and \$17,300 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$21,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes: a) an increase of \$1,500 for on-call duty compensation, and b) a decrease of \$300 to reflect hiring new personnel at lower salary levels.

Employee Related Expenditures — The approved amount includes an additional \$3,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$55,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount includes a reduction of \$1,800 to reflect the actual cost of trips scheduled and the fact that the agency can obtain some of the necessary training locally.

All Other Operating Expenditures — The approved amount includes: a) a total of \$3,100 for the payment of Risk Management premiums, which reflects a total increase of \$1,000, including a reduction of \$500, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$72,600 for rent of private space, an increase of \$4,200.

The approved amount also includes an increase of \$11,700 in non-capitalized equipment, for a total of \$12,500 for a new telephone system, and an increase of \$400 for utilities.

ADDITIONAL APPROPRIATIONS

Nuclear Emergency Appropriation and Assessment (Chapter 47, H.B. 2008) — Appropriates \$870,000 from the General Fund to the Nuclear Emergency Management Fund (NEMF), of which \$404,800 is allocated for use by the Radiation Regulatory Agency as follows: Personal Services, \$156,200; Employee Related Expenditures, \$39,200; Travel - In State, \$5,300; Travel - Out of State, \$10,800; and Other Operating Expenditures, \$193,300. The remaining NEMF monies are allocated for use by the Department of Emergency and Military Affairs (DEMA) and Maricopa County. Monies appropriated to the Nuclear Emergency Management Fund are exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

This appropriation is offset by an assessment of \$870,000, plus any applicable interest, against a consortium of corporations which operate the Palo Verde Nuclear Generating Station.

**RADIATION REGULATORY AGENCY -
MEDICAL RADIOLOGIC TECHNOLOGY BOARD OF EXAMINERS**

A.R.S. § 32-2802

Aubrey V. Godwin, Director

JLBC Analyst: Reddy

STATE RADIOLOGIC TECHNOLOGIST CERTIFICATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	2.0	2.0	2.0
Personal Services	43,100	55,700	56,700
Employee Related Expenditures	10,100	13,100	13,600
Professional and Outside Services	12,100	500	500
Travel - In State	1,100	3,000	3,000
Travel - Out of State	-0-	1,700	1,700
Other Operating Expenditures	21,300	19,000	27,000
All Other Operating Expenditures	34,500	24,200	32,200
TOTAL APPROPRIATIONS	87,700	93,000	102,500 ^{1/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	196,200	306,500	235,700
Add Revenue ^{2/}	198,000	22,200	239,300
TOTAL FUNDS AVAILABLE	394,200	328,700	475,000
Expenditures	87,700	93,000	102,500
BALANCE END OF FISCAL YEAR	306,500	235,700	372,500

Program Description — *The Medical Radiologic Technology Board of Examiners (MRTBE) conducts examinations and certifies operators of x-ray equipment. MRTBE certification is not required for licensed physicians, including dentists, chiropractors, podiatrists, and veterinarians.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes: a) an increase of \$100 for on-call duty compensation and, b) a reduction of \$1,000 to reflect filling an administrative secretary position at a lower salary level.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program. The line items are shown for information only.

^{2/} The program has a biennial licensing cycle.

(Continued)

**RADIATION REGULATORY AGENCY -
MEDICAL RADIOLOGIC TECHNOLOGY BOARD OF EXAMINERS (Cont'd)
STATE RADIOLOGIC TECHNOLOGIST CERTIFICATION FUND**

Employee Related Expenditures — The approved amount includes an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$300 for the payment of Risk Management premiums, which reflects an increase of \$100, and b) a total of \$6,400 for rent of state-owned space, an increase of \$400.

The approved amount also includes \$7,500 to allow the agency to contract with the American Registry of Radiologic Technicians to provide Practical Technologist exams to an estimated 150 applicants. The exam fees collected will be deposited into the MRTBE Fund.

STATE REAL ESTATE DEPARTMENT

A.R.S. § 32-2102

Jerry Holt, Commissioner

JLBC Analyst: Smith

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	72.0	67.5	68.0
Personal Services	1,670,300	1,702,400	1,762,200
Employee Related Expenditures	409,200	387,500	441,500
Professional and Outside Services	82,200	55,800	55,800
Travel - In State	50,200	66,000	66,000
Travel - Out of State	12,300	5,300	5,300
Other Operating Expenditures	422,900	329,700	591,200
Equipment	31,400	700	-0-
All Other Operating Expenditures	599,000	457,500	718,300
TOTAL APPROPRIATIONS	2,678,500	2,547,400	2,922,000 ^{1/}

Agency Description — The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools.

FTE Positions — The approved amount includes an additional 0.5 FTE position for a part-time Clerk Typist I to eliminate a filing backlog. The approved amount does not include any additional funding for this position. The department will reallocate monies previously spent on overtime pay and clerical pool services.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$25,900 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of a new position. The approved amount includes an additional \$59,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$8,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$201,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE REAL ESTATE DEPARTMENT (Cont'd)
GENERAL FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$33,600 for the payment of Risk Management premiums, which reflects a reduction of \$5,400, as authorized by Section 79 of the General Appropriation Act; b) a total of \$173,400 for the Sun State Building lease-purchase payment, which reflects a reduction of \$200, as authorized by Section 72 of the General Appropriation Act; c) a total of \$37,800 for the Tucson State Office Building lease-purchase payment; and d) a total of \$1,000 for noncapitalized equipment.

In addition to the lease-purchase payment, the approved amount includes a total of \$111,000 for Operations and Maintenance (O&M) charges for the Sun State Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

In FY 1994, the department's Sun State Building lease-purchase payment and O&M charge were funded in the Department of Administration's budget as a transitional measure during agency relocation. The State Real Estate Department was 1 of 4 agencies to relocate to the Sun State Building located at 44th Street and Thomas Road in Phoenix. The lease-purchase payment and O&M charge listed above reflect the return of this funding to the State Real Estate Department's appropriation in FY 1995.

ADDITIONAL LEGISLATION

Real Estate Department (Chapter 169, S.B. 1395) — This bill makes numerous revisions to the statutory requirements for the real estate industry, including the following. The bill requires that the department conduct broker audit clinics, to be attended by all brokers within 90 days of licensure and every 4 years thereafter. Also, in cases where the commissioner has revoked a license and assessed a civil penalty which has not been paid, the department may file the commissioner's order with the Office of the Clerk of the Superior Court. The order will be recorded, enforced, or satisfied in the same manner as a judgement of the Superior Court. In FY 1995, the department expects to collect roughly \$38,000 to \$75,000 in previously unpaid judgements, for deposit to the General Fund. The bill also adds authority for grants to the Real Estate Department Education Revolving Fund to be used in the production of educational materials.

RESIDENTIAL UTILITY CONSUMER OFFICE

A.R.S. § 40-461

Ronald E. Mathis, Director

JLBC Analyst: Child

RESIDENTIAL UTILITY CONSUMER OFFICE REVOLVING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	12.0	12.0	11.0
Personal Services	384,300	451,300	433,100
Employee Related Expenditures	74,600	86,700	96,800
Professional and Outside Services	274,200	329,400	-0-
Travel - In State	10,400	10,000	10,000
Travel - Out of State	5,700	4,600	4,600
Other Operating Expenditures	101,600	109,300	106,900
Equipment	11,600	14,400	-0-
All Other Operating Expenditures	403,500	467,700	121,500
OPERATING SUBTOTAL	862,400	1,005,700	651,400
Professional Witnesses	--	--	323,900 ^{1/}
TOTAL APPROPRIATIONS	862,400	1,005,700	975,300 ^{2/}

Agency Description — *The Residential Utility Consumer Office (RUCO) serves as an advocate for residential customers of public utilities in rate hearings held before the Arizona Corporation Commission. Through its technical staff and expert consultants, RUCO analyzes utility company data to determine appropriate positions to take and present on behalf of residential rate payers. The RUCO Director is appointed by the Governor and is advised by a 5-member citizen board.*

FTE Positions — The approved amount includes the elimination of 1 vacant Senior Rate Analyst position and \$38,400 in funding for this position.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$14,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, a reduction of \$30,900 associated with the elimination of a Senior Rate Analyst position, and a base decrease of \$1,900 to bring the appropriation in line with actual salaries.

Employee Related Expenditures — The approved amount includes an additional \$2,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a reduction of \$7,500 associated with the elimination of a Senior Rate Analyst position.

The approved amount also includes a total of \$31,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated by Detailed Line Item by Agency.

(Continued)

RESIDENTIAL UTILITY CONSUMER OFFICE (Cont'd)
RESIDENTIAL UTILITY CONSUMER OFFICE REVOLVING FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, b) a total of \$59,000 for the Supreme Court Building lease-purchase payment, and c) a decrease of \$4,200 to reflect lower repair and maintenance contract expenditures.

Equipment — The approved amount includes a reduction of \$14,400 due to the elimination of one-time capitalized equipment expenditures. It is the intent of the Legislature that RUCO expend no monies from its Detailed Line Item appropriation for equipment purchases. In FY 1995, RUCO's appropriation was changed from a Lump Sum to a Detailed Line Item format because of concerns regarding RUCO's expenditure of excess Professional Witness monies, especially on equipment purchases.

Professional Witnesses — Represents funding for the services of professional witnesses and court reporters used for rate hearings before the Corporation Commission. These items were previously funded through Professional and Outside Services. The approved amount reflects a decrease of \$5,500 from the FY 1994 Professional and Outside Services appropriation, based on funding needs for the particular FY 1995 rate cases expected to be filed. This appropriation is exempt from lapsing, since many rate cases span more than 1 fiscal year. The Corporation Commission also receives a non-lapsing appropriation to cover the services of professional consultants for rate cases.

ADDITIONAL LEGISLATION

RUCO: Nonprofit Corporations (Chapter 73, H.B. 2327) — Immediately exempts member-owned nonprofit cooperative corporations from paying the annual assessment used to fund RUCO. RUCO will no longer participate in any proceedings before the Corporation Commission involving a member-owned nonprofit cooperative corporation.

DEPARTMENT OF WEIGHTS AND MEASURES

A.R.S. § 41-2065

John Hays, Director

JLBC Analyst: Smith

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	66.1	65.0	42.0
Personal Services	1,210,200	1,483,700	1,094,400
Employee Related Expenditures	338,200	406,300	263,200
Professional & Outside Services	26,400	113,100	216,600
Travel - In State	67,000	183,100	144,600
Travel - Out of State	10,300	15,000	5,900
Other Operating Expenditures	605,600	590,300	437,100
Equipment	188,400	112,500	25,000
All Other Operating Expenditures	897,700	1,014,000	829,200
OPERATING SUBTOTAL	2,446,100	2,904,000	2,186,800
Reduction in Force	-0-	-0-	32,400
TOTAL APPROPRIATIONS	2,446,100	2,904,000	2,219,200 ^{1/}
<u>Fund Summary</u>			
General Fund	1,860,100	1,879,800	1,429,300
Air Quality Fund	283,700	659,000	578,300
Used Oil Fund	302,300	365,200	211,600
TOTAL APPROPRIATIONS	2,446,100	2,904,000	2,219,200

Agency Description — The department regulates the determination and representation of quantity in the marketplace. The General Services program maintains state standards for weights and measures, inspects commercial establishments to ensure that packaged products are bought and sold at their correct weight or measure, and inspects weighing and measuring devices to ensure their accuracy. The Oxygenated Fuel program tests the oxygen content in gasoline to ensure that it meets established standards. The Used Oil Testing program tests used oil to determine its classification for sale or disposal. The Vapor Recovery program inspects gasoline dispensing devices to ensure that they meet established standards. All programs investigate consumer complaints.

Personal Services — The approved amount is based upon a 1 % General Fund vacancy factor and \$10,000 in vacancy savings from the General Fund and \$-0- in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the reduction of positions.

The approved amount includes: a) an additional \$27,000 from the General Fund and \$10,200 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Program. The line items are shown for information only.

(Continued)

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

of \$214,900 from the General Fund and \$211,600 from Other Appropriated Funds for the elimination of positions described under the individual programs.

Employee Related Expenditures — The approved amount includes an additional \$3,800 from the General Fund and \$1,400 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$74,800 from the General Fund and \$37,800 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$9,400 from the General Fund and \$5,100 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$1,500 from the General Fund and \$900 from Other Appropriated Funds, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes: a) a total of \$11,600 from the General Fund for the Tucson State Office Building lease-purchase payment and b) a total of \$132,700 from the General Fund and \$59,500 from Other Appropriated Funds for the Doubletree Building lease-purchase payment. The funding for the Doubletree Building lease-purchase payment includes an additional of \$4,000 from the General Fund and \$1,800 from Other Appropriated Funds, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$82,600 from the General Fund and \$37,200 from Other Appropriated Funds for Operations and Maintenance (O&M) charges for the Doubletree Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

Fund Split — following chart provides further detail on the approved amount by program. The line items within each program are shown for information only.

<u>FY 1995</u>	<u>General Services (General Fund)</u>	<u>Oxygenated Fuel (Air Quality Fund)</u>	<u>Used Oil Testing (Used Oil Fund)</u>	<u>Vapor Recovery (Air Quality Fund)</u>
FTE Positions	28.0	6.0	2.0	6.0
Personal Services	795,100	123,900	45,900	129,500
Employee Related Exp.	185,800	31,300	11,800	34,300
Professional and Outside Services	6,600	126,000	84,000	-0-
Travel - In State	83,200	5,200	36,500	19,700
Travel - Out of State	3,900	-0-	-0-	2,000
Other Operating Exp.	305,500	30,000	33,400	68,200
Equipment	25,000	-0-	-0-	-0-
All Other Operating Exp.	424,200	161,200	153,900	89,900
OPERATING SUBTOTAL	1,405,100	316,400	211,600	253,700
Reduction in Force	24,200	8,200	-0-	-0-
TOTAL APPROPRIATIONS	1,429,300	324,600	211,600	253,700

(Continued)

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

General Services (General Fund)

The appropriated amount from the General Fund includes a lump sum of \$1,429,300 and 28 FTE positions for the General Services program. The line item detail, provided for information purposes, represents expenditures for administration, package testing, large scale testing, technical petroleum testing, metrology, and special investigations.

FTE Positions — The approved amount includes a reduction of 11 FTE positions and an associated \$254,800 to complete implementation of a random sampling strategy for inspections. In October 1992 the Auditor General recommended reducing inspections from approximately 9,000 to 3,000 per year, thus eliminating the need for 16 inspector and 3 supervisor positions in the Enforcement Division. To replace frequent inspections of all vendors, the Auditor General recommended inspecting a large random sample of vendors, imposing civil penalties for noncompliance, and targeting violators for 5 years of follow-up inspections. The Auditor General also recommended the department hire an experienced Data Analyst to implement and manage the sampling strategy. To phase in implementation of random sampling, the Legislature eliminated or transferred 8 FTE positions and associated funding from the General Fund portion of the FY 1994 appropriation and added 1 FTE Data Analyst position. The FY 1995 reductions complete the reductions recommended by the Auditor General.

The approved amount also includes a reduction of 2 FTE positions and an associated \$68,300 to reflect the privatization of the department's petroleum lab.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$10,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the reduction of positions. The approved amount includes: a) an additional \$27,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, b) a reduction of \$180,400 associated with the random sampling strategy for inspections, c) a reduction of \$42,800 associated with privatization of the petroleum laboratory, and d) an additional \$8,300 to adjust the vacancy rate to the standard level for the new number of FTE positions.

Employee Related Expenditures — The approved amount includes an additional \$3,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$74,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a one-time reduction of \$31,200 due to replacement of Department of Administration Data Center services with a local area network.

Travel-In State — The approved amount includes a reduction of \$38,500 to reflect reduced travel associated with the random sampling strategy for inspections.

Other Operating Expenditures — The approved amount includes: a) a total of \$9,400 for the payment of Risk Management premiums, which reflects a reduction of \$1,500, as authorized by Section 79 of the General Appropriation Act; b) a total of \$132,700 for the Doubletree Building lease-purchase payment, which reflects an additional \$4,000, as authorized by Section 72 of the General Appropriation Act; c) a total of \$11,600 for the Tucson State Office Building lease-purchase payment; and d) a total of \$1,400 for noncapitalized equipment.

In addition to the lease-purchase payment, the approved amount includes a total of \$82,600 for Operations and Maintenance (O&M) charges for the Doubletree Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

The approved amount also includes a reduction of \$19,200 associated with privatization of the petroleum laboratory.

Equipment — The approved amount includes \$25,000 for the second payment on a 5-year lease-purchase of a diesel truck.

(Continued)

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Reduction In Force — The approved amount includes an additional \$24,200 for costs associated with a personnel reduction in force required due to the elimination of authorized positions.

Oxygenated Fuel Program (Air Quality Fund)

The appropriated amount from the Air Quality Fund includes a lump sum of \$324,600 and 6 FTE positions for the Oxygenated Fuel program. The line item detail, provided for information purposes, represents expenditures for testing the oxygen content in gasoline to ensure that it meets established standards and for investigating consumer complaints.

FTE Positions — The approved amount includes a reduction of 2 FTE positions and an associated net increase of \$15,500 to reflect the privatization of the department's petroleum lab.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$4,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$68,300 associated with the elimination of 2 petroleum lab positions.

Employee Related Expenditures — The approved amount includes an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$16,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an additional \$78,500 for private laboratory testing charges.

Other Operating Expenditures — The approved amount includes: a) a total of \$1,700 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act; and b) a total of \$19,500 for the Doubletree Building lease-purchase payment. The funding for the lease-purchase payment includes an additional \$900, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$12,000 for Operations and Maintenance (O&M) charges for the Doubletree Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

Reduction In Force — The approved amount includes an additional \$8,200 for costs associated with a personnel reduction in force required due to the elimination of authorized positions.

Used Oil Testing Program (Used Oil Fund)

The appropriated amount from the Used Oil Fund includes a lump sum of \$211,600 and 2 FTE positions for the Used Oil Testing program. The line item detail, provided for information purposes, represents expenditures for testing used oil to determine its classification for sale or disposal and for investigating consumer complaints.

FTE Positions — The approved amount includes a reduction of 8 FTE positions and an associated \$128,900 to reflect the privatization of the department's petroleum lab.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$1,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$143,300 associated with the elimination of 8 FTE positions in the department's petroleum lab.

Employee Related Expenditures — The approved amount includes an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

(Continued)

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount also includes a total of \$5,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an additional \$84,000 for private laboratory testing charges. The approved amount also includes a one-time reduction of \$12,800 for removal of waste oil at the department's prior location.

Other Operating Expenditures — The approved amount includes: a) a total of \$1,700 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$20,500 for the Doubletree Building lease-purchase payment.

In addition to the lease-purchase payment, the approved amount includes a total of \$13,200 for Operations and Maintenance (O&M) charges for the Doubletree Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

The approved amount also includes a reduction of \$27,900 associated with privatization of the petroleum laboratory.

Reduction In Force — Due to current vacancies, no reduction in force will be necessary in the Used Oil program.

Vapor Recovery Program (Air Quality Fund)

The appropriated amount from the Air Quality Fund includes a lump sum of \$253,700 and 6 FTE positions for the second year of the Vapor Recovery program. The program was mandated by Laws 1992, Chapter 299, in compliance with the federal Clean Air Act Amendments of 1990. The line item detail, provided for information purposes, represents expenditures to investigate consumer complaints and ensure that Stage II Vapor Recovery equipment is installed and maintained at gasoline dispensing sites in ozone non-attainment areas (i.e. Maricopa County).

Personal Services — The approved amount is based upon a 0% vacancy factor. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$4,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$16,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a reduction of \$15,000 for one-time computer programmer costs for program tracking and accounting.

Travel - Out of State — The approved amount includes a reduction of \$8,000 for one-time training costs associated with implementation of the Vapor Recovery program.

Other Operating Expenditures — The approved amount includes: a) a total of \$1,700 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$19,500 for the Doubletree Building lease-purchase payment. The funding for the lease-purchase payment includes an additional \$900, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$12,000 for Operations and Maintenance (O&M) charges for the Doubletree Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

The approved amount also includes a reduction of \$18,400 for one-time FY 1994 noncapitalized equipment and supplies.

**OCCUPATIONAL AND LICENSING AGENCIES
SUMMARY OF RECEIPTS, APPROPRIATIONS AND BALANCE FORWARD**

Agency/Board	Balance Forward FY 1994	90% of FY 1994 Receipts	FY 1994 Approved	Balance Forward FY 1995	90% of FY 1995 Receipts	FY 1995 Approved	Balance Forward FY 1996
Accountancy, State Board of	\$757,300	\$871,300	\$949,200	\$679,400	\$1,231,300	\$951,700	\$959,000
Appraisal, State Board of	656,200	107,900	209,800	554,300	613,300	256,600	911,000
Barbers, Board of	151,400	159,200	141,800	168,800	160,300	145,300	183,800
Behavioral Health Examiners, Board of	98,800	330,600	296,700	132,700	435,100	326,400	241,400
Chiropractic Examiners, State Board of	144,700	258,800	236,600	166,900	260,700	237,900	189,700
Cosmetology, Board of	619,200	582,400	623,300	578,300	595,700	636,900	537,100
Dental Examiners, State Board of	278,400	525,300	578,000	225,700	527,100	582,400	170,400
Funeral Directors and Embalmers, State Board of	77,700	174,100	175,300	76,500	174,100	179,600	71,000
Homeopathic Medical Examiners, Board of	28,800	19,600	22,300	26,100	19,600	30,000	15,700
Medical Examiners, Board of	1,446,800	2,836,600	2,687,500	1,595,900	2,908,200	2,781,200	1,722,900
Naturopathic Physician Bd. of Med. Examiners	49,500	62,800	46,400	65,900	49,000	57,200	57,700
Nursing, State Board of	1,315,200	710,000	1,093,100	932,100	830,000	1,128,300	633,800
Nursing Care Institution Administrators Bd	80,600	104,800	63,600	121,800	63,400	66,100	119,100
Occupational Therapy Examiners, Board of	95,800	94,400	90,900	99,300	101,800	88,600	112,500
Opticians, State Board of Dispensing	68,400	63,400	68,900	62,900	63,400	62,300	64,000
Optometry, State Board of	39,200	164,800	95,600	108,400	20,600	100,900	28,100
Osteopathic Examiners, AZ Board of	532,000	80,500	289,200	323,300	550,800	295,100	579,000
Pharmacy, AZ State Board of	912,900	677,000	741,000	848,900	677,000	649,000	876,900
Physical Therapy Examiners, Board of	196,500	50,100	81,300	165,300	146,000	75,600	235,700
Podiatry Examiners, State Board of	51,300	77,100	50,400	78,000	70,800	53,800	95,000
Private Postsecondary Education, AZ Board of	56,200	116,000	130,600	41,600	123,300	134,500	30,400
Psychologist Examiners, State Board of	479,000	44,900	197,800	326,100	298,500	203,100	421,500
Respiratory Care Examiners, Board of	171,300	220,500	134,100	257,700	109,800	137,800	229,700
Structural Pest Control Commission	385,800	1,122,500	1,020,000	488,300	1,122,500	1,052,700	558,100
Technical Registration, State Board of	396,500	995,500	856,200	535,800	979,900	858,700	657,000
Veterinary Medical Examining Board, AZ State	182,200	56,700	170,400	68,500	302,300	174,800	196,000
TOTAL	\$9,271,700	\$10,506,800	\$11,050,000	\$8,728,500	\$12,434,500	\$11,266,500	\$9,896,500

STATE BOARD OF ACCOUNTANCY

A.R.S. § 32-701

Ruth R. Lee, Executive Director

JLBC Analyst: Reddy

BOARD OF ACCOUNTANCY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	9.0	10.0	10.0
Personal Services	188,000	224,600 ^{1/}	232,000 ^{1/}
Employee Related Expenditures	48,700	53,400	48,300
Professional and Outside Services	252,300	298,400	298,400
Travel - In State	7,800	6,000	6,000
Travel - Out of State	6,000	6,300	6,300
Other Operating Expenditures	121,700	160,500	160,700
Equipment	18,200	-0-	-0-
All Other Operating Expenditures	406,000	471,200	471,400
OPERATING SUBTOTAL	642,700	749,200	751,700
Special Investigations	83,100	200,000	200,000 ^{2/}
TOTAL APPROPRIATIONS	725,800	949,200 ^{1/3/}	951,700 ^{1/4/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	492,800	757,300	679,400
Add Revenues	990,300	871,300	1,231,300
TOTAL FUNDS AVAILABLE	1,483,100	1,628,600	1,910,700
Expenditures	725,800	949,200	951,700
BALANCE END OF FISCAL YEAR	757,300	679,400	959,000

- ^{1/} The amount shown reflects the \$8,100 adjustment for board member per diem made to both the original FY 1994 and FY 1995 appropriations by the Omnibus Supplemental Bill (Laws 1994, Chapter 6, 8th Special Session).
- ^{2/} Of the amounts appropriated for special investigations in FY 1994 and FY 1995, the Board of Accountancy may expend up to \$25,000 in each fiscal year for legal services related to routine or ongoing matters that come before the Board of Accountancy, if such monies are not required for special investigations. (General Appropriation Act footnote.)
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.
- ^{4/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with a Special Line Item. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

STATE BOARD OF ACCOUNTANCY (Cont'd)
BOARD OF ACCOUNTANCY FUND

Agency Description — *The board licenses, investigates, and conducts examinations of certified public accountants and public accountants.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$7,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The Omnibus Supplemental Bill (Laws 1994, Chapter 6, 8th Special Session) authorized an additional \$8,100 above both the original FY 1994 and FY 1995 appropriations for board member per diem. The Legislature approved an increase in per diem from \$30 per day to \$100 per day during the 1993 session.

Employee Related Expenditures — The revised amount includes: a) an additional \$900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$7,100 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$19,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$1,400, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

STATE BOARD OF APPRAISAL

A.R.S. § 32-3601

Shirley L. Berry, Director

JLBC Analyst: Child

BOARD OF APPRAISAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	4.0	4.0	4.0
Personal Services	77,500	121,800	125,700
Employee Related Expenditures	15,600	24,400	27,100
Professional and Outside Services	12,700	11,500	31,500
Travel - In State	2,600	11,500	31,500
Travel - Out of State	4,300	2,000	2,000
Other Operating Expenditures	38,600	38,600	38,800
Equipment	-0-	-0-	-0-
All Other Operating Expenditures	58,200	63,600	103,800
TOTAL APPROPRIATIONS	151,300	209,800 ^{1/}	256,600 ^{1/2/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	200,500	656,200	554,300
Add Revenues	607,000	107,900	613,300
TOTAL FUNDS AVAILABLE	807,500	764,100	1,167,600
Expenditures	151,300	209,800	256,600
BALANCE END OF FISCAL YEAR	656,200	554,300	911,000

Agency Description — *The board licenses, certifies and regulates real estate appraisers. The board also registers property tax agents.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

^{1/} The FY 1994 appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. The board was originally appropriated \$229,800 for FY 1994, but will carry forward \$20,000 of that amount to FY 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE BOARD OF APPRAISAL (Cont'd)
BOARD OF APPRAISAL FUND

Personal Services — The revised amount includes an additional \$3,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$1,400 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$8,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$600, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

BOARD OF BARBERS

A.R.S. § 32-301

Mario J. Herrera, Executive Director

JLBC Analyst: Child

BOARD OF BARBERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	3.0	3.0	3.0
Personal Services	81,000	85,100	88,000
Employee Related Expenditures	17,700	17,200	19,000
Professional and Outside Services	600	800	800
Travel - State	9,100	14,100	14,100
Travel - Out of State	1,000	1,300	1,300
Other Operating Expenditures	20,500	20,200	22,100
Equipment	-0-	3,100	-0-
All Other Operating Expenditures	31,200	39,500	38,300
TOTAL APPROPRIATIONS	129,900	141,800 ^{1/}	145,300 ^{1/2}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	129,100	151,400	168,800
Add Revenues	152,200	159,200	160,300
TOTAL FUNDS AVAILABLE	281,300	310,600	329,100
Expenditures	129,900	141,800	145,300
BALANCE END OF FISCAL YEAR	151,400	168,800	183,800

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

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

^{1/} The FY 1994 appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

BOARD OF BARBERS (Cont'd)
BOARD OF BARBERS FUND

Personal Services — The revised amount includes an additional \$2,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$900 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$6,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$500, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

The revised amount also includes a total of \$8,000 for rent of state-owned space, which reflects an additional \$700, as authorized by Section 73 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Barbers Board; Continuation (Chapter 185, H.B. 2053) — Continues the Board of Barbers until July 1, 2004 and outlines the purpose of the board. Board membership qualifications are slightly modified and requirements for earning a license are increased. Also allows the board to recognize licenses issued by other states under certain guidelines.

BOARD OF BEHAVIORAL HEALTH EXAMINERS

A.R.S. § 32-3251

David Oake, Executive Director

JLBC Analyst: Smith

BEHAVIORAL HEALTH EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	4.0	6.0	6.0
Personal Services	139,600	163,700	173,500
Employee Related Expenditures	28,000	34,100	41,900
Professional and Outside Services	1,100	4,000	4,000
Travel - In State	5,500	14,900	14,900
Travel - Out of State	3,800	3,000	3,800
Other Operating Expenditures	45,100	63,800	85,300
Equipment	14,200	13,200	3,000
All Other Operating Expenditures	69,700	98,900	111,000
TOTAL APPROPRIATIONS	237,300	296,700 ^{1/}	326,400 ^{2/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	113,600	98,800	132,700
Add Revenues	222,500	330,600	435,100
TOTAL FUNDS AVAILABLE	336,100	429,400	567,800
Expenditures	237,300	296,700	326,400
BALANCE END OF FISCAL YEAR	98,800	132,700	241,400

Agency Description - *The board certifies and regulates behavioral health professionals in the fields of social work, counseling, marriage and family therapy, and substance abuse counseling.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

^{1/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds, until June 30, 1995.

^{2/} Represents General Appropriation Act Funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

(Continued)

BOARD OF BEHAVIORAL HEALTH EXAMINERS (Cont'd)
BEHAVIORAL HEALTH EXAMINERS FUND

Personal Services — The revised amount includes an additional \$5,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$2,900 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$14,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$700, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

The revised amount also includes a total of \$11,600 for rent of state-owned space, which reflects an additional \$1,000, as authorized by Section 73 of the General Appropriation Act.

STATE BOARD OF CHIROPRACTIC EXAMINERS

A.R.S. § 32-901

Elaine Le Tarte, Executive Director

JLBC Analyst: Reddy

BOARD OF CHIROPRACTIC EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	4.0	4.0	4.0
Personal Services	115,300	126,900	130,500
Employee Related Expenditures	22,300	23,600	23,800
Professional and Outside Services	17,500	18,200	16,600
Travel - In State	5,400	6,100	6,100
Travel - Out of State	4,100	2,700	2,700
Other Operating Expenditures	50,300	53,500	53,700
Equipment	8,000	5,600	4,500
All Other Operating Expenditures	85,300	86,100	83,600
TOTAL APPROPRIATIONS	222,900	236,600 ^{1/}	237,900 ^{2/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	113,000	144,700	166,900
Add Revenues	254,600	258,800	260,700
TOTAL FUNDS AVAILABLE	367,600	403,500	427,600
Expenditures	222,900	236,600	237,900
BALANCE END OF FISCAL YEAR	144,700	166,900	189,700

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

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

^{1/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE BOARD OF CHIROPRACTIC EXAMINERS (Cont'd)
BOARD OF CHIROPRACTIC EXAMINERS FUND

Personal Services — The revised amount includes an additional \$3,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$600 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$9,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$200, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

BOARD OF COSMETOLOGY

A.R.S. § 32-501

Sue Sansom, Executive Director

JLBC Analyst: Child

BOARD OF COSMETOLOGY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	15.5	15.5	15.5
Personal Services	305,500	324,100	335,400
Employee Related Expenditures	83,400	80,700	94,300
Professional and Outside Services	58,300	82,900	82,900
Travel - State	23,000	25,000	25,000
Travel - Out of State	7,700	5,700	5,700
Other Operating Expenditures	109,600	99,900	93,600
Equipment	13,700	5,000	-0-
All Other Operating Expenditures	212,300	218,500	207,200
TOTAL APPROPRIATIONS	601,200	623,300 ^{1/}	636,900 ^{1/2/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	650,800	619,200	578,300
Add Revenues	569,600	582,400	595,700
TOTAL FUNDS AVAILABLE	1,220,400	1,201,600	1,174,000
Expenditures	601,200	623,300	636,900
BALANCE END OF FISCAL YEAR	619,200	578,300	537,100

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

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

^{1/} The FY 1994 appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

BOARD OF COSMETOLOGY (Cont'd)
BOARD OF COSMETOLOGY FUND

Personal Services — The revised amount includes an additional \$11,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$1,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$10,400 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$47,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$2,000, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

STATE BOARD OF DENTAL EXAMINERS

A.R.S. § 32-1201

Drew Langley, Executive Director

JLBC Analyst: Reddy

DENTAL BOARD FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	9.0	9.0	9.0
Personal Services	249,900	263,200	267,700
Employee Related Expenditures	42,200	45,500	55,600
Professional and Outside Services	59,300	142,900	145,700
Travel - In State	5,500	8,900	6,500
Travel - Out of State	1,900	4,900	4,900
Other Operating Expenditures	89,200	104,600	102,000
All Other Operating Expenditures	155,900	261,300	259,100
OPERATING SUBTOTAL	448,000	570,000	582,400
Automation	11,700	8,000	-0-
Impaired Dentist Program	40,000	-0-	-0-
TOTAL APPROPRIATIONS	499,700	578,000 ^{1/2/}	582,400 ^{1/3/4/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	202,900	278,400	225,700
Add Revenues	575,200	525,300	527,100
TOTAL FUNDS AVAILABLE	778,100	803,700	752,800
Expenditures	499,700	578,000	582,400
BALANCE END OF FISCAL YEAR	278,400	225,700	170,400

- 1/ The amount shown reflects the adjustment of \$50,000 made to the original FY 1994 appropriation and the adjustment of \$76,100 made to the original FY 1995 appropriation by the Omnibus Supplemental Bill (Laws 1994, Chapter 6, 8th Special Session).
- 2/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds, until June 30, 1995.
- 3/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- 4/ The board shall report quarterly to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee on their progress in reducing their complaint backlog. The report shall include information on the number of cases opened, the number of cases closed, and the average length of time to resolve complaints. (General Appropriation Act footnote.)

(Continued)

STATE BOARD OF DENTAL EXAMINERS (Cont'd)
DENTAL BOARD FUND

Agency Description — *The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$8,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$1,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$7,700 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$21,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The Omnibus Supplemental Bill (Laws 1994, Chapter 6, 8th Special Session) authorized an increase of \$35,600 above the original FY 1994 appropriation to hire part-time dental consultants to handle additional caseload growth. The Omnibus Supplemental Bill also authorized an additional \$61,700 above the original FY 1995 appropriation for hearing costs and consultant costs associated with the additional caseload growth.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$1,900, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

The Omnibus Supplemental Bill authorized an increase of \$14,400 above both the original FY 1994 and FY 1995 appropriations for postage and printing costs associated with caseload growth.

STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS

A.R.S. § 32-1301

George Beard, Acting Executive Director

JLBC Analyst: Smith

BOARD OF FUNERAL DIRECTORS AND EMBALMERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	3.0	3.0	3.0
Personal Services	69,800	88,000	90,800
Employee Related Expenditures	14,900	18,500	19,200
Professional and Outside Services ^{1/}	18,300	23,100	24,500
Travel - In State	2,300	17,200	17,200
Travel - Out of State	1,200	-0-	-0-
Other Operating Expenditures	10,600	28,500	27,900
All Other Operating Expenditures	32,400	68,800	69,600
TOTAL APPROPRIATIONS	117,100	175,300 ^{2/}	179,600 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	11,600	77,700	76,500
Add Revenues	183,200	174,100	174,100
TOTAL FUNDS AVAILABLE	194,800	251,800	250,600
Expenditures	117,100	175,300	179,600
BALANCE END OF FISCAL YEAR	77,700	76,500	71,000

Agency Description — *The board licenses, registers, and regulates embalmers, prearranged funeral salespersons, crematories, and funeral homes.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for services provided by the State Boards' Office.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS (Cont'd)
BOARD OF FUNERAL DIRECTORS AND EMBALMERS FUND

Personal Services — The revised amount includes an additional \$2,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$100 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$8,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$100 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$600 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$6,900 for rent of state-owned space, which reflects an additional \$1,300, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$100, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$1,300, as authorized by Section 79 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Funeral Directors Board Continuation (Chapter 11, H.B. 2051) — The bill extends the board's sunset date to July 1, 2004.

Funeral Directors and Embalmers Board (Chapter 203, S.B. 1392) — The bill makes numerous changes to the statutes regarding the regulation of funeral directors, embalmers, and funeral establishments. These include modifying the board's civil penalty authority and establishing a fingerprint/background check fee for applicants for licensure.

BOARD OF HOMEOPATHIC MEDICAL EXAMINERS

A.R.S. § 32-2901

Gladys McGarey, President

JLBC Analyst: Smith

BOARD OF HOMEOPATHIC MEDICAL EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	0.3	0.5	0.5
Personal Services	5,800	8,200	9,000
Employee Related Expenditures	800	1,000	2,100
Professional and Outside Services ^{1/}	9,900	11,100	13,100
Travel - In State	500	500	500
Other Operating Expenditures	1,500	1,500	1,700
Equipment	-0-	-0-	3,600
All Other Operating Expenditures	11,900	13,100	18,900
TOTAL APPROPRIATIONS	18,500	22,300 ^{2/}	30,000 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	30,700	28,800	26,100
Add Revenues	16,600	19,600	19,600
TOTAL FUNDS AVAILABLE	47,300	48,400	45,700
Expenditures	18,500	22,300	30,000
BALANCE END OF FISCAL YEAR	28,800	26,100	15,700

Agency Description — *The board licenses and regulates medical physicians who practice homeopathy, a system of medical treatment based on use of small quantities of remedies which in larger doses produce symptoms of the disease.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for services provided by the State Boards' Office.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

BOARD OF HOMEOPATHIC MEDICAL EXAMINERS (Cont'd)
BOARD OF HOMEOPATHIC MEDICAL EXAMINERS FUND

Personal Services — The revised amount includes an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes an additional \$1,000 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$-0- for the state share of employee medical insurance and dental insurance payments.

Professional and Outside Services — The revised amount includes an additional \$200 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$500 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$4,000 for rent of state-owned space, which reflects an additional \$1,800, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$700, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

Equipment — The revised amount includes a total of \$3,600 which reflects an additional \$3,600, as authorized by Section 73 of the General Appropriation Act.

BOARD OF MEDICAL EXAMINERS

A.R.S. § 32-1401

Douglas N. Cerf, Executive Director

JLBC Analyst: Reddy

BOARD OF MEDICAL EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	40.5	41.5	42.5
Personal Services	1,030,200	1,202,400	1,260,000
Employee Related Expenditures	229,500	245,100	288,900
Professional and Outside Services	451,900	346,700	338,700
Travel - In State	36,600	47,300	47,300
Travel - Out of State	8,300	8,800	8,800
Other Operating Expenditures	426,200	417,900	416,200 ^{1/}
Equipment	14,700	40,000	-0-
All Other Operating Expenditures	937,700	860,700	811,000
OPERATING SUBTOTAL	2,197,400	2,308,200	2,359,900
Automation	-0-	23,300	-0-
Attorney General - Legal Fees	166,500	166,500 ^{2/}	166,500 ^{2/}
Examinations	-0-	189,500	254,800
TOTAL APPROPRIATIONS	2,363,900	2,687,500 ^{3/4/}	2,781,200 ^{4/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	1,169,000	1,446,800	1,595,900
Add Revenues	2,641,700	2,836,600	2,908,200
TOTAL FUNDS AVAILABLE	3,810,700	4,283,400	4,504,100
Expenditures	2,363,900	2,687,500	2,781,200
BALANCE END OF FISCAL YEAR	1,446,800	1,595,900	1,722,900

Agency Description — *The agency licenses, regulates and conducts examinations of medical doctors and physician's assistants.*

^{1/} The appropriated amount includes \$159,800 for occupancy costs in the Centre Pointe Building. The Department of Administration shall prepare the Centre Pointe Building for occupancy by July 1, 1993. If the building is not ready for occupancy on July 1, 1993, the Department of Administration shall pay the board's prorated occupancy costs during the period the board remains in office space. The board shall transfer its entire appropriation for occupancy to the Department of Health Services for the costs of occupying the Centre Pointe Building. (General Appropriation Act footnote.)

(Continued)

BOARD OF MEDICAL EXAMINERS (Cont'd)
BOARD OF MEDICAL EXAMINERS FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$41,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$5,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$26,700 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$121,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$5,100 for the payment of Risk Management premiums. This amount reflects a reduction of \$16,300, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$800, as authorized by Section 79 of the General Appropriation Act.

The revised amount also includes a total of \$92,900 for the Centre Pointe Building lease-purchase payment, which reflects an additional \$7,200, as authorized by Section 72 of the General Appropriation Act.

- 2/ The lump sum appropriation in FY 1994 and FY 1995 includes \$166,500 for Attorney General - Legal Fees which is specifically designated to pay for the Personal Services and Employee Related Expenditures of the 2 Assistant Attorney General positions and the 0.5 Legal Secretary position assigned to the Board of Medical Examiners. Any monies not expended for the purpose specified shall revert to the Board of Medical Examiners Fund. (General Appropriation Act footnote, as adjusted by Laws 1994, Chapter 6, 8th Special Session.)
- 3/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds, until June 30, 1995.
- 4/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only. The Omnibus Supplemental Bill (Laws 1994, Chapter 6, 8th Special Session) changed the appropriation format for the agency from Modified Lump Sum by Agency to Lump Sum by Agency.

NATUROPATHIC PHYSICIANS BOARD OF MEDICAL EXAMINERS

A.R.S. § 32-501

Glenn T. Ozalan, N.D., Chairman

JLBC Analyst: Smith

BOARD OF NATUROPATHIC PHYSICIANS EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	0.3	1.0 ^{1/}	1.0 ^{1/}
Personal Services	9,900	25,900	28,500
Employee Related Expenditures	1,100	3,300	5,500
Professional and Outside Services ^{2/}	9,500	11,300	14,700
Travel - In State	300	100	100
Other Operating Expenditures	5,100	5,800	6,900
Equipment	-0-	-0-	1,500
All Other Operating Expenditures	14,900	17,200	23,200
TOTAL APPROPRIATIONS	25,900	46,400 ^{1/3/}	57,200 ^{1/4/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	39,900	49,500	65,900
Add Revenues	35,500	62,800	49,000
TOTAL FUNDS AVAILABLE	75,400	112,300	114,900
Expenditures	25,900	46,400	57,200
BALANCE END OF FISCAL YEAR	49,500	65,900	57,700

Agency Description — *The board licenses and regulates physicians and medical assistants who practice naturopathy; certifies physicians to dispense natural remedies; and accredits and approves naturopathic medical schools, internships, and programs. Naturopathy is a system of medical diagnosis and treatment based on the use of natural remedies and non-invasive methods.*

- ^{1/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session provided a supplemental appropriation of \$4,500 and 0.5 FTE position for FY 1994 and \$9,700 and 0.5 FTE position for FY 1995 to fund increased activities of the board.
- ^{2/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

NATUROPATHIC PHYSICIANS BOARD OF MEDICAL EXAMINERS (Cont'd)
BOARD OF NATUROPATHIC PHYSICIANS EXAMINERS FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

FTE Positions — The revised amount includes an additional 0.5 FTE position and \$4,500 for FY 1994 and 0.5 FTE position and \$9,700 for FY 1995 to provide funding for clerical support and expanded regulatory activities of the board, as authorized by the Omnibus Supplemental Bill (Laws 1994, Chapter 6, 8th Special Session). These revisions, as listed below, are changes to the board's original FY 1994 and FY 1995 appropriations and include the reallocation of resources among line items:

	FY 1994 Supplemental	FY 1995 Supplemental
FTE Positions	0.5	0.5
Personal Services	\$ 8,700	\$ 11,000
Employee Related Expenditures	1,900	3,500
Professional and Outside Services	(5,400)	(1,700)
Travel - In State	(1,300)	(1,400)
Other Operating Expenditures	600	(1,700)
TOTAL CHANGE	\$ 4,500	\$ 9,700

Personal Services — The revised amount includes an additional \$900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes a total of \$1,300 for board member per diem.

Employee Related Expenditures — The revised amount includes: a) an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$600 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$2,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund:

Professional and Outside Services — The revised amount includes an additional \$200 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$500 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$4,000 for rent of state-owned space, which reflects an additional \$1,800, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$4,300 for the payment of Risk Management premiums. This amount reflects an additional \$4,700, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$700, as authorized by Section 79 of the General Appropriation Act.

Equipment — The revised amount includes an additional \$1,500 for computer equipment, as authorized by Section 73 of the General Appropriation Act.

STATE BOARD OF NURSING

A.R.S. § 32-1602

Fran Roberts R.N., Executive Director

JLBC Analyst: Reddy

BOARD OF NURSING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions ^{1/}	21.7	21.7	21.7
Personal Services	449,900	613,800	634,600
Employee Related Expenditures	187,700	125,800	136,200
Professional and Outside Services	119,100	83,000	83,000
Travel - In State	10,900	14,300	14,300
Travel - Out of State	20,000	5,700	5,700
Other Operating Expenditures	186,500	230,500	234,500
Equipment	-0-	-0-	-0-
All Other Operating Expenditures	336,500	333,500	337,500
OPERATING SUBTOTAL	974,100	1,073,100	1,108,300
Nurse Aid Training Program	58,100	20,000	20,000
TOTAL APPROPRIATIONS	1,032,200	1,093,100 ^{2/}	1,128,300 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	539,300	1,315,200	932,100
Add Revenues	1,808,100	710,000	830,000
TOTAL FUNDS AVAILABLE	2,347,400	2,025,200	1,762,100
Expenditures	1,032,200	1,093,100	1,128,300
BALANCE END OF FISCAL YEAR	1,315,200	932,100	633,800

Agency Description - The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

- ^{1/} The FTE Positions total includes 1.5 FTE positions funded from the Nurse Aid Training Program Special Line Item in FY 1993.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with a Special Line Item. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

STATE BOARD OF NURSING (Cont'd)
BOARD OF NURSING FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$20,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$2,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$4,300 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$49,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$11,900 for the payment of Risk Management premiums. This amount reflects an additional \$8,900, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$1,900, as authorized by Section 79 of the General Appropriation Act.

The revised amount also includes a total of \$51,600 for the Centre Pointe Building lease-purchase payment, which reflects an additional \$3,200, as authorized by Section 72 of the General Appropriation Act.

**BOARD OF EXAMINERS OF NURSING CARE INSTITUTION
ADMINISTRATORS AND ADULT CARE HOME MANAGERS**

A.R.S. § 36-446.02

Christine Springer, Executive Director

JLBC Analyst: Smith

**NURSING CARE INSTITUTION
ADMINISTRATORS' LICENSING AND
ADULT CARE HOME MANAGERS'
CERTIFICATION FUND**

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>
Personal Services	<u>22,700</u>	<u>24,800</u>	<u>25,500</u>
Employee Related Expenditures	<u>6,800</u>	<u>5,400</u>	<u>5,800</u>
Professional and Outside Services ^{1/}	18,400	24,100	25,300
Travel - In State	1,000	4,300	4,300
Other Operating Expenditures	<u>6,400</u>	<u>5,000</u>	<u>5,200</u>
All Other Operating Expenditures	<u>25,800</u>	<u>33,400</u>	<u>34,800</u>
TOTAL APPROPRIATIONS	<u>55,300</u>	<u>63,600</u> ^{2/}	<u>66,100</u> ^{3/}

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

Balance Beginning of Fiscal Year	52,400	80,600	121,800
Add Revenues	<u>89,000</u>	<u>104,800</u>	<u>63,400</u>
TOTAL FUNDS AVAILABLE	141,400	185,400	185,200
Expenditures	55,300	63,600	66,100
Payback to General Fund	<u>5,500</u>	<u>-0-</u>	<u>-0-</u>
BALANCE END OF FISCAL YEAR	<u>80,600</u>	<u>121,800</u>	<u>119,100</u>

Agency Description — *The board licenses, certifies, and regulates administrators of nursing care institutions and managers of adult care homes.*

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS AND ADULT CARE HOME MANAGERS (Cont'd)
NURSING CARE INSTITUTION ADMINISTRATORS' LICENSING AND ADULT CARE HOME MANAGERS' CERTIFICATION FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$300 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$3,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$200 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the Appropriation Act.

The revised amount also includes: a) a total of \$500 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$4,300 for rent of state-owned space, which reflects an additional \$1,000, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$500, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Nursing Care Institution Examiners: Continuation (Chapter 342, H.B. 2289) — The bill extends the board's sunset date to July 1, 2004.

BOARD OF OCCUPATIONAL THERAPY EXAMINERS

A.R.S. § 32-3401

Kenneth D. Fink, Executive Director

JLBC Analyst: Martinez

OCCUPATIONAL THERAPY BOARD FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	1.0	2.0	2.0
Personal Services	28,500	47,300	48,900
Employee Related Expenditures	7,400	13,500	10,900
Professional and Outside Services	200	5,000	5,000
Travel - In State	1,100	2,600	2,600
Travel - Out of State	400	2,200	2,200
Other Operating Expenditures	15,600	15,100	14,800
Equipment	600	5,200	4,200
All Other Operating Expenditures	17,900	30,100	28,800
TOTAL APPROPRIATIONS	53,800	90,900 ^{1/}	88,600 ^{2/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	62,200	95,800	99,300
Add Revenues	87,400	94,400	101,800
TOTAL FUNDS AVAILABLE	149,600	190,200	201,100
Expenditures	53,800	90,900	88,600
BALANCE END OF FISCAL YEAR	95,800	99,300	112,500

Agency Description — *The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints, and holds hearings to enforce standards of practice.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$1,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

BOARD OF OCCUPATIONAL THERAPY EXAMINERS (Cont'd)
OCCUPATIONAL THERAPY BOARD FUND

Employee Related Expenditures — The revised amount includes: a) an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$3,100 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$4,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an increase of \$700, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

The revised amount also includes a total of \$2,900 for rent of state-owned space, which reflects an additional \$300, as authorized by Section 73 of the General Appropriation Act.

STATE BOARD OF DISPENSING OPTICIANS

A.R.S. § 32-1671

Careen J. Heinze, Executive Director

JLBC Analyst: Smith

BOARD OF DISPENSING OPTICIANS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	0.8	0.8	0.8
Personal Services	29,900	29,900	29,100
Employee Related Expenditures	5,400	4,900	5,100
Professional and Outside Services ^{1/}	13,400	15,200	17,000
Travel - In State	2,400	4,900	4,900
Other Operating Expenditures	3,900	10,700	6,200
Equipment	-0-	3,300	-0-
All Other Operating Expenditures	19,700	34,100	28,100
TOTAL APPROPRIATIONS	55,000	68,900 ^{2/}	62,300 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	58,700	68,400	62,900
Add Revenues	64,700	63,400	63,400
TOTAL FUNDS AVAILABLE	123,400	131,800	126,300
Expenditures	55,000	68,900	62,300
BALANCE END OF FISCAL YEAR	68,400	62,900	64,000

Agency Description — *The board licenses and regulates optical establishments and opticians. An optician fits and sells optical devices such as contact lenses and eye glasses.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE BOARD OF DISPENSING OPTICIANS (Cont'd)
BOARD OF DISPENSING OPTICIANS FUND

Personal Services — The revised amount includes an additional \$900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$300 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$1,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$200 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$500 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$5,400 for rent of state-owned space, which reflects an additional \$1,600, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$300, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

STATE BOARD OF OPTOMETRY

A.R.S. § 32-1701

Florence Moore, Executive Director

JLBC Analyst: Smith

BOARD OF OPTOMETRY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	1.8	1.8	1.8
Personal Services	52,700	54,900	56,700
Employee Related Expenditures	9,100	8,300	10,000
Professional and Outside Services ^{1/}	13,800	18,100	19,700
Travel - In State	3,500	6,400	6,400
Travel - Out of State	-0-	700	700
Other Operating Expenditures	3,400	7,200	7,400
All Other Operating Expenditures	20,700	32,400	34,200
TOTAL APPROPRIATIONS	82,500	95,600 ^{2/}	100,900 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	104,000	39,200	108,400
Add Revenues	17,700	164,800	20,600
TOTAL FUNDS AVAILABLE	121,700	204,000	129,000
Expenditures	82,500	95,600	100,900
BALANCE END OF FISCAL YEAR	39,200	108,400	28,100

Agency Description — *The board licenses and regulates optometrists and issues certificates authorizing the use of diagnostic pharmaceutical agents. An optometrist examines eyes, measures vision, and prescribes corrective lenses and treatments which do not require a licensed physician.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE BOARD OF OPTOMETRY (Cont'd)
BOARD OF OPTOMETRY FUND

Personal Services — The revised amount includes an additional \$1,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$1,200 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$1,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$200 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$500 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$5,600 for rent of state-owned space, which reflects an additional \$1,400, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$200, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ARIZONA BOARD OF OSTEOPATHIC EXAMINERS

A.R.S. § 32-1801

Robert J. Miller, Ph.D., Executive Director

JLBC Analyst: Reddy

BOARD OF OSTEOPATHIC EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	5.0	5.5	5.5
Personal Services	153,800	156,200	161,400
Employee Related Expenditures	41,000	34,300	34,600
Professional and Outside Services	15,100	44,900	44,900
Travel - In State	5,200	5,800	5,800
Travel - Out of State	2,300	3,800	3,800
Other Operating Expenditures	41,900	44,200	44,600
Equipment	5,700	-0-	-0-
All Other Operating Expenditures	70,200	98,700	99,100
TOTAL APPROPRIATIONS	265,000	289,200 ^{1/}	295,100 ^{2/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	322,900	532,000	323,300
Add Revenues ^{3/}	474,100	80,500	550,800
TOTAL FUNDS AVAILABLE	797,000	612,500	874,100
Expenditures	265,000	289,200	295,100
BALANCE END OF FISCAL YEAR	532,000	323,300	579,000

Agency Description — *The agency licenses and regulates medical physicians who practice osteopathic medicine, a system of medical treatment that emphasizes the inter-relationship of the body's muscles, bones, and joints with other body systems as an adjunct to invasive and/or chemically-based treatment modalities.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- 1/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.
- 2/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- 3/ This agency has a biennial licensing cycle.

(Continued)

ARIZONA BOARD OF OSTEOPATHIC EXAMINERS (Cont'd)
BOARD OF OSTEOPATHIC EXAMINERS FUND

Personal Services — The revised amount includes an additional \$5,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$1,000 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$14,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$1,100 for the payment of Risk Management premiums. This amount reflects a reduction of \$1,100, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$200, as authorized by Section 79 of the General Appropriation Act.

ARIZONA STATE BOARD OF PHARMACY

A.R.S. § 32-1901

Llyn A. Lloyd, Executive Secretary

JLBC Analyst: Reddy

BOARD OF PHARMACY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	11.0	11.0	11.0
Personal Services	376,700	402,200	416,000
Employee Related Expenditures	83,300	89,300	90,300
Professional and Outside Services	32,700	31,400	31,400
Travel - In State	34,100	33,400	33,400
Travel - Out of State	6,100	4,000	4,000
Other Operating Expenditures	91,500	73,700	73,900
Equipment	13,500	7,000	-0-
All Other Operating Expenditures	177,900	149,500	142,700
OPERATING SUBTOTAL	637,900	641,000	649,000
Poison Control Center Subsidy	-0-	100,000 ^{1/}	-0-
Automation	5,000	-0-	-0-
TOTAL APPROPRIATIONS	642,900	741,000 ^{1/2/}	649,000 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	839,400	912,900	848,900
Add Revenues	716,400	677,000	677,000
TOTAL FUNDS AVAILABLE	1,555,800	1,589,900	1,525,900
Expenditures	642,900	741,000	649,000
BALANCE END OF FISCAL YEAR	912,900	848,900	876,900

Agency Description — *The board licenses, regulates, and conducts examinations of pharmacists and issues permits to distributors of approved medications. The board also educates pharmacists and the general public on the proper distribution and use of these medications.*

- ^{1/} The amount shown reflects the \$100,000 adjustment made to the original FY 1994 appropriation by the Omnibus Supplemental Bill (Laws 1994, Chapter 6, 8th Special Session). These monies will offset a one-time shortfall in the University of Arizona Poison Control Center's budget.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

ARIZONA STATE BOARD OF PHARMACY (Cont'd)
BOARD OF PHARMACY FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$13,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$1,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a reduction of \$2,900 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$32,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$1,900, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Board of Pharmacy; Continuation (Chapter 133, H.B. 2292) — The bill changes the sunset date for the Board of Pharmacy from July 1, 1994 to July 1, 2004.

BOARD OF PHYSICAL THERAPY EXAMINERS

A.R.S. § 32-2001

Janice Stille, Executive Director

JLBC Analyst: Smith

BOARD OF PHYSICAL THERAPY EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	1.0	1.0	1.0
Personal Services	30,400	40,700 ^{1/}	32,400
Employee Related Expenditures	5,500	5,500	5,900
Professional and Outside Services ^{2/}	18,100	23,400	26,300
Travel - In State	1,200	2,500	2,500
Travel - Out of State	400	1,400	1,300
Other Operating Expenditures	7,300	7,800	7,200
Equipment	1,000	-0-	-0-
All Other Operating Expenditures	28,000	35,100	37,300
TOTAL APPROPRIATIONS	63,900	81,300 ^{3/}	75,600 ^{4/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	109,300	196,500	165,300
Add Revenues	151,100	50,100	146,000
TOTAL FUNDS AVAILABLE	260,400	246,600	311,300
Expenditures	63,900	81,300	75,600
BALANCE END OF FISCAL YEAR	196,500	165,300	235,700

Agency Description — *The board licenses and regulates physical therapists. A physical therapist treats patients by physical means, including exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water.*

- ^{1/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session provided a supplemental appropriation of \$9,000 to allow the board to pay lump sum leave for a departing employee.
- ^{2/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving fund for the services provided by the State Boards' Office.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

BOARD OF PHYSICAL THERAPY EXAMINERS (Cont'd)
BOARD OF PHYSICAL THERAPY EXAMINERS FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$1,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The revised amount also reflects elimination of \$9,000 for a one-time lump sum leave payment to a departing employee in FY 1994.

Employee Related Expenditures — The revised amount includes: a) an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$100 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$1,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$200 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$500 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$4,300 for rent of state-owned space, which reflects an additional \$1,300, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$500, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Physical Therapists Board; Continuation (Chapter 342, H..2288) — The bill makes numerous changes to the statutes regarding the regulation of physical therapy. These include the following: a) changes the maximum fee for examination for licensure from \$150 to \$500, b) increases the board's authority in prosecuting violators, and c) allows the board to impose civil penalties of up to \$1,000 per violation, after holding a hearing. The bill also extends the board's sunset date to July 1, 2004.

STATE BOARD OF PODIATRY EXAMINERS

A.R.S. § 32-801

Linda Wells, Executive Director

JLBC Analyst: Smith

BOARD OF PODIATRY EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	1.0	1.0	1.0
Personal Services	24,700	25,600	30,200
Employee Related Expenditures	4,400	4,700	5,300
Professional and Outside Services ^{1/}	12,900	14,700	15,800
Travel - In State	400	400	100
Other Operating Expenditures	2,000	2,300	2,400
Equipment	-0-	2,700	-0-
All Other Operating Expenditures	15,300	20,100	18,300
TOTAL APPROPRIATIONS	44,400	50,400 ^{2/}	53,800 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	44,300	51,300	78,000
Add Revenues	51,400	77,100	70,800
TOTAL FUNDS AVAILABLE	95,700	128,400	148,800
Expenditures	44,400	50,400	53,800
BALANCE END OF FISCAL YEAR	51,300	78,000	95,000

Agency Description — *The board licenses and regulates Doctors of Podiatric Medicine. A podiatrist must take specialized training, serve an internship and pass a qualifying examination prior to licensure to diagnose and treat foot ailments.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services by the State Boards' Office.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

STATE BOARD OF PODIATRY EXAMINERS (Cont'd)
BOARD OF PODIATRY EXAMINERS FUND

Personal Services — The revised amount includes an additional \$900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$100 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$1,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$200 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$500 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$4,200 for rent of state-owned space, which reflects an additional \$900, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$700, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Board of Podiatry; Continuation (Chapter 252, H.B. 2287) — The bill extends the board's sunset date to July 1, 1999.

STATE BOARD OF PRIVATE POSTSECONDARY EDUCATION

A.R.S. § 32-3002

Dona M. Markley, Executive Director

JLBC Analyst: Groll

BOARD OF PRIVATE POSTSECONDARY EDUCATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	3.0	3.0	3.0
Personal Services	77,400	81,600	83,300
Employee Related Expenditures	17,900	17,900	19,800
Professional and Outside Services	1,700	5,000	4,900
Travel - In State	2,200	4,000	3,800
Other Operating Expenditures	23,700	22,100	22,700
All Other Operating Expenditures	27,600	31,100	31,400
TOTAL APPROPRIATIONS	122,900	130,600 ^{1/}	134,500 ^{2/3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	64,200	56,200	41,600
Add Revenues	114,900	116,000	123,300 ^{4/}
TOTAL FUNDS AVAILABLE	179,100	172,200	164,900
Expenditures	122,900	130,600	134,500
BALANCE END OF FISCAL YEAR	56,200	41,600	30,400

Agency Description — *The board enforces the laws and rules governing approximately 125 private postsecondary education institutions, including vocational and degree programs. The board does not have jurisdiction over cosmetology, barber, real estate and professional driving schools. The board also administers a Student Tuition Recovery Fund, which compensates persons suffering damages as the result of a private postsecondary institution ceasing operations.*

- ^{1/} This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- ^{3/} Of the amount appropriated for fiscal year 1994-1995, \$23,300 reverted to the State Board of Private Postsecondary Education Fund because fees were not increased by at least 15% over the fiscal year 1992-1993 level as stipulated in the FY 1994 General Appropriation Act footnote.
- ^{4/} Estimated revenue is revised to \$123,300 (see footnote 2), and estimated expenditures are revised as stipulated because fees were not increased. The end of year balance is revised to \$28,600.

(Continued)

STATE BOARD OF PRIVATE POSTSECONDARY EDUCATION (Cont'd)
BOARD OF PRIVATE POSTSECONDARY EDUCATION FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$2,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$1,700 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$9,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$200, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Student Tuition Recovery Fund (Chapter 272, S.B. 1406) — Amends existing legislation by expanding the fund to include cosmetology schools and professional driver training schools. (While their students will participate in the fund, the cosmetology and driver training schools themselves will continue to be regulated by other agencies.) Requires cosmetology schools and professional driver training schools, which collect prepaid tuition, to "annually pay an assessment to the board for each newly enrolled student equal to the sum of two-tenths of one percent of the total cost . . ." This is the same rate paid by other private postsecondary education institutions. Also adds language requiring that, if a cosmetology school or professional driver training school fails to pay an assessment as required, "the appropriate licensing agency (shall) suspend the license of the cosmetology school or professional driver training school . . . until the school pays the assessment in full."

STATE BOARD OF PSYCHOLOGIST EXAMINERS

A.R.S. § 32-2062

Maxine McCarthy, Executive Director

JLBC Analyst: Smith

BOARD OF PSYCHOLOGIST EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	2.0	2.5	2.5
Personal Services	75,000	79,900	82,500
Employee Related Expenditures	14,200	16,300	18,100
Professional and Outside Services ^{1/}	41,100	73,200	77,700
Travel - In State	4,300	5,000	5,000
Travel - Out of State	-0-	2,500	2,500
Other Operating Expenditures	36,700	18,400	17,300
Equipment	4,000	2,500	-0-
All Other Operating Expenditures	86,100	101,600	102,500
TOTAL APPROPRIATIONS	175,300	197,800 ^{2/}	203,100 ^{3/4/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	369,800	479,000	326,100
Add Revenues	284,500	44,900	298,500
TOTAL FUNDS AVAILABLE	654,300	523,900	624,600
Expenditures	175,300	197,800	203,100
BALANCE END OF FISCAL YEAR	479,000	326,100	421,500

Agency Description — *The board licenses and regulates psychologists.*

- 1/ This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- 2/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- 3/ A report listing total expenditures as compared to appropriated amounts for the quarter and year-to-date shall be forwarded to the Director of the Joint Legislative Budget Committee within 30 days after the end of each quarter of the fiscal year. (General Appropriation Act footnote.)
- 4/ Represents General Appropriation Act funds. Appropriated by Detailed Line Item by Agency.

(Continued)

STATE BOARD OF PSYCHOLOGIST EXAMINERS (Cont'd)
BOARD OF PSYCHOLOGIST EXAMINERS FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$2,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$1,100 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$7,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$100 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$600 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$7,000 for rent of state-owned space, which reflects an additional \$1,900, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$200, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

STATE BOARDS' OFFICE

Delores DeBaca, Office Manager

JLBC Analyst: Smith

SPECIAL SERVICES REVOLVING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Personal Services	<u>40,100</u>	<u>41,700</u>	<u>43,200</u>
Employee Related Expenditures	<u>10,000</u>	<u>10,800</u>	<u>11,200</u>
Professional and Outside Services	<u>19,500</u>	<u>22,600</u>	<u>22,600</u>
Other Operating Expenditures	<u>55,800</u>	<u>57,000</u>	<u>71,200</u>
All Other Operating Expenditures	<u>75,300</u>	<u>79,600</u>	<u>93,800</u>
TOTAL APPROPRIATIONS ^{1/}	<u>125,400</u>	<u>132,100</u>	<u>148,200</u>

Agency Description - The office serves to centralize services and pool resources of 10 small regulatory boards. Examples of shared items include office space and equipment, as well as accounting, clerical, administrative, and telephone services. The office is under the General Services Division of the Department of Administration, but is supported entirely by appropriated funds of the participating boards.

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$1,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes a total of \$5,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount also includes a total of \$52,400 for rent of state-owned space, which reflects an additional \$14,200, as authorized by Section 73 of the General Appropriation Act. A proportionate share of the this amount is included in the Professional and Outside Services Line Item of each of the boards housed within the State Boards' Office.

^{1/} The State Boards' Office is funded through the Professional and Outside Services line of the participating boards. The line items shown here are presented for information only.

(Continued)

STATE BOARDS' OFFICE (Cont'd)
SPECIAL SERVICES REVOLVING FUND

OTHER ISSUES

The following chart provides further details on some of the adjustments described above:

STATE BOARDS' OFFICE
Funding Breakdown

<u>Contributing Boards</u>	<u>Section 73 Rent Adjustment</u>	<u>Section 74 Salary Adjustment ^{1/}</u>	<u>Total Medical/Dental Insurance</u>
Funeral Directors	\$1,300	\$100	\$600
Homeopathic	1,800	200	500
Naturopathic	1,800	200	500
Nursing Care Institutions Admin.	1,000	200	500
Dispensing Opticians	1,600	200	500
Optometry	1,400	200	500
Physical Therapy	1,300	200	500
Podiatry	900	200	500
Psychologists	1,900	100	600
Veterinary	<u>1,200</u>	<u>100</u>	<u>600</u>
Total	<u>\$14,200</u>	<u>\$1,700</u>	<u>\$5,300</u>

^{1/} Includes both Personal Services and Employee Related Expenditures.

BOARD OF RESPIRATORY CARE EXAMINERS

A.R.S. § 32-3501

Ann Marie Toshner, Executive Director

JLBC Analyst: Smith

RESPIRATORY CARE EXAMINERS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	2.0	2.0	2.0
Personal Services	58,800	60,300	62,300
Employee Related Expenditures	11,400	11,100	12,100
Professional and Outside Services	3,600	17,000	17,000
Travel - In State	1,900	4,000	4,000
Travel - Out of State	1,300	3,000	3,000
Other Operating Expenditures	22,500	35,700	36,400
Equipment	2,700	3,000	3,000
All Other Operating Expenditures	32,000	62,700	63,400
TOTAL APPROPRIATIONS	102,200	134,100 ^{1/}	137,800 ^{2/}
RESPIRATORY CARE EXAMINERS FUND			
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	124,100	171,300	257,700
Add Revenues	149,400	220,500	109,800
TOTAL FUNDS AVAILABLE	273,500	391,800	367,500
Expenditures	102,200	134,100	137,800
BALANCE END OF FISCAL YEAR	171,300	257,700	229,700

Agency Description — *The board licenses and regulates respiratory care practitioners. A respiratory therapist performs inhalation therapy and respiratory therapy, which include administering pharmacological, diagnostic, and therapeutic agents, as directed by a physician.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriation to the special agency funds, until June 30, 1995.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

BOARD OF RESPIRATORY CARE EXAMINERS (Cont'd)
RESPIRATORY CARE EXAMINERS FUND

Personal Services — The revised amount includes an additional \$2,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$500 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$4,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$700, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

The revised amount also includes a total of \$5,300 for rent of state-owned space, which reflects an additional \$500, as authorized by Section 73 of the General Appropriation Act.

STRUCTURAL PEST CONTROL COMMISSION

A.R.S. § 32-2302

Jack D. Root, Executive Director

JLBC Analyst: Reddy

**STRUCTURAL PEST CONTROL
COMMISSION FUND & STRUCTURAL
PEST CONTROL COMMISSION
INSPECTION SUPPORT FUND**

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	26.0	26.0	26.0
Personal Services	514,300	580,100	600,500
Employee Related Expenditures	119,200	139,500	161,400
Professional and Outside Services	74,900	106,200	106,200
Travel - In State	62,300	66,800	66,800
Travel - Out of State	1,700	2,600	2,600
Other Operating Expenditures	180,700	124,800	115,200
Equipment	-0-	-0-	-0-
All Other Operating Expenditures	319,600	300,400	290,800
TOTAL APPROPRIATIONS	953,100	1,020,000 ^{1/}	1,052,700 ^{2/3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	116,400	385,800	488,300
Add Revenues	1,222,500	1,122,500	1,122,500
TOTAL FUNDS AVAILABLE	1,338,900	1,508,300	1,610,800
Expenditures	953,100	1,020,000	1,052,700
BALANCE END OF FISCAL YEAR	385,800	488,300	558,100

Agency Description — *The commission licenses and regulates professional pest control companies and conducts examinations of applicators of structural pesticides.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1995.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- ^{3/} It is the intent of the Legislature that not more than 25% of the appropriation for FY 1994 and for FY 1995 shall be expended from the Structural Pest Control Commission Fund. (General Appropriation Act footnote.)

(Continued)

STRUCTURAL PEST CONTROL COMMISSION (Cont'd)
STRUCTURAL PEST CONTROL COMMISSION FUND & STRUCTURAL
PEST CONTROL COMMISSION INSPECTION SUPPORT FUND

Personal Services — The revised amount includes an additional \$20,400 (\$15,300 from the Inspection Support Fund and \$5,100 from the Structural Pest Control Commission Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$2,800 (\$2,100 from the Inspection Support Fund and \$700 from the Structural Pest Control Commission Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$16,100 (\$12,100 from the Inspection Support Fund and \$4,000 from the Structural Pest Control Commission Fund) to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$79,200 (\$73,100 from the Inspection Support Fund and \$6,100 from the Structural Pest Control Commission Fund) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$7,400 for the payment of Risk Management premiums. This amount reflects a reduction of \$7,400, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$1,200, as authorized by Section 79 of the General Appropriation Act.

The approved amount also includes \$36,600 for the Doubletree Building lease-purchase payment. The funding for the lease-purchase payment includes an additional \$1,400, as authorized by Section 72 of the General Appropriation Act.

STATE BOARD OF TECHNICAL REGISTRATION

A.R.S. § 32-102

Ronald Dalrymple, Executive Director

JLBC Analyst: Reddy

TECHNICAL REGISTRATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	15.0	15.0	15.0
Personal Services	316,800	327,400	332,300
Employee Related Expenditures	85,200	79,700	84,600
Professional and Outside Services	27,200	23,300	23,300
Travel - In State	15,000	10,000	10,000
Travel - Out of State	10,900	11,000	11,000
Other Operating Expenditures	212,100	233,400	228,100
Equipment	10,200	2,000	-0-
All Other Operating Expenditures	275,400	279,700	272,400
OPERATING SUBTOTAL	677,400	686,800	689,300
Examinations	179,400	169,400	169,400
TOTAL APPROPRIATIONS	856,800	856,200 ^{1/}	858,700 ^{2/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	332,300	396,500	535,800
Add Revenues	921,000	995,500	979,900
TOTAL FUNDS AVAILABLE	1,253,300	1,392,000	1,515,700
Expenditures	856,800	856,200	858,700
BALANCE END OF FISCAL YEAR	396,500	535,800	657,000

Agency Description — *The agency licenses, investigates, and conducts examinations of architects, assayers (assessors of mineral value), engineers, geologists, land surveyors, and landscape architects.*

^{1/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

STATE BOARD OF TECHNICAL REGISTRATION (Cont'd)
TECHNICAL REGISTRATION FUND

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, 1st Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the 2nd Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the 2nd Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

Personal Services — The revised amount includes an additional \$4,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$1,000 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$40,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects a reduction of \$6,600, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

The revised amount also includes a total of \$43,600 for the rent of state-owned space, which reflects a reduction of \$4,700, as authorized by Section 73 of the General Appropriation Act.

ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

A.R.S. § 32-2201

Louise Battaglia, Executive Director

JLBC Analyst: Smith

BOARD OF VETERINARY MEDICAL EXAMINING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Revised
FTE Positions	3.0	3.0	3.0
Personal Services	84,000	89,800	92,400
Employee Related Expenditures	19,700	19,400	22,200
Professional and Outside Services ^{1/}	22,200	32,500	33,800
Travel - In State	7,400	12,100	12,100
Travel - Out of State	800	2,600	2,600
Other Operating Expenditures	13,700	11,500	11,700
Equipment	2,000	2,500	-0-
All Other Operating Expenditures	46,100	61,200	60,200
TOTAL APPROPRIATIONS	149,800	170,400 ^{2/}	174,800 ^{3/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	54,500	182,200	68,500
Add Revenues	277,500	56,700	302,300
TOTAL FUNDS AVAILABLE	332,000	238,900	370,800
Expenditures	149,800	170,400	174,800
BALANCE END OF FISCAL YEAR	182,200	68,500	196,000

Agency Description — *The board licenses and regulates veterinarians, veterinary technicians, and veterinary premises.*

The FY 1994 General Appropriation Act, as authorized by the 41st Legislature, First Regular Session, included both FY 1994 and FY 1995 appropriations for the 26 "90-10" agencies. During the Second Regular Session, the Legislature has revised the FY 1995 appropriations. Only changes made during the Second Regular Session are described below. For additional information, refer to the FY 1994 Appropriations Report.

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for services provided by the State Boards' Office.
- ^{2/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD (Cont'd)
BOARD OF VETERINARY MEDICAL EXAMINING FUND

Personal Services — The revised amount includes an additional \$2,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The revised amount includes: a) an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an additional \$2,000 to update the employer contributions for Employee Related Expenditures, as authorized by Section 76 of the General Appropriation Act.

The revised amount also includes a total of \$10,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The revised amount includes an additional \$100 for the State Boards' Office general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The revised amount also includes: a) a total of \$600 for the state share of the State Boards' Office employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund and b) a total of \$6,700 for rent of state-owned space, which reflects an additional \$1,200, as authorized by Section 73 of the General Appropriation Act.

Other Operating Expenditures — The revised amount includes a total of \$900 for the payment of Risk Management premiums. This amount reflects an additional \$100, as authorized by Section 76 of the General Appropriation Act, and a reduction of \$100, as authorized by Section 79 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Veterinary Licensing (Chapter 211, H.B. 2084) — The bill gives the board authority to assess civil penalties of up to \$1,000 for certain administrative violations.

EDUCATION

ARIZONA COMMISSION ON THE ARTS

A.R.S. § 41-981

Shelley M. Cohn, Executive Director

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	<u>11.5</u>	<u>11.5</u>	<u>12.5</u>
Personal Services	<u>308,500</u>	<u>315,800</u>	<u>341,900</u>
Employee Related Expenditures	<u>69,000</u>	<u>63,800</u>	<u>74,500</u>
Professional and Outside Services	500	-0-	-0-
Travel - In State	13,200	13,100	13,100
Travel - Out of State	600	800	800
Other Operating Expenditures	76,200	90,400	87,300
Equipment	<u>1,200</u>	<u>-0-</u>	<u>-0-</u>
All Other Operating Expenditures	<u>91,700</u>	<u>104,300</u>	<u>101,200</u>
OPERATING SUBTOTAL	469,200	483,900	517,600
Community Service Projects	<u>836,100</u>	<u>775,000</u>	<u>975,000</u>
TOTAL APPROPRIATIONS	<u>1,305,300</u>	<u>1,258,900</u>	<u>1,492,600</u> ^{1/}

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

FTE Positions — The approved amount includes an Accounting Tech II FTE position and \$18,800 to help the agency meet the demands of the new state accounting system.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$14,500 for the Accounting Tech II FTE position, and b) an additional \$11,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$29,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with a Special Line Item. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

ARIZONA COMMISSION ON THE ARTS (Cont'd)
GENERAL FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a total reduction of \$400, including a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$51,500 for the Corpstein Building lease-purchase payment. The funding for the lease-purchase payment includes a total reduction of \$1,900, including a reduction of \$600, as authorized by Section 72 of the General Appropriation Act. The approved amount also includes a reduction of \$800 for Operations and Maintenance charges.

Community Service Projects — The approved amount includes an increase of \$200,000 for Community Service Projects. Community Service Project monies are grants made available to arts organizations and Arizona communities on a matching basis which provide ticket discounts, organizational development support, and programs in all of the arts disciplines. When combined with \$1,140,600 from the Arts Trust Fund, a total of \$2,115,600 in state funds is available for grants in FY 1995.

STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES

A.R.S. § 15-1424

Don Puyear, Ph.D., Executive Director

JLBC Analyst: Groll

GENERAL FUND AND CERTIFICATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	11.0	11.0	14.0
Personal Services	462,600	477,000	625,200
Employee Related Expenditures	83,300	82,600	107,300
Professional and Outside Services	2,900	6,000	6,000
Travel - In State	36,800	34,600	30,300
Travel - Out of State	1,700	-0-	-0-
Other Operating Expenditures	25,100	41,600	87,500
Equipment	500	-0-	-0-
All Other Operating Expenditures	67,000	82,200	123,800
OPERATING SUBTOTAL	612,900	641,800	856,300 ^{1/2/}
Indirect Costs	-0-	-0-	10,000
Operating State Aid			
Cochise	4,357,900	4,357,900	4,573,100
Coconino	1,000,900	1,047,200	1,584,600
Graham	3,695,800	3,695,800	4,144,400
Maricopa	29,736,300	29,736,300	33,068,400
Mohave	2,538,300	2,579,300	2,784,200
Navajo	3,262,400	3,262,400	3,262,400
Pima	12,881,600	12,881,600	14,609,800
Pinal	4,458,300	4,458,300	4,875,800
Yavapai	3,400,900	3,400,900	3,553,500
Yuma/La Paz	3,585,000	3,585,000	3,969,600
Total - Operating State Aid	68,917,400	69,004,700	76,425,800
Capital Outlay State Aid			
Cochise	535,400	535,400	698,300
Coconino	207,000	207,000	216,000
Graham	441,300	441,300	571,800
Maricopa	5,315,500	5,315,500	7,163,900
Mohave	250,700	250,700	428,600
Navajo	365,800	365,800	422,700
Pima	1,857,600	1,857,600	2,511,700
Pinal	530,300	530,300	685,000
Yavapai	385,500	385,500	499,100
Yuma/La Paz	429,900	429,900	589,700
Total - Capital Outlay State Aid	10,319,000	10,319,000	13,786,800

(Continued)

STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES (Cont'd)
GENERAL FUND AND CERTIFICATION FUND

Equalization Aid			
Cochise	960,800	1,070,400	1,292,300
Graham	5,306,400	5,541,200	5,811,400
Total - Equalization Aid	6,267,200	6,611,600	7,103,700
Economic Development Training Program	150,000	150,000	-0-
TOTAL APPROPRIATIONS	86,266,500	86,727,100	98,182,600 ^{5/}
<u>Fund Summary</u>			
General Fund	86,266,500	86,727,100	98,045,700
Certification Fund	-0-	-0-	136,900
TOTAL APPROPRIATIONS	86,266,500	86,727,100	98,182,600

Agency Description — *The Arizona community college system is comprised of a state board of directors and 10 college districts. The board consists of 15 members--one from each county, appointed by the Governor; a representative of the Arizona Board of Regents; and the Superintendent of Public Instruction or the Superintendent's designee. The state board: a) enacts ordinances for the government of the community colleges; b) sets standards for their operation; c) arranges for certification of community college teachers, and fixes and collects fees for issuance and renewal of certificates; and d) fixes student tuition and fees. The community colleges provide programs not exceeding 2 years' training in the arts, sciences and humanities beyond the 12th grade of public or private high school course of study or vocational education.*

- ^{1/} The \$135,100 appropriated from the Certification Fund is intended for the specific purpose of defraying teacher certification costs and includes \$125,100 for total direct certification costs of staff salaries, Employee Related Expenditures and all other direct operating expenses, and \$10,000 for related Indirect Costs for administrative expenses incurred by the board. (General Appropriation Act footnote.)
- ^{2/} The State Board of Directors for Community Colleges shall conduct in cooperation with the ten community college districts, the Joint Legislative Budget Committee Staff and the Office of Strategic Planning and Budgeting, a comprehensive review of community college teacher certification in Arizona, including a comparative analysis of other states' statutes, policies and procedures regarding the establishment, implementation and enforcement of qualifications and standards of instructional staff. The board shall also develop a prioritized set of alternative scenarios for retaining, eliminating or modifying community college teacher certification, including a line item fiscal impact statement of each alternative scenario to the state, board and districts, respectively. The board shall present its findings in a report to the Joint Legislative Budget Committee by October 31, 1994. (General Appropriation Act footnote.)
- ^{3/} Of the \$33,068,400 appropriated for Maricopa operating state aid, the sum of \$700,000 is for the development of educational areas at Williams Air Force Base and shall revert to the state General Fund if the base property is not conveyed for this purpose. (General Appropriation Act footnote.)
- ^{4/} Each district has the option of using up to 20% of its total capital outlay aid appropriation for operating aid purposes, or this same amount may be taken out of its total operating state aid appropriation and used for capital outlay purposes (A.R.S. § 15-1464F).
- ^{5/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum with District by District Special Line Items by Agency. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES (Cont'd)
GENERAL FUND AND CERTIFICATION FUND

FTE Positions — The approved amount of 14 FTE positions reflects the addition of 3 FTE positions and \$136,900 from the Certification Fund (Personal Services, \$72,400; Employee Related Expenditures, \$13,600; Other Operating Expenditures, \$40,900; and Indirect Costs, \$10,000). The Certification Fund is the repository for fees paid by persons to be certified as instructional staff and eligible to teach at community colleges. Certification Funds are used to defray the board's costs of the certification process.

The Legislature appropriated the Certification Fund to insure that the funds are used by the board for purposes intended by law [A.R.S. § 5-1425(7)] and mandated a comprehensive study of community college certification in Arizona. (See footnotes 1 and 2.)

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$18,500 from the General Fund and \$2,500 from the Certification Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes \$64,000 (\$56,900 in Personal Services and \$7,100 in Employee Related Expenditures) to fully fund the Governmental Affairs position. The 1 FTE for this position already existed, but had not been previously funded through appropriated monies. This sum is derived from a one-time proportionate reduction and reallocation from the districts' FY 1995 Operating Aid appropriations.

Employee Related Expenditures — The approved amount includes an additional \$2,200 from the General Fund and \$300 from the Certification Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$31,700 from the General Fund and \$8,600 from the Certification Fund for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenses — The approved amount includes a total of \$10,400 from the General Fund and \$6,400 from the Certification Fund for the payment of Risk Management premiums. These amounts reflect a reduction of \$1,700 from the General Fund and \$1,000 from the Certification Fund, as authorized under Section 79 of the General Appropriation Act.

Indirect Costs — The approved amount includes \$10,000 from the Certification Fund to defray reasonable expenses incurred by the board for administration of the fund. These costs include a share of the Executive Director's salary, financial services, and other board staff whose efforts indirectly support the certification process.

Operating State Aid — The Education Omnibus Budget Reconciliation (Chapter 3, 8th Special Session) suspends the Operating State Aid formula in A.R.S. § 15-1466 (see Additional Legislation). The approved amount for Operating State Aid:

- funds the formula for each district, using a 1.5% deflator and adds \$69,500 for full time student equivalent (FTSE) growth of 0.1%;
- redistributes on a pro rata basis the sum of \$64,000 to the state board operating budget to fund the Governmental Affairs position;
- adds an additional \$2,820,900, or 4%, proportionately distributed to each district;
- adds an additional \$2,000,000 to Maricopa and \$821,600 to Pima to help make up for past formula funding deficiencies;
- adds \$38,000 to Navajo to maintain funding at the FY 1994 level; and
- adds \$700,000 to Maricopa for Williams Air Force Base campus development. (See footnote 4.)

Without the suspension of the formula, Operating State Aid would have been calculated as a two-step process that:

- adjusts each district's current year state aid for inflation using the GDP Deflator for calendar year 1993; and
- adjusts for the growth or decline in actual FTSE enrollment for each district for the prior calendar year.

(Continued)

STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES (Cont'd)
GENERAL FUND AND CERTIFICATION FUND

The sum of the base, plus inflation, plus/minus FTSE change would have become the base amount to be adjusted in the next year. In this case, suspension of the formula led to a substantially greater appropriation than called for by the formula. Instead of a \$1,863,600 or 2.7% increase required by the formula, the Legislature provided a \$7,421,100 or 10.8% increase.

Capital Outlay State Aid — The Education Omnibus Reconciliation Bill (Chapter 3, 8th Special Session) suspends the Capital Outlay State aid formula in A.R.S. § 15-1464 (see Additional Legislation). The approved amount for Capital Outlay State Aid provides funding of the formula for each district using a 1.5% deflator, and adds an additional \$1,067,700, or 8.4% proportionately distributed to each district. Without the suspension of the formula, Capital Outlay State Aid would have provided per capita funding to districts based on the district's size and most recent year's actual FTSE. Districts with 5,000 or less FTSE would have received \$212/FTSE, while districts with greater than 5,000 FTSE would have received \$162/FTSE. Under the formula, these rates are adjusted annually for inflation per the GDP Price Deflator. Instead of a \$3,548,800 or 33.6% increase required by the formula, the Legislature provided a \$3,467,800 or 34.4% increase. The \$81,000 difference is attributable to funding the deflator at 1.5%, rather than the 2.6% GDP Deflator required under the formula.

Equalization Aid — The approved amount fully funds the increase in the formula requirement for the 2 qualifying districts: Cochise and Graham. Equalization Aid is paid to a community college district which has a property tax base that is less than the minimum assessed value specified in A.R.S. § 15-1402. Under the Equalization Aid formula, the minimum assessed valuation is increased by the average growth in actual assessed valuation for all rural districts with populations less than 500,000 persons for the 2 most recent years. Equalization Aid is paid out on the basis of the difference between minimum assessed valuation and the most recent year's actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district's assessed valuation or the district's levy rate.

Economic Development Training Program — No funds are provided. The state's three year commitment to the Maricopa Community College District for a specialized work force training program for a major interstate banking firm located in the Phoenix metropolitan area was completed in FY 1994.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Section J of this act appropriates \$200,000 from the General Fund to the State Board of Directors for Community Colleges for the Navajo Community College District Show Low campus. This amount represents the second payment toward fulfilling the requirement of A.R.S. § 15-1463. A total of \$400,000 has been paid to the Navajo Community College District for the Show Low Campus.

ADDITIONAL LEGISLATION

Study Committee: Community Colleges (Chapter 351, H.B. 2456) — This act establishes a 10-member Joint Legislative Study Committee on Community Colleges to study the establishment of community colleges in counties not part of a community college district in the state. Specifically, the committee shall:

- analyze community college district formations;
- analyze population growth trends in rural communities;
- analyze the needs for community college expansion and the barriers to such expansions;
- assess the fiscal effect of expanding community colleges; and
- develop legislative recommendations based upon the study.

The committee shall prepare and present their recommendations and proposed legislation to the Governor, the President of the Senate and the Speaker of the House of Representatives on or before December 1, 1995.

Education: Omnibus Reconciliation Bill (Chapter 3, H.B. 2003, 8th Special Session) — Section 4 of this act suspends the community college funding formulas (A.R.S. § 15-1464, § 15-1466, and § 15-1468) and provides that the level of FY 1995 community college Capital Outlay State Aid, Operating State Aid, and Equalization Aid shall be the amounts appropriated in the General Appropriation Act.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
SUMMARY**

A.R.S. § 15-1301

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Phoenix Day School	4,380,400	4,492,800	5,210,900
Arizona Diagnostic Testing and Education Center	1,755,000	1,655,700	1,895,200
Tucson Campus	13,759,500	13,883,500	14,246,200
TOTAL APPROPRIATIONS	19,894,900	20,032,000	21,352,300
<u>Expenditure Detail</u>			
FTE Positions	493.2	486.8	515.3
Personal Services	12,705,500	12,780,800	13,502,700
Employee Related Expenditures	2,742,600	2,729,400	2,981,600
Professional and Outside Services	338,500	305,900	378,200
Travel - In State	63,400	57,300	61,900
Travel - Out of State	100	-0-	-0-
Food	113,500	110,000	115,100
Other Operating Expenditures	3,838,200	3,929,000	3,668,500
Equipment	93,100	119,600	644,300
All Other Operating Expenditures	4,446,800	4,521,800	4,868,000
OPERATING SUBTOTAL	19,894,900	20,032,000	21,352,300 ^{1/}
<u>Fund Summary</u>			
General Fund	14,778,700	15,263,700	16,168,800
Permanent Special Education Institutional Voucher Fund	4,584,700	4,493,300 ^{2/}	4,897,500
Endowment Earnings and Out of State Tuition	531,500	275,000	286,000
TOTAL APPROPRIATIONS	19,894,900	20,032,000	21,352,300 ^{3/}

- ^{1/} It is the intent of the Legislature that the Schools for the Deaf and the Blind report quarterly all Travel - Out of State expenditures to the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)
- ^{2/} FY 1994 was the first year that voucher funds were appropriated. Prior to FY 1994, voucher funds were used as a deduction from the total appropriation. The FY 1993 Actuals have been adjusted for comparability.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for visually and hearing impaired students. ASDB has 2 campuses, a day school in Phoenix and a residential campus in Tucson. Systemwide, ASDB serves approximately 539 students at the schools.*

Fund Sources — ASDB receives funding from the following 4 sources: General Fund, Voucher Fund, Endowment Earnings and Out-of-State Tuition monies. The voucher monies are received from the Arizona Department of Education (ADE). ADE is appropriated funding through a special line item called Permanent Special Education Institutional Vouchers for the special education costs of students attending ASDB and developmentally disabled programs operated by the Department of Economic Security, in accordance with A.R.S. § 15-1202. ASDB must submit an application to be approved by the Division of Special Education at ADE to receive voucher funding based on amounts set in statute, by disability category. The FY 1995 appropriation for vouchers is based upon current 1994 enrollment at ASDB with the exception of the Multiple Disabilities with Severe Sensory Impairments (MDSSI) student count, where the approved amount includes a projected increase of 12 new MDSSI students in FY 1995. ASDB will receive voucher funding for FY 1995 based on actual enrollment in that year. If its student count increases or decreases from the FY 1995 enrollment estimate, its voucher funding will change accordingly.

The following represents the FY 1995 rates for each disability category:

	<u>Rate</u>
Visual Impairments	\$9,806.85
Hearing Impairments	8,393.23
Multiple Disabilities	8,727.59
Multiple Disabilities with Severe Sensory Impairments	12,636.54

Personal Services — The approved amount includes an increase of \$195,800 in General Fund monies to fund the salary equity adjustments for all positions at the Arizona State Schools for the Deaf and Blind (ASDB) as required by Laws 1988, Chapter 237. The increases shall be allocated as follows: 1.5% for classified positions, 1.8% for certified positions, and 1% for administrative positions. The annual salary equity adjustment is based upon a comparison of ASDB's salaries, by educational level, with similar personnel in 3 school districts (Tucson Unified, Mesa Unified and Washington Elementary) providing significant programs for sensory impaired children. Chapter 237 provided that the Department of Administration shall conduct salary equity studies and that the Joint Legislative Budget Committee (JLBC) shall use the results in making its recommendation for funding Personal Services 1 year in arrears. The above adjustments are in lieu of the general salary adjustments for other state employees (July 1, 1994, 3%; April 1, 1995, 2%).

Employee Related Expenditures — The approved amount includes an increase of \$24,300 from the General Fund for the cost of the salary equity adjustment.

The approved amount also includes a total of \$904,700 from the General Fund and \$383,400 from voucher funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - Out of State — Travel - Out of State is not appropriated through the legislative process. Instead, ASDB uses Trust Fund monies (see the FY 1995 Non-Appropriated Funds book) to fund this line item. The October, 1992 Auditor General's Performance Audit Report found that Travel - Out of State accounted for approximately 57% of all Trust Fund monies expended in FY 1991, with 52% spent on administrative travel. In FY 1994, the Travel - Out of State footnote (footnote 1 on previous page) was added to provide the Legislature with some oversight of these expenditures.

ADDITIONAL LEGISLATION

Education Omnibus Budget Reconciliation (Chapter 3, H.B. 2003, 8th Special Session) — Adds ASDB to the list of agencies exempt from participating in the Department of Administration's state motor vehicle fleet.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
PHOENIX DAY SCHOOL**

A.R.S. § 15-1361

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

GENERAL FUND AND PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	125.5	122.1	137.4
Personal Services	3,109,900	3,293,100	3,585,000
Employee Related Expenditures	683,700	698,200	789,900
Professional and Outside Services	54,900	50,100	62,600
Travel - In State	12,900	7,600	7,600
Food	28,200	30,000	30,900
Other Operating Expenditures	450,700	413,800	427,500
Equipment	40,100	-0-	307,400
All Other Operating Expenditures	586,800	501,500	836,000
TOTAL APPROPRIATIONS	4,380,400	4,492,800	5,210,900
<u>Fund Summary</u>			
General Fund	2,681,700	2,800,700	3,301,200
Permanent Special Education Institutional Voucher Fund	1,698,700	1,692,100	1,909,700 ^{1/}
TOTAL APPROPRIATIONS	4,380,400	4,492,800	5,210,900 ^{2/3/4/}

Program Description — *The Phoenix Day School for the Deaf (PDS) provides a comprehensive educational program for hearing impaired students. PDS is projected to serve 220 students in the following categories: 178 hearing impaired, 18 multiply disabled and 24 multiple disabilities with severe sensory impairments (MDSSI).*

- 1/ Prior to the expenditure of any voucher funds in excess of the \$1,909,700 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)
- 2/ The Phoenix Day School shall have a total of 24 Multiple Disabilities with Severe Sensory Impairments (MDSSI) students enrolled during the 1994-1995 school year. If less than 24 MDSSI students enroll, \$13,500 reverts to the state General Fund. (General Appropriation Act footnote.)
- 3/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.
- 4/ The narrative below discusses General Fund and Other Appropriated Fund changes for Personal Services and Employee Related Expenditures. All other adjustments discussed are General Fund changes unless otherwise noted.

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ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - PHOENIX DAY SCHOOL (Cont'd)
GENERAL FUND AND PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND

FTE Positions — The approved amount includes an increase of 15.3 FTE positions as follows:

- 5 FTE positions (2 Teachers and 3 Instructional Aides) and \$117,700 in voucher funding due to excess vouchers received in FY 1994;
- 3 FTE positions (1 Teacher, 1 Instructional Aide, and 1 Site Trainer) and \$13,500 in General Fund monies and \$75,400 in voucher funding to fund 1 secondary level MDSSI class;
- 6 Bus Aide FTE positions and \$97,200 in General fund monies so that all existing PDSB bus routes will have aides;
- 1.3 FTE positions (1 Interpreter, and a 0.3 Bus Driver) and \$22,800 in General Fund monies for mainstreaming. The increase will enable the agency to meet federal and state special education mandates that require a continuation of program placement options be available to meet the needs of disabled children. Regulations require that children with disabilities be educated with children who are not disabled to the maximum extent possible.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$20,600 in vacancy savings from the General Fund and \$15,100 in vacancy savings from voucher funds.

The approved amount includes an additional increase of \$52,300 from the General Fund for the salary equity adjustment provided to all positions at the Arizona State Schools for the Deaf and Blind (ASDB) for FY 1995 as required by Laws 1988, Chapter 237. The approved amount also includes the following:

- \$3,200 in General Fund monies to increase the recruitment rate for Physical Therapists and Occupational Therapists;
- \$93,400 in voucher funding to annualize 5 FTE positions funded through excess vouchers in FY 1994;
- \$55,300 in voucher funding to fund 3 FTE positions for a new secondary level MDSSI class;
- \$72,900 in General Fund monies to fund 6 Bus Aide FTE positions;
- \$17,500 to fund 1.3 FTE positions for mainstreaming.

Employee Related Expenditures — The approved amount includes an increase of \$6,500 from the General Fund for the cost of the salary equity adjustment. The increase includes \$29,600 in General Fund monies and \$38,800 in voucher funding for the new FTE positions.

The approved amount also includes a total of \$195,100 from the General Fund and \$148,200 from voucher funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures — The approved amount includes an increase of \$10,000 for non-capitalized replacement equipment funding, which represents two-thirds of the specialized educational equipment requirement and one-third of the non-educational equipment requirement. The approved amount includes a total of \$35,000 for specialized educational equipment and a total of \$22,300 for non-educational equipment.

The approved amount includes an increase of \$19,400 for capitalized equipment, which represents two-thirds of the specialized educational replacement equipment requirement and one-third of the non-educational replacement equipment requirement.

The approved amount also includes an increase of \$286,000 in capitalized equipment to replace 7 school buses and 1 van, which represents 28% of the fleet in Phoenix. In July 1993, the Department of Administration (DOA)'s Risk Management Loss Control Division conducted an evaluation of ASDB's motor vehicle program. The evaluation found that ASDB has insufficient funding to replace aged vehicles. Specifically, PDSB's vehicle problem is due to the high mileage on its school buses. The report concludes by stating that "failure to remove these vehicles with continued usage will result in injury, and potential lawsuits for the state."

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ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - PHOENIX DAY SCHOOL (Cont'd)
GENERAL FUND AND PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND

OTHER ISSUES

Summary of Phoenix Day School program expansions in FY 1995:

	Excess Vouchers	MDSSI Class		Bus Aides	Mainstreaming
	Voucher Funds	General Fund	Voucher Funds	General Fund	General Fund
FTE Positions	5.0		3.0	6.0	1.3
Personal Services	\$93,400		\$55,300	72,900	\$17,500
Employee Related Expenditures	24,300		14,500	24,300	5,300
Professional and Outside Services		\$12,500			
Food		300	600		
All Other Operating Expenditures		700	3,000		
Equipment			2,000		
TOTAL	\$117,700	\$13,500	\$75,400	\$97,200	\$22,800

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
ARIZONA DIAGNOSTIC TESTING AND EDUCATION CENTER**

A.R.S. § 15-1301

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

GENERAL FUND AND PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	61.5	60.4	65.9
Personal Services	1,360,400	1,288,700	1,424,700
Employee Related Expenditures	283,700	304,000	355,800
Professional and Outside Services	54,900	43,300	82,800
Travel - In State	1,500	800	800
Food	-0-	-0-	4,200
Other Operating Expenditures	53,800	18,900	24,900
Equipment	700	-0-	2,000
All Other Operating Expenditures	110,900	63,000	114,700
TOTAL APPROPRIATIONS	1,755,000	1,655,700	1,895,200
<u>Fund Summary</u>			
General Fund	1,145,000	1,077,500	1,236,800
Permanent Special Education			
Institutional Voucher Fund	610,000	578,200	658,400 ^{1/}
TOTAL APPROPRIATIONS	1,755,000	1,655,700	1,895,200 ^{2/3/4/}

Program Description — *The Arizona Diagnostic Testing and Education Center (ADTEC) provides diagnostic evaluation and educational programming for Multiple Disabilities with Severe Sensory Impairments (MDSSI) students as referred by school districts throughout the state. ADTEC is projected to serve 55 students in the following categories: 49 MDSSI, 5 multiple disabilities and 1 visually impaired student.*

- ^{1/} Prior to the expenditure of any voucher funds in excess of the \$658,400 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)
- ^{2/} The Arizona Diagnostic Testing and Education Center shall have a total of 49 MDSSI students enrolled during the 1994-1995 school year. If less than 49 MDSSI students enroll, \$81,200 reverts to the state General Fund. (General Appropriation Act footnote.)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.
- ^{4/} The narrative below discusses General Fund and Other Appropriated Fund changes for Personal Services and Employee Related Expenditures. All other adjustments discussed are General Fund changes unless otherwise noted.

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**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
ARIZONA DIAGNOSTIC TESTING AND EDUCATION CENTER (Cont'd)
GENERAL FUND AND PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND**

FTE Positions — The approved amount includes an increase of 5.5 FTE positions (1 Teacher, 1 Instructional Aide, 1 Site Trainer, 1 Teaching Parent, and 1.5 support positions) and \$81,200 in General Fund monies and \$75,400 in voucher funding to fund 1 secondary level MDSSI class.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$9,000 in vacancy savings from the General Fund and \$4,700 in vacancy savings from voucher funds.

The approved amount includes an additional \$20,700 in General Fund monies to fund salary equity adjustments provided to all positions at the Arizona State Schools for the Deaf and Blind (ASDB) for FY 1995 as required by Laws 1988, Chapter 237.

The approved amount includes an increase of 5.5 FTE positions and \$116,000 (General Fund: 3 FTE positions and \$54,600; voucher funding: 2 FTE positions and \$61,400) to open a new secondary level MDSSI class.

Employee Related Expenditures — The approved amount includes an increase of \$2,600 from the General fund for the cost of the salary equity adjustment. The increase includes \$14,400 in General Fund monies and \$14,000 in voucher funds for the new FTE positions.

The approved amount also includes a total of \$104,300 from the General Fund and \$60,500 from voucher funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures — The approved amount includes an increase of \$39,500 in Professional and Outside Services for tuition costs associated with mainstreaming ASDB students into public schools.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
TUCSON CAMPUS**

A.R.S. § 15-1301

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

GENERAL FUND, PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND AND ENDOWMENT FUND EARNINGS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	306.2	304.3	312.1
Personal Services	8,235,200	8,199,000	8,493,000
Employee Related Expenditures	1,775,200	1,727,200	1,835,900
Professional and Outside Services	228,700	212,500	232,800
Travel - In State	49,000	48,900	53,500
Travel - Out of State	100	-0-	-0-
Food	85,300	80,000	80,000
Other Operating Expenditures	3,333,700	3,496,300	3,216,100
Equipment	52,300	119,600	334,900
All Other Operating Expenditures	3,749,100	3,957,300	3,917,300
TOTAL APPROPRIATIONS	13,759,500	13,883,500	14,246,200
<u>Fund Summary</u>			
General Fund	10,952,000	11,385,500	11,630,800
Permanent Special Education Institutional Voucher Fund	2,276,000	2,223,000	2,329,400 ^{1/}
Endowment Earnings and Out-of-State Tuition	531,500	275,000	286,000 ^{2/}
TOTAL APPROPRIATIONS	13,759,500	13,883,500	14,246,200 ^{3/4/}

Program Description — *The Tucson Campus provides a comprehensive residential educational program for visually and hearing impaired students. The school currently serves 264 students in the following categories: 163 hearing impaired, 70 visually impaired, 17 multiple disabilities with severe sensory impairments and 14 multiple disabilities students.*

- 1/ Prior to the expenditure of any voucher funds in excess of the \$2,329,400 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)
- 2/ All out-of-state tuition collections paid into the state treasury are appropriated for operating expenditures and authorized capital outlay projects. (General Appropriation Act footnote).
- 3/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Program. The line items within "All Other Operating Expenditures" are shown for information only.
- 4/ The narrative below discusses General Fund and Other Appropriated Fund changes for Personal Services and Employee Related Expenditures. All other adjustments discussed are General Fund changes unless otherwise noted.

(Continued)

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - TUCSON CAMPUS (Cont'd)
GENERAL FUND, PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND AND
ENDOWMENT FUND EARNINGS**

FTE Positions — The approved count includes an increase of 7.8 FTE positions as follows:

- 3 FTE positions (1 Teacher, 1 Instructional Aide and 1 Support position) and \$71,900 in voucher funding due to excess vouchers received in FY 1994;
- 2 FTE positions (1 Preschool Teacher and 1 Outreach Coordinator/Low Vision Specialist) and \$84,700 in General Fund monies for the Preschool/Regional Services Program for the preschool and regional services programs. The Preschool Teacher is needed to handle the growth in the number of children requiring an early intervention program. The Outreach Coordinator/Low Vision Specialist will serve children residing on the Navajo reservation;
- 1.3 Bus Driver FTE positions and \$35,600 in General Fund monies for mainstreaming;
- 1.5 Bus Aide FTE positions and \$24,200 in General Fund monies to ensure that all existing Tucson bus routes have aides.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$66,700 in vacancy savings from the General Fund and \$19,100 in vacancy savings from voucher funds.

The approved amount includes an additional \$122,800 in General Fund monies to fund the salary equity adjustments provided to all positions at the Arizona State Schools for the Deaf and the Blind (ASDB) in FY 1995 as required by Laws 1988, Chapter 237. The approved amount also includes the following:

- \$63,800 in General Fund monies to fund 2 FTE positions for the Preschool/Regional Services Program;
- \$57,200 in voucher funding to annualize 3 FTE positions funded through excess vouchers;
- \$18,200 in General Fund monies to fund 1.5 Bus Aide FTE positions;
- \$15,600 in General Fund monies to expand the Extended School Year Program;
- \$15,200 in General Fund monies to fund 1.3 Bus Driver FTE positions for mainstreaming;
- \$4,800 in General Fund monies to increase the recruitment rate for Physical Therapists and Occupational Therapists.

Employee Related Expenditures — The approved amount includes an increase of \$15,200 from the General Fund for the cost of the salary equity adjustment. The increase includes \$24,100 in General Fund monies and \$14,700 in voucher funding for the new FTE positions.

The approved amount also includes a total of \$605,300 from the General Fund and \$174,700 from voucher funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures — The approved amount includes a total of \$129,800 from the General Fund and \$52,300 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts represent a reduction of \$21,000 from the General Fund and \$8,500 from Other Appropriated Funds, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes a total of \$1,763,500, an increase of \$20,500, for lease-purchase payments for the ASDB High School, auditorium, elementary school, middle school, learning center and food services buildings. The approved amount includes a reduction of \$319,700 to reflect the completion of lease-purchase payments for ASDB's modular buildings.

The approved amount also includes an increase of \$123,500 for non-capitalized equipment, which represents one-third of the specialized educational equipment requirement, and one-third of the non-educational equipment requirement. The approved amount includes a total of \$111,600 for specialized educational equipment and a total of \$89,300 for non-educational equipment.

Capitalized Equipment — The approved amount includes \$34,900, which represents two-thirds funding of the specialized educational replacement equipment requirement; \$43,900 which represents one-third of the non-educational replacement equipment requirement; and \$256,100 to purchase/replace 13 vehicles (3 cars, 1 pickup truck, and 9 lift vans/suburbans) which represents 26% of the current fleet in Tucson. DOA's Risk Management Loss Control Division conducted an evaluation in July 1993 of ASDB's motor vehicle program. The evaluation found that ASDB has insufficient funding for

(Continued)

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - TUCSON CAMPUS (Cont'd)
GENERAL FUND, PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND AND
ENDOWMENT FUND EARNINGS

aged vehicle replacement. Specifically, the Tucson Campus vehicle problem is due to the high mileage on its vans, suburbans, and small vehicles used to transport students. The report concludes by stating that "failure to remove these vehicles with continued usage will result in injury, and potential lawsuits for the state."

OTHER ISSUES

Summary of the Tucson Campus program expansions in FY 1995:

	<u>Excess Vouchers</u>	<u>Preschool Regional Services</u>	<u>Bus Aides</u>	<u>Mainstreaming</u>
	<u>Voucher Funds</u>	<u>General Fund</u>	<u>General Fund</u>	<u>General Fund</u>
FTE Positions	3.0	2.0	1.5	1.3
Personal Services	\$57,200	\$63,800	\$18,200	\$15,200
Employee Related Expenditures	14,700	13,000	6,000	5,100
Professional and Outside Services				12,300
Travel - In State		3,100		
All Other Operating Expenditures		4,800		3,000
TOTAL	\$71,900	\$84,700	\$24,200	\$35,600

DEPARTMENT OF EDUCATION - SUMMARY

A.R.S. § 15-201

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
State Board of Education	135,900	139,000	142,500
General Services Administration	8,158,500	8,594,400	8,965,100
Assistance to Schools	1,372,231,000	1,533,411,500	1,632,855,900
Vocational Education	1,277,500	1,279,300	1,315,400
TOTAL APPROPRIATIONS	1,381,802,900	1,543,424,200	1,643,278,900
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	228.2	221.7	221.9
Personal Services	5,025,600	5,225,400	5,456,400
Employee Related Expenditures	1,135,700	1,083,100	1,223,200
Professional and Outside Services	151,300	154,200	159,200
Travel - In State	87,600	110,200	111,700
Travel - Out of State	11,500	27,500	27,500
Other Operating Expenditures	1,539,300	1,762,500	1,647,200
Equipment	102,800	-0-	211,900
All Other Operating Expenditures	1,892,500	2,054,400	2,157,500
OPERATING SUBTOTAL	8,053,800	8,362,900	8,837,100
Special Line Items ^{2/}	1,373,749,100	1,535,061,300	1,631,315,800
Additional Appropriations ^{2/}	--	--	3,126,000
TOTAL APPROPRIATIONS	1,381,802,900	1,543,424,200 ^{3/}	1,643,278,900 ^{4/}

Agency Description — *The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. The department oversees 227 school districts in their provision of public education from pre-school through 12th grade.*

- ^{1/} The FTE Positions total includes 45.9 FTE positions funded from certain special line items in FY 1993, 45.6 FTE positions in FY 1994, and 43.8 FTE positions in FY 1995.
- ^{2/} Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- ^{3/} Laws 1994, Chapter 6 (H.B. 2006), 2nd Special Session appropriated \$10,249,000 as a Basic State Aid supplemental and \$89,000,000 to reduce the so-called "K-12 Rollover."
- ^{4/} Represents General Appropriation Act funds. Appropriation format varies by program.

(Continued)

DEPARTMENT OF EDUCATION - SUMMARY (Cont'd)
GENERAL FUND

Personal Services — The approved amount includes an additional \$227,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$30,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$624,300 (\$502,200 in the operating budget and \$122,100 in the special line items) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1995 General Fund operating budget from the revised FY 1994 estimate (which includes a \$99,249,000 supplemental):

• New Students — 15,661 New K-8 Students (3.3% Growth); 9,390 New 9-12 Students (5.5%); 240 New Preschool Disabled Students (15%)	\$88,936,600
• 2% Deflator Adjustment	51,082,100
• Eliminate Use of Districts' Cash Balances to Offset Basic State Aid (\$3,000,000 was included in the supplemental and annualized in Other Adjustments)	15,000,000
• Homeowners' Rebate (Buydown Rate Frozen at 35%)	11,389,200
• Restore \$15 per Student Capital Levy Reduction	9,355,700
• Fund 100% of Sudden Growth, up from 75%	7,386,000
• Career Ladder Step Increase	3,992,500
• Additional Legislation (School Safety, Optional Performance Incentive Program and Juvenile Detention Facilities)	3,126,000
• Technical Adjustments, Including 1% Assessed Value Growth, Retirement Recapture, Rapid Decline and Other Adjustments	(717,000)
• Adjustment for One-time Rollover Repayment	<u>(89,696,400)</u>
TOTAL CHANGE FROM REVISED FY 1994	\$99,854,700

**DEPARTMENT OF EDUCATION - STATE BOARD OF EDUCATION
AND STATE BOARD FOR VOCATIONAL AND TECHNOLOGICAL
EDUCATION**

A.R.S. § 15-201
A.R.S. § 15-781.01

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	2.0	2.0	2.0
Personal Services	52,500	53,300	55,200
Employee Related Expenditures	13,700	11,500	13,100
Professional and Outside Services	13,200	23,500	23,500
Travel - In State	100	700	700
Travel - Out of State	400	-0-	-0-
Other Operating Expenditures	54,300	50,000	50,000
Equipment	1,700	-0-	-0-
All Other Operating Expenditures	69,700	74,200	74,200
TOTAL APPROPRIATIONS	135,900	139,000	142,500 ^{2/}

Program Description — *The 9-member State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The 13-member State Board for Vocational and Technological Education exercises general supervision over the conduct of vocational and technological education in the public school system. The board members (other than the Superintendent of Public Instruction) are appointed by the Governor for 4-year terms.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$300 for the general salary adjustment as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} The number of FTE positions does not include the 9 members of the State Board of Education and the 13 members of the State Board for Vocational and Technological Education (the latter board includes all members of the State Board of Education).

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program. The line items are shown for information only.

**DEPARTMENT OF EDUCATION - GENERAL SERVICES
ADMINISTRATION**

A.R.S. § 15-231

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	159.8	153.3	154.8
Personal Services	4,122,700	4,268,200	4,465,500
Employee Related Expenditures	937,800	867,100	1,011,100
Professional and Outside Services	45,800	51,000	56,000
Travel - In State	65,600	88,100	89,600
Travel - Out of State	11,100	27,500	27,500
Other Operating Expenditures	1,380,700	1,642,700	1,517,600
Equipment	76,700	-0-	211,900
All Other Operating Expenditures	1,579,900	1,809,300	1,902,600 ^{2/}
OPERATING SUBTOTAL	6,640,400	6,944,600	7,379,200
Achievement Testing	1,163,000	1,279,900	1,308,700
Education Commission of the States	43,100	45,000	49,300
SLIAG Administration	14,100	5,600	-0-
Special Education Audit	198,800	219,300	227,900
School Restructuring	98,500	100,000	-0-
SLIAG Outreach	600	-0-	-0-
TOTAL APPROPRIATIONS	8,158,500	8,594,400	8,965,100 ^{3/}

Program Description — *The General Services Administration program is divided into a number of units, including School Finance, Data Processing, Career Ladders, Teacher Certification and Special Education, which provide for the ongoing operation of the Department of Education. The State Superintendent for Public Instruction is funded through this cost center.*

^{1/} The FTE Positions total includes 5.8 FTE positions funded from certain special line items in FY 1993, 5.5 FTE positions in FY 1994, and 5 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
SLIAG Administration	0.5	0.5	0.0
Special Education Audit	5.0	5.0	5.0
SLIAG Outreach	0.3	0.0	0.0

^{2/} Of the amounts appropriated for General Services Administration, \$262,700 shall revert to the state General Fund if teacher certification fees are not increased to a level sufficient to cover the costs of the Teacher Certification Program expansion. (General Appropriation Act footnote.)

^{3/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program with Special Line Items. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF EDUCATION - GENERAL SERVICES ADMINISTRATION (Cont'd)
GENERAL FUND

FTE Positions — The approved amount includes the following:

- a decrease of a 0.5 FTE position due to the end of the State Legalization Impact Assistance Grants (SLIAG) program;
- an increase of 2 FTE positions and \$262,700 for the Teacher Certification Unit.

Personal Services — The approved amount continues a 2% vacancy factor and \$87,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$149,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes an increase of \$47,500 to fund 2 FTE positions for the Teacher Certification Unit to handle the issuance and renewal of teachers' certificates as well as certificate revocation cases.

Employee Related Expenditures — The approved amount includes an additional \$20,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The increase includes \$32,100 for the new FTE positions.

The approved amount also includes a total of \$423,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$71,400 for the payment of Risk Management premiums, which reflects a decrease of \$11,600 as authorized by Section 79 of the General Appropriation Act, and b) an increase of \$38,300 for rent/lease-purchase payments which includes a total of \$440,600 (an increase of \$44,400) for rent of state-owned space, \$31,800 for the Tucson State Office Building, and \$67,600 (a decrease of \$5,700) for the Supreme Court Building.

Capitalized Equipment — The approved amount includes an increase of \$20,000 to replace 10 microcomputers. The approved amount also includes \$191,900 for an imaging system and computer automation for the Teacher Certification Unit.

Achievement Testing — The approved amount includes funding for nationally standardized norm-referenced testing and criterion-based essential skills testing (specifically referred to as the Arizona Student Assessment Plan (ASAP)). Norm-referenced testing compares student achievement in Arizona to students in the same grades nationwide. Essential skills testing is designed to determine whether a student is meeting standards set by state board appointed committees and by local school districts.

The approved amount includes a total of \$38,900 (a decrease of \$122,900) for the nationally standardized norm-referenced achievement test materials for 3 grades, and their scoring. The State Board of Education will designate the grades. The reduction better reflects the true costs of testing 3 grades. The Iowa Tests of Basic Skills will be used for elementary grades and the Tests of Achievement and Proficiency will be used for secondary grades. Laws 1992, Chapter 288 (S.B. 1361) allows the State Board of Education to provide norm-referenced achievement test services to school districts which request assistance in testing pupils in additional grades if sufficient monies are appropriated. The approved amount includes an increase of \$151,700 for a total of \$1,308,700 to administer the ASAP essential skills testing. ASAP will be used to test grades 3, 8 and 12 in reading, writing and mathematics with the option to test social studies and science. Of the total amount approved for ASAP, \$455,500 will be used for development costs to establish an ASAP inventory so that tests may be rotated from year to year, \$731,600 will be used for scoring and reporting and \$82,700 for operating costs.

Education Commission of the States (ECS) — The \$49,300 appropriation represents the dues for the state's membership in the ECS. The State Commission consists of 7 members. Four of the members are from the Legislature, with 2 members appointed by the President of the Senate and 2 selected by the Speaker of the House of Representatives. The remaining 3 members are appointed by the Governor.

(Continued)

DEPARTMENT OF EDUCATION - GENERAL SERVICES ADMINISTRATION (Cont'd)
GENERAL FUND

SLIAG (State Legalization Impact Assistance Grants) Administration — The approved amount eliminates the administrative costs and a 0.5 FTE position associated with the SLIAG grant monies (see Assistance to Schools program) as the program has ended. The SLIAG grant monies were provided to applying states which provided educational services to certain illegal aliens who became legal residents of the United States under the amnesty program established by Congress in 1986.

Special Education Audit — A.R.S. § 15-236 provides that the Department of Education shall annually request a separate line item appropriation for program and fiscal audits of special education programs. The audits are designed to determine the degree of school district compliance with existing statutes and regulations and to ensure the appropriate placement of students in special education programs. The approved amount is based on the following objects of expenditure:

FTE Positions	5.0
Personal Services	\$158,200
Employee Related Expenditures	35,300
Professional and Outside Services	200
Travel - In State	20,000
Travel - Out of State	-0-
Other Operating Expenditures	14,200
Equipment	-0-
TOTAL	\$227,900

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$5,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$14,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

School Restructuring — The approved amount eliminates funding for the evaluation of the school restructuring program. Laws 1990, Chapter 357 (S.B. 1552) created the School Restructuring Incentive Pilot Program from FY 1991 to FY 1994. Schools wishing to participate in the program were required to submit program proposals to the committee by October 15, 1990. No more than 16 schools could be approved for participation by the Committee. Program proposals were required to include documentation demonstrating: 1) that the restructuring plans were developed in conjunction with teachers and parents, and 2) objectives and goals that were to be achieved through participation in the program. Schools that received approval to participate in the program were allowed to increase their Base Support Levels (BSL) by up to \$40,000, depending on their student counts.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS

A.R.S. § 15-231

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	<u>40.1</u>	<u>40.1</u>	<u>38.8</u>
<u>Statutory Formula Programs</u>			
Basic State Aid Entitlement	1,063,495,400	1,230,391,800	1,404,620,700 ^{23/}
Prior Year State Aid	143,196,400 ^{4/}	143,196,400 ^{5/}	53,500,000 ^{6/}
Additional State Aid to Schools	124,263,600	117,460,700	128,849,900 ^{7/}
Assistance to School Districts for Children of State Employees	552,900	520,000	602,900
Certificates of Educational Convenience	7,645,600	8,924,600	8,669,200
Permanent Education Voucher Fund	2,505,600	3,071,600	2,681,200 ^{8/}
Permanent Special Education Institutional Voucher Fund	5,172,200	5,574,300	6,450,500
Subtotal	<u>1,346,831,700</u>	<u>1,509,139,400</u>	<u>1,605,374,400</u>
<u>Non-Formula Programs</u>			
Academic Contest Fund	47,100	50,000	50,000
Academic Decathlon	96,800	81,900	83,200
Adult Education Assistance	3,042,600	3,045,600	3,554,600 ^{9/}
Arizona Humanities Council	40,000	40,000	40,000
Arizona Principals' Academy	25,200	25,200	25,200
Arizona Teacher Evaluation	385,000	395,100	303,700
Arizona School Service Through Educational Technology	234,000	234,000	234,000
Chemical Abuse	816,800	835,700	847,000
Dropout Prevention	2,028,800	2,183,400	2,183,900 ^{10/}
Extended School Year	357,800	500,000	500,000
Full-Day Kindergarten	1,389,700	1,402,900	1,405,300
Gifted Support	996,200	1,002,200	954,500
K-3 Support	5,380,600	5,453,700	5,459,400
Preschool Disabilities	764,100	-0-	-0-
Preschool At-Risk	2,581,900	2,602,600	2,605,000 ^{11/}
Residential Placement	82,500	100,000	100,000
School Breakfast Program	(1,000)	-0-	-0-
SLIAG Adult Education	1,192,600	375,800	-0-
Tuition Fund	100,000	100,000	100,000
Vocational Education Assistance	2,835,000	2,835,000	2,835,000
Vocational Educational Program Support	1,003,700	1,009,000	1,024,700
Vocational-Technological Education	1,999,900	2,000,000	2,000,000
Arizona Geographic Alliance	-0-	-0-	50,000
Subtotal	<u>25,399,300</u>	<u>24,272,100</u>	<u>24,355,500</u>
TOTAL	1,372,231,000	1,533,411,500 ^{12/}	1,629,729,900 ^{13/}

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Additional Appropriations -			
41st Legislature, 2nd Regular Session			
Juvenile Crime Omnibus; Ch. 201 Schools; Optional Performance Incentive Program; Ch. 221	--	--	2,500,000
Education in Juvenile Detention Facilities; Ch. 226	--	--	100,000
	--	--	526,000
TOTAL APPROPRIATIONS	1,372,231,000	1,533,411,500	1,632,855,900

- 1/ The FTE Positions total does not include 3 FTE positions (2 FTE positions associated with the Career Ladder Program and 1 FTE position which works on Federal Impact Aid Issues) funded from Basic State Aid in FY 1993, FY 1994, and FY 1995. These positions are not appropriated in the General Appropriation Act.
- 2/ The approved amount includes a reduction of \$53,500,000 to reflect FY 1995 Basic State Aid payments deferred to FY 1996, except that Laws 1994, Chapter 3, 8th Special Session appropriates any FY 1994 excess surplus and any excess FY 1995 revenue to the Department of Education in FY 1995 for the purpose of reducing this \$53,500,000 "Rollover." If the appropriations made from any FY 1994 excess surplus and excess FY 1995 revenues are not sufficient to completely pay off the remaining Rollover, the difference (\$53,500,000 less the appropriations from surplus and excess revenues) is appropriated to the Department of Education in FY 1996.
- 3/ The state General Fund appropriation, when combined with other appropriations, reflects the major portion of the estimated \$1,514,106,700 total requirement for Basic State Aid support. The difference between the estimated total amount required and the state General Fund amount appropriated will be funded by expendable income derived from the Permanent State Common School Fund together with receipts derived from any source and will be expended, whenever possible, prior to expenditure of state General Fund monies.
All monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, the income from the investment of permanent funds as prescribed by the Enabling Act and the Constitution and all monies received by the Superintendent of Public Instruction from whatever source, except that monies received pursuant to A.R.S. § 15-237, when paid into the state treasury are hereby appropriated for apportionment to the various counties in accordance with law. No expenditures shall be made except as specifically authorized above. (General Appropriation Act footnote.)
- 4/ Laws 1991, Chapter 288 required the State Board to reduce, on a pro rata basis, the June 1992 apportionment of Basic State Aid and Additional State Aid by \$142,500,000. Laws 1991, Chapter 287 appropriated \$142,500,000 in FY 1993, with the funds to be disbursed on July 1, 1992. Chapter 287 also appropriated \$696,400 to the State Board of Education for distribution to school districts incurring expenses associated with the FY 1992 State Aid reduction.
- 5/ Laws 1992, Chapter 288 required the State Board to reduce, on a pro rata basis, the June 1993 apportionment of Basic State Aid and Additional State Aid by \$142,500,000. Laws 1992, Chapter 1, 9th Special Session appropriated \$142,500,000 in FY 1994, with the funds to be disbursed on July 1, 1993. Chapter 1 also appropriated \$696,400 to the State Board of Education for distribution to school districts incurring expenses associated with the FY 1993 State Aid reduction.
- 6/ Laws 1994, Chapter 3, 8th Special Session amends Laws 1993, Chapter 8, 2nd Special Session to reduce the Rollover from \$142,500,000 to \$53,500,000 and specifically requires the State Board to reduce, on a pro rata basis, the June 1994 apportionment of Basic State Aid and Additional State Aid by \$53,500,000. Laws 1994, Chapter 6, 8th Special Session appropriates \$53,500,000 in FY 1995 with the funds to be disbursed on July 1, 1994.
- 7/ Of the total amount appropriated, \$15,128,500 shall revert if S.B. 1120 or similar legislation is not enacted, which freezes the homeowners' rebate at 35%. (General Appropriation Act footnote.) S.B. 1120 was enacted (Laws 1994, Chapter 41) and, therefore, the \$15,128,500 does not revert.
- 8/ This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Program Description — Assistance to Schools includes 7 formula programs and 20 non-formula programs listed above. The largest line item is Basic State Aid which provides the state's share of equalization assistance to school districts based on a funding formula set in statute.

STATUTORY FORMULA PROGRAMS

Basic State Aid Entitlement — K-12 Education funding in Arizona is based on a statutory formula enacted in 1980 and modified in 1985. The Basic State Aid formula "equalizes" funding among school districts, taking into account each district's student count and property wealth. Districts of similar characteristics have similar budget limits. The formula allows districts latitude with respect to how much they spend on various programs.

The Basic State Aid formula limit for a school district is based upon a weighted student count multiplied by a specific dollar amount called the Base Level, to determine the Base Support Level (BSL). The BSL, plus transportation, equals a district's Maintenance and Operation (M&O) funding. In addition to M&O funding, funding is also provided for capital outlay. These items collectively comprise a district's equalization base. After the equalization base is determined, a statutory tax rate called the Qualifying Tax Rate (QTR) is used for computational purposes in determining State Aid. The QTR for unified districts and elementary districts not located in high school districts is \$4.72 per \$100 primary net assessed value. The QTR for elementary districts and high school districts is \$2.36 per \$100 primary net assessed value. The actual tax rate may be lower than the computational QTR, or higher if the district has items outside the Revenue Control Limit (RCL) or participates in the Career Ladder Program. The QTR is applied to a district's assessed value and the result, which is called the qualifying levy, is subtracted from the equalization base. If the result is positive, the district is entitled to that amount in equalization assistance. If the result is negative (hypothetical QTR collections exceed the equalization base), the district is not entitled to receive equalization assistance. Of the 227 school districts in Arizona, 21 receive no equalization assistance due to their high relative property wealth.

- 9/ It is the intent of the Legislature that no more than 10% of the appropriation for Adult Education Assistance be used by the Department of Education for operating the Division of Adult Education. It is also the intent of the Legislature that the greatest possible proportion of monies appropriated for adult education programs be devoted to instructional, rather than administrative, aspects of the programs. (General Appropriation Act footnote.)
- 10/ Of the total amount appropriated, \$75,000 shall revert if S.B. 1182 or similar legislation, which provides funding for detention center education programs, is enacted into law. (General Appropriation Act footnote.) S.B. 1182 was enacted (Laws 1994, Chapter 266) and, therefore, the \$75,000 shall revert.
- 11/ The appropriation for preschool pilots includes \$2,500,000 for preschool programs and \$103,400 for technical assistance, training, monitoring and evaluation of at-risk preschool projects. (General Appropriation Act footnote.)
- 12/ Laws 1994, Chapter 6 (H.B. 2006), 2nd Special Session appropriated \$10,249,000 as a Basic State Aid supplemental and \$89,000,000 to reduce the Rollover.
- 13/ Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program with Special Line Items.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The approved amount is based on the following computation:

Total Equalization Base	\$2,542,882,200
Minus:	
Qualifying Levy	<u>(916,160,900)</u>
 FY 1995 Base Equalization Requirement	 \$1,626,721,300
Add:	
Career Ladder Expansion	-0-
Student Loss (A.R.S. § 15-902)	600,000
Tuition Loss (A.R.S. § 15-954)	553,400
Financial/Compliance Audits (A.R.S. § 15-914)	1,300,000
Restructuring (A.R.S. § 15-901)	-0-
Education System for Committed Youth	2,191,500
Sudden Growth	18,261,000
Certificates of Educational Convenience and Transportation - Unorganized Districts	<u>1,596,000</u>
Subtotal	24,501,900
Total Equalization Requirement	1,651,223,200
Deduct:	
County Equalization	(118,015,900)
District Ending Cash Balances	-0-
Endowment Earnings	<u>(55,986,000)</u>
Subtotal	(174,001,900)
Required Funding	1,477,221,300
Less:	
"Rollover"	(53,500,000) *
"Retirement Recapture"	<u>(19,100,600)</u>
Subtotal	(72,600,600)
 FY 1995 General Fund Appropriation	 <u>\$ 1,404,620,700</u>

* This may be reduced in FY 1995 (please refer to footnote 2 or to the write up on the Rollover).

Major Changes to Basic State Aid

- **Student Growth** — The approved amount includes an increase of \$88,936,600 for student growth. The Basic State Aid formula limit for a school district is based on a district's prior year Average Daily Membership (ADM), referred to as its student count. The FY 1995 estimated student count is based on FY 1994 enrollment. Similarly, the FY 1994 actual count is based on FY 1993 enrollment.

	FY 1994 <u>Actual ADM</u>	FY 1995 <u>Estimated ADM</u>	% Chg from FY 1994
PSD	1,602	1,842	15.0%
K-8	474,568	490,229	3.3%
9-12	<u>170,725</u>	<u>180,115</u>	5.5%
 TOTAL	 <u>646,895</u>	 <u>672,186</u>	 3.9%

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

- 2% Deflator Adjustment — The approved amount includes an increase of \$51,082,100 to fund 2% of the estimated 2.55% Gross Domestic Product (GDP) Implicit Price Deflator adjustment. By statute, the Base Level is set by the Legislature by March 1, or is adjusted annually by the GDP Deflator, as projected by the U.S. Commerce Department. By law, (Laws 1994, Chapter 3, 8th Special Session) the Legislature determined that the Base Level of support would be \$2,458.46. In FY 1992, the GDP Price Deflator was funded at 1% (the actual GDP Price Deflator was 4.3%), in FY 1993, a 0.5% adjustment was authorized to be funded for inflation (the actual GDP Price Deflator was 4.1%), and in FY 1994, no adjustment was funded for inflation (the actual GDP Price Deflator was 2.7%).

The Education Omnibus Budget Reconciliation Bill (Chapter 3, H.B. 2003), through session law, sets the Base Level support adjustment at 2% for FY 1995 and requires that school districts deposit the amounts attributable to the inflation adjustment (described above) into the Classroom Improvement Fund. The monies in the Classroom Improvement Fund are intended to be used in the classroom for such items as textbooks and related printed subject matter materials, instructional aids, library books, computers and computer software. The monies in the fund may be used for school improvements, such as reduction in class size and increased program offerings. Monies in the fund may also be expended for M&O and Capital Outlay, but shall not be used to supplant existing monies or for salary increases or benefit increases for currently employed personnel whose duties have not changed. The bill also restricts the amount of Capital Outlay Revenue Limit (CORL) monies that may be transferred to M&O. Specifically, districts shall not budget in the Capital Outlay section of the FY 1995 budget an amount less than the FY 1994 Capital Outlay base.

- Cash Balances — The approved amount includes an increase of \$15,000,000 (\$3,000,000 was added in the supplemental and annualized in Other Adjustments) to eliminate the use of districts' cash balances for the purposes of reducing the Basic State Aid requirement. The FY 1994 appropriation included a deduction of \$18,000,000 to reflect monies reverted from school district cash balances, pursuant to Laws 1992, Chapter 288. Laws 1994, Chapter 6 (H.B. 2006), 2nd Special Session appropriated \$10,249,000 for the Basic State Aid shortfall, of which \$3,000,000 was due to a lower cash balance reversion than was budgeted. The FY 1993 appropriation included a deduction of \$25,000,000.

Chapter 288 required school districts to revert a percentage of their ending cash balances related to State Aid apportionments to a separate account within the County Aid for Equalization Assistance for Education Fund. The percentages are: 27% for FY 1993; 18% for FY 1994; and 0% for subsequent years.

- Capital Levy Revenue Limit (CLRL) — The approved amount includes an increase of \$9,355,700 to restore the \$15 per student CLRL reduction taken in FY 1994. Laws 1993, Chapter 8 (H.B. 2004), through session law, reduced the CLRL for 1 year by \$15 per student to \$192.76 for small school districts (under 100 students) and \$156.97 for large districts (over 600 students).
- Sudden Growth — The approved amount includes an increase of \$7,386,000 to fund the full Sudden Growth requirement. A.R.S. § 15-948 provides that school districts, after the first 40 days in session of the current year, may determine if they are eligible to increase their budget capacity due to growth in student population. Sudden Growth may be calculated on student growth above 5% (at the full base level) or between 3% and 5% (at one-third the base level). FY 1995 will be the first year since FY 1991 that Sudden Growth will be fully funded. Laws 1993, Chapter 8, 2nd Special Session limited Sudden Growth funding for FY 1994 to 75% of the actual requirement. In FY 1993 and FY 1992 Sudden Growth was funded at 64% of the actual requirement.
- Career Ladders — The approved amount includes an additional \$3,992,500 for the Career Ladder step increase. Total Career Ladder spending is estimated to be \$31,668,600, with \$22,857,700 funded from State Aid and \$8,810,900 funded from the local QTR levy. Career Ladders is a teacher performance compensation program, which allows participating districts to increase their Base Level by percentages stated in statute (A.R.S. § 15-918) depending on the implementation phase the district is in. The \$3,992,500 increase, when added to the \$307,000 in the FY 1994 base, will be used to cover step increases as districts move to higher phases of the program. There are 6 phases with corresponding percentage increases as follows: the Development Phase: 0.5% increase; the Evaluation Phase: 1% increase; Placement Phase I: 2.5% increase; Placement Phase II: 4% increase; Previous Effective Career Ladder Phase: 5% increase; and the Effective Career Ladder Phase: 5.5% increase. The Career Ladder Program is an optional program and 29 districts currently participate. The approved amount includes no funding for additional districts to participate in the program.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The Education Omnibus Budget Reconciliation Bill (Chapter 3, H.B. 2003) amends 1 statutory section to freeze the Career Ladder funding shift at two-thirds state and one-third local. Laws 1993, Chapter 8 (H.B. 2004) required school districts participating in the Career Ladder Program to increase their QTR by percentages set in statute per each percentage increase in the Base Level (based on the phase of the program the district was in).

The full cost of the program was to be shifted from the state to the local QTR over a 3-year period: FY 1994, FY 1995 and FY 1996. Laws 1994, Chapter 3 deletes language that shifts the program to the QTR over a 3-year period and instead requires all participating districts to levy one-third of the program cost. The FY 1995 cost of freezing the funding shift is \$11,107,000. The following table shows what participating districts will levy (to pay for one-third of the program):

	QTR Increase Per \$100 Net Assessed Valuation
\$ increase for Effective Phase (5.5%)	11¢/22¢
\$ increase for Previous Effective Phase (5%)	10¢/20¢
\$ increase of Placement Phase II (4%)	8¢/16¢
\$ increase for Placement Phase I (2.5%)	5¢/10¢
\$ increase for Evaluation Phase (1%)	2¢/4¢
\$ increase for Development Phase (0.5%)	1¢/2¢

The dollar increases for phases are mutually exclusive and are not cumulative.

- Retirement Recapture — The approved amount includes an increase of \$9,109,400 to reflect the increase in the retirement contribution rate from 3.14% in FY 1994 to 3.75% in FY 1995. Basic State Aid includes an offset of \$19,100,600 for the "retirement recapture", which is \$9,109,400 higher than the FY 1994 recapture. The retirement recapture represents estimated savings in employer contributions to the State Retirement System for school district personnel.

Laws 1990, Chapter 310, provides that if the employer contribution rate to the State Retirement Plan is less than 5.09% for the current year, school district expenditures and Basic State Aid shall be reduced to reflect the savings. The law provides that each school district shall report to the State Board of Education, by October 1, the estimated savings based on a rate reduction from 5.09% to the rate for the current year. Before May 1, each district shall calculate the actual amount of savings and before May 15, each school district shall decrease its RCL and District Support Level (DSL) by the actual amount of employer contribution savings. Equalization Assistance shall be determined on the adjusted RCL and DSL. School districts not qualifying for Equalization Assistance shall have their Additional State Aid reduced. The State Board may begin reducing State Aid apportionment payments beginning with the October payment. The salary base upon which the savings are computed shall not include salaries paid from funds other than M&O or Capital Outlay, or from items exempt from the RCL or CORL, which are limited to specific purposes. The salary base shall also be adjusted so as not to include salaries paid from M&O overrides or PL 81-874 funds allocated for disabled children and children with specific learning disabilities. The general authority for this "Retirement Recapture" is contained in Section 50 of the General Appropriation Act.

The approved amount for Additional State Aid includes an offset of \$625,400 for retirement savings from districts which do not receive Basic State Aid, therefore, the General Fund will save an estimated \$19,726,000 from the Retirement Recapture.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

- Rollover — The K-12 "Rollover" is a finance technique used to help balance the budget that shifts funding requirements from one fiscal year to the next. The Rollover is paid on July 1 of the new fiscal year. The history of the Rollover is as follows:

<u>Fiscal Year</u>	<u>Deferral</u>	<u>Repayment</u> ^{1/}
1988	\$56,100,000	--
1989	80,000,000	\$56,276,000
1990	100,000,000	80,250,000
1991	142,500,000	100,313,000
1992	142,500,000	143,196,400
1993	142,500,000	143,196,400
1994	53,500,000 ^{2/}	143,196,400
1995	53,500,000 ^{3/}	53,500,000
1996	-0-	Up to 53,500,000 ^{4/}

- ^{1/} Prior year deferral plus a payment to offset any interest costs associated with deferral.
^{2/} As amended by Laws 1994, Chapter 3, the Rollover was reduced from \$142,500,000 to \$53,500,000.
^{3/} This amount may be reduced in FY 1995 (see below discussion of Education Omnibus Budget Reconciliation Bill).
^{4/} Laws 1994, Chapter 3 provides a repayment appropriation of any remaining Rollover amount (see below discussion of Education Omnibus Budget Reconciliation Bill).

As can be seen in the table above, the approved amount for FY 1995 continues the Rollover at \$53,500,000, however, the amount may be reduced in FY 1995 (see below discussion of Education Omnibus Budget Reconciliation Bill). The Education Omnibus Budget Reconciliation Bill (Chapter 3, H.B. 2003, 8th Special Session), amends Laws 1993, Chapter 8, 2nd Special Session to reduce the FY 1994 Rollover from \$142,500,000 to \$53,500,000 and eliminates the provision that allows the governing board of a school district to budget for interest expenses incurred as a result of the Rollover.

The Education Omnibus Budget Reconciliation Bill, through session law, does the following:

- appropriates any FY 1994 actual state General Fund balance in excess of \$107,200,000, up to a total of \$53,500,000, to the Arizona Department of Education (ADE) in FY 1995 for Basic State Aid to eliminate the remaining Rollover ("Trigger 1");
 - appropriates any FY 1995 state General Fund revenue in excess of \$4,237,100,000, up to a total of \$53,500,000, to ADE in FY 1995 for Basic State Aid to eliminate any remaining Rollover, if the FY 1994 state General Fund balance surplus is not sufficient to eliminate the remainder of the Rollover ("Trigger 2");
 - allows ADE to "rollover" \$53,500,000 (minus any FY 1994 excess surplus and any excess FY 1995 revenue) in FY 1995 to FY 1996 if Triggers 1 and 2 have not eliminated the remaining Rollover. The bill also provides a conditional appropriation ("Trigger 3"), to ADE in FY 1996 for Basic State Aid for FY 1995, which when added to the appropriations made from FY 1994 excess surplus (Trigger 1) and any excess FY 1995 (Trigger 2) revenue equals \$53,500,000; and
 - states legislative intent to unconditionally eliminate any remaining Rollover in FY 1996.
- 1% Growth in School District Assessed Valuation — Growth in school district assessed valuation increases the "local share" of total formula funding and thus offsets increases in state funding. The approved amount includes a reduction of \$9,911,200 (including County Equalization) based on a 1% increase in school district assessed valuation for FY 1995. Statewide assessed value growth has been steadily declining as follows: 1986, 16.3%; 1987, 13.2%; 1988, 7.3%; 1989, 8.9%; 1990, 3.1%; 1991, (0.2)%; 1992, (0.4)%; 1993, (0.7)%. However, growth is expected to accelerate in the near future as assessed property values begin to reflect the state's stronger economy.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Additional State Aid to Schools — The appropriation is made to enable the state to carry out the requirements of A.R.S. § 15-972. This program is also known as the "Homeowners' Rebate" program, and is a long-standing program of homeowner school property tax relief. On their property tax bills, Class 5 taxpayers (homeowners) are rebated a given percentage of Class 5 primary property taxes for school districts (only). The state then reimburses the school districts for the lost revenue. The Additional State Aid for education provided by this appropriation shall be apportioned as provided in A.R.S. § 15-973.

The approved amount is based on an increase of 5% in Class 5 (residential) assessed valuation in 1994, and an average increase of 1.6% in school district tax rates with the "buydown" rate frozen at 35%. Laws 1990, Chapter 3, 3rd Special Session provided that the rebate percentage shall be 50% in tax year 1990, and shall decline by 5% every year until it reaches 0% in tax year 2000. Laws 1988, Chapter 271 amended A.R.S. § 15-972 to provide that the maximum state reduction in property taxes for any residential parcel shall not exceed \$500. Laws 1994, Chapter 41 freezes the rebate percentage rate at 35% for tax year 1994 and thereafter.

The approved amount includes a reduction of \$625,400 (which is above the \$19,100,600 reduction for the Retirement Recapture discussed under Basic State Aid) for estimated savings in employer contributions to the State Retirement System for school district personnel in districts which do not receive Basic State Aid. In these cases, the "recapture" will be made in Additional State Aid. The approved amount also includes an increase of \$675,500 for the constitutional 1% cap. The Constitution requires that residential primary property taxes levied by all jurisdictions not exceed 1% of a property's full cash value.

Assistance to School Districts for Children of State Employees — The appropriation provides assistance to school districts for educating a small number of children of certain state employees as prescribed by A.R.S. § 15-976. The approved amount represents the full cost of tuition for eligible students.

The approved amount is based on the following estimated student counts and estimated FY 1995 average costs per ADM:

	<u>ADM</u>	<u>Average Cost</u>
Bonita	31.9	\$9,931
Solomonville	3.9	3,351
Florence	52.4	4,147
Coolidge	6.4	3,044
Willcox	8.0	3,756
Safford	2.1	2,899

Certificates of Educational Convenience — The appropriation provides reimbursement to school districts that have students enrolled on Certificates of Educational Convenience as provided by A.R.S. § 15-825. The approved amount represents the full cost of tuition for eligible students placed in 1) a state rehabilitative or corrective institution, 2) a foster home or child care agency licensed by the Department of Economic Security (DES), 3) a residential facility operated by DES, or 4) a residence pursuant to the Interstate Compact on Juveniles.

The approved amount is based on the following estimated student counts and estimated FY 1995 average costs per ADM:

	<u>ADM</u>	<u>Average Cost</u>
Regular	508.7	\$ 3,437
Special Education	459.9	14,233
Unorganized	748.6	458

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Permanent Education Voucher Fund — The appropriation is for the education costs of students placed in private institutions by the Department of Economic Security, Department of Corrections (DOC), the Department of Youth Treatment and Rehabilitation, Department of Health Services (DHS) or the Juvenile Courts, as provided by A.R.S. § 15-1182. Laws 1990, Chapter 164 established a new Permanent Education Voucher Fund and appropriated \$500,000 to ADE for FY 1991 for additional voucher costs associated with the fund and \$60,000 to ADE for administering the provisions of the law. Chapter 164 changed the Permanent Special Education Voucher Fund to the Permanent Education Voucher Fund to allow funding to be provided for children with behavioral problems and special education children whose parents retain custody of the children. Chapter 164 also added DHS as a "placing agency." Laws 1994, Chapter 91 changes the Permanent Education Voucher Fund to the Special Education Placement and Residential Education Voucher Fund.

The approved amount is based on the following estimated student counts and FY 1995 rates per ADM:

	K-8		9-12	
	<u>ADM</u>	<u>Rate</u>	<u>ADM</u>	<u>Rate</u>
Group A	107.5	\$5,215.69	-0-	-0-
Emotional Disabilities	163.9	6,929.24	136.8	\$7,199.67

Permanent Special Education Institutional Voucher Fund — The appropriation is for the special education costs of students attending the Arizona State Schools for the Deaf and the Blind (ASDB), children hospitalized in the Arizona State Hospital and children in developmentally disabled programs operated by DES, in accordance with A.R.S. § 15-1202.

The approved amount is based on the following estimated student counts and FY 1995 rates per ADM:

	<u>ADM</u>	<u>Rate</u>
Visual Impairments	117.4	\$9,806.85
Hearing Impairments	434.7	8,393.23
Multiple Disabilities	38.1	8,727.59
Multiple Disabilities with Severe Sensory Impairments	91.7	12,636.54
Emotional Disabilities	25.0	6,392.04

NON-FORMULA PROGRAMS

Academic Contest Fund — The Academic Contest Fund was established by Laws 1988, Chapter 308. As specified in A.R.S. § 15-1241, monies in the fund are to be used to send state level winners of academic contests and their chaperons to the national levels of the contests.

Academic Decathlon — The appropriation provides funding for administrative and material costs incurred in support of the Academic Decathlon and other academic events. The appropriation is based on the following objects of expenditure:

FTE Positions	1.0
Personal Services	\$20,400
Employee Related Expenditures	5,600
Travel - In State	700
Travel - Out of State	1,000
Other Operating Expenditures	5,000
Operating Subtotal	32,700
Assistance to School Districts	50,500
TOTAL	\$83,200

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$2,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Adult Education Assistance — The appropriation provides funding for classes in adult basic education, general education development and citizenship, on a statewide basis. A.R.S. § 15-232 establishes the Division of Adult Education within ADE. A.R.S. § 15-234 provides that the appropriation for adult education may be expended for operating the division and for providing assistance to school districts and counties offering adult education programs. The approved amount will be distributed by ADE based on a formula which allocates funding based on hours of instruction. The appropriation is based on the following objects of expenditure:

FTE Positions	5.7
Personal Services	\$ 177,000
Employee Related Expenditures	40,100
Professional and Outside Services	25,900
Travel - In State	4,700
Other Operating Expenditures	44,800
Operating Subtotal	292,500
Program Assistance	3,262,100
TOTAL	\$3,554,600

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$6,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$15,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Program Assistance — The approved amount provides an increase of \$500,000 to reduce the waiting list for adult education programs.

Arizona Humanities Council — The approved amount provides assistance to the Arizona Humanities Council for educational outreach services to Arizona school districts.

Arizona Principals' Academy — The approved amount continues funding in support of the academy as established by Laws 1984, Chapter 348. As specified in A.R.S. § 15-562, the academy may be an educational program of 2 weeks' duration, offered during the summer for at least 300 participants. Monies are to be used for the costs of administering the Arizona Principals' Academy and for the instructional or program costs of the academy.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Arizona Teacher Evaluation — The approved amount provides funding for administering the Arizona Teacher Proficiency Examination (ATPE), the administration and evaluation of the examination on the State of Arizona and United States Constitutions and assisting with the Alternative Secondary Certification Program. A.R.S. § 15-533 requires nonresidents seeking teaching certificates to pass a reading, grammar, and mathematics proficiency examination. A.R.S. § 15-532 requires a person applying for a certificate to pass a satisfactory examination upon the provisions and principles of the Constitution of the United States and Arizona. The appropriation is based on the following objects of expenditure:

FTE Positions	5.0
Personal Services	\$154,500
Employee Related Expenditures	34,800
Professional and Outside Services	17,100
Travel - In State	5,000
Travel - Out of State	900
Other Operating Expenditures	46,400
Operating Subtotal	258,700
Assistance to School Districts	45,000
TOTAL	\$303,700

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$5,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$14,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Assistance to School Districts — The approved amount includes a reduction of \$100,000 to reflect the elimination of the Arizona Teacher Residency Program. The Residency Program was a comprehensive, skill-based program of on-the-job training and observation of graduates of colleges of education.

ASSET (Arizona School Services through Educational Technology) — The appropriation provides funding to assist districts in enhancing educational instruction through television course work. The approved amount provides approximately \$160,000 for the payment of transmission costs and approximately \$74,000 for the shipping and distribution of printed materials.

Chemical Abuse — The approved amount continues funding in support of the Chemical Abuse program as established by Laws 1985, Chapter 242. As specified in A.R.S. § 15-712, monies are to be used to assist school districts with the costs of programs designed to prevent chemical abuse by pupils in kindergarten programs and grades 1 through 12. The appropriation is based on the following objects of expenditure:

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

FTE Positions	6.6
Personal Services	\$209,300
Employee Related Expenditures	46,700
Professional and Outside Services	24,600
Travel - In State	12,000
Other Operating Expenditures	78,100
Operating Subtotal	370,700
Assistance to School Districts	476,300
TOTAL	\$847,000

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$7,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$18,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Dropout Prevention (7-12 At-Risk) — Laws 1988, Chapter 308 established a 4-year pilot project of grants to school districts having large percentages of pupils in grades 7 through 12 who are at-risk of dropping out of school prior to completing high school graduation requirements. Laws 1992, Chapter 305 extended the program until such time that sufficient funding is provided through additional Group B weights in the funding formula. The appropriation is based on the following objects of expenditure:

FTE Positions	1.5
Personal Services	\$ 49,300
Employee Related Expenditures	10,800
Professional and Outside Services	29,100
Travel - In State	3,500
Travel - Out of State	1,000
Other Operating Expenditures	7,000
Operating Subtotal	100,700
Assistance to School Districts	2,083,200
TOTAL	\$2,183,900

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$4,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The following Adult Education footnote was contained in the General Appropriation Act: "Of the total amount appropriated, \$75,000 shall revert if S.B. 1182 or similar legislation, which provides funding for detention center education programs, is enacted into law." S.B. 1182 was enacted (Laws 1994, Chapter 266) and, therefore, the \$75,000 shall revert.

Extended School Year — Laws 1990, Chapter 322 required school districts to provide extended school year programs for disabled students and appropriated \$500,000 to ADE for the purpose of supplying supplemental monies to districts that required additional monies to provide such programs. Chapter 322 required all school districts to provide an Extended School Year program for disabled pupils if such a program is necessary to prevent harm to the pupils' ability to maintain identified skills or to accommodate critical learning periods for pupils who are unlikely to receive other opportunities to learn targeted skills or behavior. Chapter 322 required the State Board of Education to prescribe rules for use by school districts in establishing Extended School Year programs and in determining eligibility for the programs. Chapter 322 also prescribed the method for computing the base support levels and transportation support level for Extended School Year programs and added a new Group B weight in the State Aid formula for Seriously Emotionally Handicapped (SEH), Educable Mentally Handicapped (EMH), Learning Disabled (LD), Speech Handicapped (SH), and Other Health Impaired (OHI) children. Laws 1992, Chapter 172 makes changes in terminology and program definitions to meet the federal Individuals with Disabilities Education Act (IDEA). The approved amount continues funding at the FY 1994 level.

Full-Day Kindergarten — Laws 1990, Chapter 392 established a program for the disbursement of additional monies to schools providing kindergarten programs serving large numbers of at-risk pupils and appropriated \$1,400,000 in FY 1991 to the State Board of Education for allocation to qualifying schools. Of the total appropriation, \$100,000 was to be used by ADE to provide technical assistance to schools receiving additional monies. The appropriation is based on the following objects of expenditure:

FTE Positions	1.8
Personal Services	\$ 40,200
Employee Related Expenditures	10,500
Professional and Outside Services	9,000
Travel - In State	1,500
Travel - Out of State	1,500
Other Operating Expenditures	16,400
Operating Subtotal	79,100
Assistance to School Districts	1,326,200
TOTAL	\$1,405,300

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$200 for the general salary adjustment as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Gifted Support — Laws 1989, Chapter 273 provided for the establishment of a program of grants for additional services to meet the educational needs of gifted pupils and to establish school district gifted demonstration and training sites. Chapter 273 provided that a school district which complies with the statutory provisions relating to programs for gifted students may apply to the State Board of Education for additional funding equal to \$55 per pupil for 3% of its student count, or \$1,000, whichever is more. Chapter 273 appropriated \$1,000,000 for gifted support and provided that \$900,000 of the appropriation shall be allocated for direct grants to school districts, \$50,000 shall be utilized to establish gifted demonstration and training sites through FY 1994, and an initial appropriation of \$50,000 was provided to ADE to be used for technical assistance and support to school districts. The appropriation is based on the following objects of expenditure:

FTE Positions	2.0
Personal Services	\$ 39,400
Employee Related Expenditures	10,900
Professional and Outside Services	100
Travel - In State	2,000
Travel - Out of State	1,500
Other Operating Expenditures	5,600
Operating Subtotal	59,500
Assistance to Schools	895,000
TOTAL	\$954,500

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Assistance to Schools — The approved amount includes a reduction of \$50,000 to reflect the completion of the gifted demonstration sites.

K-3 Support — Laws 1988, Chapter 308 established a 4-year pilot project of grants to school districts having large percentages of pupils in kindergarten programs and grades 1 through 3 who are at-risk of not succeeding in the educational system. Laws 1989, Chapter 273 established a second phase of the K-3 at-risk pilot project, for fiscal years 1990 through 1992. Of the additional \$2,500,000 approved by the Legislature for K-3 Support for FY 1990, \$500,000 was allocated to strengthen and expand first phase projects, an initial appropriation of \$100,000 was allocated to ADE for technical assistance and evaluation, and \$1,900,000 was provided to fund new second phase projects. Laws 1992, Chapter 305 extended the program until such time that sufficient funding is provided through additional Group B weights in the funding formula. The appropriation is based on the following objects of expenditure:

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

FTE Positions	3.3
Personal Services	\$109,000
Employee Related Expenditures	23,900
Professional and Outside Services	15,100
Travel - In State	7,500
Travel - Out of State	3,000
Other Operating Expenditures	35,100
Operating Subtotal	193,600
Assistance to School Districts	5,265,800
TOTAL	\$5,459,400

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes a total of \$9,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Preschool Disabilities — Laws 1989, Chapter 96 established a special education advisory committee to oversee the transition of educational services for disabled preschool children from DES to ADE to ensure that ADE is the single state agency responsible for all educational services for children with special needs. The transition of services was in response to federal legislation (Public Law 99-457) which mandated that the state set standards for disabled preschool services by the 1991-92 school year. The funding transferred to ADE was used to contract back with the DES to continue to provide educational services to the children served by DES. The children served by DES have "aged out"; and, therefore, the funding for this line item is not required. Laws 1988, Chapter 281 allowed school districts to budget for preschool disabled children, ages 3 to 5, in the Group A support level category in the State Aid formula, starting in FY 1990.

Preschool At-Risk Program — Laws 1990, Chapter 345 established a 4-year pilot project of preschool grants to school districts for FY 1991-FY 1994 and appropriated \$500,000 to the State Board of Education for grants for at-risk preschool pilot projects and an initial appropriation of \$100,000 was provided to ADE for providing technical assistance, training, monitoring, and evaluation of the projects. The \$500,000 appropriation was subject to receiving matching funds of at least \$500,000 from private industry. The grants were to be disbursed by the State Board to school districts to be used in individual schools to provide preschool services to at-risk children who have reached the age of 4. Schools were to be selected for grants based on the percentage of at-risk children in their kindergarten through third grade populations and on the quality of their programs. Chapter 345 established a Joint Legislative Committee on Preschool Programs and required the committee to study the role of the public schools in providing preschool education to at-risk pupils. The committee is to develop a written report containing its findings and recommendations and submit a final report to the President of the Senate and the Speaker of the House of Representatives by December 31, 1994.

Laws 1991, Chapter 251 provided that ADE shall conduct an evaluation of selected participants in both phases of the program and the State Board of Education shall appoint a State Early Childhood Advisory Council to advise the department on early childhood education and the At-Risk Preschool Pilot project. Chapter 251 also provided that monies appropriated to ADE for funding at-risk preschool pilot programs shall be deposited in the At-Risk Preschool Pilot Program Fund. Monies in the fund are exempt from A.R.S. § 35-190, relating to lapsing of appropriations. Laws 1992, Chapter 4, 7th Special Session

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

removed the matching requirement for "phase 1" monies. Laws 1992, Chapter 305 removed the "pilot" state of the Preschool At-Risk Program. The FY 1993 appropriation included an increase of \$1,000,000 for additional phase 2 projects. The appropriation is based on the following objects of expenditure:

FTE Positions	1.8
Personal Services	\$41,300
Employee Related Expenditures	10,600
Professional and Outside Services	37,300
Travel - In State	2,700
Other Operating Expenditures	13,100
Operating Subtotal	105,000
Assistance to School Districts	2,500,000
TOTAL	\$2,605,000

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount include an additional \$200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$5,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Residential Placement — Laws 1991, Chapter 173 clarified the statutes relating to residential placement of special education students. The approved amount includes funding to provide training to school districts in identifying students requiring residential placement and to establish a "Residential Emergency Fund" for use when DES or DHS lacks funds to place students.

SLIAG (State Legalization Impact Assistance Grants) Adult Education — This line item represented funding required for the adult education costs associated with the SLIAG grant monies. The state General Fund was reimbursed by the federal SLIAG grants for this "up front" funding. The SLIAG grant monies were provided to applying states which provided educational services to certain illegal aliens who have become legal residents of the United States under the Amnesty Program established by Congress in 1986. The program ended September 30, 1993 and, therefore, the 1.3 FTE positions and the \$375,800 appropriation for the line item have been eliminated.

Tuition Fund — Laws 1990, Chapter 348 appropriated \$100,000 to ADE for FY 1991 to establish a new Tuition Fund to facilitate the most appropriate placement of sensory-impaired pupils. Monies in the fund are to be distributed through an application and approval process to pay for supplemental tuition costs for:

- part-time attendance at a regular public school by a pupil enrolled in a regional cooperative program;
- part-time or full-time attendance at a program of a cooperative if the school district of residence is unable to pay the full tuition;
- part-time or full-time attendance of a pupil from a school district in a special program at another school district, if the resident school district is unable to pay the full tuition;
- part-time attendance at a regular public school by an ASDB special purpose pupil.

The approved amount represents continuation of funding at the FY 1994 level.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Vocational Education Assistance — The appropriation provides assistance to school districts offering vocational education programs as specified in A.R.S. § 15-787. To be eligible to receive state funds, districts must meet the minimum standards and requirements established by the State Board of Vocational and Technological Education. Funding is allocated to school districts offering vocational training programs emphasizing "high-demand" occupations. The State Vocational Education Funding Model priority listing of vocations serves as the basis for funding allocation.

Vocational Education Program Support — The approved amount is in addition to the \$2,835,000 in state assistance for vocational education programs. These monies shall be available to local school districts with an emphasis on entry-level skill preparation, and based upon established standards of program quality. The funding is allocated to school districts offering vocational training programs requiring extensive vocational education equipment. Laws 1991, Chapter 218 allows the State Board of Vocational and Technological Education to authorize expenditures for the personnel and operating costs of providing state level coordination and leadership for vocational student organizations from this appropriation. The appropriation is based on the following objects of expenditure:

FTE Positions	10.0
Personal Services	\$ 283,800
Employee Related Expenditures	66,300
Professional and Outside Services	29,600
Travel - In State	10,000
Travel - Out of State	7,500
Other Operating Expenditures	107,500
Operating Subtotal	504,700
Assistance to School Districts	520,000
TOTAL	\$1,024,700

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$9,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$28,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Vocational and Technological Education — Laws 1990, Chapter 330 established the State Board for Vocational and Technological Education to provide program evaluation services and to integrate the Vocational and Technological Education programs being offered by the state's grade schools and community colleges. Chapter 322 replaced the State Board for Vocational and Technical Education with a new expanded member State Board for Vocational and Technological Education and appropriated \$2,000,000 to the board for FY 1991 to expand existing vocational education pilot programs and to provide training in vocational and technological education for teachers. The appropriation was also to be used to develop comprehensive legislation regarding statewide vocational education programs, to provide staffing to the board to develop an integrated plan for statewide vocational and technological education, and to develop a proposal for the establishment of a tax on employers as a new source of funding for vocational education programs. Chapter 330 also established a Vocational and Technological Education Advisory Committee and expanded the grade levels for vocational and technological education programs from 9 through 12 to 7 through 12. The approved amount continues funding at the FY 1994 level.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Arizona Geographic Alliance — The approved amount includes funding for the Arizona Geographic Alliance. The National Geographic Society assists states in establishing programs designed to increase the geographic and social studies literacy of students in grades K-12. The alliance will conduct programs in teacher education, public awareness, materials development and outreach to decision makers. The National Geographic Society will provide \$50,000 for the next 3 years to match the state's contribution.

ADDITIONAL APPROPRIATIONS

Juvenile Crime Omnibus (Chapter 201, S.B. 1356) — The bill does the following:

- Appropriates \$2,500,000 from the General Fund in FY 1995 to ADE to pay the cost of placing peace officers and juvenile probation officers in schools during the year 1994-1995. Of the total appropriation, \$1,250,000 is for peace officers and \$1,250,000 is for probation officers. School districts shall apply to participate in a school safety program.
- Establishes the Joint Legislative Committee on School Safety consisting of 10 members. The committee shall review plans submitted by the initial applicants for participation in the School Safety Program and select school districts that are eligible to receive funding based on school safety needs. A school district may apply to participate in the program for FY 1995 by submitting a program proposal by October 15, 1994.

Schools; Optional Performance Incentive Program (Chapter 221, S.B. 1310) — Appropriates \$100,000 from the General Fund in FY 1995 to ADE to fund the State Performance Incentive Program. Establishes the State Performance Incentive Program Oversight Committee to oversee and administer the Optional Performance Incentive Program. The committee will consist of 7 members who will serve 3-year terms. Allows school district governing boards to apply to the committee for approval to budget for an Optional Performance Incentive Program. Applications for initial program approval or re-approval shall be submitted annually to the committee. The committee shall review the applications and make its recommendations to the State Board if advanced appropriations have been made to cover the cost of the first year of implementation for new districts for that year. If a governing board receives approval to budget for an Optional Performance Incentive Program, it may calculate its budget using an increase in the Base Level recommended by the committee and authorized by the State Board.

The State Board may authorize an increase of up to 5½% of the Base Level with up to 5 implementation phases. Approved programs shall meet the following requirements: 1) the program shall be based on principles of effective organizations, teamwork, parental and pupil involvement and support of teachers, and 2) the program shall contain documented evidence of support by school district employees. Districts are not allowed to budget for both the Career Ladder Program and the Optional Performance Incentive Program, but a district may switch from Career Ladders to this new program. The same Qualifying Tax Rate increases that apply to Career Ladders also apply to the new program. Districts are allowed to carry forward 80% of unexpended or unencumbered Optional Performance Incentive Program monies.

Education in Juvenile Detention Facilities; (Chapter 266, S.B. 1182) — Appropriates \$526,000 from the General Fund to ADE for FY 1995 for the estimated costs of Basic State Aid. Requires each county that operates a juvenile detention center to offer an education program to serve all school-age children in its center.

The State Board of Education shall prescribe standards and achievement testing requirements for County Juvenile Detention Center Education programs that shall attempt to ensure that the programs are compatible with public school education goals and requirements. The County School Superintendent shall attempt to coordinate the program with each pupil's school district of residence to assist the pupil's transition back to the school district at the appropriate time.

A county may operate its Juvenile Detention Center Education program through an existing accommodation school. If a county chooses not to operate its Juvenile Detention Center Education program through an existing accommodation school, the County School Superintendent may establish a Detention Center Education Fund to provide financial support to the program. The Detention Center Education Fund for each program shall be funded with a base amount plus a variable amount. For FY 1995, the base amount is \$20,000.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each child who had been in the detention center for more than 48 hours received an instructional program of at least 240 minutes. (No school district may count a child as being in attendance in that school district on a day that the child is counted for the purposes outlined here.)
2. Multiply the number of days by the following amount:
 - (a) For FY 1995, \$15.
 - (b) For FY 1996 and thereafter, the amount for the prior year adjusted by the growth rate.

Through session law, Chapter 266 forbids the county detention centers from receiving Dropout Prevention monies appropriated to ADE from the General Fund.

ADDITIONAL LEGISLATION

Education Omnibus Budget Reconciliation (Chapter 3, H.B. 2003, 8th Special Session) — Amends 1 statutory section affecting school finance to:

- Freeze the Career Ladder funding shift at two-thirds state and one-third local. The bill deletes language that shifts the program to the QTR over a 3-year period and instead requires all participating districts to levy one-third of the program cost.

The Education Omnibus Reconciliation Bill, through session law, also:

- amends Laws 1993, Chapter 8, 2nd Special Session to reduce the FY 1994 Rollover from \$142,500,000 to \$53,500,000;
- sets the Base Level support adjustment at 2% for FY 1995 and requires that school districts deposit the amounts attributable to the school district growth rate into the Classroom Improvement Fund. Monies in the fund shall not be used to supplant existing monies or for salary increases or benefit increases for currently employed personnel whose duties have not changed.
- appropriates any FY 1994 actual state General Fund balance in excess of \$107,200,000, up to a total of \$53,500,000, to ADE in FY 1995 for Basic State Aid to eliminate the remaining Rollover ("Trigger 1");
- appropriates any FY 1995 state General Fund revenue in excess of \$4,237,100,000, up to a total of \$53,500,000, to ADE in FY 1995 for Basic State Aid to eliminate any remaining Rollover, if the FY 1994 state General Fund balance surplus is not sufficient to eliminate the remainder of the Rollover ("Trigger 2");
- allows ADE to "rollover" \$53,500,000 (minus any FY 1994 excess surplus and any excess FY 1995 revenue) in FY 1995 to FY 1996 if Triggers 1 and 2 have not eliminated the remaining Rollover. The bill also provides a conditional appropriation, to ADE in FY 1996 for Basic State Aid for FY 1995, which when added to the appropriations made from FY 1994 excess surplus (Trigger 1) and any excess FY 1995 (Trigger 2) revenue equals \$53,500,000; and
- states legislative intent to unconditionally eliminate any remaining Rollover in FY 1996.

See the Basic State Aid section for additional descriptions of the provisions.

Middle Income Tax Relief Act (Chapter 41, S.B. 1120) — Freezes the Homeowners' Rebate at 35% for tax year 1994 and thereafter, at a FY 1995 cost of \$15,128,500.

Special Education Residential Placement (Chapter 91, S.B. 1377) — Changes the Permanent Education Voucher Fund to the Special Education Placement and Residential Education Voucher Fund. Exempts monies in the fund from lapsing and allows the unexpended funds to be distributed to school districts for the following purposes:

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

- to provide educational counseling, training and support services to a child with a disability in order to maintain the child's educational placement in the least restrictive environment;
- to provide educational transition assistance to children who return to their homes after placement in a residential facility; and
- to train personnel for and develop and implement model programs for use by school districts to serve children with emotional disabilities.

The bill also makes many technical changes to the voucher language.

Juvenile Correctional Facilities (Chapter 195, H.B. 2542) — Allows DOC to receive Equalization Assistance through the school funding formula for committed youth (A.R.S. § 15-1371). Requires ADE to provide technical assistance to DOC on request and to assist DOC in establishing program and personnel standards. If DOC is able to institute an education program in FY 1995, they will be eligible to start receiving Basic State Aid in FY 1996.

School Districts; Excess Insurance Costs (Chapter 254, H.B. 2312) — Makes the following statutory change: Removes costs associated with energy saving devices and costs of purchasing energy savings services from the excess utility budget category from permanent law.

Does the following through session law:

- allows the governing board of a school district to budget for the cost of purchasing energy saving devices and the operational cost as excess utility costs (which are exempt from the RCL), for FY 1993 through FY 1999. However, a school district may not budget for the cost of energy saving devices or services if any of the following conditions apply:
 - The contract was approved after June 30, 1995.
 - The contract was approved between the effective date of this act and June 30, 1995, and any of the following applies:
 - 1) The costs will be incurred in connection with the construction of new buildings.
 - 2) The costs will be incurred in connection with construction projects for which bonds have been approved.
 - 3) The contract for the portion of the project that comprises the cost of energy saving devices was not awarded pursuant to a competitive, sealed bidding process, and did not include performance guarantees as part of the bidding process.
- requires the Auditor General, at the request of the Joint Legislative Audit Committee, to conduct an audit of the costs of energy saving devices and services;
- establishes the Joint Legislative Committee on Energy Saving Devices and Services consisting of 14 members. The committee shall study issues and allegations concerning the budgeting of energy saving devices and services by school districts, review the report submitted by the Auditor General and recommend legislation to enact, modify and eliminate statutes, rules and requirements to ensure that budgeting of energy saving devices and services is conducted in an equitable, efficient and cost-effective manner;
- allows school districts to budget for excess insurance costs (which are exempt from the RCL) for FY 1995;
- allows that if a Union High School district with a student count of less than 2,000 was eligible to budget for excess utilities for FY 1993, but did not, the district's general budget limit and the M&O section of the budget for that year are deemed to have been increased by the amount by which the district was authorized to budget for excess utilities. If a Union High School district with a student count of less than 2,000 is required to reduce its general budget limit due to excess expenditures in FY 1993, the district may make part of the reduction in the third subsequent year;
- stipulates that a Unified School district is not required to reduce its general budget limit due to excess expenditures for pupils in K-8 for FY 1993 or FY 1994 if each of the following conditions apply for the fiscal year in which the excess expenditures were made:
 - 1) the district adopted a budget which included an adjustment for low student count,
 - 2) the district's student count in grades 9-12 was 100 or less and the district's student count in K-8 was more than 125.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

School Districts; Consolidation (Chapter 264, S.B. 1113) — Amends A.R.S. § 15-430 which covers procedures for school district consolidation. Requires the governing boards to notify ADE and the Joint Legislative Budget Committee (JLBC) of plans to unify by August 1 of the fiscal year before the new districts begin operation. The governing board is required to provide information, to ADE and the JLBC, needed to project the costs of unification assistance for the new districts for the first year of operation. Requires ADE to include sufficient monies to cover these unification costs in its budget request for State Aid for the following fiscal year. The bill provides guidance for technical matters associated with consolidation or unification such as bond authorization, desegregation expenses, overrides, Career Ladders, employment and salaries.

The bill allows new unified school districts to budget for unification assistance; however, a school district which budgets for consolidation assistance may not budget for unification assistance during the 3-year period for which the consolidation assistance is in effect plus an additional 2 years thereafter. The eligible school district may increase the Revenue Control Limit (RCL) and the District Support Level for the first year of operation by an amount as follows:

- 1) In the first year for which a budget is computed, 5% of the RCL.
- 2) In the second year for which a budget is computed, 2½% of the RCL.
- 3) In the third year for which a budget is computed, 1% of the RCL.

High School Enrollment (Chapter 315, H.B. 2504) — Expands the definition of "fractional student" to allow:

- common schools to count part-time students as one-quarter, one-half or three-quarters of a full-time student if the student is enrolled in an instructional program that is at least one-quarter, one-half or three-quarters respectively of the hours of a full-time student;
- high schools to define a part-time student as a student enrolled in fewer than 4 subjects that count toward graduation and who is taught in fewer than 20 instructional hours per week prorated for any week with fewer than 5 school days. High schools shall count part-time students as one-quarter, one-half or three-quarters of a full-time student if the student is enrolled in an instructional program that is at least one-quarter, one-half or three-quarters respectively of a full-time instructional program. A full-time instructional program is defined as: a) one consisting of at least 4 subjects, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of 120 hours a year or the equivalent; or b) one or more subjects taught in amounts of time totalling at least 20 hours per week prorated for any week with fewer than 5 school days.

Expands the definition of daily attendance:

- For common schools, the attendance of a pupil at three-quarters or less of the instructional time scheduled for the day shall be counted as follows:
 - (a) If attendance for all pupils in the school is based on quarter days, the attendance of a pupil shall be counted as one-fourth of a day's attendance for each one-fourth of full-time instructional time attended.
 - (b) If attendance for all pupils in the school is based on half days, the attendance of at least three-quarters of the instructional time scheduled for the day shall be counted as a full day's attendance, and attendance at a minimum of one-half but less than three-quarters of the instructional time scheduled for the day equals one-half day of attendance.
- For high schools or ungraded schools in which the pupil is at least 14 years of age by September 1, the attendance of a pupil may be counted as one-fourth of a day's attendance for each 60 minutes of instructional time in a subject that counts toward graduation, except that attendance for a pupil shall not exceed the pupil's full or fractional membership.

Omnibus Alternative Fuels Bill (Chapter 353, H.B. 2575) — Amends Laws 1993, Chapter 1 (H.B. 2001), 6th Special Session which requires school districts to convert non-diesel powered fleets to alternative fuels. The percentages of the total fleet to be converted are outlined in the bill. An appropriation of \$2,900,000 was provided to the Department of Administration under Chapter 1, to pay for the conversion costs of school vehicles in high pollution parts of the state. The Department of Commerce was designated as the oversight agency. Please see the write up under the Department of Commerce, Additional Legislation, for further details.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Education; Career Ladder Programs (Chapter 360, S.B. 1186) — The bill does the following:

- allows governing boards to apply for the Career Ladder (CL) Program for one or more schools in district or for the entire district;
- requires that to receive approval to budget for the CL Program, all teachers new to the district must participate in the CL Program;
- allows programs to include additional incentive components in which awards are based upon group, team, school or district performance. Monies budgeted for the CL Program may be used to support these additional incentive components;
- requires a teacher participation rate of at least 50% in order to receive approval for advancement to the 5th phase;
- takes out the requirement that participation in the program be preceded by a separate affirmative vote of the governing board;
- allows districts to budget a minimum amount, by phase, based on the district's student count;
- provides that if a CL Program has been approved for fewer than all the schools in the district, the percentage increase in the Base Level shall be reduced proportionately, based on the ratio of the student count in the CL schools to the student count as a whole;
- deletes the second and third year shift of the CL Program to the Qualifying Tax Rate (this was also done in the Education Omnibus Budget Reconciliation Bill);
- stipulates that districts applying for re-approval to participate in the program must have at least a 50% teacher program participation rate.

School Tax Delinquency (Chapter 367, S.B. 1283) — Through session law, Chapter 367 requires the following reports to be filed on or before September 30, 1994, to the Governor, the President of the Senate and the Speaker of the House of Representatives:

- a report prepared by the County Assessor of any county with a school district in which the property tax payment delinquency rate exceeds 25% for the 1993 tax year as verified by the County School Superintendent. The report shall provide a sales ratio analysis and other appropriate tests to determine if the values established for delinquent properties in the school district are set at appropriate levels;
- a report prepared jointly by the County Board of Supervisors and the County Treasurer of a county with a district in which property tax delinquencies exceed 25% for the 1993 tax year. The report shall provide an action plan for subsequently reducing the number of properties which are delinquent in paying property taxes in the school district;
- a report prepared jointly by the Department of Revenue, Department of Administration, Department of Environmental Quality, and the State Land Department about improvements in the process and laws governing transferring property by tax deed to the state.

School District Budgets; Carry Forward (Chapter 369, S.B. 1339) — The bill does the following:

- increases the percentage of the RCL that can be budgeted from any budget balance in the current fiscal year for use in the budget in the budget year, from 1% to 3%.
- allows the governing board to transfer an amount from the district's ending cash balance of the M&O Fund to the School Opening Fund. The maximum amount that may be transferred is the lesser of the district's ending cash balance in the M&O Fund or the amount that the district is eligible to budget as a budget balance carry forward. The School Opening Fund may only be expended for the additional M&O expenses incurred in the first year of operation of a new school within the school district;
- requires that if a governing board transfers monies into the School Opening Fund, the amount transferred shall be subtracted from the amount that would otherwise have been available to budget for the budget year.

DEPARTMENT OF EDUCATION - VOCATIONAL EDUCATION

A.R.S. § 15-231

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	26.3	26.3	26.3
Personal Services	850,400	903,900	935,700
Employee Related Expenditures	184,200	204,500	199,000
Professional and Outside Services	92,300	79,700	79,700
Travel - In State	21,900	21,400	21,400
Other Operating Expenditures	104,300	69,800	79,600
Equipment	24,400	-0-	-0-
All Other Operating Expenditures	242,900	170,900	180,700
TOTAL APPROPRIATIONS	1,277,500	1,279,300	1,315,400 ^{1/2/3/}

Program Description — *The Vocational Education Program provides technical assistance and resources to educational and training providers. This program has a federal maintenance-of-effort requirement as well as a "hold harmless" match which requires the department to spend at least the same amount as was spent in the previous year. This requirement also applies to the Assistance to Schools Vocational Education Programs.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$9,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$31,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$4,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$72,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

- 1/ The above appropriation is made to enable the state to cooperate with the federal government in carrying out the provisions of the Carl D. Perkins Vocational and Applied Technology Education Act (1990), and acts amendatory and supplementary thereto, providing for the promotion and development of cooperative vocational education. (General Appropriation Act footnote.)
- 2/ The appropriation represents the state funding requirement for administrative costs associated with the Vocational Education Program, which is required to be funded by the State of Arizona under Public Law 94-482.
- 3/ Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program. The line items are shown for information only.

ARIZONA HISTORICAL SOCIETY

A.R.S. § 41-821

Dr. Michael F. Weber, Executive Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	49.5	48.5	53.0
Personal Services	1,249,700	1,222,600	1,056,900
Employee Related Expenditures	290,200	255,600	238,300
Professional and Outside Services	49,400	31,300	31,000
Travel - In State	12,100	9,100	8,600
Other Operating Expenditures	1,577,700	1,727,100	439,300
Equipment	26,900	-0-	16,300
All Other Operating Expenditures	1,666,100	1,767,500	495,200
OPERATING SUBTOTAL	3,206,000	3,245,700	1,790,400
Papago Park Museum	-0-	-0-	1,812,300
Journal of Arizona History	5,000	5,000	5,000
Historical Society Grants	30,000	30,000	30,000
Library Acquisitions	1,500	1,500	1,500
TOTAL APPROPRIATIONS	3,242,500	3,282,200	3,639,200 ^{2/}

Agency Description — *The Arizona Historical Society acquires, preserves, maintains, and publicly exhibits archival and museum objects pertaining to the history of Arizona, the West, and the Indian tribes inhabiting the state. The Society's major museums are in Yuma, Flagstaff, Tucson, Phoenix and Tempe (Papago Park).*

FTE Positions — The approved amount reflects the addition of 4.5 FTE positions and \$237,400 for the partial opening of the Papago Park Museum. These resources have been added to the newly-created Papago Park Museum Special Line Item. Also, 7.5 FTE positions and \$1,563,400 have been transferred from the agency's operating budget to the Papago Park Museum Special Line Item.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$31,600 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$35,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a reduction of \$207,800, which has been transferred to the Papago Park Museum Special Line Item.

^{1/} The FTE Positions total includes 12 FTE positions funded from the Papago Park Museum Special Line Item in FY 1995.

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

ARIZONA HISTORICAL SOCIETY (Cont'd)
GENERAL FUND

Employee Related Expenditures — The approved amount includes an additional \$4,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a reduction of \$45,900, which has been transferred to the Papago Park Museum Special Line Item.

The approved amount also includes a total of \$99,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a decrease of \$300 which has been transferred to the Papago Park Museum Special Line Item.

Travel - In State — The approved amount includes an increase of \$5,000 for state motor pool fees charged to a new vehicle and a reduction of \$5,500 which has been transferred to the Papago Park Museum Special Line Item.

Other Operating Expenditures — The approved amount includes a total of \$53,000 for the payment of Risk Management premiums, which reflects a decrease of \$8,600, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes a total transfer of \$1,303,900 to the Papago Park Museum Special Line Item for the Papago Park Museum lease-purchase payment, utility payments, and other expenditures.

Equipment — The approved amount includes an increase of \$16,300, which reflects funding for the one-time purchase of a state motor pool vehicle.

Papago Park Museum — The partial opening of the Papago Park Museum, scheduled for October 1994, is expected to include all the first floor and outdoor exhibits. These exhibits are being constructed with non-appropriated dollars. The approved amount provides staff and resources for the partial opening of Papago Park Museum. The total funding includes two parts: a) 7.5 FTE positions and \$1,563,400 transferred from the agency's operating budget, and b) 4.5 new FTE positions (1 Custodial Worker, 0.5 History Education Program Manager, 1 Museum Education Curator, 1 Clerk Typist, 0.5 Curatorial Assistant, and 0.5 Archival Assistant) and \$237,400 added for FY 1995. (See table below).

	Added For FY 1995	Transferred From Operating Budget	General Salary Adjustment	TOTAL
FTE Positions	4.5	7.5	-0-	12.0
Personal Services	\$83,700	\$207,800	\$10,200	\$301,700
Employee Related Expenditures	22,200	45,900	1,300	69,400
Papago Park Lease-Purchase Payment	2,900	1,204,900	-0-	1,207,800
All Other Operating Expenditures	128,600	104,800	-0-	233,400
TOTAL	\$237,400	\$1,563,400	\$11,500	\$1,812,300

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$11,500 for the general salary adjustment (\$10,200 in Personal Services and \$1,300 in Employee Related Expenditures), as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$30,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

ARIZONA HISTORICAL SOCIETY (Cont'd)
GENERAL FUND

The approved amount also includes an additional \$131,500 in new monies which is comprised of: a) \$36,000 for a guard service contract, b) \$27,600 for repair/maintenance contracts and supplies, c) \$65,000 for full utility costs, and d) \$2,900 for the increase in the FY 1995 Papago Park Museum lease-purchase payment (for a total lease-purchase payment of \$1,207,800 in FY 1995).

Journal of Arizona History — The appropriation provides for the publishing of the Journal as required pursuant to A.R.S. § 41-824(A). The Journal is published quarterly.

Historical Society Grants — A.R.S. § 41-821(H)(I) allows Arizona Historical Society to contract with certified county historical societies for services to be performed for the benefit of the state. Such services may include restoration and maintenance of historical buildings, curation and registration of historical artifacts, and personnel costs incurred by the county historical society in presenting or preserving historic materials. Contracts are awarded where historical materials are in the greatest need of additional care. To qualify as a certified historical society, the society must be nonprofit and have a functioning program of historical value. Certification and contract agreements are reviewed annually.

Library Acquisitions — The appropriation provides for the purchase of rare manuscripts for placement in the permanent library collection.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Section 2(B) 4 appropriates \$272,000 to the Arizona Historical Society for the installation of fire sprinklers and for asbestos abatement in the society's headquarters/museum at Tucson.

PRESCOTT HISTORICAL SOCIETY OF ARIZONA

A.R.S. § 41-831

Mac R. Harris, Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	15.5	15.5	15.5
Personal Services	339,600	364,600	377,400
Employee Related Expenditures	86,100	113,300	119,300
Professional and Outside Services	3,300	3,300	5,100
Travel - In State	-0-	400	400
Other Operating Expenditures	64,700	62,100	64,700
Equipment	12,500	-0-	-0-
All Other Operating Expenditures	80,500	65,800	70,200
TOTAL APPROPRIATIONS	506,200	543,700	566,900 ^{1/}

Agency Description — *The Prescott Historical Society preserves and maintains the Old Governor's Mansion, together with the other buildings and properties of the Sharlot Hall Museum located in Prescott. The Society is responsible for acquiring, preserving and publicly exhibiting archival and museum objects pertaining to the history, geological and anthropological life of Arizona and the West.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$12,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$65,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an additional \$1,800 to hire a termite exterminator.

Other Operating Expenditures — The approved amount includes a total of \$4,000 for the payment of Risk Management premiums, which reflects a reduction of \$600, as authorized by Section 79 of the General Appropriation Act. The approved amount also includes an additional \$6,000 to fund higher utility bills.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

BOARD OF MEDICAL STUDENT LOANS

A.R.S. § 15-1723

Christopher A. Leadem, Ph.D., Chairman

JLBC Analyst: Groll

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
Medical Student Loans	<u>1,000</u>	<u>1,000</u>	<u>114,600</u> ^{1/}
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	98,700	139,900	72,600
Add: Loan Collections	135,100	64,300	87,000
General Fund	<u>1,000</u>	<u>1,000</u>	<u>114,600</u>
TOTAL FUNDS AVAILABLE	234,800	205,200	274,200
Medical Student Loans	<u>94,900</u>	<u>132,600</u>	<u>274,200</u>
BALANCE END OF FISCAL YEAR	<u>139,900</u>	<u>72,600</u>	<u>-0-</u>

Agency Description — *The board is authorized to grant loans to students of the University of Arizona College of Medicine, makes a full investigation of the ability, character and qualification of each loan applicant, and administer the loan program. Medical students who participate in the Medical Student Loans program agree to serve the State of Arizona in medically underserved areas for at least 2 years, or 1 year of service for each year of loan support, whichever is longer, upon graduation. As an incentive for service, the board is authorized to impose upon participants who have signed contracts, liquidated damages equal to the full amount borrowed, in addition to repaying the loan at a 7% interest rate.*

Medical Student Loans — The amount appropriated to the board shall be deposited in the Medical Student Loan Fund as prescribed by A.R.S. § 15-1725. The appropriated amount, along with the available student loan fund, may be used to grant loans to qualified applicants.

The \$114,600 from the General Fund and an estimated \$159,600 from the Medical Student Loan Fund will provide a total sum available for medical student loans of \$274,200. The increased level of General Fund support will permit the board to provide an average loan amount of \$17,140 per student, which is the legal maximum loan level including inflation, for 16 medical students (5 students currently receiving loans and 11 students not currently receiving assistance).

Until FY 1992, the maximum loan amount was \$6,000 per student per year. However, Laws 1992, Chapter 338 (H.B. 228), authorized the Board of Medical Student Loans to grant the maximum loan amount for tuition of \$6,580, plus no more than \$10,000 for each student in FY 1993. Beginning in FY 1994, and continuing each year thereafter as provided by the law, the maximum loan amount in excess of tuition shall be \$10,000, adjusted for inflation based on the percentage change in the GDP Price Deflator. For FY 1995, based on an inflator of 2.9% for FY 1994 and 2.6% for FY 1995, respectively, this amount is \$10,560. Tuition of \$6,580 plus the \$10,560 stipend equals \$17,140. This amount is approximately 83% of the average standard cost of education for a medical student (\$20,718 per year).

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency.

**ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN
INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE),
AND COMMISSION FOR POSTSECONDARY EDUCATION**

A.R.S. § 15-1621

Frank Besnette, Ph.D., Executive Director

JLBC Analyst: Lee

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	28.1	28.1	28.1
Personal Services	1,134,500	1,161,100	1,201,800
Employee Related Expenditures	217,200	207,000	244,800
Professional and Outside Services	22,100	22,700	22,700
Travel - In State	3,300	10,900	10,900
Other Operating Expenditures	207,400	302,800	212,000
Equipment	22,100	-0-	-0-
All Other Operating Expenditures	254,900	336,400	245,600
OPERATING SUBTOTAL	1,606,600	1,704,500	1,692,200
Western Interstate Commission Office	75,000	75,000	79,000
WICHE Student Subsidies	1,922,000	1,992,400	2,008,400
Course Equivalency Guide	13,200	13,200	13,200
Student Financial Aid Trust Fund	1,166,800	1,166,800	1,204,600
State Student Incentive Grant	1,220,800	1,220,800	1,220,800 ^{1/}
Teacher Loan Forgiveness Fund for Deaf & Blind	95,000	95,000	95,000
Area Health Education Centers	887,700	887,700	1,150,200
TOTAL APPROPRIATIONS	6,987,100	7,155,400	7,463,400 ^{2/}

^{1/} The \$1,220,800 appropriated for State Student Incentive Grant is to be used to make grants under the Arizona State Student Incentive Grant program administered by the Arizona Commission for Postsecondary Education. Grants may be made according to the provisions of applicable federal and state laws and regulations relating to this program to Arizona residents who demonstrate financial need and who are attending, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary educational institution.

Each participating institution, public or private, in order to be eligible to receive state matching funds under the State Student Incentive Grant program for grants to students, shall provide an amount of institutional matching funds which shall be equal to the amount of funds provided by the state to the institution for the State Student Incentive Grant program. Administrative expenses incurred by the Board of Regents shall be paid from institutional matching funds and shall not exceed 13% of the funds. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

**ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE), AND COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)
GENERAL FUND**

Agency Description — *The board governs the 3 state universities, appoints presidents of the universities, sets the tuition and fees, establishes curricula, awards degrees, prescribes qualifications for admission of all students to the universities. The board also adopts personnel rules and controls the university finances and expenditures including bonding, budget and all non-appropriated funds.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$40,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes a total of \$4,500 for board member per diem.

Employee Related Expenditures — The approved amount includes an additional \$5,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$88,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$2,100 for the payment of Risk Management premiums, which reflects a reduction of \$300, as authorized by Section 79 of the General Appropriation Act.

Western Interstate Commission Office — The appropriated amount provides for Arizona's annual pro rata share of administrative expenses for the Western Interstate Commission for Higher Education.

WICHE Student Subsidies - The approved amount provides funding for subsidies to 101 continuing WICHE students and 31 new WICHE students in the fields of study shown below:

<u>Field of Study</u>	<u>Continuing Students</u>	<u>New Students</u>	<u>Amount</u>
Osteopathy	10	2	\$ 142,800
Dentistry	24	9	472,500
Veterinary Medicine	53	16	1,269,600
Occupational Therapy	4	2	35,900
Optometry	<u>10</u>	<u>2</u>	<u>87,600</u>
TOTAL	<u>101</u>	<u>31</u>	<u>\$2,008,400</u>

This subsidy program enables Arizona to participate in the WICHE-Professional Student Exchange Program and provides partial financial support and preferential access for Arizona residents who choose careers in certain health professions for which education is not offered in Arizona.

Course Equivalency Guide — The approved amount provides funding for the publishing of the Course Equivalency Guide to help community college students become familiar with courses and identify transfer requirements to 4-year institutions.

Student Financial Aid Trust Fund — The approved amount provides funds to the Universities for the purposes of providing immediate aid to students with verifiable financial need and creating an endowment for future financial aid. Laws 1989, Chapter 123 (H.B. 2144) authorized the Board of Regents to establish such a fund. The approved amount is based upon the most recent (FY 1993) actual student surcharge collections as the state matching amount.

State Student Incentive Grant Program — The approved amount is to match federal funds for scholarships to students who attend accredited post-secondary educational institutions in the state and who demonstrate financial need.

Teacher Loan Forgiveness Fund for the Deaf and the Blind — The approved amount provides funding for a loan program to persons in teacher training programs in the areas of the deaf and the blind within the College of Education at the University of Arizona. The allocation of \$95,000 should be the same as the original intent of H.B. 2225 (Laws 1990,

(Continued)

ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE), AND COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)
GENERAL FUND

Chapter 340) which authorized a \$50,000 distribution to 10 students in the form of loans in equal amounts of \$5,000 per student and a \$45,000 distribution to the College of Education at the University of Arizona for instructional support of the teacher training program in the areas of the deaf and the blind.

Area Health Education Centers — The approved amount provides funding for Arizona Area Health Education program associated with 4 centers: Southeast Area Health Education Center in Nogales, Western Area Health Education Center in Yuma, Northern Area Health Education Center in Flagstaff, and Central Area Health Education Center in Miami/Globe. The increase amount of \$262,500 from the FY 1994 funding level represents a 9-month funding need for Central Area Health Education Center for which the federal funds are scheduled for termination on September 30, 1994.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Makes appropriations totalling \$13,602,400 to the Board of Regents from the General Fund, including \$12,402,400 for major maintenance and repair of university buildings and \$1,200,000 for Americans with Disabilities Act compliance, as follows:

- Section 1(B) appropriates \$12,402,400 for allocation to the universities for major maintenance and repair of university buildings in accordance with the Building Renewal Formula (A.R.S. § 41-790 and § 41-793.01.) The appropriation represents 58.4% support of the formula. The board shall require each university to establish a major maintenance and repair account for deposit of amounts allocated from this appropriation. Amounts deposited in the account shall be audited annually by the board, and the appropriated monies may be used only for facilities on the statewide building inventory approved by the Joint Committee on Capital Review. The appropriated monies shall not be spent on infrastructure replacement or repairs, for maintenance contracts on building components and equipment, or for Personal Services or Employee Related Expenditures.
- Section 2(B) 7 appropriates \$1,200,000 for Americans with Disabilities Act compliance. Before the release of any monies, the Board of Regents shall present an expenditure plan to the Joint Committee on Capital Review for review.

ADDITIONAL LEGISLATION

University Operating Budget (Chapter 59, S.B. 1396) — Amends the "decoupling" provisions under A.R.S. § 15-1626A and the state deposit provision under A.R.S. § 35-146, and provides the following changes:

- The Arizona Board of Regents shall adopt annually an operating budget for each university equal to the sum of appropriated General Fund monies and the amount of tuition, registration fees and other revenues approved by the board and allocated to each university operating budget.
- Upon receipt, the amount of tuition, registration fees and other revenues included in the operating budget for each university adopted by the board shall be promptly remitted to the State Treasurer.

ASU-East Campus (Chapter 218, H.B. 2366) — Authorizes the Arizona Board of Regents to maintain an Arizona State University campus in eastern Maricopa County. It is the intent of the Legislature that the Arizona State University-East Campus be located at the site of the closed Williams Air Force Base upon conveyance from the federal government.

Commission for Postsecondary Education (Chapter 298, S.B. 1428) — Establishes the Commission for Postsecondary Education as the postsecondary review entity for this state for the conduct, supervision and coordination of the review of postsecondary education institutions in order to determine the eligibility of those programs for student financial aid monies pursuant to the provisions of Part H, Subpart 1 of the Higher Education Amendments of 1992 (P.L. 102-325; 106 Stat. 638; 20 United States Code, Section 1099A). It further provides as follows:

(Continued)

ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE), AND COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)
GENERAL FUND

- The commission shall also administer the applicable programs identified under Section 1203 of the Higher Education Act of 1962, as amended, including the State Student Incentive Grant Program under Title IV, Part A of the Higher Education Amendments of 1992, the federal Family Education Loan Program under Title IV, Part B of the Higher Education Amendments of 1992 and the Paul Douglas Teacher Scholarships Program under Title IV, Part C of the Higher Education Amendments of 1992, and shall supervise the State Guarantee Agency under Title IV, Part B of the Higher Education Act of 1965, as amended.
- The Postsecondary Education Fund is established in the State Treasury consisting of grants, monies or donations of monies received by the commission from the United States, this state or any federal or state agencies, departments or officers and any persons, corporations, foundations, associations and other entities. The commission shall administer the fund. The commission shall transmit all of these monies to the State Treasurer for deposit in the fund. Monies obtained pursuant to this section are subject to Section 35-143.01, relating to annual legislative appropriation of special funds. The commission shall administer the monies in accordance with the purpose of the grant or donation and any corresponding rules or restrictions.

SUMMARY OF MAJOR CHANGES FOR UNIVERSITY SYSTEM

The following summarizes the major factors for the General Fund increase in the FY 1995 university system operating budget from FY 1994:

FY 1994 General Fund Operating Budget Total	<u>\$540,320,400</u>
Adjustments for FY 1995	
• Standard Adjustments (Annualization, transfers, ERE rate, Risk Management premiums, vacancy savings, ABOR rent, etc.)	\$ 2,169,800
• AHEC/WICHE/Financial Aid (ABOR)	320,300
• Student Enrollment Growth (1,424 FTE Students)	4,888,600
• ASU-West Academic Program Development	1,441,100
• Faculty Salary Market Equity	5,000,000
• New Campus Expansion (ASU-East, Pima County Campus and NAU Enrollment Management)	5,165,200
• NAU-Yuma Expansion	355,100
• Tri-University Cost Study Equity	2,875,300
• NAU Nurse Practitioner Program	205,300
• General Salary Adjustment (Excluding amounts included in the above issues)	<u>18,324,500</u>
TOTAL ADJUSTMENT FROM FY 1994	<u>\$ 40,745,200</u>
FY 1995 GENERAL FUND TOTAL FOR UNIVERSITY SYSTEM	<u>\$581,065,600</u>
FY 1995 UNIVERSITY COLLECTIONS FUND TOTAL	<u>147,939,700</u>
FY 1995 OPERATING BUDGET TOTAL FOR UNIVERSITY SYSTEM	<u>\$729,005,300</u>

This summary is shown for information only for the Arizona University System. Please see individual university section for details.

ARIZONA STATE UNIVERSITY - MAIN CAMPUS

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: Lee

GENERAL FUND AND UNIVERSITY COLLECTIONS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	4,853.0	4,898.0	5,040.0
Personal Services	151,867,600	161,560,200	173,746,700
Employee Related Expenditures	29,017,900	31,665,800	34,334,900
Professional and Outside Services	3,159,300	1,210,700	1,287,400
Travel - In State	101,000	343,100	361,200
Travel - Out of State	1,231,900	745,100	792,100
Other Operating Expenditures	33,944,700	33,455,200	33,660,300
Library Acquisitions	5,816,900	4,819,700	4,851,900
Equipment	6,093,500	9,007,600	9,425,900
All Other Operating Expenditures	50,347,300	49,581,400	50,378,800
TOTAL APPROPRIATIONS	231,232,800	242,807,400	258,460,400 ^{1/2/3/}
<u>Fund Summary</u>			
General Fund	181,778,600	184,324,800 ^{4/}	198,293,900
University Collections Fund	49,454,200 ^{5/}	58,482,600 ^{5/}	60,166,500
TOTAL APPROPRIATIONS	231,232,800	242,807,400	258,460,400

Agency Description — Established in 1885, Arizona State University is one of the 3 state universities governed by the Arizona Board of Regents. As a Research I institution, Arizona State University - Main Campus offers over 250 degree programs to approximately 40,000 students in 13 colleges and schools, and also provides academic courses at the Downtown Center in Phoenix.

- 1/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- 2/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- 3/ Any unencumbered balances remaining in the collections account on June 30, 1994, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)
- 4/ The General Fund only was appropriated with its prorata share for 3,838.8 FTE positions.
- 5/ University Collections Fund was not appropriated in FY 1993 or FY 1994, but has been added for comparability with FY 1995.

(Continued)

ARIZONA STATE UNIVERSITY - MAIN CAMPUS (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

FTE Positions — The approved amount includes the following new FTE positions and funding adjustments:

	<u>FTE</u>	<u>AMOUNT</u>
Student Enrollment Growth	54.7	\$2,721,200
Tri-University Cost Study Equity	55.0	2,566,000
Collections Fund Increase	33.3	1,683,900
Learning Enrichment Assistance Program (Transfer-out to ASU-West)	(1.0)	(20,800)
TOTAL	<u>142.0</u>	<u>\$6,950,300</u>

Personal Services — The approved amount is based upon a 3% vacancy factor and \$4,800,300 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of 102 new positions. The approved amount includes an additional \$5,899,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$1,593,800 for faculty salary market equity to increase the faculty salary level by an average of 1.7% and to help alleviate some of the existing salary inequities among faculty members. The \$5,899,800 for the general salary adjustment includes \$126,500 for the same purpose for Student Enrollment Growth and Tri-University Cost Study Equity.

Employee Related Expenditures — The approved amount includes an additional \$794,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$207,200 for faculty salary market equity.

The approved amount also includes a total of \$11,093,000 for the state share of employee medical insurance and dental insurance payments.

Other Operating Expenditures — The approved amount includes a total of \$1,162,800 for the payment of Risk Management premiums, which reflects a total reduction of \$354,800 from FY 1994, including \$134,500 as authorized by Section 79 of the General Appropriation Act.

Student Enrollment Growth — Enrollment growth funding of \$2,721,200 is based upon a 3-year rolling weighted average enrollment of 35,064 full-time equivalent students during the following fall semesters:

	<u>FY 1995</u>	<u>FY 1994</u> <u>Weighted Average</u>	<u>Change</u>
Fall 1992 (Actual) - 34,180; at 25% =	8,545	8,388 (Fall 1991)	157
Fall 1993 (Estimate) - 35,178; at 50% =	17,589	17,090 (Fall 1992)	499
Fall 1994 (Projection) - 35,720; at 25% =	<u>8,930</u>	<u>8,794</u> (Fall 1993)	<u>136</u>
Total	<u>35,064</u>	<u>34,272</u>	<u>792</u>

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

Tri-University Cost Study Equity — The approved amount includes \$2,566,000, including \$66,000 for the general salary adjustment, and 55 new FTE positions to provide the second year of equity funding identified in the Tri-University Cost Study, based upon the recommendations of a cost study commission in 1988. The commission, which was established in 1986 by the Arizona Board of Regents, examined the state funding for operating budgets of the 3 universities for the 3-year period from FY 1984 through FY 1986 and determined that Arizona State University and Northern Arizona University had been underfunded during the 3-year period compared to the University of Arizona.

(Continued)

ARIZONA STATE UNIVERSITY - MAIN CAMPUS (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

Excluding the initial equity funding of \$500,000 in FY 1988, the commission and the Arizona Board of Regents identified the funding disparities for ASU, which included \$5,316,600 for instruction and student services and \$575,000 for the graduate level teacher education programs. The Legislature approved \$2,792,700 in FY 1990 as the first year equity funding. ASU's request for FY 1995 included \$4,185,500 with inflationary adjustments for the second of 2 years' equity funding, and the Legislature approved \$2,500,000 plus \$66,000 for the general salary adjustment.

University Collections Fund — The approved amount for the University Collections Fund provides an increase of \$1,683,900 with additional 33.3 FTE positions over FY 1994. The University Collections Fund consists of tuition, registration fees, other receipts and balances forward.

ARIZONA STATE UNIVERSITY - WEST CAMPUS

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: Lee

GENERAL FUND AND UNIVERSITY COLLECTIONS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	546.3	595.8	620.4
Personal Services	14,716,100	18,814,900	20,738,800
Employee Related Expenditures	2,762,400	3,680,100	4,286,200
Professional and Outside Services	1,006,500	446,600	475,000
Travel - In State	39,600	97,700	103,100
Travel - Out of State	170,500	211,600	229,200
Other Operating Expenditures	8,955,200	7,864,300	7,929,100
Library Acquisitions	1,283,700	1,623,800	1,628,100
Equipment	1,663,400	2,071,800	2,150,300
All Other Operating Expenditures	13,118,900	12,315,800	12,514,800
TOTAL APPROPRIATIONS	30,597,400	34,810,800	37,539,800 ^{1/23/}
Fund Summary			
General Fund	26,775,000	29,602,800 ^{4/}	32,235,700
University Collections Fund	3,822,400 ^{5/}	5,208,000 ^{5/}	5,304,100
TOTAL APPROPRIATIONS	30,597,400	34,810,800	37,539,800

Agency Description — Established as a separate budget unit in 1984, Arizona State University-West Campus offers upper division baccalaureate and selective masters' programs to approximately 5,000 students at the 300 acre site in northwestern Phoenix.

- ^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- ^{2/} The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- ^{3/} Any unencumbered balances remaining in the collections account on June 30, 1994, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)
- ^{4/} The General Fund only was appropriated with its prorata share for 527.2 FTE positions.
- ^{5/} University Collections Fund was not appropriated in FY 1993 or FY 1994, but has been added for comparability with FY 1995.

(Continued)

ARIZONA STATE UNIVERSITY - WEST CAMPUS (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

FTE Positions — The approved amount includes 22 new FTE positions and \$1,441,100 for Academic Program Development, 1.6 new FTE positions and \$96,100 for the Collections Fund increase, and 1 FTE position transferred in from ASU-Main with \$20,800 for Learning Enrichment Assistance Program.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$549,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of 23.6 new positions. The approved amount includes an additional \$704,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$185,700 for faculty salary market equity to increase the faculty salary level by an average of 1.7% and to help alleviate some of the existing salary inequities among faculty members. The \$704,200 for the general salary adjustment includes \$36,000 for the same purpose for Academic Program Development.

Employee Related Expenditures — The approved amount includes an additional \$99,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$24,100 for faculty salary market equity.

The approved amount also includes a total of \$1,365,500 for the state share of employee medical insurance and dental insurance payments.

Other Operating Expenditures — The approved amount includes \$4,964,400 for lease-purchase payment for the campus buildings and infrastructure development excluding the library building.

ARIZONA STATE UNIVERSITY - EAST CAMPUS

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: Lee

GENERAL FUND AND UNIVERSITY COLLECTIONS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	0.0	0.0	14.0
Personal Services	-0-	-0-	586,900
Employee Related Expenditures	-0-	-0-	122,500
Professional and Outside Services	-0-	-0-	902,600
Travel - In State	-0-	-0-	6,600
Travel - Out of State	-0-	-0-	18,000
Other Operating Expenditures	-0-	-0-	363,300
Library Acquisitions	-0-	-0-	-0-
Equipment	-0-	-0-	122,700
All Other Operating Expenditures	-0-	-0-	1,413,200
TOTAL APPROPRIATIONS	-0-	-0-	2,122,600 ^{1/23/}
Fund Summary			
General Fund	-0-	-0-	2,122,600
University Collections Fund	-0-	-0-	-0-
TOTAL APPROPRIATIONS	-0-	-0-	2,122,600

Agency Description — *Laws 1994, Chapter 218 (H.B. 2366), authorized the Arizona Board of Regents to maintain an Arizona State University campus in eastern Maricopa County. It is the intent of the Legislature that the Arizona State University-East Campus be located at the site of the closed Williams Air Force Base upon conveyance from the federal government. The facilities include approximately 600 acres, 83 buildings, 656 single family residences and related personal property, and may accommodate 10,000 students by the year 2010 in order to meet Arizona's future enrollment demand.*

- 1/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- 2/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- 3/ Any unencumbered balances remaining in the collections account on June 30, 1994, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

(Continued)

ARIZONA STATE UNIVERSITY - EAST CAMPUS (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

FTE Positions — The approved amount includes 14 new FTE positions and funds for the first year operational needs for ASU-East Campus.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes \$19,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$2,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$30,800 for the state share of employee medical insurance and dental insurance payments.

ASU-East Campus — Laws 1994, Chapter 218 (H.B. 2366) establishes a new campus in FY 1995. The appropriation for the new campus provides the following:

- **New Campus Development:** Includes funding for 5 FTE positions for planning and development activities (a Senior Academic Affairs/Planning Officer, an Administration/Facilities Management Officer, a Fiscal Planning Analyst, an Administrative Associate, and an Administrative Secretary) and 9 FTE positions for Extended Education course offerings (4 faculty and 5 lecturers).
- **Master Plan and Facility Adaptation:** Includes \$580,000 to address the reuse of the former Williams Air Force Base property to best meet university needs and purposes and to provide specific facility adaptation plans for renovation of existing structures.
- **Facility Maintenance and Operation:** Includes \$305,000 for caretaker and preservation services and \$358,000 for building operation and maintenance.

NORTHERN ARIZONA UNIVERSITY

A.R.S. § 15-1601

Clara Lovett, Ph.D., President

JLBC Analyst: Lee

GENERAL FUND AND UNIVERSITY COLLECTIONS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	1,885.9	2,047.0	2,092.5
Personal Services	56,606,400	62,207,000	65,183,200
Employee Related Expenditure	12,626,200	13,786,700	14,253,200
Professional and Outside Services	639,400	546,800	562,700
Travel - In State	339,400	475,800	479,100
Travel - Out of State	312,600	375,700	377,100
Other Operating Expenditures	12,929,700	14,533,300	14,339,900
Library Acquisitions	1,993,400	2,175,100	2,155,300
Equipment	4,911,500	2,022,300	2,039,100
All Other Operating Expenditures	21,126,000	20,129,000	19,953,200
OPERATING SUBTOTAL	90,358,600	96,122,700	99,389,600
Enrollment Management	-0-	-0-	1,521,700
NAU-Yuma	1,035,100	1,352,500	1,740,300
TOTAL APPROPRIATIONS	91,393,700	97,475,200	102,651,600 ^{2/3/4/}
<u>Fund Summary</u>			
General Fund	73,489,200	75,531,200 ^{5/}	81,583,400
University Collections Fund	17,904,500 ^{6/}	21,944,000 ^{6/}	21,068,200
TOTAL APPROPRIATIONS	91,393,700	97,475,200	102,651,600

- ^{1/} The FTE Positions total includes 16.8 FTE positions funded from the Enrollment Management Special Line Item in FY 1995, and 21.1 FTE positions funded from the NAU-Yuma Special Line in FY 1993, 26.5 FTE positions in FY 1994 and 30.5 FTE positions in FY 1995.
- ^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items for Enrollment Management and NAU-Yuma. The line items within the "Operating Subtotal" are shown for information only.
- ^{3/} The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- ^{4/} Any unencumbered balances remaining in the collections account on June 30, 1994, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)
- ^{5/} The General Fund only was appropriated with its prorata share for 1,637.8 FTE positions.
- ^{6/} University Collections Fund was not appropriated in FY 1993 or FY 1994, but has been added for comparability with FY 1995.

(Continued)

NORTHERN ARIZONA UNIVERSITY (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

Agency Description — *Established in 1899, Northern Arizona University is one of 3 State universities governed by the Arizona Board of Regents. The university offers 137 degree programs to approximately 18,500 students in 9 colleges, schools and 1 center, and provides academic programs at many instructional sites throughout the state and at an off-campus center in Yuma that operates in conjunction with Arizona Western College (NAU-Yuma).*

FTE Positions — The approved amount includes the following new FTE positions and funding adjustments:

	<u>FTE</u>	<u>AMOUNT</u>
Student Enrollment Growth	10.2	\$ 514,500
Enrollment Management	16.8	1,521,700
NAU-Yuma Expansion	4.0	355,100
Tri-University Cost Study Equity	10.5	309,300
Nurse Practitioner Program	4.0	205,300
Collections Fund Decrease	<u>0.0</u>	<u>(875,800)</u>
TOTAL	<u>45.5</u>	<u>\$2,030,100</u>

Personal Services — The approved amount is based upon a 3% vacancy factor and \$1,875,800 in vacancy savings. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of 33.7 new positions. The approved amount includes an additional \$2,213,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$613,700 for faculty salary market equity to increase the faculty salary level by an average of 1.7% and to help alleviate some of the existing salary inequities among faculty members. The \$2,213,400 for the general salary adjustment includes \$25,700 for the same purpose for Student Enrollment Growth, Tri-University Cost Study Equity and Nurse Practitioner Program.

Employee Related Expenditures — The approved amount includes an additional \$306,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$79,800 for faculty salary market equity.

The approved amount also includes a total of \$5,264,400 for the state share of employee medical insurance and dental insurance payments.

Other Operating Expenditures — The approved amount includes a total of \$522,800 for the payment of Risk Management premiums, which reflects a total reduction of \$89,000 from FY 1994, including \$64,500, as authorized by Section 79 of the General Appropriation Act.

Student Enrollment Growth — The enrollment funding of \$514,500 including \$14,600 for the general salary adjustment is based upon a 3-year rolling weighted average enrollment of 16,530 full-time equivalent students during the following fall semesters:

	<u>FY 1995</u>	<u>FY 1993</u> <u>Weighted Average</u>	<u>Change</u>
Fall 1992 (Actual) - 16,378; at 25% =	4,094	3,997 (Fall 1991)	97
Fall 1993 (Estimate) - 16,444; at 50% =	8,222	8,189 (Fall 1992)	33
Fall 1994 (Projection) - 16,855; at 25% =	<u>4,214</u>	<u>4,197</u> (Fall 1993)	<u>17</u>
Total	<u>16,530</u>	<u>16,383</u>	<u>147</u>

(Continued)

NORTHERN ARIZONA UNIVERSITY (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

Enrollment Management — The approved amount provides operating expenditures for the Enrollment Management Special Line Item, as a part of the statewide planning for future enrollment growth, to facilitate instructional options and opportunities through cooperative programs with 2-year institutions and through interactive telecommunication delivery of classroom instruction to rural Arizona. The line item detail is shown below:

FTE Positions	<u>16.8</u>
Personal Services	\$563,600
Employee Related Expenditures	134,800
Other Operating Expenditures	154,000
Library Acquisitions	100,000
Equipment	<u>569,300</u>
All Other Operating Expenditures	<u>823,300</u>
TOTAL	<u>\$1,521,700</u>

The approved amount is based upon a 0% vacancy factor. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of 16.8 new positions. The approved amount includes additional amounts of \$19,100 and \$2,600 for Personal Services and Employee Related Expenditures, respectively, for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for the Enrollment Management Special Line Item also includes \$43,200 for the state share of employee medical insurance and dental insurance payments.

NAU-Yuma — The approved amount provides operating expenditures for the NAU-Yuma Special Line Item as shown below:

FTE Positions	<u>30.5</u>
Personal Services	\$ 977,700
Employee Related Expenditures	226,700
Professional and Outside Services	31,000
Travel - In State	21,500
Travel - Out of State	8,500
Other Operating Expenditures	206,700
Library Acquisitions	50,000
Equipment	<u>218,200</u>
All Other Operating Expenditures	<u>535,900</u>
TOTAL	<u>\$1,740,300</u>

NORTHERN ARIZONA UNIVERSITY (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

The approved amount for the NAU-Yuma Personal Services is based upon a 3% vacancy factor and \$25,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of 4 new positions. The approved amount includes additional amounts of \$33,200 and \$4,600 for Personal Services and Employee Related Expenditures, respectively, for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for the NAU Yuma Special Line Item also includes \$78,500 for the state share of employee medical insurance and dental insurance payments.

Tri-University Cost Study Equity — The approved amount includes \$309,300, including \$9,300 for the general salary adjustment, and 10.5 new FTE positions to provide the second year of equity funding identified in the Tri-University Cost Study, based upon the recommendations of a cost study commission in 1988. The commission, which was established in 1986 by the Arizona Board of Regents, examined the state funding for operating budgets of the 3 universities for the 3-year period from FY 1984 through FY 1986 and determined that Arizona State University and Northern Arizona University had been underfunded during the 3-year period compared to the University of Arizona.

Excluding the initial equity funding of \$250,000 in FY 1988, the commission and the Arizona Board of Regents identified the funding disparities for NAU, which included \$368,900 for instruction and student services and \$228,300 for professional education programs. The Legislature approved \$186,500 in FY 1990 as the first year equity funding. NAU's request for FY 1995 included \$513,800 with inflationary adjustments for the second of 2 years' equity funding, and the Legislature approved \$300,000 plus \$9,300 for the general salary adjustment.

Nurse Practitioner Program — The approved amount provides \$205,300 including \$5,300 for the general salary adjustment for 4 new FTE positions to facilitate a Master of Science degree program in Nursing to prepare nurse practitioners to work in primary care.

University Collections Fund — The approved amount for the University Collection Fund provides a decrease of \$875,800 from FY 1994. The University Collections Fund consists of tuition, registration fees, other receipts and balances forward.

UNIVERSITY OF ARIZONA - MAIN CAMPUS

A.R.S. § 15-1601

Manuel T. Pacheco, Ph.D., President

JLBC Analyst: Lee

GENERAL FUND AND UNIVERSITY COLLECTIONS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	5,364.2	5,332.8	5,342.3
Personal Services	150,210,200	150,020,300	157,522,600
Employee Related Expenditures	28,901,700	28,112,800	30,009,300
Professional and Outside Services	1,051,900	760,500	772,100
Travel - In State	263,000	347,000	347,700
Travel - Out of State	561,200	385,800	395,600
Other Operating Expenditures	28,893,200	34,182,600	33,643,700
Library Acquisitions	5,665,300	5,697,300	5,671,100
Equipment	2,701,600	3,142,500	3,206,300
All Other Operating Expenditures	39,136,200	44,515,700	44,036,500
OPERATING SUBTOTAL	218,248,100	222,648,800	231,568,400
Minority Recruitment and Retention	1,122,500	1,130,700	1,143,200
Pima County Campus	-0-	-0-	1,520,900
Agriculture	37,121,500	37,295,700	38,631,100
TOTAL APPROPRIATIONS	256,492,100	261,075,200	272,863,600 ^{2/3/4/}
<u>Fund Summary</u>			
General Fund	199,336,000	198,968,000 ^{5/}	214,823,400
University Collections Fund	57,156,100 ^{6/}	62,107,200 ^{6/}	58,040,200
TOTAL APPROPRIATIONS	256,492,100	261,075,200	272,863,600

Agency Description — *Established in 1885 as a land grant institution, the University of Arizona is one of the 3 state universities governed by the Arizona Board of Regents. As a land grant Research I institution, the university offers 377 degree programs to approximately 37,000 students in 15 colleges, schools and divisions, and provides academic programs at Sierra Vista Off-Campus Center.*

^{1/} The FTE Positions total includes 860.3 FTE positions funded from certain special line items in FY 1993, 860.2 FTE positions in FY 1994 and 867.7 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Minority Recruitment and Retention	36.7	36.6	36.6
Pima County Campus	--	--	13.0
Agriculture	823.6	823.6	818.1

(Continued)

UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

FTE Positions — The approved amount includes the following new FTE positions and funding adjustments:

	<u>FTE</u>	<u>Amount</u>
Student Enrollment Growth	33.3	\$1,652,900
Pima County Campus	13.0	1,520,900
Collections Fund Decrease	(81.7)	(4,067,000)
Program Reorganization Adjustment (Transfer-in from Health Sciences Center)	44.9	2,544,500
Total	<u>9.5</u>	<u>\$1,651,300</u>

Personal Services — The approved amount is based upon a 3% vacancy factor and \$4,613,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the decrease of 15.6 positions. The approved amount includes an additional \$5,348,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$1,440,100 for faculty salary market equity to increase the faculty salary level by an average of 1.7% and to help alleviate some of the existing salary inequities among faculty members. The \$5,348,900 for the general salary adjustment includes \$41,600 for the same purpose for Student Enrollment Growth.

Employee Related Expenditures — The approved amount includes an additional \$686,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$187,200 for faculty salary market equity.

The approved amount also includes a total of \$10,063,400 for the state share of employee medical insurance and dental insurance payments.

Other Operating Expenditures — The approved amount includes a total of \$3,820,300 for the payment of Risk Management premiums, which reflects a total reduction of \$155,400 from FY 1994 base, including \$538,900 as authorized by Section 79 of the General Appropriation Act. The \$3,820,300 includes \$2,166,000 for the Health Sciences Center.

Minority Recruitment and Retention — Provides for an on-going and comprehensive plan to facilitate student recruitment and retention programs directed at economically disadvantaged, minority and under-represented student populations. The approved amount includes additional amounts of \$26,300 and \$3,400 for Personal Services and Employee Related Expenditures, respectively, for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for the Minority Recruitment and Retention Special Line Item also includes a total of \$82,300 for the state share of employee medical insurance and dental insurance payments.

2/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items for Pima County Campus and Agriculture. The line items within the "Operating Subtotal" and the Minority Recruitment and Retention Special Line Item are shown for information only.

3/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

4/ Any unencumbered balances remaining in the collections account on June 30, 1994, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

5/ The General Fund only was appropriated with its prorata share for 4,168.9 FTE positions.

6/ University Collections Fund was not appropriated in FY 1993 or FY 1994, but has been added for comparability with FY 1995.

(Continued)

UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

Student Enrollment Growth — The enrollment funding of \$1,652,900 including \$46,900 for the general salary adjustment is based upon a 3-year rolling weighted average enrollment of 31,250 full-time equivalent students during the following fall semesters:

				<u>FY 1995</u>	<u>FY 1994</u> <u>Weighted Average</u>	<u>Change</u>
Fall 1992 (Actual)	-	30,888;	at 25% =	7,722	7,793 (Fall 1991)	(71)
Fall 1993 (Estimate)	-	31,381;	at 50% =	15,691	15,444 (Fall 1992)	247
Fall 1994 (Projection)	-	31,349;	at 25% =	<u>7,837</u>	<u>7,528</u> (Fall 1993)	<u>309</u>
Total				<u>31,250</u>	<u>30,765</u>	<u>485</u>

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

Pima County Campus — The approved amount provides planning and operational funds for a new 4-year campus in Pima County, which will be developed by the University of Arizona to meet Arizona's future enrollment needs.

The approved amount for Pima County Campus as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>13.0</u>
Personal Services	\$543,500
Employee Related Expenditures	113,300
Professional and Outside Services	51,200
Travel - In State	1,200
Travel - Out of State	7,900
Other Operating Expenditures	756,800
Equipment	<u>47,000</u>
All Other Operating Expenditures	<u>864,100</u>
TOTAL	<u><u>\$1,520,900</u></u>

The approved amount includes additional amounts of \$18,500 and \$2,400 for Personal Services and Employee Related Expenditures, respectively, for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount for the Pima County Campus Special Line Item also includes a total of \$29,300 for the state share of employee medical insurance and dental insurance payments.

UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

Agriculture — The approved amount for the College of Agriculture as a special line appropriation was based upon the following line item allocation:

FTE Positions	818.1
	<u>0</u>
Personal Services	\$28,099,200
Employee Related Expenditures	5,420,100
Professional and Outside Services	196,400
Travel - In State	588,800
Travel - Out of State	123,200
Other Operating Expenditures	3,190,100
Equipment	1,103,300
All Other Operating Expenditures	<u>5,201,800</u>
TOTAL	<u><u>\$38,631,100</u></u>
<u>Fund Sources</u>	
General Fund	\$33,150,000
Collections Fund	<u>5,481,100</u>
Total	<u><u>\$38,631,100</u></u>

The approved amount for the Agriculture Personal Services is based upon a 3% vacancy factor and \$836,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment.

The approved amount includes additional amounts of \$951,100 and \$122,000 for Personal Services and Employee Related Expenditures, respectively, for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also provides an additional \$345,200 for faculty salary market equity, including \$305,500 for Personal Services and \$39,700 for Employee Related Expenditures.

The approved amount for the Agriculture Special Line Items also includes a total of \$1,839,900 for the state share of employee medical insurance and dental insurance payments.

The Collections Fund includes \$3,327,000 from Agriculture federal funds and represents a \$254,100 decrease and a 5.5 FTE position reduction from FY 1994.

University Collections Fund — The approved amount for the University Collections Fund provides a decrease of \$4,067,000 from FY 1994, mainly reflecting the academic program transfer of Nursing, Pharmacy and other health-related programs to the Health Sciences Center. The University Collections Fund consists of tuition, registration fees, other receipts and balances forward. The \$4,067,000 decrease in the University Collections Fund includes a \$254,100 decrease for Agriculture.

UNIVERSITY OF ARIZONA - HEALTH SCIENCES CENTER

A.R.S. § 15-1601

Manuel T. Pacheco, Ph.D., President

JLBC Analyst: Lee

GENERAL FUND AND UNIVERSITY COLLECTIONS FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	634.9	664.3	664.3
Personal Services	25,956,400	28,993,400	30,217,100
Employee Related Expenditures	4,343,800	4,854,800	5,258,700
Professional and Outside Services	142,400	54,700	54,700
Travel - In State	17,500	67,100	67,100
Travel - Out of State	22,400	23,100	23,100
Other Operating Expenditures	6,757,900	1,880,100	2,447,400
Library Acquisitions	648,300	632,100	632,100
Equipment	501,800	598,300	598,300
All Other Operating Expenditures	8,090,300	3,255,400	3,822,700
OPERATING SUBTOTAL	38,390,500	37,103,600	39,298,500
Clinical Teaching Support	8,413,000	8,413,000	8,605,400
TOTAL APPROPRIATIONS	46,803,500	45,516,600	47,903,900 ^{2/3/4/}
<u>Fund Summary</u>			
General Fund	44,546,100	44,738,200 ^{5/}	44,543,200
University Collections Fund	2,257,400 ^{6/}	778,400 ^{6/}	3,360,700
TOTAL APPROPRIATIONS	46,803,500	45,516,600	47,903,900

- 1/ The FTE Positions total does not include FTE positions within the Clinical Teaching Support Special Line Item.
- 2/ Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.
- 3/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- 4/ Any unencumbered balances remaining in the collections account on June 30, 1994, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)
- 5/ The General Fund only was appropriated with its pro rata share for 604.4 FTE positions.
- 6/ University Collections Fund was not appropriated in FY 1993 or FY 1994, but has been added for comparability with FY 1995.

(Continued)

UNIVERSITY OF ARIZONA - HEALTH SCIENCES CENTER (Cont'd)
GENERAL FUND AND UNIVERSITY COLLECTIONS FUND

Agency Description — *Beginning in FY 1994, Arizona Health Sciences Center consists of the University of Arizona Colleges of Medicine, Nursing and Pharmacy, and the School of Health Related Professions. Authorized in 1961 by the Arizona Board of Regents, the College of Medicine offers a professional program leading to the M.D. degree for 362 medical students and graduate programs leading to the Ph.D. degree in certain medical sciences for 392 graduate students. As a separate budget unit of the University of Arizona, the Arizona Health Sciences Center is governed by the Arizona Board of Regents.*

FTE Positions — The approved amount includes the following adjustments with no change in net FTE positions:

	<u>FTE Positions</u>	<u>Amount</u>
Collections Fund Increase	44.9	\$ 2,582,300
Program Reorganization Adjustment (Transfer-out to UA-Main Campus)	(44.9)	(2,544,500)
Total	<u>0.0</u>	<u>\$ 37,800</u>

Personal Services — The approved amount is based upon a 3% vacancy factor and \$878,600 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$1,026,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$286,000 for faculty salary market equity to increase the faculty salary level by an average of 1.7% and to help alleviate some of the existing salary inequities among faculty members.

Employee Related Expenditures — The approved amount includes an additional \$132,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$37,200 for faculty salary market equity.

The approved amount also includes a total of \$1,494,000 for the state share of the employee medical insurance and dental insurance payments.

Other Operating Expenditures — The approved amount includes a total of \$529,500 for the payment of Risk Management premiums, which reflects a reduction of \$85,700, as authorized by Section 79 of the General Appropriation Act.

The \$529,500 represents an additional premium requirement for FY 1995. The FY 1994 approved amount of \$2,254,100 for Risk Management premiums was transferred to the University of Arizona - Main Campus for the purpose of centralizing the administration of the Risk Management activities. The approved amount for the University of Arizona - Main Campus Risk Management premiums includes \$2,166,000 for the Health Sciences Center in FY 1995.

Clinical Teaching Support — These funds provide for the cost of hospital training for Clinical Assistants, Medical Students and other health care residents and interns. The College of Medicine will contract with the University Medical Center, and possibly other community hospitals, for the necessary training. The approved amount includes additional amounts of \$170,300 and \$22,100 for Personal Services and Employee Related Expenditures, respectively, for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

University Collections Fund — The approved amount for the University Collections Fund provides an increase of \$2,582,300 over FY 1994, reflecting the academic program transfer of Nursing, Pharmacy and other health-related programs from the Main Campus. The University Collections Fund consists of tuition, registration fees, other receipts and balances forward.

PROTECTION AND SAFETY

STATE DEPARTMENT OF CORRECTIONS - SUMMARY

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Adult Institutions	206,628,500	225,752,400	267,783,800
Health Services	34,794,200	40,379,800	45,901,000
Human Resources and Development	4,782,700	4,262,300	4,465,400
Administration	13,978,800	19,541,600	18,363,700
Community Corrections	7,225,000	13,754,600	17,065,100
TOTAL APPROPRIATIONS	267,409,200	303,690,700	353,579,000
<u>Expenditure Detail</u>			
FTE Positions	6,457.4	6,812.4	7,313.4
Personal Services	141,368,600	150,833,700	169,546,500
Employee Related Expenditures	41,543,900	46,033,000	52,515,300
Professional and Outside Services	21,251,000	22,628,500	24,991,800
Travel - In State	370,000	475,200	519,500
Travel - Out of State	59,500	82,400	84,800
Other Operating Expenditures	39,265,800	47,760,900	49,323,900
Equipment	2,838,300	3,278,800	3,473,100
All Other Operating Expenditures	63,784,600	74,225,800	78,393,100
OPERATING SUBTOTAL	246,697,100	271,092,500	300,454,900
Special Line Items ^{1/}	20,712,100	32,598,200	53,123,100
Additional Appropriations ^{1/}	-0-	-0-	1,000
TOTAL APPROPRIATIONS	267,409,200	303,690,700	353,579,000 ^{2/3/4/}
<u>Fund Summary</u>			
General Fund	250,891,100	283,298,200	338,779,800
Corrections Fund	15,581,700	19,392,500	13,799,200
Penitentiary Land Earnings Fund	936,400	1,000,000	1,000,000
TOTAL APPROPRIATIONS	267,409,200	303,690,700	353,579,000

Agency Description — *The Department of Corrections maintains and administers a statewide system of prisons for the effective custody, control, correction, treatment and rehabilitation of all adult offenders legally committed to the department. Educational and treatment programs are provided for offenders so they will have opportunities to learn more responsible behaviors and increase their chance of returning to society as law abiding citizens. The department is also responsible for the supervision of offenders on parole or other prison release mechanisms, as specified by law.*

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

SUMMARY OF MAJOR CHANGES

The approved amount includes an increase of \$49,888,300. The amount reflects a \$55,481,600 increase from the General Fund and a \$5,593,300 reduction from the Corrections Fund. The following summarizes the major factors behind the change in the FY 1995 operating budget from the revised FY 1994 estimate.

	<u>FTE</u>	<u>General Fund</u>	<u>Corrections Fund</u>
• FY 1995 General Salary Adjustment	--	\$6,887,800	--
• Opening New Prisons			
Meadows - Eyman Complex - 400 beds	135.0	4,081,100	--
Winchester - Tucson - 400 beds	223.0	8,071,500	--
Apache - Winslow - 250 beds	125.0	5,037,100	--
• Aspen Conversion - DWI to Special Program Unit	13.0	247,200	--
• 1,087 New Prisoners - 6.1% Growth	--	3,301,200	--
• Annualization of 1994 Prison Openings	--	828,100	--
• Adult Institutions Vacancy Rate Reduction	--	1,517,000	--
• Special Pay Package - Correctional Officers	--	2,500,000	--
• Private Supervision	5.0	200,000	--
• Private Return to Custody - 200 beds	--	1,095,000	--
• Private DWI - 400 beds	--	1,849,300	--
• Eliminate Corrections Fund as Source for Operating Budget	--	18,600,000	(18,600,000)
• FY 1993 Prison Construction Lease-Purchase	--	--	11,297,600
• FY 1994 Prison Construction Lease-Purchase	--	--	1,009,100
• FY 1995 Apache County Lease Payment	--	--	700,000
• All Other Changes	--	<u>1,266,300</u>	<u>--</u>
TOTAL CHANGE FROM REVISED FY 1994	<u>501.0</u>	<u>\$55,481,600</u>	<u>\$(5,593,300)</u>

Personal Services — The approved amount is based upon a 3.5% vacancy factor and \$5,948,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$5,757,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. Table 1 summarizes the changes in the approved amount.

- 1/ Details for the Special Line Items and Additional Appropriations are on the individual program pages.
- 2/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote.)
- 3/ One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote.)
- 4/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Table 1

	<u>Regular Positions</u>	<u>Overtime</u>	<u>Hazardous Duty Pay</u>	<u>Total</u>
Estimate FY 1994	\$149,085,500	\$681,900	\$1,066,300	\$150,833,700
Add: FY 95 Salary Adj.	5,757,200	-0-	-0-	5,757,200
Annualization	2,661,600	16,100	40,200	2,717,900
Meadows-Eyman	2,548,900	9,500	20,000	2,578,400
Winchester-Tucson	4,332,300	13,700	28,700	4,374,700
Apache-Winslow	2,028,300	7,300	15,300	2,050,900
Aspen Conversion	128,100	-0-	-0-	128,100
Private Supervision	119,200	-0-	-0-	119,200
Adult Institutions Vacancy Rate Reduction	<u>986,400</u>	<u>-0-</u>	<u>-0-</u>	<u>986,400</u>
FY 1995 Approved	<u>\$167,647,500</u>	<u>\$728,500</u>	<u>\$1,170,500</u>	<u>\$169,546,500</u>

Overtime is authorized, by A.R.S. § 23-391 and 392, for emergencies, on call or call out duty, and unscheduled or extra hours of work. Hazardous Duty pay is extra compensation for employees exposed to dangerous inmates and/or dangerous situations. Authorized employees are paid \$60 per month for hazardous duty assignments.

Employee Related Expenditures — The approved amount includes an additional \$988,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$21,054,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Land Endowment Earnings Fund — The approved amount includes \$1,000,000 appropriated from the Penitentiary Land Earnings Fund. Revenues for this fund are from use fees on lands granted to the State of Arizona pursuant to Section 25 of the Enabling Act and interest earned on the investment of the permanent Penitentiary Land Fund. Penitentiary land earnings include payments by the Department of Youth Treatment and Rehabilitation for the lease of land where the Adobe Mountain and Black Canyon Juvenile Institutions are located. These lease payments are estimated to be \$907,000 in FY 1995.

Corrections Fund — This fund is for the construction, major maintenance, purchase or lease of correctional or state operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation and minor maintenance of correctional facilities or state operated juvenile facilities. Revenues deposited to the fund are from luxury taxes on alcohol and tobacco products. In FY 1994, \$18,605,800 was appropriated to the Department of Corrections for operation of correctional facilities and \$786,700 was appropriated for the 1993 Lease-Purchase Payments of prisons authorized for construction in FY 1993.

The FY 1995 Corrections Fund appropriations include \$12,084,300 for the 1993 Lease-Purchase Payments, \$1,009,100 for the 1994 Lease-Purchase Payments, and \$700,000 for Apache County Lease Payment. The Corrections Fund was not used for other operating expenses in FY 1995.

Table 2 shows revenues and expenditures for the Corrections Fund. See the CAPITAL OUTLAY section for more information on FY 1995 Corrections Fund appropriations.

Appropriations to the Department of Administration are for supervision and management of construction and maintenance projects at correctional facilities and state operated juvenile facilities.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

State of Arizona
 Corrections Fund
 Estimated Revenue and Expenditure Projections

Table 2

	<u>FY 1985-1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Beginning Balance	\$ -0-	\$10,960.6	\$ 4,659.7	\$ 4,290.5	\$ 2,367.7	\$ 2,101.4	\$ (2,236.0)	\$ (6,483.1)
Add: Revenues								
General Fund & Other Deposits	204,119.0	\$21,427.9	21,430.0	21,400.0	21,400.0	21,400.0	21,400.0	21,400.0
	3,956.2	-0-	3,000.0	6,440.8	7,200.0	-0-	-0-	-0-
Total Revenues	\$208,075.2	\$21,427.9	\$ 24,430	\$27,840.8	\$28,600.0	\$21,400.0	\$21,400.0	21,400.0
Total Funds Available	\$208,075.2	\$32,388.5	\$29,089.7	\$32,131.3	\$30,967.7	\$23,501.4	\$19,164.0	\$14,916.9
Deduct Approved Expenditures:								
Prison Construction & Maintenance	\$180,651.8	\$11,685.0	\$5,025.0	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Operating Budgets	5,127.0	15,698.7	18,600.0	5,800	-0-	-0-	-0-	-0-
DOA Corrections Facilities Staffing	924.3	345.1	273.4	-0-	-0-	-0-	-0-	-0-
Drug Enforcement Activities	10,411.5	-0-	38.5	-0-	-0-	-0-	-0-	-0-
FY 1993 Lease-Purchase Payments	-0-	-0-	786.6	12,084.3	12,063.0	12,090.8	12,011.4	-0-
FY 1994 Lease-Purchase Payments	-0-	-0-	-0-	1,009.1	12,563.1	12,565.5	12,564.6	12,560.9
Apache County Lease Payments	-0-	-0-	-0-	700.0	1,090.2	1,081.1	1,071.1	1,083.4
Total Expenditures	\$197,114.6	\$27,728.8	\$24,723.5	\$13,799.2	\$25,716.3	\$25,737.4	\$25,647.1	\$13,644.3
Fund Balance	\$ 10,960.6	\$ 4,659.7	\$ 4,366.2	\$18,332.1	\$ 5,251.4	\$ (2,236.0)	\$ (6,483.1)	\$ 1,272.6
41st Legislature, 8th Special Session								
Youthful Offender Facility 100 Beds	-0-	-0-	-0-	350.0	3,150.0	-0-	-0-	-0-
Yuma 400 Level III	-0-	-0-	-0-	12,240.8	-0-	-0-	-0-	-0-
Globe 100 Beds Addition	-0-	-0-	-0-	2,688.9	-0-	-0-	-0-	-0-
Convert Aspen to Mental Health Unit	-0-	-0-	-0-	375.0	-0-	-0-	-0-	-0-
DOA Corrections Facilities Staffing	-0-	-0-	75.7	309.7	-0-	-0-	-0-	-0-
Projected Fund Bal. End of Period	\$10,960.6	\$ 4,659.7	\$ 4,290.5	\$ 2,367.7	\$2,101.4	\$ (2,236.0)	\$ (6,483.1)	\$ 1,272.6

Additional Prison Capacity — The approved amount provides funding to open 3 new prisons in FY 1995. The opening of these prisons will add 1,050 new DOC beds to the current prison system. The approved amount also includes funding for the department to contract for 200 Return to Custody and 400 private DWI beds. An additional 450 private treatment beds original scheduled to open in FY 1994, will open in FY 1995. A total of 2,100 beds are to be added in FY 1995. If the prison population continues to grow at the rate of 80.4 additional inmates per month, as projected, the department's bed shortage, in FY 1995, will range from a low of 902 to a high of 1,959. Table 3 presents a comparison of the month end prison population, the number of beds (expressed as the Operational Capacity), and the Projected Bed Shortage during FY 1995.

State of Arizona
 Projected Prison Population
 July 1994 to June 30, 1995

Table 3

Month	Year	Population Projection ^{1/}	Additional Prison Beds	Operational Capacity	Bed Shortage
July	1994	19,100	+ 400 Meadows Unit, Level III	17,141	(1,959)
August	1994	19,180	+ 400 Winchester Unit, Level III	17,991	(1,189)
			+ 450 Community Provider - Marana		
September	1994	19,261		17,991	(1,270)
October	1994	19,341		17,991	(1,350)
November	1994	19,422	+ 250 Apache Unit, Level III	18,241	(1,181)
December	1994	19,502		18,241	(1,261)
January	1995	19,582	+ 200 RTC, Private	18,441	(1,141)
February	1995	19,663		18,441	(1,222)
March	1995	19,743	+400 DWI, Private	18,841	(902)
April	1995	19,824		18,841	(983)
May	1995	19,904		18,841	(1,063)
June	1995	19,984		18,841	(1,143)

^{1/} Based on 80.4 additional inmates per month.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

- Meadows Prison — This is an 800 bed, medium security (Level III), prison constructed at the Eyman Complex in Florence. The construction cost of this prison is financed through the 1993 sale of Certificates of Participation. The first 400 beds of this prison opened in FY 1994. The second 400 beds are expected to be completed in March or April of 1994, but will not accept inmates until July 1994.
- Winchester Prison — This is a Level III, medium security prison, constructed at ASPC-Tucson. It is a 400 bed treatment facility, that will be operated by the Department of Corrections. This unit is expected to open in August 1994. The construction cost of this prison is also financed through the 1993 sale of Certificates of Participation.
- Apache County Prison — A new 250 bed, minimum security prison, is being constructed and financed by Apache County, with assistance from the Department of Administration and the Department of Corrections. The Legislature has authorized the Department of Corrections to lease and operate this facility when construction is completed. The Apache County Prison will be located between Springerville and St. Johns. It is anticipated that this facility will open in November 1994.
- RTC Private Beds — The Department of Corrections is authorized to contract for a minimum security (Level II) prison facility to be provided and operated by a private contractor. The department will contract for 200 beds to house released offenders who are returned to prison under allegations of violating the terms of their releases. The facilities are expected to open in January 1995.
- DWI Private Beds — The Department of Corrections is authorized to contract for a minimum security (Level II) prison facility to be provided and operated by a private contractor. The department will contract for 400 beds to house inmates convicted of driving while intoxicated or under the influence of intoxicating drugs or alcohol (A.R.S. § 28-692.01 or § 28-697). The facilities are expected to open in March 1995.

Average Daily Prison Population — The actual growth of the average daily prison population from FY 1985 to FY 1993, including estimates for FY 1994 and FY 1995 is shown below. The "Average Daily Population" represents the average number of inmates managed by the Department of Corrections on a daily basis during the year. Due to unanticipated growth in the prison population during FY 1994, the current estimate of the FY 1995 Average Daily Population is 19,444 as compared to an estimate of 19,045 when the Legislature passed the FY 1995 budget in March of this year.

Average Daily Prison Population
For FY 1985 to FY 1993
(with projections for FY 1994 and FY 1995)

Table 4

Average Daily Population					
<u>Fiscal Year</u>	<u>Prisons</u>	<u>CRC</u> ^{1/}	<u>Private</u>	<u>Jails</u>	<u>Total</u>
1985	7,583	201	-0-	NA	7,784
1986	8,270	205	-0-	NA	8,475
1987	9,508	209	-0-	NA	9,717
1988	10,705	222	-0-	NA	10,927
1989	11,935	240	-0-	NA	12,175
1990	12,987	253	-0-	NA	13,240
1991	13,911	258	-0-	76	14,245
1992	15,041	282	-0-	84	15,407
1993	16,293	130	-0-	125	16,548
1994 ^{2/}	17,031	144	450	100	17,725
1995 ^{2/}	18,118	144	683	100	19,045

^{1/} Correctional Release Centers.
^{2/} Funded Estimates.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — The bill appropriates a total of \$16,254,700, of which \$6,890,800 is from the General Fund and \$9,363,900 from Other Funds for Department of Corrections related projects.

Section 2(C)

Transfers \$6,440,800 from the General Fund to the Corrections Fund and appropriates \$15,304,700 in FY 1995 from the Corrections Fund to the Department of Administration for the following projects:

1) Design and Construction of 100 Male Level II Prison Beds at ASP-Globe Adds 100 beds to the existing facility.	\$2,688,900
2) Design and Construction of 400 Male Level III Prison Beds at ASP-Yuma Adds 400 beds to the existing facility.	12,240,800
3) Conversion of the Aspen Facility to a Correctional Mental Health Unit Converts existing DWI beds to mental health beds for incarcerated felons.	375,000
	<hr/>
Subtotal, Section 2(C) General Fund	6,440,800
Subtotal, Section 2(C) Other Funds	8,863,900

Section 2(D)

Appropriates \$450,000 from the General Fund, \$300,000 from the Penitentiary Land Fund, and \$200,000 from the Charitable, Penal, and Reformatories Fund for the following projects:

1) ASPC-Florence Fire and Safety Corrections Continues effort to bring the Florence Prison up to code.	\$750,000
2) Statewide Correctional Facilities Building Maintenance Provides for non-building renewal or emergency needs.	200,000
	<hr/>
Subtotal, Section 2(D) General Fund	450,000
Subtotal, Section 2(D) Other Funds	500,000
	<hr/>
Total, General Fund	6,890,800
Total, Other Funds	9,363,900
	<hr/>
Grand Total, Department of Corrections related Capital Outlay	<u>\$16,254,700</u>

Juvenile Correctional Facilities (Chapter 195, H.B. 2542) — The bill appropriates \$350,000 from the Corrections Fund to the Department of Administration (DOA) in FY 1995 for the design of a 100 bed male and female high-security unit for juveniles tried as adults under the jurisdiction of the Department of Corrections. The bill also appropriates \$3,150,000 in FY 1996 from the Corrections Fund for the construction of the unit. The bill requires DOA to present plans to the Joint Committee on Capital Review for review.

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	5,536.9	5,849.9	6,298.9
Personal Services	114,903,300	121,604,200	137,417,500
Employee Related Expenditures	35,152,100	38,816,700	44,417,300
Professional and Outside Services	4,425,400	4,119,300	4,378,700
Travel - In State	248,100	307,900	339,800
Travel - Out of State	37,800	54,500	56,900
Other Operating Expenditures	29,742,500	32,984,100	34,557,100
Equipment	1,636,000	2,044,600	3,213,800
All Other Operating Expenditures	36,089,800	39,510,400	42,546,300
OPERATING SUBTOTAL	186,145,200	199,931,300	224,381,100
Food	16,287,700	19,506,500	20,362,500
Work Incentive Pay Plan	4,002,100	4,453,400	4,720,200
Discharge Expense	193,500	361,200	383,000
Correctional Service Officer Pay Plan	-0-	1,500,000	4,142,600 ^{1/}
1993 Lease-Purchase Payments	-0-	-0-	12,084,300
1994 Lease-Purchase Payments	-0-	-0-	1,009,100
Apache County Prison Lease	-0-	-0-	700,000
TOTAL	206,628,500	225,752,400	267,782,800 ^{2/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Disproportionality Review, Ch. 365	--	--	1,000
TOTAL APPROPRIATIONS	206,628,500	225,752,400	267,783,800
<u>Fund Summary</u>			
General Fund	190,110,400	205,365,700	252,984,600
Corrections Fund	15,581,700	19,386,700	13,799,200
Penitentiary Land Earnings Fund	936,400	1,000,000	1,000,000
TOTAL APPROPRIATIONS	206,628,500	225,752,400	267,783,800

^{1/} The amount appropriated for the Correctional Service Officer Series Pay Plan is to be used to increase salaries paid to employees classified within the Correctional Service Officer series and may be used to continue the salary plan approved by the Joint Legislative Budget Committee on October 14, 1993. Any material deviations from that plan must be presented to the Joint Legislative Budget Committee for review before the amount appropriated for the Correctional Service Officer Series Pay Plan becomes available for expenditure. (General Appropriation Act footnote)

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description — *The Adult Institutions Division provides care and custody for all adult offenders committed to the Department of Corrections by the courts of Arizona. Within the division, offenders are classified relative to their risk to the institution and public safety. The division offers inmate educational and vocational classes, library services, work opportunities, treatment programs, and family assistance services. The division is responsible for the operation of 8 prison complexes located in Phoenix, Perryville, Douglas, Tucson, Winslow, Safford, and Florence which has 2 complexes (Florence and Eyman); as well as 4 stand alone prisons located in Yuma, Globe, Fort Grant, and a new prison to be located near St. Johns. The division operates the Bureau of Offender Services, which maintains inmate records, computes the length of time an inmate must serve in prison, operates the inmate classification system, and administers special services for the Interstate Corrections Compact.*

FTE Positions — The approved amount includes an increase of 449 FTE positions and \$14,018,500 for the following:

- **Meadows Unit** — Provides 122 FTE positions and \$3,665,600 to open the second 400 male beds at the Meadows Unit in the Eyman Complex located at Florence in July 1994.
- **Winchester Unit** — Provides 202 FTE positions and \$5,746,100 to open the 400 male treatment beds at the Winchester Unit at ASPC-Tucson in August 1994.
- **Apache Unit** — Provides 109 FTE positions and \$4,369,200 to open the 250 male beds at the Apache Unit at ASPC-Winslow in November 1994.
- **Aspen Conversion** — Provides 13 FTE positions and \$237,600 for additional staffing when the current Aspen DWI Unit is converted to the Special Program Unit (SPU) in March 1995.
- **Positions Transferred** — Three FTE positions from other divisions were transferred into the Adult Institutions Division.

The allocation and general classification of the new positions is shown in Table 5.

Table 5

<u>Classification</u>	<u>Meadows - Eyman 400 Bed Male</u>	<u>Winchester-Tucson 400 Bed Male</u>	<u>Apache- Winslow 250 Bed Male</u>	<u>Aspen Conversion</u>	<u>Total New Positions</u>
Deputy Warden	0.0	1.0	0.0	0.0	1.0
Corr Svc Captain	1.0	1.0	1.0	0.0	3.0
Corr Svc Lieutenant	2.0	5.0	4.0	2.0	13.0
Corr Svc Sergeant	5.0	6.0	8.0	7.0	26.0
Corr Svc Officer	98.0	160.0	67.0	1.0	326.0
Fire/Safety Specialist	0.0	1.0	1.0	0.0	2.0
Correctional Programs	6.0	7.0	5.0	0.0	18.0
Food Service	0.0	5.0	4.0	3.0	12.0
Education & Library	2.0	4.0	1.0	0.0	7.0
Chaplain	0.0	1.0	1.0	0.0	2.0
Administration & Clerical	7.0	9.0	13.0	0.0	29.0
Maintenance & Storage	1.0	2.0	4.0	0.0	7.0
Total FTE Positions	<u>122.0</u>	<u>202.0</u>	<u>109.0</u>	<u>13.0</u>	<u>446.0</u>

Personal Services — The approved amount is based upon a 3.2% vacancy factor and \$4,360,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$4,666,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and \$1,164,500 to reduce the vacancy factor from 3.8% to 3.2%. The changes in Personal Services, as approved, are summarized in Table 6 below.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Table 6

	Regular Positions	Overtime	Hazardous Duty Pay	Total
Estimate FY 1994	\$120,018,900	\$546,400	\$1,038,900	\$121,604,200
Add: FY 1995 Salary Adj.	4,666,200	-0-	-0-	4,666,200
Annualization	2,162,900	16,100	40,200	2,219,200
Meadows-Eyman	2,241,100	9,500	20,000	2,270,600
Winchester-Tucson	3,737,600	13,700	28,700	3,780,000
Apache-Winslow	1,697,200	7,300	15,300	1,719,800
Aspen Conversion	128,100	-0-	-0-	128,100
Vacancy Rate Reduction	1,029,400	-0-	-0-	1,029,400
FY 1995 Approved	<u>\$135,681,400</u>	<u>\$593,000</u>	<u>\$1,143,100</u>	<u>\$137,417,500</u>

The second 400 beds of the Meadows Unit and the Winchester Unit are scheduled to open in July of 1994. The approved amounts for these 2 units reflect full year funding. The Meadows Prison is an 800 bed, medium security (Level III) male prison, located in the Eyman Complex at Florence. The Winchester Unit is a 400 bed, medium security (Level III) male treatment prison, located at ASPC-Tucson. The Apache Prison, located at ASPC-Winslow, is scheduled to open in November of 1994. The Apache Prison is a 250 bed, medium security (Level III) male prison. The approved amount for Apache is for a 10 month period. Funding for the staff of new prisons is provided 2 months prior to opening to allow for recruiting and training of the new employees. Overtime is authorized, by A.R.S. § 23-391 and 392, for emergencies, on call or call out duty and unscheduled or extra hours of work. Hazardous Duty pay is extra compensation for employees exposed to dangerous inmates and/or dangerous situations. Authorized employees are paid \$60 per month for hazardous duty assignments.

Employee Related Expenditures — The approved amount includes an additional \$811,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$18,173,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Included in the approved amount is \$2,253,400 for Correctional Service Officer uniform allowances. This amount includes an increase of \$165,500. The increase provides \$50,900 for the officers allocated to the Meadows Prison, \$82,600 for officers allocated to the Winchester Prison, and \$32,000 for the officers allocated to the Apache Prison. The approved amount for the Apache Prison is only partially funded in FY 1995, and will require annualization next year.

Professional and Outside Services — The approved amount includes \$1,480,600 to house prisoners in county jails prior to being transferred to the state correctional system. Funding is for an average daily population of 100 inmates in county jails. In addition, \$2,280,000 is approved for contracts with community colleges that provide educational opportunities for inmates. There is also \$138,500 for medical and hospital services, including psychiatric and psychological testing, \$177,000 for religious services, and \$43,200 for inmate related costs and other operational items. An increase of \$259,400 is included for the projected increase in the average daily prison population.

Travel - In State — The approved amount includes \$8,900 to annualize costs associated with the Meadows and Manzanita Units which were opened in FY 1994. In addition, \$6,900 is added for the second 400 beds of the Meadows Unit, \$11,600 is added for the 400 bed Winchester Unit, and \$4,100 is added for the 250 bed Apache Unit. The approved amount for the Apache Prison is only partially funded in FY 1995, and will require annualization next year.

Other Operating Expenditures — The approved amount includes an increase of \$17,000 to annualize the cost of operating the Meadows and Manzanita Units which opened in FY 1994, \$518,500 for the projected increase in the prison population, and \$28,800, of which \$26,100 are one-time expenses, to convert the Aspen DWI Unit to the SPU. The approved amount

(Continued)

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

also includes \$1,795,400 for operational costs of the 3 new prison units scheduled to open in FY 1995.

- Meadows Unit — Provides a total of \$575,500 for ongoing operational costs.
- Winchester Unit — Provides a total of \$610,200, of which \$10,000 is for one-time costs and \$600,200 is for ongoing operational costs.
- Apache Unit — Provides a total of \$609,700, of which \$354,000 is for one-time costs and \$255,700 is for ongoing operational costs. The approved amount for the Apache Prison is only partially funded in FY 1995, and will require annualization next year.

The approved amount also includes the transfer of \$786,700 from the Corrections Fund to the 1993 Lease-Purchase Payments line item. Also included is a total of \$779,600 for land and facility rentals. State trust lands leased for prison sites are estimated to cost \$291,400 in FY 1995. In addition, the Department of Corrections will pay the Department of Health Services (DHS) \$454,000 for rental of buildings at the Arizona State Hospital which are used for prisons. The remaining amount, \$34,200, is for rental of private buildings and other movable facilities.

Other major items included in the approved amount are operating supplies, including vehicle operating costs, of \$10,949,100, utilities \$10,569,000, repair and maintenance \$7,551,100, and communication and telecommunication expenses of \$1,001,700.

Equipment — The approved amount includes \$1,414,200 to equip the 250 bed Apache Prison at ASPC-Winslow, and \$18,500 associated with the Aspen Unit conversion. The remaining \$1,781,100 is for replacement equipment.

Food — Included in the approved amount is an increase of \$1,079,400 for the projected increase in the average daily prison population, a total of \$69,800 to open the 3 new prisons, and a \$293,200 reduction to reflect cost reductions achieved by the department.

Work Incentive Pay Plan — Funds payments to inmates who perform work assignments within the prisons. The approved amount provides an increase of \$266,800 for the projected increase in the average daily prison population.

Discharge Expense — This represents the cost of transportation, clothing and a \$50 payment for inmates when they are released from prison. Such expenditures are authorized by A.R.S. § 31-228. The approved amount includes an increase of \$21,800 for the projected increase in the average daily prison population. State statutes require inmates to save \$50 of their earnings, while in prison, for discharge expenses.

Correctional Service Officer Series Pay Plan — The approved amount is to increase salaries paid to employees classified within the Correctional Service Officer Series. The Legislature approved \$1,500,000 in FY 1994 to provide each CSO series employee with a \$296 annual salary increase. An additional \$2,500,000 approved for FY 1995 will provide an annual increase of \$439 for each of the 4,855.9 CSO series employees.

The approved amount also includes an additional \$121,500 in Personal Services and \$21,100 in ERE for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

1993 Lease-Purchase Payments — The approved amount is for the FY 1995 COP payment for the FY 1993 prison construction project of 1,450 beds. Please see Table 2 on the Corrections Fund for the payment schedule.

1994 Lease-Purchase Payments — The approved amount is for the FY 1995 COP payment for the FY 1994 prison construction project of 768 maximum security beds. Please see Table 2 on the Corrections Fund for the payment schedule.

Apache County Prison Lease — The approved amount is for the FY 1995 lease payment to Apache County for the 250 male bed prison located at ASPC-Winslow. Please see Table 2 on the Corrections Fund for the payment schedule.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

OTHER ISSUES

Population — The approved amount for FY 1995 is based upon an estimated average daily population of 19,045 adult inmates. However, based on an unanticipated growth in the prison population during FY 1994, the average daily population in FY 1995 is now estimated to be 19,444.

ADDITIONAL APPROPRIATIONS

Disproportionality Review; Appropriation (Chapter 365, S.B. 1250) — The bill directs the Board of Executive Clemency to conduct a disproportionality review of inmates who were convicted on or before December 31, 1993 and meet other criteria outlined in the bill. The bill appropriates \$1,000 to the Department of Corrections for the purpose of providing disproportionality review notification to inmates, and \$26,300 to the Board of Executive Clemency for the purpose of conducting the review. The disproportionality review is to determine whether an eligible inmate's sentence under the pre-January 1, 1994 criminal code is disproportionate when compared to what the sentence would be under the post-January 1, 1994 criminal code.

ADDITIONAL LEGISLATION

Juvenile Correctional Facilities (Chapter 195, H.B. 2542) — The bill directs the Department of Corrections to work with the Department of Education to establish educational programs for juveniles committed to the Department of Corrections. Juveniles committed to the Department of Corrections will be included in the student count of the Educational System for committed youth. Monies available for committed minors from the State Education Fund are to be transferred to the Department of Corrections for the cost of providing education to these persons. Since funding is based on prior year student counts, the Department of Corrections will not receive state aid until FY 1996.

The bill also creates the Joint Select Committee on Corrections (JSCC). The JSCC is a 9 member committee consisting of 3 members of the Senate, 3 members of the House, and the Governor, Director of the Department of Corrections, and the Director of the Department of Administration or their designees. The committee is to consider issues relating to the construction or operation of prisons, and submit an annual report with recommendations to the Governor, President of the Senate, and Speaker of the House by October 15.

Prisoner Litigation; Corrections Reform (Chapter 358, S.B. 1111) — The bill modifies state statutes so that the state can recover court and other damage costs from inmates. The bill directs the Department of Corrections to establish a per annum cost of incarceration, and authorizes the Attorney General to recover incarceration costs from an inmate who obtains a monetary judgement against the state. Seventy percent of recovered incarceration costs shall be deposited in the state General Fund and the remaining 30% shall go to the Attorney General to cover costs associated with recovery litigation.

STATE DEPARTMENT OF CORRECTIONS - HEALTH SERVICES

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	<u>513.5</u>	<u>546.5</u>	<u>587.5</u>
Personal Services	<u>14,832,800</u>	<u>17,820,300</u>	<u>20,012,900</u>
Employee Related Expenditures	<u>3,536,700</u>	<u>4,236,000</u>	<u>4,897,500</u>
Professional and Outside Services	13,761,200	14,959,700	17,435,900
Travel - In State	38,800	44,600	48,200
Travel - Out of State	-0-	2,000	2,000
Other Operating Expenditures	2,624,700	3,244,300	3,357,600
Equipment	-0-	72,900	146,900
All Other Operating Expenditures	<u>16,424,700</u>	<u>18,323,500</u>	<u>20,990,600</u>
TOTAL APPROPRIATIONS	<u>34,794,200</u>	<u>40,379,800</u>	<u>45,901,000</u> ^{1/}

Program Description — *This is a new division that was previously incorporated into the Human Resources and Development Division. The division provides inmate health services, which include routine and emergency medical care, nursing care, routine and essential dental care, mental health services, pharmacy services, and medical records maintenance.*

FTE Positions — The approved amount includes an increase of 41 FTE positions and \$3,134,000 for the following:

Table 7

<u>Classification</u>	<u>Meadows-Florence 400 Bed Male</u>	<u>Winchester-Tucson 400 Bed Male</u>	<u>Apache-Winslow 250 Bed Male</u>	<u>Total New Positions</u>
Physician	0.0	1.0	0.5	1.5
Prison Dentist	0.0	1.0	1.0	2.0
Psychologist	0.0	1.0	0.0	1.0
Nurses (Registered, Psychiatric, Supervisors)	6.0	7.0	6.0	19.0
Ancillary Assistants & Technicians	3.0	7.0	3.5	13.5
Administration & Clerical	<u>1.0</u>	<u>1.0</u>	<u>2.0</u>	<u>4.0</u>
Total FTE Positions	<u>10.0</u>	<u>18.0</u>	<u>13.0</u>	<u>41.0</u>

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

STATE DEPARTMENT OF CORRECTIONS - HEALTH SERVICES (Cont'd)
GENERAL FUND

- Meadows Unit — Provides 10 FTE positions and \$326,100 to open the second 400 male beds at the Meadows Unit in the Eyman Complex located at Florence in July 1994.
- Winchester Unit — Provides 18 FTE positions and \$2,229,800 to open the 400 male treatment beds at the Winchester Unit at ASPC-Tucson in August 1994.
- Apache Unit — Provides 13 FTE positions and \$578,100 to open the 250 male beds at the Apache Unit at ASPC-Winslow in November 1994.

Personal Services — The approved amount is based upon a 6.2% vacancy factor and \$1,286,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$679,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

- Meadows Unit — The amount includes \$249,100 in Personal Services and \$16,600 in vacancy savings to open the second 400 male beds in the Eyman Complex located at Florence in July 1994.
- Winchester Unit — The amount includes \$536,000 in Personal Services and \$35,700 in vacancy savings to open the 400 male treatments beds at ASPC-Tucson in August 1994.
- Apache Unit — The amount includes \$287,000 in Personal Services and \$19,100 in vacancy savings to open the 250 male beds at ASPC-Winslow in November 1994.
- Annualization — The amount includes \$479,000 in Personal Services to annualize the cost of opening the first 400 male beds of the Meadows Unit in Florence and the 250 female beds of the Manzanita Unit in Tucson.

Employee Related Expenditures — The approved amount includes an additional \$109,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,639,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes \$3,669,800 for medical services, \$10,561,800 for hospitalization, and \$728,100 for temporary professional services. Included in the approved amount is an increase of \$937,100 for the anticipated growth in the prison population. The amount also includes \$1,539,100 for the Winchester Unit to contract for treatment services at an average daily cost of \$11.50.

Other Operating Expenditures — The approved amount includes \$8,200 to open the second 400 beds of the Meadows Unit, \$16,600 to open the Winchester Unit, \$134,200 to open the Apache Unit, and \$190,200 for the anticipated growth in the prison population.

Equipment — The approved amount provides \$64,300 for replacement equipment and \$82,600 to open the Apache Unit.

ADDITIONAL LEGISLATION

Prisoners; Payment of Medical Expenses (Chapter 332, H.B. 2014) - The bill directs the Director of the Department of Corrections to establish a fee, not to exceed \$5 per visit, for the medical and health services that are provided to inmates. Criteria is also established for exemption from having to pay the fee. All fee collections are to be deposited in the General Fund.

**STATE DEPARTMENT OF CORRECTIONS - HUMAN RESOURCES
AND DEVELOPMENT**

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	67.0	72.0	74.0
Personal Services	2,058,800	1,971,700	2,103,100
Employee Related Expenditures	454,900	520,900	515,400
Professional and Outside Services	658,400	598,700	602,200
Travel - In State	35,000	48,800	55,700
Travel - Out of State	8,300	3,000	3,000
Other Operating Expenditures	1,231,700	1,112,000	1,150,300
Equipment	335,600	7,200	35,700
All Other Operating Expenditures	2,269,000	1,769,700	1,846,900
TOTAL APPROPRIATIONS	4,782,700	4,262,300	4,465,400 ^{1/}

Program Description — *The division provides organizational planning, personnel administration, staff development and training. Prior to FY 1995, the Health Services Division was combined with the Human Resources and Development Division.*

FTE Positions — The approved amount includes a net increase of 2 FTE positions and \$120,700 for the following:

- **Meadows Unit** — Provides 1 Training Officer I position and \$41,200 to open the second 400 male beds at the Meadows Unit in the Eyman Complex located at Florence in July 1994.
- **Winchester Unit** — Provides 1 Training Officer I position and \$47,400 to open the 400 male treatment beds at the Winchester Unit at ASPC-Tucson in August 1994.
- **Apache Unit** — Provides 1 Training Officer I position and \$32,100 to open the 250 male beds at the Apache Unit at ASPC-Winslow in November 1994.
- **Position Transferred** — One FTE position was transferred to the Adult Institutions Division.

Personal Services — The approved amount is based upon a 2.4% vacancy factor and \$48,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of the 3 new FTE positions. The approved amount includes an additional \$71,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - HUMAN RESOURCES AND DEVELOPMENT (Cont'd)
GENERAL FUND

- Meadows Unit — The amount includes \$23,600 in Personal Services to open the second 400 beds in July 1994.
- Winchester Unit — The amount includes \$23,600 in Personal Services to open the unit in August 1994.
- Apache Unit — The amount includes \$17,700 in Personal Services to provide 9 months of funding to open the unit in November 1994.

Employee Related Expenditures — The approved amount includes an additional \$11,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$215,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes \$57,100 for the Tucson State Office Building lease-purchase payment, \$9,500 to open the second 400 beds of the Meadows Unit, \$14,600 to open the Winchester Unit, and \$8,200 to open the Apache Unit.

Equipment — The approved amount is for replacement equipment.

STATE DEPARTMENT OF CORRECTIONS - ADMINISTRATION

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	187.0	191.0	196.0
Personal Services	5,485,000	5,275,400	5,607,200
Employee Related Expenditures	1,279,600	1,324,400	1,464,400
Professional and Outside Services	1,982,700	2,440,700	2,064,900
Travel - In State	37,000	51,800	53,300
Travel - Out of State	6,500	17,900	17,900
Other Operating Expenditures	4,423,400	9,277,300	9,099,800
Equipment	764,600	1,154,100	56,200
All Other Operating Expenditures	7,214,200	12,941,800	11,292,100
TOTAL APPROPRIATIONS	13,978,800	19,541,600	18,363,700 ^{1/}

Program Description — *The Administration Division consists of the Director, his personal staff, the Inspections and Investigations Division, the Bureau of Management and Budget, the Business and Finance Bureau, Facility Management, Information Services, and the Office of Communications Administration. The Administration Division is responsible for the overall operation and management of the department through the Office of the Director and provides direct financial and logistical support to all operating elements. The Inspections and Investigations Division conducts criminal investigations, investigates employee misconduct, gathers criminal intelligence, and is responsible for the inspection of facilities and performs internal audits. There is an Intergovernmental Liaison Officer to coordinate with county attorneys and sheriffs. This position supervises the distribution of the Criminal Justice Enhancement Fund for county jail operations.*

FTE Positions — The approved amount reflects the net addition of 5 FTE positions and \$192,900:

- **Meadows Prison** — 2 FTE positions, 1 Investigator III and 1 Secretary, and \$48,200 are authorized for the second 400 bed unit of this 800 bed, Level 3, prison, located at the Eyman Complex in Florence.
- **Winchester Prison** — 2 FTE positions, 1 Investigator III and 1 Secretary, and \$48,200 are authorized for this 400 bed substance abuse treatment unit located at the Arizona Prison Complex-Tucson.
- **Apache Prison** — 2 FTE positions, 1 Investigator III and 1 Secretary, and \$57,700 are authorized for this 250 bed minimum security prison that is to be leased from Apache County and operated by the Department of Corrections.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Agency. The program and line item detail are shown for information only.

STATE DEPARTMENT OF CORRECTIONS - ADMINISTRATION (Cont'd)
GENERAL FUND

- Private Prison Supervision — 1 Contract Management Specialist III and \$38,800 is authorized for procurement activities and contractual agreements with various government entities, and development of work contracts for the employment of offenders in communities.
- Positions Transferred — 1 Captain, assigned to the Inspection and Investigations Division, was transferred to the Adult Institutions program and 1 Administrative Services Officer was transferred to the Planning Bureau.

Personal Services — The approved amount is based upon a 2.4% vacancy factor and \$128,600 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$190,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes funding for new positions of \$35,100 for the Meadows Unit, \$35,100 for the Winchester Unit, \$26,400 for the Apache Prison, and \$25,100 for private prison supervision. The new positions at the Apache Prison are funded for a 9-month period in FY 1995. All other additional positions are funded for the full fiscal year.

The approved amount also includes an additional \$19,700 to annualize the cost of new positions originally authorized in FY 1994, but only partially funded that year. There is a total of \$4,600 included in the approved amount for overtime.

Employee Related Expenditures — The approved amount includes: a) an additional \$25,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriations Act, and b) \$2,900 for Correctional Service Officer uniform allowances.

The approved amount also includes a total of \$570,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes \$1,500,000 for data processing services. This amount is \$461,400 less than the amount funded in FY 1994. The reduction is the result of the Department of Administration Data Center's announced rate reduction policy. Other approved amounts include \$419,000 for legal services, \$46,500 for financial services and other special management studies, and \$13,800 for temporary legal secretarial support. An increase of \$25,600 is included in the approved amount to fund added costs resulting from the projected growth of the average daily inmate population.

There is also an increase of \$60,000 for testing water samples from the various prisons located throughout the state. The Department of Health Services has announced that water testing will be done on a fee for service basis beginning in FY 1995.

Other Operating Expenditures — The approved amount includes: a) a total of \$6,710,300 for the payment of Risk Management premiums, which reflects a reduction of \$1,086,600, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$859,400 for rent of state-owned space. The approved amount includes an increase of \$34,100 for additional space in the Occupational Licensing Building (OLB). The space in the OLB is expected to be available and occupied by the Department of Corrections during the fourth quarter of FY 1995. In addition, the approved amount includes \$9,700 for rental of space in the private sector and \$10,000 for rental of space to house communication equipment. The communication equipment is housed in facilities owned by the Department of Public Safety. Other expenditure items within the approved amount are communication expenses, \$461,100; repair and maintenance costs, \$290,200; equipment rental, \$243,900; and operating supplies, \$205,900. The approved amount provides \$6,700 for start up and other operating costs for the 3 new prisons to be opened in FY 1995 and \$800 to annualize the cost of operating the new prison opened in FY 1994. Included in the approved amount is an increase of \$2,500 for the additional expenses associated with the supervision of private prisons.

Equipment — The approved amount provides \$18,500 for equipment to support the 2 additional positions authorized for Apache County Prison and \$3,700 to support the supervision of private prisons. The sum of \$34,000 is included in the approved amount for replacement equipment.

**STATE DEPARTMENT OF CORRECTIONS -
COMMUNITY CORRECTIONS**

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	153.0	153.0	157.0
Personal Services	4,088,700	4,162,100	4,405,800
Employee Related Expenditures	1,120,600	1,135,000	1,220,700
Professional and Outside Services	423,300	510,100	510,100
Travel - In State	11,100	22,100	22,500
Travel - Out of State	6,900	5,000	5,000
Other Operating Expenditures	1,243,500	1,143,200	1,159,100
Equipment	102,100	-0-	20,500
All Other Operating Expenditures	1,786,900	1,680,400	1,717,200
OPERATING SUBTOTAL	6,996,200	6,977,500	7,343,700
Community Provider Beds	4,300	6,570,000	6,570,000
Return to Custody Beds	-0-	-0-	1,095,000
DWI Beds	-0-	-0-	1,849,300
Food	128,500	166,300	166,300
Work Incentive Pay Plan	74,000	37,700	37,700
Discharge Expense	22,000	3,100	3,100
TOTAL APPROPRIATIONS	7,225,000	13,754,600	17,065,100 ^{1/}

Program Description — *The Community Corrections Division provides supervision of all adult offenders on parole or other statutory prison release programs. This includes Home Arrest that uses electronic surveillance and intensive case management to confine offenders to their residences, except for approved activities such as employment and treatment. The division is responsible for the operation of the Correctional Release Centers and supervises the residential community treatment facilities. It is the coordinating authority for interstate parole and probation transfers and administers the Interstate Agreement on Detainers. There is also a Fugitive Services Section that tracks information on offenders who are charged with violations of their release status or new crimes.*

FTE Positions — The approved amount includes 4 FTE positions and \$161,200 to monitor and evaluate the operation of private prisons, insure contract compliance, and provide inmate classification and disciplinary functions that are statutorily excluded from contracts. New positions authorized are: 1 Correctional Administrator I; 1 Correctional Services Lieutenant; 1 Correctional Classification Specialist 1; and 1 Administrative Secretary.

^{1/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Agency. The program and line item detail are shown for information only.

STATE DEPARTMENT OF CORRECTIONS - COMMUNITY CORRECTIONS (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 2.9% vacancy factor and \$124,300 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$149,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. Included in the approved amount is \$94,100 to fund the 4 additional positions. This amount represents full-year funding for new positions. In addition, the approved amount provides \$3,200 for overtime.

Employee Related Expenditures — The approved amount includes: a) an additional \$25,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) \$9,100 for Correctional Service Officer uniform allowances.

The approved amount also includes a total of \$455,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a total of \$209,300 to fund psychiatric and psychological services for individuals on parole, work furlough or other statutory prison release programs. In addition, \$175,800 is for substance abuse testing. The remaining amount, \$125,000, is for counseling services, delivery services to Maricopa and Pima County Parole Offices, and temporary secretarial services.

Other Operating Expenditures — The approved amount includes: a) a total of \$3,100 for the Kingman State Office Building lease-purchase payment. The funding for lease-purchase payment includes an additional \$800, as authorized by Section 72 of the General Appropriation Act.

In addition to the lease-purchase payment, the approved amount includes a total of \$2,100 for Operations and Maintenance (O&M) charges for the Kingman State Office Building. The O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract.

Also included in the approved amount is \$320,300 for office space rented in the private sector. These rental facilities are used for parole offices throughout the state. The sum of \$483,400 is included in the approved amount for rental of equipment. Of that amount, the major portion is for Home Arrest electronic monitoring equipment. Other items included in the approved amount are: Utilities, \$132,600; Operating Supplies, \$91,900; Repairs, \$50,900; and Communication, \$35,800. An increase of \$18,200 is also approved for the new Privatization Evaluation activity and the associated additional FTE positions.

Equipment — The approved amount includes \$11,500 for an intermediate sedan, \$7,000 for a portable computer, and \$2,000 for a desktop computer. These items are to be used by the new positions authorized to evaluate the operations of private prisons under contract to the Department of Corrections (DOC).

Community Provider Beds — DOC was authorized, by Laws 1992, Chapter 2, 8th Special Session, to contract for 450 private community treatment beds. These private facilities are to provide treatment for 350 male and 100 female inmates who demonstrate the need for substance or alcohol abuse intervention. The Legislature has sited both facilities in Marana. Latest estimates indicate that these new facilities will open in August 1994. The approved amount is based on a daily rate of \$40 per day for the fiscal year.

Return to Custody Beds — Provides partial year funding for 200 privately operated prison beds to house released offenders who are returned to prison under an allegation of violating the terms of their releases. DOC is authorized to contract for a Level 2 (minimum security) prison facility to be provided and operated by a private contractor. These private prison facilities are expected to open in January of 1995. The approved amount is based on a daily rate of \$30.00 per inmate, for one-half of the fiscal year. Annualized funding of an amount equal to the FY 1995 appropriation will be required in FY 1996.

DWI Beds — Provides partial year funding for 400 privately operated prison beds to house inmates convicted of driving while intoxicated or under the influence of intoxicating drugs or alcohol (A.R.S. § 28-692.01 or § 28-697). DOC is authorized to contract for a Level 2 (minimum security) prison facility to be provided and operated by a private contractor. These private prison facilities are expected to be ready for occupancy in March 1995.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - COMMUNITY CORRECTIONS (Cont'd)
GENERAL FUND

Food — The approved amount is for food to be served to inmates and Correctional Service Officers assigned to the Southern Arizona Correctional Release Center (SACRC) in Tucson.

Work Incentive Pay Plan — Funds payments to residents of the Southern Arizona Correctional Release Center who perform work assignments at the Center.

Population — The population served by the Community Corrections Division includes:

Table 8

<u>Correction Release Centers</u>	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Estimate</u>	<u>FY 1995</u> <u>Approved</u>
Southern Arizona ^{1/}	125	144	144
Northern Arizona ^{1/2/}	4	-0-	-0-
New Dawn (Female) ^{1/2/}	<u>1</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>130</u>	<u>144</u>	<u>144</u>
<u>Adult Parole Services</u>			
Arizona Parolees ^{3/}	1,050	1,155	1,175
Work Furloughs ^{3/}	400	425	475
Department of Corrections Releases ^{3/}	2,000	2,100	2,200
Interstate Compact Supervision Cases ^{3/}	1,525	1,500	1,650
Home Arrest ^{1/}	<u>275</u>	<u>400</u>	<u>400</u>
Total	<u>5,250</u>	<u>5,580</u>	<u>5,900</u>
<u>Community Provider Beds</u> ^{1/}			
Marana ^{4/}	-0-	-0-	411
Return to Custody Beds ^{5/}	-0-	-0-	100
DWI Beds ^{6/}	<u>-0-</u>	<u>-0-</u>	<u>133</u>
Total	<u>-0-</u>	<u>-0-</u>	<u>644</u>

^{1/} Average Daily Population.
^{2/} Closed July 1, 1992, as authorized by Laws of 1992, Chapter 2, 8th Special Session.
^{3/} Average number per month.
^{4/} Based on an opening date of August 1, 1994.
^{5/} Based on an opening date of January 1, 1995.
^{6/} Based on an opening date of March 1, 1995.

ADDITIONAL LEGISLATION

Review of Adult Incarceration Contracts (Chapter 5, H.B. 2038) — This act redefines the type of inmate that can be incarcerated, under contract, in public or private institutions, pursuant to A.R.S. § 41-1609 and deletes the requirement that contract treatment can only be provided by nonprofit corporations. The Joint Legislative Budget Committee's responsibility for approving adult incarceration contracts is changed to one of review. This is to avoid any possible constitutional conflict over separation of powers between Legislative and the Executive Branches of government. DOC is authorized to conduct ongoing evaluations of the services provided by a contractor for the purpose of comparing the quality of services provided by the private sector with the same services delivered by a similar facility operated by the state.

Juvenile Correctional Facilities (Chapter 195, H.B. 2542) — This act allows the Director of DOC to establish private Return to Custody or private incarceration facilities dedicated to the confinement of DWI offenders. DOC must give written notice to specified legislators and other local elected officials at least 60 days prior to the establishment of such private facilities. After a public hearing held in the county, city or town where the proposed facility is to be located, DOC may make the final site determination. All final site determinations of private detention or incarceration facilities are subject to review by the Joint Select Committee on Corrections.

ARIZONA CRIMINAL JUSTICE COMMISSION

A.R.S. § 41-2404

Rex Holgerson, Executive Director

JLBC Analyst: Martinez

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	6.0	6.0	6.0
Personal Services	194,400	206,500	213,800
Employee Related Expenditures	32,500	37,900	43,000
Professional and Outside Services	1,400	-0-	2,300
Travel - In State	7,900	7,400	8,700
Travel - Out of State	400	-0-	2,300
Other Operating Expenditures	64,100	68,400	67,900
Equipment	400	-0-	-0-
All Other Operating Expenditures	74,200	75,800	81,200
OPERATING SUBTOTAL	301,100	320,200	338,000
Drug Enforcement Funding Advance	2,000,000	1,000,000	1,000,000 ^{1/}
Drug Prevention Resource Center	200,000	200,000	200,000
Substance Abuse Surveys	-0-	25,000	-0-
TOTAL	2,501,100	1,545,200	1,538,000 ^{2/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Adult Crime Omnibus, Ch. 200	--	--	430,000
TOTAL APPROPRIATIONS	2,501,100	1,545,200	1,968,000
<u>Fund Summary</u>			
Criminal Justice Enhancement Fund	301,100	345,200	338,000
Drug Enforcement Account	200,000	200,000	200,000
Street Gang Enforcement Revolving Fund	-0-	-0-	430,000 ^{3/}
General Fund	2,000,000	1,000,000 ^{4/}	1,000,000 ^{3/}
TOTAL APPROPRIATIONS	2,501,100	1,545,200	1,968,000
ARIZONA CRIMINAL JUSTICE COMMISSION FUND			
RECEIPTS, EXPENDITURES AND BALANCES FORWARD			
Balance Beginning of Fiscal Year	156,400	133,600	68,800
Add Revenues	278,300	280,400	280,400
TOTAL FUNDS AVAILABLE	434,700	414,000	349,200
Expenditures	301,100	345,200	338,000
BALANCE END OF FISCAL YEAR	133,600	68,800	11,200

(Continued)

ARIZONA CRIMINAL JUSTICE COMMISSION (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The commission was created to enhance the effectiveness and the coordination of the criminal justice system in Arizona; to monitor the criminal justice system and the progress and implementation of new and continuing criminal justice legislation; to identify needed revisions in the system or legislation; to make appropriate reports on the system and legislation; and to administer special funds for the enhancement of designated criminal justice system programs and activities in the state of Arizona. One and six-tenths percent of the Criminal Justice Enhancement Fund monies are earmarked for the use of the Arizona Criminal Justice Commission (ACJC).*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$7,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$15,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$400 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$32,800 for the Supreme Court Building lease-purchase payment. An additional \$400 for Risk Management and \$49,100 for the lease-purchase payment will be paid with federal funds.

Drug Enforcement Funding Advance — The appropriation of \$1,000,000 from the General Fund is made to aid cash flow since the date of receipt of federal funds for the Drug Control and System Improvement program is unknown. Federal grant monies are distributed to local, county, and state agencies as prescribed by the commission. Funds are used to aid in apprehension, drug education, prosecution, detention, and adjudication efforts by law enforcement agencies. The \$1,000,000 will revert to the General Fund upon receipt of federal funds (see footnote 1 and 4).

Drug Prevention Resource Center — The Arizona Drug Prevention Resource Center was established to decrease the incidence of drug and alcohol abuse by children and youths. A.R.S. § 12-284(C) requires 2% of all Superior Court filing fees to be deposited into the Drug Enforcement Account and to be appropriated to the Drug Prevention Resource Center. The appropriated amount is an estimate of the funds that will be available.

Substance Abuse Surveys — Pursuant to A.R.S. § 41-2416, the commission is to conduct an annual drug survey when the Legislature specifically appropriates monies for that purpose. The statute was amended in 1991 to include appropriation-specific language so that the Legislature could have the flexibility of conducting the survey biennially. The approved amount provides for the biennial elimination of funding for the drug survey.

1/ The \$1,000,000 appropriated for Drug Enforcement Funding Advance shall revert to the state General Fund upon receipt of federal funds granted for federal FY 1995 under the Drug Control and System Improvement Grant Program (as authorized by the Omnibus Drug Initiative Act of 1988), but not later than June 30, 1995. (General Appropriation Act footnote.)

2/ Represents General Appropriation Act funds. Appropriated as a Detailed Line Item by Agency.

3/ Laws 1994, Chapter 200 appropriated \$430,000 from the General Fund to Street Gang Enforcement Revolving Fund. The \$430,000 is not included in the General Fund amount.

4/ The FY 1994 General Appropriation Act appropriated \$1,000,000 to the commission. Upon receipt of federal funds, \$1,000,000 reverted to the General Fund.

ARIZONA CRIMINAL JUSTICE COMMISSION (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

ADDITIONAL APPROPRIATIONS

Adult Crime Omnibus (Chapter 200, S.B. 1291) — The bill makes several changes to the criminal code, allows RICO funds to be used for witness protection, directs the Department of Public Safety (DPS) to establish a Forensics Firearms Identification System, and creates the Street Gang Enforcement Revolving Fund. From the state General Fund, the bill appropriates \$892,000 to DPS for implementation of the gang intelligence and team enforcement mission, and \$430,000 to the Street Gang Enforcement Revolving Fund (SGERF). Fund monies are administered by the Arizona Criminal Justice Commission and are subject to legislative appropriation in future fiscal years. In FY 1995, this act allocates 25% of SGERF monies to the Attorney General and the remaining 75% to county attorneys.

ADDITIONAL LEGISLATION

Criminal Justice Commission; Arson Fund (Chapter 18, H.B. 2113) — The bill transfers oversight and administration of the Arson Detection Reward Fund from the Arizona Criminal Justice Commission to the State Fire Safety Committee and the State Fire Marshall.

Victim Assistance Fund (Chapter 125, S.B. 1177) — The bill directs the Board of Executive Clemency to impose a \$30 supervision fee, or lesser amount as deemed appropriate by the board, on prisoners placed on Community Supervision. Collected fees are to be deposited in the Victim Assistance Fund which is administered by the Arizona Criminal Justice Commission. Fund monies are granted to programs that assist victims of crime.

Performance Audit; Victim Compensation Funds (Chapter 127, S.B. 1289) — Appropriates \$80,000 from the Victims' Rights Implementation Fund to the Auditor General to pay for costs of conducting performance audits of Victim Compensation and Victim-Witness Programs in the counties of Maricopa, Pima, Coconino, and Cochise.

RICO; Forfeiture (Chapter 219, H.B. 2595) — Revises sections of the RICO statutes. Requires that all RICO forfeiture revenues be deposited in an Anti-Racketeering Revolving Fund administered by the Attorney General or a county attorney. Requires the Director of the Joint Legislative Budget Committee to approve revenue and expenditure reporting forms prescribed by the Arizona Criminal Justice Commission. Any entity failing to file a report within 45 days after the report is due, will not be allowed to expend fund monies. The bill also creates the Joint Legislative Oversight Committee on Forfeiture and Anti-Racketeering Programs, and appropriates \$75,000 from the General Fund to the Pima County Anti-Racketeering Revolving Fund for gang prevention and youth employment and education programs.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -
SUMMARY**

A.R.S. § 26-101

Glen W. Van Dyke, The Adjutant General

JLBC Analyst: Martinez

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Emergency Management	1,415,600	8,349,900	5,884,500
Military Affairs	3,186,900	3,600,700	3,718,000
TOTAL APPROPRIATIONS	4,602,500	11,950,600	9,602,500
<u>Expenditure Detail</u>			
FTE Positions	62.5	62.5	62.5
Personal Services	1,453,700	1,515,600	1,568,900
Employee Related Expenditures	351,800	375,400	407,000
Professional and Outside Services	30,000	24,200	44,200
Travel - In State	24,800	30,900	30,900
Travel - Out of State	8,100	9,000	9,000
Other Operating Expenditures	998,300	1,402,900	1,427,700
Equipment	44,300	1,500	6,000
All Other Operating Expenditures	1,105,500	1,468,500	1,517,800
OPERATING SUBTOTAL	2,911,000	3,359,500	3,493,700
Special Line Items ^{1/}	1,691,500	4,625,900	1,058,800
Additional Appropriations ^{1/}	-0-	3,965,200	5,050,000
TOTAL APPROPRIATIONS	4,602,500	11,950,600	9,602,500 ^{2/}
<u>Fund Summary</u>			
General Fund	4,400,700	11,354,400	9,538,600
Nuclear Emergency Management Fund	201,800	465,200	-0-
Emergency Response Fund	-0-	131,000	63,900
TOTAL APPROPRIATIONS	4,602,500	11,950,600	9,602,500

^{1/} Details for the Special Line Items and Additional Appropriations are included on the individual program pages.

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The department consists of the Emergency Management Division and the Military Affairs Division. The Emergency Management Division prepares and coordinates emergency response plans for the state. The Military Affairs Division operates the Arizona National Guard.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$11,200 in vacancy savings for the Military Affairs program and a 0% vacancy factor for the Emergency Services program. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$53,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$8,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$165,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$240,800 for the payment of Risk Management premiums, which reflects a reduction of \$38,900, as authorized by Section 79 of the General Appropriation Act.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -
EMERGENCY MANAGEMENT**

A.R.S. § 26-101

Glen W. Van Dyke, The Adjutant General

JLBC Analyst: Martinez

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	15.0	15.0	15.0
Personal Services	373,500	410,000	424,400
Employee Related Expenditures	91,200	95,500	99,700
Professional and Outside Services	22,200	20,000	20,000
Travel - In State	2,100	5,900	5,900
Travel - Out of State	6,900	7,000	7,000
Other Operating Expenditures	107,300	134,000	127,800
Equipment	18,000	-0-	4,500
All Other Operating Expenditures	156,500	166,900	165,200
OPERATING SUBTOTAL	621,200	672,400	689,300
Flood Relief Funding	495,700 ^{1/}	7,000,000 ^{2/}	-0-
Nuclear Emergency Management	201,800	-0-	-0-
Civil Air Patrol	78,100	61,500	61,500
Emergency Response Commission	18,800	19,800	19,800
Emergency Response Fund Grants	-0-	131,000	63,900
TOTAL	1,415,600	7,884,700	834,500
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Appropriation; Flood Relief Funding, Ch. 224	--	--	5,050,000
Nuclear Emergency Mgmt., Ch. 47	--	465,200 ^{3/}	-- ^{3/}
TOTAL APPROPRIATIONS	1,415,600	8,349,900	5,884,500 ^{4/}
<u>Fund Summary</u>			
General Fund	1,213,800	7,753,700	5,820,600
Nuclear Emergency Management Fund	201,800	465,200	-0-
Emergency Response Fund	-0-	131,000	63,900
TOTAL APPROPRIATIONS	1,415,600	8,349,900	5,884,500

^{1/} Laws 1993, Chapter 122 appropriated \$1,250,000 from the General Fund in FY 1993 for flood relief funding. The appropriation was exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. The unexpended \$654,300 is available for expenditure in addition to other appropriations funding this issue.

^{2/} Of the \$7,000,000, \$3,500,000 reflects an adjustment made to the FY 1994 appropriation by Laws 1994, Chapter 6, 8th Special Session (H.B. 2006).

(Continued)

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY MANAGEMENT (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description — *The division coordinates emergency services with other state agencies, political subdivisions and the federal government to reduce the impact of natural and other disasters.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$14,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$2,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$40,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$37,900 for the payment of Risk Management premiums, which reflects a reduction of \$6,100, as authorized by Section 79 of the General Appropriation Act.

Civil Air Patrol — The approved amount partially offsets required maintenance and operating costs of aircraft used by volunteers to aid in search and rescue and other emergency missions.

Emergency Response Commission — The appropriation provides funding for the Emergency Response Commission which plans and coordinates with local agencies to provide adequate response to possible emergency situations in Arizona.

Emergency Response Grants — The appropriation provides funding for staffing local emergency planning committees and equipping local fire departments, fire districts, and public safety agencies for the development of hazardous materials emergency response teams.

Flood Relief — See Additional Appropriations for further details.

ADDITIONAL APPROPRIATIONS

Nuclear Emergency Appropriation and Assessment (Chapter 47, H.B. 2008) — Appropriates \$870,000 from the state General Fund to the Nuclear Emergency Management Fund, pursuant to A.R.S. § 26-306.1, for administering and enforcing the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Of that amount, \$465,200 is appropriated to the Department of Emergency and Military Affairs, of which \$193,000 is disbursed to departments and agencies of Maricopa County. Of the \$870,000, \$404,800 is appropriated to the Radiation Regulatory Agency. Monies appropriated to the Nuclear Emergency Management Fund are exempt from A.R.S. § 35-190, relating to lapsing of appropriations. An amount of \$870,000, plus interest at the rate of 10% per year, is assessed against each consortium constructing or operating a commercial nuclear generating station in this state. The assessment shall be deposited into the General Fund. In this way, the industry reimburses the state for all costs associated with planning and response for commercial nuclear generating site emergencies.

^{3/} Laws 1994, Chapter 47 appropriated \$465,200 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1995. The appropriation is shown in FY 1994 due to enactment with an emergency clause. The department has a July 1, 1993 carry forward of \$148,700 also available for expenditure in FY 1994.

^{4/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY MANAGEMENT (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Specifically, the following amounts are appropriated:

1. Division of Emergency Management, Department of Emergency and Military Affairs	\$272,200
2. For disbursement by the Division of Emergency Management, Department of Emergency and Military Affairs, to departments and agencies of Maricopa County that are assigned responsibilities under the state off-site nuclear emergency response plan.	<u>\$193,000</u>
SUBTOTAL - Emergency Management	\$465,200
3. Radiation Regulatory Agency	<u>\$404,800</u>
TOTAL	<u><u>\$870,000</u></u>

Appropriation: Flood Relief Funding (Chapter 224, H.B. 2192) — The bill appropriates \$5,050,000 from the General Fund in FY 1995 to the division for continued Flood Relief funding for damage caused in 13 of the 15 Arizona counties by a tropical storm in the winter of FY 1993. Of the amount, \$5,000,000 is to provide additional funding for the state's share of matching monies for public assistance in the 13 counties eligible for federal disaster assistance. The appropriation is to be used to implement elements of the federal and state agreement signed on January 26, 1993 pursuant to the Disaster Relief and Emergency Assistance Act, P.L. 93-288, as amended. The remaining \$50,000 is for the establishment of a full-time hazard mitigation officer in FY 1995 only. The appropriation is exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations.

The approved amount includes a total of \$2,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Laws 1993, Chapter 122 appropriated \$1,250,000 from the General Fund for FY 1993 to provide \$1,000,000 for the state's share of matching monies and \$250,000 for the development of temporary mobile home park sites. The bill also appropriated an additional \$3,500,000 from the General Fund for FY 1994 to provide another \$3,000,000 for the state's share of matching monies and \$500,000 to buy out flooded residences.

Laws 1994, Chapter 6, 8th Special Session provided a \$3,500,000 supplemental appropriation from the General Fund for additional state matching monies in FY 1994.

Including funding from Chapter 224, a total of \$12,500,000 has been appropriated by the Legislature since FY 1993 for the state's share of matching monies, and a total of \$800,000 has been appropriated for other flood related issues. In addition, \$1,800,000 from the State Emergency Fund was also used in FY 1993 to provide state matching monies. This brings the total state share of matching monies to \$14,300,000.

	<u>State Non-Match</u>	<u>State Match</u>	<u>Total</u>
Emergency Fund Allocation - FY 1993	\$ -0-	\$1,800,000	\$1,800,000
Laws 1993, Chapter 122 - FY 1993	250,000	1,000,000	1,250,000
Laws 1993, Chapter 122 - FY 1994	500,000	3,000,000	3,500,000
Laws 1994, Chapter 6, 8th Special - FY 1994	-0-	3,500,000	3,500,000
Laws 1994, Chapter 224 - FY 1995	50,000	5,000,000	5,050,000
TOTAL	<u><u>\$800,000</u></u>	<u><u>\$14,300,000</u></u>	<u><u>\$15,100,000</u></u>

The state matching monies are based on a total damage assessment of \$100,000,000. The estimated federal funds match is \$75,000,000.

(Continued)

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY MANAGEMENT (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The bill also has provisions with fiscal impacts that affect other agencies:

- Creates the Flood Warning System Fund. The fund is administered by the Department of Water Resources.
- Appropriates \$150,000 from the General Fund and transfers \$150,000 from the Flood Control Loan Fund to the Flood Warning System Fund.
- Appropriates \$500,000 from the General Fund to the Arizona Department of Transportation (ADOT) for distribution to Pima County flood control district (contingent on an equal match from Pima County).
- Appropriates \$1,250,000 from the General Fund to ADOT for distribution to replace the Avra Valley road bridge (contingent on an equal match from Pima County), which was destroyed by 1983 floods.
- Reverts to the General Fund \$500,000 from a FY 1985 appropriation to ADOT to replace the Avra Valley road bridge.
- Reverts to the General Fund \$1,398,700 from a FY 1986 appropriation to ADOT to replace a bridge across the Santa Cruz River.

ADDITIONAL LEGISLATION

Emergency Management Training Fund (Chapter 338, H.B. 2174) — The bill creates the Emergency Management Training Fund. Fund revenues are to come from fees collected by the division for coordinating symposiums, training conferences, and seminars. Fund monies are to be used only for these activities. All monies collected from each event that are in excess of the expenses of the event are to revert to the General Fund by the end of the fiscal year.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -
MILITARY AFFAIRS**

A.R.S. § 26-101

Glen W. Van Dyke, The Adjutant General

JLBC Analyst: Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	47.5	47.5	47.5
Personal Services	1,080,200	1,105,600	1,144,500
Employee Related Expenditures	260,600	279,900	307,300
Professional and Outside Services	7,800	4,200	24,200
Travel - In State	22,700	25,000	25,000
Travel - Out of State	1,200	2,000	2,000
Other Operating Expenditures	891,000	1,268,900	1,299,900
Equipment	26,300	1,500	1,500
All Other Operating Expenditures	949,000	1,301,600	1,352,600
OPERATING SUBTOTAL	2,289,800	2,687,100	2,804,400
Service Contracts	852,300	852,300	852,300
Education Reimbursement	40,300	43,000	43,000
Guardsmen - State Active Duty	2,400	5,300	5,300
Uniform Allowance	2,100	3,000	3,000
Unit Allowance	-0-	10,000	10,000
TOTAL APPROPRIATIONS	3,186,900	3,607,700	3,718,000 ^{1/2}

Program Description — *The division manages and operates the National Guard of Arizona, which includes the Army and Air National Guard.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$11,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$38,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$6,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} The \$852,300 appropriated for Service Contracts is exempt from A.R.S. § 35-190 relating to lapsing of appropriations, except that all monies remaining unexpended and unencumbered on October 31, 1995 shall revert to the state General Fund. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - MILITARY AFFAIRS (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$125,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes \$20,000 to provide funding for Military Court Judges. The Court of Military Appeals was established in 1987, but was inactive until the Military Code of Conduct was drafted. The court will become active in FY 1995. Pursuant to A.R.S. § 26-1067, judges are eligible to receive compensation equal to that prescribed for judges of the Arizona Court of Appeals. The funding is based on an hourly rate of \$47.

Other Operating Expenditures — The approved amount includes: a) a total of \$202,900 for the payment of Risk Management premiums, which reflects a reduction of \$32,800, as authorized by Section 79 of the General Appropriation Act. An additional \$240,400 in Risk Management premiums is to be paid with federal funds.

Service Contracts — These funds are used to provide the state matching share for federal contracts. The matching share varies from 0% to 25% of costs. These contracts fund activities such as the operations, maintenance and security agreements for the Air National Guard, the Army Training Sites, and the Navajo Army Depot.

Education Reimbursements — The approved amount is for reimbursement of a portion of education costs of guard members.

Guardsmen - State Active Duty — These funds are for payment of guard members called to active duty by the state government.

Uniform Allowance — The appropriation provides a subsidy for the purchase of required uniforms and safety equipment by eligible guard members.

Unit Allowance — These funds provide for awards and other morale building unit activities.

ADDITIONAL APPROPRIATIONS

Public Finances: Omnibus Budget Reconciliation (Chapter 5, H.B. 2005, 8th Special Session) — The bill allows the division to collect and deposit armory rental fees into a separate account of the National Guard Fund. Fees are appropriated to the department for FY 1995 only, and are to be used for the maintenance of armories.

BOARD OF EXECUTIVE CLEMENCY

A.R.S. § 31-401

Duane Belcher, Sr., Chairman

JLBC Analyst: Martinez

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	39.0	39.0	40.0
Personal Services	1,053,700	1,107,600	1,161,500
Employee Related Expenditures	246,500	231,600	260,800
Professional and Outside Services	54,200	65,900	67,200
Travel - In State	30,300	37,800	36,700
Travel - Out of State	1,400	1,400	1,400
Other Operating Expenditures	528,700	443,800	208,300
Equipment	45,800	2,500	4,000
All Other Operating Expenditures	660,400	551,400	317,600
OPERATING SUBTOTAL	1,960,600	1,890,600	1,739,900 ^{1/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Disproportionality Review, Ch. 365	--	--	26,300
TOTAL APPROPRIATIONS	1,960,600	1,890,600	1,766,200

Agency Description — *The board consists of 7 full-time members. Revisions to the criminal code that took effect on January 1, 1994, modified the responsibilities of the board. The board conducts home arrest, parole, or work furlough release hearings at all adult prison institutions for prisoners convicted prior to January 1, 1994. The board considers executive clemency actions such as pardons, commutations and absolute discharges for all prisoners convicted on or after January 1, 1994.*

FTE Positions — The approved amount includes 1 Information Processing Specialist II and a total of \$21,900 to meet increased victim location and notification requirements.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$11,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of the new FTE position. The approved amount includes an additional \$39,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and \$14,500 for the new FTE position.

Employee Related Expenditures — The approved amount includes an additional \$5,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

BOARD OF EXECUTIVE CLEMENCY (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$103,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$6,000 for the payment of Risk Management premiums, which reflects a reduction of \$900, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$106,100 for rent of state-owned space. The Risk Management amount reflects a reduction of \$230,900 from FY 1994.

ADDITIONAL APPROPRIATIONS

Disproportionality Review; Appropriation (Chapter 365, S.B. 1250) — The bill directs the Board of Executive Clemency to conduct a disproportionality review of inmates who were convicted on or before December 31, 1993 and meet other criteria outlined in the bill. The bill appropriates \$26,300 to the Board of Executive Clemency for the purpose of conducting the review, and \$1,000 to the Department of Corrections for the purpose of providing disproportionality review notification to inmates. The disproportionality review is to determine whether an eligible inmate's sentence under the pre-January 1, 1994 criminal code is disproportionate when compared to what the sentence would be under the post-January 1, 1994 criminal code.

ADDITIONAL LEGISLATION

Victim Assistance Fund (Chapter 125, S.B. 1177) — The bill directs the Board of Executive Clemency to impose a \$30 supervision fee, or lesser amount as deemed appropriate by the board, on prisoners placed on Community Supervision. Collected fees are to be deposited in the Victim Assistance Fund which is administered by the Arizona Criminal Justice Commission.

DEPARTMENT OF PUBLIC SAFETY - SUMMARY

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Service Bureau	35,829,300	36,052,400	35,103,600
Criminal Investigation Bureau	13,758,800	15,298,600	16,530,500
Highway Patrol Bureau	32,722,000	32,962,400	34,819,400
TOTAL APPROPRIATIONS	82,310,100	84,313,400	86,453,500
<u>Expenditure Detail</u>			
FTE Positions	1,617.0	1,515.0	1,517.0
Personal Services	50,139,000	53,657,000	55,959,000
Employee Related Expenditures	11,494,800	11,172,600	12,304,700
Professional and Outside Services	296,300	357,800	357,800
Travel - In State	516,700	516,100	516,900
Travel - Out of State	146,600	150,100	150,100
Other Operating Expenditures	13,852,900	12,908,100	11,254,600
Equipment	2,711,600	3,099,400	3,018,400
All Other Operating Expenditures	17,524,100	17,031,500	15,297,800
OPERATING SUBTOTAL	79,157,900	81,861,100	83,561,500
Special Line Items ^{1/}	3,152,200	2,452,300	2,000,000
Additional Appropriations ^{1/}	-0-	-0-	892,000
TOTAL APPROPRIATIONS	82,310,100	84,313,400	86,453,500 ^{2/3/4/}
<u>Fund Summary</u>			
General Fund	35,067,000	34,148,200	37,653,500
Arizona Highway Patrol Fund	3,552,200	4,251,300	6,800,000
State Highway Fund	18,521,500	18,336,900	20,000,000
Criminal Justice Enhancement Fund	449,900	2,452,300	2,000,000
Highway User Revenue Fund	24,293,100	24,924,700	20,000,000
Crime Lab Assessment Fund	194,500	200,000	-0-
RICO Fund	231,900	-0-	-0-
TOTAL APPROPRIATIONS	82,310,100	84,313,400	86,453,500

Agency Description — *The Department of Public Safety (DPS) is responsible for the enforcement of state criminal laws and traffic regulations. In addition to the Highway Patrol, DPS operates and maintains statewide communications systems, state crime laboratories and an automated fingerprint identification network, and performs aviation missions, special investigations, and other law enforcement activities.*

DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1995 Total Fund operating budget from the revised FY 1994 estimate:

• General Salary Adjustment	\$2,131,400
• Project G.I.T.E.M. Gang Unit Funding (Laws 1994, Chapter 200)	892,000
• Annualization of DPS Special Pay Plan	603,200
• Transfer of Pupil Transportation Program	57,700
• Risk Management Reduced Costs	(1,336,100)
• All Other Changes	<u>(208,100)</u>
TOTAL CHANGE FROM REVISED FY 1994	<u>\$2,140,100</u>

Personal Services — The approved amount is based upon a 2% vacancy factor and \$586,600 in vacancy savings from the General Fund and \$519,300 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$1,756,000 from the General Fund and \$144,700 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes an additional \$498,900 from the Total Fund to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

Also included in the appropriated amount is a total of \$1,747,100 for overtime costs.

Employee Related Expenditures — The approved amount includes an additional \$214,300 from the General Fund and \$16,400 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes \$104,300 from the Total Fund to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

The approved amount also includes a total of \$2,657,500 from the General Fund and \$2,281,800 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also includes a total of \$602,600 for the payment of uniform allowances.

- 1/ Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- 2/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Item. The program detail and line items within "Operating Subtotal" are shown for information only.
- 3/ In addition to the amount appropriated above, any balance and receipts received under A.R.S. § 28-1891, are appropriated to the Department of Public Safety. (General Appropriation Act footnote.)
- 4/ Any monies remaining in the Department of Public Safety Joint Account on June 30, 1995 shall revert to the funds from which they were appropriated. The reverted monies shall be returned in direct proportion to the amounts appropriated. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Other Operating Expenditures — The approved amount includes a total of \$538,500 from the General Fund and \$1,010,700 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$89,700 from the General Fund and \$161,100 from Other Appropriated Funds, as authorized under Section 79 of the General Appropriation Act.

The \$38,000 of funding for the lease-purchase payment for the Sun City District 19 Office includes a reduction of \$5,300 from the General Fund as authorized by Section 72 of the General Appropriation Act.

Highway User Revenue Fund (HURF)/Highway Fund — HURF funds are collected from a variety of highway related taxes and fees, including fuel taxes, vehicle licenses, motor carrier taxes and vehicle registration. These revenues are then distributed to the counties, cities and the state. After the distribution is completed, the state's portion is referred to as the Highway Fund. For a complete description of these funds, please see the pages for the Arizona Department of Transportation.

Article 9 § 14 of the Constitution states in part: "No monies derived from fees, excises, or license taxes relating to operating or use of vehicles on the public highways or streets or to fuels or any other energy source used for the population of vehicles on the public highways or streets shall not be expended for other than . . . expenses of state enforcement of traffic laws and state administration of traffic safety programs . . ." This constitutional provision has been interpreted to include both direct and indirect expenses associated with the Highway Patrol Bureau.

For FY 1993, the appropriation made to the department maximized the offset available from Highway and HURF by funding all of the Highway Patrol Bureau and all associated indirect costs from these 2 funds. The FY 1994 General Appropriation Act reversed the policy of maximizing the use of these funds as an offset and began decreasing DPS reliance on HURF and Highway Funds. If the offset had been maximized, HURF and Highway funding would have been over \$500,000 higher than the FY 1994 approved amounts.

In addition, Laws 1993, Chapter 249 placed limits on the amount of HURF and Highway Fund monies that can be used as an offset to the cost of DPS operations for FY 1995 and beyond. The table below shows the FY 1994 appropriation to DPS from these funds and the spending caps placed on the funds by this act.

Maximum DPS HURF and Highway Fund Usage ^{1/}

	<u>HURF</u>	<u>HIGHWAY</u>	<u>TOTAL</u>
FY 1994	\$24,924,700	\$18,336,900	\$43,261,600
FY 1995	\$20,000,000	\$20,000,000	\$40,000,000
FY 1996	\$17,500,000	\$17,500,000	\$35,000,000
FY 1997	\$15,000,000	\$15,000,000	\$30,000,000
FY 1998	\$12,500,000	\$12,500,000	\$25,000,000
FY 1999 and beyond	\$10,000,000	\$10,000,000	\$20,000,000

^{1/} The amounts for FY 1994 reflect the appropriation that was made, all subsequent years reflect the limits established by the legislation.

The reduction in reliance on HURF and Highway Funds will, all other factors held equal, increase the requirement for the General Fund on a dollar for dollar basis. It should also be pointed out that the bill placed maximum amounts only, and the reduction of fund usage could be accelerated if the Legislature so chooses. For FY 1995, the Legislature appropriated \$20,000,000 from both the HURF and Highway Funds which is the maximum allowed. This resulted in a General Fund increase of \$3,261,600, all other factors held constant.

(Continued)

DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Highway Patrol Fund — The Highway Patrol Fund is used as an offset to the department's budget, primarily for Employee Related Expenditures. The Highway Patrol Fund receives income from 2 sources, excess insurance premium tax revenues and sales of assets and other revenues. A portion of the insurance premium tax revenues go to the department. These funds must first be used to pay the state share of the contribution for the Public Safety Retirement System (PSRS). After that requirement is met, the remaining amount is deposited into the Highway Patrol Fund as revenue, and is then available for use as an offset to the department's operating cost. The following table illustrates the projected use of Highway Patrol Funds for FY 1995:

FY 1995 Highway Patrol Fund

Beginning Fund Balance	2,541,400	
Estimated Insurance Premium Tax Revenue	8,374,000	
Less: PSRS State Contribution	(2,995,700)	^{1/}
Surplus Deposited to Highway Patrol Fund	5,378,300	
Other Revenues to Highway Patrol Fund	<u>600,000</u>	
Total Funds Available	8,519,700	
Less: Amount Used as Operating Budget Offset	(6,800,000)	
Less: Other Expenditures	<u>(350,000)</u>	
New Ending Balance	<u>\$1,369,700</u>	

^{1/} Based on an estimated \$37,306,300 of Personal Services paid to employees enrolled in the PSRS, multiplied by the state contribution at the actuarial established rate of 8.03%.

DEPARTMENT OF PUBLIC SAFETY - SERVICE BUREAU

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	582.0	527.0	527.0
Personal Services	15,523,900	16,860,500	17,387,800
Employee Related Expenditures	3,100,300	3,737,900	4,122,200
Professional and Outside Services	286,200	324,100	324,100
Travel - In State	137,000	175,300	175,300
Travel - Out of State	96,200	90,300	90,300
Other Operating Expenditures	12,717,700	12,052,700	10,644,600
Equipment	815,800	359,300	359,300
All Other Operating Expenditures	14,052,900	13,001,700	11,593,600
OPERATING SUBTOTAL	32,677,100	33,600,100	33,103,600
Arizona Criminal Justice Information System (ACJIS)	449,900	452,300	-0-
Automated Fingerprint Identification Network (AFIN)	-0-	2,000,000 ^{1/}	2,000,000
Dispatch Centers	2,702,300	-0-	-0-
TOTAL APPROPRIATIONS	35,829,300	36,052,400 ^{2/}	35,103,600 ^{3/}
<u>Fund Summary</u>			
General Fund	23,704,600	21,038,200	21,887,600
Highway User Revenue Fund	10,390,000	9,919,100	5,216,000
Highway Fund	1,284,800	280,100	3,500,000
Highway Patrol Fund	-0-	2,362,700	2,500,000
Criminal Justice Enhancement Fund	449,900	2,452,300	2,000,000
TOTAL APPROPRIATIONS	35,829,300	36,052,400	35,103,600

Program Description — *The Service Bureau encompasses all centralized management of the department, telecommunications, fleet maintenance, aviation, law enforcement training, information systems, executive security, and all other programs not assigned to the Highway Patrol Bureau or the Criminal Investigations Bureau.*

- ^{1/} Made exempt from lapsing by Laws 1994, Chapter 6, 8th Special Session.
- ^{2/} The appropriation format for FY 1994 was changed by Laws 1994, Chapter 6, 8th Special Session from a Lump Sum by Agency to a Lump Sum by Agency with AFIN as a Special Line Item.
- ^{3/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF PUBLIC SAFETY - SERVICE BUREAU (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services — The approved amount is based upon a 2% vacancy factor and \$344,500 in vacancy savings from the General Fund. The vacancy savings amounts do not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$590,400 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes an additional \$20,600 from the General Fund to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

The approved amount also includes a total of \$380,500 for overtime costs.

Employee Related Expenditures — The approved amount includes an additional \$79,300 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,707,900 from the General Fund for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes \$5,000 from the General Fund to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

The appropriation also includes a total of \$78,000 for the payment of uniform allowances.

Other Operating Expenditures — The approved amount includes \$538,500 from the General Fund and \$1,010,700 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$89,700 from the General Fund and \$161,100 from Other Appropriated Funds, as authorized by Section 79 of the General Appropriation Act.

The \$38,000 of funding for the lease-purchase payment for the Sun City District 19 Office reflects a reduction of \$5,300 from the General Fund as authorized by Section 72 of the General Appropriation Act.

Equipment — The approved amount includes \$220,800 to replace 92 mobile radios, \$64,000 for the purchase of 4 heavy duty utility trucks for the Technical Communications section, \$40,000 for replacing 2 microwave paths, \$20,000 to replace the communications tower on Bill Williams Mountain, \$12,000 for 4 utility truck bed installations, and \$2,500 for a waste oil container for the Fleet Section of the Logistics Division.

ACJIS — The Arizona Criminal Justice Information System (ACJIS) was made a non-appropriated program funded entirely by the Criminal Justice Enhancement Fund (CJEF) and local support by Laws 1993, Chapter 243.

AFIN — The Automated Fingerprint Identification Network (AFIN) will store fingerprint files and provide access to state and local law enforcement. In addition to the \$2,000,000 FY 1995 appropriation, Laws 1994, Chapter 6, 8th Special Session, amended the FY 1994 appropriation to allow an additional \$2,000,000 appropriation to roll forward into FY 1995 and not revert. The total of \$4,000,000 from these appropriated Criminal Justice Enhancement Funds (CJEF) will be sufficient to design, purchase and install the AFIN system. The department will then use approximately \$1,000,000 of non-appropriated Criminal Justice Enhancement Funds (CJEF) to operate the AFIN during FY 1995. Originally, the department had anticipated lease-purchasing the AFIN system at a cost of between \$8,000,000 to \$12,000,000, at an annual cost of \$2,000,000.

**DEPARTMENT OF PUBLIC SAFETY -
CRIMINAL INVESTIGATION BUREAU**

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	316.0	293.0	293.0
Personal Services	10,610,600	11,780,900	12,230,100
Employee Related Expenditures	2,076,300	2,253,200	2,471,900
Professional and Outside Services	4,200	10,000	10,000
Travel - In State	116,500	113,400	113,400
Travel - Out of State	36,500	37,600	37,600
Other Operating Expenditures	763,100	661,400	414,400
Equipment	151,600	442,100	361,100
All Other Operating Expenditures	1,071,900	1,264,500	936,500
OPERATING SUBTOTAL	13,758,800	15,298,600	15,638,500 ^{1/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Omnibus Adult Crime, Ch. 200	--	--	892,000
TOTAL APPROPRIATIONS	13,758,800	15,298,600	16,530,500
<u>Fund Summary</u>			
General Fund	11,362,300	13,110,000	14,930,500
Highway Patrol Fund	1,970,100	1,588,600	1,600,000
Highway User Revenue Fund	-0-	400,000	-0-
Crime Lab Assessment Fund	194,500	200,000	-0-
RICO Fund	231,900	-0-	-0-
TOTAL APPROPRIATIONS	13,758,800	15,298,600	16,530,500

Program Description — *The Criminal Investigation Bureau operates 4 crime laboratories, investigates narcotics and organized crime, performs various specialized investigations, provides support to local law enforcement agencies, and performs several intergovernmental staff functions.*

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF PUBLIC SAFETY - CRIMINAL INVESTIGATION BUREAU (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services — The approved amount is based upon a 2% vacancy factor and \$242,100 in vacancy savings from the General Fund. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$415,300 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes an additional \$82,700 from the General Fund to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

Also included in the appropriated amount is a total of \$529,000 for overtime costs.

Employee Related Expenditures — The approved amount includes an additional \$49,900 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$949,600 from the General Fund for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes \$17,100 from the General Fund to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

The approved amount also includes a total of \$61,400 for the payment of uniform allowances.

Equipment — The approved amount includes \$88,000 for a mass selective detector for the Mesa Laboratory, \$81,000 for a gas chromatograph/mass spectrometer/data system, \$80,000 for a Fourier transform-infrared for the Phoenix Laboratory, \$30,200 to purchase 2 full size sedans, \$29,600 for 2 wide body ½ ton pick-up trucks, \$16,600 for 9 wide-body ¾ ton pick-up trucks, and \$35,700 to purchase 3 new intermediate sized sedans.

Crime Lab Assessment Fund — The Crime Lab Assessment Fund was made non-appropriated by Laws 1993, Chapter 243, 1st Regular Session. The non-appropriated fund continues to offset other costs for the operation of the department's laboratory services.

ADDITIONAL APPROPRIATIONS

Omnibus Adult Crime (Chapter 200, S.B. 1291) — In addition to several changes to the criminal code and criminal justice reform measures, the bill appropriates \$892,000 to the Department of Public Safety (DPS) to expand its gang unit. The program is named the "Gang Intelligence and Team Enforcement Mission," or "G.I.T.E.M." The funding will provide for additional officers and equipment to track and gather intelligence on gang activity for use in targeted enforcement efforts. The following are estimated expenditures for this program in FY 1995:

FTE Positions	16.0
Personal Services	\$505,800
Employee Related Expenditures	98,000
Professional and Outside Services	3,600
Travel - In State	12,000
Travel - Out of State	5,000
Other Operating Expenditures	146,400
Equipment	121,200
All Other Operating Expenditures	288,200
TOTAL	\$892,000

(Continued)

DEPARTMENT OF PUBLIC SAFETY - CRIMINAL INVESTIGATION BUREAU (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The amounts include \$230,200 of one-time non-recurring costs (\$3,600 of Professional and Outside Services, \$105,400 of Other Operating Expenditures, and \$121,200 of Equipment).

Possession of Firearms by Minors (Chapter 109, H.B. 2131) — The bill restricts handgun possession by minors and establishes standards and rules for issuing permits to carry concealed weapons. The department is responsible for approving firearm training courses, performing background and fingerprint checks, and issuance of permits. The department may charge a fee to recover costs. The legislation does not appropriate funding for FY 1995. The department will implement the program using non-appropriated funding sources for FY 1995, and for FY 1996 and beyond the Legislature will examine and review this program through the Appropriations process.

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Section 2(B) 5(a) of the bill appropriates \$330,000 from the General Fund to the Department of Public Safety for the design of a new scientific and technical support building (crime lab) to be located at the department's headquarters on Encanto Boulevard in Phoenix. The bill requires the department to present the schematic designs of the building to the Joint Committee on Capital Review for its review before final design is begun.

Section 2(B) 5(b) of the bill appropriates \$150,000 from the General Fund to the department for remote officer housing. The appropriation will allow the department to purchase 2 trailers and make minor site improvements.

DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL BUREAU

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	719.0	695.0	697.0
Personal Services	24,004,500	25,015,600	26,341,100
Employee Related Expenditures	6,318,200	5,181,500	5,710,600
Professional and Outside Services	5,900	23,700	23,700
Travel - In State	263,200	227,400	228,200
Travel - Out of State	13,900	22,200	22,200
Other Operating Expenditures	372,100	194,000	195,600
Equipment	1,744,200	2,298,000	2,298,000
All Other Operating Expenditures	2,399,300	2,765,300	2,767,700
TOTAL APPROPRIATIONS	32,722,000	32,962,400	34,819,400 ^{1/}
<u>Fund Summary</u>			
General Fund	-0-	-0-	835,400
Highway Patrol Fund	297,300	300,000	2,700,000
State Highway Fund	18,521,500	18,056,800	16,500,000
Highway User Revenue Fund	13,903,200	14,605,600	14,784,000
TOTAL APPROPRIATIONS	32,722,000	32,962,400	34,819,400

Program Description — *The Highway Patrol Bureau is responsible for enforcing public traffic laws in order to maintain highway safety, aiding stranded motorists, responding to accidents, to hazardous material spills and other highway emergencies, and providing added enforcement of all other state laws.*

FTE Positions — The number of FTE positions reflects the transfer of 2 FTE positions and \$57,700 from the Department of Transportation for the Pupil Transportation Program. The transfer of this program was made by Laws 1993, Chapter 58. The Pupil Transportation Program regulates school buses in order to improve safety.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$519,300 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$750,300 from the General Fund and \$144,700 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Total Appropriations" are shown for information only.

(Continued)

DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL BUREAU (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount includes \$395,600 from Other Appropriated Funds to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

The Highway Patrol Bureau has traditionally been funded entirely from Other Appropriated Funds. Laws 1993, Chapter 249 placed limits upon total appropriations from the Highway Fund and Highway User Revenue Fund (see Summary for further information). Prior to the general salary and Risk Management adjustments, the Legislature had appropriated the maximum Other Appropriated Funds allowable. Section 79 of the General Appropriation Act reduced the Other Appropriated Funds usage by \$161,100 due to lower Risk Management premium costs. However, Section 74 provided for a general salary adjustment which totalled \$996,500 for the Highway Patrol Bureau, including both Personal Services and Employee Related Expenditures. Therefore, the \$161,100 "freed up" by Section 79 was applied to the 996,500 needed for the general salary adjustment, with the remaining \$835,400 coming from the General Fund. In this way, the Other Appropriated Funds are at the maximum allowable, and General Fund monies are used for the remaining costs.

The approved amount also includes a total of \$837,600 for the payment of overtime costs.

Employee Related Expenditures — The approved amount includes an additional \$85,100 from the General Fund and \$16,400 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,147,500 from the Highway User Revenue Fund and \$1,134,300 from the State Highway Fund for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes \$82,200 from Other Appropriated Funds to annualize the costs of the DPS Special Pay Plan approved last year which became effective October 1, 1993. The amount reflects adding 3 months of funding to the 9 months of funding contained in the original FY 1994 appropriation.

The approved amount also includes a total of \$463,200 for the payment of uniform allowances.

Equipment — The approved amount includes \$2,274,000 for the purchase of 150 police sedans with extended service warranties, light bars, and push bumpers. Also included is \$15,000 for the purchase of 6 computers and \$9,000 for the purchase of 6 laser printers.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
SUMMARY**

A.R.S. § 41-2802

Eugene R. Moore, Director

JLBC Analyst: Bock

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administration	2,766,900	3,424,800	3,237,400
Secure Care	16,404,100	19,158,900	20,715,600
Community Care	9,520,400	10,968,000	10,961,000
Education	2,459,100	2,996,400	3,234,100
TOTAL APPROPRIATIONS	31,150,500	36,548,100	38,148,100
FTE Positions ^{1/}	651.0	701.0	701.0
Personal Services	15,029,100	16,100,800	17,029,500
Employee Related Expenditures	4,159,100	5,065,600	4,632,200
Professional and Outside Services	662,500	1,110,900	1,029,900
Travel - In State	346,700	355,300	355,300
Travel - Out of State	13,600	11,200	11,200
Other Operating Expenditures	4,232,600	4,876,500	4,588,100
Equipment	123,700	88,900	53,900
All Other Operating Expenditures	5,379,100	6,442,800	6,038,400
OPERATING SUBTOTAL	24,567,300	27,609,200	27,700,100
Special Line Items ^{2/}	6,583,200	8,938,900	9,546,800
Additional Appropriations ^{2/}	-0-	-0-	901,200
TOTAL APPROPRIATIONS	31,150,500	36,548,100 ^{3/}	38,148,100 ^{4/5/6/}
<u>Fund Summary</u>			
General Fund	28,266,800	33,382,800	35,195,800
Juvenile Education Fund	2,163,600	2,415,300	2,191,500
Land Endowment Fund	500,000	300,000	300,000
Criminal Justice Enhancement Fund	200,000	400,000	400,000
Parental Assessment & Restitution Fund	20,100	50,000	60,800
TOTAL APPROPRIATIONS	31,150,500	36,548,100	38,148,100

^{1/} The FTE Positions total includes 7 FTE positions funded from certain special line items in FY 1994 and FY 1995.
^{2/} Details for the Additional Appropriations and Special Line Items are included on the individual program pages.
^{3/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$2,663,900 for the Johnson vs. Upchurch consent decree.

(Continued)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The Department of Youth Treatment and Rehabilitation (DYTR) is responsible for the care and treatment of youth offenders adjudicated by the Courts to be delinquent and remanded to the custody of the department. DYTR has jurisdiction of youths until they are released from custody or reach age 18.*

Personal Services — The approved amount is based upon a 2.4% vacancy factor and \$396,000 in vacancy savings from the General Fund and \$21,900 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$578,200 from the General Fund and \$0 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$92,800 from the General Fund and \$0 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,775,900 from the General Fund and \$126,100 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$430,300 from the General Fund for the payment of Risk Management premiums. This amount reflects a reduction of \$69,700 from the General Fund, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$247,000 from the General Fund for rent of state-owned space, and \$929,500 from the General Fund and \$300,000 from Other Appropriated Funds for leasing permanent endowment land.

Johnson vs. Upchurch — The department has been involved in a federal class action lawsuit since 1987 known as the *Johnson vs. Upchurch* case. *Johnson vs. Upchurch*, hereinafter referred to as J v. U, involves federal and state constitutional and statutory requirements and interpretations. The lawsuit addresses issues of education, health care, due process, population, discipline, and treatment services. In response to the issues raised by the litigation, the Legislature added \$1 million in the original FY 1994 appropriation for capital improvements, new staffing, treatment, and other programs.

To resolve this litigation, DYTR signed a consent decree shortly after the Legislature adjourned from regular session in 1993. This decree requires increased staffing ratios, increased treatment programs and community services, improved physical facilities, and added staff to protect youths' legal rights. The decree also places limits on the number of youth that DYTR may house in each of the institutions. Because of the deadlines the consent decree imposes, the Legislature approved a supplemental appropriation for FY 1994. A total of \$2,663,900 was added to the DYTR budget for FY 1994, and \$1,047,600 was added in the capital outlay budget for FY 1994 (see below) for renovating DYTR's residential cottages.

- 4/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Youth Treatment and Rehabilitation in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state juvenile institutions and reformatories. (General Appropriation Act footnote.)
- 5/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.
- 6/ Prior to the expenditures of any Juvenile Education Fund receipts in excess of \$2,191,500 shown above, the Department of Youth Treatment and Rehabilitation shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

For FY 1995, the DYTR budget includes \$3,374,200 in funding specifically for consent decree issues, as follows:

Youth Rights Advocates	\$ 151,700
Court Monitors	34,000
Due Process	39,700
Institutional Staffing Ratios	748,600
Institutional Treatment Programs	522,700
Classification/Risk Assessments	77,000
Staff Training and Certification	102,400
Program Evaluation	62,700
Purchase of Care	1,091,500
Family Transition	65,400
Teachers' Salaries - GF	142,400
Teachers' Salaries - OF	246,100
Vocational Transition	<u>90,000</u>
Total	\$3,374,200
General Fund	3,128,100
Juvenile Education Fund	<u>246,100</u>
Total	\$3,374,200

Each item except Institutional Staffing Ratios and Teachers' Salaries is a separate line item to facilitate tracking and budget changes over the 4-year course of the consent decree. Items with FTE positions reflect the general salary adjustment, except the "Teachers' Salaries - OF." Details on the FY 1994 and FY 1995 consent decree items are found in each division. The cumulative total funding appropriated for J v. U to date is \$8,544,000. The following table provides a summary of all J v. U funding appropriated so far:

	Total J v. U Funding	
	FY 1994	FY 1995
Original Lump Sum Allowance	\$1,000,000	--
Operating Budget	2,663,900	3,374,200
Capital Outlay	<u>1,047,600</u>	<u>458,300</u>
TOTAL	\$4,711,500	\$3,832,500

Population — The FY 1995 appropriation is based upon a maximum capacity of 450 youth in secure care state facilities with an estimated actual average daily population (ADP) of 410 youth offenders. The original design capacity, the funded maximum capacity for FY 1995, and the J v. U capacity ceiling for each state-operated facility is shown below:

	ORIGINAL DESIGN CAPACITY	FY 1995 FUNDED CAPACITY	JOHNSON VS. UPCHURCH MAX. CAPACITY
Adobe Mountain School	376	240	240
Catalina Mountain School	168	110	110
Black Canyon School	<u>120</u>	<u>100</u> ^{1/}	<u>30</u> ^{1/}
TOTAL	<u>664</u>	<u>450</u>	<u>380</u>

^{1/} The treatment half of the Black Canyon School is capped at 30 beds maximum, while the diagnostic half is not capped, but is essentially the same size. DYTR has estimated that up to 70 youth may be in the diagnostic process at a time.

(Continued)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

There will also be an estimated 921 ADP on conditional liberty and 134 ADP on interstate supervision without specific contract services. The budgeted ADP for community services programs includes: 30 ADP for secure care residential treatment for female youth; 101 for community residential treatment; 360 clients served by counselling; and 417.5 clients served in other non-residential community treatment programs. A youth may receive services from several programs.

State Charitable, Penal and Reformatories Land Endowment Fund — The Department of Youth Treatment and Rehabilitation receives 25% of the land earnings and interest from the State Charitable, Penal and Reformatories Land Endowment Earnings Fund.

ADDITIONAL APPROPRIATIONS

See the "Secure Care" program for a description of the additional appropriations.

CAPITAL OUTLAY

See the "Secure Care" program for a description of the capital outlay appropriations that relate to DYTR.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
ADMINISTRATION**

A.R.S. § 41-2802

Eugene R. Moore, Director

JLBC Analyst: Bock

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	<u>58.0</u>	<u>60.0</u>	<u>60.0</u>
Personal Services	<u>1,660,700</u>	<u>1,594,500</u>	<u>1,650,700</u>
Employee Related Expenditures	<u>409,400</u>	<u>500,700</u>	<u>407,800</u>
Professional and Outside Services	19,100	117,300	61,300
Travel - In State	36,300	34,300	34,300
Travel - Out of State	13,600	11,200	11,200
Other Operating Expenditures	472,900	491,700	480,700
Equipment	<u>44,300</u>	<u>35,000</u>	<u>-0-</u>
All Other Operating Expenditures	<u>586,200</u>	<u>689,500</u>	<u>587,500</u>
OPERATING SUBTOTAL	<u>2,656,300</u>	<u>2,784,700</u>	<u>2,646,000</u>
Governor's Task Force	110,600	-0-	-0-
Management Information Systems	-0-	442,300	310,000
Youth Rights	-0-	64,700	151,700
Court Monitors	-0-	34,000	90,000
Due Process	-0-	84,100	39,700
Electrical Switch	<u>-0-</u>	<u>15,000</u>	<u>--</u>
TOTAL APPROPRIATIONS	<u>2,766,900</u>	<u>3,424,800</u> ^{2/}	<u>3,237,400</u> ^{3/}

Program Description — *This Administration program encompasses the Director's Office, all business functions, data processing, training and all other centralized operations of the department.*

^{1/} The FTE Positions total includes 2 FTE positions funded from certain special line items in FY 1993, 4 FTE positions in FY 1994, and 4 FTE positions in FY 1995:

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Governor's Task Force	2.0	0.0	0.0
Youth Rights	0.0	3.0	3.0
Due Process	0.0	1.0	1.0

^{2/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$640,100 and 6 FTE positions for the J v. U consent decree. See special line items descriptions for further detail.

^{3/} Represents General Appropriations Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - ADMINISTRATION (Cont'd)
GENERAL FUND

FTE Positions — The approved FTE Positions total includes 4 FTE positions added in the FY 1994 supplemental and continued in FY 1995 for the *Johnson vs. Upchurch* (J v. U) consent decree. Funding for 2 Hearing Officer IV FTE positions was allocated from the \$1,000,000 amount added in FY 1994. See special line items for additional details on new FTE positions.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$24,300 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$56,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$8,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$153,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The FY 1994 base includes \$56,000 for the court-appointed monitors for J v. U. This amount was shifted to the special line item in FY 1995. See Court Monitors below.

Other Operating Expenditures — The approved amount includes: a) a total of \$40,500 for the payment of Risk Management premiums, which reflects a reduction of \$6,600, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$247,000 for rent of state-owned space.

Governor's Task Force on Juvenile Corrections — This group completed its work of reviewing the Arizona juvenile corrections system in FY 1993.

Management Information Systems — For FY 1994, the amount was part of the J v. U consent decree supplemental and includes funds to replace or upgrade existing personal computers and obsolete terminals, to add network hardware and software, and to begin developing a new departmental database. Of the FY 1994 amount, \$125,000 was budgeted for cabling including a network backbone.

For FY 1995, the amount is for additional personal computers, network hardware and software, and database development. Of the amount, \$100,000 was budgeted for cabling. The budget for both years together funded a total of 119 new or replacement personal computer stations, and did not include funding for document imaging.

Youth Rights — The FY 1994 supplemental amount provides part-year funding for 3 new Youth Rights Specialist FTE positions. These staff are to oversee DYTR's use of punishment to ensure that it is not "arbitrary or excessive." The FY 1995 amount includes a base of \$88,800 for these positions, and another \$60,000 for legal advocates. The advocates, paid by outside contract, will work under an attorney's supervision to assist youth during parole revocation proceedings.

The approved amount for FY 1995 is based on a 0% vacancy factor, and includes an additional \$2,500 in Personal Services and \$400 in Employee Related Expenditures for the general salary adjustment as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$8,300 for the state share of employee medical and dental insurance, which will be transferred to the Health Insurance Trust Fund.

Court Monitors — The Court has appointed 3 monitors to oversee DYTR's implementation of the J v. U consent decree. Through this line item, the state pays for their travel and other expenses. The FY 1994 supplemental amount was to complement \$56,000 allocated for court monitors in the operating budget (see Professional and Outside Services above). The FY 1995 amount consolidates the funding in a line item.

(Continued)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - ADMINISTRATION (Cont'd)
GENERAL FUND

Due Process — The FY 1994 amount, added by the supplemental appropriation, includes \$60,000 for legal advocates and \$38,500 for 1 Youth Hearing Officer FTE position. (The amount for legal advocates appears within the Youth Rights Special Line Item for FY 1995. See above.) This Hearing Officer will formally conduct parole revocation proceedings.

For FY 1995, the amount continues the Youth Hearing Officer position. The approved amount is based upon a 0% vacancy factor. It includes an additional \$1,100 in Personal Services and \$200 in Employee Related Expenditures for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$2,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Electrical Switch — The amount was added in the supplemental appropriation for one-time repairs to the Adobe Mountain School electrical system control panel.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
SECURE CARE**

A.R.S. § 41-2802

Eugene R. Moore, Director

JLBC Analyst: Bock

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	444.0	491.0	491.0
Personal Services	9,474,100	10,403,900	11,035,700
Employee Related Expenditures	2,720,000	3,389,800	3,118,100
Professional and Outside Services	555,200	904,500	879,500
Travel - In State	184,700	194,600	194,600
Other Operating Expenditures	3,127,500	3,515,500	3,321,100
Equipment	4,000	53,900	53,900
All Other Operating Expenditures	3,871,400	4,668,500	4,449,100
OPERATING SUBTOTAL	16,065,500	18,462,200	18,602,900
Food	288,900	375,800	385,900
Work Incentive Pay Plan	49,700	60,800	60,800
Classification/Risk Assessments	-0-	15,000	77,000
Staff Training and Certification	-0-	102,400	102,400
Special Treatment Programs	-0-	80,000	522,700
Program Evaluation	-0-	62,700	62,700
TOTAL	16,404,100	19,158,900 ^{1/}	19,814,400 ^{2/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Juvenile Crime Omnibus, Ch. 201	--	--	901,200
TOTAL APPROPRIATIONS	16,404,100	19,158,900	20,715,600
<u>Fund Summary</u>			
General Fund	15,884,000	18,808,900	20,354,800
State Charitable, Penal and Reformatories Land Fund	500,000	300,000	300,000
Parental Assessment and Restitution Fund	20,100	50,000	60,800
TOTAL APPROPRIATIONS	16,404,100	19,158,900	20,715,600

1/ Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$573,500 for the *Johnson vs. Upchurch* (J v. U) consent decree. See special line item description for details.

2/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SECURE CARE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description — *The Secure Care program includes all costs associated with youth in state-operated facilities except educational services. The program includes health care, diagnostic evaluations, treatment, security, physical plant operations and maintenance, and other costs. The department currently operates 3 facilities: Adobe Mountain School, Black Canyon School, and Catalina Mountain School.*

FTE Positions — The approved FTE Positions total includes 34 FTE positions added to increase the ratios of direct care staff to youth, as the *Johnson vs. Upchurch* (J v. U) consent decree requires. The staffing ratios will be 1:12 in the morning, 1:8 in the afternoon, and 1:12 at night. These positions were added in FY 1994 by the supplemental appropriation, and are continued for FY 1995.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$329,700 in vacancy savings which reduces Personal Services by \$18,100 from FY 1994. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$374,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved Personal Services amount also includes \$550,400 for the 34 staff added to increase staffing ratios. Half the amount, or \$275,200, was added in FY 1994 by the supplemental appropriation, and is annualized for FY 1995.

Employee Related Expenditures — The approved amount includes an additional \$60,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$1,325,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved Employee Related Expenditures amount also includes \$175,800 for the 34 positions added to increase staffing ratios. This funding was added in FY 1994 by the supplemental appropriation, and is continued for FY 1995.

Other Operating Expenditures — The approved amount includes a total of \$297,600 from the General Fund for the payment of Risk Management premiums. This amount reflects a reduction of \$48,100 from the General Fund, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$929,500 from the General Fund and \$300,000 from Other Appropriated Funds for leasing permanent endowment land at Adobe Mountain and Catalina Mountain schools.

Food — The approved amount of \$385,900 represents the General Fund portion of raw food costs for the secure care juvenile offender population. An additional \$204,600 is available from the National School Breakfast and Lunch Program for a total of \$590,500. This amount is based on \$1.08 per meal for 492,750 resident meals and 54,000 staff meals. (Resident meals = 450 estimated average daily population x 3 meals per day x 365 days per year.)

Work Incentive Pay Plan — The Work Incentive Pay Plan (WIPP) provides wages of 25 to 75 cents per hour to youth offenders who are assigned to various work details.

Classification/Risk Assessments — The J v. U consent decree requires DYTR to develop and use uniform tests (instruments) to evaluate youths' risk to the community and to determine youths' treatment needs. The FY 1994 amount was included in the supplemental appropriation. The FY 1995 amount also will allow DYTR to validate the instruments. These are one-time expenses and DYTR has estimated that only \$10,000 will be needed after FY 1996 for continuing instrument improvements.

Staff Training and Certification — The J v. U consent decree requires DYTR to provide more staff training and to have certain staff certified for working with troubled youth. The FY 1994 amount was included in the supplemental appropriation. The funding provides for staff overtime pay, travel costs, and other expenses relating to training.

(Continued)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SECURE CARE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Special Treatment Programs — The Johnson vs. Upchurch consent decree requires DYTR to provide appropriate treatment programs for certain groups. The FY 1994 amount was approved in the supplemental appropriation and is to begin a new chemical dependency program. In FY 1995, DYTR will implement programs for chemical dependency, sex offenders, and violent/capital offenders. These will be on-going expenses.

Program Evaluation — DYTR will formally evaluate the special treatment programs to measure their success and to determine how they should be improved.

FUND SOURCES

State Charitable, Penal and Reformatories Land Funds — The department receives a portion of this fund's revenue pursuant to Section 25 of the Enabling Act and the Constitution. DYTR uses the monies toward rent of state land.

Parental Assessment and Restitution Fund — The department receives funds from parents for the support of their children in the institutions when such assessments have been ordered by the Court. The fund is currently used to support the Work Incentive Pay Plan.

CAPITAL OUTLAY

Supplemental Capital Outlay Bill (Chapter 7, H.B. 2007, 8th Special Session) — The bill appropriates \$1,047,600 from the General Fund in FY 1994 to the Department of Administration for the renovation and furnishing of Department of Youth Treatment and Rehabilitation residential cottages. The improvements to the cottages are required as part of the J v. U consent decree. The dollar amount is based on cost estimates as follows: asbestos inspections, \$42,000; Catalina Mountain School hot water systems, \$200,000; Adobe Mountain and Catalina Mountain Schools cottages roofing, \$60,500; electrical system, \$20,500; heating and air conditioning systems, \$70,000; general cottage renovation and furnishing, \$655,100.

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Section 2(B) 1(i) of the bill appropriates \$458,300 from the General Fund to the Department of Administration for additional improvements to Department of Youth Treatment and Rehabilitation residential cottages to comply with the J v. U consent decree.

Section 6 of the bill appropriates \$30,000 from the General Fund to the Department of Youth Treatment and Rehabilitation for the replacement of underground fuel storage tanks.

Juvenile Crime Omnibus (Chapter 201, S.B. 1356) — The bill appropriates \$350,000 from the General Fund to the Department of Administration for the design of a 100-bed high-security unit for youths committed to the Department of Youth Treatment and Rehabilitation. The bill requires the Department of Administration to submit designs for the unit to the Joint Committee on Capital Review for review. The site of the unit is unspecified. No appropriation for construction has been made.

ADDITIONAL APPROPRIATIONS

Juvenile Crime Omnibus (Chapter 201, S.B. 1356) — This act expands the legal responsibilities of parents over their children with respect to delinquency, establishes minimum stay requirements for youth committed to DYTR, stiffens penalties for certain offenses involving guns, and makes other changes relating to juvenile delinquency. The act includes appropriations for placing peace officers and probation officers in schools, for increasing juvenile probation, and for designing a new, 100-bed, high-security juvenile institution (see also, Department of Education and Department of Corrections).

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SECURE CARE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

There are two appropriations to DYTR: \$186,600 for a community work program; and \$714,600 for a boot camp pilot program. The community work program shall involve community restitution such as graffiti abatement and park maintenance. The program is only for youths on conditional liberty release. The boot camp program will include at least 3 months in a secure care boot camp followed by 9 months of intensive "aftercare," or community support. The act requires DYTR to report on boot camp effectiveness by June 30, 1996. The program is authorized until June 30, 1997.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
COMMUNITY CARE**

A.R.S. § 41-2802

Eugene R. Moore, Director

JLBC Analyst: Bock

GENERAL FUND AND CRIMINAL JUSTICE ENHANCEMENT FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	82.0	80.0	80.0
Personal Services	2,239,900	2,136,200	2,211,600
Employee Related Expenditures	663,200	670,700	571,900
Professional and Outside Services	28,900	27,800	27,800
Travel - In State	119,200	120,400	120,400
Other Operating Expenditures	335,200	410,800	375,400
All Other Operating Expenditures	483,300	559,000	523,600
OPERATING SUBTOTAL	3,386,400	3,365,900	3,307,100
Purchase of Care	6,134,000	7,553,800	7,588,500 ^{2/}
Family Transition	-0-	48,300	65,400
TOTAL APPROPRIATIONS	9,520,400	10,968,000 ^{3/}	10,961,000 ^{4/}
<u>Fund Summary</u>			
General Fund	9,320,400	10,568,000	10,561,000
Criminal Justice Enhancement Fund	200,000	400,000	400,000
TOTAL APPROPRIATIONS	9,520,400	10,968,000	10,961,000

Program Description — *The Community Care program is responsible for the treatment and supervision of all committed youth that are not in a state-operated facility. This encompasses contracts with community providers, conditional liberty supervision (parole) provided by both agency case managers and outside contracts, and other community services.*

- ^{1/} The FTE Positions total includes 3 FTE positions funded from the Family Transition Special Line Item in FY 1994 and FY 1995.
- ^{2/} The \$7,588,500 appropriated for Purchase of Care is to be used for treatment programs for juvenile offenders under the jurisdiction of the Department of Youth Treatment & Rehabilitation and shall be provided by community contractors. (General Appropriation Act footnote, as adjusted for the special provider increase.)
- ^{3/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$1,139,800 and 3 FTE positions for the *Johnson vs. Upchurch* (J v. U) consent decree. See the special line items for additional detail.
- ^{4/} Represents General Appropriations Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - COMMUNITY CARE (Cont'd)
GENERAL FUND AND CRIMINAL JUSTICE ENHANCEMENT FUND

FTE Positions — The approved FTE Positions total includes 3 positions added in the FY 1994 supplemental and continued in FY 1995 for the J v. U consent decree. See the Family Transition discussion below.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$32,500 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of certain new positions. The approved amount includes an additional \$75,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$12,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$211,100 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$49,700 for the payment of Risk Management premiums, which reflects a reduction of \$8,100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$218,800 for rent of privately owned space.

Purchase of Care — The approved amount provides funding for outside contracts with community providers for treatment and supervision of youth offenders. The amount is based upon 30 average daily placements (ADP) for secure care residential treatment for females, 101 ADP for community residential treatment, 360 clients served by counselling, and 417.5 clients served by other non-residential community treatment including day support, tracking and outreach, high-impact support, rural county supervision, and other services. A youth may be served by more than one of these programs. The approved amount also includes an additional \$74,700 for the payment of a special cost adjustment for providers, as authorized by Section 75 of the General Appropriation Act.

Family Transition — As part of the J v. U consent decree's requirement that DYTR provide a "continuum of care" to youth as long as they are under DYTR jurisdiction, DYTR is providing transition counselling to youth and their families. This is to support youth as they move from institutional confinement back to the community. The FY 1994 amount was included in the supplemental appropriation and represents part-year funding for 3 FTE positions.

The approved amount for FY 1995 represents full-year funding for the 3 positions. The amount is based on a 0% vacancy factor, and includes an additional \$1,900 for Personal Services and \$300 for Employee Related Expenditures for the general salary adjustment, as authorized by section 74 of the General Appropriation Act. The approved amount also includes a total of \$8,300 for the state share of employee medical and dental insurance, which will be transferred to the Health Insurance Trust Fund.

FUND SOURCES

Criminal Justice Enhancement Fund — The department receives a portion of the Criminal Justice Enhancement Fund (CJEF) which it uses for community drug abuse treatment. The annual receipts average around \$300,000. The approved amount for FY 1995 includes "spending down" part of the fund's excess balance.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
EDUCATION**

A.R.S. § 41-2802

Eugene R. Moore, Director

JLBC Analyst: Bock

GENERAL FUND AND JUVENILE EDUCATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	67.0	70.0	70.0
Personal Services	1,654,400	1,966,200	2,131,500
Employee Related Expenditures	366,500	504,400	534,400
Professional and Outside Services	59,300	61,300	61,300
Travel - In State	6,500	6,000	6,000
Other Operating Expenditures	297,000	458,500	410,900
Equipment	75,400	-0-	-0-
All Other Operating Expenditures	438,200	525,800	478,200
OPERATING SUBTOTAL	2,459,100	2,996,400 ^{1/}	3,144,100 ^{2/3/}
Vocation and Transition Services	-0-	-0-	90,000
TOTAL APPROPRIATIONS	2,459,100	2,996,400	3,234,100
<u>Fund Summary</u>			
General Fund	295,500	581,100	1,042,600
Juvenile Education Fund	2,163,600	2,415,300	2,191,500
TOTAL APPROPRIATIONS	2,459,100	2,996,400	3,234,100

Program Description — *The Education program is responsible for providing general education, special education, and other educational programs for youth in secure care and for youth in state-operated community educational programs. As a result of legislation that organized this program into a special school system, the program receives equalization assistance from the Arizona Department of Education and is overseen by a special school board.*

- ^{1/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated an additional \$429,000 from the Juvenile Education Fund for teachers salaries (\$310,500) and for administrative costs (\$118,500). The special salary increase for teachers was authorized as part of the *Johnson vs. Upchurch* (J v. U) consent decree resolution. As a result of the increased Juvenile Education Fund appropriation, the original FY 1994 General Fund appropriation was reduced by \$118,500, for a net increase to the program of \$310,500.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency. The program detail and line items within "All Other Operating Expenditures" are shown for information only.
- ^{3/} Prior to the expenditure of any Juvenile Education Fund receipts in excess of the appropriated amount shown above, the Department of Youth Treatment and Rehabilitation shall report the intended use of the monies to the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - EDUCATION (Cont'd)
GENERAL FUND AND JUVENILE EDUCATION FUND

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$9,500 in vacancy savings from the General Fund and \$21,900 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$72,300 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The Juvenile Education Fund amount is prescribed by formula and cannot be increased. Therefore, the General Fund will bear the total salary adjustment for the Education division. The Juvenile Education Fund amount for the salary adjustment would have been \$50,400.

As a result of the J v. U consent decree, the Department of Youth Treatment and Rehabilitation (DYTR), the Departments of Administration and Education studied teachers' salaries to determine a new pay scale for DYTR's teachers. The FY 1994 estimate includes \$229,000 from the supplemental appropriation for part-year funding of the new pay scale. The approved amount for FY 1995 includes a total of \$323,400 (or \$48,200 over the revised FY 1994 estimate) for funding this pay scale.

Employee Related Expenditures — The approved amount includes an additional \$11,600 from the General Fund for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. As discussed above under Personal Services, the General Fund must bear the total salary adjustment cost.

The approved amount also includes a total of \$65,800 from the General Fund and \$126,100 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount also includes \$51,900 corresponding to the teacher pay raise.

Other Operating Expenditures — The approved amount includes a total of \$42,500 from the General Fund for the payment of Risk Management premiums, which reflects a reduction of \$6,900 from the General Fund, as authorized under Section 79 of the General Appropriation Act.

Vocation and Transition Services — To fulfill the J v. U consent decree, DYTR is expanding the education services it offers to youth who have been released from the institutions. The approved amount is to place 3 computer labs in DYTR's community schools. Students will use the labs to explore career interests and to prepare for the job market.

FUND SOURCES

Juvenile Education Fund — The Juvenile Education Fund consists primarily of monies received by the department in the form of equalization assistance from the Arizona Department of Education. The actual amount of equalization assistance received by the department will vary based upon actual student counts. As allowed by the footnote which was first added in FY 1994, if the amount exceeds the appropriation, the department may use the excess after reporting planned expenditures to the Joint Legislative Budget Committee.

TRANSPORTATION

DEPARTMENT OF TRANSPORTATION - SUMMARY

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Director's Staff	2,969,900	569,500	580,800
Transportation Planning Division	3,593,100	3,889,500	4,002,900
Administrative Services Division	38,480,200	44,985,000	37,789,600
Special Support Group	2,738,900	6,235,400	4,145,200
Highways Division	110,160,100	109,940,400	43,072,300
Highway Maintenance	-0-	-0-	70,963,800
Aeronautics	1,335,100	1,509,100	1,605,700
Motor Vehicle Division	30,224,000	25,874,200	34,662,900
Public Transit	99,400	109,000	117,800
TOTAL APPROPRIATIONS	189,600,700	193,112,100	196,941,000
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	3,316.0	3,184.5	3,153.0
Personal Services	59,203,300	60,724,800	83,631,000
Employee Related Expenditures	14,759,000 ^{2/}	14,594,700	22,181,500
Professional and Outside Services	2,453,600	1,676,600	1,432,100
Travel - In State	1,117,300	1,433,000	1,742,300
Travel - Out of State	135,500	134,800	152,400
Other Operating Expenditures	22,854,000	21,843,400 ^{3/}	24,967,300
Equipment	1,180,200	1,177,400	1,307,700
All Other Operating Expenditures	27,740,600	26,265,200	29,601,800
OPERATING SUBTOTAL	101,702,900	101,584,700	135,414,300
Special Line Items ^{4/}	87,897,800	91,527,400	61,526,700
TOTAL APPROPRIATIONS	189,600,700	193,112,100	196,941,000 ^{5/}
<u>Fund Summary</u>			
General Fund	62,000	69,600	75,500
State Highway Fund	186,787,800	190,713,800	194,953,000
State Aviation Fund	1,335,100	1,509,100	1,605,700
Air Quality Fund	58,200	71,000	77,600
Highway User Revenue Fund	1,219,100	525,100	-0-
Abandoned Vehicle Administration Fund	41,000	45,800	45,800
Dealer Enforcement Fund	97,500	177,700	183,400
TOTAL APPROPRIATIONS	189,600,700	193,112,100	196,941,000

(Continued)

DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The Department of Transportation has jurisdiction over state highways, other state roads, state airports and all state-owned transportation systems. The department is statutorily organized into 6 divisions: Motor Vehicle; Transportation Planning; Highways; Aeronautics; Public Transit; and Administrative Services. The responsibilities of the department include the following: register motor vehicles and aircraft; license drivers; collect revenues; enforce motor vehicle and aviation statutes; do multi-modal state transportation planning and investigate new transportation systems in cooperation with local governments; establish an annually updated priority program for transportation capital improvements; design, construct and maintain state highways, airports and public transportation systems; and administer transportation safety systems.*

Personal Services — The approved amount is based upon a 2.15% vacancy factor and \$1,738,400 in vacancy savings from Other Appropriated Funds. The vacancy savings amounts do not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$1,500 from the General Fund and \$2,837,500 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount includes, before incorporating any changes resulting from the general salary adjustment, increases in Other Appropriated Funds of \$20,206,500, because Highway Maintenance is appropriated as a separate program operating budget rather than as a special line item, and \$881,300 from the distribution of the Reorganization Special Line Item, and decreases of \$692,400 due to Project SLIM, \$339,700 in the total salary requirement, and \$47,900 for transfer of the School Bus Safety program to the Department of Public Safety.

Employee Related Expenditures — The approved amount includes an additional \$200 from the General Fund and \$419,500 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$6,300 from the General Fund and \$9,751,900 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes, before incorporating any changes resulting from the general salary adjustment, increases in Other Appropriated Funds of \$5,432,900, because Highway Maintenance is appropriated as a separate program operating budget rather than as a special line item, \$1,831,700 for adjustments and rate changes, and \$136,800 from the distribution of the Reorganization Special Line Item, and decreases of \$220,900 due to Project SLIM, and \$13,400 for transfer of the School Bus Safety program to the Department of Public Safety.

The approved amount for workers' compensation insurance uses a single departmentwide factor of 2.26%.

- 1/ The FTE Positions total includes 954.0 FTE positions funded from certain special line items in FY 1993, 940.5 FTE positions in FY 1994, and 7.0 FTE positions in FY 1995.
- 2/ Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$1,868,700 from the State Highway Fund and \$10,300 from the State Aviation Fund for the cost of health insurance in excess of amount originally appropriated for FY 1992 and FY 1993.
- 3/ The approved amount includes an additional \$262,100 from Other Appropriated Funds (\$258,500 from the State Highway Fund and \$3,600 from the State Aviation Fund) for the payment of statewide accounting system charges, as authorized under Section 102 of the FY 1994 General Appropriation Act.
- 4/ Details for the Special Line Items are included on the individual program pages.
- 5/ Represents General Appropriation Act funds. Appropriation format varies by program. Details are included on the individual program pages.

(Continued)

DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

All Other Operating Expenditures — The approved amount includes increases in Other Appropriated Funds of \$2,241,200, because Highway Maintenance is appropriated as a separate program operating budget rather than as a special line item, and \$1,654,700 from the distribution of the Reorganization Special Line Item, and decreases of \$500,000 for the completion of 3 years of funding to update the Tax and Revenue Group Automated Tracking System, \$56,600 due to Project SLIM, and \$2,400 for transfer of the School Bus Safety program to the Department of Public Safety.

Highway User Revenue Fund (HURF) — The following chart summarizes HURF distributions:

HIGHWAY USER REVENUE FUND ANALYSIS
(Thousands)

	FY 1993 ACTUAL	FY 1994 ESTIMATE	FY 1995 ESTIMATE
Estimated Total HURF Collections	\$717,443	\$768,000	\$772,900
Less: Economic Strength Fund	1,000	1,000	1,000
Dept of Public Safety Transfer from HURF	24,928	24,928	20,000
Mandatory Insurance	1,219	525	-0-
Border Projects - Transfer to Highway Fund	-0-	-0-	1,000
Net to State Highway Fund	\$690,296	\$741,547	\$750,900
Less: Cities	210,530	226,632	229,477
Counties	124,468	134,030	135,711
Controlled Access, 15% Funds	53,128	57,039	57,760 ✓
Net State Highway Fund (Discretionary)	\$302,170	\$323,846	\$327,952
Plus: Border Projects - Transfer from HURF	-0-	-0-	1,000
Interest Income (State Highway Fund)	2,936	3,000	3,000
Less: Operating Budget - ADOT	186,788	190,714	194,955
Capital Outlay and Building Renewal - ADOT	6,290	7,557	7,729
Dept of Public Safety Transfer from Highway Fd.	18,691	18,337	20,000
Border Area Transportation Projects	-0-	500	1,000
Debt Service	37,441	32,076	31,361
Net Highway Fund Available for Statewide Highway Construction (5-Year Plan)	\$55,896	\$77,662	\$76,907 ✓

NOTE: Net Highway Fund Available for Statewide Highway Construction excludes Maricopa County and Pima County 15% funds, bond funds, federal funds, carryover funds, and miscellaneous funds available for construction.

DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

CAPITAL OUTLAY

Capital Outlay Bill (Chapter 2, H.B. 2002, 8th Special Session) — Appropriates \$189,238,400 from the State Highway Fund and \$10,124,300 from the Aviation Fund to the Department of Transportation, as follows:

• Section 1(D) provides funding from the Highway Fund for Building Renewal.	\$ 1,121,400
• Section 2(G) makes appropriations totalling \$6,608,000 from the Highway Fund, for the following projects:	
1) Americans with Disabilities Act Compliance	\$ 400,000
2) Petroleum Storage Tank Upgrades	500,000
3) Safford Service Center	300,000
4) Havasu Service Center	830,000
5) Phoenix Northwest Addition	360,000
6) Prescott Valley Relocation	550,000
7) Wash Rack	411,000
8) Durango Maintenance Facility	559,000
9) Headquarters Warehouse	226,000
10) Durango Sign Shop	1,375,000
11) Deicer Buildings	200,000
12) Asphalt Storage Tanks	196,000
13) Asphalt Tanks Removal	60,000
14) Three Points Storage	511,000
15) Needle Mountain Crew Building	<u>130,000</u>
Subtotal, Section 2(G)	\$ 6,608,000
• Section 2(H) provides funding from the Highway Fund for planning and construction of state highways	<u>\$ 181,509,000</u>
Subtotal, Highway Fund	\$ 189,238,400
• Section 1(G) provides funding from the Aviation Fund for Building Renewal	\$ 27,700
• Section 2(I) provides funding from the Aviation Fund for airport development	<u>10,096,600</u>
Subtotal, Aviation Fund	\$ 10,124,300
 Total, ADOT Capital Outlay	 <u><u>\$ 199,362,700</u></u>

Appropriation; Flood Relief Funding (Chapter 224, H.B. 2192) — Appropriates a total of \$1,750,000 from the state General Fund to the Department of Transportation for distribution as follows:

• Section 5 provides funding to Pima County Flood Control District for flood control works near the Avra Valley Road bridge	\$ 500,000
• Section 6 provides funding to Pima County to replace the Avra Valley Road bridge	<u>\$1,250,000</u>
Total	\$1,750,000

Sections 5 and 6 require equal matches from Pima County Flood Control District and Pima County, respectively. Section 7 reverts a total of \$1,898,708.16 to the state General Fund from prior appropriations. The appropriations shall not lapse until their purposes are accomplished, except that any monies remaining unexpended or unencumbered on July 1, 1997 revert to the state General Fund.

(Continued)

DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Border Transportation Projects (Chapter 226, H.B. 2431) — Transfers \$1,000,000 from the Highway User Revenue Fund to the State Highway Fund and appropriates it to the Department of Transportation for border area transportation projects in counties, cities and towns which are located along Arizona's southern border. The projects are to be on highways expected to support increased traffic volumes resulting from a free trade agreement between the United States and Mexico. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (Laws 1993, Chapter 249 (H.B. 2191), 1st Regular Session appropriated \$500,000 from the State Highway Fund for a similar purpose.)

DEPARTMENT OF TRANSPORTATION - DIRECTOR'S STAFF

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

STATE HIGHWAY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	6.0	8.0	8.0
Personal Services	391,600	427,400	441,400
Employee Related Expenditures	62,100 ^{1/}	86,400	83,100
Professional and Outside Services	6,500	-0-	-0-
Travel - In State	13,500	19,200	19,200
Travel - Out of State	9,600	9,600	9,600
Other Operating Expenditures	32,300	26,900	27,500
Equipment	1,800	-0-	-0-
All Other Operating Expenditures	63,700	55,700	56,300
OPERATING SUBTOTAL	517,400	569,500	580,800
Reorganization	2,452,500	-0-	-0-
TOTAL APPROPRIATIONS	2,969,900	569,500	580,800 ^{2/}

Program Description — *The Director's Staff establishes and provides policy, guidance and overall direction to the department.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$14,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a reduction of \$5,100 for a technical adjustment.

The approved amount also includes a total of \$25,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes an increase of \$600 for non-capitalized equipment for replacement of an electric typewriter.

Reorganization — This appropriation was first provided in FY 1993 to allow the director maximum flexibility to streamline, privatize and reorganize the department to improve efficiency and effectiveness. The Reorganization Special Line Item was transferred to the Special Support Group in FY 1994.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$2,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program. The line items are shown for information only.

**DEPARTMENT OF TRANSPORTATION -
TRANSPORTATION PLANNING DIVISION**

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

STATE HIGHWAY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	99.0	90.0	89.0
Personal Services	2,416,600	2,786,900	2,841,600
Employee Related Expenditures	555,500 ^{1/}	635,500	694,200
Professional and Outside Services	5,800	-0-	-0-
Travel - In State	81,000	72,000	72,000
Travel - Out of State	19,900	14,900	14,900
Other Operating Expenditures	385,400	350,200	350,200
Equipment	128,900	30,000	30,000
All Other Operating Expenditures	621,000	467,100	467,100
TOTAL APPROPRIATIONS	3,593,100	3,889,500	4,002,900 ^{2/}

Program Description — *The Transportation Planning Division plans the statewide transportation system, including highways and airports.*

FTE Positions — The approved number of FTE Positions reflects the transfer of 1 FTE position from the Transportation Planning Division to the Administrative Services Division related to the distribution of monies from the Reorganization Special Line Item in the Special Support Group.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$41,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$96,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and a reduction of \$46,100 in the total salary requirement.

Employee Related Expenditures — The approved amount includes an additional \$14,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an increase of \$44,400 for adjustments and rate changes.

The approved amount also includes a total of \$277,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$36,000 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

**DEPARTMENT OF TRANSPORTATION -
ADMINISTRATIVE SERVICES DIVISION**

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

STATE HIGHWAY FUND AND AIR QUALITY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	355.0	460.0	461.0
Personal Services	9,546,400	12,357,900	13,043,900
Employee Related Expenditures	2,163,600 ^{1/}	2,903,800	3,344,500
Professional and Outside Services	1,688,800	1,083,800	635,800
Travel - In State	27,300	86,000	93,000
Travel - Out of State	26,100	18,400	20,900
Other Operating Expenditures	11,382,500	11,711,900	12,716,700
Equipment	193,400	257,400	257,400
All Other Operating Expenditures	13,318,100	13,157,500	13,723,800
OPERATING SUBTOTAL	25,028,100	28,419,200	30,112,200
Risk Management Premium	12,930,500	15,889,300	7,000,900
Education and Training	15,100	-0-	-0-
Regional Area Road Fund Rent	506,500	676,500	676,500
TOTAL APPROPRIATIONS	38,480,200	44,985,000	37,789,600 ^{2/}
<u>Fund Summary</u>			
State Highway Fund	38,480,200	44,953,400	37,754,300
Air Quality Fund	-0-	31,600	35,300
TOTAL APPROPRIATIONS	38,480,200	44,985,000	37,789,600

Program Description — *The Administrative Services Division provides financial, data processing and administrative support for the department.*

FTE Positions — The approved number of FTE positions reflects the transfer of 1 FTE position to the Administrative Services Division from the Transportation Planning Division related to the distribution of monies from the Reorganization Special Line Item in the Special Support Group.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$88,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

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DEPARTMENT OF TRANSPORTATION - ADMINISTRATIVE SERVICES DIVISION (Cont'd)
STATE HIGHWAY FUND

Personal Services — The approved amount is based upon a 3% vacancy factor and \$379,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$442,900 (\$442,000 from the State Highway Fund and \$900 from the Air Quality Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes an increase of \$314,100 from distribution of the Reorganization Special Line Item in the Special Support Group.

Employee Related Expenditures — The approved amount includes an additional \$65,500 (\$65,400 from the State Highway Fund and \$100 from the Air Quality Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an increase of \$324,900 (\$321,800 from the State Highway Fund and \$3,100 from the Air Quality Fund) for adjustments and rate changes.

The approved amount also includes a total of \$1,415,100 (\$1,405,700 from the State Highway Fund and \$9,400 from the Air Quality Fund) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes an increase of \$50,300 from distribution of the Reorganization Special Line Item in the Special Support Group.

Professional and Outside Services — The approved amount includes a decrease of \$500,000 after completing 3 years of funding at \$500,000 per year and totaling \$1,500,000 to update the Tax and Revenue Group Automated Tracking System (TARGATS). The approved amount also includes an increase of \$52,000 from distribution of the Reorganization Special Line Item in the Special Support Group.

Travel - In State — The approved amount includes an increase of \$7,000 from distribution of the Reorganization Special Line Item in the Special Support Group.

Travel - Out of State — The approved amount includes an increase of \$2,500 from distribution of the Reorganization Special Line Item in the Special Support Group.

Other Operating Expenditures — The approved amount includes an increase of \$1,008,900 from distribution of the Reorganization Special Line Item in the Special Support Group and a decrease of \$7,600 for the lease of data processing equipment. The approved amount includes a total of \$500 from the Air Quality Fund for the payment of Risk Management premiums, which is a decrease of \$400. The approved amount includes a total of \$5,600 for non-capitalized equipment, which is an increase of \$3,900.

Risk Management Premium — The approved amount includes a total of \$7,000,900 for the payment of Risk Management premiums, which reflects a reduction of \$1,135,700, as authorized by Section 79 of the General Appropriation Act. This reduction is the result of a more favorable claims experience. The Department of Administration Risk Management Section reports that the Risk Management premium for the Department of Transportation is based on estimated reductions of approximately \$8,000,000 in general liability losses and \$2,000,000 in environmental liability losses from FY 1994 to FY 1995.

Education and Training — This appropriation provided funds for education and training purposes for the entire department. The Education and Training Special Line Item was transferred to the Special Support Group in FY 1994.

Regional Area Road Fund Rent — The approved amount provides rent to pay the Maricopa Regional Area Road Fund (RARF) for RARF-owned space being used by the department.

ADDITIONAL LEGISLATION

Middle Income Tax Relief Act (Chapter 41, S.B. 1120, 2nd Regular Session) — Repeals the "Usdane Shift" which required vehicle license tax receipts be deposited into the Highway User Revenue Fund (HURF) rather than the General Fund if vehicle registrations increase by 7%.

DEPARTMENT OF TRANSPORTATION - SPECIAL SUPPORT GROUP

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

STATE HIGHWAY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	54.0	72.0	72.0
Personal Services	1,943,500	2,509,600	2,791,400
Employee Related Expenditures	402,100 ^{1/}	558,400	628,400
Professional and Outside Services	164,300	185,400	320,900
Travel - In State	14,000	31,600	35,200
Travel - Out of State	9,100	18,000	33,100
Other Operating Expenditures	181,900	232,400	294,500
Equipment	24,000	11,400	41,700
All Other Operating Expenditures	393,300	478,800	725,400
OPERATING SUBTOTAL	2,738,900	3,546,800	4,145,200
Education and Training	-0-	15,800	-0-
Reorganization	-0-	2,672,800	-0-
TOTAL APPROPRIATIONS	2,738,900	6,235,400	4,145,200 ^{2/}

Program Description — *The Special Support Group includes the following functions: audit and analysis, community relations, affirmative action, and legal assistance.*

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$38,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$94,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes an increase of \$193,800 from distribution of the Reorganization Special Line Item.

Employee Related Expenditures — The approved amount includes an additional \$13,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an increase of \$25,100 for adjustments and rate changes.

The approved amount also includes a total of \$224,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes an increase of \$31,100 from distribution of the Reorganization Special Line Item.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$32,600 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF TRANSPORTATION - SPECIAL SUPPORT GROUP (Cont'd)
STATE HIGHWAY FUND

Professional and Outside Services — The approved amount includes an increase of \$135,500 from distribution of the Reorganization Special Line Item.

Travel - In State — The approved amount includes an increase of \$3,600 from distribution of the Reorganization Special Line Item.

Travel - Out of State — The approved amount includes an increase of \$15,100 from distribution of the Reorganization Special Line Item.

Other Operating Expenditures — The approved amount includes an increase of \$48,200 from distribution of the Reorganization Special Line Item. The approved amount includes a total of \$2,300 for non-capitalized equipment, which is a decrease of \$1,900. The approved amount includes an increase of \$15,800, which was moved from the Education and Training Special Line Item to join the rest of the department's expenditures for agencywide education and training.

Equipment — The approved amount includes an increase of \$30,300 for the replacement of employee development video equipment and 2 personal computers.

Education and Training — This special line item provided funds for training classes conducted for the department. It was transferred from the Administrative Services Division to the Special Support Group in FY 1994. Funding for education and training provided by this special line item was moved to the Other Operating Expenditures line of the operating budget in FY 1995 to join the rest of the department's expenditures for agencywide education and training.

Reorganization — This special line item was transferred from the Director's Staff to the Special Support Group in FY 1994. It was distributed to the following operating budgets in FY 1995: \$427,300 to the Special Support Group; \$1,434,800 to the Administrative Services Division; \$351,800 to the Highways Division; and \$458,900 to the Motor Vehicle Division.

DEPARTMENT OF TRANSPORTATION - HIGHWAYS DIVISION

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

STATE HIGHWAY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	1,894.0 ^{1/}	1,834.0 ^{1/}	875.0
Personal Services	26,844,600	27,989,600	28,046,700
Employee Related Expenditures	6,632,300 ^{2/}	6,367,200	6,831,500
Professional and Outside Services	31,800	3,500	3,500
Travel - In State	660,600	889,500	849,900
Travel - Out of State	49,500	49,500	49,500
Other Operating Expenditures	6,869,100	5,719,500 ^{3/}	6,000,500
Equipment	771,200	828,600	823,600
All Other Operating Expenditures	8,382,200	7,490,600	7,727,000
OPERATING SUBTOTAL	41,859,100	41,847,400	42,605,200
Highway Maintenance	67,903,100 ^{4/}	67,675,900 ^{5/}	-0-
Radio Communications	397,900	417,100	417,100
Traffic Control Warning Device	-0-	-0-	50,000 ^{6/}
TOTAL APPROPRIATIONS	110,160,100	109,940,400	43,072,300 ^{7/8/}

Program Description — *The Highways Division is responsible for the location, design, right-of-way acquisition and construction of new highways for the state highway system.*

FTE Positions — The approved number was reduced by 32 FTE positions due to Project SLIM and by 927 special line item FTE Positions transferred to Highway Maintenance..

Personal Services — The approved amount is based upon a 3% vacancy factor and \$858,100 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$952,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes a decrease of \$649,800 for Project SLIM recommendations, and a reduction of \$297,400 in the total salary requirement.

- ^{1/} The FTE Positions total includes 927 FTE positions funded from the Highway Maintenance Special Line Item.
- ^{2/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$627,700 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{3/} Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session appropriated \$42,137.79 for the payment of outstanding unpaid claims for utility bills, in addition to the original appropriation.
- ^{4/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$939,300 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{5/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

(Continued)

DEPARTMENT OF TRANSPORTATION - HIGHWAYS DIVISION (Cont'd)
STATE HIGHWAY FUND

Employee Related Expenditures — The approved amount includes an additional \$140,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an increase of \$522,200 for adjustments and rate changes.

The approved amount also includes a total of \$2,685,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a decrease of \$198,800 for Project SLIM recommendations.

Travel - In State — The approved amount includes a decrease of \$39,600 for Project SLIM recommendations.

Other Operating Expenditures — The approved amount includes increases of \$351,800 from distribution of the Reorganization Special Line Item in the Special Support Group and \$13,500 for Project SLIM recommendations, and a decrease of \$42,200 for the one-time supplemental appropriation to the department for FY 1994 to pay outstanding unpaid claims for utility bills. The approved amount includes \$93,200 for non-capitalized equipment.

Equipment — The approved amount includes a decrease of \$5,000 for Project SLIM recommendations.

Highway Maintenance — This special line item provides for the management and maintenance of the state highway system. Highway Maintenance is appropriated as a separate program in FY 1995.

Radio Communications — The approved amount provides for all department mobile radios. It maintains and upgrades radio station consoles in the districts and radio tower stations located on mountaintops throughout the state.

Traffic Control Warning Device — The approved amount provides for the department to test and report on intersection lights that flash amber with a green light for a few seconds before the light changes to amber (see footnote 6).

- 6/ The \$50,000 appropriated for Traffic Control Warning Device shall be for the Department of Transportation to conduct a non-traffic controlled test of a Traffic Control Warning Device for intersection lights that flash amber with a green light for a few seconds before the light changes to amber. The flashing amber light shall flash one second for each ten miles per hour of the speed limit. The test shall determine the safety of the Traffic Control Warning Device by comparing intersection clearance under this device to intersection clearance under the current standard intersection light device for all red light left-hand turns without interference from oncoming traffic and for all amber light clearance of straight-through traffic. The Department of Transportation shall capture the results of this test on film. The Department of Transportation shall submit a written report of the results of the test to the Speaker of the House of Representatives, the President of the Senate and the Chairmen of the House and Senate Transportation Committees on or before December 1, 1994. The report shall include information relating to the safety of the traffic control warning device and its effect on pollution control and insurance costs. (General Appropriation Act footnote.)
- 7/ By August 1, 1994, the Department of Transportation shall provide the Speaker of the House of Representatives, the President of the Senate and the House and Senate Chairmen of the Joint Legislative Budget Committee: (1) A current organization chart as of July 1, 1994 with names, grades, jobs, and classifications of all Highways Division personnel; (2) the disposition, status and names of those Highways Division employees currently being redeployed through any method including reduction in force, transfer, retirement and downgrading; and (3) the numbers, names and grades of those Highways Division employees who are on special assignment. (General Appropriation Act footnote.)
- 8/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

DEPARTMENT OF TRANSPORTATION - HIGHWAY MAINTENANCE

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

STATE HIGHWAY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	0.0 ^{1/}	0.0 ^{1/}	937.0
Personal Services	-0-	-0-	20,872,700
Employee Related Expenditures	-0-	-0-	6,056,000
Professional and Outside Services	-0-	-0-	68,000
Travel - In State	-0-	-0-	339,100
Other Operating Expenditures	-0-	-0-	1,718,600
Equipment	-0-	-0-	90,000
All Other Operating Expenditures	-0-	-0-	2,215,700
OPERATING SUBTOTAL	-0-	-0-	29,144,400
Central Maintenance	-0-	-0-	1,740,900
Contract Maintenance	-0-	-0-	11,321,400
Materials	-0-	-0-	12,484,400
Equipment Rentals	-0-	-0-	16,272,700
TOTAL APPROPRIATIONS	-0-	-0-	70,963,800 ^{2/3/}

Program Description — *Highway Maintenance is responsible for the management and maintenance of the state highway system.*

FTE Positions — The approved number of FTE positions was increased by 10, including an increase of 15 due to the addition of an estimated 50 lane miles of roadway and 47 landscape acres making statewide totals of 24,800 lane miles and 4,700 landscape acres. There is a decrease of 5 FTE positions due to Project SLIM.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$708,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes an increase of \$249,300 for the maintenance of additional roadway and landscaping and a decrease of \$42,600 for Project SLIM recommendations.

- ^{1/} Highway Maintenance was appropriated as a special line item in the Highways Division with 927 FTE positions.
- ^{2/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program. The line items are shown for information only.

(Continued)

DEPARTMENT OF TRANSPORTATION - HIGHWAY MAINTENANCE (Cont'd)
STATE HIGHWAY FUND

Employee Related Expenditures — The approved amount includes an additional \$105,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an increase of \$540,200 for rate changes.

The approved amount also includes a total of \$2,964,700 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes an increase of \$84,400 for the maintenance of additional roadway and landscaping and a decrease of \$22,100 for Project SLIM recommendations.

Other Operating Expenditures — The approved amount includes an increase of \$14,500 for the maintenance of additional roadway and landscaping and a decrease of \$25,500 for Project SLIM recommendations.

Central Maintenance — The approved amount provides for unscheduled maintenance contingencies, highway utilities, continuous development of the PeCoS (Performance Control System) II Highway Maintenance Management Computer Program and several other programs such as Arizona Clean and Beautiful, Equipment Operators Training, Arizona Blue Stake and an annual Maintenance Conference and Maintenance Rodeo.

Contract Maintenance — The approved amount includes an increase of \$1,318,400 for the contract maintenance of additional roadway and landscaping. Thus, 65% of the total \$2,024,100 increase for the maintenance of additional roadway and landscaping is to be contracted out. The Contract Maintenance Special Line Item includes items such as striping, signs, pavement, bank protection, tunnel tile washing, landscaping, irrigation system, mowing, rest and picnic areas, debris and litter pickup and removal, and contract administration.

Materials — The approved amount includes an increase of \$172,900 for materials for the maintenance of additional roadway and landscaping.

Equipment Rentals — The approved amount includes an increase of \$184,600 for equipment rentals for the maintenance of additional roadway and landscaping.

DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION

A.R.S. § 28-170

Larry S. Bonine, Director

JLBC Analyst: Hull

STATE AVIATION FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	33.0	33.0	33.0
Personal Services	741,100	787,100	814,800
Employee Related Expenditures	206,500 ^{1/}	199,700	224,000
Professional and Outside Services	43,900	58,600	58,600
Travel - In State	27,100	29,900	29,900
Travel - Out of State	9,100	14,400	14,400
Other Operating Expenditures	300,000	389,400	419,000
Equipment	-0-	-0-	15,000
All Other Operating Expenditures	380,100	492,300	536,900
OPERATING SUBTOTAL	1,327,700	1,479,100	1,575,700
Reimbursement to Highway Fund	7,400	30,000	30,000
TOTAL APPROPRIATIONS	1,335,100	1,509,100	1,605,700 ^{2/}

Program Description — *The Aeronautics Division registers and licenses all general aviation aircraft in the state, administers the airports development grant and airports loan programs, and operates the Grand Canyon National Park Airport.*

Personal Services — The approved amount is based upon a 1.0% vacancy factor and \$8,000 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$27,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$4,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an increase of \$20,200 for rate changes.

The approved amount also includes a total of \$103,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$10,300 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION (Cont'd)
STATE AVIATION FUND

Other Operating Expenditures — The approved amount includes a total of \$15,200 for the payment of Risk Management premiums, which includes a total decrease of \$16,800 in Risk Management premiums and reflects a reduction of \$1,600, as authorized by Section 79 of the General Appropriation Act. The approved amount includes an increase of \$46,400 for utilities at the Grand Canyon Airport.

Equipment — The approved amount includes an increase of \$15,000 for 10 replacement personal computers.

Reimbursement to Highway Fund — The approved amount provides reimbursement to the Highway Fund from the Aviation Fund for services including site inspection, audits, data processing and airport planning rendered by Highway-Funded divisions.

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	872.0	684.5	676.0
Personal Services	17,251,800	13,794,900	14,700,600
Employee Related Expenditures	4,722,900 ^{2/}	3,825,600	4,298,800
Professional and Outside Services	512,500	345,300	345,300
Travel - In State	293,600	304,200	303,400
Travel - Out of State	12,200	10,000	10,000
Other Operating Expenditures	3,701,800	3,411,000	3,438,800
Equipment	60,900	50,000	50,000
All Other Operating Expenditures	4,581,000	4,120,500	4,147,500
OPERATING SUBTOTAL	26,555,700	21,741,000	23,146,900
License Plates and Tabs	1,254,500	1,275,300	1,275,300
Medical Advisory Board	63,500	87,000	79,700
Enterprise (Drivers License/Title)	1,090,200 ^{3/}	2,200,000 ^{3/}	10,000,000 ^{3/4/5/}
Mandatory Insurance Enforcement	1,219,100	525,100	-0-
Abandoned Vehicle Fund	41,000	45,800	45,800
Mobile Home Administration	-0-	-0-	115,200 ^{6/}
TOTAL APPROPRIATIONS	30,224,000	25,874,200	34,662,900 ^{7/}
<u>Fund Summary</u>			
State Highway Fund	28,845,600	25,125,600	34,433,700
Highway User Revenue Fund	1,219,100	525,100	-0-
Air Quality Fund	20,800	-0-	-0-
Abandoned Vehicle Administration Fund	41,000	45,800	45,800
Dealer Enforcement Fund	97,500	177,700	183,400
TOTAL APPROPRIATIONS	30,224,000	25,874,200	34,662,900

1/ The FTE Positions total includes 27 FTE positions funded from certain special line items in FY 1993, 13.5 FTE positions in FY 1994, and 7 FTE positions in FY 1995.

<u>Line Item Name</u>	<u>No. of FTE Positions</u>		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Medical Advisory Board	2.0	2.0	2.0
Mandatory Insurance Enforcement	25.0	11.5	0.0
Mobile Home Administration	0.0	0.0	5.0

(Continued)

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)
OTHER APPROPRIATED FUNDS

Program Description — *The Motor Vehicle Division regulates vehicular operations within the state through the issuance and control of various permits, registrations and licenses.*

FTE Positions — The approved number of FTE positions was reduced by 8.5, including decreases of 2 for the transfer of the School Bus Safety program to the Department of Public Safety and 11.5 for Mandatory Insurance Enforcement which became entirely non-appropriated, and an increase of 5 for Mobile Home Administration which was made an appropriated program.

Personal Services — The approved amount is based upon a 3% vacancy factor and \$413,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$499,200 (\$495,900 from the State Highway Fund and \$3,300 from the Dealer Enforcement Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount includes an increase of \$373,400 from distribution of the Reorganization Special Line Item in the Special Support Group and a decrease of \$47,900 for transfer of the School Bus Safety program to the Department of Public Safety.

Employee Related Expenditures — The approved amount includes an additional \$73,900 (\$73,400 from the State Highway Fund and \$500 from the Dealer Enforcement Fund) for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and an increase of \$357,300 (\$354,700 from the State Highway Fund and \$2,600 from the Dealer Enforcement Fund) for adjustments and rate changes.

The approved amount also includes a total of \$2,053,100 (\$2,037,300 from the State Highway Fund and \$15,800 from the Dealer Enforcement Fund) for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

- 2/ Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$142,100 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 3/ This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)
- 4/ It is the intent of the Legislature that all future costs of the Enterprise Project be funded through project-related savings retained by the department. Future appropriations will only be made if shown to be clearly offset by savings that do not accrue to the department or increased revenues attributable to the project. (General Appropriation Act footnote.)
- 5/ Quarterly progress reports shall be provided to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the House of Representatives and Senate Appropriations Committees, and the Director of the Joint Legislative Budget Committee as to the effectiveness of the Enterprise Project in generating savings accruing to the department and increased revenues. The reports shall contain a comparison of projected and actual departmental savings for each enterprise project enhancement, including FTE positions saved, dollars saved and dates the savings are realized and a comparison of projected and actual increased revenues for each enterprise project enhancement, including dollar amounts and dates the increased revenues are realized.
- 6/ If legislation to subject Mobile Home Administration expenditures to appropriation is not enacted into law, \$115,200 shall revert to the State Highway Fund and 5 FTE positions shall be eliminated. (General Appropriation Act footnote as adjusted for the general salary adjustment.) Note: This legislation was enacted, therefore the funding will not revert.
- 7/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)
OTHER APPROPRIATED FUNDS

The approved amount includes an increase of \$55,400 from distribution of the Reorganization Special Line Item in the Special Support Group and a decrease of \$13,400 for transfer of the School Bus Safety program to the Department of Public Safety.

Travel - In State — The approved amount includes a decrease of \$800 for transfer of the School Bus Safety program to the Department of Public Safety.

Other Operating Expenditures — The approved amount includes a total of \$800 from the Dealer Enforcement Fund, for the payment of Risk Management premiums, which reflects a reduction of \$700. The approved amount includes an increase of \$30,100 from distribution of the Reorganization Special Line Item in the Special Support Group and a decrease of \$1,600 for transfer of the School Bus Safety program to the Department of Public Safety.

License Plates and Tabs — The approved amount provides for the purchase of license plates from Arizona Correctional Industries (Department of Corrections) and tabs from the private sector.

Medical Advisory Board — The board consists of 9 medical experts, who help the department formulate standards for mental and physiological limitations relative to drivers licensing. The board has a staff of 2 FTE positions. The approved amount is based upon a 0% vacancy factor. The approved amount for Personal Services includes: a) an additional \$1,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a decrease of \$8,100 in the total salary requirement. The approved amount for Employee Related Expenditures includes: a) an additional \$300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a decrease of \$900 for adjustments and rate changes. The approved amount includes a total of \$6,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a total of \$300 for the payment of Risk Management premiums, which reflects a reduction of \$300.

Enterprise (Drivers License/Title) — This special line item provides funds to replace 3 separate computer systems (drivers license, title and registration, and motor carrier revenue) with a single integrated computer system. The total cost of the Enterprise Project is estimated to be \$26 million with completion by the end of FY 1996. So far, \$22.5 million has been appropriated for Enterprise, leaving an estimated funding need of \$3.5 million in FY 1996. It is expected that beginning with FY 1997, on-going operating costs for Enterprise, non-major program changes and cost overruns, if any, will be paid from project-related savings accruing to the department.

Mandatory Insurance Enforcement — This special line item, in combination with the non-appropriated Motor Vehicle Liability Insurance Enforcement Fund, is used to administer the Mandatory Vehicle Liability Insurance program. No appropriation was made for FY 1995, since the estimated balance forward plus receipts in the non-appropriated fund exceeds estimated expenditures.

Abandoned Vehicle Fund — This special line item provides funds to administer the provisions of the fund, including maintaining records of abandoned vehicles, paying towing fees for vehicles on public land, and conducting sales.

Mobile Home Administration — This special line item provides funds for the department to maintain a list of outstanding delinquent personal property taxes on mobile homes and related functions involving title transfers of mobile homes. The special line item replaces the non-appropriated Mobile Home Administration Revolving Fund, which was repealed effective July 1, 1994 by Laws 1994, Chapter 2 (H.B. 2003). Chapter 2 also reduces the fee for a certificate of title for a mobile home from \$8 to \$7, of which \$4 is deposited to the Highway User Revenue Fund and \$3 to the State Highway Fund. The program has 5 FTE positions. The approved amount is based upon a 0% vacancy factor. The approved amount for Personal Services includes an additional \$2,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount for Employee Related Expenditures includes: a) an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) a total of \$15,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a total of \$800 for the payment of Risk Management premiums.

(Continued)

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)
OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

Mobile Home Fees; Fund (Chapter 2, H.B. 2003) — Repeals the non-appropriated Mobile Home Administration Revolving Fund, reduces the fee for a certificate of title for a mobile home from \$8 to \$7, of which \$4 is deposited to the Highway User Revenue Fund and \$3 to the State Highway Fund, and transfers to the State highway Fund all unexpended and unencumbered monies in the Mobile Home Administration Revolving Fund, effective July 1, 1994. The Mobile Home Administration program is a special line item in the Motor Vehicle Division's appropriated budget for FY 1995.

Automobile Financial Responsibility; Exemption; Verification (Chapter 1, H.B. 2001, 5th Special Session) — Repeals the requirement that motor vehicle owners submit insurance identification cards to register vehicles, effective from and after April 30, 1994. Requires insurers to report all cancellations, nonrenewals or new issues to the Motor Vehicle Division by electronic media in 30 days. Requires the Department of Transportation to verify compliance with state financial responsibility requirements before registering a motor vehicle. Exempts a vehicle owner who does not operate a vehicle on state highways from motor vehicle financial responsibility requirements during the period the vehicle is not in use. Repeals mandatory motor vehicle insurance statutes effective June 30, 1995.

DEPARTMENT OF TRANSPORTATION - PUBLIC TRANSIT DIVISION

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

GENERAL FUND AND AIR QUALITY FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	3.0	3.0	2.0
Personal Services	67,700	71,400	77,900
Employee Related Expenditures	14,000	18,100	21,000
Travel - In State	200	600	600
Other Operating Expenditures	1,000	2,100	1,500
All Other Operating Expenditures	1,200	2,700	2,100
OPERATING SUBTOTAL	82,900	92,200	101,000
Other Transit Planning	16,500	16,800	16,800
TOTAL APPROPRIATIONS	99,400	109,000	117,800 ^{1/2}
<u>Fund Summary</u>			
General Fund ^{2/}	62,000	69,600	75,500
Air Quality Fund	37,400	39,400	42,300
TOTAL APPROPRIATIONS	99,400	109,000	117,800

Program Description — *The Public Transit Division coordinates a variety of services on a statewide basis. Included are Federal Section 18 funds for general public transit services in rural areas; Federal Section 16(b)(2) funds for elderly and handicapped transportation; technical transit planning and training to rural public bodies and social service agencies; and urban transit projects demonstrating potential air quality benefits.*

- ^{1/} If legislation suspending the annual allocation and distribution of \$400,000 from the Air Quality Fund to the Department of Transportation provided in Section 49-551, Subsection E, Arizona Revised Statutes, is enacted into law, then 1 FTE position shall be eliminated and a total of \$42,300, including Personal Services of \$34,100, Employee Related Expenditures of \$8,200 and Other Operating Expenditures of \$0 revert to the Air Quality Fund. (General Appropriation Act footnote as adjusted for the general salary adjustment and Risk Management reduction.) Note: Such legislation did become law in the form of Chapter 353 subsequent to the passage of the General Appropriation Act, therefore the funding shall revert.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program. The line items are shown for information only.
- ^{3/} Excluding matching fund requirements, any reimbursement for expenditure of the state General Fund monies shall be deposited in the state General Fund. (General Appropriation Act footnote.)

(Continued)

DEPARTMENT OF TRANSPORTATION - PUBLIC TRANSIT DIVISION (Cont'd)
GENERAL FUND AND AIR QUALITY FUND

FTE Positions — The approved number of FTE positions was reduced from 3 to 2 by the elimination of 1 FTE position, as authorized by a footnote in Section 64 of the General Appropriation Act. The footnote requires the elimination of 1 FTE position and the reversion of \$42,300 if legislation is enacted to suspend the annual allocation of \$400,000 from the Air Quality Fund to the Department of Transportation. Such legislation did become law in the form of Chapter 353. The table reflects the elimination of the position, but not the reversion of the funding.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$1,500 from the General Fund and \$1,200 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act, and b) an increase of \$3,800 in the total salary requirement (\$3,100 in the General Fund and \$700 in the Air Quality Fund). While not reflected in the table above, a total of \$34,100 will revert to the Air Quality Fund, as authorized by a footnote in Section 64 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$200 from the General Fund and \$200 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act and a total increase of \$2,500 for adjustments and rate changes (\$1,400 from the General Fund and \$1,100 from the Air Quality Fund).

The approved amount also includes a total of \$6,300 from the General Fund and \$3,100 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. While not reflected in the table above, a total of \$8,200 will revert to the Air Quality Fund, as authorized by a footnote in Section 64 of the General Appropriation Act.

Other Operating Expenditures — The approved amount includes a total of \$300 from the General Fund for the payment of Risk Management premiums, which includes a total decrease of \$400 in Risk Management premiums (\$300 from the General Fund and \$100 from the Air Quality Fund) and reflects a reduction of \$200 from Other Appropriated Funds, as authorized by Section 79 of the General Appropriation Act. The \$200 from the Air Quality Fund due to revert under Section 64 of the General Appropriation Act was reduced to \$0 as authorized by Section 79 of the General Appropriation Act.

Other Transit Planning — The approved amount is the state's matching share for federal funds at a 4:1 ratio. It provides for the costs of non-highway public transit planning assistance to all government units in the state, specifically for non-metro area transit plans, and technical assistance for implementing transit plans. The federal grant is obtained from the Federal Transit Administration. Also included is the Rail Planning program. The federal grant is obtained from the Federal Railroad Administration.

ADDITIONAL LEGISLATION

Omnibus Alternative Fuels Bill (Chapter 353, H.B. 2575) — Reallocates \$400,000 from the Air Quality Fund to the Department of Commerce's Alternative Fuel Delivery System Development Fund for FY 1995, instead of to the Department of Transportation for public transportation pilot projects for improving air quality in the Phoenix and Tucson areas as provided by A.R.S. § 49-551E. Also requires the Department of Transportation: a) to request approval from the federal government no later than August 1, 1994, to allow alternative fuel vehicles to use high occupancy vehicle lanes, and b) to issue alternative fuel vehicle special plates if it receives such approval.

NATURAL RESOURCES

ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION

A.R.S. § 37-1121

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Estimate	FY 1994 Approved	FY 1995 Approved
Additional Appropriations - 41st Legislature, 2nd Regular Session			
State Claims to Streambeds; Ombudsman, Ch. 277	--	46,100	120,400
TOTAL APPROPRIATIONS	-0-	46,100	120,400

Agency Description — *The Arizona Navigable Stream Adjudication Commission is a 5-member body charged with determining the ownership of watercourses in the state by establishing whether or not the watercourses were navigable at the time of statehood.*

ADDITIONAL APPROPRIATIONS

State Claims to Streambeds; Ombudsman (Chapter 277, H.B. 2589) — Appropriates \$43,200 in FY 1994 and \$109,000 in FY 1995 to establish the Arizona Navigable Stream Adjudication Commission (ANSAC) as a separate agency. Previously, the commission was housed within the Land Department. The appropriation is non-lapsing through June 30, 1995. The bill also transfers the monies appropriated for travel and per diem expenses (\$2,900 in the last quarter of FY 1994; \$11,400 in FY 1995) from the Land Department to the commission. The approved amount includes a total of \$5,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The commission shall publish meeting notices for each watercourse and conduct informal adjudication hearings to allow property owners without legal representation to participate. In order for the commission to declare a watercourse navigable, the watercourse must meet the series of conditions specified in the bill. The commission shall then forward its decisions to the Legislature, which will make the final determination on navigability.

The appropriation includes monies to hire a staff attorney to assist the commission during the hearings and to defend the commission's decisions in court. It also includes money for office expenses and a clerical position to provide support services to the commission. It is the Legislature's intent that the costs be broken down as follows:

<u>ANSAC OFFICE</u>	<u>FY 1994</u>	<u>FY 1995</u>
Personal Services	\$20,800	\$82,600
Employee Related Expenditures	4,100	16,200
Travel - In State	2,700	10,600
Other Operating Expenditures	5,700	11,000
Equipment	<u>12,800</u>	<u>-0-</u>
TOTAL	<u>\$46,100</u>	<u>\$120,400</u>

COMMISSION ON THE ARIZONA ENVIRONMENT

A.R.S. § 41-121

Charlene Ledet, Executive Director

JLBC Analyst: Bock

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	3.0	3.0	3.0
Personal Services	59,800	54,100	66,400
Employee Related Expenditures	15,900	10,500	14,400
Professional and Outside Services	1,300	400	400
Travel - In State	-0-	600	600
Other Operating Expenditures	19,100	17,300	19,400
Equipment	8,300	7,000	-0-
All Other Operating Expenditures	28,700	25,300	20,400
TOTAL APPROPRIATIONS	104,400	89,900	101,200 ^{1/}

Agency Description — *This 11-member commission, with its 100-member advisory council, recommends policy options to state policy-makers on environmental issues. Supported by its staff, the commission sponsors workshops and educational programs, and assists in multi-agency special projects.*

Personal Services — The approved amount is based upon \$9,000 in vacancy savings. Before FY 1994, full funding was authorized for all 3 FTE staff positions. For FY 1994, the Legislature appropriated General Fund monies sufficient for 2 FTE positions, but authorized 3 FTE positions in the event that the agency were able to pay non-staff-related operating expenses from its Revolving Fund. For FY 1995, the Legislature appropriated General Fund monies sufficient for 2.5 FTE positions. The Personal Services amount includes an additional \$10,000 to fund this 0.5 FTE position. The remaining 0.5 FTE position may be funded by the Commission's Revolving Fund at the Commission's discretion. The approved amount includes an additional \$2,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriations Act.

The approved amount also includes a total of \$4,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The amount also includes an additional \$2,600 to fund the added 0.5 FTE position.

Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$14,000 for rent of state-owned space.

Equipment — The \$7,000 used in FY 1994 to purchase a replacement photocopier is eliminated.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

ARIZONA GAME AND FISH DEPARTMENT - SUMMARY

A.R.S. § 17-201

Duane Schroufe, Director

JLBC Analyst: Headley

OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administrative and Field Services	14,472,000	15,103,100	15,675,600
Watercraft	1,343,400	1,350,200	1,393,700
Non-Game Wildlife	230,200	265,500	271,500
TOTAL APPROPRIATIONS	16,045,600	16,718,800	17,340,800
<u>Expenditure Detail</u>			
FTE Positions	271.5	271.5	271.5
Personal Services	6,563,300	7,085,100	7,333,800
Employee Related Expenditures	2,790,800	2,312,500	2,459,100
Professional and Outside Services	223,700	234,600	234,600
Travel - In State	241,300	265,900	265,900
Travel - Out of State	31,300	30,700	30,700
Other Operating Expenditures	3,188,600	3,562,500	3,476,200
Equipment	659,700	720,000	720,000
All Other Operating Expenditures	4,344,600	4,813,700	4,727,400
OPERATING SUBTOTAL	13,698,700	14,211,300	14,520,300
Special Line Items ^{1/}	2,346,900	2,507,500	2,820,500
TOTAL APPROPRIATIONS	16,045,600	16,718,800	17,340,800
<u>Fund Summary</u>			
Game and Fish Fund	14,209,200	14,802,200	15,371,400
Watercraft Licensing Fund	1,343,400	1,350,200	1,393,700
Game, Non-Game, Fish and Endangered Species Fund	230,200	265,500	271,500
Capital Improvement Fund	237,000	257,400	260,700
Waterfowl Conservation Fund	25,800	43,500	43,500
TOTAL APPROPRIATIONS	16,045,600	16,718,800	17,340,800 ^{2/}

^{1/} Details for the Special Line Items are included on the individual program pages.

^{2/} Represents General Appropriation Act funds. Appropriation format varies by program.

(Continued)

ARIZONA GAME AND FISH DEPARTMENT - SUMMARY (Cont'd)
GAME AND FISH FUND AND OTHER APPROPRIATED FUNDS

Agency Description — *The Game and Fish Department manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development. The department is also responsible for watercraft registration and boater safety programs. A 5 member board appointed by the Governor oversees department operations and provides policy direction for the director. Other functions of the department include the operation of fish hatcheries, conducting the annual lottery draw for hunting tags, and implementing the off-highway vehicle program.*

Personal Services — The approved amount includes an additional \$248,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$53,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$812,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$196,200 for the payment of Risk Management premiums, which reflects a reduction of \$31,800, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$13,200 for rent of state-owned space.

CAPITAL OUTLAY

Capital Outlay Appropriations (Chapter 2, H.B. 2002, 8th Special Session) — Makes appropriations totalling \$409,800 for the following purposes:

• Section 1(F), for Building Renewal from the Game and Fish Fund	\$ 109,800
• Section 2(E), for:	
1) Deer Valley North Offices, from the Capital Improvement Fund	100,000
2) Facilities repair and maintenance, from the Game and Fish Fund	30,000
3) Shooting range development, from the Game and Fish Fund	10,000
4) Migratory waterfowl habitat, from the Waterfowl Conservation Fund	<u>160,000</u>
 Total, Capital Outlay Appropriations	 <u>\$ 409,800</u>

ARIZONA GAME AND FISH DEPARTMENT - ADMINISTRATIVE AND FIELD SERVICES A.R.S. § 17-201

Duane Schroufe, Director

JLBC Analyst: Headley

GAME AND FISH FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	241.5	241.5	241.5
Personal Services	6,059,100	6,501,400	6,729,500
Employee Related Expenditures	2,598,900	2,143,600	2,261,300
Professional and Outside Services	169,700	160,000	160,000
Travel - State	220,000	238,600	238,600
Travel - Out of State	24,800	19,600	19,600
Other Operating Expenditures	2,816,500	3,143,100	3,056,800
Equipment	605,100	720,000	720,000
All Other Operating Expenditures	3,836,100	4,281,300	4,195,000
OPERATING SUBTOTAL	12,494,100	12,926,300	13,185,800
Cooperative Wildlife and Fish Research	30,000	40,000	40,000 ^{1/}
Pittman-Robertson/Dingell-Johnson Act	1,685,100	1,835,900	2,145,600 ^{1/}
Regional Field Offices Lease-Purchase	237,000	257,400	260,700
Waterfowl Conservation	25,800	43,500	43,500
TOTAL APPROPRIATIONS	14,472,000	15,103,100	15,675,600
<u>Fund Summary</u>			
Game and Fish Fund	14,209,200	14,802,200	15,371,400
Capital Improvement Fund	237,000	257,400	260,700
Waterfowl Conservation Fund	25,800	43,500	43,500
TOTAL APPROPRIATIONS	14,472,000	15,103,100	15,675,600 ^{2/}

Program Description — *The Administrative and Field Service program encompasses the major Game and Fish Department functions, such as wildlife management, wildlife law enforcement, habitat development and protection, and general agency administration. This program also supports 6 regional Game and Fish offices. Other activities include the production of a variety of wildlife publications, operation of fish hatcheries, and wildlife research.*

^{1/} Any part of this appropriation of \$40,000 for cooperative wildlife and fish research and \$2,145,600 for Pittman-Robertson/Dingell-Johnson Act may be used for the purpose of matching federal and apportionment funds. (General Appropriation Act footnote.)

^{2/} Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum for the Program. The line items within "All Other Operating Expenditures" are shown for information only.

(Continued)

ARIZONA GAME AND FISH DEPARTMENT - ADMINISTRATIVE AND FIELD SERVICES (Cont'd)
GAME AND FISH FUND AND OTHER APPROPRIATED FUNDS

Personal Services — The approved amount is based upon a 2% vacancy factor and \$132,700 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$228,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$49,500 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$721,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$196,200 for the payment of Risk Management premiums, which reflects a reduction of \$31,800, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$13,200 for rent of state-owned space.

Cooperative Wildlife and Fish Research — This appropriation provides funding for ongoing wildlife and conservation research projects conducted with the University of Arizona.

Pittman-Robertson/Dingell-Johnson Act — These funds provide the state's 25% match for federal wildlife restoration and sport fishing projects.

Regional Field Offices Lease-Purchase — This appropriation provides the department's lease-purchase payment for regional field offices in Kingman, Yuma, and Flagstaff.

Waterfowl Conservation — This appropriation is used to facilitate purchases of waterfowl habitat with Waterfowl Conservation Fund monies. Funding is also used to contract with an artist to provide art work for the annual duck stamp, and to market this art work.

ARIZONA GAME AND FISH DEPARTMENT - WATERCRAFT

A.R.S. § 17-201

Duane Schroufe, Director

JLBC Analyst: Headley

WATERCRAFT LICENSING FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	26.0	26.0	26.0
Personal Services	423,900	477,000	493,800
Employee Related Expenditures	163,100	141,700	168,400
Professional and Outside Services	21,800	44,600	44,600
Travel - In State	18,400	19,900	19,900
Travel - Out of State	4,000	4,500	4,500
Other Operating Expenditures	301,700	341,800	341,800
Equipment	51,500	-0-	-0-
All Other Operating Expenditures	397,400	410,800	410,800
OPERATING SUBTOTAL	984,400	1,029,500	1,073,000
Reimbursement to Game and Fish Fund	359,000	320,700	320,700
TOTAL APPROPRIATIONS	1,343,400	1,350,200	1,393,700 ^{1/}

Program Description — *The Watercraft program is responsible for boat registration and the enforcement of boating safety laws.*

Personal Services — The approved amount is based upon a 1% vacancy factor and \$4,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$16,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$3,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$78,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Reimbursement to Game and Fish Fund — The approved amount is used to reimburse the Game & Fish Fund for functions performed by the Administrative and Field Services program on behalf of the Watercraft program.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

ARIZONA GAME AND FISH DEPARTMENT - NON-GAME WILDLIFE

A.R.S. § 17-201

Duane Schroufe, Director

JLBC Analyst: Headley

GAME, NON-GAME, FISH AND ENDANGERED SPECIES FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	4.0	4.0	4.0
Personal Services	80,300	106,700	110,500
Employee Related Expenditures	28,800	27,200	29,400
Professional and Outside Services	32,200	30,000	30,000
Travel - In State	2,900	7,400	7,400
Travel - Out of State	2,500	6,600	6,600
Other Operating Expenditures	70,400	77,600	77,600
Equipment	3,100	-0-	-0-
All Other Operating Expenditures	111,100	121,600	121,600
OPERATING SUBTOTAL	220,200	255,500	261,500
Cost Transfer	10,000	10,000	10,000
TOTAL APPROPRIATIONS	230,200	265,500	271,500 ^{1/}

Program Description — *The Non-Game Wildlife program conducts research on non-game wildlife, endangered species, and related habitat for use in the department's management plan for these wildlife.*

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$12,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Cost Transfer — This appropriation is used to reimburse the Game and Fish Fund for functions performed by the Administrative and Field Services program on behalf of the Non-Game Wildlife program.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum for the Program with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

ARIZONA GEOLOGICAL SURVEY

A.R.S. § 27-151

Larry D. Fellows, State Geologist

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	14.3	13.3	13.3
Personal Services	393,800	389,000	402,700
Employee Related Expenditures	91,300	89,300	84,500
Travel - In State	8,600	12,400	12,400
Travel - Out of State	3,300	2,000	2,000
Other Operating Expenditures	125,600	117,400	124,300
Equipment	-0-	3,100	-0-
All Other Operating Expenditures	137,500	134,900	138,700
TOTAL APPROPRIATIONS	622,600	613,200	625,900 ^{1/}

Agency Description — The Geological Survey investigates Arizona's geology and regulates the drilling and production of oil, gas, and other energy resources. The Survey also provides technical advice and assistance to state and local government agencies, industry, and other members of the public concerning the geologic environment and the development and use of mineral resources in Arizona.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$13,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$1,900 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$28,000 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$2,700 for the payment of Risk Management premiums, which reflects a reduction of \$400, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$76,800 for rent of private office and state-owned storage space.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

STATE LAND DEPARTMENT

A.R.S. § 37-102

M. J. Hassell, Land Commissioner

JLBC Analyst: Reddy

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	157.0	154.0	156.0
Personal Services	4,394,300	4,415,700	4,638,000
Employee Related Expenditures	991,500	915,200	1,028,800
Professional and Outside Services	421,300	476,600	436,600
Travel - In State	191,100	201,000	201,300
Travel - Out of State	7,300	2,200	2,200
Other Operating Expenditures	1,285,700	2,407,500	1,962,600
Equipment	158,800	63,800	101,400
All Other Operating Expenditures	2,064,200	3,151,100	2,704,100
OPERATING SUBTOTAL	7,450,000	8,482,000	8,370,900
Streambed Ownership	200,000	190,300 ^{2/}	183,600 ^{2/}
Litigation Expenses	23,200	20,000	20,000
Legal Advertising	11,000	30,000	30,000
CAP User Fees	78,000	78,100	778,800
Water Rights Filing Fees	16,800	6,500	6,500
Water Litigation	36,000	27,600	36,800
Illegal Dump Supervision	23,100	50,000	50,000
Natural Resource Conservation Districts	128,000	150,000	320,000
NRCDD Model Demonstration Project	-0-	-0-	80,000
Conservation Education	30,000	30,000	30,000
Board of Appeals	7,900	16,400	16,400
Legal Assistance	-0-	-0-	200,000
Irrigation District Assessments	-0-	1,800,000	-0-
TOTAL	8,004,000	10,880,900 ^{2/}	10,123,000 ^{2/3/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
State Land Grazing Fees, Ch. 171	--	--	100,000
TOTAL APPROPRIATIONS	8,004,000	10,880,900	10,223,000

^{1/} The FTE Positions total includes 3 FTE positions funded from certain special line items in FY 1993, 2 in FY 1994 and 2 in FY 1995.

^{2/} The amount shown reflects a reduction of \$2,900 in FY 1994 and \$11,400 in FY 1995 made by Laws 1994, Chapter 277. This amount was transferred to the Arizona Navigable Stream Adjudication Commission for the travel and per diem costs of commission members.

^{3/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The line items within the "Operating Subtotal" are shown for information only.

(Continued)

STATE LAND DEPARTMENT (Cont'd)
GENERAL FUND

Agency Description — *The agency manages the state's 9.5 million acres of trust land on behalf of its 14 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from the operators of 2 copper mines on state land.*

FTE Positions — The approved amount includes 1 FTE position and a \$40,000 transfer from Professional and Outside Services to fund a project leader for the department's Parcel and Land Mapping System (PALMS) section. The approved amount provides only \$39,700 (\$31,900 in Personal Services; \$7,000 in Employee Related Expenditures; and \$800 in Other Operating Expenditures) to fund the position, resulting in a \$300 reduction to the base budget. The approved amount also includes 1 FTE position and \$44,400 (\$34,000 in Personal Services; \$7,200 in Employee Related Expenditures; \$300 in Travel - In State; and \$2,900 in Other Operating Expenditures) to hire an attorney to perform basic legal research. However, the department did not receive the statutory authority from the Legislature necessary to hire an outside attorney.

Personal Services — The approved amount is based upon a 2% vacancy factor and \$91,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$158,800 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$21,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$414,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes a transfer of \$40,000 to fund the PALMS project leader. Previously, the monies funded a consultant who served as the project leader.

Other Operating Expenditures — The approved amount includes: a) a total of \$602,500 for the payment of Risk Management premiums, which reflects a total reduction of \$471,800, including a reduction of \$97,500, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$509,800 for rent (\$454,600 for state-owned space and \$55,200 for private space), a reduction of \$6,600.

The amount includes \$51,400 in non-capitalized equipment, an increase of \$29,800, to fund the purchase of computer terminals, printers, software, and miscellaneous office equipment and furniture.

Equipment — The approved amount includes a \$37,600 increase in order to provide funding for the following replacement equipment: 6 microcomputers, 3 laser printers, 1 fax machine, 1 data projector, 1 digitizer, 1 copier, 1 document shredder, 1 pickup truck, and carpeting.

Streambed Ownership — This appropriation provides funding for 1 Water Resources Engineer to research and determine ownership of watercourses in Arizona.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,200 for the general salary adjustment (\$1,100 in Personal Services; \$100 in Employee Related Expenditures), as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$2,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Litigation Expenses — This appropriation funds some expenses related to department litigation, including opposing attorneys' fees, expert witnesses, and travel expenses.

(Continued)

STATE LAND DEPARTMENT (Cont'd)
GENERAL FUND

Legal Advertising — The department is required to advertise sales of long-term leases of Trust property. These advertising costs are paid by the successful bidder. This appropriation pays advertising expenses when a sale or lease fails to attract a successful bidder.

CAP User Fees — When the department received its 39,006 acre-foot allocation of Central Arizona Project (CAP) water, it entered into a 50-year subcontract with the Central Arizona Water Conservation District to repay construction costs associated with the project. The approved amount includes an increase of \$700,700 for the FY 1995 CAP payment. The charge will rise from \$21 per acre-foot in FY 1995 to \$30 per acre-foot in FY 1996, peaking at \$54 per acre-foot in FY 2000.

Water Rights Filing Fees — The appropriation funds the costs of filing and claiming water sources on newly acquired state land.

Water Litigation — This appropriation funds 1 Water Resources Specialist position to research and file Trust Land water rights. The approved amount includes an additional \$7,500 (\$6,200 in Personal Services; \$1,300 in Employee Related Expenditures) to fully fund the position.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,100 for the general salary adjustment (\$1,000 in Personal Services; \$100 in Employee Related Expenditures), as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$2,800 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Illegal Dump Supervision — The department uses this appropriation to clear Trust Lands of unsightly or dangerous material.

Natural Resource Conservation Districts (NRCs) — Thirty-two NRCs serve as vehicles for the U.S. Soil Conservation Service to provide technical assistance primarily to farmers and ranchers. The approved amount includes an increase of \$170,000, which provides \$10,000 per district, the statutory limit.

NRC Model Demonstration Project — The approved amount includes \$80,000 to fund a special project undertaken by the Pima-Santa Cruz and San Pedro NRCs.

Conservation Education — The approved amount provides approximately \$4,300 to each of the 7 Conservation Education Centers in Arizona for conservation instruction. This appropriation may be matched by school districts and other sources.

Board of Appeals — The 5 members of this board, appointed by the Governor, approve land sales and long-term leases of Trust Lands and hear appeals of appraisals. The approved amount provides board member per diem, travel expenses, and contract appraisals.

Legal Assistance — The approved amount includes an additional \$200,000 to contract with the Attorney General for additional legal assistance in cases involving the sales and leases of its urban lands.

Irrigation District Assessments — Laws 1993, Chapter 169 approved a one-time appropriation of \$1,800,000 to the department to pay delinquent CAP assessments owed by lessees of state trust land. As the landowner, the department had guaranteed payment of these assessments, subject to legislative appropriation.

ADDITIONAL APPROPRIATIONS

State Land Grazing Fees (Chapter 171, S.B. 1436) — Authorizes the Governor to appoint a Grazing Land Valuation Commission prior to September 1, 1994, and at other times as the State Land Commissioner proposes, but not more than once every 5 years. The commission shall consist of 5 members and convene for a 1-year period. The legislation contains a \$100,000 appropriation to pay the expenses of the commission members.

(Continued)

STATE LAND DEPARTMENT (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

State Claims to Streambeds; Ombudsman (Chapter 277, H.B. 2589) — Appropriates \$43,200 in FY 1994 and \$109,000 in FY 1995 to establish the Arizona Navigable Stream Adjudication Commission (ANSAC) as a separate agency. ANSAC is currently housed within the Land Department. The legislation transfers the resources currently allocated to the Land Department for the commission's travel and per diem expenses (\$2,900 in FY 1994 and \$11,400 in FY 1995) to ANSAC. The appropriation is non-lapsing through June 30, 1995. The legislation also creates an Ombudsman's Office within the Legislative Council to represent the interests of private property owners concerning streambed ownership and other constitutional takings.

State Forester; Fire Suppression (Chapter 151, S.B. 1300) — Creates a Fire Suppression Fund for federal, state, local, and private monies to reimburse the department for expenses incurred while fighting fires on wild lands. Wild lands are statutorily defined as state lands, lands outside incorporated municipalities, and other lands inside and outside the state covered by cooperative agreements. These monies are continuously appropriated to the department. If the unobligated fund balance exceeds \$600,000 at the end of any fiscal year, the department shall transfer the excess to the General Fund.

Appropriations Adjustments; 1993-1994 Fiscal Year (Chapter 6, H.B. 2006, 8th Special Session) — The department is authorized to expend \$1,000,000 annually to fight fires on wild lands. This bill authorizes the department to use an additional \$1,720,600 to pay prior year claims and any additional costs incurred fighting fires through June 30, 1994.

DEPARTMENT OF MINES AND MINERAL RESOURCES

A.R.S. § 27-101

H. Mason Coggin, Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	<u>7.0</u>	<u>7.0</u>	<u>8.0</u>
Personal Services	<u>219,900</u>	<u>222,600</u>	<u>254,400</u>
Employee Related Expenditures	<u>47,100</u>	<u>44,600</u>	<u>58,200</u>
Travel - In State	1,200	4,300	4,800
Travel - Out of State	500	-0-	500
Other Operating Expenditures	336,700	336,100	335,300
Equipment	<u>3,300</u>	<u>-0-</u>	<u>7,100</u>
All Other Operating Expenditures	<u>341,700</u>	<u>340,400</u>	<u>347,700</u>
TOTAL APPROPRIATIONS	<u>608,700</u>	<u>607,600</u>	<u>660,300</u> ^{1/}

Agency Description — *The department promotes the development of the state's mineral resources by providing technical and educational assistance and information to the mining and mineral industry and the general public. The department also operates the Mining and Mineral Museum, which is the official repository for the identification, cataloging and displaying of mineral specimens, ores, gemstones and lapidary material found in the state.*

FTE Positions — The approved amount includes an additional Museum Education Curator FTE position and \$33,500 to manage the education program and activities of the Mining and Mineral Museum.

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$8,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$23,200 related to the Museum Education position.

Employee Related Expenditures — The approved amount includes an additional \$1,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$6,100 related to the Museum Education position.

The approved amount also includes a total of \$22,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State — The approved amount includes an additional \$500 related to the Museum Education position.

Travel - Out of State — The approved amount includes an additional \$500 related to the Museum Education position.

^{1/} Represents General Appropriation Act funds. Appropriated as a Lump Sum by Agency. The line items are shown for information only.

(Continued)

DEPARTMENT OF MINES AND MINERAL RESOURCES (Cont'd)
GENERAL FUND

Other Operating Expenditures — The approved amount includes: a) a total of \$900 for the payment of Risk Management premiums, which reflects a reduction of \$100, as authorized by Section 79 of the General Appropriation Act, and b) a total of \$318,000 for rent of state-owned space. The approved amount also includes an additional \$1,200 for the new FTE position.

Equipment — The approved amount includes funding for 1 photocopy machine and 1 computer.

ARIZONA STATE PARKS BOARD

A.R.S. § 41-511

Ken Travous, Executive Director

JLBC Analyst: Headley

GENERAL FUND AND OTHER APPROPRIATED FUNDS	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	179.5	178.5	178.5
Personal Services	3,828,800	4,252,200	4,377,300
Employee Related Expenditures	1,066,900	1,072,700	1,160,900
Professional and Outside Services	26,000	15,100	41,300
Travel - In State	92,500	73,300	73,300
Travel - Out of State	9,900	4,100	4,100
Other Operating Expenditures	1,489,900	1,843,700	1,781,700
Equipment	165,800	132,200	132,200
All Other Operating Expenditures	1,784,100	2,068,400	2,032,600
OPERATING SUBTOTAL	6,679,800	7,393,300	7,570,800
Arizona Conservation Corps	276,100	240,400	436,900 ^{2/}
Law Enforcement and Boating Safety	773,200	600,000	600,000 ^{3/}
State Trust Land Leases	156,800	164,600	169,500
TOTAL APPROPRIATIONS	7,885,900	8,398,300	8,777,200 ^{4/}
<u>Fund Summary</u>			
General Fund	4,521,900	4,979,000	6,534,800 ^{5/}
State Parks Enhancement Fund	1,444,800	1,588,100	1,627,400 ^{5/}
State Lake Improvement Fund	1,146,000	1,231,200	-0-
Law Enforcement and Boating Safety Fund	773,200	600,000	600,000
Reservation Surcharge Revolving Fund	-0-	-0-	15,000
TOTAL APPROPRIATIONS	7,885,900	8,398,300 ^{6/}	8,777,200

Agency Description — *The State Parks Board is responsible for managing the state parks system, which include recreational parks, historical parks, and natural areas. The Parks Board consists of 7 members appointed by the Governor. Major functions of the Parks Board, through its staff, include the maintenance and development of existing parks, new parks acquisitions, statewide recreational planning, historic preservation, and the administration of the Heritage Fund grants program and other grants programs providing funds for local and regional projects.*

^{1/} The FTE positions total includes 4 FTE positions funded from the Arizona Conservation Corps Special Line Item in FY 1993, and 3 FTE positions in FY 1994 and FY 1995.

^{2/} Monies appropriated for the Arizona Conservation Corps program shall be placed in the Arizona Conservation Corps Fund authorized by section 41-519.05, Arizona Revised Statutes. Expenditures from the Arizona Conservation Corps Fund may be reimbursed by federal, state, local, and other sources to accomplish the Arizona Conservation Corps program objectives stated in section 41-519, Arizona Revised Statutes. (General Appropriation Act footnote.)

(Continued)

ARIZONA STATE PARKS BOARD (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services — The approved amount is based upon a 2.2% vacancy factor and \$85,000 in vacancy savings from the General Fund and \$9,200 in vacancy savings from Other Appropriated Funds. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$116,500 from the General Fund and \$32,200 from Other Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$16,700 from the General Fund and \$4,600 from Other Appropriated Funds for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$408,400 from the General Fund and \$114,600 from Other Appropriated Funds for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services — The approved amount includes an additional \$16,000 from the General Fund for water quality testing, and an additional \$7,000 from the General Fund for peace officer medical exams and immunizations for parks staff at risk of exposure to Hepatitis B. The approved amount also includes a \$3,200 appropriation from the Reservation Surcharge Revolving Fund to allow State Parks to begin implementing the campground reservation system authorized in Laws 1993, Chapter 214.

Other Operating Expenditures — The approved amount includes a total of \$92,800 from the General Fund and \$29,800 from Other Appropriated Funds for the payment of Risk Management premiums. These amounts reflect a reduction of \$15,000 from the General Fund and \$4,800 from Other Appropriated Funds, as authorized under Section 79 of the General Appropriation Act.

The approved amount also includes a total of \$83,500 from the General Fund and \$19,500 from Other Appropriated Funds for rent of state-owned space. The approved amount also includes an appropriation of \$11,800 from the Reservation Surcharge Revolving Fund for the campground reservation system.

Arizona Conservation Corps — Created by Laws 1989, Chapter 287, the Arizona Conservation Corps (ACC) is directed by a 9 member commission consisting of the State Superintendent of Public Instruction, the State Land Commissioner, the State Parks Board Director, and 6 other members appointed by the Governor. The ACC Commission is a distinct entity with statutory responsibilities under A.R.S. § 41-519.01, but is located administratively within the State Parks Board. Operating expenses of the Commission are paid from the ACC Fund, which is administered by the State Parks Board. The mission of ACC is to provide employment, education, and personal development opportunities to young men and women between the ages of 14 and 25. Private or public agency sponsors provide work projects and pay corps member salaries. The General Fund appropriation to ACC funds 3 full time administrative positions and operating expenses.

- 3/ The appropriation for Law Enforcement and Boating Safety is an estimate representing all monies distributed to this fund during fiscal year 1994-1995. These monies are appropriated to the Arizona State Parks Board for the purposes established in section 5-383, Arizona Revised Statutes. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Law Enforcement and Boating Safety Fund (General Appropriation Act footnote.)
- 4/ Represents General Appropriation Act funds. Appropriated as a Modified Lump Sum by Agency with Special Line Items. The items within "All Other Operating Expenditures" are shown for information only.
- 5/ The state General Fund appropriation shall be reduced by any amount that deposits to the State Parks Enhancement Fund exceed \$3,190,800 in fiscal year 1994-1995, up to a total reduction of \$336,500. The appropriation from the State Parks Enhancement Fund shall be increased by any amount that deposits to the State Parks Enhancement Fund exceed \$3,190,800 in fiscal year 1994-1995, up to a total increase of \$336,500. The Department of Administration shall allocate these adjustments. (General Appropriation Act footnote.)
- 6/ The expenditure detail for FY 1994 includes a General Fund supplemental appropriation of \$336,500, authorized by Laws 1994, Chapter 6 (H.B. 2006), 8th Special Session.

(Continued)

ARIZONA STATE PARKS BOARD (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The FY 1995 appropriation reflects a one-time General Fund appropriation of \$200,000 to allow ACC to expand its administrative capacity to apply for and manage significant new federal grant funding, mostly from the federal Department of Housing and Urban Development (HUD). ACC plans to add several administrative positions that would be transitioned to grant funding by FY 1996.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$4,600 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes a total of \$9,200 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes a total of \$12,600 for the payment of Risk Management premiums, which reflects a reduction of \$2,100, as authorized by Section 79 of the General Appropriation Act.

Law Enforcement and Boating Safety — Provides grants from the Law Enforcement and Boating Safety Fund to county governments for boating safety personnel and boating law enforcement equipment and activities. Grant applications are reviewed by the Arizona Outdoor Recreation Coordinating Committee and approved by the State Parks Board.

State Trust Land Leases — This appropriation provides lease payments as determined by the State Land Department for the following state parks located on State Trust lands: Buckskin, Homolovi, Lyman Lake, Patagonia, and Picacho.

Fund Source Detail

The following provides the allocation of the FY 1995 General Fund and Other Funds appropriations among the expenditure line items. Pursuant to Laws 1991, Chapter 291, a portion of the State Lake Improvement Fund is not subject to appropriation after July 1, 1994. The FY 1995 appropriation reflects the restoration of General Fund monies in place of State Lake Improvement Fund appropriations.

	General Fund	Enhancement Fund	Law Enforcement and Boating Safety Fund	Reservation Surcharge Revolving Fund
FTE Positions	140.5	38.0	0.0	0.0
Personal Services	\$3,429,500	\$ 947,800	\$ -0-	\$ -0-
Employee Related Expenditures	904,500	256,400	-0-	-0-
Professional and Outside Services	32,200	5,900	-0-	3,200
Travel - In State	64,000	9,300	-0-	-0-
Travel - Out of State	4,100	-0-	-0-	-0-
Other Operating Expenditures	1,386,300	383,600	-0-	11,800
Equipment	107,800	24,400	-0-	-0-
All Other Operating Expenditures	\$1,594,400	\$ 423,200	\$ -0-	\$15,000
OPERATING SUBTOTAL	\$5,928,400	\$1,627,400	\$ -0-	\$15,000
Arizona Conservation Corps	436,900	-0-	-0-	-0-
Law Enforcement and Boating Safety	-0-	-0-	600,000	-0-
State Trust Land Leases	169,500	-0-	-0-	-0-
TOTAL APPROPRIATIONS	\$6,534,800	\$1,627,400	\$600,000	\$15,000

(Continued)

ARIZONA STATE PARKS BOARD (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

Public Finances; Omnibus Budget Reconciliation (Chapter 5, H.B. 2005, 8th Special Session) — Section 8 allows for all receipts deposited to the State Parks Enhancement Fund in excess of \$3,190,800, up to total excess of \$336,500, to be available for appropriation for the operation of state parks.

DEPARTMENT OF WATER RESOURCES - SUMMARY

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
<u>Program Summary</u>			
Administration	3,843,400	4,117,500	4,299,600
Engineering	4,109,100	4,442,600	4,847,000
Water Management	3,022,000	3,102,400	7,392,200
TOTAL APPROPRIATIONS	10,974,500	11,662,500	16,538,800
<u>Expenditure Detail</u>			
FTE Positions ^{1/}	210.7	210.7	214.7
Personal Services	6,187,800	6,447,200	6,746,000
Employee Related Expenditures	1,419,700	1,376,100	1,500,200
Professional and Outside Services	192,400	342,800	342,800
Travel - In State	197,100	251,500	251,500
Travel - Out of State	27,800	34,700	34,700
Other Operating Expenditures	2,334,300	2,738,300	2,656,900
Equipment	291,900	9,000	9,000
All Other Operating Expenditures	3,043,500	3,376,300	3,294,900
OPERATING SUBTOTAL	10,651,000	11,199,600	11,541,100
Special Line Items ^{2/}	323,500	462,900	577,700
Additional Appropriations ^{2/}	-0-	-0-	4,420,000
TOTAL APPROPRIATIONS	10,974,500 ^{3/}	11,662,500	16,538,800 ^{4/}

Agency Description — *The department administers and enforces Arizona's groundwater code, administers surface water rights laws, and represents Arizona's water rights with the federal government. These activities are to assure a long-term dependable water supply in the state. The department also inspects dams and participates in flood control planning to prevent property damage, personal injury, and loss of life. In support of these activities, it collects and analyzes data on water levels and on water-quality characteristics.*

- 1/ The FTE Positions total includes 3 FTE positions funded from the AMA Support Special Line Item in FY 1995.
- 2/ Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- 3/ In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$122,300 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations. Four FTE positions were also eliminated.
- 4/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF WATER RESOURCES - SUMMARY (Cont'd)
GENERAL FUND

FTE Positions — The approved amount includes 1 new Deputy Administrator FTE position and \$82,200 to assist the Director in the Administration Division, and 3 new FTE positions related to the newly-created AMA Special Line Item in the Water Management Division.

Reorganization of the agency shifted 4 FTE positions in FY 1994. Agencywide, there was a zero net change in FTE Positions, Personal Services, and Employee Related Expenditures related to this reorganization. The Program Analyst II and Program Analyst III FTE positions moved from Administration into Water Management; an Attorney III FTE position moved from Engineering into Administration; and, a Deputy Director FTE position moved from Engineering into Water Management.

Personal Services — The approved amount is based upon a 1.4% vacancy factor and \$91,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$229,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$70,000 related to the new Deputy Administrator position.

Employee Related Expenditures — The approved amount includes an additional \$31,300 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$12,200 related to the new Deputy Administrator position.

The approved amount also includes a total of \$578,400 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$127,400 for the payment of Risk Management premiums, which reflects a reduction of \$20,600, as authorized by Section 79 of the General Appropriation Act, b) a total of \$87,000 for the Tucson State Office Building lease-purchase payment, c) an increase of \$910,000 for rent of privately owned office space, and d) the elimination of \$878,100 for the Capital Center Building lease-purchase payment as the department is moving from the Capital Center Building into private space.

CAPITAL OUTLAY

Supplemental Capital Outlay Bill (Chapter 7, H.B. 2007, 8th Special Session) — Appropriates \$620,000 from the General Fund and \$225,000 from the Capital Outlay Stabilization Fund to the Department of Administration (DOA) for moving costs and tenant improvements associated with the relocation of the Department of Water Resources (DWR). Before the release of any monies, the bill requires DOA and DWR to present an expenditure plan for tenant improvements to the Joint Committee on Capital Review for review.

DEPARTMENT OF WATER RESOURCES - ADMINISTRATION

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	43.5	42.5	43.5
Personal Services	1,401,000	1,437,800	1,560,100
Employee Related Expenditures	298,000	297,200	330,500
Professional and Outside Services	79,900	117,300	117,300
Travel - In State	11,300	14,500	14,500
Travel - Out of State	12,900	12,000	12,000
Other Operating Expenditures	1,918,000	2,238,700	2,155,200
Equipment	122,300	-0-	-0-
All Other Operating Expenditures	2,144,400	2,382,500	2,299,000
OPERATING SUBTOTAL	3,843,400 ^{1/}	4,117,500	4,189,600 ^{2/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
CAP: Arizona Water Protection Fund, Ch. 278	--	--	110,000
TOTAL APPROPRIATIONS	3,843,400	4,117,500	4,299,600

Program Description — *This division includes the department's executive management and central business functions. It also operates the department's computer system, and it includes a legal staff to support the department's water rights allocation and water law enforcement activities.*

FTE Positions — The approved amount includes 1 new Deputy Administrator FTE position and \$82,200 to assist the Director with the day-to-day activities of the agency. Also, agency reorganization has resulted in the net loss of 1 FTE position from the Administration Division in FY 1994.

Personal Services — The approved amount is based upon a 1% vacancy factor and \$15,200 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$53,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$70,000 for the Deputy Administrator position.

^{1/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$23,900 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations. One FTE position was eliminated.

^{2/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF WATER RESOURCES - ADMINISTRATION (Cont'd)
GENERAL FUND

Employee Related Expenditures — The approved amount includes an additional \$7,200 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act. The approved amount also includes an additional \$12,200 for the new FTE position.

The approved amount also includes a total of \$119,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes: a) a total of \$127,400 for the payment of Risk Management premiums, which reflects a reduction of \$20,600, as authorized by Section 79 of the General Appropriation Act, b) a total of \$910,000 for rent of privately owned office space, and c) the elimination of \$878,100 for the Capital Center lease-purchase payment as the department is moving from the Capital Center Building into private space.

ADDITIONAL APPROPRIATIONS

CAP: Arizona Water Protection Fund (Chapter 278, H.B. 2590) — Establishes the Arizona Water Protection Fund and the Arizona Water Protection Fund Commission. Appropriates \$4,000,000 to this fund from the General Fund in FY 1995 and \$6,000,000 in FY 1996. These monies are appropriated in the Water Management Division.

An additional \$110,000 is appropriated from the General Fund to the Department of Water Resources for the purpose of establishing and supporting the office of Indian Water Rights Settlement Facilitation. This part of the appropriation is accounted for in the Administration Division.

DEPARTMENT OF WATER RESOURCES - ENGINEERING

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions	92.0	90.0	90.0
Personal Services	2,734,800	2,784,900	2,885,100
Employee Related Expenditures	626,900	616,800	641,000
Professional and Outside Services	67,100	159,500	159,500
Travel - In State	144,800	187,000	187,000
Travel - Out of State	12,600	15,000	15,000
Other Operating Expenditures	173,900	207,500	207,500
Equipment	110,400	9,000	9,000
All Other Operating Expenditures	508,800	578,000	578,000
OPERATING SUBTOTAL	3,870,500	3,979,700	4,104,100
USGS Cooperative Agreement	126,500	272,900	272,900
Early Flood Warning	87,900	90,000	90,000
Flood Control Development	24,200	50,000	50,000
Colorado River/CAP Study	-0-	50,000	50,000
TOTAL	4,109,100	4,442,600	4,567,000 ^{1/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
Appropriation; DWR; Hydrological Study, Ch. 132	--	--	100,000
Appropriation; Flood Relief Funding, Ch. 224	--	--	150,000
Phoenix and Tucson Groundwater Study, Ch. 282	--	--	30,000
TOTAL APPROPRIATIONS	4,109,100	4,442,600	4,847,000

Program Description — *This division includes flood plain management and dam safety programs. The division collects and analyzes basic data on both surface and ground water levels as well as on water quality, and currently, it also provides technical assistance to the statewide general water rights adjudication.*

FTE Positions — Agency reorganization has resulted in the net loss of 2 FTE positions from the Engineering Division in FY 1994.

^{1/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF WATER RESOURCES - ENGINEERING (Cont'd)
GENERAL FUND

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$42,400 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment. The approved amount includes an additional \$98,000 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$13,400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$245,600 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

USGS Cooperative Agreement — Through this line item, Arizona supports the maintenance and monitoring of groundwater gauges throughout the state and the U.S. Geological Survey maintains and monitors surface water gauges. The data are shared and used in various water policy planning applications.

Early Flood Warning — Approximately two-thirds of the amount supports stream gauges for advance notice of flooding. The remainder is for establishing warning systems that link gauges with emergency personnel via satellite.

Flood Control Development — The Department of Water Resources uses this amount to provide seed money to counties for developing flood control systems.

Colorado River/CAP Study — The approved amount funds the costs of studies related to the Colorado River as well as allocation negotiations of Central Arizona Project (CAP) water with California and Nevada.

ADDITIONAL APPROPRIATIONS

Appropriation; DWR; Hydrological Study (Chapter 132, S.B. 1239) — Appropriates \$100,000 from the General Fund to the Department of Water Resources to conduct a hydrological data collection study in the Sierra Vista sub-basin of the upper San Pedro River groundwater basin. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

Appropriation; Flood Relief Funding (Chapter 224, H.B. 2192) — Creates a Flood Warning System Fund for developing a flood warning system, purchasing flood warning equipment and providing assistance to local entities on a cost sharing basis. Appropriates \$150,000 from the General Fund to the Flood Warning System Fund and transfers \$150,000 from the department's non-appropriated Flood Control Loan Fund to the Flood Warning System Fund.

This act also appropriates:

- \$5,000,000 from the General Fund to the Department of Emergency and Military Affairs (DEMA) to provide the required 15% matching monies for flood relief public assistance to 13 Arizona counties,
- \$50,000 from the General Fund to DEMA to establish a full-time state hazard mitigation officer,
- \$500,000 from the General Fund to the Arizona Department of Transportation (ADOT) for distribution to Pima County flood control district (this appropriation is contingent on an equal match from Pima County flood control district), and
- \$1,250,000 from the General Fund to ADOT for distribution to Pima County to replace the Avra Valley Road bridge across the Santa Cruz River (this appropriation is contingent on an equal match from Pima County).

This act also reverts to the General Fund:

- \$500,000 from a FY 1985 appropriation to ADOT to replace the Avra Valley Road bridge across the Santa Cruz River, and
- \$1,398,700 from a FY 1986 appropriation to ADOT to replace a bridge across the Santa Cruz River at either Sunset Road or Orange Grove Road.

(Continued)

DEPARTMENT OF WATER RESOURCES - ENGINEERING (Cont'd)
GENERAL FUND

Phoenix and Tucson Groundwater Study (Chapter 282, H.B. 2239) — Appropriates \$60,000 from the General Fund to the Department of Water Resources to conduct a study of groundwater and surface water resources in the Phoenix and Tucson Active Management Areas. Of the total appropriated amount, \$30,000 will be expended in the Engineering Division. The remaining \$30,000 will be used in the Water Management Division.

DEPARTMENT OF WATER RESOURCES - WATER MANAGEMENT

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bahl

GENERAL FUND	FY 1993 Actual	FY 1994 Estimate	FY 1995 Approved
FTE Positions ^{1/}	75.2	78.2	81.2
Personal Services	2,052,000	2,224,500	2,300,800
Employee Related Expenditures	494,800	462,100	528,700
Professional and Outside Services	45,400	66,000	66,000
Travel - In State	41,000	50,000	50,000
Travel - Out of State	2,300	7,700	7,700
Other Operating Expenditures	242,400	292,100	294,200
Equipment	59,200	-0-	-0-
All Other Operating Expenditures	390,300	415,800	417,900
OPERATING SUBTOTAL	2,937,100	3,102,400	3,247,400
AMA Support	-0-	-0-	114,800 ^{2/}
Groundwater Replenishment	34,600	-0-	-0-
Riparian Issues	50,300	-0-	-0-
TOTAL	3,022,000 ^{3/}	3,102,400	3,362,200 ^{4/}
Additional Appropriations - 41st Legislature, 2nd Regular Session			
CAP; Arizona Water Protection Fund, Ch. 278	--	--	4,000,000
Phoenix and Tucson Groundwater Study, Ch. 282	--	--	30,000
TOTAL APPROPRIATIONS	3,022,000	3,102,400	7,392,200

Program Description — *This division administers and enforces the groundwater code, administers both surface water and groundwater rights, and develops and implements water conservation and water supply augmentation plans.*

- ^{1/} The FTE Position total includes 3 FTE positions funded from the AMA Support Special Line Item in FY 1995.
- ^{2/} The \$114,800 appropriated for AMA Support shall revert to the state General Fund if S.B. 1380, or similar legislation, is not enacted into law. The 3 FTE positions in this special line item are eliminated if legislation is not enacted. (General Appropriation Act footnote, as adjusted for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.) Note: S.B. 1380 was subsequently enacted into law as Chapter 324 after passage of the General Appropriation Act and, therefore, the funds will not revert.
- ^{3/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$98,400 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- ^{4/} Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum by Agency with Special Line Items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

(Continued)

DEPARTMENT OF WATER RESOURCES - WATER MANAGEMENT (Cont'd)
GENERAL FUND

FTE Positions — The approved amount includes 3 new FTE positions related to the newly-created AMA Support Special Line Item. Also, agency reorganization has resulted in the net gain of 3 FTE positions to the Water Management Division in FY 1994.

Personal Services — The approved amount is based upon a 1.5% vacancy factor and \$33,800 in vacancy savings. The vacancy savings amount does not include any changes resulting from the general salary adjustment and the addition of new positions. The approved amount includes an additional \$78,100 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$10,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$213,500 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes a total of \$87,000 for the Tucson State Office Building lease-purchase payment.

AMA Support — The approved amount includes funding for 3 FTE positions and operating expenditures to manage the new Santa Cruz Active Management Area (AMA), as authorized by S.B. 1380. The appropriation is based on the following objects of expenditures:

FTE Positions	<u>3.0</u>
Personal Services	\$ 80,400
Employee Related Expenditures	19,400
Other Operating Expenditures	12,000
Equipment	<u>3,000</u>
All Other Operating Expenditures	<u>15,000</u>
TOTAL	<u><u>\$114,800</u></u>

Personal Services — The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,700 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

Employee Related Expenditures — The approved amount includes an additional \$400 for the general salary adjustment, as authorized by Section 74 of the General Appropriation Act.

The approved amount also includes a total of \$8,300 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures — The approved amount includes funding for rent, utilities, and office supplies.

Equipment — The approved amount includes funding for 1 personal computer.

Groundwater Replenishment — Chapter 211, Laws of 1991 provided a one-time General Fund appropriation to the department to cover costs in conducting or supporting 2 activities: a joint legislative study on achieving groundwater management goals and a review of the irrigation water duties established in the Second Groundwater Management Plan. Any remaining monies will revert to the General Fund on June 30, 1995.

(Continued)

DEPARTMENT OF WATER RESOURCES - WATER MANAGEMENT (Cont'd)
GENERAL FUND

Riparian Issues — This one-time appropriation was to conduct studies to evaluate the effect of groundwater pumping and appropriative water rights on riparian areas as well as to analyze potential regulatory activities to protect riparian areas from these activities.

ADDITIONAL APPROPRIATIONS

CAP; Arizona Water Protection Fund (Chapter 278, H.B. 2590) — Establishes the Arizona Water Protection Fund and the Arizona Water Protection Fund Commission. Appropriates \$4,000,000 to this fund from the General Fund in FY 1995 and \$6,000,000 in FY 1996. This act allows a Natural Resource Conservation District to make recommendations to the commission on restoration or preservation projects, and to seek grants from the fund for local projects. Projects shall protect the quality and quantity of waters, and enhance and restore the state's rivers, streams and associated habitats. The director of the Department of Water Resources shall provide administrative, legal and technical support for the commission and the State Land Commissioner shall provide staff to the commission.

An additional \$110,000 is appropriated from the General Fund to the Department of Water Resources for the purpose of establishing and supporting the office of Indian Water Rights Settlement Facilitation. This part of the appropriation is accounted for in the Administration Division.

Phoenix and Tucson Groundwater Study (Chapter 282, H.B. 2239) — Appropriates \$60,000 from the General Fund to the Department of Water Resources to conduct a study of groundwater and surface water resources in the Phoenix and Tucson AMA's. Of the total appropriated amount, \$30,000 will be expended in the Water Management Division. The remaining \$30,000 will be used in the Engineering Division.

ADDITIONAL LEGISLATION

Santa Cruz Active Management Area (Chapter 324, S.B. 1380) — Establishes the Santa Cruz AMA in the Upper Santa Cruz Valley sub-basin to be managed under the state Groundwater Management Act. The Groundwater Management Act, created by the Legislature in 1980, created 4 initial AMA's in Phoenix, Tucson, Pinal, and Prescott.

ECONOMIC AND REVENUE FORECAST

THE U. S. ECONOMY

FY 1994 — Modest But Improving Growth

Television and print news stories about "the recession" have all but disappeared, now replaced primarily by stories on crime. While the shift in media focus is a recent phenomenon, in fact, the national economic expansion is more than 3 years old, and all the latest indicators suggest that it will continue for at least two more years (through FY 1996). The unemployment rate has been dropping slowly but consistently from its peak of 7.7% of the labor force in June 1992, and now stands at 6.4%. The drop in unemployment has actually been greater than the figures suggest, as the new survey method introduced in January 1994 classifies some workers as unemployed who were previously recorded as being out of the labor force. Net job growth was 267,000 in April following a gain of 464,000 in March, and overall the economy has created about 4.6 million net new jobs since employment bottomed out in June 1992. Since the end of Calendar Year (CY) 1991, real Gross Domestic Product (GDP) has risen by an annual rate of 3.5%, and in last quarter of CY 1993 it grew by a robust annual rate of 7.0%. This reflected a pick-up after the floods in the midwestern states in the summer of 1993, a very strong surge in car output, and a massive jump in aircraft exports which produced a rare quarterly trade surplus.

CY 1994 also looks promising. The index of leading indicators, which forecasts business conditions six to nine months in advance, has risen strongly over the past several months and rose again in March. The University of Michigan's Index of Consumer Confidence was at its highest levels in five years in the first three months of 1994. Auto sales are expected to be up 6.3% in CY 1994 (Blue Chip consensus) following a gain of 8.2% in 1993. Until recently, new housing had been rebounding sharply because of low interest rates and rising consumer confidence. Both of these important sectors are now at comparative boom levels when viewed against the previous five years. Consumers paid down debt considerably during and after the recession because of job security fears. They have now started to add a little more debt to their balance sheets each month.

Preliminary estimates indicate that the economy grew by 2.6% for the first quarter of 1994, and most economists project about a 3.6% increase for CY 94 (May Blue Chip). Fears that the federal tax increase, which took effect January 1, would stall the economy in the first half of 1994 appear to have been overblown so far. Indeed, the Federal Reserve is more preoccupied with forestalling any inflationary surge than stimulating a perceived sluggish economy.

JLBC Staff expects growth of real GDP of 3.1% in the state fiscal year ending June 30, 1994.

The Outlook for FY 1995: Steady Improvement

The outlook for FY 1995 is for continuing growth. In fact, we believe conditions are in place for growth to accelerate. The positive effects expected from the North American Free Trade Agreement, which took effect on January 1, 1994, will start to show up in the national economy. However, the U.S. Congress may delay the ratification of the recently signed General Agreement on Tariffs and Trade (GATT) treaty too long to have much of a positive effect on U.S. foreign trade until FY 1996.

The Clinton Administration introduced its Health Security Act to Congress on October 27, 1993. It is likely to be modified substantially by the House of Representatives and the Senate. The debate over the future of the health care sector will create a great deal of uncertainty, which may otherwise slow investment and employment growth until the true costs are clarified. Many small businesses which currently provide no health insurance will be cautious about hiring new workers as long as uncertainty about the scope of a potential federal mandate persists. Nonetheless, this should be settled by mid-FY 1995 and will allow employers to make more definite plans. The Clinton plan proposes health cost subsidies for small businesses.

Corporate restructuring, which has caused millions of jobs to disappear, either through layoffs or attrition, will continue in FY 1995, but the worst appears to be over. Total employment growth is expected to accelerate to 2.3% in FY 1995. The decline in manufacturing employment is expected to slow to the lowest rate in six years, and recent evidence suggests that it is actually improving.

It appears that the Federal Reserve has made clear its intention to hold the line on inflation by switching from an accommodating stance to what Fed Chairman Alan Greenspan describes as a "neutral" stance. Although experts disagree over the seriousness of future inflationary pressures, the Fed has hiked the federal funds rate 4 times since January. The federal funds rate is now at 4.25% after two years or so at 3%. Interest rates had come down over the past several years

before taking an abrupt surge following the Fed's announcement of the first federal funds rate hike in January. While the bond market, which drives long-term rates, has continued to exhibit skittish behavior, many experts believe that economic fundamentals have changed little and that long-term rates should stabilize at a level below the current level, but still above the record lows of last fall.

Inflation will almost certainly remain subdued. Not only has the Fed sent a clear message about its intentions, there continues to be excess industrial capacity both at home and abroad. Fierce global competition has both prevented industries from raising prices and kept wage demands low, due to concerns about job security. Commodity prices, most significantly oil prices, have remained quite low by historic standards. All of these factors point to low inflation, and the GDP Deflator is expected to increase only 3.1% and the Consumer Price Index only 3.3% in FY 1995. Increasing fears that stronger growth will start the inflation engine again have been apparent in the recent behavior of the bond market, but evidence suggests that higher inflation will not set in for at least two or more years, if at all. Productivity, the output of products compared to the costs of inputs, has been rising sharply in the last two years. This has lowered inflation pressures.

Risks to the FY 1995 Forecast

The nation's economic performance in FY 1995 will depend in large part on interest rates. The bond market may continue its unpredictable behavior, and if interest rates continue to rise the housing and car markets, which are doing so well now, will be hurt.

The fortunes of our major trading partners will also be important. The moribund European and Japanese economies are expected to start recovering this year, and if the recovery is quicker than expected, the export sector will give the U.S. a strong boost in FY 1995. Conversely, if Europe and Japan stay in recession it will act as a drag on U.S. growth. The Clinton administration has also been experiencing trade frictions with Japan and Canada, and a trade war with either of those two would hurt U.S. exports and add to inflation.

Overall, We estimate the downside risk to be minor—about a 15% chance for real growth to be around 2% instead of 3%. We estimate the upside risk to be maybe a 30% chance of real growth of 4% or better.

Table 1, at the end of this section, shows the percentage increases in Key U.S. Economic Indicators expected for FY 1994 and FY 1995, as well as historical results starting with FY 1989.

KEY U.S. ECONOMIC INDICATORS							TABLE 1	
	<u>Actual</u> <u>FY 1989</u>	<u>Actual</u> <u>FY 1990</u>	<u>Actual</u> <u>FY 1991</u>	<u>Actual</u> <u>FY 1992</u>	<u>Actual</u> <u>FY 1993</u>	<u>Forecast</u> <u>FY 1994</u>	<u>Forecast</u> <u>FY 1995</u>	
Real Gross Domestic Product ^{1/}	3.4%	1.7%	(0.2)%	0.8%	3.1%	3.0%	3.0%	
GDP Deflator ^{1/}	4.5	4.2	4.3	3.4	2.7	2.5	3.1	
Consumer Price Index ^{1/}	4.6	4.8	5.4	3.2	3.1	2.6	3.3	
Industrial Production ^{1/}	3.2	(0.1)	(1.1)	0.6	3.2	3.1	3.8	
Three Month T-Bill ^{2/}	7.9	7.8	6.5	4.4	3.0	3.0	3.6	
Aaa Corporate Bonds ^{2/}	9.7	9.1	9.1	8.4	7.8	6.7	6.8	
Wage and Salary Employment ^{1/}	3.0	2.0	(0.0)	(0.6)	1.0	1.9	2.3	
Unemployment Rate ^{2/}	5.3	5.3	6.2	7.1	7.2	6.6	6.4	

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

GROSS DOMESTIC PRODUCT 1987 DOLLARS

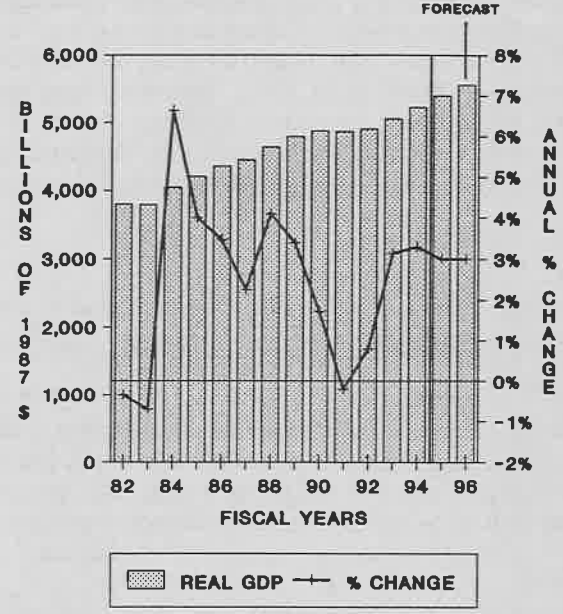


CHART 1

REAL PERSONAL INCOME 1987 DOLLARS

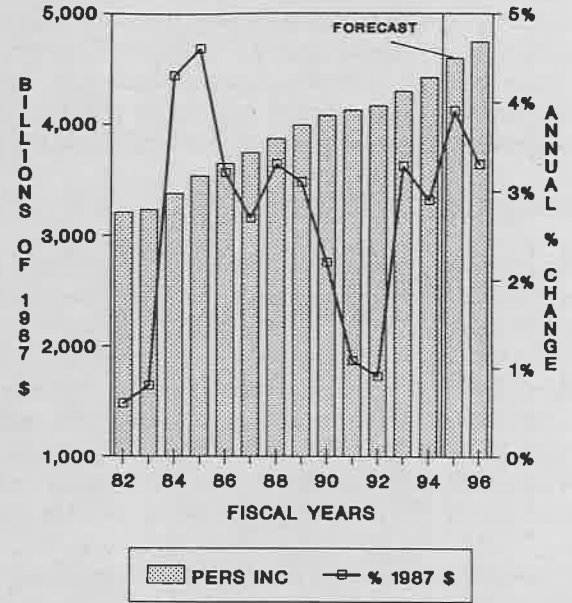


CHART 2

TOTAL CONSUMPTION 1987 DOLLARS

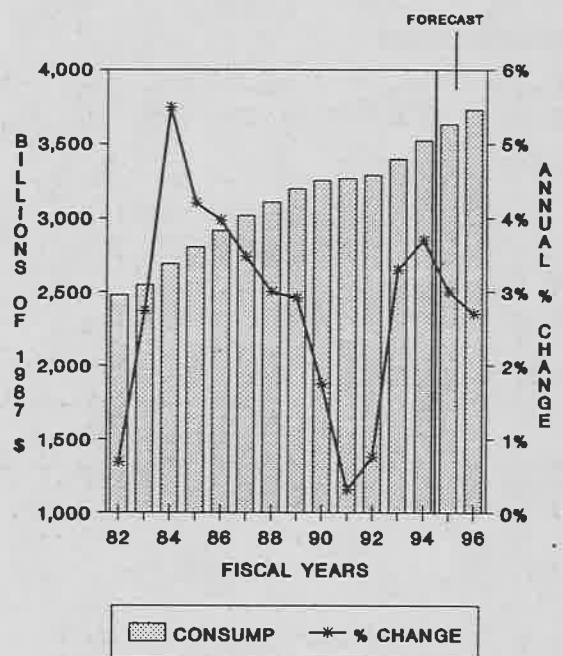


CHART 3

CONSUMER CONFIDENCE INDEX

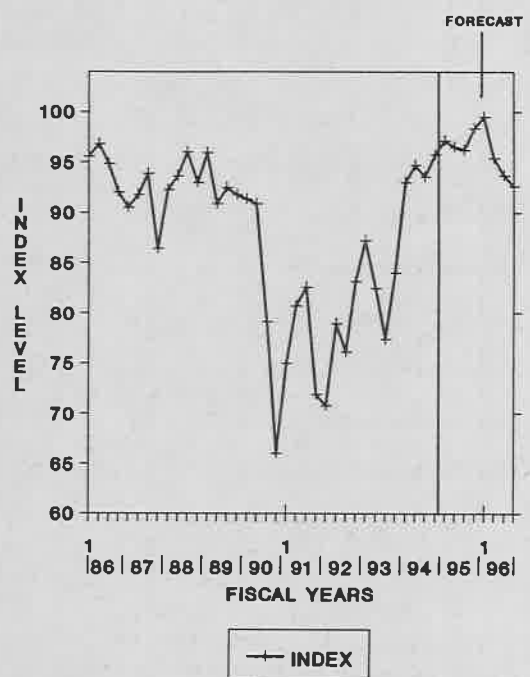


CHART 4

SOURCE: U. OF MICHIGAN

U.S. MONEY SUPPLY GROWTH

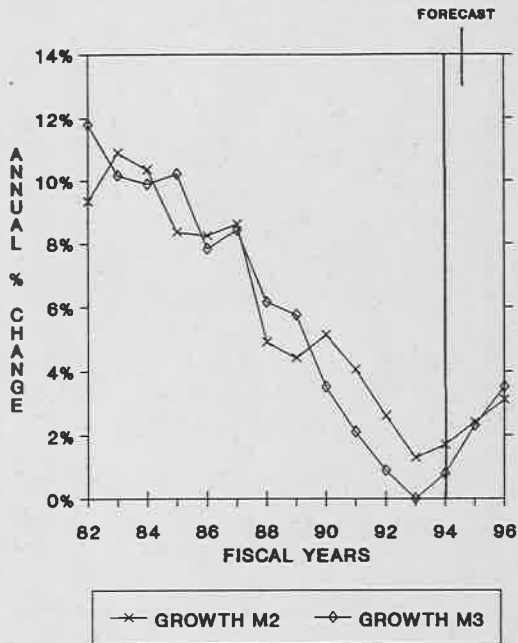


CHART 5

KEY INTEREST RATES

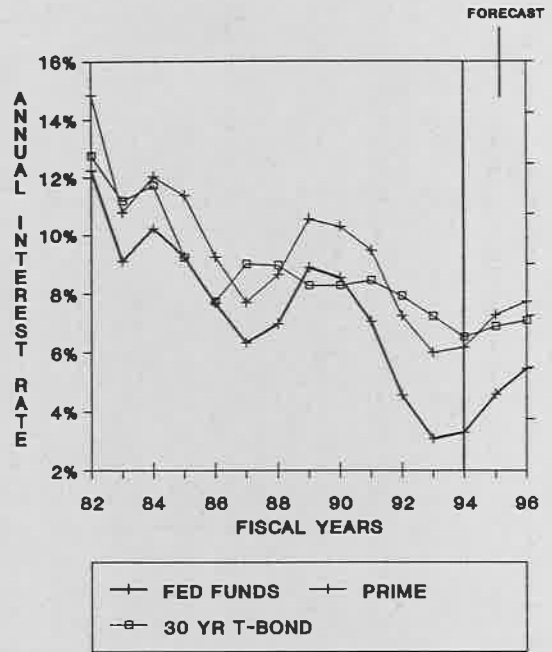


CHART 6

CONSUMER & PRODUCER PRICE INDEX CHANGES

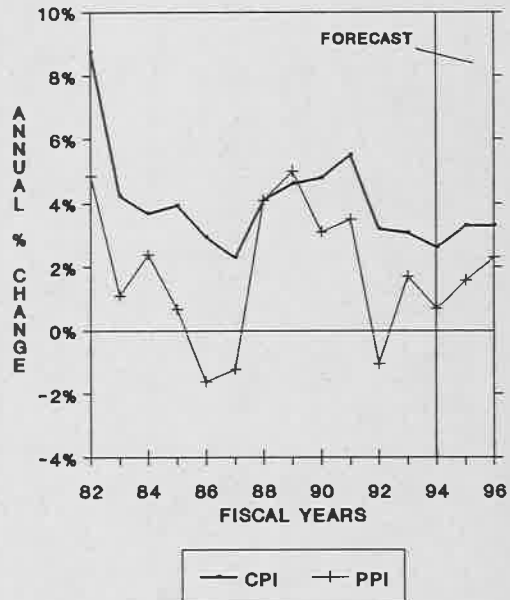


CHART 7

INDUSTRIAL PRODUCTION INDEX AND PERCENT CHANGE

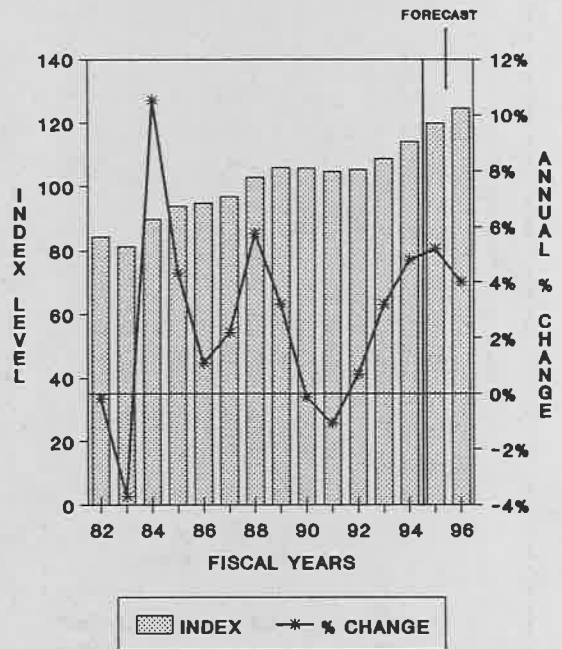
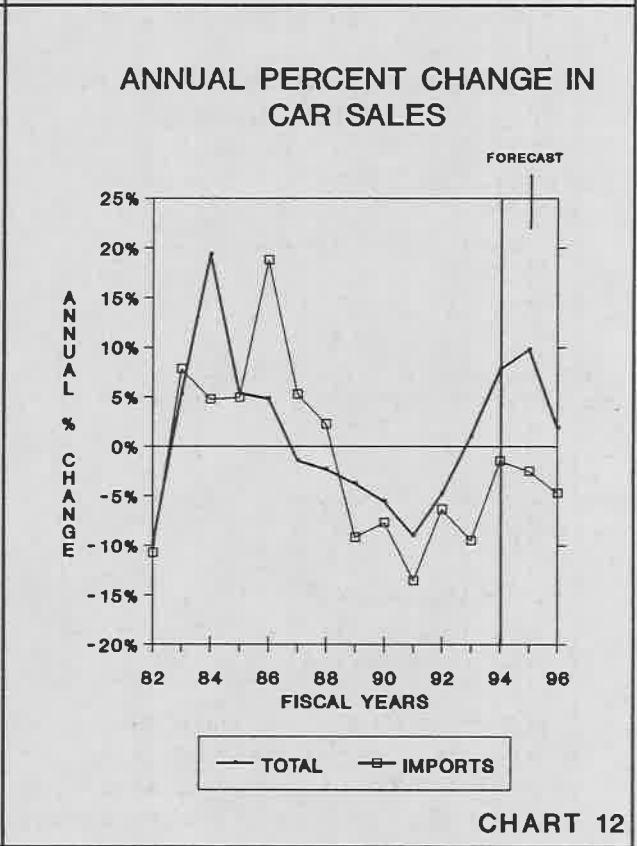
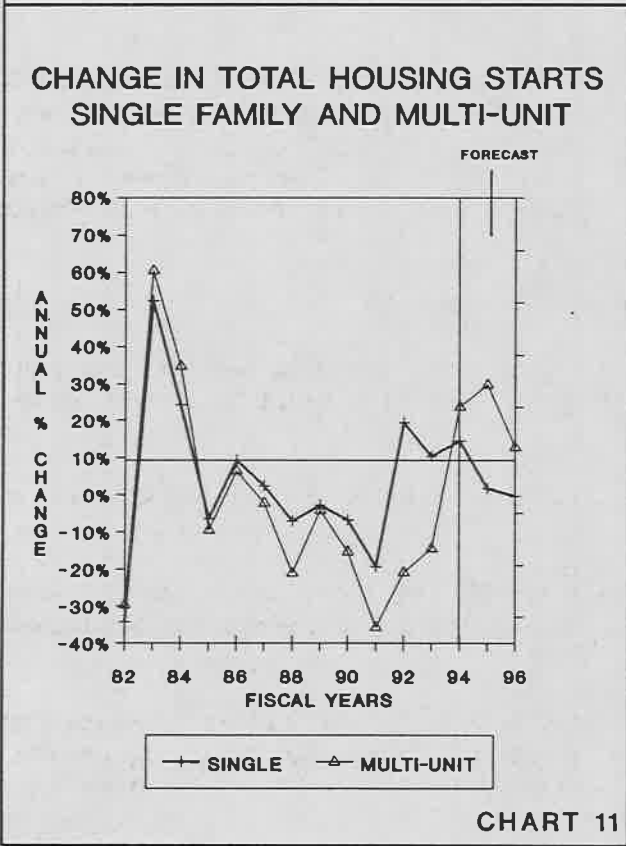
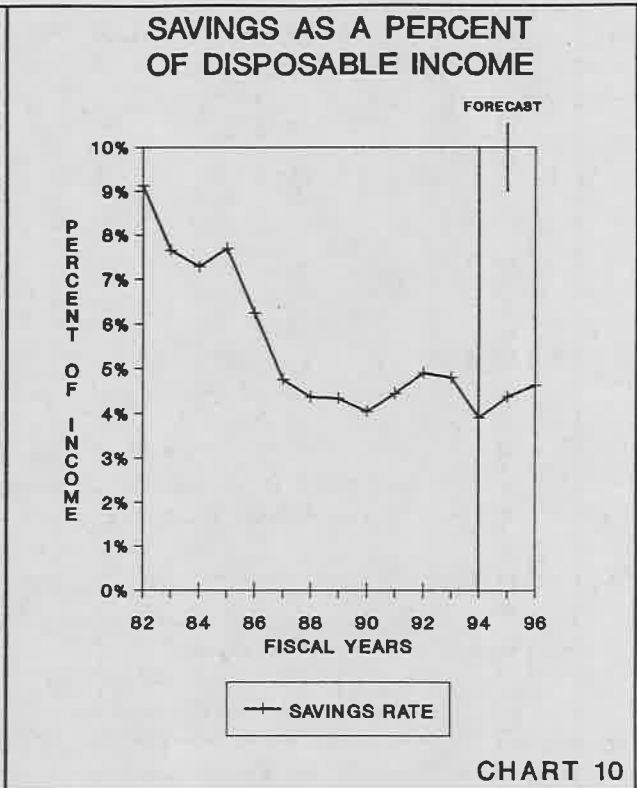
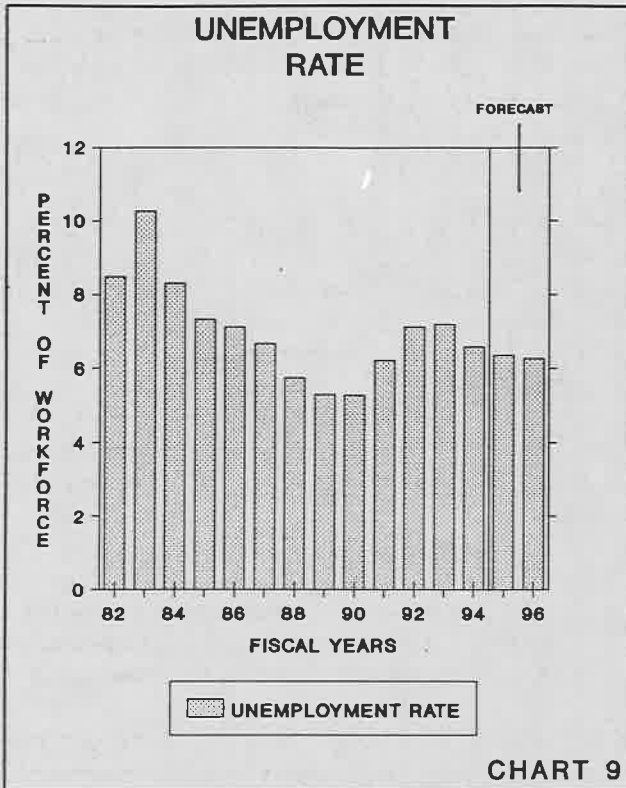


CHART 8



THE ARIZONA ECONOMY

The Arizona economic outlook for FY 1994 and FY 1995 continues to gain momentum. In January 1994, we stated in our summary of budget recommendations that the forecast for the outlook contained "more upside than downside risk." Since then, the economic results for the third quarter of FY 1994 have validated those concerns. For example, the new benchmarked employment numbers released in February revealed that 1993 Arizona job growth was much stronger than previously announced. As such, we have upgraded the economic outlook for both fiscal years.

How is FY 1994 Doing So Far?

FY 1994 key Arizona economic indicators show the economy is accelerating (see Table 2). The FY 1994 forecast for all indicators has been upgraded from our January forecast except for population, manufacturing employment, and the unemployment rate. The fiscal year-to-date (YTD) performance of selected key indicators is detailed below:

- Total wage & salary employment for the fiscal year increased 3.6% in the first quarter, and 4.3% in both the second and third quarters. To meet the forecast of 4.3%, the fourth quarter is expected to increase 5% over the same period last year. Comparing the average employment for the first three quarters of FY 1994 with the same period in FY 1993, services recorded the greatest gains with 23,600 new jobs by the third quarter YTD, followed by construction with 13,800, and trade with 13,400. Mining had the only loss of any industry, declining by 430 jobs. For the first nine months of FY 1994, average total employment has increased by 61,900 jobs.
- Personal income in current dollars grew a strong 8.2% in the first fiscal year quarter and 5.9% in the second quarter. The second quarter result is misleading due to an unusually strong second quarter in the prior year caused by a shifting of income from the third quarter (January - March) to avoid the Clinton tax rate hikes which became effective January 1, 1993. Adjusting for this phenomenon, this year's second quarter would have risen 7.5% instead.
- Taxable retail sales continue to surprise by jumping 13.9% for February, led by auto and apparel purchases, which skyrocketed 27.7% and 21.3%, respectively. For February YTD, retail sales grew a strong 11.8%, led by auto and furniture, home furnishing and equipment.
- The unemployment rate under the new benchmarked figures rose slightly from 5.9% in July 1993 to 6.0% in December 1993. In January 1994, changes in methodology of the Current Population Survey (CPS) makes labor force estimates in 1994 and thereafter not comparable to 1993 data. Thus, using the new CPS estimates, the unemployment rate increased from 5% in January 1994 to the revised March rate of 5.5%. The upward trend is due to a sharp increase in persons entering the labor force who are looking for a job; whereas, total employment keeps climbing, but not as fast as those entering the labor force.

The Outlook for FY 1995

As mentioned earlier, the state economy is accelerating as we head into the new fiscal year. If the national economy experiences steady growth in 1995 as we have predicted, this will set the stage for Arizona to perform significantly better than the nation.

Though Arizona is linked to the national economy, the state has several favorable factors that will allow it to outperform the country in FY 1995:

- The passage of the North American Free Trade Agreement (NAFTA) will benefit Arizona more than most states due to our proximity to Mexico's border. As a result, infrastructure construction and export trade will broaden, encouraging business investments and more hiring.
- Population flows into Arizona will be strong as our popular climate and better than average job prospects attract new residents. Also, Arizona continues to be the recipient of significant numbers of businesses and people migrating out of California due to its eroding business climate and the prolonged recession in the Golden State, which is projected by many California economists to continue through 1994.

Table 2

KEY ARIZONA ECONOMIC INDICATORS

	Actual FY 1989	Actual FY 1990	Actual FY 1991	Actual FY 1992	Actual FY 1993	Forecast FY 1994	Forecast FY 1995
Personal Income - Current Dollars ^{1/}	6.5%	5.7%	5.5%	4.6%	7.5%	8.1%	9.1%
- Constant Dollars ^{1/}	1.9	1.4	1.2	1.2	4.7	5.5	6.1
- Per Capita Constant Dollars ^{1/}	(0.4)	(0.5)	(0.9)	(1.1)	2.3	2.9	3.3
Retail Sales ^{1/2/}	5.7	4.2	2.6	5.0	7.9	7.3	8.2
Population ^{1/}	2.2	2.0	2.1	2.4	2.4	2.5	2.7
Wage and Salary Employment ^{1/}	2.2	2.3	1.2	0.8	2.8	4.3	5.1
Manufacturing Employment ^{1/}	(0.1)	(0.7)	(2.9)	(4.6)	0.2	1.0	2.5
Construction Employment ^{1/}	(8.6)	(6.6)	(4.7)	(3.0)	6.7	16.0	10.0
Unemployment Rate ^{3/}	5.9	5.2	5.1	7.0	5.9	5.7	5.4

^{1/} Annual Percent Change

^{2/} Based on Department of Revenue definition of Retail Sales

^{3/} Average Rate for Year

- Economic development efforts of the past few years will begin to bear fruit. In particular, Hughes Missile Systems, which relocated to Tucson from California in 1993, has only brought in about 800 jobs as of September. This means that the remaining 2,200 jobs announced by Hughes will have a big impact when they are finally transferred, hopefully by the end of 1994.

As such, personal income will rise 9.1% in FY 1995. In real terms, this is a 6.1% increase, and on a real per capita basis this is 3.3% growth. All sectors of the job market in FY 1995 are expected to grow significantly higher than in FY 1994, except for construction and finance, insurance, and real estate (FIRE) industries. The reasons for the slower growth in construction in FY 1995 is the significantly upgraded forecast for construction job growth in FY 1994 which increased from 7% to 16%, and the recent uptick in interest rates which may slow new home developments. Population will increase faster in FY 1995 at 2.7% versus 2.5% in FY 1994. In turn, retail sales will escalate 8.2% and unemployment will dip to 5.4% (see Table 2).

A closer examination of our employment forecast, as shown on Table 3, reveals a continuing improvement in the Goods Producing sector, which is predicted to grow 5.1%. This is a substantial upgrade from our earlier forecast of 2.8%. We expect manufacturing to continue its recent improvement and post its highest gain in ten years. Also, mining employment should rebound as falling copper prices moderate. Meanwhile, construction jobs should grow at 10%, following the strong 16% gain expected in FY 1994.

The Service Producing sector is estimated to gain 5.2%, the highest since FY 1986. Greater job growth is expected in all service industries except for FIRE. Moreover, all such industries were revised upward except Government, which fell from 3.5% to 3%. The 6.9% increase in service jobs would be the best growth in seven years.

Table 3

**ARIZONA WAGE AND SALARY EMPLOYMENT
EMPLOYMENT AND PERCENT GROWTH OVER PRIOR YEAR FORECAST**

	FY 1992		FY 1993		Forecast			
					FY 1994		FY 1995	
	Number	%	Number	%	Number	%	Number	%
Goods Producing								
Manufacturing	173.3	(4.6)	173.7	0.2	175.4	1.0	179.8	2.5
Mining	13.0	(0.8)	12.5	(3.8)	12.2	(2.4)	12.7	4.1
Construction	77.5	(3.0)	82.7	6.7	95.9	16.0	105.5	10.0
Total Goods Producing	263.8	(3.9)	268.9	1.9	283.5	5.4	298.0	5.1
Service Producing								
Transp., Communic. and Public Utilities	80.6	(1.5)	81.7	1.4	83.7	2.4	87.6	4.7
Trade	372.2	1.0	378.4	1.7	393.5	4.0	413.2	5.0
Finance, Insurance, Real Estate	92.8	(0.4)	97.4	5.0	101.4	4.1	105.6	4.1
Services	416.2	2.9	436.0	4.8	461.7	5.9	493.6	6.9
Government	274.0	3.2	278.8	1.8	283.8	1.8	292.3	3.0
Total Services Producing	1,235.8	1.8	1,272.3	3.0	1,324.1	4.1	1,392.3	5.2
Total Wage and Salary Employment	1,499.6	0.8	1,541.2	2.8	1,607.6	4.3	1,690.3	5.1

Risks to the Forecasts

The following risks were listed in our Summary of Recommendations and Economic and Revenue Forecast January 1994. Since they are still applicable, they bear repeating here for the reader's awareness. In addition, there is another risk which has surfaced: rising interest rates ignited by the Federal Reserve's recent increases in the Federal Funds rate to 4.25% and the discount rate to 3.5%. The Federal Reserve may raise rates even further, which would slow down Arizona's expansion:

- Health care reform is casting a large cloud of uncertainty over many businesses, especially small businesses. Since Arizona is distinctly a small business state, with 95% of all business establishments having fewer than 50 employees, a substantial rise in health care costs will constrain job growth.
- Higher federal taxes, resulting in lower disposable income than otherwise possible, could dampen consumer spending. However, a study by the WEFA group, a national forecasting firm, estimates that taxes will have only a small drag on the economy due to offsetting lower interest rates from deficit reduction.
- Further defense cuts announced by the Clinton Administration in September may affect Arizona more than expected. Even though we believe Arizona will receive a larger share of federal monies than other states to help in the post-Cold War transition, Arizona is still vulnerable to Department of Defense spending cuts.
- Though California's plight is benefiting Arizona through a structural shift of businesses and people, Arizona businesses still have strong trade linkages to California markets. So continued decay of Arizona's largest trading partner will restrain Arizona's upbeat job prospects.
- Continued weakness in Japan and Europe may hinder the growing U.S. economy. Not only are countries becoming more globally connected, but so are states with large trade sectors. Arizona's export sector alone accounts for about 10% of the state's economy.

In summary, Arizona, by most economic measures, is ready to accelerate its current economic expansion. We foresee solid and expanding growth during the forecast period. However, since the present recovery has been mild compared to previous business cycles, the Arizona economy is vulnerable to the risks which we have identified above.

MAJOR SECTORS OF ARIZONA EMPLOYMENT

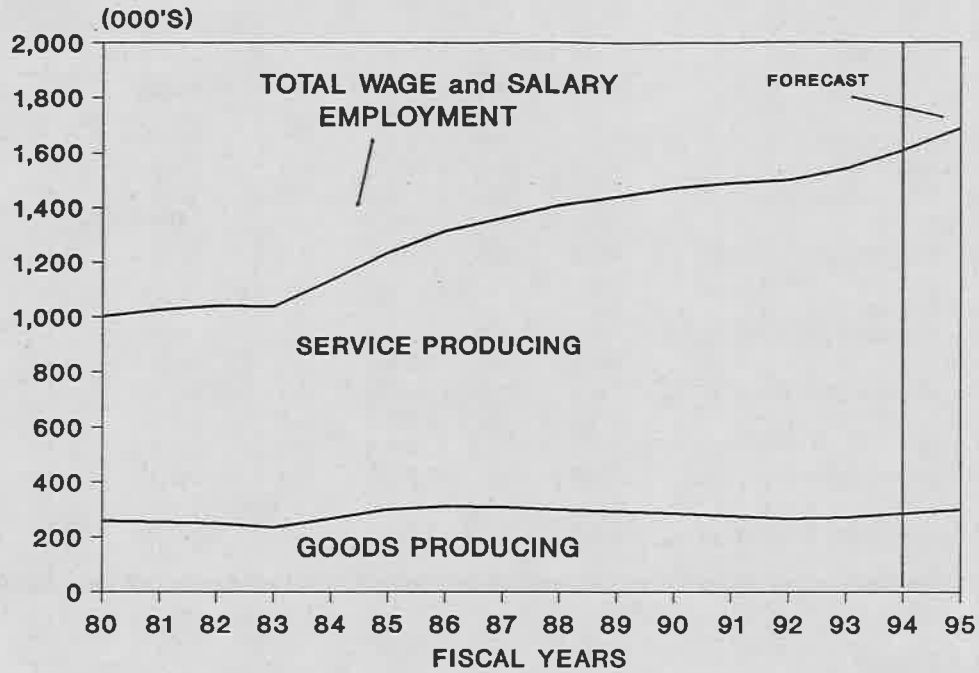


CHART 13

MAJOR SECTORS OF ARIZONA EMPLOYMENT ANNUAL CHANGE

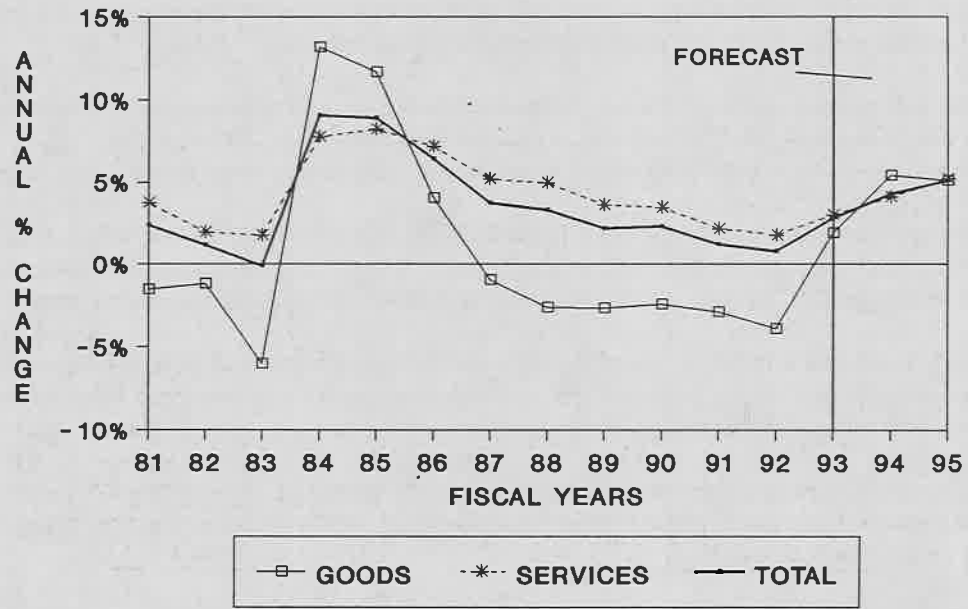


CHART 14

U.S. and Arizona CONSTANT DOLLAR PERSONAL INCOME

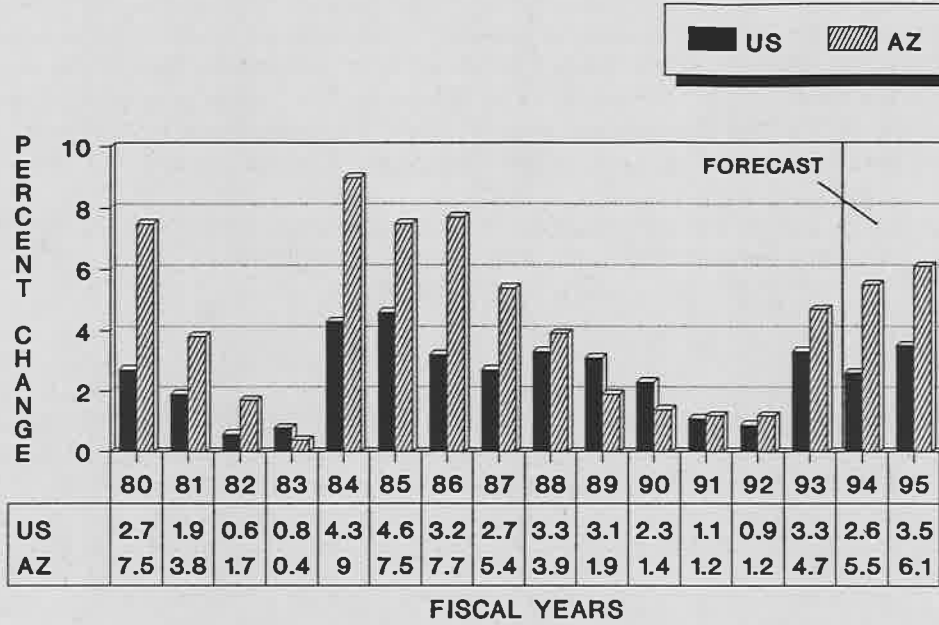


CHART 15

U.S. and ARIZONA REAL PER CAPITA INCOME

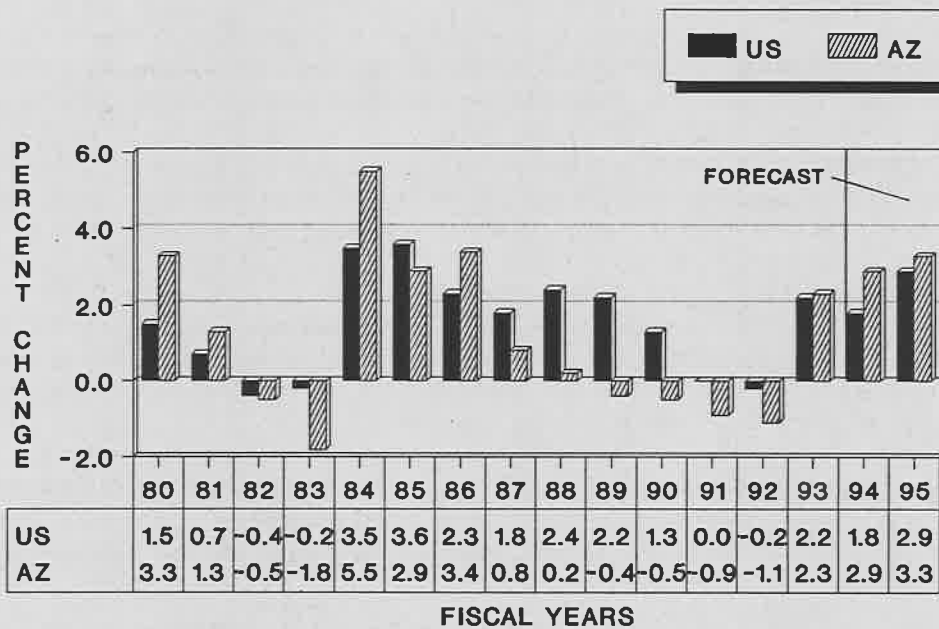


CHART 16

GENERAL FUND REVENUE

In January 1994, revenue forecasts were presented to the Legislature by both JLBC and OSPB. Mid-session revenue forecasts were presented to the Legislature in March 1994, by both JLBC and OSPB. The comments in the two Forecast sections relate to the JLBC mid-session forecasts as shown in Table 4.

Table 4 shows the details of the JLBC mid-session forecasts for both FY 1994 and FY 1995 as well as actual FY 1993. Table 5 compares the JLBC and OSPB forecasts for FY 1994. Table 6 compares the JLBC and OSPB forecasts for FY 1995. The preceding tables show the forecasts as presented to the Legislature, with no adjustments for legislation passed during the session which affect FY 1995. Table 7 shows the JLBC mid-session forecast with adjustments for legislation passed during the session. Table 8 provides details by bill number and chapter number of legislation passed during the session which will affect FY 1995 General Fund revenue. Table 9 provides details by bill number and chapter number of legislation passed during the session having an original General Fund revenue impact in FY 1996.

Significant reductions for Federal Retiree Refunds have been provided in our forecasts for FY 1994, (\$51.1 million) and FY 1995, (\$34.2 million). This is discussed in more detail in a subsequent section.

FY 1994 Forecast

While there will be ups and downs, we continue to believe that our mid-session forecast, in the aggregate, will be an accurate representation of actual collections, although it now appears likely that actual collections will exceed the forecast. This is testimony to how extremely cautious our revenue forecasts have been. After all, our March FY 1994 forecast revision represented an effective \$277 million increase from the Governor's revenue estimate of a year ago (when adjusted for unanticipated events such as the Federal Retiree Refund Program), which was the estimate used to balance the FY 1994 budget as enacted.

Sales Tax collections have been strong all year long, led by Retail and Construction. Our forecast is for an increase over FY 1993 of 7.7% and it now appears that this forecast is conservative. It should be noted that, if not for the removal of \$10.0 million from the Sales Tax for County Property Tax Relief, our forecast percent increase would have been higher. In FY 1993, this was taken from another fund source.

The *Individual Income Tax* has been forecasted to grow by 8.6% over FY 1993 collections. Early indications are that this forecast may be mildly optimistic.

The *Corporation Income Tax* has been performing well all year long, boosted by strong corporation profits. Our forecast is for an increase over FY 1993 of 8.3%. Preliminary April results suggest that actual collections may be well above this.

Our *Property Tax* forecast for FY 1994 is for a decrease of 7.1% due primarily to (1) collection in FY 1993 of \$8.0 million due from El Paso Electric Company in FY 1992 and (2) a decrease in assessed valuation. As of April, 1994 we are above the forecast by 6.4%. While we expect to meet, or slightly exceed the forecast, the 6.4% "overage" is probably due to timing differences.

Insurance Premium Taxes are forecast to decrease by 10.2% largely due to past legislation which affected the deductibility of tax credits by lowering the deductibility percents in the early years and raising them in later years. We are now in the "later" years. As of April, 1994 we are above the forecast by 5.2% and we expect this "overage" to continue for the fiscal year.

Interest collections are expected to increase by 50.2% largely because of higher levels of Operating Fund cash balances, which are now routinely above \$500 million (Note: "Operating Fund" balances consist of the daily investable balances of any funds under the control of the State Treasurer, which by law are not required to be separately accounted for and invested).

Chart 17 shows the improved level of Retail Sales collected by the Department of Revenue in recent quarters. For the ten months year-to-date of FY 1994, the Retail Sales Tax collections are 11.5% ahead of the same period last year. Chart 18 shows Restaurants and Bars Sales growth as collected by the Department of Revenue. Restaurants and Bars Sales Tax collections are also doing reasonably well with an increase of 8.5% for the ten months year-to-date in FY 1994. Chart 19 shows Hotel/Motel Sales collected by the Department of Revenue. For the ten months year-to-date in FY 1994, Hotel/Motel tax collections are up 11.0%. Chart 20 shows the improved level of Contracting Sales (largely construction) collected by the Department of Revenue. For the ten months year-to-date of FY 1994, tax collections on Contracting are above the same period last year by 24.0%.

FY 1995 Forecast

In general, we expect the strong revenue growth that Arizona experienced in FY 1994 to continue into FY 1995. Our forecast for FY 1995 aggregates to \$4,305.9 million, an increase of \$295.3 million or 7.4% over our forecast for FY 1994. Our forecast for FY 1995 exceeds that of OSPB by \$54.3 million. The Legislature chose to use OSPB's lower forecast for budgeting purposes.

Sales and Use Tax collections are expected to increase by 7.7%, the same growth as shown for FY 1994. If adjustments are made for three items not included in FY 1995, County Property Tax Relief, Disease Control Research, and the phase-out of the Commercial Lease Tax, our forecast for FY 1995 is consistent with an increase of 7.8% compared with an adjusted increase of 8.8% for FY 1994.

Individual Income Tax collections are expected to increase by 9.8% in FY 1995 reflecting the continued growth in the Arizona economy and an increase of 9.1% in Arizona personal income.

Corporation Income Tax Collections are expected to decrease by 0.5% reflecting slower growth in Corporation profits and a higher level of tax credits from the defense restructuring program.

Property Tax collections will increase by 0.6% reflecting a very modest increase in assessed valuation.

Insurance Premium Tax collections will decrease by 3.9% for the same reasons noted under the FY 1994 forecast.

Chart 21 shows dollars of General Fund Base Revenue as a bar chart, and percent change as a line graph for 17 fiscal years. In terms of percent change, Arizona has had very strong years and also some years which exhibited much lower growth. It should be noted that FY 1979 through FY 1982 were years when the Consumer Price Index was near or at double digit inflation. Also shown are "underlying growth rates" (after elimination of tax increases or decreases) for FY 1989 through FY 1995. Chart 22 shows a line chart, General Fund Base Revenue collections for major tax sources for the period FY 1971 through FY 1995. Chart 23 shows, for FY 1995, major categories of General Fund Revenue as a percent of total General Fund Base Revenue. Chart 24 shows, in graphic form, the percent and dollar growth in FY 1995 over FY 1994 for significant categories of General Fund Revenue based on JLBC Staff estimates. Chart 25 shows major General Fund tax sources as a percent of total General Fund Base Revenue.

Federal Retiree Refunds

Prior to 1989, Arizona exempted from taxation 100% of state, county and municipal retirement benefits while exempting only the first \$2,500 of federal retirement benefits. The majority of other states have had similar practices. The U.S. Supreme Court, in a landmark decision in 1988 (Davis v. State of Michigan), ruled that states granting exemptions to state government retirees, but not to federal retirees, were in violation of federal law. Arizona immediately changed its laws to provide equal treatment for federal and state retirees. In June, 1993 however, the Supreme Court ruled (in Harper v. State of Virginia) that the states must grant "retroactive" relief to the federal retirees, although the court did not specify the form that the relief should take.

In late 1993, Governor Symington established (through Executive Order) a four-year program through which federal retirees, who had timely filed and claimed a refund of any tax paid to the State of Arizona on federal retirement benefits for the years 1984 through 1988, were provided relief. Under the plan, people who no longer pay taxes, or have moved out of the state,

received cash refunds, as did the estates of deceased persons. Others were issued tax credits, which can be used as an offset to their tax liability during the four-year period. It is expected that cash payments will be made, at the close of the four year period, to those who still have an unused balance.

The program is expected to cover 44,502 taxpayers with a cost over the four year period as follows:

	<u>Interest and Principal</u> <u>(\$ Millions)</u>
FY 1994	\$ 51.1
FY 1995	34.2
FY 1996	30.4
FY 1997	<u>81.6</u>
TOTAL	<u>\$197.3</u>

DOR has recently released a new estimate of \$53.8 million for FY 1994 which indicates that the program is essentially on track.

**RETAIL SALES: 1983-Q1 TO 1993-Q4
 QUARTER VS. SAME QUARTER-PRIOR YEAR**

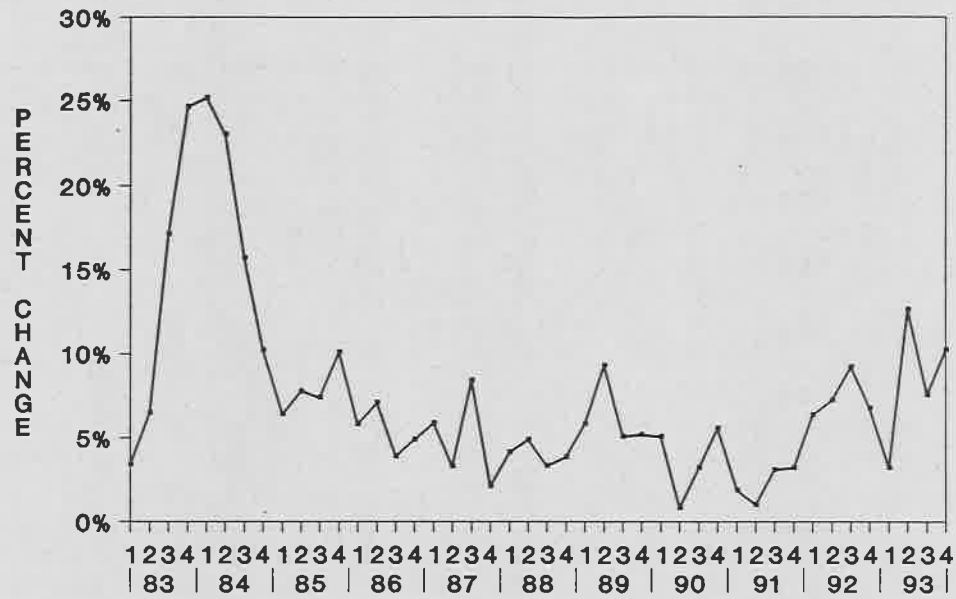


CHART 17

**RESTAURANTS AND BARS SALES GROWTH
 1983-Q1 TO 1993-Q4
 QUARTER VS. SAME QUARTER-PRIOR YEAR**

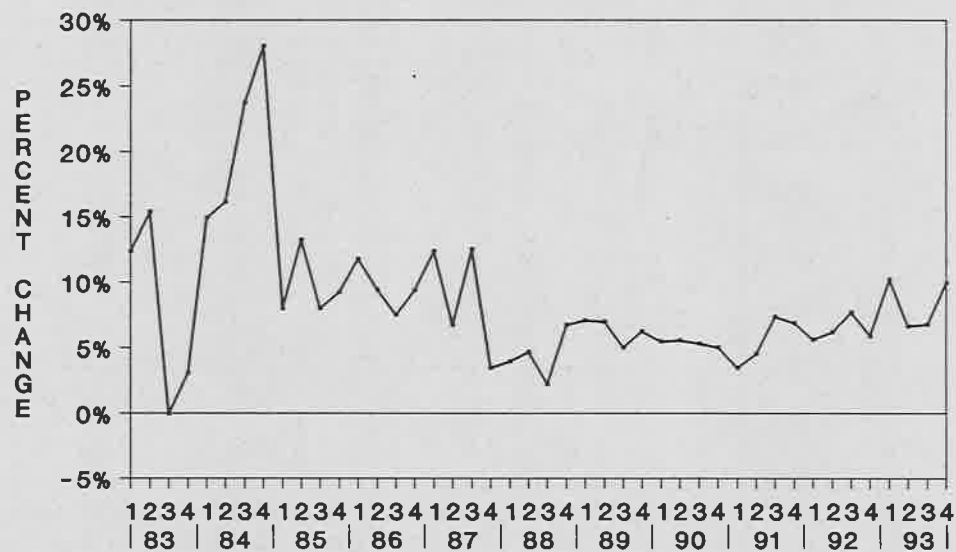


CHART 18

**HOTEL AND MOTEL SALES GROWTH
1986-Q1 TO 1993-Q4
QUARTER VS. SAME QUARTER-PRIOR YEAR**

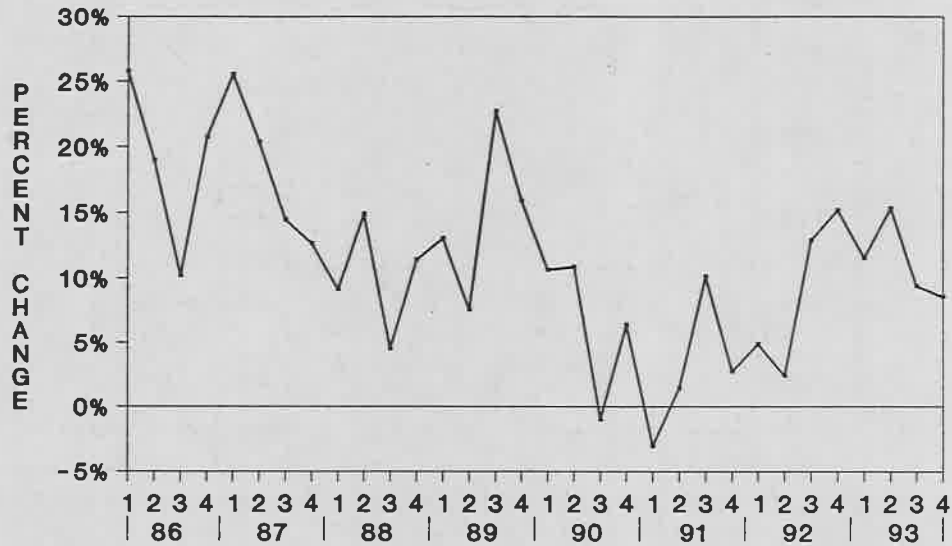


CHART 19

**CONTRACTING INDUSTRY SALES GROWTH
1983-Q1 TO 1993-Q4
QUARTER VS. SAME QUARTER-PRIOR YEAR**

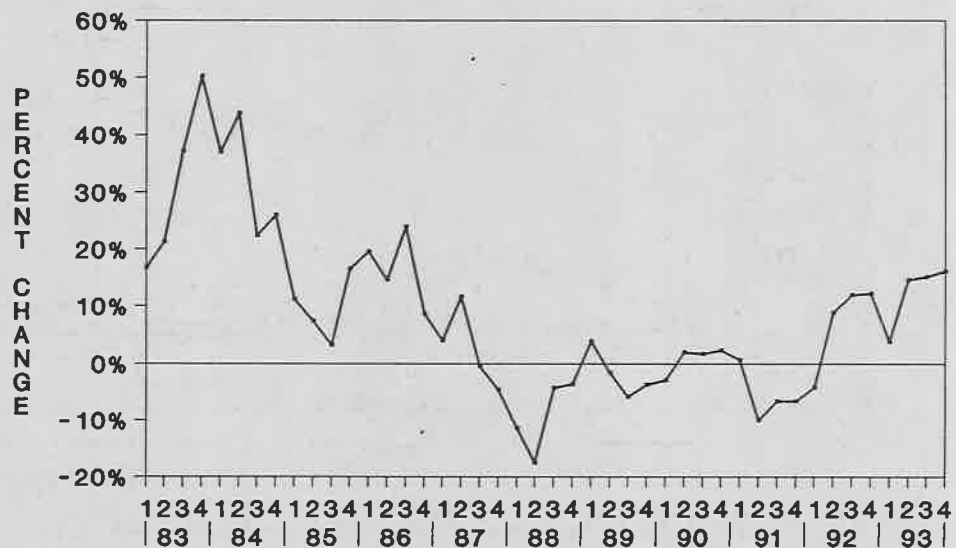


CHART 20

GENERAL FUND BASE REVENUE COLLECTIONS EXCLUDES EFFECT OF FED. RETIREE REFUNDS

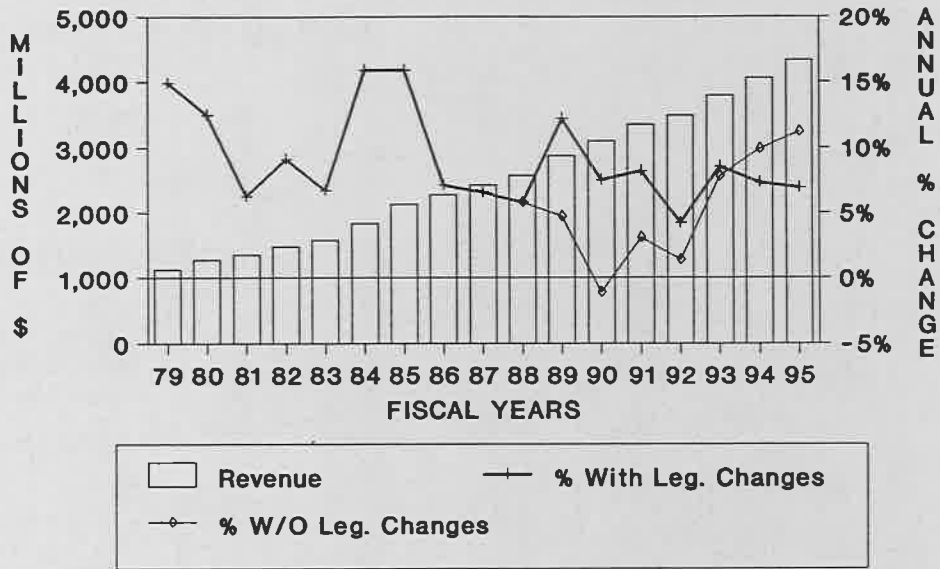


CHART 21

MAJOR GENERAL FUND TAX SOURCES COLLECTIONS EXCLUDES EFFECT OF FED. RETIREE REFUNDS

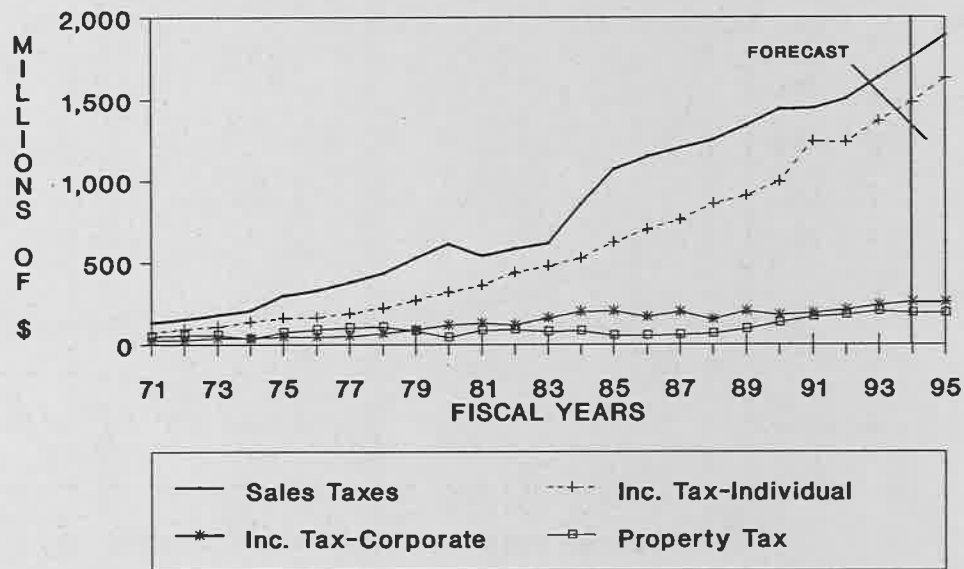
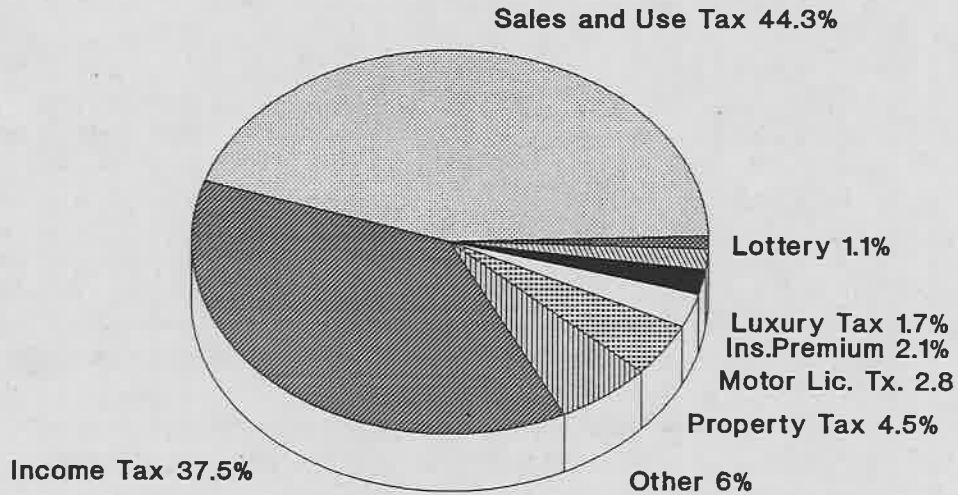


CHART 22

**GENERAL FUND REVENUE SOURCES
AS A PERCENT OF TOTAL BASE REVENUE
EXCLUDES EFFECT OF FED. RETIREE REFUNDS**



FY 1995

CHART 23

**FY 1995 MAJOR REVENUE SOURCES
DOLLAR AND PERCENT CHANGE FROM FY 1994
EXCLUDES EFFECT OF FED. RETIREE REFUNDS**

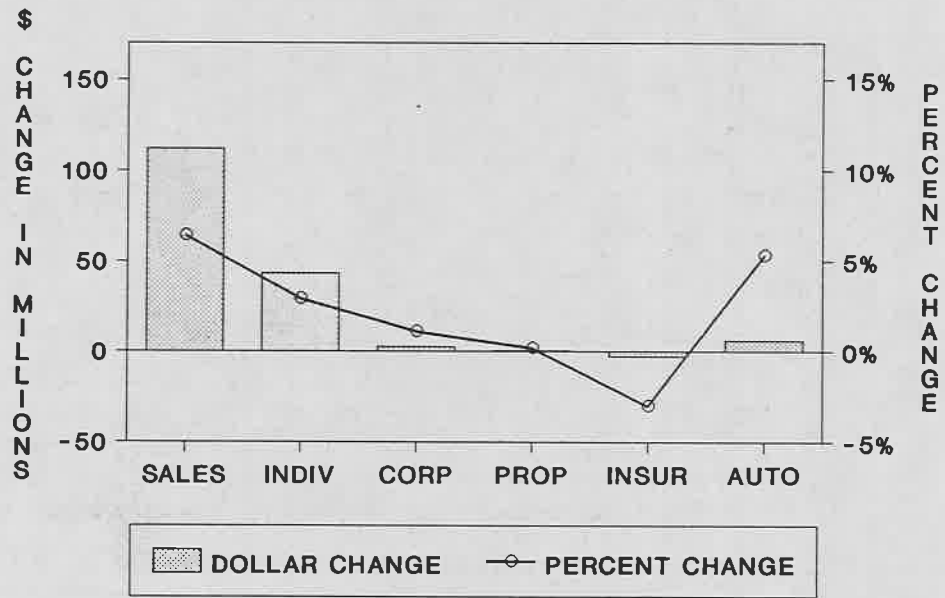


CHART 24

MAJOR TAX SOURCES AS A % OF GENERAL FUND BASE REVENUE

EXCLUDES EFFECT OF FED. RETIREE REFUNDS

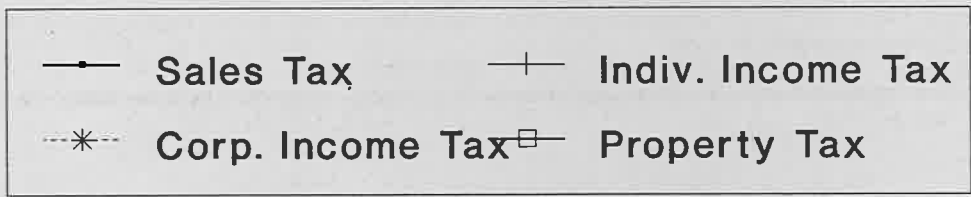
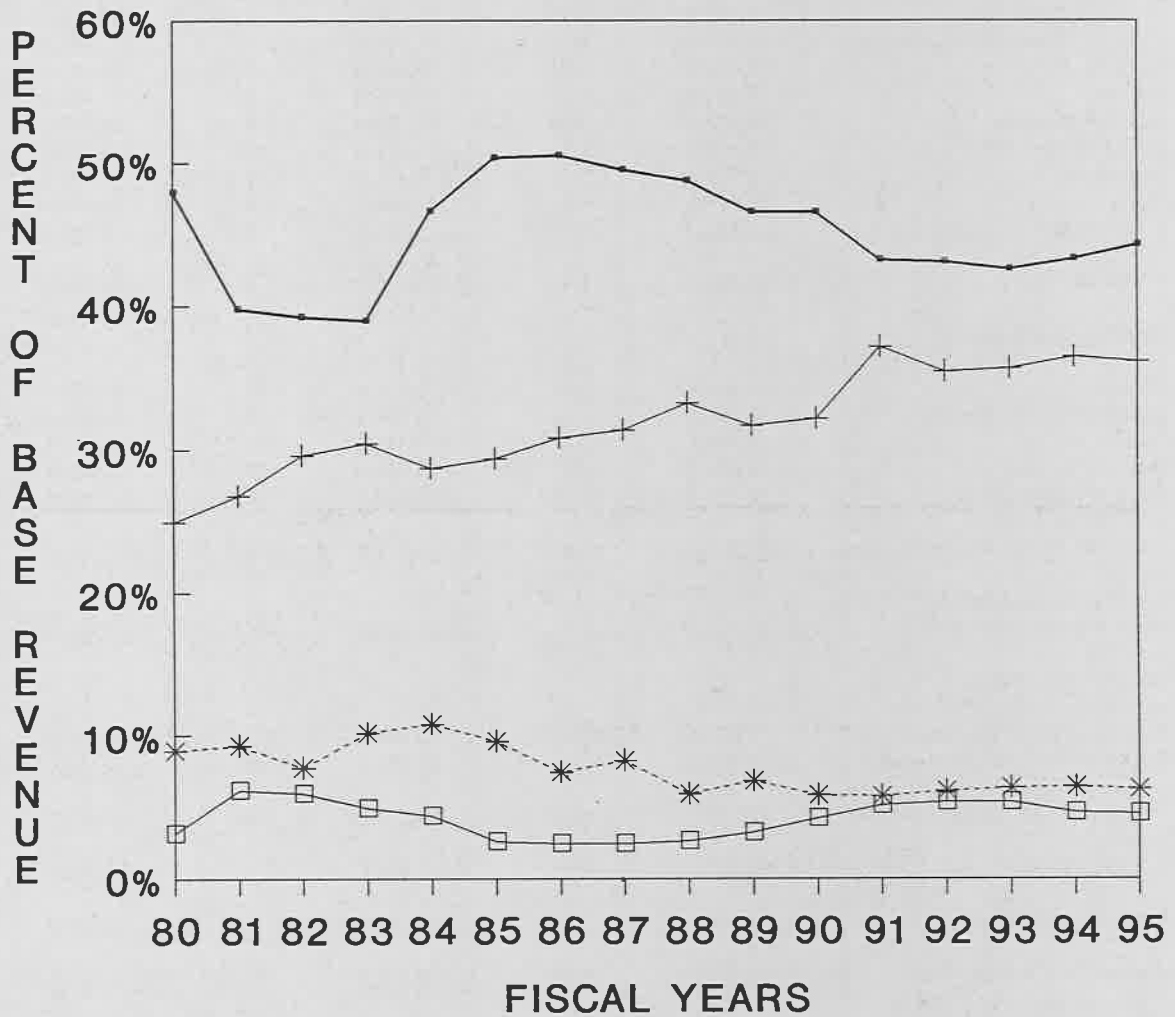


CHART 25

Table 4

**STATE OF ARIZONA
GENERAL FUND
ADJUSTED BASE REVENUE
ILBC STAFF FORECAST
(000's)**

Taxes	Actual FY 1993		Forecast FY 1994 ^{1/}		Forecast FY 1995 ^{2/}	
	Amount	% Change	Amount	% Change	Amount	% Change
Sales and Use	\$1,631,354.4	8.5%	\$1,757,200.0	7.7%	\$1,892,300.0	7.7%
Income - Individual	1,367,097.1	10.5	1,484,000.0	8.6	1,630,000.0	9.8
- Corporation	239,208.0	13.1	259,100.0	8.3	257,700.0	(0.5)
- Urban Revenue Sharing	(183,667.2)	4.3	(185,400.0)	0.9	(205,600.0)	10.9
Property	203,240.4	13.0	188,800.0	(7.1)	190,000.0	0.6
Luxury	73,069.9	1.1	73,300.0	0.3	73,800.0	0.7
Insurance Premium	103,002.5	2.4	92,500.0	(10.2)	88,900.0	(3.9)
Motor Vehicle License	103,103.8	3.3	114,000.0	10.6	120,000.0	5.3
Pari Mutuel	4,929.0	(0.1)	5,100.0	3.5	5,250.0	2.9
Estate	39,714.3	54.8	38,000.0	(4.3)	38,000.0	0.0
Other Taxes	<u>1,832.8</u>	2.6	<u>1,940.0</u>	5.8	<u>2,040.0</u>	5.2
Subtotal - Taxes	<u>3,582,885.0</u>	9.9	<u>3,828,540.0</u>	6.9	<u>4,092,390.0</u>	6.9
Other Non-Tax Revenues						
Lottery	34,498.7	(2.0)	42,500.0	23.2	45,000.0	5.9
Licenses, Fees and Permits	40,453.2	11.5	43,700.0	8.0	40,100.0	(8.2)
Interest	11,393.8	(27.4)	17,115.0	50.2	16,000.0	(6.5)
Sales and Services	4,523.9	14.8	3,400.0	(24.8)	3,800.0	11.8
Other Miscellaneous	<u>39,723.3</u>	(5.6)	<u>36,200.0</u>	(8.9)	<u>36,800.0</u>	1.7
Subtotal - Other Non-Tax Revenues	<u>130,592.9</u>	(2.0)	<u>142,915.0</u>	9.4	<u>141,700.0</u>	(0.9)
Total Base Revenue before Other Revenue Sources	<u>3,713,477.9</u>	9.4	<u>3,971,455.0</u>	6.9	<u>4,234,090.0</u>	6.6
Other Revenue Sources						
Transfers and Reimbursements	7,658.9	(85.7)	32,000.0	317.8	27,000.0	(15.6)
Disproportionate Share Revenue	<u>63,685.2</u>	54.8	<u>58,219.7</u>	(8.6)	<u>79,020.7</u>	35.7
Subtotal - Other Revenue Sources	<u>71,344.1</u>	(24.6)	<u>90,219.7</u>	26.5	<u>106,020.7</u>	17.5
Total Base Revenue	<u>3,784,822.0</u>	8.5	<u>4,061,674.7</u>	7.3	<u>4,340,110.7</u>	6.9
Federal Retiree Refunds	<u>0.0</u>		<u>(51,100.0)</u>		<u>(34,200.0)</u>	(33.1)
Adjusted Total Base Revenue	<u><u>\$3,784,822.0</u></u>	<u>8.5%</u>	<u><u>\$4,010,574.7</u></u>	<u>6.0%</u>	<u><u>\$4,305,910.7</u></u> ^{2/}	<u>7.4%</u>

^{1/} Mid-Session revision.

^{2/} Does not include the FY 1995 revenue impact of bills passed during sessions of the 41st Legislature. See Table 7 and Table 8 for a summary of the revenue impact of these bills.

Table 5

**STATE OF ARIZONA
GENERAL FUND
FY 1994
ADJUSTED BASE REVENUE
JLBC & OSPB STAFF FORECASTS
(000's)**

	Beginning of Session Forecasts FY 1994		Mid-Session Revisions FY 1994		Difference
	OSP Forecast	JLBC Staff Forecast	OSP Forecast	JLBC Staff Forecast	
Taxes					
Sales and Use	\$1,732,900.0	\$1,737,100.0	\$1,742,500.0	\$1,757,200.0	\$14,700.0
Income - Individual	1,461,500.0	1,435,240.3	1,481,100.0	1,484,000.0	2,900.0
- Corporation	259,800.0	247,950.0	259,800.0	259,100.0	(700.0)
- Urban Revenue Sharing	(185,400.0)	(185,400.0)	(185,400.0)	(185,400.0)	0.0
Property	188,700.0	194,100.0	188,700.0	188,800.0	100.0
Luxury	73,470.0	73,300.0	73,470.0	73,300.0	(170.0)
Insurance Premium	89,200.0	92,500.0	93,000.0	92,500.0	(500.0)
Motor Vehicle License	108,200.0	111,000.0	108,200.0	114,000.0	5,800.0
Pari Mutuel	4,490.0	5,100.0	4,490.0	5,100.0	610.0
Estate	30,000.0	35,000.0	32,000.0	38,000.0	6,000.0
Other Taxes	1,850.0	1,940.0	1,850.0	1,940.0	90.0
Subtotal - Taxes	<u>3,764,710.0</u>	<u>3,747,830.3</u>	<u>3,799,710.0</u>	<u>3,828,540.0</u>	<u>28,830.0</u>
Other Non-Tax Revenues					
Lottery	42,890.0	42,500.0	42,890.0	42,500.0	(390.0)
Licenses, Fees and Permits	35,930.0	42,000.0	37,700.0	43,700.0	6,000.0
Interest	11,000.0	14,600.0	16,900.0	17,115.0	215.0
Sales and Services	6,300.0	4,400.0	6,000.0	3,400.0	(2,600.0)
Other Miscellaneous	<u>32,500.0</u>	<u>40,400.0</u>	<u>33,000.0</u>	<u>36,200.0</u>	<u>3,200.0</u>
Subtotal - Other Non-Tax Revenues	128,620.0	143,900.0	136,490.0	142,915.0	6,425.0
Total Base Revenue before Other Revenue Sources	3,893,330.0	3,891,730.3	3,936,200.0	3,971,455.0	35,255.0
Other Revenue Sources					
Transfers and Reimbursements	23,500.0	25,000.0	28,300.0	32,000.0	3,700.0
Disproportionate Share Revenue	<u>58,220.0</u>	<u>58,219.7</u>	<u>58,219.7</u>	<u>58,219.7</u>	<u>0.0</u>
Subtotal - Other Revenue Sources	<u>81,720.0</u>	<u>83,219.7</u>	<u>86,519.7</u>	<u>90,219.7</u>	<u>3,700.0</u>
Total Base Revenue	3,975,050.0	3,974,950.0	4,022,719.7	4,061,674.7	38,955.0
Federal Retiree Refunds	<u>(51,100.0)</u>	<u>(51,100.0)</u>	<u>(51,100.0)</u>	<u>(51,100.0)</u>	<u>0.0</u>
Adjusted Total Base Revenue	<u>\$3,923,950.0</u>	<u>\$3,923,850.0</u>	<u>\$3,971,619.7</u> ^{1/}	<u>\$4,010,574.7</u>	<u>\$38,955.0</u>

^{1/} For budgeting purposes, the Legislature chose to use the lower OSPB revenue estimate.

Table 6

**STATE OF ARIZONA
GENERAL FUND
FY 1995
ADJUSTED BASE REVENUE
JLBC & OSPB STAFF FORECASTS
(000's)**

	Beginning of Session Forecasts FY 1995			Mid-Session Revisions FY 1995		
	OSPB Forecast	JLBC Staff Forecast	Difference	OSPB Forecast	JLBC Staff Forecast	Difference
Taxes						
Sales and Use	\$1,841,400.0	\$1,866,500.0	\$25,100.0	\$1,868,000.0	\$1,892,300.0	\$24,300.0
Income - Individual	1,582,000.0	1,570,000.0	(12,000.0)	1,605,000.0	1,630,000.0	25,000.0
- Corporation	261,300.0	244,100.0	(17,200.0)	261,300.0	257,700.0	(3,600.0)
- Urban Revenue Sharing	(205,610.0)	(205,600.0)	10.0	(205,610.0)	(205,600.0)	10.0
Property	189,400.0	197,300.0	7,900.0	192,500.0	190,000.0	(2,500.0)
Luxury	74,470.0	74,000.0	(470.0)	74,470.0	73,800.0	(670.0)
Insurance Premium	82,400.0	88,900.0	6,500.0	91,000.0	88,900.0	(2,100.0)
Motor Vehicle License	111,450.0	120,000.0	8,550.0	114,000.0	120,000.0	6,000.0
Pari Mutuel	4,700.0	5,200.0	500.0	4,700.0	5,250.0	550.0
Estate	29,000.0	35,000.0	6,000.0	32,000.0	38,000.0	6,000.0
Other Taxes	1,900.0	2,040.0	140.0	1,900.0	2,040.0	140.0
Subtotal - Taxes	<u>3,972,410.0</u>	<u>3,997,440.0</u>	<u>25,030.0</u>	<u>4,039,260.0</u>	<u>4,092,390.0</u>	<u>53,130.0</u>
Other Non-Tax Revenues						
Lottery	45,000.0	45,000.0	0.0	45,000.0	45,000.0	0.0
Licenses, Fees and Permits	36,080.0	43,300.0	7,220.0	38,000.0	40,100.0	2,100.0
Interest	12,000.0	15,600.0	3,600.0	16,000.0	16,000.0	0.0
Sales and Services	7,300.0	4,500.0	(2,800.0)	6,000.0	3,800.0	(2,200.0)
Other Miscellaneous	37,500.0	37,900.0	400.0	37,500.0	36,800.0	(700.0)
Subtotal - Other Non-Tax Revenues	<u>137,880.0</u>	<u>146,300.0</u>	<u>8,420.0</u>	<u>142,500.0</u>	<u>141,700.0</u>	<u>(800.0)</u>
Total Base Revenue before Other Revenue Sources	4,110,290.0	4,143,740.0	33,450.0	4,181,760.0	4,234,090.0	52,330.0
Other Revenue Sources						
Transfers and Reimbursements	22,500.0	25,300.3	2,800.3	25,000.0	27,000.0	2,000.0
Disproportionate Share Revenue	58,220.0	69,953.8 ^{1/}	11,733.8	79,020.7	79,020.7	0.0
Subtotal - Other Revenue Sources	<u>80,720.0</u>	<u>95,254.1</u>	<u>14,534.1</u>	<u>104,020.7</u>	<u>106,020.7</u>	<u>2,000.0</u>
Total Base Revenue	4,191,010.0	4,238,994.1	47,984.1	4,285,780.7	4,340,110.7	54,330.0
Adjustment to Consensus	36,250.0		(36,250.0)			
Federal Retiree Refunds	(34,200.0)	(34,200.0)	0.0	(34,200.0)	(34,200.0)	0.0
Adjusted Total Base Revenue	<u>\$4,193,060.0</u>^{2/}	<u>\$4,204,794.1</u>^{3/}	<u>\$11,734.1</u>	<u>\$4,251,580.7</u>^{2/}	<u>\$4,305,910.7</u>^{3/}	<u>\$54,330.0</u>

^{1/} The higher JLBC Staff Forecast for disproportionate share revenue reflects a policy difference from the Governor with respect to the distribution of additional federal disproportionate share funding.

^{2/} For budgeting purposes, the Legislature chose to use the lower OSPB revenue estimate.

^{3/} Does not include the FY 1995 revenue impact of bills passed during sessions of the 41st Legislature. See Table 7 and Table 8 for revenue impact of these bills.

STATE OF ARIZONA
GENERAL FUND
FY 1995
ADJUSTED BASE REVENUE
AFTER LEGISLATIVE CHANGES
JLBC STAFF FORECASTS
(000's)

	<u>Adjusted Base Revenue</u>	<u>Legislative Changes ^{1/}</u>	<u>Adjusted Base Revenue After Changes</u>
Taxes			
Sales and Use	\$1,892,300.0	\$(23,017.0)	\$1,869,283.0
Income - Individual	1,630,000.0	(102,826.0)	1,527,174.0
- Corporation	257,700.0	4,200.0	261,900.0
- Urban Revenue Sharing	(205,600.0)		(205,600.0)
Property	190,000.0	(850.0)	189,150.0
Luxury	73,800.0		73,800.0
Insurance Premium	88,900.0	827.5	89,727.5
Motor Vehicle License	120,000.0		120,000.0
Pari Mutuel	5,250.0	(275.0)	4,975.0
Estate	38,000.0		38,000.0
Other Taxes	<u>2,040.0</u>		<u>2,040.0</u>
Subtotal - Taxes	<u>4,092,390.0</u>	<u>(121,940.5)</u>	<u>3,970,449.5</u>
Other Non-Tax Revenues			
Lottery	45,000.0		45,000.0
Licenses, Fees and Permits	40,100.0	(816.0)	39,284.0
Interest	16,000.0		16,000.0
Sales and Services	3,800.0		3,800.0
Other Miscellaneous	<u>36,800.0</u>	<u>10.0</u>	<u>36,810.0</u>
Subtotal - Other Non-Tax Revenues	<u>141,700.0</u>	<u>(806.0)</u>	<u>140,894.0</u>
Total Base Revenue before Other Revenue Sources	<u>4,234,090.0</u>	<u>(122,746.5)</u>	<u>4,111,343.5</u>
Other Revenue Sources			
Transfers and Reimbursements	27,000.0		27,000.0
Disproportionate Share Revenue	<u>79,020.7</u>		<u>79,020.7</u>
Subtotal - Other Revenue Sources	<u>106,020.7</u>		<u>106,020.7</u>
Total Base Revenue	<u>4,340,110.7</u>	<u>(122,746.5)</u>	<u>4,217,364.2</u>
Federal Retiree Refunds	<u>(34,200.0)</u>		<u>(34,200.0)</u>
Adjusted Total Base Revenue	<u>\$4,305,910.7</u>	<u>\$(122,746.5)</u>	<u>\$4,183,164.2</u>

^{1/} See Table 8 for further details.

FORTY-FIRST LEGISLATURE
SECOND REGULAR SESSION AND EIGHTH SPECIAL SESSION
BILLS HAVING A SIGNIFICANT FY 1995 GENERAL FUND REVENUE IMPACT

(000's)

[Effective Dates]

	<u>Property</u>	<u>Sales & Use</u>	<u>Individual Income</u>	<u>Corporate Income</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
<u>8TH SPECIAL SESSION</u>							
Ch. 1 (H.B. 2001) Treasurer's Investment Management Fee Decrease to 0.8% [7/1/94]						(1,000.0)	(1,000.0)
Ch. 4 (H.B. 2004) Health Dispro. Share; Raise Sales Tax Distribution Withheld [6/15/93] ^{1/}		-0-					-0-
Ch. 8 (H.B. 2008) Sales Tax Distribution Pima and Other County Aid [7/1/94]		(20,000.0)					(20,000.0)
SUBTOTAL - 8TH SPECIAL SESSION	\$ -0-	\$ (20,000.0)	\$ -0-	\$ -0-	\$ -0-	\$ (1,000.0)	\$ (21,000.0)
<u>MIDDLE INCOME TAX RELIEF ACT (MITRA)</u>							
Ch. 41 (S.B. 1120) MITRA							
A. Personal Income Tax Cut [1/1/94]			(106,900.0)				(106,900.0)
B. Accelerated Depreciation [1/1/93] ^{2/}			-0-				-0-
C. 1% Personal Property AV [1/1/95]	-0-						-0-
D. Classes 1 and 2 Phasedown [1/1/95]	-0-						-0-
E. Consumables-Chemicals [7/1/95]		-0-					-0-
F. Consolidated Returns [1/1/94]				-0-			-0-
G. Lower Corporate Rate [1/1/94]				(5,800.0)			(5,800.0)
H. IRS Conformity [1/1/94]			6,200.0	10,000.0	-0-	-0-	16,200.0
I. Homeowner's Rebate [1/1/94] ^{3/}	-0-						-0-
SUBTOTAL - MITRA	\$ -0-	\$ -0-	\$ (100,700.0)	\$ 4,200.0	\$ -0-	\$ -0-	\$ (96,500.0)
<u>OTHER BILLS - 2ND REGULAR SESSION</u>							
Ch. 1 (H.B. 2151) State Property Tax Rate [1/1/94]	-0-						-0-
Ch. 46 (S.B. 1294) Income Tax Offset; Overlap Years [1/1/87]				No Estimate			
Ch. 63 (S.B. 1158) Property Tax Refund; Historical Society [7/17/94]		Minimal					
^{1/} The General Fund revenue gain from this provision is incorporated into the JLBC Staff base revenue estimate. ^{2/} Initial impact will be in FY 1998 resulting in a revenue loss of \$17.4 million. ^{3/} Homeowner's Rebate is a \$15.1 million expenditure in FY 1995. It will be treated as an expenditure in future years, also.							

BILLS HAVING A SIGNIFICANT FY 1995 GENERAL FUND REVENUE IMPACT
(000's)
[Effective Dates]

	<u>Property</u>	<u>Sales & Use</u>	<u>Individual Income</u>	<u>Corporate Income</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
Ch. 64 (S.B. 1192) TPT Refunds; Residential Facilities [1/1/82]		Minimal					
Ch. 90 (S.B. 1374) Income Tax Credit; Water Conservation [1/1/94]			(1,626.0)				(1,626.0)
Ch. 92 (S.B. 1358) Sales Tax; Contract Rail Transportation [1/1/88]		-0-					-0-
Ch. 112 (S.B. 1169) Property Tax Exemption; Vets Org. [7/17/94]	Minimal						
Ch. 119 (S.B. 1107) Forgive Withholding [1/1/86]		-0-					-0-
Ch. 154 (S.B. 1071) Dept. Insurance; Fraud Unit [4/18/94]					827.5		827.5
Ch. 163 (S.B. 1292) Dept. of Agriculture Fruit/Veg. Fees [7/17/94]						(20.0)	(20.0)
Ch. 174 (S.B. 1457) TPT; Personal Property Liquidators [4/19/83]		(1,000.0)					(1,000.0)
Ch. 228 (H.B. 2031) Dept. Agri., Egg Board Fees [7/17/94]						(21.0)	(21.0)
Ch. 240 (H.B. 2154) Prison Food TPT Exemption [7/17/94]		(80.0)					(80.0)
Ch. 271 (S.B. 1340) Property Tax; Telecommunications [1/1/94]	(850.0)						(850.0)
Ch. 293 (S.B. 1101) Possessory Interest Class [1/1/93]	No Estimate						
Ch. 305 (S.B. 1301) Use Tax Exemption; University Cars [1/1/87]		(57.0)					(57.0)
Ch. 307 (S.B. 1441) Sales Tax; Feed [10/1/94]		(655.0)					(655.0)
Ch. 312 (H.B. 2273) TPT; Amusement/Instruction Exemption [7/17/94]		(825.0)					(825.0)
Ch. 330 (H.B. 2108) Multiple Assessed Value Adjustment [4/26/94]	Minimal						
Ch. 332 (H.B. 2014) Prisoners; Payment of Medical Expenses [4/26/94]						225.0	225.0
Ch. 352 (H.B. 2545) Printing TPT Exemption [7/1/88]	No Estimate						
Ch. 353 (H.B. 2575) Omnibus Alternative Fuels [1/1/94]		(400.0)					(400.0)
Ch. 354 (H.B. 2593) Income Tax Benefit Rule [7/17/94]			(500.0)				(500.0)
Ch. 358 (S.B. 1111) Prisoners; Litigation [7/17/94]						10.0	10.0
Ch. 370 (S.B. 1373) Agricultural Training and Consulting [7/17/94]						(275.0)	(275.0)
SUBTOTAL - OTHER BILLS	\$ (850.0)	\$ (3,017.0)	\$ (2,126.0)	\$ -0-	\$ 827.5	\$ (81.0)	\$ (5,246.5)
SUMMARY							
8TH SPECIAL SESSION	\$ -0-	\$ (20,000.0)	\$ -0-	\$ -0-	\$ -0-	\$ (1,000.0)	\$ (21,000.0)
MITRA	\$ -0-	\$ -0-	\$ (100,700.0)	\$ 4,200.0	\$ -0-	\$ -0-	\$ (96,500.0)
OTHER BILLS	\$ (850.0)	\$ (3,017.0)	\$ (2,126.0)	\$ -0-	\$ 827.5	\$ (81.0)	\$ (5,246.5)
TOTALS	\$ (850.0)	\$ (23,017.0)	\$ (102,826.0)	\$ 4,200.0	\$ 827.5	\$ (1,081.0)	\$ (122,746.5)

**FORTY-FIRST LEGISLATURE
SECOND REGULAR SESSION AND EIGHTH SPECIAL SESSION
BILLS HAVING AN ORIGINAL FY 1996 GENERAL FUND REVENUE IMPACT**

(000's)

[Effective Dates]

	<u>Property</u>	<u>Sales & Use</u>	<u>Individual Income</u>	<u>Corporate Income</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
<u>SECOND REGULAR SESSION</u>							
Ch. 41 (S.B. 1120) MITRA ^{1/}							
A. 1% Personal Property AV [1/1/95]	(3,686.0)						(3,686.0)
B. Classes 1 and 2 Phasedown [1/1/95]	(12,810.0)						(12,810.0)
C. Consumables-Chemicals [7/1/95]		(4,000.0)					(4,000.0)
D. Consolidated Returns [1/1/94]				(13,400.0)			(13,400.0)
E. Lower Corporate Rate [1/1/94]				(2,200.0)			(2,200.0)
Ch. 45 (S.B. 1175) Medical Savings Account [1/1/95]							
			(175.0)				(175.0)
Ch. 90 (S.B. 1374) Income Tax Credit; Water Conservation [1/1/94] ^{2/}							
			(1,874.0)				(1,874.0)
Ch. 102 (S.B. 1128) Livestock Tax Exemption [7/17/94] ^{3/}							
	(660.0)						(660.0)
Ch. 117 (S.B. 1523) Income Tax Credits; Pollution Control [1/1/95]							
			(1,500.0)	(1,000.0)			(2,500.0)
Ch. 145 (H.B. 2394) Super Bowl TPT Exemption [7/17/94]							
		(481.9)					(481.9)
Ch. 313 (H.B. 2374) TPT; Theme Park Incentives [7/1/96]							
		-0-					-0-
Ch. 346 (H.B. 2357) Sales Tax Accounting Credit [7/1/95]							
		(11,870.0)					(11,870.0)
Ch. 370 (S.B. 1373) Agricultural Training and Consulting [7/17/94] ^{4/}							
		(400.0)				(3,140.0)	(3,540.0)
Ch. 377 (S.B. 1535) TPT; Government Contract Overhead [7/1/95]							
		(8,000.0)					(8,000.0)
SUBTOTAL - FY 1996	<u>\$(17,156.0)</u>	<u>\$(24,751.9)</u>	<u>(3,549.0)</u>	<u>\$(16,600.0)</u>	<u>\$ -0-</u>	<u>\$(3,140.0)</u>	<u>\$(65,196.9)</u>

^{1/} These provisions are included in Table 8 for FY 1995, but do not have an initial impact until FY 1996. The only exception is the lower corporate tax rate which in FY 1995 represents a partial year estimate. The FY 1996 estimate is the incremental change from FY 1995.

^{2/} The FY 1996 estimate is the incremental change from FY 1995. The FY 1995 revenue impact represents a partial year estimate.

^{3/} This bill is conditional on approval at the next general election, which is in November 1994.

^{4/} Certain provisions in the bill begin in FY 1996. The FY 1995 estimate includes only the changed pari-mutuel distribution formula.

**FY 1994
GENERAL FUND ADJUSTMENTS**

FY 1994 GENERAL FUND ADJUSTMENTS 1/

	<u>Original Forecast 2/</u>	<u>Change</u>	<u>Revised Estimate</u>
REVENUES			
-Balance Forward	\$10,983,200	\$75,031,400	\$86,014,600
-Base Revenue	<u>3,842,536,500</u>	<u>129,083,200</u>	<u>3,971,619,700</u>
 TOTAL REVENUES	 \$3,853,519,700	 \$204,114,600	 \$4,057,634,300
EXPENDITURES			
-Original Operating Budget Appropriations	3,793,242,900	0	3,793,242,900
-Supplementals	0	31,087,400	31,087,400
-Reduction of K-12 Rollover	0	89,000,000	89,000,000
-Budget Stabilization Fund Deposit	0 3/	42,000,000	42,000,000
-Other Bills	<u>0</u>	<u>1,436,500</u>	<u>1,436,500</u> 4/
SUBTOTAL-REVISED OPERATING	3,793,242,900	163,523,900	3,956,766,800
 -Original Capital Appropriations	 11,471,900	 0	 11,471,900
-Supplementals	<u>0</u>	<u>1,667,600</u>	<u>1,667,600</u>
SUBTOTAL-REVISED CAPITAL	11,471,900	1,667,600	13,139,500
 -Administrative Adjustments and Emergencies	 21,000,000	 9,720,600 5/	 30,720,600
-Change in Continuing Appropriations	4,956,000	0	4,956,000
-Revertments	<u>(38,000,000)</u>	<u>(16,000,000)</u>	<u>(54,000,000)</u>
 TOTAL EXPENDITURES	 \$3,792,670,800	 \$158,912,100	 \$3,951,582,900
 ENDING BALANCE	 <u>\$60,848,900</u>	 <u>\$45,202,500</u>	 <u>\$106,051,400</u>

1/ The FY 1994 budget revision was enacted in late March 1994. This General Fund "balance sheet" reflects the estimates and assumptions utilized at the time these decisions were made. The Base Revenue estimates are based upon the Executive's (Office of Strategic Planning and Budgeting) forecast.

2/ As appeared in the FY 1994 Appropriations Report.

3/ In the FY 1994 Appropriations Report, the JLBC Staff estimated the FY 1994 Budget Stabilization Fund deposit to be \$33,487,000. No monies, however, were appropriated at that time.

4/ See table of Additional Appropriations for individual amounts and agencies receiving appropriations. These additional appropriations are not included in the following table on Revisions to Agency Spending Authority.

5/ Includes an additional \$1,720,600 for wild land fire emergencies in Laws 1994, Chapter 2006, 8th Special Session.

FY 1994 GENERAL FUND ADJUSTMENTS

For the second year in a row, the General Fund budget did not require mid-year revenue increases, expenditure reductions or fund transfers to remain balanced. The FY 1994 budget, however, did require certain supplemental appropriations. In the 8th Special Session and 2nd Regular Session, the Legislature approved additional General Fund operating budget spending of \$163,523,900, including:

- \$31,087,400 for revisions to individual agency budgets. The supplementals included: a) \$10,249,000 to the Department of Education for a shortfall in the Basic State Aid formula; b) \$5,210,300 to the Arizona Health Care Cost Containment System for the state share of additional federal Title 19 Disproportionate Share Hospital monies; c) \$4,529,900 to the Department of Health Services for additional behavioral health and other expenses; d) \$3,500,000 to the Department of Emergency and Military Affairs for flood relief; e) \$3,000,000 to the Department of Administration for the San Carlos Water Rights Settlement; f) \$2,234,900 to the Department of Youth Treatment and Rehabilitation to implement the Consent Decree; and g) \$1,550,000 to the Department of Revenue to implement the Federal Retiree Refund program.
- \$89,000,000 to reduce the Department of Education Basic State Aid "Rollover" from \$142,500,000 to \$53,500,000.
- \$42,000,000 for deposit into the Budget Stabilization Fund. In the FY 1994 Appropriations Report, the JLBC Staff had estimated the deposit at \$33,487,000. These monies were not actually appropriated at the time.
- \$1,436,500 for other bills

In addition, the Legislature approved a \$1,667,600 capital supplemental and \$1,720,600 for wild land fire emergencies. This latter amount is in addition to the \$1,000,000 that the Governor is currently authorized under A.R.S. § 37-623.02 to expend for this purpose. This amount appears in the Administrative Adjustments and Emergencies line of the FY 1994 General Fund Adjustments table.

This additional FY 1994 spending was financed by higher-than-anticipated carry forward balances from FY 1993 and revenue growth throughout the fiscal year. This growth occurred mainly in individual income tax, sales and use tax and corporate income tax. This growth would have been higher had the state not been required by a United States Supreme Court decision to provide "retroactive" relief to federal government retirees for its past tax treatment of their retiree benefits. The FY 1994 revenue estimate includes a reduction of \$51,100,000 for such relief. (See the Economic and Revenue Forecast section for further information.)

**FY 1994 OPERATING BUDGET
REVISIONS TO AGENCY SPENDING AUTHORITY 1/**

	General Fund			Other Funds		
	Original Appropriation	Revision	Final Appropriation	Original Appropriation	Revision	Final Appropriation
GENERAL GOVERNMENT						
Administration, Department of 2/	\$26,325,600	\$3,000,000	\$29,325,600	\$115,005,600	\$2,475,700	\$117,481,300
Attorney General	18,860,000	0	18,860,000	3,697,400	0	3,697,400
Coliseum and Exposition Center 3/	0	0	0	13,784,600	0	13,784,600
Commerce, Department of	6,990,800	0	6,990,800	1,966,400	450,000	2,416,400
Courts						
Court of Appeals	8,218,100	0	8,218,100	0	0	0
Comm on Appellate and Trial Court Appts	10,000	0	10,000	0	0	0
Commission on Judicial Conduct	150,800	0	150,800	0	0	0
Superior Court	64,908,300	0	64,908,300	750,000	0	750,000
Supreme Court	10,941,300	0	10,941,300	50,000	0	50,000
SUBTOTAL - Courts	\$84,228,500	\$0	\$84,228,500	\$800,000	\$0	\$800,000
Equal Opportunity, Governor's Office of	229,000	0	229,000	0	0	0
Governor, Office of the	5,948,600	0	5,948,600	0	0	0
Gov's Ofc of Strategic Planning & Budgeting	1,372,600	0	1,372,600	0	0	0
Law Enforcement Merit System Council	41,300	0	41,300	0	0	0
Legislature						
Auditor General	7,232,300	0	7,232,300	0	0	0
House of Representatives	7,131,000	0	7,131,000	0	0	0
Joint Legislative Budget Committee	1,857,500	0	1,857,500	0	0	0
Legislative Council	2,506,000	0	2,506,000	0	0	0
Lib, Archives, and Public Rec, Dept of	4,664,400	0	4,664,400	0	0	0
Senate	5,735,200	0	5,735,200	0	0	0
SUBTOTAL - Legislature	\$29,126,400	\$0	\$29,126,400	\$0	\$0	\$0
Lottery Commission 4/	0		0	40,681,800	3,974,600	44,656,400
Personnel Board	229,800	69,700	299,500	0	0	0
Retirement System	0	0	0	3,241,300	0	3,241,300
Revenue, Department of	47,488,300	1,550,000	49,038,300	0	0	0
Secretary of State	1,751,300	0	1,751,300	0	0	0
Tax Appeals, Board of	684,000	0	684,000	0	0	0
Tourism, Office of	5,403,300	0	5,403,300	0	0	0
Treasurer	7,085,100	0	7,085,100	0	0	0
Uniform State Laws, Commission on	23,300	0	23,300	0	0	0
TOTAL - GENERAL GOVERNMENT	\$235,787,900	\$4,619,700	\$240,407,600	\$179,177,100	\$6,900,300	\$186,077,400
HEALTH AND WELFARE						
Ariz Health Care Cost Containment System	477,191,800	5,210,300	482,402,100	0	0	0
Economic Security, Department of	356,653,900	10,000	356,663,900	643,100	0	643,100
Environmental Quality, Department of 5/	9,695,500	0	9,695,500	5,339,900	0	5,339,900
Health Services, Department of	194,178,200	4,529,900	198,708,100	16,352,500	2,000,000	18,352,500
Hearing Impaired, Council for the	207,300	0	207,300	0	0	0
Indian Affairs, Commission on	161,200	0	161,200	0	0	0
Pioneers' Home	1,769,600	0	1,769,600	1,195,900	0	1,195,900
Arizona Ranger's Pension	9,800	0	9,800	0	0	0
Veteran's Services Commission	797,400	0	797,400	453,400	0	453,400
TOTAL - HEALTH AND WELFARE	\$1,040,664,700	\$9,750,200	\$1,050,414,900	\$23,984,800	\$2,000,000	\$25,984,800
INSPECTION AND REGULATION						
Agricultural Employment Relations Board	63,600	0	63,600	0	0	0
Agriculture, Department of	9,627,400	0	9,627,400	1,924,800	0	1,924,800
Banking Department	2,125,100	400,000	2,525,100	0	0	0
Boxing Commission	59,000	0	59,000	0	0	0
Building & Fire Safety, Dept of	2,807,900	0	2,807,900	0	0	0
Contractors, Registrar of	4,173,700	0	4,173,700	0	0	0
Corporation Commission	5,045,000	0	5,045,000	5,520,400	0	5,520,400
Industrial Commission	0	0	0	12,481,600	0	12,481,600
Insurance, Department of	3,022,500	0	3,022,500	0	0	0
Liquor Licenses & Control, Dept of	1,900,300	0	1,900,300	0	0	0

	General Fund			Other Funds		
	Original Appropriation	Revision	Final Appropriation	Original Appropriation	Revision	Final Appropriation
Mine Inspector	\$541,500	\$0	\$541,500	\$0	\$0	\$0
Occupational Safety and Health Review Board	9,000	0	9,000	0	0	0
Racing, Department of	2,441,100	0	2,441,100	1,009,600	350,700	1,360,300
Radiation Regulatory Agency	969,000	0	969,000	93,000	0	93,000
Real Estate Department	2,547,400	0	2,547,400	0	0	0
Residential Utility Consumer Office	0	0	0	1,005,700	0	1,005,700
Dept of Weights and Measures	1,879,800	0	1,879,800	1,024,200	0	1,024,200
Ninety-Ten Agencies						
Accountancy, Board of	0	0	0	941,100	8,100	949,200
Appraisal, Board of	0	0	0	229,800	0	229,800
Barber Examiners Board	0	0	0	141,800	0	141,800
Behavioral Health Examiners, Board of	0	0	0	296,700	0	296,700
Chiropractic Examiners Board	0	0	0	236,600	0	236,600
Cosmetology, Board of	0	0	0	623,300	0	623,300
Dental Examiners Board	0	0	0	528,000	50,000	578,000
Funeral Directors and Embalmers Board	0	0	0	175,300	0	175,300
Homeopathic Medical Examiners Board	0	0	0	22,300	0	22,300
Medical Examiners, Board of	0	0	0	2,687,500	0	2,687,500
Naturopathic Physician Examiners Board	0	0	0	41,900	4,500	46,400
Nursing Board	0	0	0	1,093,100	0	1,093,100
Nursing Care Institution Administrators Bd	0	0	0	63,600	0	63,600
Occupational Therapy Examiners, Board of	0	0	0	90,900	0	90,900
Opticians, Board of Dispensing	0	0	0	68,900	0	68,900
Optometry, Board of	0	0	0	95,600	0	95,600
Osteopathic Examiners Board	0	0	0	289,200	0	289,200
Pharmacy Board	0	0	0	641,000	100,000	741,000
Physical Therapy Examiners Board	0	0	0	72,300	9,000	81,300
Podiatry Examiners Board	0	0	0	50,400	0	50,400
Private Postsecondary Education, Board for	0	0	0	130,600	0	130,600
Psychologist Examiners Board	0	0	0	197,800	0	197,800
Respiratory Care Examiners, Board of	0	0	0	134,100	0	134,100
Structural Pest Control Commission	0	0	0	1,020,000	0	1,020,000
Technical Registration, Board of	0	0	0	856,200	0	856,200
Veterinary Medical Examining Board	0	0	0	170,400	0	170,400
Subtotal - Ninety-Ten Agencies	\$0	\$0	\$0	\$10,898,400	\$171,600	\$11,070,000
TOTAL - INSPECTION AND REG	\$37,212,300	\$400,000	\$37,612,300	\$33,957,700	\$522,300	\$34,480,000
EDUCATION						
Arts, Commission on the	1,258,900	0	1,258,900	0	0	0
Community Colleges	86,727,100	0	86,727,100	0	0	0
Deaf and Blind, School for	15,263,700	0	15,263,700	4,768,300	0	4,768,300
Education, Department of	1,444,175,200	99,249,000	1,543,424,200	0	0	0
Historical Society, Arizona	3,282,200	0	3,282,200	0	0	0
Historical Society, Prescott	543,700	0	543,700	0	0	0
Medical Student Loans Board	1,000	0	1,000	0	0	0
Universities/Board of Regents						
Board of Regents	7,155,400	0	7,155,400	0	0	0
Arizona State University - East	0	0	0	0	0	0
Arizona State University - Main	184,324,800	0	184,324,800	0	0	0
Arizona State University - West	29,602,800	0	29,602,800	0	0	0
Northern Arizona University	75,531,200	0	75,531,200	0	0	0
University of Arizona - Main	198,968,000	0	198,968,000	0	0	0
University of Arizona - Health Sciences Cent	44,738,200	0	44,738,200	0	0	0
SUBTOTAL - Universities/Board of Regents	\$540,320,400	\$0	\$540,320,400	\$0	\$0	\$0
TOTAL - EDUCATION	\$2,091,572,200	\$99,249,000	\$2,190,821,200	\$4,768,300	\$0	\$4,768,300
PROTECTION AND SAFETY						
Corrections, Department of	283,298,200	0	283,298,200	20,392,500	0	20,392,500
Criminal Justice Commission	1,000,000	0	1,000,000	545,200	0	545,200
Emergency and Military Affairs, Dept of	7,854,400	3,500,000	11,354,400	131,000	0	131,000

	General Fund			Other Funds		
	Original Appropriation	Revision	Final Appropriation	Original Appropriation	Revision	Final Appropriation
Executive Clemency, Board of	\$1,890,600	\$0	\$1,890,600	\$0	\$0	\$0
Public Safety, Department of	34,148,200	0	34,148,200	50,165,200	0	50,165,200
Youth Treatment and Rehabilitation, Dept of	31,147,900	2,234,900	33,382,800	2,736,300	429,000	3,165,300
TOTAL - PROTECTION AND SAFETY	\$359,339,300	\$5,734,900	\$365,074,200	\$73,970,200	\$429,000	\$74,399,200
TRANSPORTATION						
Transportation, Department of	\$69,600	0	\$69,600	\$193,000,400	\$42,100	\$193,042,500
NATURAL RESOURCES						
Environment, Commission on the	89,900	0	89,900	0	0	0
Game and Fish Department	0	0	0	16,718,800	0	16,718,800
Geological Survey	613,200	0	613,200	0	0	0
Land Department 6/	10,883,800	(2,900)	10,880,900	0	0	0
Mines and Mineral Resources, Dept of	607,600	0	607,600	0	0	0
State Parks Board	4,642,500	336,500	4,979,000	3,419,300	0	3,419,300
Water Resources, Department of	11,662,500	0	11,662,500	0	0	0
TOTAL - NATURAL RESOURCES	\$28,499,500	\$333,600	\$28,833,100	\$20,138,100	\$0	\$20,138,100
Unallocated Risk Management	97,400	0	97,400	287,600	0	287,600
Unallocated AFIS Charges	0	0	0	476,700	0	476,700
SUBTOTAL - OPERATING BUDGETS	\$3,793,242,900	\$120,087,400	\$3,913,330,300	\$529,760,900	\$9,893,700	\$539,654,600
Budget Stabilization Fund	0	42,000,000	42,000,000	0	0	0
GRAND TOTAL 7/	\$3,793,242,900	\$162,087,400	\$3,955,330,300	\$529,760,900	\$9,893,700	\$539,654,600

1/ Unless otherwise noted, the amounts reflect General Appropriation Act appropriations and additional legislation appropriations, as revised by Laws 1994, Chapter 6, 8th Special Session.

2/ The FY Other Funds Original Appropriation includes \$4,924,200 appropriated in Laws 1993, Chapter 1, 6th Special Session, related to air quality.

3/ The Other Funds Original Appropriation reflects an adjustment of \$395,700 to the FY 1994 General Appropriation Act total, based on the provision that the agency is appropriated 100% of receipts.

4/ The Other Funds Original Appropriation reflects an adjustment of \$1,791,100 to the FY 1994 General Appropriation Act total, based on the provision that the agency is appropriated 100% of receipts.

5/ The Other Funds Original Appropriation includes \$1,608,600 appropriated in Laws 1993, Chapter 1, 6th Special Session, related to air quality. The Other Funds Original Appropriation also reflects an adjustment of \$1,801,300 to the FY 1994 General Appropriation Act total, based on the provision that the agency is appropriated 100% of receipts.

6/ The General Fund Revision reflects a transfer to the Arizona Navigable Streams Adjudication Commission, as required by Laws 1994, Chapter 277.

7/ The Total General Fund Revision does not include \$1,720,600 appropriated in Laws 1994, Chapter 6, 8th Special Session for wild land fire emergencies. This amount is reflected in the "Administrative Adjustments and Emergencies" item on the General Fund Statement of Projected Revenues and Expenditures.

RECENT JOINT LEGISLATIVE BUDGET COMMITTEE STAFF REPORTS

- **A Report on the Organization and Staffing of the Arizona Department of Corrections, prepared for the House Subcommittee on Prison Staffing, April 1990**
- **State of Arizona Agency Print Shops, April 1990**
- **State of Arizona Light Duty Vehicles, June 1990**
- **1991 FISCAL FACTS, November 1990**
- **State of Arizona Drug Enforcement, Treatment and Education FY 1989, March 1991**
- **A Preliminary Evaluation of the Community Punishment Program in Arizona, June 1991**
- **Final Evaluation of Arizona's Community Punishment Program, December 1991**
- **Funding Review on Clinical Teaching Support for the College of Medicine of the University of Arizona, January 1992**
- **Higher Education Enrollment Growth in Arizona, June 1992**
- **Lower Division Cost of Education at Arizona's Universities and Community Colleges, August 1992**
- **1993 FISCAL FACTS, October 1992**
- **Legislative Orientation on the State Budget, December 1992**
- **Report to the Interim Committee on Statutory Funding Formulas, Health and Welfare Funding Formulas, July 1993**
- **Report to the Interim Committee on Statutory Funding Formulas, Higher Education Funding Formulas, August 1993**
- **Inventory of State Assets - Unimproved Land, Equipment, and Buildings, August 1993**
- **K-12 Funding Formula Examples and Descriptions, September 1993**
- **Report to the Interim Committee on Statutory Funding Formulas, Local Revenue Sharing and Court Funding Formulas, October 1993**
- **Faculty Workload Study for Arizona Universities, December 1993**

Annual Reports

- **Annual Budget, Analysis and Recommendations, January**
- **Joint Appropriations Committee Book, March**
- **Appropriations Report, June**
- **Tax Handbook and Annual Updates, October**