



**STATE OF ARIZONA**

**APPROPRIATIONS  
REPORT**

**Fiscal Years Ending  
June 30, 1996  
And  
June 30, 1997**

**JOINT  
LEGISLATIVE  
BUDGET  
COMMITTEE**

**RECYCLED PAPER**

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STATE OF ARIZONA

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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 1996 and 1997, as provided in the General Appropriation Act, Laws 1995, Chapter 1 (H.B. 2001), 1st Special Session, and other legislative acts. Also included is the economic and state revenue forecast upon which the budget was based.

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."

On an on-going basis, we review the usefulness of our publications. As a result of this effort, we have substantially, reduced the Report's length, without sacrificing critical information. The total number of pages has declined from 650 pages last year to 400 this year. We were able to achieve this reduction by streamlining the appearance of agency descriptions and consolidating technical information at the beginning of the Report. We would appreciate any comments on these changes.

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

Ted A. 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 1995

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Representative Carmen Cajero  
Representative Lori S. Daniels  
Representative Jeff Groscost  
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Senator John Wettaw

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** or 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).

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Ted A. Ferris  
Director

Richard Stavneak  
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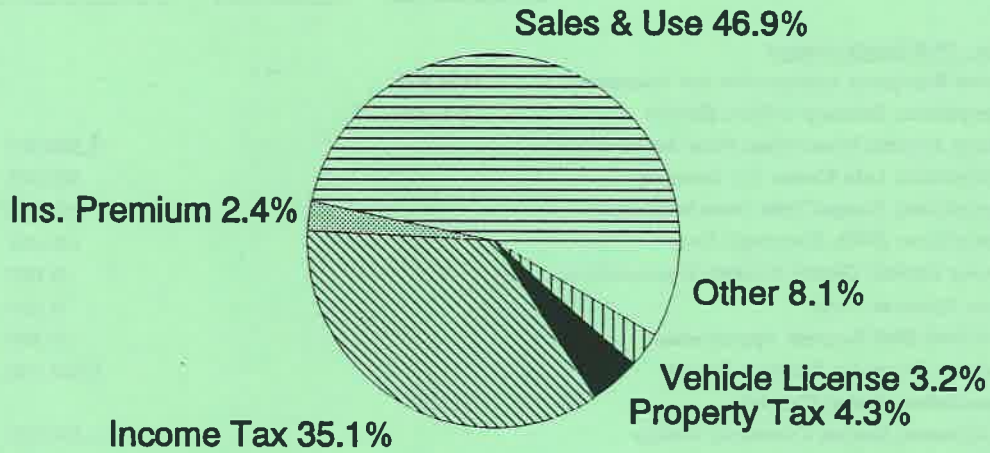


STATE OF ARIZONA  
GENERAL FUND  
STATEMENT OF PROJECTED REVENUES AND EXPENDITURES  
*Update of Enacted Budget as of Sine Die 1/*

	Preliminary FY 1995	Forecast FY 1996
<b>REVENUES</b>		
-Balance Forward	\$229,204,400	\$163,264,600
-Base Revenues	4,400,717,800	4,562,000,000
-Transfer Due to 5% BSF Cap 2/	5,648,000	14,171,000
-Other Legislation and Adjustments	0	(202,663,500)
<b>TOTAL REVENUES</b>	<b>\$4,635,570,200</b>	<b>\$4,536,772,100</b>
<b>EXPENDITURES</b>		
-Operating Appropriations	\$4,282,772,200	\$4,466,083,300 3/
-Budget Stabilization Fund Deposit 4/		
-Trigger 1	68,504,000	--
-Trigger 2	110,312,900	--
Operating Subtotal	\$4,461,589,100	\$4,466,083,300
-Capital Outlay Appropriations	33,859,000	77,553,200 5/
-Repay Corrections Fund	0	21,434,000 6/
-Administrative Adjustments and Emergencies	25,500,000	24,500,000
-Change in Continuing Appropriations	27,357,500	0
-Revertments	(76,000,000)	(54,727,000)
<b>TOTAL EXPENDITURES</b>	<b>\$4,472,305,600</b>	<b>\$4,534,843,500</b>
<b>ENDING BALANCE</b>	<b>\$163,264,600</b>	<b>\$1,928,600</b>

- 1/ This General Fund "balance sheet" reflects the status of the enacted budget as of the adjournment of the 1995 Regular Session on April 14, 1995. The key assumptions include: a) a consensus Executive-Legislative 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/ Laws 1995, Chapter 3, 1st Special Session capped the balance in the Budget Stabilization Fund at 5% of General Fund revenue. See Economic and Revenue Forecast section for further details.
- 3/ Includes \$7.0 million of appropriations in bills other than the General Appropriation Act.
- 4/ The FY 1995 budget was enacted with a "triple trigger" provision, which resulted in the appropriation of additional funds. See FY 1995 General Fund Adjustments section for further details.
- 5/ Includes \$11.8 million of appropriations in bills other than the Capital Outlay Act.
- 6/ Appropriated as part of the Capital Outlay Act to repay the Corrections Fund for prior year operating expenditures.

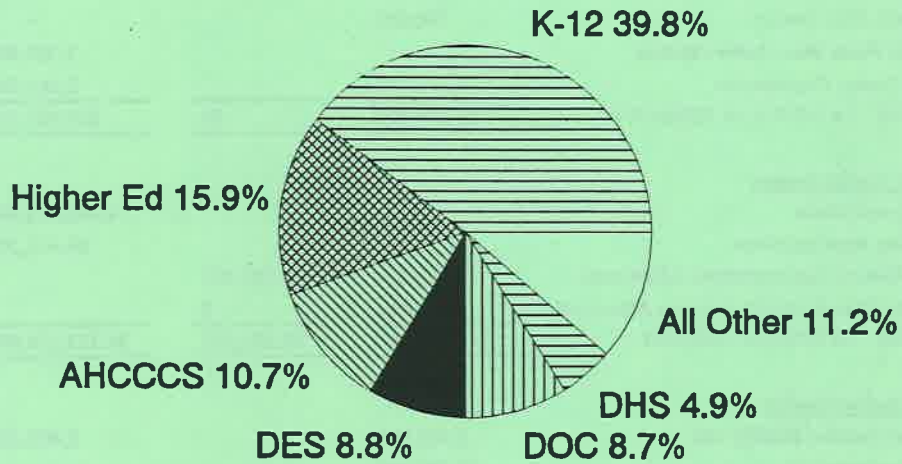
**WHERE IT COMES FROM  
FY 1996**



**TOTAL GENERAL FUND REVENUES: \$4,359,336,500\***

**\*Does not include Balance Forward or BSF Cap Revenue**

**WHERE IT GOES  
FY 1996**



**TOTAL GENERAL FUND OPERATING APPROPRIATIONS: \$4,466,083,300**

**SUMMARY OF APPROPRIATIONS**  
**By Individual Chapter**  
**For Fiscal Years 1995 and 1996 1/**

Chap. No.	Bill Number	Reference Title	Fiscal Year 1995		Fiscal Year 1996	
			General Fund	Other Funds	General Fund	Other Funds
<b>Forty-Second Legislature - First Regular Session</b>						
28	H.B. 2412	Nuclear Emergency Appropriation and Assessment	\$858,600			
36	H.B. 2297	Appropriation; Secretary of State; Election	106,700			
62	S.B. 1062	Military Airports; Preservation; Noise Attenuation 2/			2,500,000	
78	H.B. 2525	Appropriation; Lake Havasu City Dredging			500,000	
79	S.B. 1023	Appropriation; Yavapai Tribe Water Settlement			200,000	
86	S.B. 1147	Appropriation; DWR; Hydrologic Study			100,000	
94	S.B. 1401	Attorney General; General Counsel; Responsibilities			98,000	
106	H.B. 2299	Border Volunteer Corps			75,000	
157	S.B. 1399	Rural Food Bank Program; Appropriation			27,900	
158	H.B. 2002	Education; Programs; Detention Centers			3,625,100	
162	H.B. 2080	Appropriation; Named Claimants	213,700			
173	S.B. 1163	Appropriation; Graham Community College			1,000,000	
175	S.B. 1305	Demonstration Project; Child Care; AHCCCS			495,700	
185	S.B. 1039	Work Recruitment; Job Training; Appropriation	1,500,000			
190	S.B. 1073	Teenage Pregnancy Prevention; Task Force			250,000	
197	S.B. 1149	Victims Rights; Juvenile Offenses			1,000,000	
201	S.B. 1189	Arizona Military Institute Planning Committee			100,000	
206	S.B. 1227	Child Support; Assignment of Rights			106,400	
209	S.B. 1248	Appropriation; NAFTA Projects			925,000	
229	H.B. 2188	Coverage Extent Underground Storage Tanks			300,000	375,000
232	H.B. 2197	Environment; Uniform Cleanup Standards			50,000	
236	H.B. 2227	Summer School and Jobs			1,000,000	
244	H.B. 2032	HURF; Highway Fund; DPS Distribution			0	5,000,000
246	S.B. 1258	Telecommunications Office; Study; Appropriation			277,900	
249	S.B. 1271	Property Tax; Valuation and Appeals			385,500	3/
250	S.B. 1273	Incompetence To Stand Trial			15,000	
251	S.B. 1274	Regulatory Reform			122,400	
255	S.B. 1284	Board of Nursing				60,000
291	H.B. 2522	Special Health Care District	700,000			
298	S.B. 1368	Williams Air Force Base; Redevelopment			3,380,000	
300	H.B. 2226	AHCCCS; County Contribution			2,500,000	
SUBTOTAL APPROPRIATIONS - 1st REGULAR SESSION 4/			\$3,379,000	\$0	\$19,033,900	\$5,435,000
<b>Forty-Second Legislature - First Special Session</b>						
1	H.B. 2001	General Appropriations			4,446,324,400	5/ 710,800,400 5/
2	H.B. 2002	Capital Outlay Appropriations			86,952,200	243,910,400 6/
6	H.B. 2006	1994-1995 General Appropriations Adjustments	10,566,800 7/	4,287,500		
7	H.B. 2007	Supplemental Capital Outlay; Asbestos Abatement	1,400,000 7/	0		
SUBTOTAL APPROPRIATIONS - 1st SPECIAL SESSION			\$11,966,800	\$4,287,500	\$4,533,276,600	\$954,710,800
<b>Forty-First Legislature - Ninth Special Session</b>						
1	H.B. 2001	Children and Families Stability Act	3,750,000		5,400,000	
2	H.B. 2002	School Improvement Act	12,500,000			
3	H.B. 2003	Appropriation; Anti-Gang Enforcement Program	5,920,000			

5 S.B. 1005 Child Day Care Standards	\$39,400			
<b>SUBTOTAL APPROPRIATIONS - 9th SPECIAL SESSION</b>	<b>\$22,209,400</b>	<b>\$0</b>	<b>\$5,400,000</b>	<b>\$0</b>
<b>Forty-First Legislature - Second Regular Session</b>				
195 H.B. 2542 Juvenile Correctional Facilities				3,150,000
278 H.B. 2590 CAP; Arizona Water Protection Fund			6,000,000	
339 H.B. 2202 Economic Development Policy			1,000,000	
347 H.B. 2362 Building Permits; Tax Data Base			360,000	
<b>SUBTOTAL APPROPRIATIONS - 2nd REGULAR SESSION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,360,000</b>	<b>\$3,150,000</b>
<b>Forty-First Legislature - Eighth Special Session</b>				
1 H.B. 2001 General Appropriations; Fiscal Year 1994-1995	178,844,500	8/ 9,955,100	9/	
3 H.B. 2003 Education; Omnibus Budget Reconciliation	53,500,000	8/		
<b>SUB-TOTAL APPROPRIATIONS - 8th SPECIAL SESSION</b>	<b>\$232,344,500</b>	<b>\$9,955,100</b>	<b>\$0</b>	<b>\$0</b>
<b>Forty-First Legislature - Sixth Special Session</b>				
1 H.B. 2001 Air Quality Amendments			10/	10/
<b>TOTAL APPROPRIATIONS</b>	<b>\$269,899,700</b>	<b>\$14,242,600</b>	<b>\$4,565,070,500</b>	<b>\$963,295,800</b>

1/ For FY 1995, this table summarizes all appropriations enacted since the conclusion of the 2nd Regular Session of the 41st Legislature. For FY 1996, this table summarizes appropriations from the 1st Regular Session of the 42nd Legislature, and all previous sessions. All appropriations have been rounded to the nearest \$100.

2/ Also appropriates \$4,300,000 from the General Fund in FY 1997 to the Department of Transportation for the extension of the Davis Monthan Air Force Base Runway and \$3,200,000 from the General Fund in FY 1998 for the same purpose.

3/ Also appropriates \$8,700 to the Board of Tax Appeals in FY 1997.

4/ In addition to the above appropriations, the following bills were approved but contained FY 1997 appropriations only: 1) \$215,300 in Chapter 281 (H.B. 2414) - Ombudsman Citizens Aide Office; and 2) \$90,000 in Chapter 145 (S.B. 1033) - Scotopic Sensitivity; Irlen Syndrome; Pilot.

5/ The following amounts were also appropriated to biennial budget units for FY 1997: \$215,454,900 (General Fund) and \$89,570,600 (Other Funds.)

6/ Also appropriates the following amounts from the Corrections Fund for FY 1997: 1) \$1,000,000 to the Department of Administration to construct 100 minor male level 5 beds at ASP-Tucson/Rincon Unit; 2) \$1,700,000 to the Department of Administration to design and construct 400 male level 3 beds at ASP-Yuma; 3) \$25,500,000 to the Arizona Department of Administration to design and construct 800 male level 4 beds and complex buildings at ASP-Yuma; 4) \$3,000,000 from the General Fund to the Department of Public Safety for the State Crime Laboratory; 5) \$2,000,000 from the General Fund to the Arizona Board of Regents for a NAU-Yuma Arizona Western College Joint Use Facility; and 6) \$18,000,000 from the General Fund to the Corrections Fund.

7/ See "FY 1995 General Fund Adjustments" at the back of this report for an explanation of these changes.

8/ Chapter 1 and 3 appropriated monies projected in excess of an FY 1994 surplus and FY 1995 revenue estimates. The precise level of these appropriations were determined subsequent to the publication of the FY 1995 Appropriations Report. The Chapter 1 amount also includes an increase of \$27,600 for a Tourism Fund adjustment.

9/ Reflects adjustments to appropriations to those agencies appropriated 100% of receipts for certain funds, certain carry-forward balances for 90-10 agencies, and certain reversions.

10/ Transfers \$8,000,000 in FY 1995 and another \$8,000,000 in FY 1996 from the Underground Storage Tank Fund to the Emissions Inspection Fund.



**SUMMARY OF APPROPRIATED OPERATING FUNDS 1/  
By Agency For Fiscal Years 1995 and 1996**

	Fiscal Year 1995			Fiscal Year 1996		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>GENERAL GOVERNMENT</b>						
Administration, AZ Department of	\$26,138,100	\$92,459,200	\$118,597,300	\$26,289,000	\$99,257,100	\$125,546,100
Administrative Hearings, Office of	0	0	0	475,000	186,800	661,800
Attorney General	21,558,600	3,716,600	25,275,200	23,123,300	2,389,400	25,512,700
Coliseum and Exposition Center	0	14,484,000	14,484,000	0	14,510,200	14,510,200
Commerce, Department of	8,681,700	3,617,900	12,299,600	11,206,900	5,209,000	16,415,900
Constitutional Defense Council	1,000,000	0	1,000,000	0	0	0
Equal Opportunity, Governor's Office of	235,400	0	235,400	159,000	0	159,000
Equalization, State Board of	0	0	0	593,400	0	593,400
Governor, Office of the	5,897,200	0	5,897,200	6,484,300	500,000	6,984,300
Gov's Ofc of Strategic Planning & Budgeting	1,460,000	0	1,460,000	1,711,000	0	1,711,000
<b>Judiciary</b>						
Court of Appeals	8,491,700	0	8,491,700	8,943,700	0	8,943,700
Comm on Appellate and Trial Court Appts	10,000	0	10,000	10,000	0	10,000
Commission on Judicial Conduct	208,700	0	208,700	263,400	0	263,400
Superior Court	75,964,400	0	75,964,400	83,953,300	0	83,953,300
Supreme Court 2/	11,535,000	1,125,000	12,660,000	12,102,300	1,632,100	13,734,400
<b>SUBTOTAL - Judiciary</b>	<b>\$96,209,800</b>	<b>\$1,125,000</b>	<b>\$97,334,800</b>	<b>\$105,272,700</b>	<b>\$1,632,100</b>	<b>\$106,904,800</b>
Law Enforcement Merit System Council	41,800	0	41,800	46,700	0	46,700
<b>Legislature</b>						
Auditor General	8,588,300	80,000	8,668,300	9,504,100	0	9,504,100
House of Representatives	7,668,400	0	7,668,400	7,811,000	0	7,811,000
Joint Legislative Budget Committee	3,009,600	0	3,009,600	2,125,000	0	2,125,000
Legislative Council	3,078,700	0	3,078,700	4,344,800	0	4,344,800
Lib, Archives, and Public Rec, Dept of	5,047,900	0	5,047,900	5,221,800	0	5,221,800
Senate	5,865,600	0	5,865,600	6,005,000	0	6,005,000
<b>SUBTOTAL - Legislature</b>	<b>\$33,258,500</b>	<b>\$80,000</b>	<b>\$33,338,500</b>	<b>\$35,011,700</b>	<b>\$0</b>	<b>\$35,011,700</b>
Lottery	0	46,350,800	46,350,800	0	49,187,700	49,187,700
Military Airport Preservation Committee, AZ	0	0	0	200,000	0	200,000
Personnel Board	295,100	0	295,100	306,700	0	306,700
Retirement System	0	3,451,200	3,451,200	0	3,671,700	3,671,700
Revenue, Department of	48,717,000	380,500	49,097,500	50,895,100	426,800	51,321,900
Secretary of State	3,848,600	0	3,848,600	5,515,600	0	5,515,600
Tax Appeals, Board of	745,300	0	745,300	269,000	0	269,000
Tourism, Office of	7,425,800	0	7,425,800	7,419,400	0	7,419,400
Treasurer	3,624,200	0	3,624,200	3,757,900	0	3,757,900
Uniform State Laws, Commission on	24,300	0	24,300	28,200	0	28,200
<b>TOTAL - GENERAL GOVERNMENT</b>	<b>\$259,161,400</b>	<b>\$165,665,200</b>	<b>\$424,826,600</b>	<b>\$278,764,900</b>	<b>\$176,970,800</b>	<b>\$455,735,700</b>
<b>HEALTH AND WELFARE</b>						
Ariz Health Care Cost Containment System	492,551,100	0	492,551,100	479,346,700	0	479,346,700
Economic Security, Department of	379,312,600	698,700	380,011,300	395,154,400	416,400	395,570,800
Environmental Quality, Department of	12,377,400	11,639,900	24,017,300	13,973,200	14,944,500	28,917,700
Health Services, Department of	218,718,800	16,129,800	234,848,600	218,641,700	17,164,100	235,805,800
Hearing Impaired, Council for the	219,700	0	219,700	224,600	0	224,600
Indian Affairs, Commission on	171,800	0	171,800	189,800	0	189,800
Pioneers' Home	1,840,000	1,235,900	3,075,900	2,029,300	1,189,400	3,218,700
Arizona Ranger's Pension	10,100	0	10,100	10,300	0	10,300
Veteran's Services Commission	2,005,800	441,100	2,446,900	3,372,500	517,800	3,890,300
<b>TOTAL - HEALTH AND WELFARE</b>	<b>\$1,107,207,300</b>	<b>\$30,145,400</b>	<b>\$1,137,352,700</b>	<b>\$1,112,942,500</b>	<b>\$34,232,200</b>	<b>\$1,147,174,700</b>
<b>INSPECTION AND REGULATION</b>						
Agricultural Employment Relations Board	58,800	0	58,800	61,300	0	61,300
Agriculture, Department of	10,276,100	1,738,900	12,015,000	10,049,500	1,739,500	11,789,000
Banking Department	2,558,700	0	2,558,700	2,838,600	0	2,838,600
Boxing Commission	63,400	0	63,400	67,500	0	67,500
Building & Fire Safety, Dept of	2,982,900	0	2,982,900	3,125,800	0	3,125,800
Contractors, Registrar of	0	4,959,000	4,959,000	0	5,240,900	5,240,900

	Fiscal Year 1995			Fiscal Year 1996		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Corporation Commission	\$4,985,700	\$5,919,100	\$10,904,800	\$5,243,500	\$6,108,400	\$11,351,900
Gaming, Department of	0	1,314,600	1,314,600	0	2,849,000	2,849,000
Industrial Commission	0	14,721,500	14,721,500	0	12,947,900	12,947,900
Insurance, Department of	4,450,100	0	4,450,100	4,640,200	0	4,640,200
Liquor Licenses & Control, Dept of	2,055,700	0	2,055,700	2,653,300	0	2,653,300
Mine Inspector	843,700	0	843,700	770,900	0	770,900
Occupational Safety and Health Review Board	9,000	0	9,000	9,000	0	9,000
Racing, Department of	2,522,200	284,600	2,806,800	2,632,300	289,000	2,921,300
Radiation Regulatory Agency	1,415,200	102,500	1,517,700	1,078,400	105,800	1,184,200
Real Estate Department	2,922,000	0	2,922,000	2,870,000	0	2,870,000
Residential Utility Consumer Office	0	975,300	975,300	0	1,009,000	1,009,000
Dept of Weights and Measures	1,429,300	789,900	2,219,200	1,771,000	548,400	2,319,400
<b>Ninety-Ten Agencies</b>						
Accountancy, Board of	0	1,063,000	1,063,000	0	1,040,000	1,040,000
Appraisal, Board of	0	256,600	256,600	0	258,900	258,900
Barber Examiners Board	0	145,300	145,300	0	150,700	150,700
Behavioral Health Examiners, Board of	0	359,600	359,600	0	342,900	342,900
Chiropractic Examiners Board	0	237,900	237,900	0	261,400	261,400
Cosmetology, Board of	0	636,900	636,900	0	810,500	810,500
Dental Examiners Board	0	591,700	591,700	0	600,300	600,300
Funeral Directors and Embalmers Board	0	179,600	179,600	0	172,400	172,400
Homeopathic Medical Examiners Board	0	30,000	30,000	0	29,400	29,400
Medical Examiners, Board of	0	2,844,400	2,844,400	0	2,916,400	2,916,400
Naturopathic Physician Examiners Board	0	57,200	57,200	0	71,300	71,300
Nursing Board	0	1,128,300	1,128,300	0	1,564,000	1,564,000
Nursing Care Institution Administrators Bd	0	66,100	66,100	0	78,000	78,000
Occupational Therapy Examiners, Board of	0	100,700	100,700	0	96,100	96,100
Opticians, Board of Dispensing	0	72,100	72,100	0	67,500	67,500
Optometry, Board of	0	100,900	100,900	0	108,600	108,600
Osteopathic Examiners Board	0	322,700	322,700	0	311,800	311,800
Pharmacy Board	0	649,700	649,700	0	743,900	743,900
Physical Therapy Examiners Board	0	78,000	78,000	0	91,400	91,400
Podiatry Examiners Board	0	53,800	53,800	0	58,100	58,100
Private Postsecondary Education, Board for	0	134,500	134,500	0	147,700	147,700
Psychologist Examiners Board	0	223,500	223,500	0	224,900	224,900
Respiratory Care Examiners, Board of	0	137,800	137,800	0	166,000	166,000
Structural Pest Control Commission	0	1,052,700	1,052,700	0	1,274,200	1,274,200
Technical Registration, Board of	0	858,700	858,700	0	878,500	878,500
Veterinary Medical Examining Board	0	188,800	188,800	0	191,600	191,600
Subtotal - Ninety-Ten Agencies	\$0	\$11,570,500	\$11,570,500	\$0	\$12,656,500	\$12,656,500
<b>TOTAL - INSPECTION AND REG</b>	<b>\$36,572,800</b>	<b>\$42,375,900</b>	<b>\$78,948,700</b>	<b>\$37,811,300</b>	<b>\$43,494,400</b>	<b>\$81,305,700</b>
<b>EDUCATION</b>						
Arts, Commission on the	1,492,600	0	1,492,600	1,511,000	0	1,511,000
Community Colleges	98,045,700	136,900	98,182,600	102,189,600	140,200	102,329,800
Deaf and Blind, School for	16,168,800	5,274,500	21,443,300	16,798,000	5,411,200	22,209,200
Education, Department of	1,709,253,900	0	1,709,253,900	1,775,741,200	0	1,775,741,200
Historical Society, Arizona	3,639,200	0	3,639,200	4,006,500	0	4,006,500
Historical Society, Prescott	566,900	0	566,900	609,000	0	609,000
Medical Student Loans Board	114,600	0	114,600	113,900	0	113,900
Postsecondary Education, Commission for	0	0	0	1,234,000	2,984,500	4,218,500
Universities/Board of Regents						
Board of Regents	7,463,400	0	7,463,400	5,979,200	0	5,979,200
Arizona State University - East	2,122,600	0	2,122,600	1,842,700	109,800	1,952,500
Arizona State University - Main	198,293,900	66,418,800	264,712,700	209,999,300	67,884,800	277,884,100
Arizona State University - West	32,235,700	5,304,500	37,540,200	33,438,800	5,469,400	38,908,200
Northern Arizona University	81,583,400	22,445,900	104,029,300	86,473,300	23,264,200	109,737,500
University of Arizona - Main	214,823,400	62,331,700	277,155,100	225,182,800	60,358,900	285,541,700
University of Arizona - Health Science Ctr	44,543,200	3,860,300	48,403,500	46,407,700	4,836,500	51,244,200
SUBTOTAL - Universities/Board of Regents	\$581,065,600	\$160,361,200	\$741,426,800	\$609,323,800	\$161,923,600	\$771,247,400
<b>TOTAL - EDUCATION</b>	<b>\$2,410,347,300</b>	<b>\$165,772,600</b>	<b>\$2,576,119,900</b>	<b>\$2,511,527,000</b>	<b>\$170,459,500</b>	<b>\$2,681,986,500</b>

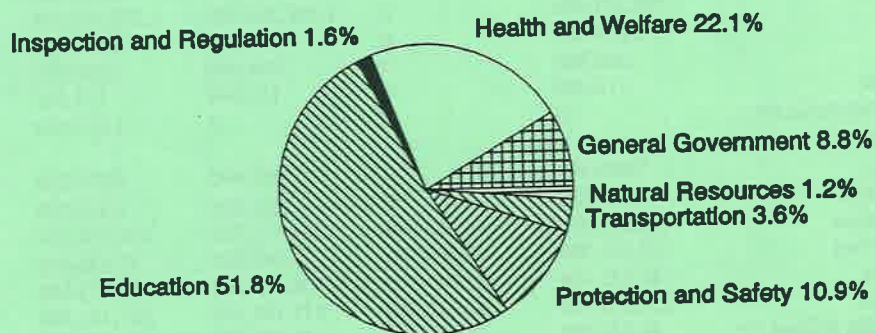


	Fiscal Year 1995			Fiscal Year 1996		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>PROTECTION AND SAFETY</b>						
Corrections, Department of	\$338,779,800	\$14,799,200	\$353,579,000	\$387,706,100	\$26,399,800	\$414,105,900
Criminal Justice Commission	7,100,000	538,000	7,638,000	1,102,500	577,900	1,680,400
Emergency and Military Affairs, Dept of	10,548,100	63,900	10,612,000	7,574,700	52,600	7,627,300
Executive Clemency, Board of	1,766,200	0	1,766,200	1,731,500	0	1,731,500
Juvenile Corrections, Department of	37,395,800	2,459,300	39,855,100	42,525,700	1,978,300	44,504,000
Public Safety, Department of	37,653,500	48,800,000	86,453,500	43,272,700	53,162,000	96,434,700
<b>TOTAL - PROTECTION AND SAFETY</b>	<b>\$433,243,400</b>	<b>\$66,660,400</b>	<b>\$499,903,800</b>	<b>\$483,913,200</b>	<b>\$82,170,600</b>	<b>\$566,083,800</b>
<b>TRANSPORTATION</b>						
Transportation, Department of	75,500	196,823,200	196,898,700	74,800	187,493,500	187,568,300
<b>NATURAL RESOURCES</b>						
Arizona Navigable Streams Adjudication Com	120,400	0	120,400	116,100	0	116,100
Environment, Commission on the	101,200	0	101,200	105,900	0	105,900
Game and Fish Department	0	17,340,800	17,340,800	0	17,949,100	17,949,100
Geological Survey	625,900	0	625,900	754,900	0	754,900
Land Department	11,103,000	0	11,103,000	11,451,200	0	11,451,200
Mines and Mineral Resources, Dept of	660,300	0	660,300	688,400	0	688,400
State Parks Board	6,534,800	2,242,400	8,777,200	6,467,800	2,464,700	8,932,500
Water Resources, Department of	16,538,800	0	16,538,800	19,922,100	0	19,922,100
<b>TOTAL - NATURAL RESOURCES</b>	<b>\$35,684,400</b>	<b>\$19,583,200</b>	<b>\$55,267,600</b>	<b>\$39,506,400</b>	<b>\$20,413,800</b>	<b>\$59,920,200</b>
Unallocated Salary Adjustment	475,600	95,200	570,800	232,000	200,600	432,600
Unallocated Lease-Purchase	4,500	3,800	8,300	0	0	0
Unallocated Risk Management	0	(35,100)	(35,100)	0	0	0
Unallocated CMR	0	0	0	1,311,200	425,000	1,736,200
<b>SUBTOTAL - OPERATING BUDGETS</b>	<b>\$4,282,772,200</b>	<b>\$687,089,800</b>	<b>\$4,969,862,000</b>	<b>\$4,466,083,300</b>	<b>\$715,860,400</b>	<b>\$5,181,943,700</b>
Budget Stabilization Fund	178,816,900	0	178,816,900	0	0	0
<b>GRAND TOTAL</b>	<b>\$4,461,589,100</b>	<b>\$687,089,800</b>	<b>\$5,148,678,900</b>	<b>\$4,466,083,300</b>	<b>\$715,860,400</b>	<b>\$5,181,943,700</b>

1/ This table summarizes FY 1995 and FY 1996 operating appropriations from the 1st Regular Session of the 42nd Legislature and all prior sessions and excludes capital outlay appropriations.

2/ For display purposes only, \$116,800 has been added to the Supreme Court for the Classification Maintenance Review. This dollar amount will be allocated to each of the agencies in the Judiciary.

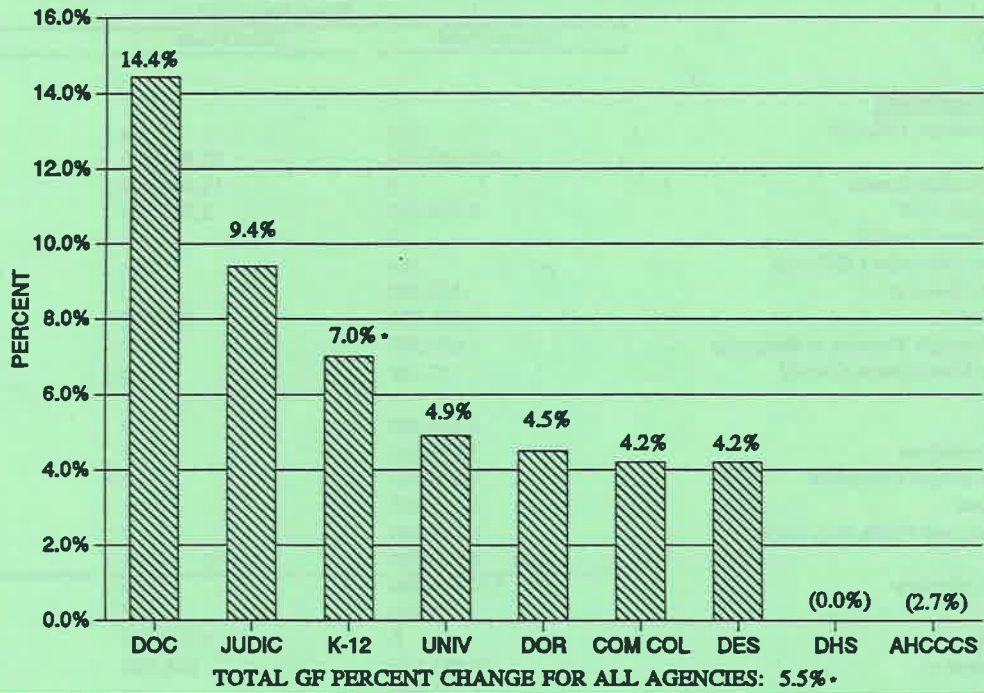
### DISTRIBUTION OF TOTAL APPROPRIATIONS BY FUNCTION OF GOVERNMENT



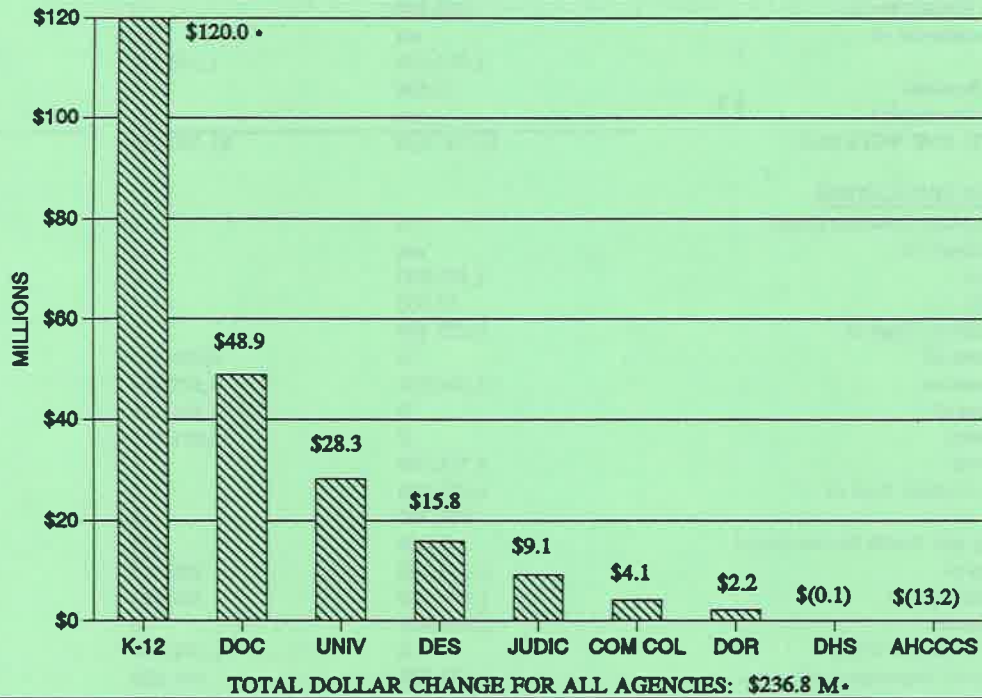
FISCAL YEAR 1996

Total Operating Appropriations: \$5,181,943,700

**NINE LARGEST AGENCIES  
GENERAL FUND PERCENT CHANGE FOR FY 1995 - FY 1996**



**NINE LARGEST AGENCIES  
GENERAL FUND DOLLAR CHANGE FOR FY 1995 - FY 1996**



\* Adjusted for K-12 "Rollover" repayment.



**SUMMARY OF APPROPRIATED FUNDS 1/  
By Agency For Fiscal Year 1997**

	Fiscal Year 1997 2/		Total
	General Fund	Other Funds	
<b>GENERAL GOVERNMENT</b>			
Administrative Hearings, Office of	n/a	n/a	n/a
Attorney General	\$22,008,100	\$2,584,500	\$24,592,600
Coliseum and Exposition Center	0	15,340,700	15,340,700
Commerce, Department of	9,350,500	2,745,100	12,095,600
Constitutional Defense Council	0	0	0
Equal Opportunity, Governor's Office of	n/a	n/a	n/a
Equalization, State Board of	845,700	0	845,700
Governor, Office of the	6,058,600	500,000	6,558,600
Gov's Office of Strategic Planning & Budgeting	1,699,500	0	1,699,500
Law Enforcement Merit System Council	47,400	0	47,400
<b>Legislature</b>			
Auditor General	9,328,900	0	9,328,900
House of Representatives	7,975,100	0	7,975,100
Joint Legislative Budget Committee	2,100,000	0	2,100,000
Legislative Council	3,473,200	0	3,473,200
Library, Archives, and Public Rec, Dept of	5,133,200	0	5,133,200
Senate	5,969,600	0	5,969,600
<b>SUBTOTAL - Legislature</b>	<b>\$33,980,000</b>	<b>\$0</b>	<b>\$33,980,000</b>
Personnel Board	308,400	0	308,400
Retirement System	0	3,703,000	3,703,000
Revenue, Department of	50,581,600	324,900	50,906,500
Secretary of State	4,012,900	0	4,012,900
Tax Appeals, Board of	259,400	0	259,400
Tourism, Office of	7,660,500	0	7,660,500
Treasurer	3,793,800	0	3,793,800
Uniform State Laws, Commission on	29,200	0	29,200
<b>TOTAL - GENERAL GOVERNMENT</b>	<b>\$140,635,600</b>	<b>\$25,198,200</b>	<b>\$165,833,800</b>
<b>HEALTH AND WELFARE</b>			
Hearing Impaired, Council for the	223,100	0	223,100
Indian Affairs, Commission of	n/a	n/a	n/a
Pioneers' Home	2,014,300	1,180,800	3,195,100
Arizona Rangers' Pensions	10,500	0	10,500
Veterans' Service Commission	n/a	n/a	n/a
<b>TOTAL - HEALTH AND WELFARE</b>	<b>\$2,247,900</b>	<b>\$1,180,800</b>	<b>\$3,428,700</b>
<b>INSPECTION AND REGULATION</b>			
Agricultural Employment Relations Board	0	0	0
Agriculture, Department of	n/a	n/a	n/a
Banking Department	2,663,900	0	2,663,900
Boxing Commission	67,000	0	67,000
Building and Fire Safety, Dept of	3,127,400	0	3,127,400
Contractors, Registrar of	0	4,921,100	4,921,100
Corporation Commission	5,184,000	6,573,900	11,757,900
Gaming, Department of	0	3,505,000	3,505,000
Industrial Commission	0	12,621,000	12,621,000
Insurance Department	4,735,700	0	4,735,700
Liquor Licenses & Control, Dept of	2,685,200	0	2,685,200
Mine Inspector	807,700	0	807,700
Occupational Safety and Health Review Board	9,000	0	9,000
Racing, Department of	2,519,100	288,100	2,807,200
Radiation Regulatory Agency	1,096,700	105,200	1,201,900
Real Estate Department	2,899,900	0	2,899,900
Residential Utility Consumer Office	0	1,002,400	1,002,400
Weights and Measures, Department of	1,672,000	546,500	2,218,500

## Fiscal Year 1997 2/

	General Fund	Other Funds	Total
<b>Ninety-Ten Agencies</b>			
Accountancy, Board of	\$0	\$1,041,900	\$1,041,900
Appraisal, Board of	0	249,600	249,600
Barbers, Board of	0	149,800	149,800
Behavioral Health Examiners, Board of	0	354,700	354,700
Chiropractic Examiners Board	0	258,300	258,300
Cosmetology, Board of	0	636,500	636,500
Dental Examiners Board	0	588,800	588,800
Funeral Directors and Embalmers Board	0	171,400	171,400
Homeopathic Medical Examiners Board	0	29,200	29,200
Medical Examiners, Board of	0	2,898,200	2,898,200
Naturopathic Physician Examiners Board	0	71,000	71,000
Nursing Board	0	1,537,000	1,537,000
Nursing Care Institution Administrators Board	0	78,100	78,100
Occupational Therapy Examiners, Board of	0	95,300	95,300
Opticians, Board of Dispensing	0	67,000	67,000
Optometry, Board of	0	107,900	107,900
Osteopathic Examiners Board	0	317,700	317,700
Pharmacy Board	0	689,400	689,400
Physical Therapy Examiners Board	0	91,000	91,000
Podiatry Examiners Board	0	56,700	56,700
Private Postsecondary Education, Board for	0	158,800	158,800
Psychologist Examiners Board	0	227,600	227,600
Respiratory Care Examiners, Board of	0	165,000	165,000
Structural Pest Control Commission	0	1,251,500	1,251,500
Technical Registration, Board of	0	876,300	876,300
Veterinary Medical Examining Board	0	187,000	187,000
Subtotal - Ninety-Ten Agencies	\$0	\$12,355,700	\$12,355,700
<b>TOTAL - INSPECTION AND REGULATION</b>	<b>\$27,467,600</b>	<b>\$41,918,900</b>	<b>\$69,386,500</b>
<b>EDUCATION</b>			
Arts, Commission on the	1,507,300	0	1,507,300
Historical Society, Arizona	4,061,100	0	4,061,100
Historical Society, Prescott	604,500	0	604,500
Medical Student Loans Board	236,600	0	236,600
Postsecondary Education, Commission for	1,234,000	2,920,900	4,154,900
<b>TOTAL - EDUCATION</b>	<b>\$7,643,500</b>	<b>\$2,920,900</b>	<b>\$10,564,400</b>
<b>PROTECTION AND SAFETY</b>			
Criminal Justice Commission	0	563,100	563,100
Emergency and Military Affairs, Dept of	4,404,300	47,700	4,452,000
Executive Clemency, Board of	1,676,400	0	1,676,400
<b>TOTAL - PROTECTION AND SAFETY</b>	<b>\$6,080,700</b>	<b>\$610,800</b>	<b>\$6,691,500</b>
<b>NATURAL RESOURCES</b>			
Navigable Stream Adjudication Commission, AZ	115,300	0	115,300
Environment, Commission on the AZ	0	0	0
Game and Fish Department	0	17,741,000	17,741,000
Geological Survey	726,300	0	726,300
Land Department	11,771,600	0	11,771,600
Mines and Mineral Resources, Dept of	n/a	n/a	n/a
Parks Board, Arizona State	n/a	n/a	n/a
Water Resources, Department of	18,766,400	0	18,766,400
<b>TOTAL - NATURAL RESOURCES</b>	<b>\$31,379,600</b>	<b>\$17,741,000</b>	<b>\$49,120,600</b>
<b>TOTAL - GENERAL APPROPRIATION ACT</b>	<b>\$215,454,900</b>	<b>\$89,570,600</b>	<b>\$305,025,500</b>

1/ See agency detail pages for other fiscal actions affecting agency expenditure authority.

2/ The amounts for FY 1997 reflect the appropriations made in Laws 1995, Chapter 1, 1st Special Session.

n/a = Received no appropriation for FY 1997

**SUMMARY OF THE CAPITAL OUTLAY BILL (CHAPTER 2, 1st Special Session)  
AND OTHER BILLS WITH CAPITAL OUTLAY APPROPRIATIONS 1/**

	FY 1995	FY 1996		FY 1997	
	General Fund	General Fund	Other Funds	General Fund	Other Funds
<b>ARIZONA DEPARTMENT OF ADMINISTRATION BUILDING SYSTEM</b>					
Arizona Department of Administration					
Building Renewal 2/		\$7,171,400	\$1,000,000		
State Hospital Study and Design		2,000,000			
Capitol Mall Land Purchase and Enhancement		1,000,000			
Design and Construction of 48 New DJC Beds at Black Canyon Juvenile Institution		1,500,000			
Department of Juvenile Corrections Asbestos Abatement		821,500			
DOC Fire and Life Safety Issues		500,000			
Construct 100 Minor Male Level 5 Beds at ASP-Tucson/Rincon Unit			1,500,000		1,000,000
Convert 400 Male Level 4 Beds to Level 5 at ASP-Tucson/Cimarron Unit			225,000		
Convert 400 Male Level 4 Beds to Level 5 at ASP-Winslow/Kaibab Unit			225,000		
Design and Construct 400 Male Level 3 Beds at ASP-Yuma			8,000,000		1,700,000
Design and Construct 800 Male Level 4 Beds and Complex Buildings at ASP-Yuma			7,900,000		25,500,000
Master Plan, Studies, and Site Acquisition Costs for New Complex			2,000,000		
Executive Tower Improvements			1,700,000		
Executive Tower Asbestos Abatement	1,400,000				
Underground Storage Tank Removal and Replacement (Chapter 229) 3/		300,000			
Subtotal - Arizona Department of Administration	\$1,400,000	\$13,292,900	\$22,550,000	\$0	\$28,200,000
Coliseum and Exposition Center					
Building Renewal 2/			673,200		
Department of Corrections					
Education Program Facilities (Chapter 158)		40,000			
State Board of Directors for Community Colleges					
Navajo Community College District - Show Low Campus		200,000			
Graham Community College District - Payson Campus (Chapter 173) 4/		1,000,000			
Subtotal - State Board of Directors for Community Colleges	\$0	\$1,200,000	\$0	\$0	\$0
Arizona Schools for the Deaf and the Blind					
Manzanita Residence Hall Upgrades		325,000			
Security Fencing		265,000			
Master Plan		10,000			
Subtotal - Arizona Schools for the Deaf and the Blind	\$0	\$600,000	\$0	\$0	\$0
Department of Economic Security					
Secure Facility Planning (Chapter 250)		15,000			
Department of Emergency and Military Affairs					
Vehicle Maintenance Facility Construction		53,000			
Game and Fish Department					
Building Renewal 2/			128,300		
Shooting Range Development			15,000		
Migratory Waterfowl Habitat			100,000		
Deer Valley North			354,100		
Statewide Facilities Maintenance			50,000		
Subtotal - Game and Fish Department	\$0	\$0	\$647,400	\$0	\$0
Department of Health Services					
State Hospital Fencing		175,000			
Arizona Lottery Commission					
Building Renewal 2/			13,500		
Americans with Disabilities Act Building Modifications			10,000		
Subtotal - Arizona Lottery Commission	\$0	\$0	\$23,500	\$0	\$0
Department of Public Safety					
State Crime Laboratory		8,000,000		3,000,000	
Remote Officer Housing		200,000			
Subtotal - Department of Public Safety	\$0	\$8,200,000	\$0	\$3,000,000	\$0



Secretary of State		\$200,000			
Office Renovation	\$1,400,000	\$23,775,900	\$23,894,100	\$3,000,000	\$28,200,000
<b>SUBTOTAL - ADOA BUILDING SYSTEM</b>					
<b>ARIZONA BOARD OF REGENTS BUILDING SYSTEM</b>					
Building Renewal 2/		19,247,300			
NAU-Yuma/Arizona Western College Joint Use Facility		4,000,000		2,000,000	
ASU-East Renovations (Chapter 298)		1,500,000			
<b>SUBTOTAL - ABOR BUILDING SYSTEM</b>	\$0	\$24,747,300	\$0	\$2,000,000	\$0
<b>ARIZONA DEPARTMENT OF TRANSPORTATION BUILDING SYSTEM</b>					
Building Renewal 2/			\$1,150,100		
Phoenix Class A Fire Alarms			74,500		
Globe District Office Safety and Security			50,000		
San Simon Well Water			50,000		
Needle Mountain Pump House			32,500		
De-Icer Buildings Statewide			220,400		
Asphalt Storage Tanks			232,000		
Asphalt Storage Tank Removal			60,000		
Prescott Valley Maintenance Relocation			800,000		
Relocation and Remodeling			320,000		
Safford Service Center			325,000		
Lake Havasu Service Center			325,000		
Bisbee Service Center			192,000		
Highway Planning and Construction			198,434,000		
Airport Planning, Construction, and Development			17,750,800		
Extension of Davis-Monthan Air Force Base Runway (Chapter 62) 5/		2,300,000		4,300,000	
Underground Storage Tank Removal and Replacement (Chapter 229) 3/			375,000		
Acquire Maricopa County Title and Registration Centers (Chapter 244)		5,000,000			
<b>SUBTOTAL - ADOT BUILDING SYSTEM</b>	\$0	\$7,300,000	\$220,391,300	\$4,300,000	\$0
<b>OTHER</b>					
Corrections Fund Deposit 6/		19,850,000			
Corrections Fund Deposit 7/		21,434,000		18,000,000	
To the Joint Williams Gateway Airport Authority (Chapter 298)		1,880,000			
<b>SUBTOTAL - OTHER</b>	\$0	\$43,164,000	\$0	\$18,000,000	\$0
<b>TOTAL - ALL BUILDING SYSTEMS</b>	<b>\$1,400,000</b>	<b>\$98,987,200</b>	<b>\$244,285,400</b>	<b>\$27,300,000</b>	<b>\$28,200,000</b>

1/ Reflects all capital appropriations enacted since the beginning of FY 1995.

2/ For major maintenance and repair of state buildings pursuant to A.R.S. 41-790 and 41-793.01. The General Fund/Capital Outlay Stabilization Fund portion of the ADOA formula was funded at approximately 90% of full funding. The Regents' formula was funded at approximately 90% of full funding. With the exception of ADOT which was funded at 70%, all other agencies with Other Appropriated Funds were funded at 100%.

3/ Replaces Underground Storage Tank appropriations from the Capital Outlay Bill with like amounts from the General Fund and the Highway Fund for ADOA and ADOT, respectively.

4/ With the Chapter 173 appropriation, \$200,000 appropriated in the Capital Outlay Bill from the General Fund automatically reverts.

5/ Also appropriates \$3,200,000 from the General Fund in FY 1998 for the same purpose.

6/ The deposit equals the total Corrections Fund appropriation for all 6 FY 1996 prison construction and planning projects.

7/ The FY 1996 deposit of \$21,434,000 from the General Fund to the Corrections Fund represents a partial repayment of monies appropriated in the past for DOC operating purposes. The remaining \$18,000,000 of the repayment is transferred in FY 1997.

## LEASE-PURCHASE SUMMARY

The Arizona 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 December 31, 1994: 1) the facility constructed or acquired; 2) the amount issued, including pro rata costs associated with the issuance; 3) the required FY 1996 lease-purchase payment, which is included in the operating budgets for the various tenants<sup>1/</sup>; and 4) the General Fund, Other Appropriated Fund, and Non-Appropriated<sup>1/</sup> amounts for the FY 1996 payment.

	<u>TOTAL ISSUANCE</u>	<u>FY 1996 PAYMENT</u>	<u>GENERAL FUND</u>	<u>OTHER FUND</u>	<u>NON- APPROPRIATED <sup>1/</sup></u>
<b><u>AZ DEPT OF ADMINISTRATION</u></b>					
Revenue Building	\$26,919,000	\$1,213,000	1,213,000	0	0
DES DD Homes	3,420,500	155,000	51,500	0	103,500
16th Ave Parking Garage	5,390,000	367,200	367,200	0	0
Historical Society Museum	13,665,000	1,202,800	1,202,800	0	0
ASDB Food Service Facility	3,765,000	364,300	364,300	0	0
Courts Building	40,440,000	3,279,000	3,117,600	26,800	134,600
DES-West	36,205,000	2,883,400	1,390,000	0	1,519,400
Tucson State Office Building	22,365,000	2,079,900	1,514,700	240,700	324,600
Capitol Center	20,845,000	1,698,400	1,266,200	184,200	248,300
Old Comp. Fund Building	8,020,900	473,100	312,000	111,900	49,200
Library for the Blind	1,405,100	80,900	80,900	0	0
Game & Fish Regional Offices	2,927,300	180,600	0	180,600	0
Tonto Natural Bridge	4,712,900	277,000	0	0	277,000
Records Management Addition	2,441,900	140,200	140,200	0	0
ASDB H.S. & Auditorium	15,811,200	935,200	935,200	0	0
ENSCO	55,080,000	4,586,900	4,586,900	0	0
RTC/Distressed Properties	15,625,000	2,217,000	1,541,100	283,400	392,500
Welcome Center	490,000	64,400	64,400	0	0
1,450 Prison Beds	44,770,000	12,064,100	0	12,064,100	0
768 Prison Beds	44,370,000	12,245,500	0	12,245,500	0
<b>SUBTOTAL - ADOA</b>	<b><u>\$368,668,800</u></b>	<b><u>\$46,507,900 <sup>2/</sup></u></b>	<b><u>\$18,148,000</u></b>	<b><u>\$25,337,200</u></b>	<b><u>\$3,049,100</u></b>
Industrial Commission Building	<u>\$ 17,000,000</u>	<u>\$ 1,250,000</u>	<u>0</u>	<u>0</u>	<u>\$1,250,000</u>
<b><u>UNIVERSITIES</u></b>					
ASU-West	\$55,400,000	\$4,964,400	4,964,400	0	0
ASU-Towers	4,500,000	446,000	0	0	446,000
U of A - Telecommunications	27,595,000	2,656,000	0	0	2,656,000
U of A - Alumni Building	4,950,000	484,000	0	0	484,000
U of A - Others	8,040,000	517,000	0	0	517,000
<b>SUBTOTAL - UNIVERSITIES</b>	<b><u>\$100,485,000</u></b>	<b><u>\$9,067,400</u></b>	<b><u>\$4,964,400</u></b>	<b><u>\$ 0</u></b>	<b><u>\$4,103,000</u></b>
<b>TOTAL</b>	<b><u>\$486,153,800</u></b>	<b><u>\$56,825,300</u></b>	<b><u>\$23,112,400</u></b>	<b><u>\$ 25,337,200</u></b>	<b><u>\$8,402,100</u></b>

<sup>1/</sup> Non-appropriated funding sources do not appear in agency budgets.

<sup>2/</sup> Appropriated and non-appropriated monies exceed the required FY 1996 payment by \$26,100 (See page GP-13).

## BONDING SUMMARY

The Board of Regents, on behalf of the universities; 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, 1994, the required debt service payments for FY 1996, and the sources of the payments are shown in the table below.

<u>INSTITUTION</u>	<u>BONDS OUTSTANDING</u>	<u>FY 1996 DEBT SERVICE PAYMENT</u>	<u>FUNDING SOURCE</u>
<b>Board of Regents</b>			
University of Arizona	\$239,048,000	\$22,078,000 <sup>2/</sup>	Academic and Auxiliary Revenues
Arizona State University	257,199,000	22,687,000 <sup>2/</sup>	Academic and Auxiliary Revenues
Northern Arizona University	<u>91,805,000</u>	<u>10,200,400<sup>2/</sup></u>	Academic and Auxiliary Revenues
<b>SUBTOTAL-BOARD OF REGENTS</b>	<b><u>\$ 588,052,000</u></b>	<b><u>\$ 54,965,400</u></b>	
Department of Transportation	<u>727,000,000</u>	<u>31,632,000<sup>1/</sup></u>	State Highway Fund
Arizona Power Authority	<u>81,410,000</u>	<u>5,316,300<sup>2/</sup></u>	Non-Appropriated Funds
<b>TOTAL</b>	<b><u>\$1,396,462,000</u></b>	<b><u>\$ 91,913,700</u></b>	

<sup>1/</sup> Does not include issuances backed by the Regional Area Road Fund (RARF), with an outstanding debt of \$828,067,300.

<sup>2/</sup> Estimate.

**SUMMARY OF ADDITIONAL APPROPRIATIONS**  
**(Other Than The General Appropriation Act and All Capital Outlay Appropriations)**  
**Enacted by the 42nd Legislature - 1st Regular Session 1/**

	Fiscal Year 1995	Fiscal Year 1996		Fiscal Year 1997
	General Fund	General Fund	Other Funds	General Fund
<b><u>GENERAL GOVERNMENT</u></b>				
Administration, Department of				
Ch. 79 (S.B. 1023) - Appropriation; Yavapai Tribe Water Settlement		\$200,000		
Ch. 162 (H.B. 2080) - Appropriation; Named Claimants	213,700			
Ch. 201 (S.B. 1189) - Arizona Military Institute Planning Committee		100,000		
Ch. 251 (S.B. 1274) - Regulatory Reform		(8,700)		
Subtotal - Department of Administration	<u>\$213,700</u>	<u>\$291,300</u>	<u>\$0</u>	<u>\$0</u>
Administrative Hearings, Office of				
Ch. 251 (S.B. 1274) - Regulatory Reform		475,000	186,800	
Attorney General				
Ch. 94 (S.B. 1401) - Attorney General; General Counsel; Responsibilities		(34,400)		
Ch. 197 (S.B. 1149) - Victims Rights; Juvenile Offenses		1,000,000		
Subtotal - Attorney General	<u>\$0</u>	<u>\$965,600</u>	<u>\$0</u>	<u>\$0</u>
Commerce, Department of				
Ch. 185 (S.B. 1039) - Work Recruitment; Job Training; Appropriation	1,500,000			
Ch. 209 (S.B. 1248) - Appropriation; NAFTA Projects		925,000		
Subtotal - Department of Commerce	<u>\$1,500,000</u>	<u>\$925,000</u>	<u>\$0</u>	<u>\$0</u>
Equalization, State Board of				
Ch. 249 (S.B. 1271) - Property Tax; Valuation and Appeals		85,500		
Governor, Office of the				
Ch. 94 (S.B. 1401) - Attorney General; General Counsel; Responsibilities		34,400		
Ch. 106 (H.B. 2299) - Border Volunteer Corps		75,000		
Ch. 246 (S.B. 1258) - Telecommunications Office; Study; Appropriation		277,900		
Subtotal - Office of the Governor	<u>\$0</u>	<u>\$387,300</u>	<u>\$0</u>	<u>\$0</u>
Legislature				
Auditor General				
Ch. 94 (S.B. 1401) - Attorney General; General Counsel; Responsibilities		98,000		
Legislative Council				
Ch. 281 (H.B. 2414) - Ombudsman Citizens Aide Office				215,300
Subtotal - Legislature	<u>\$0</u>	<u>\$98,000</u>	<u>\$0</u>	<u>\$215,300</u>
Military Airport Preservation Committee, Arizona				
Ch. 62 (S.B. 1062) - Military Airports; Preservation; Noise Attenuation		200,000		



	Fiscal Year 1995	Fiscal Year 1996		Fiscal Year 1997
	General Fund	General Fund	Other Funds	General Fund
<b>Revenue, Department of</b>				
Ch. 249 (S.B. 1271) - Property Tax; Valuation and Appeals		290,000		
Ch. 251 (S.B. 1274) - Regulatory Reform		(48,600)		
Subtotal - Department of Revenue	\$0	\$241,400	\$0	\$0
<b>Secretary of State</b>				
Ch. 36 (H.B. 2297) - Appropriation; Secretary of State; Election	\$106,700			
<b>Tax Appeals, Board of</b>				
Ch. 249 (S.B. 1271) - Property Tax; Valuation and Appeals		10,000		8,700
<b>TOTAL - GENERAL GOVERNMENT</b>	<b>\$1,820,400</b>	<b>\$3,679,100</b>	<b>\$186,800</b>	<b>\$224,000</b>
<b><u>HEALTH AND WELFARE</u></b>				
<b>AHCCCS</b>				
Ch. 175 (S.B. 1305) - Demonstration Project; Child Care; AHCCCS		430,900		
Ch. 300 (H.B. 2226) - AHCCCS; County Contribution		2,500,000		
Subtotal - AHCCCS	\$0	\$2,930,900	\$0	\$0
<b>Economic Security, Department of</b>				
Ch. 157 (S.B. 1399) - Rural Food Bank Program; Appropriation		27,900		
Ch. 175 (S.B. 1305) - Demonstration Project; Child Care; AHCCCS		64,800		
Ch. 206 (S.B. 1227) - Child Support; Assignment of Rights		106,400		
Ch. 236 (S.B. 2227) - Summer School and Jobs		1,000,000		
Subtotal - Department of Economic Security	\$0	\$1,199,100	\$0	\$0
<b>Environmental Quality, Department of</b>				
Ch. 78 (H.B. 2525) - Appropriation; Lake Havasu City Dredging		500,000		
Ch. 232 (H.B. 2197) - Environment; Uniform Cleanup Standards		50,000		
Ch. 251 (S.B. 1274) - Regulatory Reform		(6,000)		
Subtotal - Department of Environmental Quality	\$0	\$544,000	\$0	\$0
<b>Health Services, Department of</b>				
Ch. 190 (S.B. 1073) - Teenage Pregnancy Prevention; Task Force		250,000		
Ch. 251 (S.B. 1274) - Regulatory Reform		(17,500)		
Ch. 291 (H.B. 2522) - Special Health Care District	700,000			
Subtotal - Department of Health Services	\$700,000	\$232,500	\$0	\$0
<b>TOTAL - HEALTH AND WELFARE</b>	<b>\$700,000</b>	<b>\$4,906,500</b>	<b>\$0</b>	<b>\$0</b>
<b><u>INSPECTION AND REGULATION</u></b>				
<b>Banking, Department of</b>				
Ch. 251 (S.B. 1274) - Regulatory Reform		(2,500)		
<b>Building and Fire Safety, Department of</b>				
Ch. 251 (S.B. 1274) - Regulatory Reform		(36,200)		



	Fiscal Year 1995	Fiscal Year 1996		Fiscal Year 1997
	General Fund	General Fund	Other Funds	General Fund
<b>Contractors, Registrar of</b>				
Ch. 251 (S.B. 1274) - Regulatory Reform			(186,800)	
<b>Insurance, Department of</b>				
Ch. 251 (S.B. 1274) - Regulatory Reform		(89,500)		
<b>Liquor Licenses and Control, Department of</b>				
Ch. 251 (S.B. 1274) - Regulatory Reform		(44,800)		
<b>Nursing, Board of</b>				
Ch. 255 (S.B. 1284) - Board of Nursing			60,000	
<b>Racing, Department of</b>				
Ch. 251 (S.B. 1274) - Regulatory Reform		(4,300)		
<b>Radiation Regulatory Agency</b>				
Ch. 28 (H.B. 2412) - Nuclear Emergency Appropriation and Assessment	399,100			
<b>Real Estate, Department of</b>				
Ch. 251 (S.B. 1274) - Regulatory Reform		(44,300)		
<b>TOTAL - INSPECTION AND REGULATION</b>	<u>399,100</u>	<u>(\$221,600)</u>	<u>(\$126,800)</u>	<u>\$0</u>
<b>EDUCATION</b>				
<b>Education, Department of</b>				
Ch. 145 (S.B. 1033) - Scotopic Sensitivity; Irlen Syndrome; Pilot				90,000
Ch. 158 (H.B. 2002) - Education; Programs; Detention Centers		3,322,000		
Ch. 251 (S.B. 1274) - Regulatory Reform		(12,900)		
Subtotal - Department of Education	<u>0</u>	<u>3,309,100</u>	<u>0</u>	<u>90,000</u>
<b>TOTAL - EDUCATION</b>	<u>\$0</u>	<u>\$3,309,100</u>	<u>\$0</u>	<u>\$90,000</u>
<b>PROTECTION AND SAFETY</b>				
<b>Corrections, Department of</b>				
Ch. 158 (H.B. 2002) - Education; Programs; Detention Centers		\$263,100		
<b>Emergency Services and Military Affairs, Department of</b>				
Ch. 28 (H.B. 2412) - Nuclear Emergency Appropriation and Assessment	459,500			
<b>Public Safety, Department of</b>				
Ch. 244 (H.B. 2032) - HURF; Highway Fund; DPS Distribution		(5,000,000) 2/	5,000,000	
<b>TOTAL - PROTECTION AND SAFETY</b>	<u>\$459,500</u>	<u>(\$4,736,900)</u>	<u>\$5,000,000</u>	<u>\$0</u>
<b>NATURAL RESOURCES</b>				
<b>Water Resources, Department of</b>				
Ch. 86 (S.B. 1147) - Appropriation; Hydrologic Study		100,000		
Ch. 251 (S.B. 1274) - Regulatory Reform		(37,300)		
Subtotal - Department of Water Resources	<u>\$0</u>	<u>\$62,700</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL - NATURAL RESOURCES</b>	<u>\$0</u>	<u>\$62,700</u>	<u>\$0</u>	<u>\$0</u>
<b>GRAND TOTAL</b>	<u><u>\$3,379,000</u></u>	<u><u>\$6,998,900</u></u>	<u><u>\$5,060,000</u></u>	<u><u>\$314,000</u></u>

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

2/ This adjustment is offset by a like positive amount in the capital outlay budget of the Department of Transportation.

**SUMMARY OF TOTAL SPENDING AUTHORITY 1/  
(APPROPRIATED AND NON-APPROPRIATED FUNDS)  
For Fiscal Years 1995 and 1996**

	Fiscal Year 1995			Fiscal Year 1996		
	Non-		Total	Non-		Total
	Appropriated General and Other Funds	Appropriated Federal and Other Funds 2/		Appropriated General and Other Funds	Appropriated Federal and Other Funds 2/	
<b>GENERAL GOVERNMENT</b>						
Administration, AZ Department of	\$146,537,300	\$234,554,200	\$381,091,500	\$164,539,000	\$250,256,600	\$414,795,600
Administrative Hearings, Office of	0	0	0	661,800	0	661,800
Attorney General	25,275,200	32,017,000	57,292,200	25,512,700	35,590,300	61,103,000
Coliseum and Exposition Center	15,120,500	400,000	15,520,500	15,183,400	400,000	15,583,400
Commerce, Department of	12,299,600	31,627,400	43,927,000	16,415,900	31,734,800	48,150,700
Compensation Fund	0	476,900,000	476,900,000	0	503,176,100	503,176,100
Constitutional Defense Council	1,000,000	0	1,000,000	0	0	0
Equal Opportunity, Governor's Office of	235,400	35,000	270,400	159,000	35,000	194,000
Equalization, State Board of	0	0	0	593,400	0	593,400
Governor, Office of the	5,897,200	5,706,200	11,603,400	6,984,300	5,205,800	12,190,100
Gov's Ofc of Strat Planning & Budgeting	1,460,000	0	1,460,000	1,711,000	0	1,711,000
<b>Judiciary</b>						
Court of Appeals	8,491,700	0	8,491,700	8,943,700	0	8,943,700
Comm on Appellate and Trial Court Appts	10,000	0	10,000	10,000	0	10,000
Commission on Judicial Conduct	208,700	0	208,700	263,400	0	263,400
Superior Court	75,964,400	0	75,964,400	83,953,300	0	83,953,300
Supreme Court	12,660,000	10,672,900	23,332,900	13,734,400	10,085,000	23,819,400
<b>SUBTOTAL - Judiciary</b>	<b>\$97,334,800</b>	<b>\$10,672,900</b>	<b>\$108,007,700</b>	<b>\$106,904,800</b>	<b>\$10,085,000</b>	<b>\$116,989,800</b>
Law Enforcement Merit System Council	41,800	0	41,800	46,700	0	46,700
<b>Legislature</b>						
Auditor General	8,668,300	999,100	9,667,400	9,504,100	1,053,100	10,557,200
House of Representatives	7,668,400	0	7,668,400	7,811,000	0	7,811,000
Joint Legislative Budget Committee	3,009,600	0	3,009,600	2,125,000	0	2,125,000
Legislative Council	3,078,700	0	3,078,700	4,344,800	0	4,344,800
Lib, Archives, and Public Rec, Dept of	5,047,900	2,067,400	7,115,300	5,221,800	2,080,700	7,302,500
Senate	5,865,600	0	5,865,600	6,005,000	0	6,005,000
<b>SUBTOTAL - Legislature</b>	<b>\$33,338,500</b>	<b>\$3,066,500</b>	<b>\$36,405,000</b>	<b>\$35,011,700</b>	<b>\$3,133,800</b>	<b>\$38,145,500</b>
Lottery Commission	46,429,900	152,880,300	199,310,200	49,211,200	160,030,300	209,241,500
Military Airport Preservation Committee	0	0	0	200,000	0	200,000
Personnel Board	295,100	0	295,100	306,700	0	306,700
Retirement System	3,451,200	14,271,900	17,723,100	3,671,700	13,672,100	17,343,800
Revenue, Department of	49,097,500	4,945,900	54,043,400	51,321,900	5,029,300	56,351,200
Secretary of State	3,848,600	15,000	3,863,600	5,715,600	5,000	5,720,600
Tax Appeals, Board of	745,300	0	745,300	269,000	0	269,000
Tourism, Office of	7,425,800	140,000	7,565,800	7,419,400	140,000	7,559,400
Treasurer	3,624,200	0	3,624,200	3,757,900	0	3,757,900
Uniform State Laws, Commission on	24,300	0	24,300	28,200	0	28,200
<b>TOTAL - GENERAL GOVERNMENT</b>	<b>\$453,482,200</b>	<b>\$967,232,300</b>	<b>\$1,420,714,500</b>	<b>\$495,625,300</b>	<b>\$1,018,494,100</b>	<b>\$1,514,119,400</b>
<b>HEALTH AND WELFARE</b>						
Ariz Health Care Cost Containment System	492,551,100	1,268,768,400	1,761,319,500	479,346,700	1,301,132,900	1,780,479,600
Economic Security, Department of	380,279,800	1,336,350,500	1,716,630,300	395,585,800	1,387,767,000	1,783,352,800
Environmental Quality, Department of	24,017,300	80,358,100	104,375,400	28,917,700	59,608,700	88,526,400
Health Services, Department of	234,878,600	101,299,700	336,178,300	235,980,800	98,573,900	334,554,700
Hearing Impaired, Council for the	219,700	4,129,600	4,349,300	224,600	4,242,500	4,467,100
Indian Affairs, Commission of	171,800	4,500	176,300	189,800	3,000	192,800
Pioneers' Home	3,075,900	1,107,500	4,183,400	3,218,700	1,110,000	4,328,700
Arizona Rangers' Pensions	10,100	0	10,100	10,300	0	10,300
Veterans' Service Commission	2,446,900	209,600	2,656,500	3,890,300	182,100	4,072,400
<b>TOTAL - HEALTH AND WELFARE</b>	<b>\$1,137,651,200</b>	<b>\$2,792,227,900</b>	<b>\$3,929,879,100</b>	<b>\$1,147,364,700</b>	<b>\$2,852,620,100</b>	<b>\$3,999,984,800</b>
<b>INSPECTION AND REGULATION</b>						
Agricultural Employment Relations Board	58,800	0	58,800	61,300	0	61,300
Agriculture, Department of	12,015,000	3,560,500	15,575,500	11,789,000	3,467,000	15,256,000

	Fiscal Year 1995			Fiscal Year 1996		
	Appropriated General and Other Funds	Non-		Appropriated General and Other Funds	Non-	
		Appropriated Federal and Other Funds 2/	Total		Appropriated Federal and Other Funds 2/	Total
Banking Department	\$2,558,700	\$3,187,500	\$5,746,200	\$2,838,600	\$399,800	\$3,238,400
Boxing Commission	63,400	0	63,400	67,500	0	67,500
Building and Fire Safety, Dept of	2,982,900	528,700	3,511,600	3,125,800	529,900	3,655,700
Contractors, Registrar of	4,959,000	2,389,100	7,348,100	5,240,900	2,380,300	7,621,200
Corporation Commission	10,904,800	2,928,100	13,832,900	11,351,900	2,714,300	14,066,200
Gaming, Department of	1,314,600	0	1,314,600	2,849,000	0	2,849,000
Industrial Commission	14,721,500	17,592,100	32,313,600	12,947,900	17,836,100	30,784,000
Insurance, Department of	4,450,100	48,628,700	53,078,800	4,640,200	31,002,700	35,642,900
Liquor Licenses and Control, Dept of	2,055,700	1,218,700	3,274,400	2,653,300	318,400	2,971,700
Mine Inspector	843,700	263,000	1,106,700	770,900	246,200	1,017,100
Occupational Safety and Health Review Board	9,000	0	9,000	9,000	0	9,000
Racing, Department of	2,806,800	1,802,200	4,609,000	2,921,300	1,702,800	4,624,100
Radiation Regulatory Agency	1,517,700	271,700	1,789,400	1,184,200	271,700	1,455,900
Real Estate Department	2,922,000	381,600	3,303,600	2,870,000	456,500	3,326,500
Residential Utility Consumer Office	975,300	0	975,300	1,009,000	0	1,009,000
Weights and Measures, Department of	2,219,200	0	2,219,200	2,319,400	0	2,319,400
<b>Ninety-Ten Agencies</b>						
Accountancy, Board of	1,063,000	0	1,063,000	1,040,000	0	1,040,000
Appraisal, Board of	256,600	0	256,600	258,900	0	258,900
Barbers, Board of	145,300	0	145,300	150,700	0	150,700
Behavioral Health Examiners, Board of	359,600	0	359,600	342,900	0	342,900
Chiropractic Examiners Board	237,900	0	237,900	261,400	0	261,400
Cosmetology, Board of	636,900	0	636,900	810,500	0	810,500
Dental Examiners Board	591,700	0	591,700	600,300	0	600,300
Funeral Directors and Embalmers Board	179,600	0	179,600	172,400	0	172,400
Homeopathic Medical Examiners Board	30,000	0	30,000	29,400	0	29,400
Medical Examiners, Board of	2,844,400	105,000	2,949,400	2,916,400	101,300	3,017,700
Naturopathic Physician Examiners Board	57,200	0	57,200	71,300	0	71,300
Nursing Board	1,128,300	530,200	1,658,500	1,564,000	593,500	2,157,500
Nursing Care Institution Administrators Bd	66,100	0	66,100	78,000	0	78,000
Occupational Therapy Examiners, Board of	100,700	0	100,700	96,100	0	96,100
Opticians, Board of Dispensing	72,100	0	72,100	67,500	0	67,500
Optometry, Board of	100,900	0	100,900	108,600	0	108,600
Osteopathic Examiners Board	322,700	0	322,700	311,800	0	311,800
Pharmacy Board	649,700	0	649,700	743,900	0	743,900
Physical Therapy Examiners Board	78,000	0	78,000	91,400	0	91,400
Podiatry Examiners Board	53,800	0	53,800	58,100	0	58,100
Private Postsecondary Education, Board for	134,500	178,000	312,500	147,700	168,000	315,700
Psychologist Examiners Board	223,500	0	223,500	224,900	0	224,900
Respiratory Care Examiners, Board of	137,800	0	137,800	166,000	0	166,000
Structural Pest Control Commission	1,052,700	98,100	1,150,800	1,274,200	98,100	1,372,300
Technical Registration, Board of	858,700	0	858,700	878,500	0	878,500
Veterinary Medical Examining Board	188,800	0	188,800	191,600	0	191,600
Subtotal - Ninety-Ten Agencies	\$11,570,500	\$911,300	\$12,481,800	\$12,656,500	\$960,900	\$13,617,400
<b>TOTAL - INSPECTION AND REG</b>	<b>\$78,948,700</b>	<b>\$83,663,200</b>	<b>\$162,611,900</b>	<b>\$81,305,700</b>	<b>\$62,286,600</b>	<b>\$143,592,300</b>
<b>EDUCATION</b>						
Arts, Commission on the	1,492,600	2,039,700	3,532,300	1,511,000	1,841,200	3,352,200
Community Colleges	98,382,600	2,973,000	101,355,600	103,529,800	2,973,000	106,502,800
Deaf and the Blind, AZ State School for	21,443,300	2,996,200	24,439,500	22,809,200	3,608,300	26,417,500
Education, Department of	1,709,253,900	436,511,800	2,145,765,700	1,775,741,200	448,092,800	2,223,834,000
Historical Society, Arizona	3,911,200	983,200	4,894,400	4,006,500	620,200	4,626,700
Historical Society, Prescott	566,900	239,500	806,400	609,000	241,900	850,900
Medical Student Loans Board	114,600	162,500	277,100	113,900	167,100	281,000
Postsecondary Education, Commission for	0	0	0	4,218,500	22,400	4,240,900
Universities/Board of Regents						
Board of Regents	21,065,800	4,779,800	25,845,600	25,226,500	1,554,400	26,780,900
Arizona State University - East	2,122,600	0	2,122,600	3,452,500	0	3,452,500

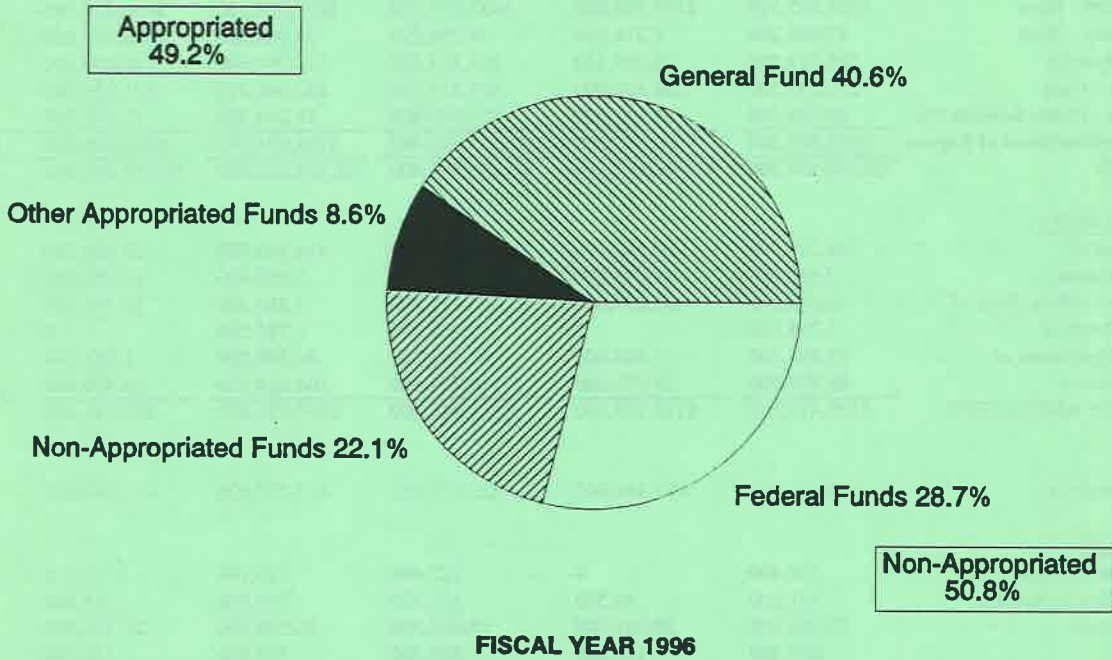


	Fiscal Year 1995			Fiscal Year 1996		
	Non-		Total	Non-		Total
	Appropriated General and Other Funds	Appropriated Federal and Other Funds 2/		Appropriated General and Other Funds	Appropriated Federal and Other Funds 2/	
Arizona State University - Main	\$264,712,700	\$167,760,000	\$432,472,700	\$277,884,100	\$175,829,000	\$453,713,100
Arizona State University - West	37,540,200	2,216,000	39,756,200	38,908,200	2,324,000	41,232,200
Northern Arizona University	104,029,300	79,085,100	183,114,400	113,737,500	83,590,100	197,327,600
University of Arizona - Main	277,155,100	358,256,000	635,411,100	285,541,700	371,256,800	656,798,500
University of Arizona - Health Sciences Ctr	48,403,500	88,690,300	137,093,800	51,244,200	92,071,700	143,315,900
SUBTOTAL - Universities/Board of Regents	\$755,029,200	\$700,787,200	\$1,455,816,400	\$795,994,700	\$726,626,000	\$1,522,620,700
TOTAL - EDUCATION	\$2,590,194,300	\$1,146,693,100	\$3,736,887,400	\$2,708,533,800	\$1,184,192,900	\$3,892,726,700
<b>PROTECTION AND SAFETY</b>						
Corrections, Department of	353,579,000	22,519,000	376,098,000	414,145,900	23,458,500	437,604,400
Criminal Justice Commission	7,638,000	15,074,800	22,712,800	1,680,400	12,968,900	14,649,300
Emergency and Military Affairs, Dept of	10,612,000	41,699,600	52,311,600	7,680,300	26,798,200	34,478,500
Executive Clemency, Board of	1,766,200	0	1,766,200	1,731,500	0	1,731,500
Juvenile Corrections, Department of	39,885,100	1,860,600	41,745,700	44,504,000	1,858,400	46,362,400
Public Safety, Department of	86,933,500	29,775,600	116,709,100	104,634,700	24,658,600	129,293,300
TOTAL - PROTECTION AND SAFETY	\$500,413,800	\$110,929,600	\$611,343,400	\$574,376,800	\$89,742,600	\$664,119,400
<b>TRANSPORTATION</b>						
Transportation, Department of	399,011,400	427,366,000	826,377,400	415,259,600	434,699,600	849,959,200
<b>NATURAL RESOURCES</b>						
Arizona Navigable Streams Adjud Comm	120,400	0	120,400	116,100	0	116,100
Environment, Commission on the AZ	101,200	80,500	181,700	105,900	35,800	141,700
Game and Fish Department	17,750,600	20,901,700	38,652,300	18,596,500	21,312,800	39,909,300
Geological Survey	625,900	194,200	820,100	754,900	168,000	922,900
Land Department	11,103,000	3,819,500	14,922,500	11,451,200	2,381,700	13,832,900
Mines and Mineral Resources, Dept of	660,300	82,900	743,200	688,400	75,900	764,300
Parks Board, AZ State	8,777,200	27,872,400	36,649,600	8,932,500	28,720,900	37,653,400
Water Resources, Department of	16,538,800	4,984,300	21,523,100	19,922,100	4,179,700	24,101,800
TOTAL - NATURAL RESOURCES	\$55,677,400	\$57,935,500	\$113,612,900	\$60,567,600	\$56,874,800	\$117,442,400
Unallocated Salary Adjustment	570,800	0	570,800	432,600	0	432,600
Unallocated Lease-Purchase	8,300	0	8,300	0	0	0
Unallocated Risk Management	(35,100)	0	(35,100)	0	0	0
Unallocated CMR	0	0	0	1,736,200	0	1,736,200
SUBTOTAL - OPERATING BUDGETS	\$5,215,923,000	\$5,586,047,600	\$10,801,970,600	\$5,485,202,300	\$5,698,910,700	\$11,184,113,000
Corrections Fund Deposit	0	0	0	41,284,000	0	41,284,000
Budget Stabilization Fund	178,816,900	0	178,816,900	0	0	0
Joint Williams Gateway Airport Authority	0	0	0	1,880,000	0	1,880,000
GRAND TOTAL	\$5,394,739,900	\$5,586,047,600	\$10,980,787,500	\$5,528,366,300	\$5,698,910,700	\$11,227,277,000

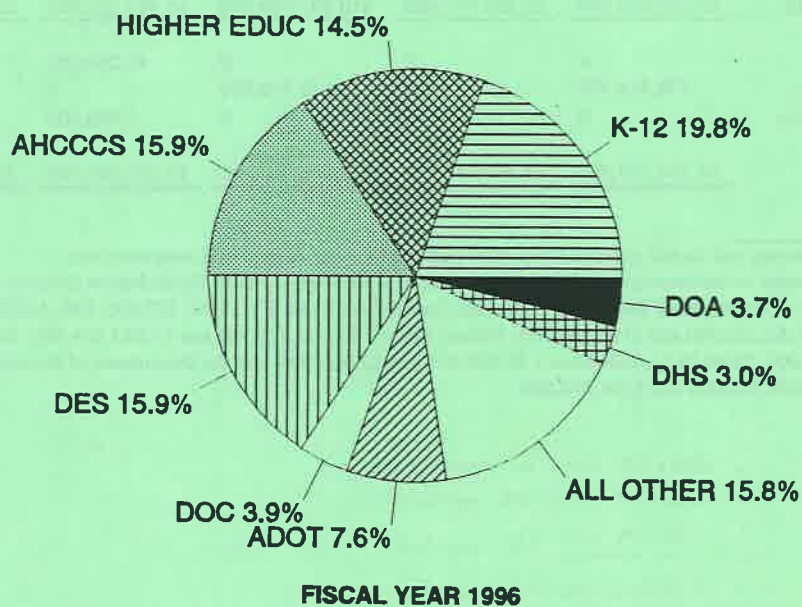
1/ The amounts shown include all operating and capital appropriations from past sessions and current year supplementals.

2/ The amounts shown are generally based on estimates published in the JLBC Staff's Non-Appropriated Funds Report (January 1995). The following updated information has been included: Department of Education, Permanent State School Fund, FY 1995: \$57,655,100; AHCCCS, FY 1995 and FY 1996 respectively: County Contributions - \$186,272,900 and \$192,868,500; Federal Funds - \$1,052,328,300 and \$1,063,264,400; Health Care Group Medical Premiums - \$25,167,200 and \$40,000,000; Third Party Collections - \$5,000,000 and \$5,000,000; and the Department of Economic Security, Long Term Care, FY 1995 and FY 1996 respectively: \$124,872,600 and \$124,598,800.

## DISTRIBUTION OF TOTAL STATE SPENDING AUTHORITY APPROPRIATED AND NON-APPROPRIATED FUNDS



## DISTRIBUTION OF TOTAL STATE SPENDING AUTHORITY BY AGENCY



**STATE PERSONNEL SUMMARY**  
**By Full-Time Equivalent Positions for Fiscal Years 1995 and 1996 1/**

	Fiscal Year 1995			Fiscal Year 1996		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>GENERAL GOVERNMENT</b>						
Administration, AZ Department of	437.7	478.3	916.0	435.7	481.3	917.0
Capital Outlay	0.6	1.4	2.0	16.5	6.5	23.0
Administrative Hearings, Office of	0.0	0.0	0.0	10.0	0.0	10.0
Attorney General	366.0	11.0	377.0	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	62.5	19.0	81.5	62.5	19.0	81.5
Equal Opportunity, Governor's Office of	5.0	0.0	5.0	3.0	0.0	3.0
Equalization, State Board of	0.0	0.0	0.0	6.5	0.0	6.5
Governor's Ofc of Strat Planning & Budgeting	24.0	0.0	24.0	24.0	0.0	24.0
Judiciary						
Court of Appeals	134.0	0.0	134.0	136.0	0.0	136.0
Comm on Appellate and Trial Court Appts	0.0	0.0	0.0	0.0	0.0	0.0
Commission on Judicial Conduct	3.0	0.0	3.0	4.0	0.0	4.0
Superior Court	170.0	0.0	170.0	171.0	0.0	171.0
Supreme Court 2/	152.3	7.0	159.3	153.3	13.5	166.8
SUBTOTAL - Judiciary	459.3	7.0	466.3	464.3	13.5	477.8
Law Enforcement Merit System Council	1.0	0.0	1.0	1.0	0.0	1.0
Legislature						
Auditor General	164.0	0.0	164.0	170.0	0.0	170.0
Joint Legislative Budget Committee	34.0	0.0	34.0	34.0	0.0	34.0
Legislative Council	42.0	0.0	42.0	47.0	0.0	47.0
Library, Archives, and Public Records, Dept of	119.1	0.0	119.1	119.1	0.0	119.1
SUBTOTAL - Legislature	359.1	0.0	359.1	370.1	0.0	370.1
Lottery Commission	0.0	129.3	129.3	0.0	122.0	122.0
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 3/	1,232.0	3.0	1,235.0	1,238.0	7.0	1,245.0
Secretary of State	36.0	0.0	36.0	36.0	0.0	36.0
Tax Appeals, Board of	10.5	0.0	10.5	4.0	0.0	4.0
Tourism, Office of	19.0	0.0	19.0	21.0	0.0	21.0
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
<b>TOTAL - GENERAL GOVERNMENT</b>	<b>3,049.7</b>	<b>1,016.0</b>	<b>4,065.7</b>	<b>3,095.6</b>	<b>1,027.3</b>	<b>4,122.9</b>
<b>HEALTH AND WELFARE</b>						
Arizona Health Care Cost Containment System	1,065.1	0.0	1,065.1	1,070.3	0.0	1,070.3
Economic Security, Department of	2,669.2	13.4	2,682.6	2,683.2	6.4	2,689.6
Environmental Quality, Department of	226.9	150.6	377.5	244.4	135.5	379.9
Health Services, Department of	1,647.5	31.0	1,678.5	1,578.2	36.0	1,614.2
Hearing Impaired, Council for the	5.0	0.0	5.0	5.0	0.0	5.0
Indian Affairs, Commission of	4.0	0.0	4.0	4.0	0.0	4.0
Pioneers' Home	68.4	39.0	107.4	68.4	39.0	107.4
Arizona Rangers' Pensions	0.0	0.0	0.0	0.0	0.0	0.0
Veterans' Service Commission 4/	26.8	14.0	40.8	102.5	15.0	117.5
<b>TOTAL - HEALTH AND WELFARE</b>	<b>5,712.9</b>	<b>248.0</b>	<b>5,960.9</b>	<b>5,756.0</b>	<b>231.9</b>	<b>5,987.9</b>
<b>INSPECTION AND REGULATION</b>						
Agricultural Employment Relations Board	1.0	0.0	1.0	1.0	0.0	1.0
Agriculture, Department of	247.6	39.9	287.5	238.8	38.5	277.3
Banking Department	57.0	0.0	57.0	52.0	0.0	52.0
Boxing Commission	1.5	0.0	1.5	1.5	0.0	1.5
Building and Fire Safety, Dept of	69.2	0.0	69.2	68.3	0.0	68.3
Contractors, Registrar of	0.0	110.3	110.3	0.0	111.0	111.0
Corporation Commission	113.0	109.0	222.0	113.0	109.0	222.0
Gaming, Department of	0.0	28.0	28.0	0.0	50.0	50.0
Industrial Commission	0.0	265.0	265.0	0.0	271.0	271.0
Insurance, Department of	103.9	0.0	103.9	104.4	0.0	104.4
Liquor Licenses and Control, Dept of	52.0	0.0	52.0	49.0	0.0	49.0



	Fiscal Year 1995			Fiscal Year 1996		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Mine Inspector	16.5	0.0	16.5	15.5	0.0	15.5
Occupational Safety and Health Review Board	0.0	0.0	0.0	0.0	0.0	0.0
Racing, Department of	50.2	6.0	56.2	50.4	6.0	56.4
Radiation Regulatory Agency	20.0	2.0	22.0	21.0	2.0	23.0
Real Estate Department	68.0	0.0	68.0	67.8	0.0	67.8
Residential Utility Consumer Office	0.0	11.0	11.0	0.0	11.0	11.0
Weights and Measures, Dept of	28.0	14.0	42.0	34.0	8.0	42.0
<b>NINETY-TEN AGENCIES</b>						
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
Barbers, Board of	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	7.0	7.0
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	42.5	42.5	0.0	43.5	43.5
Naturopathic Physician Examiners Board	0.0	1.0	1.0	0.0	1.0	1.0
Nursing Board	0.0	21.7	21.7	0.0	26.7	26.7
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	12.0	12.0
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	3.0	3.0
Respiratory Care Examiners, Board of	0.0	2.0	2.0	0.0	3.0	3.0
Structural Pest Control Commission	0.0	26.0	26.0	0.0	30.0	30.0
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
<b>SUBTOTAL - Ninety-Ten Agencies</b>	<b>0.0</b>	<b>195.5</b>	<b>195.5</b>	<b>0.0</b>	<b>209.0</b>	<b>209.0</b>
<b>TOTAL - INSPECTION AND REGULATION</b>	<b>827.9</b>	<b>780.7</b>	<b>1,608.6</b>	<b>816.7</b>	<b>815.5</b>	<b>1,632.2</b>
<b>EDUCATION</b>						
Arts, Commission on the	12.5	0.0	12.5	12.5	0.0	12.5
Community Colleges	11.0	3.0	14.0	10.0	3.0	13.0
Deaf and the Blind, School for the	362.2	153.2	515.4	366.7	153.2	519.9
Education, Department of	221.9	0.0	221.9	224.9	0.0	224.9
Historical Society, Arizona	53.0	0.0	53.0	62.0	0.0	62.0
Historical Society, Prescott	15.5	0.0	15.5	16.0	0.0	16.0
Medical Student Loans Board	0.0	0.0	0.0	0.0	0.0	0.0
Postsecondary Education, Commission for	0.0	0.0	0.0	0.0	7.8	7.8
Universities/Board of Regents						
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	20.0	0.0	20.0
Arizona State University - Main	5,110.0	0.0	5,110.0	5,203.6	0.0	5,203.6
Arizona State University - West	620.4	0.0	620.4	627.4	0.0	627.4
Northern Arizona University	2,092.5	0.0	2,092.5	2,132.7	0.0	2,132.7
University of Arizona - Main	5,342.3	0.0	5,342.3	5,354.2	0.0	5,354.2
University of Arizona - Health Sciences Ctr	664.3	0.0	664.3	694.6	0.0	694.6
<b>SUBTOTAL - Universities/Board of Regents</b>	<b>13,871.6</b>	<b>0.0</b>	<b>13,871.6</b>	<b>14,060.6</b>	<b>0.0</b>	<b>14,060.6</b>
<b>TOTAL - EDUCATION</b>	<b>14,547.7</b>	<b>156.2</b>	<b>14,703.9</b>	<b>14,752.7</b>	<b>164.0</b>	<b>14,916.7</b>
<b>PROTECTION AND SAFETY</b>						
Corrections, Department of	7,313.4	0.0	7,313.4	7,944.4	0.0	7,944.4
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	40.0	0.0	40.0	39.0	0.0	39.0
Juvenile Corrections, Department of	672.0	34.0	706.0	698.0	26.0	724.0
Public Safety, Department of S/	685.0	848.0	1,533.0	744.0	848.0	1,592.0

	Fiscal Year 1995			Fiscal Year 1996		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>TOTAL - PROTECTION AND SAFETY</b>	<b>8,772.9</b>	<b>888.0</b>	<b>9,660.9</b>	<b>9,487.9</b>	<b>880.0</b>	<b>10,367.9</b>
<b>TRANSPORTATION</b>						
Transportation, Department of	2.0	3,151.0	3,153.0	2.0	3,020.0	3,022.0
<b>NATURAL RESOURCES</b>						
Environment, Commission on the AZ	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 6/	157.0	0.0	157.0	160.0	0.0	160.0
Mines and Mineral Resources, Dept of	8.0	0.0	8.0	8.0	0.0	8.0
Navigable Stream Adjudication Com., AZ	2.0	0.0	2.0	2.0	0.0	2.0
Parks Board, AZ State	140.5	38.0	178.5	146.0	36.5	182.5
Water Resources, Department of	218.2	0.0	218.2	217.7	0.0	217.7
<b>TOTAL - NATURAL RESOURCES</b>	<b>542.0</b>	<b>309.5</b>	<b>851.5</b>	<b>550.0</b>	<b>308.0</b>	<b>858.0</b>
<b>TOTAL APPROPRIATED FUNDS</b>	<b>33,455.1</b>	<b>6,549.4</b>	<b>40,004.5</b>	<b>34,460.9</b>	<b>6,446.7</b>	<b>40,907.6</b>
<b>TOTAL NON-APPROPRIATED FUNDS</b>	<b>0.0</b>	<b>19,585.1</b>	<b>19,585.1</b>	<b>0.0</b>	<b>20,042.1</b>	<b>20,042.1</b>
<b>GRAND TOTAL</b>	<b>33,455.1</b>	<b>26,134.5</b>	<b>59,589.6</b>	<b>34,460.9</b>	<b>26,488.8</b>	<b>60,949.7</b>

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

2/ 2.0 FTE Positions were added by a supplemental appropriation (Laws 1995, Ch. 6, 1st Special Session).

3/ 3.0 FTE Positions were added by a supplemental appropriation (Laws 1995, Ch. 6, 1st Special Session).

4/ 2.8 FTE Positions were added as a result of additional legislation (Laws 1995, Ch. 6, 1st Special Session).

5/ 49.0 FTE Positions were transferred from non-appropriated to appropriated status between FY 1995 and FY 1996.

6/ 1.0 FTE Position was added by a supplemental appropriation (Laws 1995, Ch. 6, 1st Special Session).

### STATE PERSONNEL SUMMARY

#### Changes in Full-Time Equivalent Positions for Fiscal Year 1997

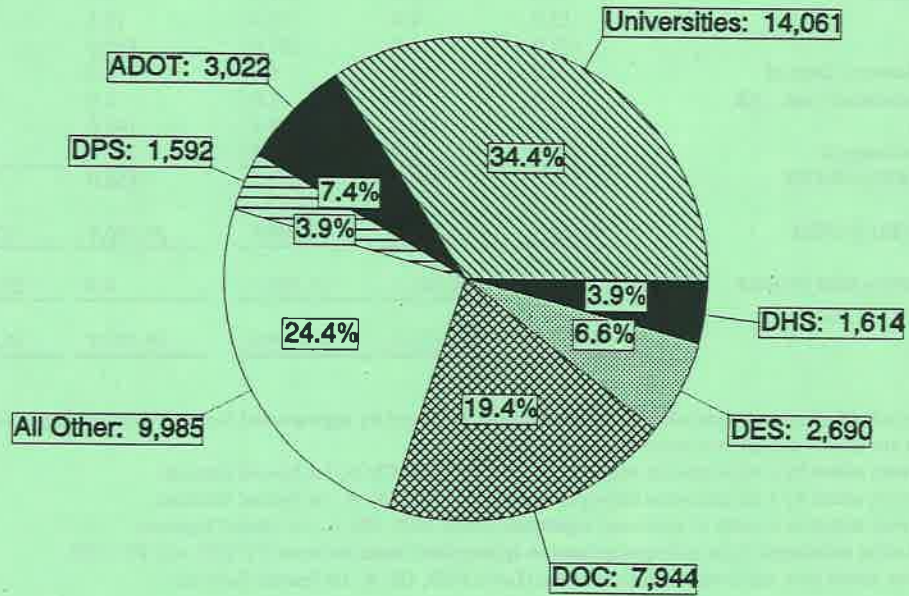
	Fiscal Year 1997			Change FY 1996 - FY 1997		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Agricultural Employment Relations Board	0.0	0.0	0.0	(1.0)	0.0	(1.0)
Commerce, Department of	64.5	19.0	83.5	2.0	0.0	2.0
Contractors, Registrar of	0.0	116.3	116.3	0.0	5.3	5.3
Corporation Commission 1/	113.0	123.0	236.0	0.0	14.0	14.0
Environment, Commission on the	0.0	0.0	0.0	(3.0)	0.0	(3.0)
Equalization, State Bd of	11.5	0.0	11.5	5.0	0.0	5.0
Executive Clemency, Board of	37.0	0.0	37.0	(2.0)	0.0	(2.0)
Gaming, Department of	0.0	68.0	68.0	0.0	18.0	18.0
Historical Society, Arizona	64.5	0.0	64.5	2.5	0.0	2.5
Industrial Commission	0.0	272.0	272.0	0.0	1.0	1.0
Legislative Council	48.0	0.0	48.0	1.0	0.0	1.0
Mine Inspector	17.0	0.0	17.0	1.5	0.0	1.5
Radiation Regulatory Agency	22.0	2.0	24.0	1.0	0.0	1.0
Respiratory Care Examiners	0.0	4.0	4.0	0.0	1.0	1.0

NOTE: Only includes those agencies with increases (decreases) in FTE Positions for FY 1997. Does not include adjustments associated with the Office of Administrative Hearings (Chapter 251).

1/ The Investment Management Regulatory and Enforcement Fund has provided for the salaries and operating costs of 14 FTE Positions since FY 1995; however, by statute, the fund is not subject to legislative appropriation until FY 1997.



## State Personnel Summary Full-Time Equivalent (FTE) Positions



**FISCAL YEAR 1996**

**Total FTE Positions supported by Appropriated Funds: 40,908**

**GENERAL PROVISIONS OF THE  
GENERAL APPROPRIATION ACT,  
OTHER OVERALL ISSUES, AND  
GENERAL LEGISLATION**

## GENERAL PROVISIONS OF THE GENERAL APPROPRIATION ACT

In addition to the specific appropriations to agencies, departments and institutions, the General Appropriation Act (Laws 1995, Chapter 1, 1st Special Session) provides direction with regard to several general provisions.

### *Adjustments to Agency Budgets*

**Salary Adjustments** — Section 101 appropriates \$14,500,000, of which no more than \$12,700,000 shall be from the General Fund, for a merit salary adjustment for state employees. The Joint Legislative Budget Committee (JLBC) Staff will determine and the Arizona Department of Administration (ADOA) will allocate, to each agency or department, an amount projected to equal 2% of the total eligible Personal Services base for the period January 1, 1996 through June 30, 1996. The merit salary adjustment will be available January 1, 1996. (See page GP-5.)

Section 101 also appropriates \$3,426,000, of which no more than \$3,000,000 shall be from the General Fund, for classification maintenance review (CMR) adjustments for certain state employees. (CMR's are a review of the competitiveness and "fairness" of state employee pay for similar classes of employees). The JLBC Staff shall determine and the ADOA shall allocate, to each agency or department, the appropriate amounts. The allocation by personnel system is as follows:

	<u>GENERAL FUND</u>	<u>OTHER FUND</u>
ADOA	\$1,311,200	\$425,000
Judiciary	115,800	1,000
Department of Public Safety	168,300	-0-
Universities/Board of Regents	<u>1,404,700</u>	<u>-0-</u>
TOTAL	\$3,000,000	\$426,000

On or before August 1, 1995, these 4 personnel systems shall each report to the JLBC its recommendations for the job classifications to receive adjustments, along with the rationale for these selections and the estimated dollar amount associated with each classification maintenance review adjustment. On or before November 1, 1995, these agencies shall also report to the Staff Director of the JLBC the suballocation of the adjustment amounts, by program and/or cost center, line item and fund source.

**Retirement Contribution Reduction** — Contingent on the passage of a bill to set the contribution rates for the retirement program and the long-term disability program (Laws 1995, Chapter 134), Section 102 directs the ADOA to reduce the amount appropriated to each agency or department for Employee Related Expenditures (ERE) from 3.95% to 3.85% of Personal Services, as computed by the JLBC Staff. (See page GP-5.)

### *Other General Provisions*

**Appropriation for Alternative Fuels Vehicle Conversion** — Section 103 stipulates that emissions from state-owned alternative fueled vehicles, purchased or converted with monies appropriated by the General Appropriation Act, must exceed United States Environmental Protection Agency (EPA) emissions standards for gasoline-powered vehicles. Vehicles using alternative fuels which emit primarily nonreactive hydrocarbons shall be exempt from EPA hydrocarbon requirements for gasoline powered vehicles. Additionally, all alternative fueling stations funded with monies appropriated by the General Appropriation Act shall meet EPA gasoline refueling standards for atmospheric emissions.

**Expenditure Reporting** — Section 106 states that it is the intent of the Legislature that all 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 JLBC and incorporated into the budget instructions issued by the Governor's Office of Strategic Planning and Budgeting.

**FTE Position Reporting** — Section 107 states that the Full-Time Equivalent (FTE) Positions contained in the General Appropriation Act are subject to appropriation. The section directs the Director of the ADOA to account for the utilization of all appropriated FTE Positions excluding FTE Positions in the Department of Economic Security, the Universities, and

the Department of Environmental Quality. The Director shall submit reports by February 1, 1996 for the first half of the fiscal year and by August 1, 1996 for the entire fiscal year to the Director of the JLBC, comparing the level of FTE Position usage in FY 1996 to the appropriated level. The Director of the ADOA shall notify the director of each budget unit if the budget unit has exceeded its number of appropriated FTE Positions. The Department of Economic Security, the Universities, and the Department of Environmental Quality shall report to the Director of the JLBC in a manner comparable to the ADOA's report.

### OTHER OVERALL ISSUES IN THE FY 1996 BUDGET

In addition to the adjustments to agency budgets and general provisions outlined previously, the FY 1996 budget also reflects the adoption of other technical assumptions. In most circumstances, the individual agency descriptions do not include a discussion of these technical issues. Any dollar adjustments to agency budgets are delineated in the tables following this section.

**Budget Format** — The format governs how an agency's appropriation appears in the General Appropriation Act. A less detailed format provides an agency with more discretion in implementing the budget. Conversely, a more detailed format may require an agency to use formal processes for redirecting appropriated funds. Among the choices are:

**Lump Sum** — The appropriation consists of a single dollar amount, thereby allowing the agency to shift funds among line items and programs without further legislative review. Within this format, Special Line Items may be included in the lump sum or listed separately.

**Modified Lump Sum** — The appropriation consists of at least three lines, Personal Services, Employee Related Expenditures (ERE), and All Other Operating Expenditures. Any Special Line Items would be listed separately. Under this format, pursuant to A.R.S. § 35-173, an agency must seek approval of the Joint Legislative Budget Committee before moving any funds into or out of the Personal Services and ERE line items.

**Detailed Line Item** — The appropriation consists of each line item listed in the Appropriations Report, including Professional and Outside Services, Travel, Other Operating Expenditures, Equipment, and Food. While the same rules govern Personal Services and ERE transfers as noted in the Modified Lump Sum description, the detailed line item appropriation requires the agency to seek Arizona Department of Administration approval before transferring monies between any other line items.

**Employer Contribution Rates** — The FY 1996 appropriations include the following employer contribution rates. All are expressed as a percent of Personal Services funding except for the life insurance employer contribution:

	<u>Rate</u>	<u>State Retirement Systems</u>	<u>Rate</u>
Life Insurance (per FTE)	\$11.00	State Retirement (Includes Long Term Disability)	3.85%
Unemployment Insurance	0.30%	Department of Corrections	6.50%
Personnel Division Services	0.90%	Department of Juvenile Corrections	8.51%
Disability (Non-State Retirement)	0.40%	Elected Officials	3.12%
		Department of Public Safety	0.00%
		Northern Arizona University Police	4.02%
<u>Federal Insurance Contributions Act (FICA)</u>		University of Arizona Police	3.21%
Social Security (salary ≤ \$61,500)	6.20%	Arizona State University Police	6.26%
Medicare (no salary cap)	1.45%	Game and Fish Department	18.38%
		Attorney General Investigators	9.17%
		ADOA Capital Police	8.00%

The state retirement rate was originally set at 3.95% of Personal Services, but was subsequently revised to 3.85%. For further background, see the General Provisions section. For a listing of individual agency adjustments, see page GP-5.

**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 1995 participation. Health insurance amounts shall be transferred to the Special Employee Health Insurance Trust Fund. The appropriated medical and dental insurance amounts are as follows: General Fund \$89,322,500; Other Funds \$19,236,800; Total \$108,559,300. (The agency detail of the General Fund amounts can be found starting on page GP-5, and Other Fund amounts starting on page GP-10.)

**Inflation** — In general, no inflation increases were added to the amounts originally appropriated for each expenditure category in FY 1995.

**Lease-Purchase** — The FY 1996 appropriations include lease-purchase payments for certain buildings. (Please refer to page GP-13). In addition, agencies occupying space in the Sun State Building, Doubletree Building, Agriculture Lab, Department of Public Safety District 19 Office Building, Corpstein Building, Centre Pointe Building, Kingman State Office Building, and Black Canyon Building will be charged \$4.75 per gross square foot for Operations and Maintenance (O&M) expenses. These amounts are included in agency appropriations and will be transferred to the Arizona Department of Administration, which will be responsible for providing the service, either directly or under contract.

**Rent** — The FY 1996 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 (COSF). For a listing of individual agency charges, see page GP-15. For a discussion of COSF balances, see page 10. The following rates per foot were applied for state-owned space: Office, \$11.50; Storage, \$4.50.

These rates are expected to generate the deposit of \$8,139,700 from appropriated funds into COSF, which is used to fund building renewal, utility charges in the Capitol Mall and Tucson Mall, staff in the Arizona Department of Administration, and specific building projects. The rental rate is determined by the Joint Committee on Capital Review.

**Risk Management** — The Other Operating Expenditures line of individual agency budgets include the FY 1996 Risk Management rates billed by the ADOA Risk Management section. For a listing of individual agency billings, see page GP-17. For a discussion of Risk Management fund balances, see page 14.

**Salary Adjustment** — Individual agency budgets have been adjusted for a 2% merit salary adjustment. For further background, see prior General Provisions section. For a listing of individual agency adjustments, see page GP-4.

**Vacancy Savings** — With the exception of small budgets, most agencies have a "vacancy savings" amount incorporated into their individual appropriations. This amount is calculated by applying a "vacancy rate" to the Personal Services and Employee Related Expenditures appropriations. The applied vacancy rate varies with the number of full time equivalent (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. For a listing of individual agency vacancy savings, see page GP-19. The standard vacancy rates are as follows:

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

## THE FY 1997 BUDGET

**Biennial Appropriations** — For the first time, most budget units were appropriated both a FY 1996 and FY 1997 amount by the General Appropriation Act. A.R.S. § 35-101 defines those "Major Budget Units" which are to receive annual appropriations. Typically, the remainder are to receive biennial appropriations. However, 6 agencies, for various reasons, did not receive an FY 1997 appropriation. These budget units will be addressed again in the 1996 legislative session, and include the Department of Agriculture, the Governor's Office of Equal Opportunity, the Commission of Indian Affairs, the Department of Mines and Mineral Resources, the State Parks Board, and the Veterans' Service Commission.

Agencies with a biennial appropriation will require adjustments to the FY 1997 appropriated amount. These technical adjustments, which can be addressed by the FY 1997 General Appropriation Act and should not necessitate additional budget hearings, include the following: 1) full funding for the January 1, 1996, 2% merit salary adjustment, which is not currently reflected in the FY 1997 approved amount; 2) technical adjustments to the Employee Related Expenditures line item to reflect the merit salary adjustment and other likely technical adjustments; and 3) technical adjustments to rent, lease-purchase, and Risk Management appropriations.

**Salary and Retirement Contribution Reduction in Sections 101 and 102 of the  
FY 1996 General Appropriation Act and Health Insurance Allocations**

**General Fund**

	Salary Adjustments 1/			Retirement Contribution Reduction 2/	Total Adjustments	Health Insurance	
	Personal	Employee Rel	Total Sal	Employee Rel		Medical	Dental
	Services	Expenditures	Adjustment	Expenditures		Insurance 3/	Insurance 3/
<b>MAJOR BUDGET UNITS</b>							
<b>Administration, Arizona Department of</b>							
Administration	\$10,700	\$1,500	\$12,200	(\$1,200)	\$11,000	\$89,200	\$4,500
Governor's Regulatory Review Committee*	2,700	400	3,100	(300)	2,800	19,100	1,000
Finance	29,400	4,100	33,500	(3,000)	30,500	293,000	14,700
General Services	38,300	5,400	43,700	(3,900)	39,800	531,500	26,600
Information Services	13,500	1,900	15,400	(1,300)	14,100	94,900	4,800
Capitol Police	9,600	1,500	11,100	(600)	10,500	132,500	6,600
Total - Dept of Administration	\$104,200	\$14,800	\$119,000	(\$10,300)	\$108,700	\$1,160,200	\$58,200
<b>AHCCCS</b>							
Administration	122,000	16,700	138,700	(12,200)	126,500	1,274,300	61,500
Indian Advisory Council*	600	100	700	(100)	600	5,400	200
DES-AHCCCS	110,200	15,400	125,600	(11,000)	114,600	1,440,200	71,400
DES DDSA*	400	100	500	(100)	400	3,200	200
DES PASARR*	300	0	300	0	300	1,500	100
MEDICS*	1,500	200	1,700	(200)	1,500	12,000	600
DHS-AHCCCS	2,800	400	3,200	(300)	2,900	30,400	1,600
DHS PASARR*	300	0	300	0	300	1,700	100
Total - AHCCCS	\$238,100	\$32,900	\$271,000	(\$23,900)	\$247,100	\$2,768,700	\$135,700
<b>Community Colleges, State Board of Directors for</b>							
Corrections, Department of	4,800	600	5,400	(500)	4,900	26,300	1,800
Adult Institutions	1,429,000	261,700	1,690,700	(13,800)	1,676,900	18,274,400	758,800
CSO Series Pay Plan*	0	0	0	0	0	95,000	3,900
Administration	57,200	9,300	66,500	(4,500)	62,000	595,000	24,700
Human Resources/Development	21,300	3,400	24,700	(2,200)	22,500	246,100	10,300
Health Services	213,800	35,800	249,600	(10,500)	239,100	1,638,500	68,100
Community Corrections	44,200	7,700	51,900	(1,400)	50,500	673,500	28,000
Total - Dept of Corrections	\$1,765,500	\$317,900	\$2,083,400	(\$32,400)	\$2,051,000	\$21,522,500	\$893,800
<b>Deaf and Blind, Schools for the</b>							
Phoenix Day School	0	0	0	(2,200)	(2,200)	213,100	10,600
Arizona Diagnostic Testing/Ed Center	0	0	0	(1,000)	(1,000)	101,000	5,000
Tucson Campus	0	0	0	(7,100)	(7,100)	578,000	28,800
Total - Schools for the Deaf and Blind	\$0	\$0	\$0	(\$10,300)	(\$10,300)	\$892,100	\$44,400
<b>Economic Security, Department of</b>							
Administration	89,300	12,100	101,400	(8,900)	92,500	682,800	33,800
Expert Systems*	1,100	100	1,200	0	1,200	6,600	300
Child Welfare Information System*	600	100	700	0	700	9,300	500
Developmental Disabilities	63,500	8,600	72,100	(6,400)	65,700	680,700	33,700
AZ Training Program at Coolidge*	39,300	5,300	44,600	(3,900)	40,700	485,900	24,100
Long Term Care	176,900	24,000	200,900	(6,200)	194,700	420,300	20,800
AZ Training Program at Coolidge*	63,000	8,500	71,500	(2,100)	69,400	265,500	13,200
Benefits and Medical Eligibility	178,600	24,200	202,800	(17,900)	184,900	2,108,600	104,500
Full Employment Project*	900	100	1,000	0	1,000	10,600	500
Child Support Enforcement	17,700	2,400	20,100	(1,800)	18,300	229,500	11,400
Senate Bill 1460 Pilot Programs*	200	0	200	0	200	1,900	100
Aging and Community Services	26,100	3,500	29,600	(2,600)	27,000	223,100	11,100
Long Term Care Ombudsman*	100	0	100	0	100	1,300	100
Children and Family Services	181,100	24,600	205,700	(18,100)	187,600	1,552,700	77,000
Videotaping*	900	100	1,000	(100)	900	8,000	400
Child Protective Services Training	1,600	200	1,800	(200)	1,600	18,600	900
Employment and Rehabilitative Services	26,600	3,600	30,200	(2,700)	27,500	282,800	14,000
Total - Dept of Economic Security	\$867,500	\$117,400	\$984,900	(\$70,900)	\$914,000	\$6,988,200	\$346,400
<b>Education, Department of</b>							
State Board	600	100	700	(100)	600	6,500	400
General Services Administration	44,700	5,900	50,600	(4,500)	46,100	381,800	24,200
Charter Schools*	0	0	0	(100)	(100)	6,500	400
Special Education Audit*	1,500	200	1,700	(200)	1,500	13,000	800
Assistance to Schools							
Academic Decathlon*	200	0	200	0	200	2,600	200



	Salary Adjustments 1/			Retirement Contribution Reduction 2/		Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Employee Rel Expenditures	Total Adjustments	Medical Insurance 3/	Dental Insurance 3/
Adult Education Assistance*	\$1,900	\$300	\$2,200	(\$200)	\$2,000	\$15,000	\$1,000
Arizona Teacher Evaluation*	1,600	200	1,800	(200)	1,600	13,000	800
Chemical Abuse*	2,200	300	2,500	(200)	2,300	17,100	1,100
Family Literacy*	600	100	700	(100)	600	6,000	400
Basic State Aid K-12 Recapture*	0	0	0	(1,766,000)	(1,766,000)	0	0
State Block Grant*	2,900	400	3,300	(300)	3,000	25,700	1,600
Vocational Education Program Support*	2,600	400	3,000	(300)	2,700	25,900	1,600
Vocational Education	9,200	1,300	10,500	(900)	9,600	67,500	4,300
Total - Department of Education	\$68,000	\$9,200	\$77,200	(\$1,773,100)	(\$1,695,900)	\$580,600	\$36,800
Environmental Quality, Department of	69,200	9,500	78,700	(7,000)	71,700	594,700	29,000
Aquifer Protection Permit Program*	5,000	700	5,700	(500)	5,200	45,400	2,200
Total - Dept of Environmental Quality	\$74,200	\$10,200	\$84,400	(\$7,500)	\$76,900	\$640,100	\$31,200
Health Services, Department of							
Assurance & Licensure	35,000	4,900	39,900	(3,700)	36,200	385,000	19,800
Behavioral Health Services	18,600	2,600	21,200	(1,900)	19,300	146,300	7,500
Southern Arizona Mental Health Center*	21,700	3,100	24,800	(2,200)	22,600	183,500	9,400
Psychiatric Review Board*	500	100	600	(100)	500	5,100	300
Support Services	62,500	8,800	71,300	(6,400)	64,900	562,100	28,800
Arizona State Hospital	188,500	26,600	215,100	(18,800)	196,300	2,049,400	105,200
Public Health	26,000	3,700	29,700	(2,600)	27,100	231,500	11,900
Family Health	18,000	2,500	20,500	(1,800)	18,700	170,400	8,700
Lab Services	14,800	2,100	16,900	(1,500)	15,400	140,300	7,200
Total - Dept of Health Services	\$385,600	\$54,400	\$440,000	(\$39,000)	\$401,000	\$3,873,600	\$198,800
Judiciary							
Court of Appeals							
Division I	31,500	2,800	34,300	(3,200)	31,100	268,900	20,100
Division II	12,300	1,100	13,400	(1,200)	12,200	92,900	7,000
Subtotal - Court of Appeals	\$43,800	\$3,900	\$47,700	(\$4,400)	\$43,300	\$361,800	\$27,100
Superior Court						290,900	22,500
Juvenile Probation Services*	29,200	3,600	32,800	(2,900)	29,900	27,600	2,100
Intensive Probation - Juvenile*	37,900	4,700	42,600	(3,800)	38,800	16,100	1,200
Intensive Probation - Adult*	98,500	12,200	110,700	(9,800)	100,900	18,400	1,400
Juvenile Probation State Aid*	16,700	2,100	18,800	(1,700)	17,100	2,300	200
Adult Probation Enhancement*	119,700	14,800	134,500	(12,000)	122,500	13,800	1,100
Community Punishment*	14,800	1,800	16,600	(1,500)	15,100	6,900	500
Child Support Enforcement*	2,900	400	3,300	(300)	3,000	16,100	1,200
Subtotal - Superior Court	\$319,700	\$39,600	\$359,300	(\$32,000)	\$327,300	\$392,100	\$30,200
Supreme Court - Judicial and Administrative	39,900	4,400	44,300	(4,000)	40,300	270,500	21,000
Judicial Performance Review*	1,100	100	1,200	(100)	1,100	6,900	500
Supreme Court - Foster Care Review Board	8,900	1,100	10,000	(900)	9,100	70,700	5,500
Subtotal - Supreme Court	\$49,900	\$5,600	\$55,500	(\$5,000)	\$50,500	\$348,100	\$27,000
Commission on Judicial Conduct	1,200	100	1,300	(100)	1,200	9,200	700
Commission on Appellate and Trial Court Appt	0	0	0	0	0	0	0
Total - Judiciary	\$414,600	\$49,200	\$463,800	(\$41,500)	\$422,300	\$1,111,200	\$85,000
Juvenile Corrections, Department of							
Administration	20,900	3,500	24,400	(1,600)	22,800	155,700	6,400
Staff Training/Certification*	400	100	500	0	500	0	0
Due Process*	2,300	400	2,700	(200)	2,500	15,600	600
Youth Rights*	1,900	300	2,200	(200)	2,000	15,600	600
Secure Care	112,500	22,000	134,500	(3,000)	131,500	1,267,200	51,800
Community Care	18,400	3,600	22,000	(600)	21,400	184,400	7,500
Family Transition*	800	100	900	(100)	800	10,400	400
Community Work *	1,200	200	1,400	(100)	1,300	13,000	500
Education	23,500	4,400	27,900	(900)	27,000	106,600	4,300
Total - Dept of Juvenile Corrections	\$181,900	\$34,600	\$216,500	(\$6,700)	\$209,800	\$1,768,500	\$72,100
Public Safety, Department of							
Service Bureau	176,200	23,600	199,800	(12,900)	186,900	29,100	1,700
Criminal Investigation Bureau	125,200	14,700	139,900	(3,500)	136,400	851,500	49,500
Gang Enforcement*	29,300	3,400	32,700	(400)	32,300	205,700	11,900
Highway Patrol Bureau	272,100	29,900	302,000	(1,900)	300,100	966,900	56,100
Total - Dept of Public Safety	\$602,800	\$71,600	\$674,400	(\$18,700)	\$655,700	\$2,053,200	\$119,200

	Salary Adjustments 1/			Retirement Contribution Reduction 2/	Total Adjustments	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Employee Rel Expenditures		Medical Insurance 3/	Dental Insurance 3/
Transportation, Department of							
Public Transit Division	\$400	\$100	\$500	\$0	\$500	\$6,100	\$300
Universities/Board of Regents							
Board of Regents	12,500	1,700	14,200	(500)	13,700	87,100	4,300
ASU-Main Campus	1,819,900	246,800	2,066,700	(86,700)	1,980,000	10,988,500	653,800
ASU - East	6,000	800	6,800	(700)	6,100	50,400	3,000
ASU-West Campus	212,300	29,500	241,800	(9,900)	231,900	1,454,000	86,500
Northern Arizona University	678,000	97,000	775,000	(31,200)	743,800	5,175,200	386,400
NAU - Yuma *	10,500	1,500	12,000	(500)	11,500	91,200	6,800
University of Arizona	1,629,500	207,300	1,836,800	(106,800)	1,730,000	8,891,500	505,400
Agriculture*	285,000	36,200	321,200	(18,600)	302,600	1,814,900	103,200
Pima County Campus*	5,400	700	6,100	(500)	5,600	44,400	2,500
Health Sciences Center	320,100	39,000	359,100	(22,200)	336,900	1,486,400	84,700
Clinical Teaching Support *	50,900	6,200	57,100	(3,500)	53,600	386,200	22,000
Total - Universities/Regents	\$5,030,100	\$666,700	\$5,696,800	(\$281,100)	\$5,415,700	\$30,469,800	\$1,858,600
TOTAL - MAJOR BUDGET UNITS	\$9,737,700	\$1,379,600	\$11,117,300	(\$2,315,900)	\$8,801,400	\$73,861,100	\$3,882,300
<b>BIENNIAL BUDGET UNITS</b>							
Agricultural Employment Relations Board	400	100	500	0	500	600	0
Agriculture, AZ Department of							
Administration	8,200	1,100	9,300	(800)	8,500	72,100	3,700
Animal Services	22,200	3,200	25,400	(2,200)	23,200	233,100	12,200
Plant Industries	21,500	3,100	24,600	(2,200)	22,400	238,700	12,500
Chemical/Environmental	3,300	500	3,800	(300)	3,500	34,400	1,800
Agricultural Lab	5,100	700	5,800	(500)	5,300	52,900	2,800
Total - Dept of Agriculture	\$60,300	\$8,600	\$68,900	(\$6,000)	\$62,900	\$631,200	\$33,000
Arts, Arizona Commission on the	3,500	500	4,000	(300)	3,700	30,500	1,800
Attorney General - Dept of Law							
Administration	19,000	2,600	21,600	(1,900)	19,700	146,400	8,600
Civil	51,300	6,800	58,100	(5,100)	53,000	315,800	18,500
Human Services	12,700	1,700	14,400	(1,300)	13,100	113,300	6,600
Criminal	60,500	8,500	69,000	(5,200)	63,800	354,700	20,800
Total - Attorney General - Dept of Law	\$143,500	\$19,600	\$163,100	(\$13,500)	\$149,600	\$930,200	\$54,500
Banking Department, State	16,200	2,100	18,300	(1,600)	16,700	124,300	7,300
Boxing Commission, AZ State	400	100	500	0	500	4,500	300
Building & Fire Safety, Department of	18,500	3,000	21,500	(1,900)	19,600	192,100	9,300
Commerce, Department of	19,500	2,500	22,000	(1,900)	20,100	124,600	6,800
Motion Picture Development*	2,200	300	2,500	(200)	2,300	11,000	600
Total - Dept of Commerce	\$21,700	\$2,800	\$24,500	(\$2,100)	\$22,400	\$135,600	\$7,400
Corporation Commission							
Administration	7,900	1,000	8,900	(800)	8,100	65,200	3,800
Corporations	7,800	1,000	8,800	(800)	8,000	107,200	6,200
Securities	13,000	1,700	14,700	(1,400)	13,300	102,000	5,900
Railroad Safety	2,600	300	2,900	(300)	2,600	21,100	1,200
Total - Corporation Commission	\$31,300	\$4,000	\$35,300	(\$3,300)	\$32,000	\$295,500	\$17,100
Criminal Justice Commission, Arizona	2,200	300	2,500	0	2,500		
Emergency and Military Affairs, Department of							
Emergency Management	4,200	700	4,900	(400)	4,500	39,000	1,500
Military Affairs	11,600	1,800	13,400	(1,200)	12,200	122,300	4,700
Total - Dept of Emergency & Military Affairs	\$15,800	\$2,500	\$18,300	(\$1,600)	\$16,700	\$161,300	\$6,200
Environment, Commission on the Arizona	700	100	800	(100)	700	2,900	100
Equal Opportunity, Governor's Office of	1,000	100	1,100	(100)	1,000	4,600	300
Equalization, State Board of	1,200	100	1,300	(100)	1,200	21,200	1,100
Equalization, State Board of*	200	0	200	0	200	3,300	200
Total - State Board of Equalization	\$1,400	\$100	\$1,500	(\$100)	\$1,400	\$24,500	\$1,300
Executive Clemency, Board of	7,800	1,100	8,900	(1,100)	7,800	105,300	4,700
Geological Survey, AZ	4,100	600	4,700	(400)	4,300	23,000	2,000
Governor - Office of the							
Office of the Governor	29,300	3,400	32,700	(2,900)	29,800	149,100	9,200
Office for Excellence in Government*	8,400	1,000	9,400	(800)	8,600	43,300	2,700
Total - Office of the Governor	\$37,700	\$4,400	\$42,100	(\$3,700)	\$38,400	\$192,400	\$11,900
Governor's Office of Strategic Planning and Budgeting	11,200	1,400	12,600	(1,100)	11,500	58,300	3,600

	Salary Adjustments 1/			Retirement Contribution Reduction 2/		Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Employee Rel Expenditures	Total Adjustments	Medical Insurance 3/	Dental Insurance 3/
Hearing Impaired, AZ Council for the	1,400	200	1,600	(100)	1,500	16,400	700
Historical Society, Arizona	\$11,500	\$1,500	\$13,000	(\$1,100)	\$11,900	\$97,200	\$5,900
Papago Park Museum *	3,200	400	3,600	(300)	3,300	51,300	3,100
Total - Arizona Historical Society	\$14,700	\$1,900	\$16,600	(\$1,400)	\$15,200	\$148,500	\$9,000
Historical Society, Prescott	3,900	600	4,500	(400)	4,100	60,700	3,700
Indian Affairs, Arizona Commission of	1,000	100	1,100	(100)	1,000	12,000	300
Insurance, Department of	22,100	2,800	24,900	(2,200)	22,700	229,300	13,100
Fraud Unit*	4,600	600	5,200	(500)	4,700	44,500	2,500
Total - Department of Insurance	\$26,700	\$3,400	\$30,100	(\$2,700)	\$27,400	\$273,800	\$15,600
Land Department, State	46,600	6,300	52,900	(4,700)	48,200	436,400	26,700
Land 2000*	600	100	700	(100)	600	2,800	200
Streambed Ownership*	300	0	300	0	300	2,800	200
Water Litigation*	300	0	300	0	300	2,800	200
Total - State Land Department	\$47,800	\$6,400	\$54,200	(\$4,800)	\$49,400	\$444,800	\$27,300
Law Enforcement Merit System Council	300	0	300	0	300	1,900	100
Legislature							
Auditor General	61,900	7,400	69,300	(6,500)	62,800	425,800	25,300
House of Representatives	46,500	6,100	52,600	(4,700)	47,900	484,200	35,400
Joint Legislative Budget Committee	14,900	1,700	16,600	(1,500)	15,100	97,000	5,000
Legislative Council	17,500	2,100	19,600	(1,900)	17,700	118,200	8,500
Library, Archives and Public Records	27,300	3,600	30,900	(2,700)	28,200	255,700	12,600
Senate	34,500	4,400	38,900	(3,500)	35,400	323,200	22,900
Total - Legislature	\$202,600	\$25,300	\$227,900	(\$20,800)	\$207,100	\$1,704,100	\$109,700
Liquor Licenses & Control, Department of	12,400	1,700	14,100	(1,200)	12,900	152,600	7,300
Mine Inspector, State	3,900	600	4,500	(400)	4,100	32,100	1,500
Mined Land Reclamation*	400	100	500	0	500	3,400	200
Total - State Mine Inspector	\$4,300	\$700	\$5,000	(\$400)	\$4,600	\$35,500	\$1,700
Mines and Mineral Resources, Department of	2,600	400	3,000	(300)	2,700	15,900	1,600
Navigable Streams Adjudication Commission, Arizona	800	100	900	(100)	800	6,000	500
Parks Board, Arizona State	34,800	5,300	40,100	(3,500)	36,600	411,200	20,000
Arizona Conservation Corps*	1,100	200	1,300	(100)	1,200	8,800	400
Total - Arizona State Parks Board	\$35,900	\$5,500	\$41,400	(\$3,600)	\$37,800	\$420,000	\$20,400
Personnel Board	700	100	800	(100)	700	6,000	100
Pioneers' Home	14,000	2,400	16,400	(1,400)	15,000	227,700	14,600
Racing, Arizona Department of							
Commercial Racing	13,700	1,900	15,600	(1,400)	14,200	128,800	7,500
Yuma/Holbrook Commercial Racing* 4/	0	0	0	0	0	4,300	200
Total - Department of Racing	\$13,700	\$1,900	\$15,600	(\$1,400)	\$14,200	\$133,100	\$7,700
Radiation Regulatory Agency							
Radiation Evaluation and Compliance	6,500	900	7,400	(700)	6,700	55,800	3,900
Real Estate Department	17,900	2,500	20,400	(1,800)	18,600	166,700	8,300
Revenue, Department of							
Director's Office	6,300	800	7,100	(600)	6,500	35,500	1,800
Administrative Services	22,600	2,900	25,500	(2,300)	23,200	245,800	12,500
Property Valuation & Equalization	23,000	3,000	26,000	(2,300)	23,700	189,200	9,600
Building Permits Database*	0	0	0	0	0	17,700	900
Special Support	14,100	1,800	15,900	(1,400)	14,500	110,200	5,600
Compliance	136,600	17,800	154,400	(13,700)	140,700	1,424,700	72,200
Taxpayer Support	29,200	3,800	33,000	(2,900)	30,100	360,000	18,200
Data Management	59,000	7,700	66,700	(5,900)	60,800	614,900	31,100
Total - Dept of Revenue	\$290,800	\$37,800	\$328,600	(\$29,100)	\$299,500	\$2,998,000	\$151,900
Secretary of State	8,200	1,100	9,300	(800)	8,500	96,300	3,300
Tax Appeals, State Board of							
Division II	1,500	200	1,700	(200)	1,500	13,000	700
Tourism, Office of	5,600	700	6,300	(600)	5,700	33,800	1,500
Welcome Center Operations *	700	100	800	(100)	700	8,000	300
Total - Office of Tourism	\$6,300	\$800	\$7,100	(\$700)	\$6,400	\$41,800	\$1,800
Treasurer	11,100	1,400	12,500	(1,100)	11,400	104,300	6,700
Veterans' Service Commission							
Veterans' Affairs	5,200	700	5,900	(500)	5,400	56,900	3,600
Veterans' Home	4,200	600	4,800	(1,500)	3,300	192,500	12,100
Total - Veterans' Service Commission	\$9,400	\$1,300	\$10,700	(\$2,000)	\$8,700	\$249,400	\$15,700

	Salary Adjustments 1/			Retirement Contribution Reduction 2/	Total Adjustments	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Employee Rel Expenditures		Medical Insurance 3/	Dental Insurance 3/
Water Resources, Department of							
Administration	\$15,800	\$2,100	\$17,900	(\$1,600)	\$16,300	\$116,800	\$6,200
Indian Water Rights*	500	100	600	0	600	2,700	100
Engineering	29,300	4,000	33,300	(2,900)	30,400	240,400	12,800
Water Management	24,200	3,300	27,500	(2,400)	25,100	216,900	11,500
Flood Warning System*	500	100	600	0	600	0	0
Total - Dept of Water Resources	\$70,300	\$9,600	\$79,900	(\$6,900)	\$73,000	\$576,800	\$30,600
Weights and Measures, Department of							
General Services	7,900	1,100	9,000	(800)	8,200	76,700	3,200
Vapor Recovery	1,300	200	1,500	(100)	1,400	16,600	700
Total - Department of Weights and Measures	\$9,200	\$1,300	\$10,500	(\$900)	\$9,600	\$93,300	\$3,900
TOTAL - BIENNIAL BUDGET UNITS	\$1,191,700	\$159,000	\$1,350,700	(\$119,900)	\$1,230,800	\$10,971,200	\$607,900
ADJUSTMENTS-SUBTOTAL	\$10,929,400	\$1,538,600	\$12,468,000	(\$2,435,800)	\$10,032,200	\$84,832,300	\$4,490,200
Unallocated Amounts	\$203,500	\$28,500	\$232,000	\$0	\$232,000	\$0	\$0
TOTAL ADJUSTMENTS	\$11,132,900	\$1,567,100	\$12,700,000	(\$2,435,800)	\$10,264,200	\$84,832,300	\$4,490,200

\* Denotes Special Line Item.

1/ Section 101 of the General Appropriation Act provides up to \$12,700,000 from the General Fund for merit pay adjustments, effective January 1, 1996. In accordance with Section 101, the Joint Legislative Budget Committee has determined an amount projected to equal 2% of total eligible Personal Services. Individual agency amounts thus determined will be allocated by the Arizona Department of Administration.

2/ Section 102 of the General Appropriation Act provides for the reduction of all state agency Employee Related Expenditures amounts from 3.95% of Personal Services to 3.85% of Personal Services, as computed by the Joint Legislative Budget Committee Staff, if separate legislation providing for this reduction is enacted into law. See Laws 1995, Chapter 134.

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 to the Special Employee Health Insurance Trust Fund.

4/ Health insurance amounts shall be swept if FTE Positions are filled.

**STATE OF ARIZONA**  
**SALARY ADJUSTMENT FOR STATE EMPLOYEES SINCE FY 1986 1/**  
(Shown in Nominal Dollars)

Fiscal Year	Dollars Appropriated	Effective Date	Annual Cost	% Salary Adjustment	% Performance Adjustment
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%
FY 1996	\$12,700,000	Jan. 1	\$25,400,000	0.00%	2.00%

1/ Represents original General Fund appropriations.

**Salary and Retirement Contribution Reduction in Sections 101 and 102 of the  
FY 1996 General Appropriation Act and Health Insurance Allocations**

**Other Funds**

	Salary Adjustments 1/			Retirement Contribution Reduction 2/		Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Employee Rel Expenditures	Total Adjustments	Medical Insurance 3/	Dental Insurance 3/
<b>MAJOR BUDGET UNITS</b>							
<b>Administration, Arizona Department of</b>							
Administration	\$1,200	\$200	\$1,400	(\$100)	\$1,300	\$10,900	\$500
General Services	9,700	1,300	11,000	(1,000)	10,000	81,900	4,100
Information Services	50,700	7,100	57,800	(5,100)	52,700	420,400	21,100
Risk Management	17,100	2,400	19,500	(1,700)	17,800	158,000	7,900
Attorney General Defense-Risk Management*	36,600	5,100	41,700	(3,700)	38,000	254,000	12,700
Workers' Compensation	4,000	600	4,600	(400)	4,200	41,000	2,100
Attorney General Defense-Workers' Comp*	800	100	900	(100)	800	5,500	300
Personnel	35,600	5,000	40,600	(3,600)	37,000	319,800	16,000
Classification Project*	1,200	100	1,300	(100)	1,200	6,800	300
Total - Department of Administration	\$156,900	\$21,900	\$178,800	(\$15,800)	\$163,000	\$1,298,300	\$65,000
<b>Community Colleges, State Board of Directors for</b>							
Deaf and the Blind, AZ State Schools for the	700	100	800	(100)	700	7,900	600
Phoenix Day School	0	0	0	0	0	123,600	6,200
Arizona Diagnostic Testing and Education Center	0	0	0	0	0	59,400	3,000
Tucson Campus	0	0	0	0	0	189,800	9,400
Total - Schools for the Deaf and Blind	\$0	\$0	\$0	\$0	\$0	\$372,800	\$18,600
<b>Economic Security, Department of</b>							
Public Assistance Collection*	1,700	200	1,900	(200)	1,700	17,000	800
<b>Environmental Quality, Department of</b>							
Aquifer Protection Permit Program*	2,800	400	3,200	(300)	2,900	24,400	1,200
Hazardous Waste Program*	1,300	200	1,500	(100)	1,400	13,700	700
Special Waste Program*	400	100	500	0	500	8,100	400
Used Oil Program*	600	100	700	(100)	600	5,900	300
Air Quality Program*	900	100	1,000	0	1,000	8,100	400
Air Permit Administration Program*	15,200	2,100	17,300	(1,800)	15,500	149,600	7,300
Emissions Control Program*	13,300	1,800	15,100	(1,300)	13,800	151,200	7,400
Total - Dept of Environmental Quality	\$34,500	\$4,800	\$39,300	(\$3,600)	\$35,700	\$361,000	\$17,700
<b>Health Services, Department of</b>							
<b>Family Health</b>							
Child Fatality Review Team*	0	0	0	0	0	5,100	300
<b>Public Health</b>							
Emergency Medical Services Operations*	8,800	1,200	10,000	(900)	9,100	85,200	4,400
Total - Department of Health Services	\$8,800	\$1,200	\$10,000	(\$900)	\$9,100	\$90,300	\$4,700
<b>Judiciary - Supreme Court</b>							
Court Appointed Special Advocate*	6,400	800	7,200	(600)	6,600	16,100	1,200
<b>Juvenile Corrections, Department of</b>							
Education	0	0	0	0	0	67,500	2,800
<b>Lottery Commission</b>							
	34,700	4,800	39,500	(3,500)	36,000	297,700	16,200
<b>Public Safety, Department of</b>							
<b>Service Bureau</b>							
Criminal Investigation Bureau	0	0	0	0	0	1,605,200	93,200
Gang Enforcement*	0	0	0	0	0	57,100	3,300
Highway Patrol Bureau	0	0	0	0	0	0	0
Total - Dept of Public Safety	\$0	\$0	\$0	\$0	\$0	1,225,600	71,200
<b>Transportation, Department of</b>							
Director's Staff	3,400	500	3,900	(300)	3,600	18,400	1,000
Transportation Planning	18,500	2,800	21,300	(1,800)	19,500	175,300	9,100
Administrative Services	127,000	19,100	146,100	(12,700)	133,400	1,301,100	67,700
Special Support Group	32,600	4,900	37,500	(3,300)	34,200	272,100	14,200
Highways	259,800	39,200	299,000	(26,000)	273,000	2,384,600	124,200
Highway Maintenance	208,300	31,500	239,800	(20,800)	219,000	2,863,500	149,100
Aeronautics	8,300	1,300	9,600	(800)	8,800	100,300	5,200
Motor Vehicle Division	143,400	21,700	165,100	(14,300)	150,800	1,938,500	101,000
Abandoned Vehicle*	0	0	0	(100)	(100)	12,300	600
Medical Advisory Board*	500	100	600	(100)	500	6,100	300
Mobile Home Administration*	900	100	1,000	(100)	900	15,300	800
Total - Department of Transportation	\$802,700	\$121,200	\$923,900	(\$80,300)	\$843,600	\$9,087,500	\$473,200
<b>TOTAL - MAJOR BUDGET UNITS</b>	<b>\$1,046,400</b>	<b>\$155,000</b>	<b>\$1,201,400</b>	<b>(\$105,000)</b>	<b>\$1,096,400</b>	<b>\$14,436,500</b>	<b>\$765,700</b>



	Salary Adjustments 1/			Retirement Contribution Reduction 2/		Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Employee Rel Expenditures	Total Adjustments	Medical Insurance 3/	Dental Insurance 3/
<b>BIENNIAL BUDGET UNITS</b>							
Accountancy, Board of	\$2,300	\$300	\$2,600	(\$200)	\$2,400	\$18,000	\$1,100
Agriculture, Department of							
Administration	0	0	0	0	0	3,300	200
Animal Services							
Aquaculture*	100	0	100	0	100	1,100	100
Egg Inspection*	1,500	200	1,700	(100)	1,600	17,700	900
Plant Industries							
Fruit and Vegetable Standardization*	3,800	500	4,300	(500)	3,800	52,300	2,700
Chemicals/Environmental							
Pesticide Program*	1,300	200	1,500	(100)	1,400	11,500	600
Fertilizer Materials Program*	1,000	100	1,100	(100)	1,000	8,900	500
Commercial Feed Program*	900	100	1,000	(100)	900	8,900	500
Total - Dept of Agriculture	\$8,600	\$1,100	\$9,700	(\$900)	\$8,800	\$103,700	\$5,500
Appraisal, Board of	1,200	200	1,400	(100)	1,300	9,900	200
Attorney General							
Civil							
Collection Enforcement*	4,100	500	4,600	(400)	4,200	26,700	1,600
Criminal							
Victims' Rights Implementation*	700	100	800	(100)	700	2,700	200
Total - Attorney General	\$4,800	\$600	\$5,400	(\$500)	\$4,900	\$29,400	\$1,800
Barbers, Board of	900	100	1,000	(100)	900	6,000	500
Behavioral Health Examiners, Board of	1,500	200	1,700	(200)	1,500	22,600	1,100
Chiropractic Examiners Board	1,100	100	1,200	(100)	1,100	10,600	300
Coliseum and Exposition Center Board	0	0	0	0	0	308,500	19,600
Commerce, Department of	3,300	400	3,700	(400)	3,300	18,700	1,100
Indian Economic Development*	300	0	300	0	300	2,200	100
Oil Overcharge Administration*	800	100	900	(100)	800	4,400	200
Small Business Advocate*	800	100	900	(100)	800	4,400	200
Minority/Women-owned Business*	600	100	700	(100)	600	4,400	200
CEDC Commission*	1,100	100	1,200	(100)	1,100	7,700	400
Total - Dept of Commerce	\$6,900	\$800	\$7,700	(\$800)	\$6,900	\$41,800	\$2,200
Contractors, Registrar of	27,700	4,300	32,000	(2,900)	29,100	314,600	20,600
Corporation Commission							
Administration/Hearing	1,100	100	1,200	(100)	1,100	10,600	600
Arts Trust Fund Administration*	200	0	200	0	200	2,600	200
Utilities	28,300	3,700	32,000	(2,800)	29,200	227,600	13,200
Legal	7,200	900	8,100	(700)	7,400	43,600	2,500
Total - Corporation Commission	\$36,800	\$4,700	\$41,500	(\$3,600)	\$37,900	\$284,400	\$16,500
Cosmetology, Board of	3,300	500	3,800	(300)	3,500	41,600	2,400
Criminal Justice Commission, Arizona	0	0	0	(200)	(200)	15,500	700
Dental Examiners Board	2,700	300	3,000	(300)	2,700	21,100	800
Funeral Directors and Embalmers Board	800	100	900	(100)	800	3,800	500
Game and Fish Department							
Administrative and Field Services	68,200	15,100	83,300	(3,500)	79,800	690,500	38,100
Watercraft	5,000	900	5,900	(400)	5,500	75,100	4,100
Nongame Wildlife	1,100	200	1,300	(100)	1,200	11,700	600
Total - Game and Fish Department	\$74,300	\$16,200	\$90,500	(\$4,000)	\$86,500	\$777,300	\$42,800
Gaming, Department of	7,300	1,000	8,300	(1,400)	6,900	132,000	7,700
Homeopathic Medical Examiners Board	100	0	100	0	100	0	0
Industrial Commission							
Administration	10,400	1,400	11,800	(1,000)	10,800	101,000	5,300
Claims	15,000	2,000	17,000	(1,500)	15,500	199,600	10,500
Administrative Law Judge	19,500	2,500	22,000	(2,000)	20,000	129,900	6,800
Labor	3,100	400	3,500	(300)	3,200	36,100	1,900
Special Fund	4,200	500	4,700	(500)	4,200	45,700	2,400
Occupational Safety/Health	11,000	1,400	12,400	(1,100)	11,300	93,800	4,900
Legal Counsel	5,900	800	6,700	(600)	6,100	45,700	2,400
Total - Industrial Commission	\$69,100	\$9,000	\$78,100	(\$7,000)	\$71,100	\$651,800	\$34,200
Medical Examiners, Board of	12,400	1,500	13,900	(1,300)	12,600	119,000	9,500
Naturopathic Physician Examiners Board	300	0	300	0	300	1,900	100
Nursing Board	6,600	900	7,500	(800)	6,700	62,900	3,300
Nursing Care Institution Administrators Board	200	0	200	0	200	2,900	300
Occupational Therapy Examiners, Board of	500	100	600	(100)	500	8,200	200

	Salary Adjustments 1/			Retirement Contribution Reduction 2/	Total Adjustments	Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Sal Adjustment	Employee Rel Expenditures		Medical Insurance 3/	Dental Insurance 3/
Opticians, Board of Dispensing	\$300	\$0	\$300	\$0	\$300	\$1,500	\$100
Optometry, Board of	600	100	700	(100)	600	1,700	300
Osteopathic Examiners Board	1,800	200	2,000	(200)	1,800	16,600	800
Parks Board, Arizona State	9,600	1,500	11,100	(1,000)	10,100	106,600	5,200
Pharmacy Board	4,200	600	4,800	(400)	4,400	33,100	2,500
Physical Therapy Examiners Board	300	0	300	0	300		
Pioneers' Home, Arizona	8,000	1,400	9,400	(800)	8,600	129,800	8,300
Podiatry Examiners Board	300	0	300	0	300	1,900	100
Postsecondary Education, Commission for	2,600	300	2,900	(300)	2,600	18,100	1,400
Private Postsecondary Education, Board for	900	100	1,000	(100)	900	10,100	900
Psychologist Examiners Board	800	100	900	(100)	800	9,000	800
Racing, Arizona Department of County Fair Racing	1,300	200	1,500	(100)	1,400	16,000	900
Radiation Regulatory Agency Medical Radiologic Technology Board of Examiners	600	100	700	(100)	600	55,800	3,900
Residential Utility Consumer Office	4,400	600	5,000	(400)	4,600	5,300	400
Respiratory Care Examiners, Board of	600	100	700	(100)	600	32,300	1,800
Retirement System, Arizona State	23,200	3,000	26,200	(2,400)	23,800	6,100	800
Revenue, Department of Administrative Services	200	0	200	0	200	232,000	11,000
Compliance	300	0	300	0	300	2,500	100
Special Support	1,500	200	1,700	(100)	1,600	2,500	100
Total - Dept of Revenue	\$2,000	\$200	\$2,200	(\$100)	\$2,100	12,700	600
Structural Pest Control Commission	6,000	800	6,800	(700)	6,100	\$17,700	\$800
Technical Registration, Board of	3,300	400	3,700	(300)	3,400	80,200	3,000
Veterans' Service Commission Veterans' Conservatorship	2,800	400	3,200	(300)	2,900	43,500	1,500
Veterinary Medical Examining Board	800	100	900	(100)	800	37,100	2,300
Weights and Measures, Department of Oxygenated Fuel	1,200	200	1,400	(100)	1,300	10,100	600
Used Oil Testing	500	100	600	0	600	16,600	700
Total - Department of Weights and Measures	\$1,700	\$300	\$2,000	(\$100)	\$1,900	5,500	200
TOTAL - BIENNIAL BUDGET UNITS	\$345,500	\$52,500	\$398,000	(\$32,600)	\$365,400	\$22,100	\$900
ADJUSTMENTS-SUBTOTAL	\$1,391,900	\$207,500	\$1,599,400	(\$137,600)	\$1,461,800	\$3,818,300	\$216,300
Unallocated Amounts	\$174,500	\$26,100	\$200,600	\$0	\$0	\$18,254,800	\$982,000
TOTAL ADJUSTMENTS	\$1,566,400	\$233,600	\$1,800,000	(\$137,600)	\$1,461,800	\$18,254,800	\$982,000

\* Denotes Special Line Item.

1/ Section 101 of the General Appropriation Act provides up to \$1,800,000 from Other Funds for merit pay adjustments, effective January 1, 1996. In accordance with Section 101, the Joint Legislative Budget Committee Staff has determined an amount projected to equal 2% of total eligible Personal Services. Individual agency amounts thus determined will be allocated by the Arizona Department of Administration.

2/ Section 102 of the General Appropriation Act provides for the reduction of all state agency Employee Related Expenditures amounts from 3.95% of Personal Services to 3.85% of Personal Services, as computed by the Joint Legislative Budget Committee Staff, if separate legislation providing for this reduction is enacted into law. See Laws 1995, Chapter 134.

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 to the Special Employee Health Insurance Trust fund.

### STATE OF ARIZONA ELECTED OFFICIAL SALARIES

	1994	1995	1996
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

**LEASE-PURCHASE AND OPERATIONS AND MAINTENANCE PAYMENTS**  
**Department of Administration Building System**

	FY 1996 LEASE-PURCHASE PAYMENTS				FY 1996 OPERATIONS & MAINTENANCE			
	GF	OF	Non-Approp	Total	GF	OF	Non-Approp	Total
<b>ANNUAL AGENCIES</b>								
<b>Administration, AZ Department of</b>								
16th Ave Parking Garage	\$367,200	\$0	\$0	\$367,200	\$0	\$0	\$0	\$0
Capital Center	0	0	204,700	204,700	0	0	0	0
ENSCO	4,586,900	0	0	4,586,900	0	0	0	0
Old Compensation Fund Building	35,600	111,900	49,200	196,700	0	0	0	0
Tucson Office	92,600	44,200	0	136,800	0	0	0	0
Tucson Office	0	57,200	0	57,200	0	0	0	0
Sun States Building	2,400	0	0	2,400	1,500	0	0	1,500
DES-West	26,000	0	0	26,000	0	0	0	0
Distressed Properties	0	0	32,900	32,900	0	0	0	0
Subtotal - AZ Dept of Administration	\$5,110,700	\$213,300	\$286,800	\$5,610,800	\$1,500	\$0	\$0	\$1,500
<b>AHCCCS</b>								
Kingman State Office	11,900	0	14,200	26,100	7,800	0	9,300	17,100
<b>Corrections, Department of</b>								
DOC Series 1993A	0	12,064,100	0	12,064,100	0	0	0	0
DOC Series 1994	0	12,245,500	0	12,245,500	0	0	0	0
Kingman State Office	3,700	0	0	3,700	2,100	0	0	2,100
Subtotal - Department of Corrections	\$3,700	\$24,309,600	\$0	\$24,313,300	\$2,100	\$0	\$0	\$2,100
<b>Deaf and the Blind, AZ State Schools for the</b>								
Food Service Building	364,300	0	0	364,300	0	0	0	0
High School and Auditorium	935,200	0	0	935,200	0	0	0	0
Subtotal - Schools for the Deaf & Blind	\$1,299,500	\$0	\$0	\$1,299,500	\$0	\$0	\$0	\$0
<b>Economic Security, Department of</b>								
DES Group Homes	51,500	0	103,500	155,000	0	0	0	0
DES-West	1,364,000	0	1,519,400	2,883,400	0	0	0	0
Kingman State Office	108,600	0	10,800	119,400	43,700	8,600	25,700	78,000
Tucson Office	374,500	0	214,500	589,000	0	0	0	0
Capital Center	353,600	0	0	353,600	0	0	0	0
Subtotal - Dept of Economic Security	\$2,252,200	\$0	\$1,848,200	\$4,100,400	\$43,700	\$8,600	\$25,700	\$78,000
<b>Education, Department of</b>								
Courts Building	56,700	0	94,500	151,200	0	0	0	0
Tucson Office	31,800	0	11,300	43,100	0	0	0	0
Subtotal - Department of Education	\$88,500	\$0	\$105,800	\$194,300	\$0	\$0	\$0	\$0
<b>Environmental Quality, Department of</b>								
Tucson Office	36,600	0	72,400	109,000	0	0	0	0
<b>Health Services, Department of</b>								
Black Canyon Building	89,900	0	93,100	183,000	65,400	0	67,700	133,100
Centre Pointe/Morton Building	164,000	64,800	121,700	350,500	115,200	45,600	85,500	246,300
Tucson Office	54,400	26,400	46,300	127,100	0	0	0	0
Subtotal - Department of Health Service	\$308,300	\$91,200	\$261,100	\$660,600	\$180,600	\$45,600	\$153,200	\$379,400
<b>Judiciary - Court of Appeals</b>								
Tucson Office	461,100	0	0	461,100	0	0	0	0
<b>Supreme Court</b>								
Courts Building	3,004,200	0	0	3,004,200	0	0	0	0
Tucson Office	102,500	0	0	102,500	0	0	0	0
Subtotal - Judiciary	\$3,567,800	\$0	\$0	\$3,567,800	\$0	\$0	\$0	\$0
<b>Public Safety, Department of</b>								
DPS District 19 Building	42,000	0	0	42,000	20,000	0	0	20,000
ALEOAC Building	0	0	107,400	107,400	0	0	0	0
Subtotal - Department of Public Safety	\$42,000	\$0	\$107,400	\$149,400	\$20,000	\$0	\$0	\$20,000
<b>TOTAL - ANNUAL AGENCIES</b>	<b>\$12,721,200</b>	<b>\$24,614,100</b>	<b>\$2,695,900</b>	<b>\$40,031,200</b>	<b>\$255,700</b>	<b>\$54,200</b>	<b>\$188,200</b>	<b>\$498,100</b>
<b>BIENNIAL AGENCIES</b>								
<b>Agriculture, Department of</b>								
Laboratory	177,000	0	0	177,000	106,400	0	0	106,400
Tucson Office	33,200	5,600	0	38,800	0	0	0	0
Subtotal - Department of Agriculture	\$210,200	\$5,600	\$0	\$215,800	\$106,400	\$0	\$0	\$106,400
<b>Arts, Arizona Commission on the</b>								
Corpstein Building	50,000	0	0	50,000	20,000	0	0	20,000
<b>Attorney General - Department of Law</b>								
Capital Center	828,700	0	43,300	872,000	0	0	0	0
<b>Banking, Department of</b>								
Sun States Building	111,200	0	12,400	123,600	73,600	0	8,100	81,700
<b>Building and Fire Safety, Department of</b>								
Tucson Office	38,700	0	0	38,700	0	0	0	0
<b>Corporation Commission</b>								
Tucson Office	36,500	28,600	0	65,100	0	0	0	0
<b>Criminal Justice Commission</b>								
Courts Building	0	26,800	40,100	66,900	0	0	0	0

	FY 1996 LEASE-PURCHASE PAYMENTS				FY 1996 OPERATIONS & MAINTENANCE			
	GF	OF	Non-Approp	Total	GF	OF	Non-Approp	Total
Equalization, State Board of								
Courts Building	\$36,400	\$0	\$0	\$36,400	\$0	\$0	\$0	\$0
Game and Fish Department								
Game and Fish Offices	0	180,600	0	180,600	0	0	0	0
Gaming, Department of								
Capital Center	0	125,900	0	125,900	0	0	0	0
Tucson Office	0	4,900	0	4,900	0	0	0	0
Subtotal - Department of Gaming	\$0	\$130,800	\$0	\$130,800	\$0	\$0	\$0	\$0
Governor, Office of the								
Tucson Office	35,600	0	0	35,600	0	0	0	0
Historical Society, Arizona								
Papago Museum	1,202,800	0	0	1,202,800	0	0	0	0
Insurance, Department of								
Sun States Building	273,000	0	0	273,000	173,800	0	0	173,800
Tucson Office	22,900	0	0	22,900	0	0	0	0
Subtotal - Department of Insurance	\$295,900	\$0	\$0	\$295,900	\$173,800	\$0	\$0	\$173,800
Land Department								
Old Compensation Fund Building	276,400	0	0	276,400	0	0	0	0
Legislature - Auditor General								
Sun States Building	204,400	0	0	204,400	126,800	0	0	126,800
Tucson Office	30,600	0	0	30,600	0	0	0	0
Library and Archives, Department of								
Library for the Blind	80,900	0	0	80,900	0	0	0	0
Records Management Addition	140,200	0	0	140,200	0	0	0	0
Subtotal - Legislature	\$456,100	\$0	\$0	\$456,100	\$126,800	\$0	\$0	\$126,800
Liquor Licenses and Control, Department of								
Tucson Office	26,600	0	0	26,600	0	0	0	0
Medical Examiners, Board of								
Centre Pointe Building	0	87,100	0	87,100	0	61,200	0	61,200
Tucson Office	0	7,300	0	7,300	0	0	0	0
Subtotal - Board of Medical Examiners	\$0	\$94,400	\$0	\$94,400	\$0	\$61,200	\$0	\$61,200
Nursing, Board of								
Centre Pointe Building	0	49,400	0	49,400	0	34,700	0	34,700
Parks Board, Arizona State								
Tonto Natural Bridge	0	0	277,000	277,000	0	0	0	0
Pharmacy, Board of								
Tucson Office	0	4,400	0	4,400	0	0	0	0
Residential Utility Consumer Office								
Capital Center	0	57,200	0	57,200	0	0	0	0
Racing, Department of								
Capital Center	83,900	1,100	0	85,000	0	0	0	0
Tucson Office	500	0	0	500	0	0	0	0
Subtotal - Department of Racing	\$84,400	\$1,100	\$0	\$85,500	\$0	\$0	\$0	\$0
Real Estate, Department of								
Sun States Building	146,900	0	0	146,900	95,800	0	0	95,800
Tucson Office	37,900	0	0	37,900	0	0	0	0
Subtotal - Department of Real Estate	\$184,800	\$0	\$0	\$184,800	\$95,800	\$0	\$0	\$95,800
Registrar of Contractors								
Tucson Office	0	42,200	0	42,200	0	0	0	0
Kingman State Office	0	5,900	0	5,900	0	3,400	0	3,400
Subtotal - Registrar of Contractors	\$0	\$48,100	\$0	\$48,100	\$0	\$3,400	\$0	\$3,400
Revenue, Department of								
Revenue Building	1,213,000	0	0	1,213,000	0	0	0	0
Structural Pest Commission								
Doubletree Building	0	37,100	0	37,100	0	22,700	0	22,700
Tax Appeals, Board of								
Courts Building	20,300	0	0	20,300	0	0	0	0
Tourism, Office of								
Welcome Center	64,400	0	0	64,400	0	0	0	0
Veterans' Service Commission								
Tucson Office	11,800	0	0	11,800	0	0	0	0
Water Resources, Department of								
Tucson Office	86,900	0	0	86,900	0	0	0	0
Weights and Measures, Department of								
Doubletree Building	156,100	39,100	0	195,200	95,000	24,800	0	119,800
TOTAL - BIENNIAL AGENCIES	\$5,426,800	\$703,200	\$372,800	\$6,502,800	\$691,400	\$146,800	\$8,100	\$846,300
GRAND TOTAL	\$18,148,000	\$25,317,300	\$3,068,700	\$46,534,000	\$947,100	\$201,000	\$196,300	\$1,344,400

**SUMMARY OF RENT CHARGES**

		Fiscal Year 1996		
		General Fund	Other Appropriated Funds	Non-Appropriated Funds
<b><u>ANNUAL AGENCIES</u></b>				
Administration, AZ Department of	1300 W Washington	\$4,500	\$0	\$0
	1400 W Washington	40,400	0	0
	1510 W Adams	0	204,000	30,500
	1522 W Jackson	0	0	31,300
	1537 W Jackson	0	0	57,800
	1700 W Washington	725,300	131,500	21,700
	1801 W Madison	26,600	0	0
	1802 W Jackson	0	0	55,800
	1805 W Madison	0	0	21,000
	1818 W Adams	0	168,800	0
	1831 W Jefferson	0	229,500	0
	1840 W Madison	22,500	0	0
	1937 W Jefferson/CDC	92,000	0	0
	1937 W Jefferson/Wayland	35,100	0	11,000
	402 W Congress, Tucson	0	0	2,900
<b>Total - AZ Dept of Administration</b>		<b>\$946,400</b>	<b>\$733,800</b>	<b>\$232,000</b>
Corrections, State Department of	1601 W Jefferson	638,300	0	0
	1645 W Jefferson	334,400	0	0
<b>Total - Dept of Corrections</b>		<b>\$972,700</b>	<b>\$0</b>	<b>\$0</b>
Economic Security, Department of 1/	1400 W Washington	49,600	0	46,200
Education, Department of 2/	1535 W Jefferson	460,300	0	249,000
Health Services, Department of	1400 W Washington	98,100	0	64,700
	1520 W Adams	190,800	0	76,600
	1740 W Adams	531,600	0	310,400
	416 W Congress, Tucson	13,500	0	4,500
<b>Total - Department of Health Services</b>		<b>\$834,000</b>	<b>\$0</b>	<b>\$456,200</b>
Juvenile Corrections, Department of	1624 W Adams	318,400	0	0
<b>TOTAL - ANNUAL AGENCIES</b>		<b>\$3,581,400</b>	<b>\$733,800</b>	<b>\$983,400</b>
<b><u>BIENNIAL AGENCIES</u></b>				
Agricultural Employment Relations Board	1400 W Washington	3,500	0	0
Agriculture, Arizona Department of	1688 W Adams	316,800	37,600	0
Appraisal, State Board of	1400 W Washington	0	15,400	0
Attorney General - Department of Law	1275 W Washington	914,100	83,100	0
	402 W Congress, Tucson	202,400	0	0
	416 W Congress, Tucson	11,500	0	0
<b>Total - Attorney General - Dept of Law</b>		<b>\$1,128,000</b>	<b>\$83,100</b>	<b>\$0</b>
Barbers, Board of	1400 W Washington	0	8,800	0
Behavioral Health Examiners, Board of	1400 W Washington	0	11,400	0
Boxing Commission, Arizona State	1400 W Washington	4,600	0	0
Corporation Commission	1200 W Washington	104,900	292,300	0
	1300 W Washington	81,600	2,300	167,900
	1400 W Washington	0	0	58,400
<b>Total - Corporation Commission</b>		<b>\$186,500</b>	<b>\$294,600</b>	<b>\$226,300</b>
Cosmetology, Board of	1645 W Jefferson	0	42,200	0
Environment, Commission on the Arizona	1400 W Washington	16,800	0	0
Equal Opportunity, Governor's Office of	1700 W Washington	18,100	0	0
Equalization, State Board of	1645 W Jefferson	700	0	0
Executive Clemency, Board of	1645 W Jefferson	112,000	0	0
Geological Survey, Arizona	416 W Congress, Tucson	126,200	0	0
Governor - Office of the	1700 W Washington	274,800	0	0
Governor - Office for Excellence in Gov	1700 W Washington	62,700	0	0
Gov's Office of Strategic Planning & Budgeting	1700 W Washington	68,100	0	0



		Fiscal Year 1996		
		General Fund	Other Appropriated Funds	Non-Appropriated Funds
Indian Affairs, Arizona Commission of Mine Inspector, State	1400 W Washington	\$17,500	\$0	\$0
	1700 W Washington	43,300	0	0
	416 W Congress, Tucson	6,000	0	0
<b>Total - State Mine Inspector</b>		<b>\$49,300</b>	<b>\$0</b>	<b>\$0</b>
Mines & Mineral Resources, Department of Occupational Therapy Examiners, Board of Parks Board, Arizona State	1502 W Washington	332,400	0	0
	1400 W Washington	0	3,200	0
	1300 W Washington	71,000	17,200	135,800
	1645 W Jefferson	500	0	0
<b>Total - AZ State Parks Board</b>		<b>\$71,500</b>	<b>\$17,200</b>	<b>\$135,800</b>
Personnel Board	1400 W Washington	16,700	0	0
Postsecondary Education, Commission for Respiratory Care Examiners, Board of Revenue, Department of	1400 W Washington	0	12,000	0
	1400 W Washington	0	9,200	0
	402 W Congress, Tucson	82,700	0	0
	416 W Congress, Tucson	78,200	0	0
<b>Total - Department of Revenue</b>		<b>\$160,900</b>	<b>\$0</b>	<b>\$0</b>
SWRC Drug Free Schools 3/ Secretary of State - Department of State	1624 W Adams	0	0	0
	1645 W Jefferson	400	0	0
	1700 W Washington	125,000	0	0
<b>Total - Secretary of State</b>		<b>\$125,400</b>	<b>\$0</b>	<b>\$0</b>
State Boards' Office	1400 W Washington	0	56,800	0
Tax Appeals, State Board of Tourism, Office of	1645 W Jefferson	300	0	0
	1108 W Washington	46,600	0	0
	1400 W Washington	3,500	0	0
<b>Total - Office of Tourism</b>		<b>\$50,100</b>	<b>\$0</b>	<b>\$0</b>
Treasurer, State	1700 W Washington	90,100	0	0
<b>TOTAL - BIENNIAL AGENCIES</b>		<b>\$3,233,000</b>	<b>\$591,500</b>	<b>\$362,100</b>
<b>GRAND TOTAL 4/</b>		<b>\$6,814,400</b>	<b>\$1,325,300</b>	<b>\$1,345,500</b>

1/ Includes State-Wide Cost Allocation Plan rent amount of \$13.69 per square foot.

2/ Federal share calculated at State-Wide Cost Allocation Plan rent amounts of \$8.31 per square foot of office space and \$1.17 per square foot of storage space.

3/ Not funded by state monies. No rent charge.

4/ The total does not include \$23,400 which was appropriated to the Office of Administrative Hearings for private or state-owned space.

## SUMMARY OF RISK MANAGEMENT CHARGES

	Fiscal Year 1996			Total
	General Fund	Other Appropriated Funds	Non-Appropriated Funds	
<b>ANNUAL AGENCIES</b>				
Administration, Arizona Department of	\$408,300	\$442,100	\$767,500	\$1,617,900
Arizona Health Care Cost Containment System	100,200	0	138,400	238,600
Community Colleges, State Brd. of Directors for	1,000	600	700	2,300
Corrections, State Department of	7,364,300	0	0	7,364,300
Deaf and the Blind, Arizona State Schools for the	296,400	0	37,000	333,400
Economic Security, Department of	2,713,300	0	2,385,200	5,098,500
Education, Department of	46,400	0	46,300	92,700
Environmental Quality, Department of	64,400	0	127,100	191,500
Health Services, Department of	934,300	17,600	206,300	1,158,200
Judiciary				
Appellate & Trial Court Appts., Comm. on	1,000	0	0	1,000
Court of Appeals, Division I	11,200	0	0	11,200
Court of Appeals, Division II	4,100	0	0	4,100
Judicial Conduct, Commission on	1,000	0	0	1,000
Superior Court	874,800	0	0	874,800
Supreme Court	186,800	0	0	186,800
Juvenile Corrections, Department of	265,000	0	0	265,000
Lottery Commission, Arizona State	0	22,900	0	22,900
Public Safety, Department of	2,566,600	1,010,700	0	3,577,300
Transportation, Department of	400	8,252,400	854,800	9,107,600
Universities				
Arizona State University	2,526,800	0	883,200	3,410,000
Northern Arizona University	1,218,600	0	382,800	1,601,400
University of Arizona - Total	5,147,400	0	2,285,700	7,433,100
University of Arizona - Health Sciences	529,500	0	0	529,500
University of Arizona - Main Campus	4,617,900	0	0	4,617,900
<b>TOTAL - ANNUAL AGENCIES</b>	<b>\$24,732,300</b>	<b>\$9,746,300</b>	<b>\$8,115,000</b>	<b>\$42,593,600</b>
<b>BIENNIAL AGENCIES</b>				
Accountancy, State Board of	0	1,600	0	1,600
Agricultural Employment Relations Board	1,000	0	0	1,000
Agriculture, Department of	167,800	34,400	0	202,200
Appraisal, State Board of	0	1,000	0	1,000
Arts, Arizona Commission on the	3,200	0	0	3,200
Attorney General-Department of Law	235,700	0	0	235,700
Auditor General	20,300	0	0	20,300
Banking Department, State	288,600	0	32,000	320,600
Barbers, Board of	0	1,000	0	1,000
Behavioral Health Examiners, Board of	0	1,000	0	1,000
Boxing Commission, Arizona State	1,000	0	0	1,000
Building & Fire Safety, Department of	234,000	0	0	234,000
Chiropractic Examiners, State Board of	0	21,500	0	21,500
Coliseum & Exposition Center Board	0	78,000	0	78,000
Commerce, Department of	20,700	5,200	21,300	47,200
Contractors, Registrar of	0	12,300	0	12,300
Corporation Commission	104,900	220,100	13,600	338,600
Cosmetology, Board of	0	2,300	0	2,300
Criminal Justice Commission, Arizona	0	1,200	1,300	2,500
Dental Examiners, State Board of	0	1,700	0	1,700
Emergency and Military Affairs, Department of	136,100	0	60,000	196,100
Environment, Commission on the Arizona	1,000	0	0	1,000
Equal Opportunity, Governor's Office of	1,500	0	0	1,500
Equalization, State Board of	1,200	0	0	1,200
Executive Clemency, Board of	9,400	0	0	9,400
Funeral Directors & Embalmers, State Board of	0	1,000	0	1,000
Game and Fish Department, Arizona	0	281,600	89,000	370,600
Gaming, Department of	0	8,000	0	8,000
Geological Survey, Arizona	6,500	0	0	6,500
Governor - Office of the	11,800	0	0	11,800

Fiscal Year 1996

	General Fund	Other Appropriated Funds	Non-Appropriated Funds	Total
Gov's Office of Strategic Planning & Budgeting	\$3,600	\$0	\$0	\$3,600
Hearing Impaired, Arizona Council for the	1,300	0	0	1,300
Historical Society, Arizona	103,700	0	0	103,700
Historical Society of Arizona, Prescott	7,400	0	0	7,400
Homeopathic Medical Examiners, Board of	0	1,000	0	1,000
House of Representatives	26,400	0	0	26,400
Indian Affairs, Arizona Commission of	1,000	0	0	1,000
Industrial Commission of Arizona	0	14,700	114,200	128,900
Insurance, Department of	302,700	0	6,900	309,600
Joint Legislative Budget Committee	3,500	0	0	3,500
Land Department, State	1,471,100	0	0	1,471,100
Law Enforcement Merit System Council	1,000	0	0	1,000
Legislative Council	5,700	0	0	5,700
Library, Archives and Public Records, Dept. of	50,800	0	0	50,800
Liquor Licenses & Control, Department of	110,900	0	12,400	123,300
Medical Examiners, Board of	0	29,200	0	29,200
Mine Inspector, State	16,200	0	0	16,200
Mines & Mineral Resources, Department of	7,400	0	0	7,400
Naturopathic Physicians Examiners Board 1/	0	2,300	0	2,300
Navigable Stream Adjudication Commission, AZ	1,000	0	0	1,000
Nursing Care Institution Administrators Bd.	0	1,000	0	1,000
Nursing, State Board of	0	6,600	0	6,600
Occupational Therapy Examiners, Board of	0	1,000	0	1,000
Opticians, State Board of Dispensing	0	1,000	0	1,000
Optometry, State Board of	0	3,000	0	3,000
Osteopathic Examiners, Arizona Board of	0	27,500	47,300	74,800
Parks Board, Arizona State	132,600	0	10,300	142,900
Parks Board, Boyce-Thompson Arboretum	0	0	0	0
Personnel Board	1,000	0	0	1,000
Pharmacy, Arizona State Board of	0	2,200	0	2,200
Physical Therapy Examiners, Board of	0	1,000	0	1,000
Pioneers' Home, Arizona	0	0	43,400	43,400
Podiatry Examiners, State Board of	0	1,000	0	1,000
Postsecondary Education, Commission for	0	1,000	0	1,000
Power Authority	0	0	4,200	4,200
Private Postsecondary Education, State Bd. of	0	1,000	0	1,000
Prosecuting Attorney Advisory Council, AZ	0	0	50,000	50,000
Psychologist Examiners, State Board of	0	1,000	0	1,000
Public Safety Retirement	0	0	2,300	2,300
Racing, Arizona Department of	19,600	200	600	20,400
Radiation Regulatory Agency	4,200	400	0	4,600
Real Estate Department, State	16,800	0	2,000	18,800
Regents, Arizona Board of	4,600	0	0	4,600
Residential Utility Consumer Office	0	2,800	0	2,800
Respiratory Care Examiners, Board of	0	1,000	0	1,000
Retirement System, Arizona State	0	62,700	0	62,700
Revenue, Department of	644,900	0	0	644,900
Secretary of State	4,600	0	0	4,600
Senate	50,700	0	0	50,700
Structural Pest Control Commission	0	24,900	0	24,900
Tax Appeals, State Board of	500	0	0	500
Technical Registration, State Board of	0	2,100	0	2,100
Tourism, Office of	5,000	0	0	5,000
Treasurer, State	4,100	0	0	4,100
Uniform State Laws, Commission on	1,000	0	0	1,000
Veterans' Service Commission, Arizona	55,400	39,200	15,400	110,000
Veterinary Medical Examining Board, Arizona State	0	1,000	0	1,000
Vocational Education, State Council on	0	0	1,000	1,000
Water Resources, Department of	1,266,000	0	0	1,266,000
Weights & Measures, Department of	16,900	5,200	0	22,100
<b>TOTAL - BIENNIAL AGENCIES</b>	<b>\$5,586,300</b>	<b>\$906,900</b>	<b>\$527,200</b>	<b>\$7,020,400</b>
<b>GRAND TOTAL</b>	<b>\$30,318,600</b>	<b>\$10,653,200</b>	<b>\$8,642,200</b>	<b>\$49,614,000</b>

1/ Changed per Laws 1995, Chapter 265.

**VACANCY FACTORS AND VACANCY SAVINGS**  
**Fiscal Year 1996 - General Fund**

	Vacancy Factor	Personal Services		Vacancy Factor	Personal Services
<b>MAJOR BUDGET UNITS</b>					
<b>Administration, Arizona Department of</b>			<b>Education, Department of</b>		
Administration	1.0%	\$11,800	General Services Administration	1.9%	\$92,300
Finance	1.7%	42,700	Vocational Education	1.0%	9,300
General Services	3.4%	135,000	Total - Department of Education		\$101,600
Information Services	3.5%	48,800	Environmental Quality, Department of	3.0%	216,800
Capitol Police	1.0%	9,500	Health Services, Department of		
Total - Arizona Department of Administration		\$247,800	Assurance & Licensure	2.4%	81,700
AHCCCS			Support Services	2.4%	167,300
Administration	6.0%	758,800	Behavioral Health Services	3.4%	63,200
DES-AHCCCS	1.0%	112,000	Southern AZ Mental Health Center*	1.5%	33,100
Total - AHCCCS		\$870,800	Arizona State Hospital	3.4%	676,600
Corrections, Department of			Public Health	1.9%	43,100
Adult Institutions	3.2%	4,803,000	Family Health	1.9%	42,100
Administration	2.3%	144,300	Lab Services	1.9%	27,300
Human Resources/Development	2.3%	60,100	Total - Department of Health Services		\$1,134,400
Health Services	6.0%	1,384,400	Judiciary		
Community Corrections	2.9%	135,600	Court of Appeals		
Total - Department of Corrections		\$6,527,400	Division I	1.5%	51,700
Deaf and the Blind, AZ State Schools for the			Division II	1.0%	12,700
Phoenix Day School	1.0%	21,900	Superior Court	0.5%	29,900
Arizona Diagnostic Testing/Ed Center	1.0%	9,700	Supreme Court - Judicial and Administrative	1.5%	60,800
Tucson Campus	1.0%	71,600	Supreme Court - Foster Care Review Board	1.0%	9,000
Total - AZ State Schools for the Deaf and the Blind		\$103,200	Total - Judiciary		\$164,100
Economic Security, Department of			Juvenile Corrections, Department of		
Administration	3.0%	276,300	Administration	1.0%	21,100
Developmental Disabilities	3.0%	187,900	Secure Care	3.0%	353,800
AZ Training Program at Coolidge*	3.0%	130,100	Community Care	1.5%	30,600
Long Term Care	3.0%	115,000	Education	1.5%	35,800
AZ Training Program at Coolidge*	3.0%	72,000	Total - Juvenile Corrections, Department of		\$441,300
Benefits and Medical Eligibility	1.0%	180,400	Public Safety, Department of		
Child Support Enforcement	1.0%	17,900	Service Bureau	2.0%	359,500
Aging and Community Services	1.5%	39,700	Criminal Investigation Bureau	2.0%	255,400
Children and Family Services	3.0%	560,000	Highway Patrol Bureau	2.0%	555,300
Employment and Rehab Services	2.0%	54,300	Total - Department of Public Safety		\$1,170,200
Total - Department of Economic Security		\$1,633,600	Universities/Board of Regents		
			Board of Regents	1.0%	12,200
			ASU-Main Campus	3.0%	5,710,200
			ASU-West Campus	3.0%	657,500

	Vacancy Factor	Personal Services
Northern Arizona University	3.0%	\$2,134,500
NAU-Yuma*	3.0%	32,500
University of Arizona-Main Campus	3.0%	5,049,100
Pima County Campus*	3.0%	16,500
Agriculture*	3.0%	881,500
Health Sciences Center	3.0%	997,700
Total - Universities/Board of Regents		\$15,491,700
<b>TOTAL - ANNUAL BUDGET UNITS</b>		<b>\$28,102,900</b>

**BIENNIAL BUDGET UNITS**

Agriculture, Department of		
Administration	1.0%	8,300
Animal Services	1.5%	33,900
Plant Services	1.5%	33,300
Total - Department of Agriculture		\$75,500
Attorney General		
Administration	5.5%	115,300
Civil	5.5%	298,500
Criminal	5.5%	351,900
Total - Attorney General		\$765,700
Banking Department	1.5%	24,600
Building and Fire Safety, Department of	1.5%	28,200
Commerce, Department of	1.5%	29,600
Corporation Commission		
Administration/Hearing	1.0%	9,800
Corporations	1.0%	7,900
Securities	1.0%	13,800
Total - Corporation Commission		\$31,500
Emergency and Military Affairs, Department of		
Military Affairs	1.0%	11,700
Environment, Comm on the Arizona	12.4%	9,500
Executive Clemency, Board of	1.0%	11,900
Historical Society, Arizona	3.0%	35,500
Insurance, Department of	1.5%	34,100
Land Department	2.0%	96,800

	Vacancy Factor	Personal Services
Legislature		
Auditor General	2.0%	\$126,400
Joint Legislative Budget Committee	1.0%	13,800
Legislative Council	1.0%	17,700
Library, Archives and Public Records	2.0%	55,700
Total - Legislature		\$213,600
Liquor Licenses and Control, Department of	1.0%	12,700
Parks Board, Arizona State	2.5%	90,900
Pioneers' Home	2.0%	28,600
Racing, Arizona Department of		
Commercial Racing	1.0%	14,100
Real Estate Department	1.5%	27,200
Revenue, Department of		
Administrative Services	2.0%	46,200
Property Evaluation and Equalization	3.0%	71,000
Special Support	1.0%	14,200
Compliance	5.0%	718,900
Taxpayer Support	2.0%	59,700
Data Management	7.0%	444,000
Total - Department of Revenue		\$1,354,000
Secretary of State	1.0%	7,400
Treasurer	1.0%	11,200
Veterans' Service Commission		
Veterans' Home	2.0%	31,600
Water Resources, Department of		
Administration	1.0%	16,000
Engineering	1.5%	44,600
Water Management	1.5%	36,800
Total - Department of Water Resources	1.4%	\$97,400
Weights and Measures, Department of		
General Services Program	1.0%	7,900
<b>TOTAL - BIENNIAL BUDGET UNITS</b>		<b>\$3,051,200</b>
<b>TOTAL - GENERAL FUND</b>		<b>\$31,154,100</b>

\* Special Line Item



**VACANCY FACTORS AND VACANCY SAVINGS**  
**Fiscal Year 1996 - Other Funds**

	<u>Vacancy Factor</u>	<u>Personal Services</u>
<b>MAJOR BUDGET UNITS</b>		
Administration, Arizona Department of Information Services	1.5%	\$77,700
Risk Management	1.9%	33,100
Personnel	2.0%	72,600
<b>Total - Arizona Department of Administration</b>		<b>\$183,400</b>
Deaf and the Blind, AZ State Schools for the Phoenix Day School	1.0%	16,200
AZ Diagnostic Testing & Education	1.0%	5,400
Tucson Campus	1.0%	19,300
<b>Total - AZ State Schools for the Deaf and the Blind</b>		<b>\$40,900</b>
Environmental Quality, Department of Air Permits Administration*	1.0%	18,200
Emissions Control*	1.5%	20,200
<b>Total - Department of Environmental Quality</b>		<b>\$38,400</b>
Health Services, Department of Public Health		
Emergency Medical Services*	1.0%	8,900
Lottery	2.0%	70,800
Transportation, Department of Transportation Planning	1.5%	28,100
Administrative Services	3.0%	392,000
Special Support Group	1.5%	49,600
Highways	3.0%	777,900
Aeronautics	1.0%	8,300
Motor Vehicle Division	3.0%	440,500
<b>Total - Department of Transportation</b>		<b>\$1,696,400</b>
<b>TOTAL - ANNUAL BUDGET UNITS</b>		<b>\$2,038,800</b>

	<u>Vacancy Factor</u>	<u>Personal Services</u>
<b>BIENNIAL BUDGET UNITS</b>		
Contractors, Registrar of Corporation Commission	2.0%	\$56,600
Administration/Hearing Utilities	1.0%	900
<b>Total - Corporation Commission</b>	1.5%	<b>43,200</b>
Game and Fish Department Administrative and Field Services	2.0%	139,400
Watercraft	1.0%	5,000
<b>Total - Game and Fish Department</b>		<b>\$144,400</b>
Gaming, Department of Industrial Commission	1.0%	13,700
Administration	3.0%	33,100
Claims	3.0%	44,400
Administrative Law Judge	3.0%	60,400
Labor	3.0%	9,500
Special Fund	3.0%	11,800
Occupational Safety/Health	3.0%	33,200
Legal Counsel	3.0%	17,900
<b>Total - Industrial Commission</b>		<b>\$210,300</b>
Medical Examiners, Board of	1.0%	12,900
Parks Board, Arizona State	1.0%	9,700
Pioneers' Home, Arizona	2.0%	16,400
Retirement System, Arizona State	1.5%	36,700
Structural Pest Control	1.0%	6,500
<b>TOTAL - BIENNIAL BUDGET UNITS</b>		<b>\$551,300</b>
<b>TOTAL - OTHER FUNDS</b>		<b>\$2,590,100</b>

\* Special Line Item

**GENERAL LEGISLATION**  
**OMNIBUS RECONCILIATION BILLS**  
**1st SPECIAL SESSION**

	<u>FY 1996</u> <u>General Fund</u> <u>Savings/Cost</u>	<u>Section</u>
<b>PUBLIC FINANCE - CHAPTER 3 (HB 2003)</b>		
<b>Judiciary</b>	\$198,600	9
<ul style="list-style-type: none"> <li>• As session law, allow the Court Appointed Special Advocate (CASA) Fund to be used for Foster Care Review Board expenses.</li> </ul>		
<b>Department of Liquor Licenses and Control</b>	(100,000)	1
<ul style="list-style-type: none"> <li>• The department currently retains a portion of liquor license fees for the purchase and maintenance of an automated filing and retrieval system. These fees would instead be deposited into the General Fund and the department would receive a General Fund appropriation to pay for this system. While creating a short-term cost to the General Fund, the proposal allows the early pay-off of a lease purchase obligation. After the pay-off of the lease-purchase obligation in FY 1998, the General Fund will experience a permanent revenue increase of \$450,000 per year.</li> </ul>		
<b>Parks Board</b>	--	7
<ul style="list-style-type: none"> <li>• As a technical adjustment, update the 1994 session law which required deposits to the State Parks Enhancement Fund above a certain level to be used to offset the Parks Board FY 1994 General Fund supplemental.</li> </ul>		
<b>Department of Public Safety</b>	5,000,000	2,3
<ul style="list-style-type: none"> <li>• Freeze for one year the current statutory phase down of HURF and Highway Fund monies for DPS operating expenses.</li> </ul>		
<b>Department of Revenue</b>	424,700	12
<ul style="list-style-type: none"> <li>• As session law, allow use of Tobacco Tax and Health Care Fund for department enforcement costs associated with enforcing the tax.</li> </ul>		
<b>Capital Provisions</b>	--	6
<ul style="list-style-type: none"> <li>• Revise a 1994 ORB provision which requires the Arizona Department of Administration to adjust rent for state-owned buildings to reflect partial year occupancy. Allow a rent exemption for reasons other than occupying private lease space.</li> </ul>		
<ul style="list-style-type: none"> <li>• As session law, permit the use of Building Renewal monies for building modifications to comply with the Americans with Disabilities Act.</li> </ul>		8
<ul style="list-style-type: none"> <li>• As session law, permit the use of Underground Storage Tank Fund monies for the removal, clean-up, replacement of state-owned underground storage tanks. Note: Laws 1995, Chapter 229 subsequently amended the Capital Outlay Bill to use General Fund rather than UST monies for these purposes.</li> </ul>	300,000	11

	FY 1996 General Fund <u>Savings/Cost</u>	<u>Section</u>
<b>Other Provisions</b>		
• Eliminate the "Midnight Reversion" accounting technique.	\$(27,357,500)	5
• Suspend the requirement that 40% of the non-Maricopa state fleet be alternatively fueled by December 31, 1995.	4,692,500	10
• Cap the balance in the Budget Stabilization Fund at 5% rather than 15% of General Fund revenue.	--	4
<b>EDUCATION - CHAPTER 4 (HB 2004)</b>		
<b>Community Colleges</b>		
• Set the inflation adjustment at 0%.	1,862,600	3
<b>Arizona Schools for the Deaf and the Blind</b>		
• As session law, expand the number of comparison school districts from 3 to 5 for the ASDB salary equity studies.	--	5
<b>Department of Education</b>		
• Increase base level for FY 1996 by \$30 per student (\$35 with weights).	(25,000,000)	2
• Set the FY 1996 Basic State Aid inflation adjustment at 0%.	54,500,000	2
• Exempt from lapsing the Family Literacy appropriation of the 9th Special Session.	--	1
• Establish a Joint Legislative Committee on Current Year Funding for Schools, which shall report its findings by January 1, 1996.	--	7,8
• Notwithstanding the statutory grant distributions of 5 existing programs to create a new state block grant. The department will determine the distribution of these monies with the approval of the Joint Legislative Budget Committee. The block grant programs include full-day Kindergarten, drop-out prevention, K-3 support, at-risk preschool and gifted support.	--	4
<b>Universities</b>		
• Establish a study committee to investigate the feasibility of creating private higher education charter institutions and issuing tuition vouchers to Arizona residents to attend private higher education institutions in this state.	--	6,8
<b>HEALTH - CHAPTER 5 (HB 2005)</b>		
<b>AHCCCS</b>		
• Set the FY 1996 county acute care contribution at \$66,689,500.	8,312,300	9
• Require AHCCCS to compute disproportionate share payments based on information received by July 1, 1995.	--	13
• Adjust FY 1996 county repayment requirements under the disproportionate share hospital program in line with projected federal funding.	--	14

	FY 1996 General Fund Savings/Cost	<u>Section</u>
• Revise FY 1995 county repayment requirements under the disproportionate share hospital program. The net effect will increase Maricopa and Pima County's dispro revenue by \$4 million and \$1 million, respectively.	--	11
• Extend county expenditure limit adjustments associated with disproportionate share payments an additional year.	--	15,16
• Defer the phase down of the quick pay discounts by one year. The federally reimbursed discount was scheduled to drop from 6% in FY 1995 to 3% in FY 1996. State-only discount was scheduled to drop from 10% in FY 1995 to 9% in FY 1996.	\$4,000,000	1-8
• Continue to reduce non-county hospital reimbursement for MN/MI services by \$10 million in FY 1996.	10,000,000	10,12
<b>Department of Health Services</b>		
• As session law, do not require DHS to operate a Southern Arizona Mental Health Center (SAMHC).	--	18
• Continue the Arizona State Hospital Disproportionate Share Payment Fund.	--	17

**AFDC - CHAPTER 8 (HB 2008)**

**Department of Economic Security**

• Suspend annual inflation indexing of AFDC benefits in FY 1996.	8,376,600	1
<b>TOTAL NET SAVINGS</b>	<u><u>\$45,209,800</u></u>	

**CHAPTER 196**

The bill prohibits the total amount of state monies spent for a program in any fiscal year from exceeding the appropriation for that purpose. The bill also prohibits statutes from being construed to impose a duty on any state employee to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the appropriation for that purpose.

Besides providing this general prohibition in Section 1, the bill also applies the same restrictions to particular programs. The sections of the bill are listed below:

**AHCCCS**

- General expenditures (31); Long-Term Care (32)

**Community Colleges**

- State Aid (24)

**Department of Economic Security**

- Aid to Families with Dependent Children (37); Child Support Enforcement (38); Comprehensive Medical and Dental Program (2); Developmental Disabilities Programs (29); Foster Care (33); General Assistance (35); Optional State Supplemental Payments Program (36)

### **Department of Education**

- Additional State Aid (Homeowner's Rebate) (16); Assistance to Public School Districts for Children of State Employees (18); Career Ladder Programs (11); Certificates of Educational Convenience (6); Equalization Assistance (15,17); Permanent Special Education Institution Vouchers (21); Special Education Placement and Residential Education Voucher Fund (19)

### **Department of Health Services**

- Children's Rehabilitative Services (27); Mental Health Services (28)

In addition, the bill has the following provisions. The section is again listed in parentheses.

### **General**

- On determination of a projected deficiency, an agency shall notify the Governor, the Speaker of the House of Representatives, the President of the Senate and the Chairman of the Joint Legislative Budget Committee of the deficiency and the reasons. Within 10 days, the agency shall provide a complete explanation of the causes. On request, the agency shall also provide a plan that assures that the deficiency will be resolved without supplemental appropriation. (26)
- This act shall not be construed to limit or expand in any manner any existing or established court decisions or case law. (39)

### **Community Colleges**

- Eliminates annual inflation indexing of state aid. (24)
- Subjects equalization aid to legislative appropriation. (25)

### **Arizona Schools for the Deaf and Blind**

- Allow, rather than require, the Joint Legislative Budget Committee to use the Arizona Department of Administration salary equity studies in its annual budget recommendation. (22)

### **Department of Economic Security**

- Eliminate annual inflation indexing of Aid to Families with Dependent Children benefits. (34)

### **Department of Education**

- Eliminate the annual inflation indexing of the following components of Basic State Aid: small district support (4), high cost vocational and technological education programs (5), the base level (7), general budget limit adjustments related to federal impact aid (8), juvenile detention center education programs (9), base support adjustments related to financial and compliance audits (10), transportation support level (12), capital outlay revenue limit (13), and capital levy revenue limit. (14)
- Eliminate the annual inflation indexing of residential education vouchers. (20)

## **CHAPTER 251**

Among other provisions, Laws 1995, Chapter 152 created the Office of Administrative Hearings effective January 1, 1996. In this legislation, a full-year total of 19.7 FTE Positions and related funding were transferred from 7 state agencies. For FY 1996, only one half-year of funding and FTE Positions were transferred. The FY 1997 annualization of this funding and positions will require further legislation (presumably through the General Appropriation Act). The list of positions and funding to be transferred are outlined on page 176.

## **CHAPTER 283**

Laws 1995, Chapter 283 provides additional details on implementing the program authorization review (PAR) process established by Laws 1993, Chapter 252. Chapter 283 requires that the appropriate legislative committees shall consider at least a total of 75 programs for review over a 4-year period, as follows:



**1996 Legislative Session - 10 programs:**

- Department of Administration - Enterprise Network Services
- Department of Agriculture - State Agricultural Laboratory
- Department of Corrections - Complex Administration
- Department of Education - Drop-out Prevention
- Department of Environmental Quality - Underground Storage Tank
- Department of Health Services - Medical Malpractice, Primary Health Care, and Loan Repayment
- Judicial System - Judicial Collection Enhancement
- Department of Juvenile Corrections - Diagnostic Services
- Medical Student Loan Program - Entire Budget Unit
- Board of Regents - Arizona Health Education Centers

**1997 Legislative Session - 15 programs:**

- Department of Administration - Facilities Management
- Department of Commerce - International Trade and Investment
- Corporation Commission - Corporations
- Department of Corrections - Inmate Programs
- Arizona State Schools for the Deaf and the Blind - Cooperative Programs
- Department of Economic Security - Comprehensive Medical and Dental Program
- Game and Fish Department - Sportfish Management
- Department of Health Services - Arizona State Hospital
- Judicial System - Juvenile Community Corrections
- State Parks Board - Arizona Conservation Corps
- Department of Public Safety - Anti-Gang Enforcement
- Department of Revenue - Compliance
- Department of Transportation - Highway Maintenance
- Arizona State University - College of Law
- University of Arizona - College of Law

**1998 Legislative Session - 30 unspecified programs**

**1999 Legislative Session - 20 unspecified programs**

The bill outlines the following procedures for the PAR process:

- The budget unit responsible for the relevant PAR program shall submit an evaluation of the program to the directors of the Joint Legislative Budget Committee (JLBC) and Office of Strategic Planning and Budgeting (OSPB). For the 1996 reviews, the evaluations are due by July 1, 1995. For the 1997 through 1999 reviews, the due date is April 1 of the prior year.
- The directors of JLBC and OSPB shall jointly evaluate the agency evaluation and jointly produce a report of their findings. This report is due by November 1, 1995 for the 1996 reviews and by October 1 of each succeeding year.
- As part of their ensuing respective budget recommendations, JLBC and OSPB may independently determine whether to retain, eliminate or modify funding and related statutory references for the programs.

The bill also adds the Arizona State Schools for the Deaf and the Blind as an annual major budget unit.

**ANNUAL BUDGET UNITS**

**ARIZONA DEPARTMENT OF ADMINISTRATION - SUMMARY**

A.R.S. § 41-701

Rudy Serino, Director

JLBC Analyst: Lynne Smith/Phil Case

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
Administration	1,804,100	2,205,500	2,506,100
Finance	15,890,000	14,537,400	14,766,000
General Services	14,191,400	13,476,800	13,829,500
Information Services	15,888,900	16,039,200	15,485,500
Capitol Police	1,153,500	1,327,400	1,604,800
Risk Management	54,584,100	47,527,200	51,363,100
Workers' Compensation	16,525,400	17,223,600	19,885,400
Personnel	5,512,000	6,260,200	6,105,700
<b>Total Appropriations</b>	<b>125,549,400</b>	<b>118,597,300</b>	<b>125,546,100</b>
FTE Positions	<u>810.0</u>	<u>916.0</u>	<u>917.0</u> <sup>1/</sup>
Personal Services	18,455,000	21,250,700	22,420,900
Employee Related Expenditures	4,119,300	5,131,300	5,475,100
Professional and Outside Services	2,424,700	1,921,200	1,990,200
Travel - In State	146,200	180,900	176,600
Travel - Out of State	85,500	39,600	45,000
Other Operating Expenditures	8,614,900	4,800,800	5,422,700
Equipment	2,692,200	159,100	394,000
<b>Operating Subtotal</b>	<b>36,537,800</b>	<b>33,483,600</b>	<b>35,924,500</b> <sup>2/</sup>
Special Line Items	89,011,600	84,900,000 <sup>3/</sup>	89,330,300 <sup>2/</sup>
Additional Appropriations	-0-	213,700	291,300
<b>Total Appropriations</b>	<b>125,549,400</b>	<b>118,597,300</b>	<b>125,546,100</b>
<u>Fund Summary</u>			
General Fund	27,807,200	26,138,100	26,289,000
Personnel Fund	5,512,000	6,260,200	6,105,700
Corrections Fund	347,500	317,100	432,500
Capital Outlay Stabilization Fund	6,757,800	7,180,900	7,387,300
Risk Management Fund	54,584,100	47,527,200 <sup>3/</sup>	51,363,100
Workers' Compensation Fund	16,525,400	17,223,600	19,885,400
Automation Fund	13,991,200	13,950,200	14,083,100
Underground Storage Tank Fund	24,200	-0-	-0-
<b>Total Appropriations</b>	<b>125,549,400</b>	<b>118,597,300</b>	<b>125,546,100</b>

*Agency Description — The department 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.*

<sup>1/</sup> Includes 104.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as a Lump Sum by Fund with Special Line Items.

<sup>3/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$4,400,000 from the Risk Management Fund for payment of FY 1995 self-insured losses in excess of the budgeted level.

(Continued)

**ARIZONA DEPARTMENT OF ADMINISTRATION - SUMMARY (Cont'd)**

**Capital Outlay — (Chapter 2, 1st Special Session)** — Appropriates a total of \$35,842,900 in FY 1996 (\$32,842,900 from the General Fund and \$3,000,000 from Other Funds) to the department for capital projects. The bill also appropriates \$28,200,000 from Other Funds in FY 1997 for the continuation of 3 prison projects initially funded in FY 1996. Of the FY 1996 General Fund amount, \$19,850,000 is transferred to the Corrections Fund and appropriated for prison construction projects. The above totals do not reflect additional appropriations of \$21,434,000 in FY 1996 and \$18,000,000 in FY 1997 from the General Fund to the Corrections Fund. It is the intent of the Legislature that these monies reflect reimbursements for past operating appropriations from the Corrections Fund. The following list details the FY 1996 and FY 1997 appropriations by fund source and project.

**FY 1996 General Fund**

• Building Renewal	\$ 7,171,400
• State Hospital Study and Design	2,000,000
Of the amount, the bill specifies that up to \$50,000 may be expended for a preliminary plan for a new state hospital facility on the Northwest portion of the hospital grounds. The plan must be presented to the Joint Committee on Capital Review (JCCR) by December 1995. The release of additional monies is contingent on the Committee's review.	
• Capitol Mall Land Purchase and Enhancement	1,000,000
Before the release of these monies, the bill requires the department to present its recommendations for land acquisition to the JCCR. Subject to Committee review, these monies may be spent on facility design and critical Capitol Mall projects.	
• Design and Construct 48 New Beds - Black Canyon Juvenile Institution	1,500,000
Of this amount, the bill specifies that up to \$46,800 and 1 FTE Position may be allocated for project oversight in each fiscal year until the project is completed.	
• Department of Juvenile Corrections Asbestos Abatement	821,500
• DOC Fire and Life Safety Issues	500,000
• Prison Construction and Planning Projects (See Department of Corrections for more detail.)	19,850,000
<b>Total - FY 1996 General Fund</b>	<b>\$32,842,900</b>

**FY 1996 Other Funds**

• Building Renewal (Capital Outlay Stabilization Fund)	\$ 1,000,000
• Executive Tower Improvements (Legislative, Executive and Judicial Public Buildings Land Fund)	1,700,000
Of this amount, the bill specifies that up to \$46,800 and 1 FTE Position may be allocated in each fiscal year to oversee the project until its completion.	
• Underground Storage Tank Removal and Replacement (Underground Storage Tank Fund)	300,000
<i>Chapter 229 replaces the \$300,000 Capital Outlay Bill appropriation from the Underground Storage Tanks Fund with \$300,000 from the General Fund. (See Chapter 229 write-up below.)</i>	
<b>Total - FY 1996 Other Funds</b>	<b>\$ 3,000,000</b>

**FY 1997 Other Funds**

• Prison Construction Projects (Corrections Fund - see Department of Corrections for more detail.)	\$28,200,000
<b>Total FY 1997 Other Funds</b>	<b>\$28,200,000</b>

**Supplemental Capital Outlay Bill (Chapter 7, 1st Special Session)** — Appropriates \$1,400,000 from the General Fund to the department for asbestos abatement on the 1st and 2nd floors of the Executive Tower.

**Coverage Extent; Underground Storage Tanks (Chapter 229)** — Supplants a Capital Outlay Bill appropriation of \$300,000 from the Underground Storage Tanks Fund with a like amount from the General Fund. The monies are appropriated to the department for the removal and replacement of underground storage tanks. Of the amount, the bill permits the department to utilize up to \$10,000 for a study of coordinated fueling and privatization possibilities for all state agencies. Before the release of monies, the department shall present the results of the study and a detailed plan for the removal and replacement of tanks to the JCCR for its review.

**ARIZONA DEPARTMENT OF ADMINISTRATION - ADMINISTRATION**

A.R.S. § 41-712

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	39.5	43.0	44.0 <sup>1/</sup>
Personal Services	1,064,600	1,177,800	1,222,200
Employee Related Expenditures	224,000	270,100	274,400
Professional and Outside Services	38,700	-0-	-0-
Travel - In State	500	2,600	2,500
Travel - Out of State	3,600	1,700	1,700
Other Operating Expenditures	334,400	427,100	605,100
Equipment	19,000	-0-	38,200
<b>Operating Subtotal</b>	<b>1,684,800</b>	<b>1,879,300</b>	<b>2,144,100</b>
Hearing Office	15,100	35,700	35,700
Governor's Regulatory Review Council	104,200	290,500	335,000
<b>Total</b>	<b>1,804,100</b>	<b>2,205,500</b>	<b>2,514,800</b> <sup>2/</sup>
<b>Additional Appropriations -</b>			
Regulatory Reform, Ch. 251	-0-	-0-	(8,700)
<b>Total Appropriations</b>	<b>1,804,100</b>	<b>2,205,500</b>	<b>2,506,100</b>
<b>Fund Summary</b>			
General Fund	1,804,100	2,205,500	2,353,300
Capital Outlay Stabilization Fund	-0-	-0-	82,300
Corrections Fund	-0-	-0-	70,500
<b>Total Appropriations</b>	<b>1,804,100</b>	<b>2,205,500</b>	<b>2,506,100</b>

*Program Description — Administration includes the Director's Office and the Management Services Division, which includes internal department analysis, purchasing, accounting, and budgeting.*

**Technical Issues** — The approved amount includes a decrease of 1 FTE Position and \$41,100 to transfer the special events coordination function from the department's Administration cost center to the General Services cost center, as the position is physically located in the General Services Division. The amount also includes an increase of 1 FTE Position and \$20,400 to transfer a vacant grade 10 position from the Capitol Police cost center. There is no net change to the department's funding or number of positions from these changes. The approved amount also includes \$33,600 for replacement of 12 computers, 2 printers, and 1 FAX machine.

**Construction Contract Specialist** — The approved amount includes an additional 1 FTE Position and \$41,400 from the Capital Outlay Stabilization Fund for increased purchasing and contract management associated with construction conducted by the department. Four similar positions previously funded from the General Fund are appropriated from Other Appropriated Funds as follows: Capital Outlay Stabilization Fund, \$82,300 and 2.25 FTE Positions and Corrections Fund, \$70,500 and 1.75 FTE Positions.

<sup>1/</sup> Includes 7 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as a Lump Sum by Fund.

(Continued)



**ARIZONA DEPARTMENT OF ADMINISTRATION - ADMINISTRATION (Cont'd)**

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**Hearing Office** — This Special Line Item funds hearing officer and court reporting costs associated with appeals of decisions made by the Department of Environmental Quality and with protests of bids awarded by the Arizona Department of Administration State Procurement Office. These functions and \$8,700 will be transferred to the newly created Office of Administrative Hearings (OAH) on January 1, 1996. In FY 1997, an additional \$8,700 will be transferred to the OAH and this Special Line Item will be eliminated. (For more information, please refer to Regulatory Reform, Chapter 254 as described in the table above and in the General Legislation section.)

**Governor's Regulatory Review Council** — This council is responsible for reviewing and updating state agency rules and regulations. The approved amount includes 7 FTE Positions for this Special Line Item.

**Additional Appropriations** — Regulatory Reform (Chapter 251) — Please see the General Legislation section for a description of this legislation.

**ARIZONA DEPARTMENT OF ADMINISTRATION - FINANCE**

A.R.S. § 41-722

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>97.2</u>	<u>110.2</u>	<u>109.2</u> <sup>1/</sup>
Personal Services	1,708,100	2,377,900	3,052,100
Employee Related Expenditures	371,200	565,600	730,400
Professional and Outside Services	125,600	42,000	841,100
Travel - In State	1,800	4,800	5,800
Travel - Out of State	5,400	5,500	10,900
Other Operating Expenditures	344,400	475,400	542,500
Equipment	14,000	55,700	52,500
<b>Operating Subtotal</b>	<b>2,570,500</b>	<b>3,526,900</b>	<b>5,235,300</b>
ENSCO COP	4,852,600	4,582,900	4,586,900
COSF Rent	748,800	903,100	946,400
GAAP	495,800	640,900	-0-
Lease-Purchase Rent	427,000	429,100	525,500
Tucson State Office Building	107,900	131,800	-0-
Capital Center Lease-Purchase	-0-	352,800	-0-
Water Rights Settlement	4,500,000	-0-	-0-
SLIAG	193,200	107,500	-0-
Cost Recovery/Cash Management	120,000	132,800	-0-
AFIS II	1,850,000	2,478,900	2,575,700 <sup>2/3/4/</sup>
Employee Bus Subsidy	24,200	539,000	539,000 <sup>5/</sup>
Alternative Fuels <sup>6/</sup>	-0-	-0-	-0-
Unoccupied Lease-Purchase	-0-	-0-	57,200
Impeachment and Recall Expenses	-0-	423,000	-0-
RICO Forfeiture	-0-	75,000	-0-
<b>Total</b>	<b>15,890,000</b>	<b>14,323,700</b>	<b>14,466,000</b> <sup>7/8/9/</sup>
<b>Additional Appropriations -</b>			
Named Claimants, Ch. 162	-0-	213,700	-0-
Yavapai Tribe Water Settlement, Ch. 79	-0-	-0-	200,000
Military Institute Planning Committee, Ch. 201	-0-	-0-	100,000
<b>Total Appropriations</b>	<b>15,890,000</b>	<b>14,537,400</b>	<b>14,766,000</b>
<b>Fund Summary</b>			
General Fund	15,515,800	14,187,400	14,358,800
Automation Fund	350,000	350,000	350,000
Underground Storage Tank Fund	24,200	-0-	-0-
Capital Outlay Stabilization Fund	-0-	-0-	57,200
<b>Total Appropriations</b>	<b>15,890,000</b>	<b>14,537,400</b>	<b>14,766,000</b>

- 1/ All FTE Positions funded from Special Line Items have been moved to the operating lump sum in FY 1996.
- 2/ 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 \$2,725,300 shall be proportionately distributed among all contributing funding sources, including the state General Fund. (General Appropriation Act footnote.)
- 3/ The appropriation for AFIS II includes \$156,000 for Data Center charges to operate the Management Information System function. Prior to the expenditure of the \$156,000, the Department of Administration shall submit the proposed screens and/or reports to the Director of the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)
- 4/ The appropriation for AFIS II includes \$50,000 to study an automated budgeting component for AFIS II. Prior to the expenditure of the \$50,000, the Department of Administration shall consult with the Director of the Joint Legislative Budget Committee and the Director of the Governor's Office of Strategic Planning and Budgeting regarding the expenditure plan and associated request for proposal, if any. (General Appropriations Act footnote.)

(Continued)

## ARIZONA DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)

**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.*

**Technical Issues** — The appropriation transfers 2 FTE Positions from the Information Services Division (ISD) to the Finance Division to perform data entry for the Arizona Financial Information System (AFIS) and the Human Resource Management System (HRMS). ISD will no longer offer data entry services to state agencies. No additional monies are required as the Finance Division had paid ISD for this service in the past. The approved amount also transfers funding for the Data Center charges associated with financial management systems from the ISD General Fund appropriation to the Finance Division's General Fund appropriation. This will facilitate management of these expenditures by the General Accounting Office, which incurs Data Center charges for computer run time, with no net change to the department's General Fund appropriation. The approved amount includes an additional \$4,500 in non-capitalized equipment for replacement calculators and chairs, and a total of \$34,400 in capital equipment for replacement computers.

**State Procurement Office Buyers** — The approved amount adds 2 FTE Positions and \$92,800 to address the increased workload of the State Procurement Office. The workload of the office has approximately doubled since FY 1985, but it has not received any new positions during this time period. The approved amount includes \$14,400 in one-time expenditures.

**GAO Support Staff Positions** — The approved amount adds 1 FTE Position and \$37,300 for clerical support to address the increased workload of the General Accounting Office. The approved amount includes \$4,600 in one-time expenditures.

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

**COSF Rent** — The approved amount includes funding for the department's General Fund share of rent for state-owned space, which will be paid into the Capital Outlay Stabilization Fund.

**GAAP** — This special line funded 16 FTE Positions to produce state accounting reports to comply with the federal Single Audit Act of 1984. These positions have been moved to the Operating Lump Sum for FY 1996.

**Lease-Purchase Rent** — The approved amount includes funding for the department's General Fund share of the lease-purchase payments on the Sun State Building, 16th Street Parking Garage, the former State Compensation Fund Building, and the Tucson State Office Building.

**Tucson State Office Building** — This Special Line Item represents the department's General Fund share of the Tucson State Office Building lease-purchase obligation for FY 1994 and FY 1995. For FY 1996, this amount is included within the Lease-Purchase Rent Special Line Item.

<sup>5/</sup> The \$539,000 appropriated for the Employee Bus Subsidy shall be used only for a 50% subsidy of charges payable to the 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.)

<sup>6/</sup> Laws 1993, Chapter 1, 6th Special Session, as amended by Laws 1994, Chapter 353, appropriated \$2,900,000 from the Oil Overcharge Fund for the purpose of converting school vehicles to alternative fuels, as prioritized by the Department of Commerce Energy Office. This appropriation is not subject to lapsing except that any monies unencumbered on December 31, 1995 shall revert to the Oil Overcharge Fund. Expenditures to date are \$0 in FY 1994 and \$2,201,900 in FY 1995. The Department of Commerce plans to spend up to \$2,900,000 in FY 1995. The FY 1995 actual expenditures will be reported in the next Appropriations Report.

<sup>7/</sup> 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 DES West Building and any other building lease-purchased by the State of Arizona in which DES occupies space. The Department of Administration shall deposit such monies to the state General Fund and, in cooperation with the Department of Economic Security, shall submit an annual report to the Director of the Joint Legislative Budget Committee specifying these dollar amounts. (General Appropriation Act footnote.)

<sup>8/</sup> In conjunction with its transmission of the state's annual financial report, the department shall submit an annual report to the Director of the Joint Legislative Budget Committee listing all funds and fund accounts created or abolished during the fiscal year. The report shall list the reason for the creation or elimination of each fund or account and the disposition of any monies in an abolished fund or account. The report also shall list any remaining inactive funds or accounts and the reason for retention. (General Appropriation Act footnote.)

<sup>9/</sup> Appropriated as a Lump Sum by Fund with Special Line Items for AFIS II, ENSCO COP, and Employee Bus Subsidy.

(Continued)

**ARIZONA DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)**

**Capital Center Lease-Purchase** — The approved amount eliminates one-time FY 1995 funding. A portion of the lease-purchase payment for the Capital Center was placed in the Arizona Department of Administration (ADOA) budget while tenants for the building were identified. The appropriation is no longer required since funding has been transferred to the new tenants.

**Water Rights Settlement** — This Special Line Item includes \$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. Please refer to Additional Appropriations for the FY 1996 amount.

**SLIAG** — This Special Line Item funded the costs of administering the state's participation in the federal State Legalization Impact Assistance Grants program, which ended in FY 1995. All amounts expended were reimbursed by the federal government. The approved amount includes a reduction of 6 FTE Positions and \$107,500 to eliminate funding for this program.

**Cost Recovery/Cash Management** — This Special Line Item included 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 this funding in the operating lump sum for FY 1996.

**AFIS II** — This Special Line Item reflects the cost of operating the statewide accounting system. The approved amount includes \$2,225,700 from the General Fund and \$350,000 from the Automation Fund. The department also 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 approved amount includes a reduction of \$316,700 for Data Center charges for AFIS II, based on current requirements, and the following increases: a) \$176,500 for Data Center charges to operate the Fixed Asset System; b) \$156,000 for Data Center charges to operate a new set of on-line management reports, c) \$50,000 to determine the feasibility and basic parameters of an automated budgeting component for AFIS II; and d) \$31,000 for the development and operation of the Arizona State Automated Procurement (ASAP) system. Please also refer to the General Appropriation Act footnotes for the department's reporting requirements.

**Employee Bus Subsidy** — The approved amount includes \$539,000 to implement a bus fare subsidy for non-university Maricopa County employees. This program is intended to reduce pollution in Maricopa County, in compliance with federal Environmental Protection Agency air quality standards. The bus subsidy works in conjunction with the Bus Card program enacted in the 1993 Special Session on air quality. Employees using a state-issued Bus Card pay 50% of each fare through a pay check deduction. The state pays 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 was not funded prior to FY 1995.

**Unoccupied Lease-Purchase** — This new Special Line Item includes funding from the Capital Outlay Stabilization Fund for the lease-purchase payment on vacant space in the Tucson Office Building, where the FY 1996 tenants have not yet been identified.

**Impeachment and Recall Expenses** — Laws 1994, Chapter 320 makes an appropriation of \$423,000 from the General Fund to ADOA for certain recall and impeachment expenses incurred in 1987 and 1988.

**RICO Forfeiture** — Laws 1994, Chapter 219 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.

(Continued)

**ARIZONA DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)**

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**Additional Appropriations — Named Claimants (Chapter 162)** — Makes appropriations totalling \$213,700 to various individuals and groups to settle claims against the state.

**Yavapai Tribe Water Settlement (Chapter 79)** — Makes an appropriation from the General Fund for deposit into the Verde River Basin Water Fund to comply with the state's obligation under sections 106 and 109 of the Indian Tribe Water Rights Settlement Act of 1994 (PL 103-434).

**Military Institute Planning Committee (Chapter 201)** — Makes an appropriation of \$100,000 from the General Fund to ADOA for FY 1996 expenditures related to the planning and development process for an Arizona military institute. Expenditures shall be made upon approval of the ADOA Director, based on expenditure requests made by the Arizona Military Institute Commission established pursuant to Executive Order 94-11. Expenditures shall be reported to the members of the Joint Legislative Arizona Military Institute Planning Committee.

**ARIZONA DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES** A.R.S. § 41-701

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>218.5</u>	<u>226.5</u>	<u>231.5</u>
Personal Services	4,209,600	4,718,200	4,979,100
Employee Related Expenditures	1,135,800	1,260,700	1,345,500
Professional and Outside Services	128,900	25,100	18,100
Travel - In State	92,400	88,100	90,000
Travel - Out of State	4,800	1,000	1,000
Other Operating Expenditures	1,298,200	1,199,700	1,326,300
Equipment	<u>37,900</u>	<u>39,000</u>	<u>54,500</u>
<b>Operating Subtotal</b>	<b>6,907,600</b>	<b>7,331,800</b>	<b>7,814,500</b>
Utilities	6,135,800	5,985,000	5,985,000
Relocation	75,200	160,000	30,000
Sun State Building	1,072,800	-0-	-0-
Alternative Fuels <sup>1/</sup>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>14,191,400</b>	<b>13,476,800</b>	<b>13,829,500</b>
<b>Fund Summary</b>			
General Fund	7,086,100	5,978,800	6,219,700 <sup>2/</sup>
Capital Outlay Stabilization Fund	6,757,800	7,180,900	7,247,800
Corrections Fund	<u>347,500</u>	<u>317,100</u>	<u>362,000</u> <sup>3/</sup>
<b>Total Appropriations</b>	<b>14,191,400</b>	<b>13,476,800</b>	<b>13,829,500</b> <sup>4/</sup>

*Program Description — General Services is comprised of Tenant Services, Building and Planning Services, and Construction Services. Tenant Services manages Arizona Department of Administration (ADOA) 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. Building and Planning Services and Construction Services 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.*

**Technical Issues —** The approved amount includes an increase of 1 FTE Position and \$41,100 GF to transfer the special events coordination function from the department's Administration cost center to General Services, as the position is physically located in the General Services Division. There is no net change to the department's funding or number of FTE Positions.

The appropriation also includes a reduction of \$7,000 in Professional and Outside Services to reflect the actual needs of the department, an increase of \$91,000 to implement a rent charge for the Other Funds portion of the General Services Division, a total of \$14,600 OF for replacement of computer equipment, and a total of \$27,900 GF for replacement of a carpet extractor, floor buffer, and gasoline powered cart.

<sup>1/</sup> Laws 1993, Chapter 1, 6th Special Session, as amended by Laws 1994, Chapter 353, appropriated \$2,000,000 from the Oil Overcharge Fund for the partial conversion of ADOA vehicles to use of alternative fuels. This appropriation is not subject to lapsing except that any monies unencumbered on December 31, 1995 shall revert to the Oil Overcharge Fund. Expenditures to date are \$0. ADOA plans to spend up to \$2,000,000 in FY 1996. The FY 1996 expenditure will be reported in the FY 1998 Appropriations Report.

<sup>2/</sup> The lump sum appropriation includes \$87,200 and 2 FTE Positions for Heating/Ventilation/Air Conditioning maintenance and repair. Prior to expenditure of the \$87,200 and 2 FTE Position appropriation, the department shall submit a comparative analysis of the cost effectiveness of hiring FTE Positions compared to a competitive bid for all of these services to the Joint Legislative Budget Committee for review and advice. (General Appropriation Act footnote.)

<sup>3/</sup> 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.)

<sup>4/</sup> Appropriated as a Lump Sum by Fund for the Agency with Special Line Items for Utilities and Relocation.

(Continued)



**ARIZONA DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES (Cont'd)**

**Refrigeration Mechanics** — The appropriation includes an increase of 2 FTE Positions and \$87,200 GF for additional Heating/Ventilation/Air Conditioning (HVAC) mechanics. This brings down the average square footage of state-owned space per HVAC mechanic from approximately 400,000 to 300,000 square feet. The Building Owners and Management Association national average for office space is 100,000 square feet per HVAC mechanic. Refer to Footnote 2 for additional information.

**Building and Planning Services/Construction Services Staff** — The "Core Staff" is intended to serve as the base construction management staff for ADOA building projects. The "Limited Staff" is a work-driven addition to the Core Staff, which is closely examined each year to determine the requirements for the coming year. The approved amount for the Limited Staff includes an additional 2 FTE Positions and \$91,500 from COSF for increased oversight of Building Renewal projects.

The positions listed below are intended to include all Building and Planning Services and Construction Services FTE Positions with the exception of positions to oversee inmate labor conducted through the inmate construction program. The "Project-Specific" positions listed below are authorized in other legislation, such as the Capital Outlay Bill, for the duration of a construction project and are not included in the 231.5 appropriated positions for the General Services Division. Refer to the Capital Outlay section in the ADOA Summary for a description of the Project-Specific positions.

<u>FY 1996 FTE Positions</u>	<u>Core Staff</u>	<u>Limited Staff</u>	<u>Project-Specific</u>	<u>Total</u>
General Fund	0.00	0.00	16.50	16.50
Capital Outlay Stabilization Fund (COSF)	16.25	6.50	0.00	22.75
Corrections Fund	<u>5.75</u>	<u>1.50</u>	<u>6.50</u>	<u>13.75</u>
Total	22.00	8.00	23.00 <sup>1/</sup>	53.00

<sup>1/</sup> Includes 9 FTE Positions previously authorized by Laws 1994, Chapter 2, 8th Special Session and Laws 1994, Chapter 195.

**Tenant Services Staff** — The approved amount includes a total of 201.5 FTE Positions to operate the Tenant Services section of the General Services Division. These positions are funded from the General Fund.

**Utilities** — This Special Line Item funds utility charges, including electric, water, gas, and garbage disposal in buildings located on the Capitol Mall and in the Tucson Office Complex. 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 ADOA appropriation as a temporary measure in FY 1994. For FY 1995 and FY 1996, 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).

**Other Issues** — Capital Outlay Stabilization Fund — COSF consists of monies collected by ADOA from state agencies for payment of rent of state-owned space. The Capital Outlay Bill 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 ADOA for Building Renewal.

	<u>FY 1995</u>	<u>FY 1996</u>
Balance Beginning of Fiscal Year	\$ 5,095,900	\$1,029,500
Revenue: Rent Collections	8,352,200	9,526,500
Total Funds Available	\$13,448,100	\$10,556,000
Expenditures:		
Utilities	\$5,985,000	\$5,985,000
Building Renewal	1,000,000	1,000,000
ADOA Operating Budget	1,195,900	1,402,300
Non-Lapsing Prior Year Appropriations	3,844,400	-0-
Total Expenditures	\$12,025,300	\$8,387,300
Administrative Adjustments	393,300	-0-
Balance End of Fiscal Year	\$1,029,500	\$2,168,700

**ARIZONA DEPARTMENT OF ADMINISTRATION -  
INFORMATION SERVICES**

A.R.S. § 41-701

General Fund and Automation Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>213.3</u>	<u>194.3</u>	<u>192.3</u>
Personal Services	5,666,200	6,407,000	6,478,400
Employee Related Expenditures	1,143,800	1,427,800	1,452,500
Professional and Outside Services	1,505,300	1,044,100	315,000
Travel - In State	14,200	11,400	11,400
Travel - Out of State	55,200	13,500	13,500
Other Operating Expenditures	5,138,100	1,426,500	1,505,800
Equipment	2,366,100	-0-	-0-
<b>Operating Subtotal</b>	<b>15,888,900</b>	<b>10,330,300</b>	<b>9,776,600</b>
Automation Equipment	-0-	2,335,500	2,335,500
Software Licenses	-0-	2,226,300	2,226,300
Maintenance and Repair	-0-	1,147,100	1,147,100
<b>Total Appropriations</b>	<b>15,888,900</b>	<b>16,039,200</b>	<b>15,485,500</b> <sup>1/</sup>
<b>Fund Summary</b>			
General Fund	2,247,700	2,439,000	1,752,400
Automation Fund	13,641,200	13,600,200	13,733,100
<b>Total Appropriations</b>	<b>15,888,900</b>	<b>16,039,200</b>	<b>15,485,500</b>

**Program Description** — The Information Services Division operates the 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), the Arizona Procurement Network (APN), and the Benefit Information Tracking System (BITS).

**Technical Issues** — The approved amount reflects a \$66,800 reduction in the department's Personal Services base due to turnover in Information Services Division positions. The appropriation also transfers from the Information Services Division (ISD) to the Finance Division \$41,000 OF and 2 FTE Positions which perform data entry and \$729,100 for Data Center charges associated with financial management systems. This will facilitate management of these expenditures by the General Accounting Office, which incurs Data Center charges for data entry and computer run time. ISD will no longer offer data entry services to state agencies.

**Automation Equipment** — This Special Line Item contains funding for the purchase and lease-purchase of automation equipment and improvements. Prior to FY 1995, these expenditures were funded within the Other Operating Expenditures line item.

**Software Licenses** — This Special Line Item contains funding for computer software licensing and vendor support costs. Prior to FY 1995, these expenditures were funded within the Other Operating Expenditures line item.

**Maintenance and Repair** — This Special Line Item contains funding for computer maintenance and repair costs, which consist primarily of outside maintenance contracts. Prior to FY 1995, these expenditures were funded within the Other Operating Expenditures line item.

<sup>1/</sup> Appropriated as a Lump Sum by Fund.

ARIZONA DEPARTMENT OF ADMINISTRATION - CAPITOL POLICE			A.R.S. § 41-701
General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>50.0</u>	<u>50.0</u>	<u>49.0</u>
Personal Services	827,000	930,300	965,100
Employee Related Expenditures	206,800	288,600	311,000
Professional and Outside Services	1,800	9,900	9,900
Travel - In State	18,300	37,100	30,000
Travel - Out of State	2,200	-0-	-0-
Other Operating Expenditures	79,200	61,500	69,200
Equipment	<u>18,200</u>	<u>-0-</u>	<u>219,600</u>
<b>Total Appropriations</b>	<b>1,153,500</b>	<b>1,327,400</b>	<b>1,604,800</b> <sup>1/</sup>

*Program Description* — The Capitol Police Department provides police officers and security aides for protection of the Phoenix Capitol Mall and Tucson Office Complex areas.

**Technical Issues** — The approved amount includes a decrease of 1 FTE Position and \$20,700 to transfer a vacant grade 10 position to the Administration cost center. There is no net change to the department's funding or number of positions resulting from this transfer. The approved amount also includes a decrease of \$7,100 to reflect the actual travel costs of the Capitol Police, a total of \$7,700 for non-capitalized equipment, and a total of \$9,600 for capital equipment to phase-in replacement of office equipment in the Tucson and Phoenix Capitol Police offices over a 3-year period.

**Capitol Mall Security System** — The approved amount includes \$180,000 in Equipment to purchase and install a new security system for the Capitol Mall and \$30,000 in Equipment to transfer an existing Capitol Mall system to the Tucson Office Complex. The new Capitol Mall system will be expandable to accommodate growth. The systems provide fire, access, systems, and video monitoring to numerous buildings on the mall and to all buildings in the Tucson complex. Currently, the Capitol Mall utilizes 3 different manufacturers' systems, while the Tucson Office Complex utilizes yet a fourth manufacturer's system. Portions of the Capitol Mall system are obsolete and prone to failure, requiring the Capitol Police to alter their patrols to lock doors and observe otherwise electronically monitored areas. In addition, maintenance and operation of the 4 different manufacturers' systems creates cost and operational inefficiencies.

**Officer Position Reclassifications** — The approved amount includes \$30,800 to fund the reclassification of 19 FTE Positions from grades 14 and 16 to grades 16, 17, and 18, in order to address a high turnover rate for police officer positions (42% in FY 1994). Officer salaries average 28% to 45% below those of comparable positions in neighboring jurisdictions in FY 1995.

<sup>1/</sup> Appropriated as a Lump Sum by Fund.

**ARIZONA DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT** A.R.S. § 41-622

<b>Risk Management Revolving Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>56.0</u>	<u>152.0</u>	<u>152.0</u> <sup>1/</sup>
Personal Services	1,495,400	1,683,900	1,726,200
Employee Related Expenditures	326,400	392,800	407,900
Professional and Outside Services	204,400	277,100	264,500
Travel - In State	7,400	21,600	21,600
Travel - Out of State	9,600	12,400	12,400
Other Operating Expenditures	368,000	407,600	513,700
Equipment	<u>99,900</u>	<u>57,800</u>	<u>19,800</u>
<b>Operating Subtotal</b>	<b>2,511,100</b>	<b>2,853,200</b>	<b>2,966,100</b>
Liability & Property Losses/Related Expenditures	43,428,600	34,172,800 <sup>2/</sup>	37,666,700
Attorney General Defense-Risk Management	4,646,100	4,873,700	4,981,800
Insurance Premiums	3,754,100	5,377,500	5,498,500
Loss Control Grants	<u>244,200</u>	<u>250,000</u>	<u>250,000</u>
<b>Total Appropriations</b>	<b>54,584,100</b>	<b>47,527,200</b>	<b>51,363,100</b> <sup>3/</sup>

*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.

**Technical Issues** — The approved amount includes the following: a) a total of \$73,300 for data processing services, which includes a decrease of \$12,600 to reflect an expected rate reduction for Data Center charges; b) a total of \$19,800 for replacement equipment of 9 computers; and c) a total of \$13,500 for payment of statewide accounting system charges.

**Liability & Property Losses/Related Expenditures** — The approved amount represents funding for estimated FY 1996 Risk Management claims, settlements, and other losses at a 50% confidence level. The projected loss amount is updated annually to reflect current loss exposures and is based on an annual actuarial estimate conducted for the Risk Management section. The FY 1996 approved amount represents an increase of \$3,493,900 from the FY 1995 amount, but a decrease of \$5,761,900 from the FY 1994 amount.

**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.

**Insurance Premiums** — The approved amount includes funding for private insurance policies, purchased for specific property and liability expenses where the department deems it more cost effective to cede risk to an outside insurer.

**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** — (Attorney General; General Counsel; Responsibilities; Chapter 94) — Please refer to the Additional Legislation section for the Attorney General-Department of Law for a description of this legislation.

<sup>1/</sup> Of the 152 FTE Positions, 85 FTE Positions are appropriated for the Attorney General Defense program and 8 FTE Positions are appropriated for 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. As part of the FY 1997 budget request for the Attorney General Defense Special Line Item, the Department of Administration, in cooperation with the Attorney General, shall submit a report evaluating the results of this pilot program. (General Appropriation Act footnote.)

<sup>2/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$4,400,000 for payment of FY 1995 self-insured losses in excess of the budgeted level.

<sup>3/</sup> Appropriated as an Operating Lump Sum by Fund for the Agency with a Special Line Item Lump Sum and with an Attorney General Defense-Risk Management Special Line Item.

(Continued)

**ARIZONA DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT (Cont'd)**

**Other Issues — Risk Management Revolving Fund** — The fund consists of monies collected by the Arizona Department of Administration (ADOA) from state agencies for payment of Risk Management charges, as authorized by A.R.S. § 41-622. For a list of these charges, refer to the General Provisions section. ADOA 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 ADOA Risk Management section, including payment of certain state losses and related expenditures.

	<u>FY 1995</u>	<u>FY 1996</u>
Balance Beginning of Fiscal Year	\$17,210,600	\$5,831,900
Revenue:		
General Fund	18,517,400	30,318,600
Other Appropriated Funds	8,756,600	10,653,200
Non-Appropriated Funds	8,437,900	8,642,200
Insurance Losses Recovered	430,000	320,000
Loss Control Refunds	6,600	10,000
Total Funds Available	<u>53,359,100</u>	<u>55,775,900</u>
Expenditures:		
DOA Risk Management	<u>47,527,200</u>	<u>51,363,100</u>
Total Expenditures	47,527,200	51,363,100
Balance End of Fiscal Year	<u>\$5,831,900</u> <sup>1/</sup>	<u>\$4,412,800</u>

<sup>1/</sup> Up to \$5,000,000 of the amount shown may be required for Risk Management losses. This leaves an unreserved fund balance of \$831,900 at the end of FY 1995.

**ARIZONA DEPARTMENT OF ADMINISTRATION -  
WORKERS' COMPENSATION**

A.R.S. § 41-622

Workers' Compensation Liability Loss Revolving Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	16.0	18.0	17.0 <sup>1/</sup>
Personal Services	233,400	414,700	406,300
Employee Related Expenditures	46,100	102,900	106,000
Professional and Outside Services	174,600	256,000	274,600
Travel - In State	500	3,900	3,900
Travel - Out of State	-0-	1,000	1,000
Other Operating Expenditures	70,200	115,600	128,600
Equipment	64,600	1,500	2,400
<b>Operating Subtotal</b>	<b>589,400</b>	<b>895,600</b>	<b>922,800</b>
Workers' Compensation Losses	14,496,700	14,676,000	17,652,000
Claim Management Fees	561,000	-0-	-0-
Premium Tax	408,900	725,000	381,000
Insurance Premiums	277,500	500,000	500,000
University Student Health Work Program	37,300	159,500	159,500
Transfers Out: Loss Control	100,000	150,000	150,000
Attorney General Defense-Workers' Comp.	54,600	117,500	120,100
<b>Total Appropriations</b>	<b>16,525,400</b>	<b>17,223,600</b>	<b>19,885,400 <sup>2/</sup></b>

*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.*

**Technical Issues** — The approved amount includes a reduction of 1 FTE Position and associated funding due to agency reorganization and an additional \$18,600 to fully fund operation of the Risk Management Information System. The appropriation also includes a total of \$2,400 for replacement of a computer.

**Workers' Compensation Losses** — The approved amount represents estimated FY 1996 payments to Workers' Compensation beneficiaries for the state's liability resulting from workplace injuries. The approved amount includes an increase of \$2,976,000, based on an annual actuarial study conducted for the state. Due to a poor loss history with Workers' Compensation claims, the FY 1996 amount is budgeted at a 70% confidence level, rather than with a 50% confidence interval as has been used in the past.

**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. The appropriation includes a reduction of \$344,000 due to lower tax rates for FY 1996.

<sup>1/</sup> Of the 17 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.)

<sup>2/</sup> Appropriated as an Operating Lump Sum by Fund for the Agency with a Special Line Item Lump Sum and with an Attorney General Defense - Workers' Compensation Special Line Item.

(Continued)



**ARIZONA DEPARTMENT OF ADMINISTRATION - WORKERS' COMPENSATION (Cont'd)**

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**Insurance Premiums** — The approved amount includes funding for estimated FY 1996 private insurance premiums for specific Workers' Compensation liabilities where the department deems it more cost effective to cede risk to an outside insurer.

**University Student Health Work Program** — This program uses student nurses from the 3 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 total.

**ARIZONA DEPARTMENT OF ADMINISTRATION - PERSONNEL**

**A.R.S. § 41-761**

Personnel Division Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>119.5</u>	<u>122.0</u>	<u>122.0</u> <sup>1/</sup>
Personal Services	3,250,700	3,540,900	3,591,500
Employee Related Expenditures	665,200	822,800	847,400
Professional and Outside Services	245,400	267,000	267,000
Travel - In State	11,100	11,400	11,400
Travel - Out of State	4,700	4,500	4,500
Other Operating Expenditures	982,400	687,400	731,500
Equipment	72,500	5,100	7,000
<b>Operating Subtotal</b>	<b>5,232,000</b>	<b>5,339,100</b>	<b>5,460,300</b>
Special Recruitment	45,100	43,500	43,500
Personnel Automation Project	205,000	175,000	175,000
Classification Project	29,900	702,600	426,900 <sup>2/</sup>
<b>Total Appropriations</b>	<b>5,512,000</b>	<b>6,260,200</b>	<b>6,105,700</b> <sup>3/</sup>

*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 0.9% 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.*

**Technical Issues** — The approved amount reflects a reduction of \$43,900 in Personal Services due to the retirement of Personnel Division staff and a decrease of \$28,900 due to elimination of lease-payments for a portable structure used by the department. The approved amount also includes a total of \$7,000 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 Project** — This Special Line Item funds a project to develop a new job classification system for possible implementation statewide. The department and contractor will develop implementation and funding options and present the results of the project to the Legislature prior to adoption of a new job classification system. In FY 1994, \$300,000 was appropriated for this Special Line Item as a non-lapsing appropriation. In FY 1995, \$702,000 and 2.5 FTE Positions were appropriated. The appropriation of \$426,900 and 2.5 FTE Positions for FY 1996 reflects funding for the final year of the project.

<sup>1/</sup> Includes 2.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> 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 Project and on the progress in developing the performance appraisal process. (General Appropriation Act footnote).

<sup>3/</sup> Appropriated as a Lump Sum by Fund with a Classification Project Special Line Item.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY A.R.S. § 36-2901**

Dr. Mabel Chen, Director

JLBC Analyst: Michael Bradley

General Fund and Other Appropriated Funds		FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>				
Administration	(SM)	25,097,300	26,063,600	28,493,000
	(TF)	56,340,100	59,906,000	63,683,500
DES-AHCCCS	(SM)	17,027,800	19,832,500	19,464,300
	(TF)	33,029,600	39,430,400	38,708,400
DHS-AHCCCS	(SM)	664,700	674,400	688,700
	(TF)	20,565,900	16,588,800	16,618,900
Long-Term Care	(SM)	94,504,000	112,173,500	126,179,000
	(TF)	280,047,100	334,021,900	372,482,400
Acute Care	(SM)	499,728,600	525,080,000	502,390,200
	(TF)	1,184,939,800	1,301,051,200	1,248,987,200
<b>Total Appropriations</b>	(SM)	<b>637,022,400</b>	<b>683,824,000</b>	<b>677,215,200</b>
	(TF)	<b>1,574,922,500</b>	<b>1,750,998,300</b>	<b>1,740,480,400</b>
<u>Expenditure Detail</u>				
FTE Positions	(SM)	1,004.0	1,065.1	1,070.3
	(TF)	2,072.9	2,182.9	2,197.4
Personal Services	(SM)	21,204,400	23,133,900	23,735,000
	(TF)	42,352,200	47,594,700	49,192,800
Employee Related Expenditures	(SM)	5,161,800	6,410,300	6,266,200
	(TF)	10,181,900	12,208,000	12,926,100
Professional and Outside Services	(SM)	-0-	3,569,400	3,883,100
	(TF)	8,288,300	8,993,500	9,508,500
Travel - In State	(SM)	266,500	365,200	377,800
	(TF)	477,800	742,800	769,700
Travel - Out of State	(SM)	21,300	37,100	34,400
	(TF)	39,700	67,700	67,700
Other Operating Expenditures	(SM)	8,545,500	7,119,700	8,834,200
	(TF)	16,478,000	17,853,500	18,425,200
Equipment	(SM)	1,001,000	690,500	530,200
	(TF)	1,977,300	1,691,400	1,671,500
<b>Operating Subtotal</b>	(SM)	<b>36,200,500</b>	<b>41,326,100</b>	<b>43,660,900</b>
	(TF)	<b>79,795,200</b>	<b>89,151,600</b>	<b>92,561,500</b>
Special Line Items	(TF)	1,495,127,300	1,661,846,700	1,644,988,000
Additional Appropriations	(TF)	-0-	-0-	2,930,900
<b>Total Appropriations</b>	(TF)	<b>1,574,922,500</b>	<b>1,750,998,300</b>	<b>1,740,480,400</b>
<u>Fund Summary</u>				
General Fund		460,618,200	492,551,100	479,346,700
Third Party Collections		2,170,800	5,000,000	5,000,000
County Funds		174,233,400	186,272,900	192,868,500
Federal Funds		937,900,100	1,067,174,300	1,063,265,200
<b>Total Appropriations</b>		<b>1,574,922,500</b>	<b>1,750,998,300</b>	<b>1,740,480,400</b> <sup>1/</sup>

SM = State Match, and consists of the State General Fund and County Funds, and Third Party Collections  
 TF = Total Funds, and represents the sum of Federal Funds, County Funds, Third Party Collections and the State General Fund

(Continued)

## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY (Cont'd)

**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.*

**Tobacco Tax Distribution** — For a detailed description of the distribution of Tobacco Tax revenues, please see the summary pages of the Department of Health Services.

**Program Change Descriptions** — Unless otherwise stated, all descriptions of funding changes in the individual program descriptions represent total funds.

<sup>1/</sup> Appropriation format varies by program.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -  
ADMINISTRATION**

A.R.S. § 36-2901

General Fund and Federal Funds		FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	(GF)	476.5	505.6	518.2 <sup>1/</sup>
	(TF)	<u>1,015.7</u>	<u>1,061.7</u>	<u>1,091.2</u> <sup>1/</sup>
Personal Services	(GF)	10,961,300	11,927,600	12,321,800
	(TF)	22,759,600	25,156,100	26,340,100
Employee Related Expenditures	(GF)	2,523,200	3,431,200	3,145,600
	(TF)	5,204,500	6,243,000	6,678,100
Professional and Outside Services	(GF)	-0-	3,524,100	3,837,800
	(TF)	7,984,500	8,901,300	9,416,300
Travel - In State	(GF)	84,100	97,300	109,900
	(TF)	180,600	206,200	233,100
Travel - Out of State	(GF)	19,000	36,000	33,300
	(TF)	35,100	65,500	65,500
Other Operating Expenditures	(GF)	5,437,800	3,101,100	4,954,900
	(TF)	10,606,700	9,990,000	10,840,400
Equipment	(GF)	844,100	653,300	530,200
	(TF)	<u>1,663,600</u>	<u>1,632,900</u>	<u>1,671,500</u>
<b>Operating Subtotal</b>	(GF)	<b>19,869,500</b>	<b>22,770,600</b>	<b>24,933,500</b>
	(TF)	<b>48,434,600</b>	<b>52,195,000</b>	<b>55,245,000</b>
DOA Data Center	(GF)	-0-	3,197,900	3,463,800 <sup>2/</sup>
	(TF)	7,725,400	7,520,900	8,247,100 <sup>2/</sup>
Indian Advisory Council	(GF)	91,000	95,100	95,700
	(TF)	<u>180,100</u>	<u>190,100</u>	<u>191,400</u>
<b>Total Appropriations</b>	(GF)	<b>19,960,500</b>	<b>26,063,600</b>	<b>28,493,000</b>
	(TF)	<b>56,340,100</b>	<b>59,906,000</b>	<b>63,683,500</b> <sup>3/4/</sup>
<b>Fund Summary</b>				
General Fund		25,097,300	26,063,600	28,493,000
Federal Funds		<u>31,242,800</u>	<u>33,842,400</u>	<u>35,190,500</u>
<b>Total Appropriations</b>		<b>56,340,100</b>	<b>59,906,000</b>	<b>63,683,500</b>

GF = State General Fund

TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.

<sup>1/</sup> Includes 2 (GF) and 4 (TF) FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> 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.)

<sup>3/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

<sup>4/</sup> Of the \$63,683,500 expenditure authority for Administration, \$28,493,000 is appropriated from the General Fund. (General Appropriation Act footnote.)

(Continued)

## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION (Cont'd)

**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 and for SSI Pickle Eligibility. Eligibility for the Acute Care program is conducted by the Department of Economic Security, counties, and the federal Social Security Administration.*

**Transfer-In of SSI Pickle Eligibility** — The approved amounts reflect the transfer in of 7 FTE Positions and \$209,500 from the DES - AHCCCS program associated with SSI Pickle Eligibility. (For a further description, please see the DES - AHCCCS program.)

**Additional ALTCS Eligibility Staff** — The approved amounts include an increase of 24 FTE Positions and \$1,139,200 for medical and financial eligibility workers for admission and screening of clients for the Arizona Long-Term Care System (ALTCS). These positions were added due to an expected ALTCS growth rate of 10% in FY 1996.

**Elimination of Deferred Liability** — The Deferred Liability program was eliminated through contract negotiations (as discussed in greater detail in the Acute Care program). Associated with the elimination of the Deferred Liability Program is the elimination of 1.5 FTE Positions and \$48,600 formerly used to administer the program.

**Increased Nursing Facilities Institution Audits** — The approved amounts include an increase of \$515,000 to significantly expand the number of audits performed on nursing facilities. This should have the dual impact of increasing quality of nursing facilities while also reducing future cost increases.

**Lease-Purchase of Headquarters Buildings** — The approved amount includes an increase of \$672,000 to cover the cost of lease-purchase payments for FY 1996 to begin the purchase of the 2 AHCCCS Headquarter Buildings. The increase is mostly attributable to a revised and accelerated lease-purchase plan whereby the state will attain ownership at the end of the lease-purchase period in approximately 10 years.

**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.

**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.



**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -  
DES - AHCCCS**

A.R.S. § 36-2901

General Fund and Federal Funds		FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	(GF)	514.8	546.8	539.3 <sup>1/</sup>
	(TF)	<u>1,030.5</u>	<u>1,094.5</u>	<u>1,079.5</u> <sup>1/</sup>
Personal Services	(GF)	9,974,400	10,928,200	11,127,900
	(TF)	19,026,600	21,852,700	22,252,200
Employee Related Expenditures	(GF)	2,572,100	2,913,300	3,048,500
	(TF)	4,837,400	5,826,200	6,096,600
Professional and Outside Services	(GF)	137,500	31,600	31,600
	(TF)	274,900	63,300	63,300
Travel - In State	(GF)	171,800	257,300	257,300
	(TF)	274,900	514,300	514,300
Travel - Out of State	(GF)	2,300	1,100	1,100
	(TF)	4,600	2,200	2,200
Other Operating Expenditures	(GF)	3,083,800	3,994,700	3,855,400
	(TF)	5,820,900	7,813,100	7,534,400
Equipment	(GF)	156,900	37,200	-0-
	(TF)	313,700	58,500	-0-
<b>Operating Subtotal</b>	(GF)	<b>16,098,800</b>	<b>18,163,400</b>	<b>18,321,800</b>
	(TF)	<b>30,553,000</b>	<b>36,130,300</b>	<b>36,463,000</b>
DES DDSA	(GF)	94,700	99,100	100,600
	(TF)	189,300	198,100	201,000
DES PASARR	(GF)	21,300	52,200	51,600
	(TF)	179,700	207,800	205,400
MEDICS	(GF)	770,200	1,517,800	990,300
	(TF)	1,945,900	2,894,200	1,839,000
Federal Funds Program	(GF)	42,800	-0-	-0-
	(TF)	161,700	-0-	-0-
<b>Total Appropriations</b>	(GF)	<b>17,027,800</b>	<b>19,832,500</b>	<b>19,464,300</b>
	(TF)	<b>33,029,600</b>	<b>39,430,400</b>	<b>38,708,400</b>
<b>Fund Summary</b>				
General Fund		17,027,800	19,832,500	19,464,300
Federal Funds		16,001,800	19,597,900	19,244,100
<b>Total Appropriations</b>		<b>33,029,600</b>	<b>39,430,400</b>	<b>38,708,400</b> <sup>2/3/4/</sup>
GF = State General Fund				
TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.				

<sup>1/</sup> Includes 5.9 (GF) and 13.7 (TF) FTE Positions funded in Special Line Items in FY 1996

<sup>2/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

<sup>3/</sup> Of the \$38,708,400 expenditure authority for DES-AHCCCS, \$19,464,300 is appropriated from the state General Fund. (General Appropriation Act footnote.)

<sup>4/</sup> 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)

**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" (MAO) in the federal SOBRA program for pregnant women and children.*

**Transfer of SSI Pickle Eligibility** — A total of 7 FTE Positions and \$209,500 were transferred from the DES-AHCCCS Program to the Administration Program. This transfer was made because SSI eligibility, under the medicaid law amendment sponsored by Congressional Representative Pickle, is not a function of the Department of Economic Security and is more accurately placed in the Administration Program.

**DES - Disability Determination Services Administration (DDSA)** — DDSA, through an intergovernmental agreement with AHCCCS, determines disability entitlement for the Arizona Long-Term Care System.

**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. While DES-DDSA determines eligibility, the DES-PASARR Program determines the level of care required once a person is eligible.

**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. For FY 1996, the approved amount for the MEDICS Special Line Item reflects a reduction of 8 FTE Positions and \$1,071,000. The reduction is due to the completion of the development phase by September 30, 1995 and the related removal of these one-time costs.

**Federal Funds Program** — This Special Line Item was eliminated for FY 1995 and funding transferred to the operating budget in FY 1995.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -  
DHS - AHCCCS**

A.R.S. § 36-2901

General Fund and Federal Funds		FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	(GF)	12.7	12.7	12.7 <sup>1/</sup>
	(TF)	<u>26.7</u>	<u>26.7</u>	<u>26.7</u> <sup>1/</sup>
Personal Services	(GF)	268,700	278,100	285,300
	(TF)	566,000	585,900	600,500
Employee Related Expenditures	(GF)	66,500	65,800	72,100
	(TF)	140,000	138,800	151,400
Professional and Outside Services	(GF)	13,700	13,700	13,700
	(TF)	28,900	28,900	28,900
Travel - In State	(GF)	10,600	10,600	10,600
	(TF)	22,300	22,300	22,300
Other Operating Expenditures	(GF)	23,900	23,900	23,900
	(TF)	50,400	50,400	50,400
<b>Operating Subtotal</b>	(GF)	<b>383,400</b>	<b>392,100</b>	<b>405,600</b>
	(TF)	<b>807,600</b>	<b>826,300</b>	<b>853,500</b>
Children's Rehabilitative Services	(GF)	-0-	-0-	-0-
	(TF)	19,000,000	15,000,000	15,000,000
DHS PASARR	(GF)	94,200	95,200	96,000
	(TF)	384,100	388,300	391,200
Indirect Cost-Licensure	(GF)	187,100	187,100	187,100
	(TF)	374,200	374,200	374,200
<b>Total Appropriations</b>	(GF)	<b>664,700</b>	<b>674,400</b>	<b>688,700</b>
	(TF)	<b>20,565,900</b>	<b>16,588,800</b>	<b>16,618,900</b>
<u>Fund Summary</u>				
General Fund		664,700	674,400	688,700
Federal Funds		19,901,200	15,914,400	15,930,200
<b>Total Appropriations</b>		<b>20,565,900</b>	<b>16,588,800</b>	<b>16,618,900</b> <sup>2/3/4/</sup>
GF = State General Fund				
TF = Total Funds, and represents the sum of the State 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.*

- <sup>1/</sup> Includes 0.7 (GF) and 2.7 (TF) FTE Positions funded in Special Line Items in FY 1996.
- <sup>2/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.
- <sup>3/</sup> Of the \$16,618,900 expenditure authority for DHS-AHCCCS, \$688,700 is appropriated from the state General Fund. (General Appropriation Act footnote)
- <sup>4/</sup> 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.)

(Continued)

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DHS-AHCCCS (Cont'd)**

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**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.

**Indirect Cost - Licensure** — Represents the cost of administrative functions performed by non-Licensure Division staff in support of the Licensure Division.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -  
LONG-TERM CARE**

A.R.S. § 36-2901

County Funds and Federal Funds		FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
ALTCS Lump Sum Appropriation	(SM)	94,465,800	112,105,200	126,110,700
	(TF)	279,970,700	333,812,200	372,272,700
Board of Nursing	(SM)	38,200	68,300	68,300
	(TF)	76,400	209,700	209,700
<b>Operating Subtotal</b>	(SM)	<b>94,504,000</b>	<b>112,173,500</b>	<b>126,179,000</b>
	(TF)	<b>280,047,100</b>	<b>334,021,900</b>	<b>372,482,400</b>
<u>Fund Summary</u>				
County Funds		94,504,000	112,173,500	126,179,000 <sup>1/</sup>
Federal Funds		185,543,100	221,848,400	246,303,400 <sup>2/</sup>
<b>Total Appropriations</b>		<b>280,047,100</b>	<b>334,021,900</b>	<b>372,482,400 <sup>3/</sup></b>

SM = State Match, consists of County Funds.  
TF = Total Funds, represents the sum of the 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 non-federal share of 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 13,642 member years and an FY 1996 average cost of \$2,274 per member per month. The approved amount reflects amounts for Capitation, Fee for Service payments, Medicare Premium payments, and nurse aid training costs. The estimates reflect a projected increase in population of 10% coupled with a 5% per member per month cost increase for FY 1996 compared to FY 1995.

**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.

<sup>1/</sup> Pursuant to A.R.S. § 11-292B, the FY 1995 non-federal portion of the costs of providing Long-Term Care System services is \$126,179,000. (General Appropriation Act footnote.)  
<sup>2/</sup> 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.)  
<sup>3/</sup> Appropriated as a Lump Sum for the Program with Special Line Items.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -  
ACUTE CARE**

A.R.S. § 36-2901

General Fund, Federal Funds, and Other Appropriated Funds		FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
Capitation	(SM)	329,536,900	352,110,600	342,603,400
	(TF)	747,188,900	831,035,900	777,021,700
Fee For Service	(SM)	67,614,100	72,592,400	78,659,900
	(TF)	162,063,500	171,429,700	188,285,200
Reinsurance	(SM)	40,215,300	31,702,600	32,780,800
	(TF)	60,411,800	49,524,800	49,850,000
Deferred Liability	(SM)	19,341,800	19,394,900	-0-
	(TF)	29,768,500	32,449,000	-0-
Medicare Premiums	(SM)	4,558,000	3,421,900	4,196,200
	(TF)	13,365,700	10,149,900	12,332,200
Qualified Medical Beneficiaries	(SM)	759,500	1,712,900	2,510,200
	(TF)	2,224,800	5,078,900	7,380,300
Disproportionate Share Payments	(SM)	37,703,000	44,144,700 <sup>1/</sup>	38,708,800
	(TF)	107,392,900	131,383,000 <sup>1/</sup>	114,186,900 <sup>2/</sup>
Children's Title XIX Behavioral Health	(SM)	-0-	-0-	-0-
	(TF)	33,447,000	40,000,000	45,000,000
Adult Title XIX Behavioral Health	(SM)	-0-	-0-	-0-
	(TF)	29,076,700	30,000,000	45,000,000
General Mental Health Substance Abuse	(SM)	-0-	-0-	-0-
	(TF)	-0-	-0-	7,000,000
Total	(SM)	499,728,600	525,080,000	499,459,300
	(TF)	1,184,939,800	1,301,051,200	1,246,056,300
<b>Additional Appropriations -</b>				
AHCCCS; Temporary Assistance to Counties, Ch. 300		-0-	-0-	2,500,000
Demonstration Program; Child Care; AHCCCS, Ch. 175		-0-	-0-	430,900
<b>Total Appropriations</b>	(TF)	<b>1,184,939,800</b>	<b>1,301,051,200</b>	<b>1,248,987,200</b>
<b>Fund Summary</b>				
General Fund		417,828,400	445,980,600	430,700,700
County Funds		79,729,400	74,099,400	66,689,500
Third Party Collections		2,170,800	5,000,000	5,000,000
Federal Funds		685,211,200	775,971,200	746,597,000
<b>Total Appropriations</b>		<b>1,184,939,800</b>	<b>1,301,051,200</b>	<b>1,248,987,200 <sup>3/4/</sup></b>

SM = State Match, and consists of the State General Fund and County Funds.

TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.

GF = State General Fund

<sup>1/</sup> Laws 1994, Chapter 6, 1st Special Session appropriated an additional \$5,819,800 (GF) and \$20,665,800 (TF) for Disproportionate Share Payments.  
<sup>2/</sup> Of the appropriation for disproportionate share payments made pursuant to A.R.S. § 36-2903.01, R, the sum of \$86,857,300 is for qualifying county operated hospitals, \$11,993,900 is for deposit in the Arizona State Hospital Disproportionate Share Payment Fund and \$13,535,200 is for other qualifying disproportionate share hospitals. The remaining \$1,800,500 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.)

(Continued)



**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)**

*Program Description — The AHCCCS Acute Care program is the medical services component of 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 (HMO) 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 or practitioner. 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, AHCCCS supplements capitation through Reinsurance in order to preserve health plan financial viability.*

**FY 1996 Acute Care Overview**

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 multi-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. Rates also vary by health plan and geographical area, but remain within the parameters set by actuarial study and contract negotiation. Therefore, capitation rates shown below are estimated averages of capitation rates.

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 1994 through September 1995, and 9 months at new rates negotiated for the contract year beginning in October 1995. The FY 1996 appropriation provides for a capitation inflation increase of 4% for the contract year starting October 1, 1995. The FY 1996 amount for capitation is based on the following statewide average rates:

<u>Federal Eligibility Groups</u>	<u>Total Monthly Capitation Rate</u>	<u>Federal Share</u>	<u>State Share</u>
Aid to Families with Dependent Children	\$ 113.89	\$ 75.16	\$ 38.73
Supplemental Security Income, with Medicare	122.44	80.80	41.64
Supplemental Security Income, without Medicare	319.03	210.53	108.50
SOBRA Women	113.89	75.16	38.73
SOBRA Children	95.98	63.34	32.64
SOBRA Deliveries (One time payment)	4,529.32	2,988.90	1,540.42
<u>State Eligibility Groups</u>			
Medically Needy/Medically Indigent, with Medicare	227.59	-0-	227.59
Medically Needy/Medically Indigent, without Medicare	313.75	-0-	313.75
Eligible Assistance Children	95.98	-0-	95.98
Eligible Low Income Children	95.98	-0-	95.98

3/ Of the \$1,246,056,300 expenditure authority for Acute Care, \$427,769,800 is appropriated from the state General Fund. (General Appropriation Act footnote.)

4/ Appropriated by Special Line Items for the Program.

(Continued)

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)**

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 currently guaranteed a "floor" of 50% federal participation. Arizona's FMAP for the federal fiscal year ending September 30, 1995, is 66.4%. For the federal fiscal year beginning October 1, 1995, Arizona's FMAP will decrease to 65.85%. State eligibility groups are funded entirely with state dollars.

Estimated FY 1996 member years paid are shown below.

<u>Federal Eligibility Groups</u>	<u>Average Annual Member Years Paid</u>
Aid to Families with Dependent Children	199,366
Supplemental Security Income, with Medicare	20,907
Supplemental Security Income, without Medicare	39,526
SOBRA Women	11,868
SOBRA Children	102,817
<u>State Eligibility Groups</u>	
Medically Needy/Medically Indigent, with Medicare	827
Medically Needy/Medically Indigent, without Medicare	30,344
Eligible Assistance Children	2,125
Eligible Low Income Children	<u>507</u>
Total Member Years <sup>1/</sup>	<u>408,287</u>
SOBRA Deliveries <sup>2/</sup>	<u>16,687</u>

<sup>1/</sup> Member years are calculated as projected member months divided by 12 and do not necessarily indicate actual number of clients enrolled.

<sup>2/</sup> This is the projection of actual birth deliveries to be made by enrollees in AHCCCS health plans.

**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 1 of 7 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.

The budget for FY 1996 reflects a 1-year freeze of the "quick pay" discounts for both state-only and categorical payments to hospitals. This 1-year freeze was contained in Laws 1995, Chapter 5, 1st Special Session, the Health Omnibus Reconciliation Bill (ORB).

The "quick pay" 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 would have been lowered to 6% on October 1, 1994, 3% on October 1, 1995, and finally to 1% on October 1, 1996. This phase down was delayed by 1 year by the Health ORB mentioned above.

(Continued)

## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)

The phase down schedule for bills incurred by members in state eligibility groups (Medically Needy/Medically Indigent) would have followed the original schedule from Chapter 302. Accordingly, the discount for these bills would have phased down beginning on March 1, 1996, falling by 1% per year until March 1, 2004. This phase down was also delayed by 1 year by the Health ORB.

Also, for FY 1996, the Health ORB amended Laws 1993, Chapter 6, 2nd Special Session, to continue a \$10 million reduction of payments to hospitals for fee-for-service claims related to state eligibility groups. This discount would have been reduced to zero without the amending language passed by the Legislature.

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** — As part of the contract negotiation process for the federal fiscal year beginning October 1, 1995, the department was able to renegotiate the Reinsurance Program due to increased competition to provide AHCCCS services. In general, the levels required to qualify for the program were raised while the state share at each level was reduced. The net effect will be a significant reduction in costs. Countering some of these savings will be the elimination of the Deferred Liability Program to the extent that claims that were formerly paid for from Deferred Liability may to some extent qualify for Reinsurance payments.

(Continued)

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)**

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. Reinsurance deductibles are dependent upon plan enrollment by county as of October of each year and vary as follows:

<u>Enrollment</u>	<u>FY 1996 Reinsurance Deductible</u>	<u>FY 1996 State Co-insurance %</u>
1 - 9,999 members	\$20,000	75%
10,000 - 49,999 members	\$35,000	75%
50,000 + members	\$50,000	75%

Three-fourths of the cost incurred by a health plan in excess of the appropriate deductible is borne by AHCCCS when costs have been incurred for the provision of payment for covered inpatient hospitalization.

**Elimination of Deferred Liability** — Through contract negotiations for the federal fiscal year beginning October 1, 1995, the department was able to eliminate the Deferred Liability Program. The additional risk was taken on by the health plans while still reducing most capitation rates due to increased competition to provide AHCCCS services. Formerly, the Deferred Liability Plan would cover 50% of all costs of clients who were hospitalized at the time of enrollment. Now those costs are borne by the health plans. Some of these clients may now exceed the limits for Reinsurance so there may be some crossover. However, the crossover should be relatively small.

**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 (\$7,470 for 1 person).

**Disproportionate Share Payments** — This line items 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, state and private hospitals. 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.

Additionally, this line item provides for "in-lieu" payments to counties not having county-operated hospitals. The allocation of the FY 1996 disproportionate share appropriation is as follows:

	<u>FY 1995</u>	<u>FY 1996</u>
County-Operated Hospitals	\$ 78,633,700 (TF)	\$ 86,857,300 (TF)
Arizona State Hospital	35,427,000 (TF)	11,993,900 (TF)
Private Hospitals	15,282,400 (TF)	13,535,200 (TF)
County In-Lieu Payments	<u>2,039,900 (TF)</u>	<u>1,800,500 (TF)</u>
<b>Total Appropriation</b>	<b><u>\$131,383,000 (TF)</u><sup>1/</sup></b>	<b><u>\$114,186,900 (TF)</u><sup>2/</sup></b>

<sup>1/</sup> The total award for FY 1995 will be \$122,392,000. This is due to the actual approved award being revised downward from the original estimate upon which the budget was based. Therefore, the amounts shown will be amended.

<sup>2/</sup> For FY 1996, the adopted amount is lower than FY 1995 due to an overall leveling off of expenditures and a conservative forecast of Disproportionate Share Revenue due to the uncertainty and frequent fluctuations of this revenue source.

(Continued)

## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)

**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 (DHS) for mental health services rendered to Title XIX-eligible children. The state match for these pass-through federal dollars is reflected in the DHS 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 DHS for the provision of mental health services to Title XIX-eligible clients 18 years of age and older diagnosed as being seriously mentally ill. The state match for these Federal Funds is reflected in the DHS Behavioral Health appropriation.

**Title XIX General Mental Health/Substance Abuse** — As of October 1, 1995 the State of Arizona will provide Title XIX general mental health and substance abuse services to Title 19 eligible clients 21 years of age and older diagnosed as non-seriously mentally ill. Within the AHCCCS budget for FY 1996 is expenditure authority for \$7,000,000 of Federal Funds. The state match is located in DHS which will monitor the program. The state match is \$2,252,200 and the federal participation is expected to be \$4,342,800. The additional expenditure authority is provided due to the newness of the program and the difficulty in predicting actual clients that will present for services in FY 1996.

**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.

While not a separate federal eligibility group, 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, as a healthplan, on behalf of SSI-eligible children enrolled in that program.

**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) (\$16,745 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 (\$17,626 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 born on or after October 1, 1983, with family incomes up to 100% of the FPL.

(Continued)

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)**

**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 for children under the age of 14. 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 an emergency medical condition exists.

**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. As of July 1, 1993, MN/MI applicants have to 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.

**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	\$7,470
4	\$5,355	\$15,150
8	\$7,531	\$25,390

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.

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**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)**

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**Additional Appropriations — Demonstration Program; Child Care; AHCCCS (Chapter 175) —** This bill establishes a 3-year joint pilot demonstration program that extends child care and AHCCCS benefits from 12 months to 24 months for current and former recipients of Aid to Families with Dependent Children who are enrolled in an accredited school, equivalency certificate, job skills program or who are employed or enrolled in the JOBS program, pursuant to A.R.S. § 41-2026 and meet federal requirements for qualifying for transitional benefits. The implementation of this demonstration project is dependent upon receiving waivers from the U.S. Department of Health and Human Services. The 2 agencies shall jointly produce a report which evaluates the program's effects on participants' utilization of services, employment and economic sufficiency, welfare dependency and recidivism. An interim report will be submitted within 18 months after the start of the program, and a final report will be submitted within 9 months after the end of the program to the Governor, the President of the Senate and the Speaker of the House of Representatives. Of the \$495,700, DES's Children and Family Services division receives \$52,300 for the extension transitional child care benefits and \$12,500 for evaluating the extension of these benefits. The other \$430,900 is appropriated to AHCCCS.

**AHCCCS; Temporary Assistance to Counties (Chapter 300) —** Provides a one-time General Fund appropriation of \$2,500,000 to assist certain counties for health costs. Under the legislation, Gila County receives \$1,876,000, Cochise County \$393,000, and Santa Cruz County \$231,000. The legislation also expresses intent that a Joint Legislative Committee be appointed to study county health funding and submit a report to the President of the Senate, and the Speaker of the House of Representatives, by December 1, 1995.



**STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES**

A.R.S. § 15-1424

Don Puyear, Ph.D., Executive Director

JLBC Analyst: Bruce Groll

General Fund and Certification Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	11.0	14.0	13.0
Personal Services	433,600	625,200	569,400
Employee Related Expenditures	78,300	107,300	105,000
Professional and Outside Services	23,700	6,000	6,000
Travel - In State	35,600	30,300	37,400
Travel - Out of State	2,300	-0-	-0-
Other Operating Expenditures	68,000	87,500	77,800
Equipment	-0-	-0-	3,300
Indirect Costs	-0-	10,000	10,000
<b>Operating Subtotal</b>	<b>641,500</b>	<b>866,300</b>	<b>808,900<sup>1/</sup></b>
<b>Operating State Aid</b>			
Cochise	4,357,900	4,573,100	4,778,400
Coconino	1,047,200	1,584,600	1,955,500
Graham	3,695,800	4,144,400	4,318,100
Maricopa	29,736,300	33,068,400	33,818,400
Mohave	2,579,300	2,784,200	3,008,700
Navajo	3,262,400	3,262,400	3,639,300
Pima	12,881,600	14,609,800	15,359,800
Pinal	4,458,300	4,875,800	5,073,200
Yavapai	3,400,900	3,553,500	3,863,700
Yuma/La Paz	3,585,000	3,969,600	4,234,200
<b>Total - Operating State Aid</b>	<b>69,004,700</b>	<b>76,425,800</b>	<b>80,049,300</b>
<b>Capital Outlay State Aid</b>			
Cochise	535,400	698,300	698,300
Coconino	207,000	216,000	249,200
Graham	441,300	571,800	571,800
Maricopa	5,315,500	7,163,900	7,163,900
Mohave	250,700	428,600	431,600
Navajo	365,800	422,700	466,400
Pima	1,857,600	2,511,700	2,511,700
Pinal	530,300	685,000	685,000
Yavapai	385,500	499,100	525,500
Yuma/La Paz	429,900	589,700	608,300
<b>Total - Capital Outlay State Aid</b>	<b>10,319,000</b>	<b>13,786,800</b>	<b>13,911,700<sup>2/</sup></b>
<b>Equalization Aid</b>			
Cochise	1,070,400	1,292,300	1,400,300
Graham	5,541,200	5,811,400	6,081,800
Navajo	-0-	-0-	25,700
Yuma/La Paz	-0-	-0-	52,100
<b>Total - Equalization Aid</b>	<b>6,611,600</b>	<b>7,103,700</b>	<b>7,559,900</b>
<b>Economic Development Training Program</b>	<b>150,000</b>	<b>-0-</b>	<b>-0-</b>
<b>Total Appropriations</b>	<b>86,726,800</b>	<b>98,182,600</b>	<b>102,329,800<sup>3/</sup></b>

(Continued)

**STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES (Cont'd)**

<u>Fund Summary</u>			
General Fund	86,726,800	98,045,700	102,189,600
Certification Fund	-0-	136,900	140,200
<b>Total Appropriations</b>	<b>86,726,800</b>	<b>98,182,600</b>	<b>102,329,800</b>

*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.

**Staff Reduction** — The approved amount reflects the reduction of 1 FTE Position and \$81,700 from the General Fund (Personal Services, \$70,500; Employee Related Expenditures, \$11,200) due to an internal agency reorganization.

**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 approved amount for Operating State Aid includes a net increase of \$3,623,500:

- Adds \$623,500 for districts with enrollment growth and "holds harmless" at the FY 1995 level any district that had enrollment decline;
- Maintains \$700,000 for Maricopa Community College District for Williams Air Force Base (AFB) Campus;
- Adds an additional \$1,500,000 to urban districts distributed equally to the Maricopa and Pima districts; and
- Adds an additional \$1,500,000 to rural districts for Americans with Disabilities Act (ADA) compliance and distance learning technology as follows:

<u>Rural Districts</u>	<u>\$ Amount Requested</u>	<u>% of Total</u>	<u>Revised Distribution</u>
Cochise	\$ 520,000	13.68	\$ 205,300
Coconino	540,000	14.21	213,100
Graham	440,000	11.58	173,700
Mohave	510,000	13.42	201,300
Navajo	420,000	11.05	165,800
Pinal	500,000	13.16	197,400
Yavapai	450,000	11.84	177,600
Yuma/La Paz	420,000	11.05	165,800
<b>Total</b>	<b><u>\$3,800,000</u></b>	<b><u>100.00</u></b>	<b><u>\$1,500,000</u></b>

Section 3 of the Education Omnibus Reconciliation Bill (Laws 1995, Chapter 4, 1st Special Session) set the inflation rate for FY 1996 used in the Operating State Aid formula to zero. (Subsequently in the session, Chapter 196 eliminated the inflation component of the formula.) Without setting the GDP Deflator at zero, the Operating State Aid formula would have been calculated as a two-step process that:

- <sup>1/</sup> The \$140,200 appropriated from the Certification Fund is intended for the specific purpose of defraying teacher certification costs and includes \$130,200 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.)
- <sup>2/</sup> 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).
- <sup>3/</sup> Appropriated as a Modified Lump Sum with District by District Special Line Items by Agency.

(Continued)

## STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES (Cont'd)

- Adjusts each district's current year state aid for inflation using the GDP Deflator for calendar year 1994; and
- Adjusts for the growth or decline in actual FTSE enrollment for each district for the prior calendar year.

The sum of the base, plus inflation, plus/minus FTSE change would have become the base amount to be funded in the next year. In this case, with the addition of "hold harmless" funds plus additional operating aid, the Legislature provided funding at a substantially greater level than called for by the formula. Instead of a \$1,251,900 or 1.7% reduction suggested by the formula, the Legislature provided a \$4,323,500 or 5.7% increase.

**Capital Outlay State Aid** — The approved amount for Capital Outlay State Aid includes a net increase of \$124,900:

- Adds \$124,900 for districts with enrollment growth and "holds harmless" at the FY 1995 level any district that had enrollment decline.

Section 3 of the Education Omnibus Reconciliation Bill (Laws 1995, Chapter 4, 1st Special Session) set the inflation rate for FY 1996 used in the Capital Outlay State Aid formula to zero. (Subsequently in the session, Chapter 196 eliminated the inflation component of the formula.) Without setting the GDP Deflator at zero, the Capital Outlay State Aid formula would have provided per capita funding to districts based on the district's size, most recent year's actual FTSE, and an adjustment for inflation. Districts with 5,000 or less FTSE would have received \$214/FTSE, while districts with greater than 5,000 FTSE would have received \$163/FTSE. Under the formula, these rates would have been adjusted annually for inflation per the GDP Price Deflator. However, with the additional "hold harmless" funding, instead of a \$267,900 or 1.9% reduction required by the formula, the Legislature provided a \$124,900 or 0.9% increase.

**Equalization Aid** — The approved amount adds \$456,200, or 6.4%, and fully funds the increase in the formula requirement for the 4 qualifying districts: Cochise and Graham, who currently receive aid; and Navajo and Yuma/La Paz, who will receive aid for the first time. 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 3-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** — (Chapter 2, 1st Special Session) — Section 2 of this act appropriates \$400,000 from the General Fund to the State Board of Directors for Community Colleges:

- Section 2J appropriates \$200,000 to the Navajo Community College District for the Show Low Campus. This amount represents the third one-fifth contribution by the state for Capital Outlay pursuant to A.R.S. § 15-1463. A total of \$600,000 has been paid to the Navajo Community College District for the Show Low Campus.
- Section 2K appropriates \$200,000 to the Graham Community College District for a new campus in Payson. The legislation, however, specifies that the \$200,000 shall revert to the General Fund if monies equal to or greater than this amount are appropriated through other legislation. The monies shall revert since Chapter 173 appropriates \$1,000,000 for this same purpose.

**Additional Legislation** — Program Funding; Limitations; Applications (Chapter 196) — See General Legislation section for description.

Amending A.R.S. § 15-1462; Appropriation; Graham Community College (Chapter 173) — Section 1 changes A.R.S. § 15-1462A to permit a community college district's board of supervisors to levy a special community college tax on property for the purpose of capital outlay. This modifies the current statutory language that permits a special tax levy on property for maintenance and operations of district only.

**STATE DEPARTMENT OF CORRECTIONS - SUMMARY**

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Lorenzo Martinez/Karen Bock

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
Adult Institutions	224,980,000	264,704,300	306,988,600
Health Services	39,284,600	47,049,500	51,263,500
Human Resources and Development	4,755,700	4,429,000	5,870,000
Administration	18,935,600	20,402,100	23,093,900
Community Corrections	7,336,900	16,994,100	26,889,900
<b>Total Appropriations</b>	<b>295,292,800</b>	<b>353,579,000</b>	<b>414,105,900</b>
<u>Expenditure Detail</u>			
FTE Positions	6,814.4	7,313.4	7,944.4
Personal Services	149,728,200	173,123,600	186,573,100
Employee Related Expenditures	44,866,300	53,080,800	58,517,100
Professional and Outside Services	23,692,600	25,164,400	27,483,400
Travel - In State	447,100	525,700	625,300
Travel - Out of State	53,800	84,800	93,600
Other Operating Expenditures	46,529,200	49,145,100	54,067,400
Equipment	5,066,700	3,473,100	10,394,900
<b>Operating Subtotal</b>	<b>270,383,900</b>	<b>304,597,500</b>	<b>337,754,800</b>
Special Line Items	24,908,900	48,981,500	76,088,000
Additional Appropriations	-0-	-0-	263,100
<b>Total Appropriations</b>	<b>295,292,800</b>	<b>353,579,000</b>	<b>414,105,900</b> <sup>1/23/</sup>
<u>Fund Summary</u>			
General Fund	275,543,300	338,779,800	387,706,100
Corrections Fund	18,749,500	13,799,200	25,399,800
Penitentiary Land Earnings Fund	1,000,000	1,000,000	1,000,000
<b>Total Appropriations</b>	<b>295,292,800</b>	<b>353,579,000</b>	<b>414,105,900</b>

*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.*

**Technical Issues —** The approved amount includes a net reduction of \$731,800 resulting from the elimination of start-up costs for FY 1995 prison openings, and an increase of \$281,400 to cover expenses resulting from the leap year.

**Population Growth —** The approved amount includes \$4,472,800 to fund the marginal costs the department will incur for each additional inmate that enters the prison system. The funding reflects an increase in the average daily population (ADP) of 1,666 inmates.

- 1/ 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.)
- 2/ 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.)
- 3/ Appropriated as a Modified Lump Sum by Agency.

(Continued)

**STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)**

**New Prisons** — The approved amount includes partial-year funding to support the operation of 1 new prison and 3 expansion projects to be brought on line during FY 1996 and FY 1997.

- **Eyman SMU II:** 390.5 FTE Positions and \$10,914,000 for the 768 bed Level V (maximum security) prison to be located at the Eyman Complex in Florence and to be opened in February of 1996.
- **Globe Expansion:** 68.5 FTE Positions and \$1,748,000 for the 100 bed Level II (minimum security) expansion at ASP-Globe to be opened in May of 1996.
- **Yuma Expansion:** \$3,627,200 for start-up and equipment costs for the 800 bed Level III (medium security) expansion at ASPC-Yuma to be opened in FY 1997.
- **Apache Expansion:** 3 FTE Positions and \$198,400 for 84 additional Level III (medium security) beds at the Apache Unit which was opened in FY 1995.

**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.

**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.

Table 1 shows revenues and expenditures for the Corrections Fund. See the **Capital Outlay** section for more information on FY 1996 Corrections Fund appropriations.

State of Arizona  
Corrections Fund  
Estimated Revenue and Expenditure Projections  
(\$ Thousands)

Table 1

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>Beginning Balance</b>	<b>\$6,070.0</b>	<b>\$2,036.0</b>	<b>\$16,237.3</b>	<b>\$1,896.2</b>
Revenues <sup>1/</sup>	21,602.7	21,676.6	21,759.5	21,679.6
General Fund Appropriations & Other Deposits	9,438.5	19,850.0	—	—
General Fund Repayment Transfer	—	<u>21,434.0</u>	<u>18,000.0</u>	—
<b>Total Revenues</b>	<b>\$31,041.2</b>	<b>\$62,960.6</b>	<b>\$39,759.5</b>	<b>\$21,679.6</b>
<b>Total Funds Available</b>	<b>\$37,111.2</b>	<b>\$64,996.6</b>	<b>\$55,996.8</b>	<b>\$23,575.8</b>
<b>Expenditures:</b>				
Prior Construction & Other Obligations	5,627.3	359.5	359.5	359.5
FY 1993 Lease-Purchase Payments	12,084.2	12,064.1	12,037.8	12,012.5
FY 1994 Lease-Purchase Payments	1,009.0	12,245.5	12,422.2	12,418.3
Apache County Prison Lease	700.0	1,090.2	1,081.1	1,071.1
FY 1995 Approved Projects	<u>15,654.7</u>	<u>3,150.0</u>	—	—
<b>Total Expenditures</b>	<b>\$35,075.1</b>	<b>\$28,909.3</b>	<b>\$25,00.6</b>	<b>\$25,861.4</b>
<b>Fund Balance</b>	<b><u>\$2,036.0</u></b>	<b><u>\$36,087.3</u></b>	<b><u>\$30,096.2</u></b>	<b><u>\$(2,285.6)</u></b>
<b>42nd Legislature, 1st Special Session</b>				
Level IV to Level V Conversions	—	450.0	—	—
100 Minors Beds - Tucson	—	1,500.0	1,000.0	—
400 Level III Beds - Yuma	—	8,000.0	1,700.0	—
800 Level IV Beds - Yuma	—	6,700.0	24,300.0	—
Complex Buildings - Yuma	—	1,200.0	1,200.0	—
New Complex Master Planning	—	2,000.0	—	—
<b>Projected Fund Balance - End of Period</b>	<b><u>\$2,036.0</u></b>	<b><u>\$16,237.3</u></b>	<b><u>\$1,896.2</u></b>	<b><u>\$(2,285.6)</u></b>

<sup>1/</sup> The estimated Revenues are based on a 3-year rolling average and incorporate any transfers from the Adjustment Account which was created as a result of the tobacco tax.

(Continued)

**STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)**

**Additional Prison Capacity** — The approved amount provides partial-year funding for 1 new prison and 3 expansion projects. The opening of these prisons will add 868 new DOC beds in FY 1996 and 800 new DOC beds in FY 1997. The approved amount also includes funding for the department to contract for 400 privately operated DWI beds (400 other private DWI beds originally scheduled to open in FY 1995 will not open until FY 1996). Table 2 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 1996.

State of Arizona  
**Projected Prison Population**  
 July 1994 to June 30, 1995

Table 2

Month	Year	Population Projection <sup>1/</sup>	Additional Prison Beds <sup>2/</sup>	Operational Capacity	Bed Shortage
July	1995	20,855		18,486	(2,369)
August	1995	20,955		18,486	(2,469)
September	1995	21,055	+400 Private DWI Beds		
			-29 Beds Aspen Conversion	18,857	(2,198)
October	1995	21,155		18,857	(2,298)
November	1995	21,255		18,857	(2,398)
December	1995	21,355		18,857	(2,498)
January	1996	21,455		18,857	(2,598)
February	1996	21,555	+768 Male Level V Florence	19,625	(1,930)
March	1996	21,655		19,625	(2,030)
April	1996	21,755		19,625	(2,130)
May	1996	21,855	+400 Private DWI Beds		
			+100 Level II Bed Globe	20,125	(1,730)
June	1996	21,955		20,125	(1,830)

<sup>1/</sup> Based on 100 additional inmates per month.

<sup>2/</sup> Does not include 200 private RTC beds for which DOC has been unable to receive an acceptable bid.

**Average Daily Prison Population** — The actual growth of the average daily prison population from FY 1985 to FY 1994, including estimates for FY 1995 and FY 1996 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 1995, the current estimate of the FY 1996 Average Daily Population is 21,355 as compared to an estimate of 20,711 when the Legislature passed the FY 1996 budget in March of this year.

Average Daily Prison Population  
 For FY 1985 to FY 1994  
 (with projections for FY 1995 and FY 1996)

Table 3

Fiscal Year	Average Daily Population				
	Prisons	CRC <sup>1/</sup>	Private	Jails	Total
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	17,737	137	450 <sup>2/</sup>	158	18,482
1995 est. <sup>2/</sup>	18,118	144	683	100	19,045
1996 est. <sup>2/</sup>	19,350	144	1,117	100	20,711

<sup>1/</sup> Correctional Release Centers.

<sup>2/</sup> Funded Estimates.

(Continued)

**STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)**

**Capital Outlay — (Chapter 2, 1st Special Session)** — Appropriates \$41,284,000 in FY 1996 and \$18,000,000 in FY 1997 from the General Fund to the Corrections Fund. Of these amounts, \$21,434,000 in FY 1996 and the \$18,000,000 in FY 1997 represent repayment of past non-construction related appropriations from the Corrections Fund. The bill also appropriates \$500,000 from the General Fund and \$19,850,000 from the Corrections Fund in FY 1996, and \$28,200,000 from the Corrections Fund in FY 1997 to the Arizona Department of Administration for Department of Corrections capital projects.

**FY 1996 General Fund**

- Fire and Life Safety Issues \$ 500,000

**FY 1996 Corrections Fund**

- Construct an Additional 100 Minor Male Level 5 Beds - ASPC Tucson (also funded in FY 1997) \$ 1,500,000  
Of this amount, the bill specifies that up to \$187,200 and 4 FTE Positions may be allocated for project oversight in each fiscal year until the project is completed.
- Convert 400 Male Level 4 Beds to Level 5 - ASPC Tucson 225,000
- Convert 400 Male Level 4 Beds to Level 5 - ASPC Winslow 225,000
- Design and Construct 400 Male Level 3 Beds - ASPC Yuma (also funded in FY 1997) 8,000,000  
Of this amount, the bill specifies that up to \$187,200 and 4 FTE Positions may be allocated for project oversight in each fiscal year until the project is completed.
- Design and Construct 800 Male Level 4 Beds - ASPC Yuma (also funded in FY 1997) 7,900,000  
Of this amount, the bill specifies that up to \$187,200 and 4 FTE Positions may be allocated for project oversight in each fiscal year until the project is completed.
- New Prison Facility Site Planning 2,000,000  
The bill specifies that these monies may only be expended for non-site specific purposes until the new complex has been sited by the Legislature. The bill also specifies that up to \$46,800 and 1 FTE position may be allocated for project oversight in each fiscal year until the project is completed.
- Total - FY 1996 Corrections Fund** \$19,850,000

**FY 1997 Corrections Fund**

- Continue Construction of an Additional 100 Minor Male Level 5 Beds - ASPC Tucson (Corrections Fund) \$ 1,000,000  
Of this amount, the bill specifies that up to \$187,200 and 4 FTE Positions may be allocated for project oversight in each fiscal year until the project is completed.
- Continue Design and Construction of 400 Male Level 3 Beds - ASPC Yuma (Corrections Fund) 1,700,000
- Continue Design and Construction of 800 Male Level 4 Beds - ASPC Yuma (Corrections Fund) 25,500,000
- Total - FY 1997 Corrections Fund** \$28,200,000



STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS			A.R.S. § 41-1602
General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>5,853.9</u>	<u>6,298.9</u>	<u>6,772.4</u>
Personal Services	121,055,900	140,078,600	149,343,000
Employee Related Expenditures	37,996,600	44,808,100	48,933,500
Professional and Outside Services	4,412,600	4,377,900	4,461,800
Travel - In State	298,900	341,400	356,400
Travel - Out of State	30,100	56,900	62,000
Other Operating Expenditures	32,175,000	34,335,900	36,688,400
Equipment	4,300,800	1,432,700	6,456,400
<b>Operating Subtotal</b>	<b>200,269,900</b>	<b>225,431,500</b>	<b>246,301,500</b>
Food	18,188,400	20,379,300	22,129,700
Work Incentive Pay Plan	4,174,600	4,720,200	5,059,400
Discharge Expense	171,600	378,900	283,600
Disproportionality Review	-0-	1,000	-0-
Correctional Service Officer Pay Plan	1,388,900	-0-	7,551,500 <sup>1/</sup>
1993 Lease-Purchase Payments	786,600	12,084,300	12,064,100
1994 Lease-Purchase Payments	-0-	1,009,100	12,245,500
Apache County Prison Lease	-0-	700,000	1,090,200
<b>Total</b>	<b>224,980,000</b>	<b>264,704,300</b>	<b>306,725,500<sup>2/</sup></b>
<b>Additional Appropriations -</b>			
Education Programs; Detention Centers, Ch. 158	-0-	-0-	263,100
<b>Total Appropriations</b>	<b>224,980,000</b>	<b>264,704,300</b>	<b>306,988,600</b>
<b>Fund Summary</b>			
General Fund	205,236,300	249,910,900	280,588,800
Corrections Fund	18,743,700	13,793,400	25,399,800
Penitentiary Land Earnings Fund	1,000,000	1,000,000	1,000,000
<b>Total Appropriations</b>	<b>224,980,000</b>	<b>264,704,300</b>	<b>306,988,600</b>

*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.

*Technical Issues* — The approved amount includes an increase of \$232,000 for additional food costs, \$135,500 to close a landfill at the Ft. Grant prison, and a net reduction of \$8,300 for the department to eliminate management of the Eyman Complex waste water treatment plant by a private contractor and hire 5 FTE Positions to manage the plant.

*New Prisons* — The approved amount includes 354 FTE Positions and \$9,335,400 for partial-year funding to open the SMU II Unit; 59.5 FTE Positions and \$1,445,100 for partial-year funding to open the Globe expansion; \$3,234,800 for start-up costs for the Yuma expansion; and 3 FTE Positions and \$198,400 for 84 additional beds at the Apache prison.

<sup>1/</sup> The \$7,551,500 appropriated for the Correctional Service Officer Pay Plan shall not become available for expenditure until a proposed salary plan has been reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Modified Lump Sum by Agency.

(Continued)

**STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)**

**Population Growth** — The approved amount includes an increase of \$2,504,100 for costs associated with the anticipated growth in the inmate population.

**Inmate Reception/Processing/Transportation** — The approved amount includes 14 FTE Positions and \$404,000 to improve turnaround time for inmate reception, processing, and transportation.

**Inmate Education** — The approved amount includes 5 FTE Positions and \$434,700 for the department to implement the prison functional literacy program for inmates with literacy skills below the sixth grade level.

**Imaging Consulting Services** — The approved amount includes \$50,000 for the department to hire consulting services to plan an imaging computer system for storage and retrieval of inmate records.

**Food** — The approved amount is for food to be served to inmates housed in prison facilities.

**Work Incentive Pay Plan** — Funds payments to inmates who perform work assignments within the prisons.

**Discharge Expense** — The approved amount is for the cost of transportation, clothing and a \$50 payment for inmates when they are released from prison. State statutes require inmates to save \$50 of their earnings, while in prison, for discharge expenses. The discharge expense is paid to first-time releasees who are indigent or have not saved the full \$50.

**Correctional Service Officer Pay Plan** — The approved amount includes \$1,845,000 in Personal Services to increase the entry-level salaries of employees in the CSO classification; \$3,513,700 in Personal Services to fund automatic promotions (contingent on satisfactory performance evaluation) from CSO I to CSO II after 18 months of service; and \$907,500 in Personal Services for 33 new CSO Sergeant positions which are part of a plan to add 100 new CSO Sergeant positions over the next 3 years. The amount also includes \$1,285,300 in ERE. The CSO Pay Plan will also implement a salary step system for the CSO II series. The following table shows the existing and new entry-level CSO salaries.

<u>Classification</u>	<u>CSO Entry Level Salaries</u>	
	<u>Existing</u>	<u>New</u>
Cadet	19,407	19,407
CSO I	19,892	20,407
CSO II	20,887	22,000
CSO Sergeant	21,931	27,500
CSO Lieutenant	24,414	30,000
CSO Captain	26,456	33,000
CSO Major	32,441	37,000

**FY 1993 Lease-Purchase Payments** — The approved amount is for the FY 1996 COP payment for the FY 1993 prison construction project of 1,450 beds.

**FY 1994 Lease-Purchase Payments** — The approved amount is for the FY 1996 COP payment for the FY 1994 prison construction project of 768 maximum security beds.

**Apache County Prison Lease** — The approved amount is for the FY 1996 lease payment to Apache County for the 334 male bed prison located at ASPC-Winslow.

**Additional Appropriations — Education Programs; Detention Centers (Chapter 158)** — The bill appropriates \$263,054 to the department for establishing identification, evaluation, and placement procedures for pupils with disabilities; for evaluating pupils; and for providing teachers for education programs for minors and pupils with disabilities. The bill also appropriates \$40,000 to the department for capital improvements and construction required to implement an education program for pupils under the age of 18 or pupils with disabilities who are age 21 or younger. As a capital appropriation, this latter amount is not reflected in the operating totals above. The bill also creates the State Education Fund for Correctional Education.

STATE DEPARTMENT OF CORRECTIONS - HEALTH SERVICES			A.R.S. § 41-1602
General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	546.5	587.5	627.0
Personal Services	16,249,600	20,969,300	22,130,500
Employee Related Expenditures	3,907,300	5,053,900	5,425,000
Professional and Outside Services	15,847,200	17,535,900	19,224,800
Travel - In State	42,700	48,200	49,400
Travel - Out of State	1,300	2,000	2,000
Other Operating Expenditures	3,046,200	3,357,600	3,996,600
Equipment	190,300	82,600	435,200
<b>Total Appropriations</b>	<b>39,284,600</b>	<b>47,049,500</b>	<b>51,263,500</b> <sup>1/</sup>

*Program Description* — 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.

**New Prisons** — The approved amount includes 30.5 FTE Positions and \$1,160,400 for partial-year funding to open the SMU II Unit; 9 FTE Positions and \$256,000 for partial-year funding to open the Globe expansion; and \$226,900 for start-up costs for the Yuma expansion.

**Population Growth** — The approved amount includes an increase of \$1,719,200 for costs associated with the anticipated growth in the inmate population.

<sup>1/</sup> Appropriated as a Modified Lump Sum by Agency.

**STATE DEPARTMENT OF CORRECTIONS - HUMAN RESOURCES  
AND DEVELOPMENT**

A.R.S. § 41-1602

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>71.0</u>	<u>73.0</u>	<u>88.0</u>
Personal Services	2,161,400	2,097,700	2,527,400
Employee Related Expenditures	506,500	520,100	669,900
Professional and Outside Services	795,700	675,600	966,800
Travel - In State	38,600	60,300	80,000
Travel - Out of State	8,300	3,000	5,700
Other Operating Expenditures	1,082,600	1,072,300	1,610,100
Equipment	162,600	-0-	10,100
<b>Total Appropriations</b>	<u>4,755,700</u>	<u>4,429,000</u>	<u>5,870,000</u> <sup>1/</sup>

*Program Description* — The division provides organizational planning, personnel administration, staff development and training.

**New Prisons** — The approved amount includes 1 FTE Position and \$510,000 for training and recruitment costs associated with the opening of new prisons.

**CSO Recruiting and Training** — The approved amount increases the department's funding for recruitment and training costs associated with filling vacant CSO positions.

**Personnel Staffing Unit** — The approved amount includes 10 FTE Positions and \$314,400 for the department to fully implement a pilot program that allows the department to fill all vacant positions (except CSO positions).

**Occupational Health Program** — The approved amount includes 4 FTE Positions and \$173,900 for the department to expand its Occupational Health Program to include the Airborne Pathogens Standards.

<sup>1/</sup> Appropriated as a Modified Lump Sum by Agency.

STATE DEPARTMENT OF CORRECTIONS - ADMINISTRATION			A.R.S. § 41-1602
General Fund and Corrections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
	190.0	197.0	214.0
FTE Positions	5,966,200	5,626,400	6,163,400
Personal Services	1,322,000	1,482,500	1,633,400
Employee Related Expenditures	2,156,600	2,064,900	2,318,500
Professional and Outside Services	42,000	53,300	89,900
Travel - In State	11,200	17,900	17,900
Travel - Out of State	9,060,100	9,219,800	10,060,300
Other Operating Expenditures	377,500	1,937,300	2,321,500
Equipment			
<b>Operating Subtotal</b>	<b>18,935,600</b>	<b>20,402,100</b>	<b>22,604,900</b>
Alternative Fuels	-0-	-0-	489,000
<b>Total Appropriations</b>	<b>18,935,600</b>	<b>20,402,100</b>	<b>23,093,900</b> <sup>1/</sup>
<b>Fund Summary</b>			
General Fund	18,929,800	20,396,300	23,093,900
Corrections Fund	5,800	5,800	-0-
<b>Total Appropriations</b>	<b>18,935,600</b>	<b>20,402,100</b>	<b>23,093,900</b>

*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.

**New Prisons** — The approved amount includes 5 FTE Positions and \$97,400 for administrative and investigative workloads associated with the opening of new prisons.

**Population Growth** — The approved amount includes an increase of \$249,500 for costs associated with the anticipated growth in the inmate population.

**Automation Support** — The approved amount includes 8 FTE Positions and \$353,700 to upgrade and expand the current computer system to meet the department's data collection and information retrieval needs.

**Communications Support** — The approved amount includes 4 FTE Positions and \$536,000 for the department to expand in-house maintenance and support of communications equipment.

**Alternative Fuels** — The approved amount provides funding to convert 40% of the department's Maricopa County fleet to an alternative fuel source. Funding is also included for the purchase and conversion of 21 replacement vehicles.

<sup>1/</sup> Appropriated as a Modified Lump Sum by Agency.

**STATE DEPARTMENT OF CORRECTIONS -  
COMMUNITY CORRECTIONS**

A.R.S. § 41-1602

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	153.0	157.0	243.0
Personal Services	4,295,100	4,351,600	6,408,800
Employee Related Expenditures	1,133,900	1,216,200	1,855,300
Professional and Outside Services	480,500	510,100	511,500
Travel - In State	24,900	22,500	49,600
Travel - Out of State	2,900	5,000	6,000
Other Operating Expenditures	1,165,300	1,159,500	1,712,000
Equipment	35,500	20,500	1,171,700
<b>Operating Subtotal</b>	<b>7,138,100</b>	<b>7,285,400</b>	<b>11,714,900</b>
Community Provider Beds	-0-	6,570,000	6,588,000
Return to Custody Beds	-0-	1,095,000	2,196,000
DWI Beds	-0-	1,849,300	6,195,900
Food	143,600	149,500	149,900
Work Incentive Pay Plan	50,200	37,700	38,000
Discharge Expense	5,000	7,200	7,200
<b>Total Appropriations</b>	<b>7,336,900</b>	<b>16,994,100</b>	<b>26,889,900</b> <sup>1/2/3/</sup>

*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.*

**Privatization Supervision** — The approved amount includes \$179,200 for full-year funding for 4 new FTE Positions and \$55,400 for partial-year funding for 3 new FTE Positions associated with supervision and monitoring of authorized private beds.

**Parole Supervision Caseloads** — The approved amount includes \$2,556,600 and 49 FTE Positions to reduce the parolee-to-officer ratio to 50:1.

**Interstate Probation Supervision** — The approved amount includes \$1,496,700 and 30 FTE Positions to reduce the probationer-to-officer ratio to 50:1. (See Footnote 2.)

<sup>1/</sup> In order to assess the impact of lowering community supervision caseloads, the Department of Corrections shall assemble information relating to the nature and number of revocations for released offenders during FY 1994 and FY 1995 for the purpose of comparing results with lower caseload ratio data for FY 1996 and FY 1997. (General Appropriation Act footnote.)

<sup>2/</sup> The Department of Corrections shall establish an intergovernmental agreement for community supervision of offenders if responsibility for supervision is transferred to another entity. The intergovernmental agreement may allocate up to 30 FTE Positions and \$1,504,500 of Department of Corrections resources to the entity responsible for interstate probation supervision. The intergovernmental agreement may allocate up to 30 FTE Positions and \$1,407,600 of Department of Corrections resources to the entity responsible for community supervision of truth-in-sentencing offenders. If the actual amount necessary for an intergovernmental agreement is less than the maximum amount allowed by this footnote, the difference shall revert to the state General Fund. (General Appropriation Act footnote.) NOTE: The department plans to transfer interstate probation supervision to the Courts under provisions of the interstate compact, but retain supervision of truth-in-sentencing offenders. (See Additional Legislation.)

<sup>3/</sup> Appropriated as a Modified Lump Sum by Agency.

(Continued)

**STATE DEPARTMENT OF CORRECTIONS - COMMUNITY CORRECTIONS (Cont'd)**

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**Community Provider Beds** — The approved amount is for the department to continue a contract for 450 privately-operated community treatment beds in Marana. These private facilities are to provide treatment for 350 male and 100 female minimum security inmates who demonstrate the need for substance or alcohol abuse intervention.

**Return to Custody Beds** — The approved amount includes an additional \$1,095,000 to annualize the cost of 200 privately-operated Return to Custody beds authorized in FY 1995. The minimum security facility is to be used to house released offenders who are returned to prison under an allegation of violating the terms of their releases. These beds were originally scheduled to open in FY 1995, however, the department has been unable to solicit an acceptable bid for the contract.

**DWI Beds** — The approved amount includes an additional \$3,406,700 to annualize the cost of 400 privately-operated DWI beds authorized in FY 1995. These minimum security beds were originally scheduled to open in March 1995, but due to delays are now scheduled to open in September 1995. The amount also includes an additional \$924,700 for the department to contract for 400 additional privately-operated DWI beds beginning in May of 1996.

**Food** — The approved amount is for food to be served to inmates and Correctional Service Officer employees assigned to the Southern Arizona Correctional Release Center (SACRC) in Tucson.

**Work Incentive Pay Plan** — Funds payments to residents of SACRC who perform work assignments at the center.

**Additional Legislation** — Community Supervision (Chapter 199) — Repeals Laws 1993, Chapter 255, Section 97 requiring the transfer of truth-in-sentencing community supervision responsibility from the Department of Corrections to the Courts.



**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -  
SUMMARY**

A.R.S. § 15-1301

Wilbur Lewis, Ph.D., Acting Superintendent

JLBC Analyst: Rachele Child

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
Phoenix Day School	4,562,600	5,210,900	5,491,800
Arizona Diagnostic Testing and Education Center	1,655,700	1,895,200	1,983,800
Tucson Campus	13,985,200	14,337,200	14,733,600
<b>Total Appropriations</b>	<b>20,203,500</b>	<b>21,443,300</b>	<b>22,209,200</b>
FTE Positions	<u>486.8</u>	<u>515.4</u>	<u>519.9</u>
Personal Services	12,913,800	13,593,700	14,514,300
Employee Related Expenditures	2,743,300	2,981,600	3,140,900
Professional and Outside Services	400,300	378,200	383,200
Travel - In State	67,000	61,900	62,400
Food	123,800	115,100	115,100
Other Operating Expenditures	3,933,500	3,668,500	3,364,100
Equipment	21,800	644,300	629,200
<b>Total Appropriations</b>	<b>20,203,500</b>	<b>21,443,300</b>	<b>22,209,200</b> <sup>1/</sup>
<u>Fund Summary</u>			
General Fund	15,263,700	16,168,800	16,798,000
Permanent Special Education Institutional Voucher Fund	4,680,800	4,897,500	5,014,600
Endowment Earnings and Out-of-State Tuition	259,000	377,000	396,600
<b>Total Appropriations</b>	<b>20,203,500</b>	<b>21,443,300</b>	<b>22,209,200</b> <sup>2/</sup>

*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 main campuses, a day school in Phoenix and a residential campus in Tucson, as well as a diagnostic center in Tucson, satellite preschools in the Tucson and Phoenix metropolitan areas, and regional offices in Tucson, Yuma and Flagstaff from which school district cooperatives are operated. ASDB also serves children 0-2 throughout the state. Systemwide, ASDB serves approximately 539 students in the K-12 programs, 116 children in preschools, 336 infant/toddlers in regional areas, and 206 children through the regional cooperatives.

*Fund Sources* — ASDB receives appropriated 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. ASDB will receive voucher funding for FY 1996 based on actual enrollment in that year. If its student count increases or decreases from the FY 1996 enrollment estimate, its voucher funding will change accordingly.

<sup>1/</sup> 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 Speaker of the House of Representatives, President of the Senate, Chairmen of the Appropriations Committees, and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Modified Lump Sum by Program.

(Continued)

## ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - SUMMARY (Cont'd)

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The following represents the FY 1996 rates for each disability category:

	<u>Rate</u>
Visual Impairments	\$9,924.71
Hearing Impairments	8,493.84
Multiple Disabilities	8,832.27
Multiple Disabilities with Severe Sensory Impairments	12,788.94

These rates reflect an increase over the FY 1995 disability category rates due to an increase in the per pupil base rate of \$30 for FY 1996. When appropriately weighted, this rate increase will result in an overall increase in Voucher Funds for ASDB of \$60,700. This increase has been allocated among ASDB's cost centers to increase the Personal Services and Employee Related Expenditures line items.

**Equity Salary Adjustment** — The approved amount includes an increase of \$637,000 in Personal Services and \$80,500 in Employee Related Expenditures in General Fund and Voucher Funds for the salary equity adjustment for all positions at ASDB as required by A.R.S. § 15-1331. The salary equity study called for an inflationary adjustment and a partial step adjustment. The Legislature increased the amount called for by the equity study in order for all eligible employees to receive a full step adjustment. The FY 1996 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. A.R.S. § 15-1331 provided that the Arizona 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 inflationary increases shall be allocated as follows: 1.83% for classified positions, 1.83% for certified positions, and 0.67% for administrative positions. The full step adjustment dollar amount varies by employee, but may be approximated as follows: between \$310 and \$2,100 for classified and administrative positions, and between \$1,220 and \$1,830 for certified positions. This step increase represents a 2.5% increase for classified and administrative positions, and varies between 2.7% and 6.4% for certified positions. The above adjustments are in lieu of the 2% merit salary adjustment approved for other state employees effective January 1, 1996.

Laws 1995, Chapter 196 eliminated the provision requiring the JLBC to use the results of the annual salary equity survey in making its recommendation for funding Personal Services 1 year in arrears. The results of the equity survey will now be reported for consideration by the JLBC. Additionally, Laws 1995, Chapter 4, 1st Special Session changed from 3 to 5 the number of school districts used in the equity study to compare ASDB's salaries.

The approved amount also includes an increase for other discretionary salary adjustments which are not part of the equity salary survey, including an increase of \$77,900 in Personal Services and \$9,800 in Employee Related Expenditures for existing position reclassifications and educational advancements, and an increase of \$30,000 in Personal Services and \$3,800 in Employee Related Expenditures for FY 1996 expected educational advancements.

**Capital Outlay** — Chapter 2, 1st Special Session — Appropriates \$600,000 from the General Fund in FY 1996 to ASDB for 3 capital projects. See the **Summary of the Capital Outlay Bill** table at the front of the book for more detail.

**Additional Legislation** — State Program Authorization Review, Procedures (Chapter 283) — Adds ASDB to the list of agencies to receive an annual appropriation ("Major Budget Units") rather than biennial appropriations.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -  
PHOENIX DAY SCHOOL**

A.R.S. § 15-1301

General Fund and Permanent Special Education Institutional Voucher Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	122.1	137.4	138.4
Personal Services	3,356,800	3,585,000	3,830,900
Employee Related Expenditures	704,300	789,900	834,100
Professional and Outside Services	38,400	62,600	62,600
Travel - In State	14,400	7,600	8,100
Food	28,200	30,900	30,900
Other Operating Expenditures	404,400	427,500	410,900
Equipment	16,100	307,400	314,300
<b>Total Appropriations</b>	<b>4,562,600</b>	<b>5,210,900</b>	<b>5,491,800</b>
<u>Fund Summary</u>			
General Fund	2,800,700	3,301,200	3,529,100
Permanent Special Education Institutional Voucher Fund	1,761,900	1,909,700	1,962,700 <sup>1/</sup>
<b>Total Appropriations</b>	<b>4,562,600</b>	<b>5,210,900</b>	<b>5,491,800</b> <sup>2/</sup>

*Program Description* — The Phoenix Day School for the Deaf (PDSD) provides a comprehensive educational program for hearing impaired students. PSDS is projected to serve 220 students in the K-12 programs in the following categories: 177 hearing impaired, 14 multiply disabled and 29 multiple disabilities with severe sensory impairments (MDSSI).

**Family Liaison** — The approved amount includes 1 FTE Position and a total of \$50,000 for the hiring of a family liaison to provide the following types of services to ASDB students, especially those living at home: 1) preparation of a social or developmental history on a child with a disability; 2) group and individual counseling with the child and family; 3) working with those problems in a child's living situation (home, school, and community) that affect the child's adjustment in school; and 4) mobilizing school and community resources to enable the child to learn as effectively as possible in his or her educational program. The provision of these services is in response to the federal Individuals with Disabilities Education Act (IDEA). The \$50,000 appropriation includes \$12,100 in one-time capitalized equipment for this position.

**Modular Classroom** — The approved amount includes a total of \$35,000 to be matched by a like amount of private grant monies for the one-time purchase of a modular classroom to be used by preschool students with hearing impairments.

**Equipment** — The approved amount includes a total of \$39,700 for non-capitalized equipment and a total of \$53,200 for replacement capitalized equipment. This amount is expected to replace the following types of items: computers, printers, a copy machine, vacuum cleaners, typewriters, lawn mowers, and film projectors. The capitalized equipment approved amount also includes a total of \$4,000 for 9 Telecommunication Devices for the Deaf (TDD) and 2 flashing phone lights, and a total of \$210,000 for 5 replacement buses.

<sup>1/</sup> Prior to the expenditure of any voucher funds in excess of the \$1,962,700 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Modified Lump Sum by Program.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -  
ARIZONA DIAGNOSTIC TESTING AND EDUCATION CENTER**

A.R.S. § 15-1301

General Fund and Permanent Special Education Institutional Voucher Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	60.4	65.9	65.9
Personal Services	1,288,700	1,424,700	1,512,200
Employee Related Expenditures	304,000	355,800	358,900
Professional and Outside Services	36,300	82,800	82,800
Travel - In State	800	800	800
Food	-0-	4,200	4,200
Other Operating Expenditures	25,800	24,900	24,900
Equipment	100	2,000	-0-
<b>Total Appropriations</b>	<b>1,655,700</b>	<b>1,895,200</b>	<b>1,983,800</b>
<b>Fund Summary</b>			
General Fund	1,077,500	1,236,800	1,315,400
Permanent Special Education Institutional Voucher Fund	578,200	658,400	668,400 <sup>1/</sup>
<b>Total Appropriations</b>	<b>1,655,700</b>	<b>1,895,200</b>	<b>1,983,800 <sup>2/3/</sup></b>

*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.*

- <sup>1/</sup> Prior to the expenditure of any voucher funds in excess of the \$668,400 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)
- <sup>2/</sup> The Arizona Diagnostic Testing and Education Center shall have a total of 49 MDSSI students enrolled during the 1995-1996 school year. If less than 49 MDSSI students enroll, \$81,200 reverts to the state General Fund. (General Appropriation Act footnote.)
- <sup>3/</sup> Appropriated as a Modified Lump Sum by Program.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -  
TUCSON CAMPUS**

A.R.S. § 15-1301

General and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	304.3	312.1	315.6
Personal Services	8,268,300	8,584,000	9,171,200
Employee Related Expenditures	1,735,000	1,835,900	1,947,900
Professional and Outside Services	325,600	232,800	237,800
Travel - In State	51,800	53,500	53,500
Food	95,600	80,000	80,000
Other Operating Expenditures	3,503,300	3,216,100	2,928,300
Equipment	5,600	334,900	314,900
<b>Total Appropriations</b>	<b>13,985,200</b>	<b>14,337,200</b>	<b>14,733,600</b>
<b>Fund Summary</b>			
General Fund			
Permanent Special Education	11,385,500	11,630,800	11,953,500
Institutional Voucher Fund			
Endowment Earnings and Out-of-State Tuition	2,340,700	2,329,400	2,383,500 <sup>1/</sup>
<b>Total Appropriations</b>	<b>259,000</b>	<b>377,000</b>	<b>396,600 <sup>2/</sup></b>
	<b>13,985,200</b>	<b>14,337,200</b>	<b>14,733,600 <sup>4/</sup></b>

*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 K-12 programs in the following categories: 153 hearing impaired, 76 visually impaired, 18 multiple disabilities with severe sensory impairments and 17 multiple disabilities students.*

**New FTE Positions** — The approved amount includes the following increases:

- 1 FTE Position and \$39,100 in Personal Services and Employee Related Expenditures for the hiring of a Nurse Practitioner to assist with the increase in the number of scheduled visits by ASDB students to the Student Health Center.
- 1 FTE Position and \$22,300 in Personal Services and Employee Related Expenditures for the hiring of an Accounting Technician III to assist with the increased workload at the school's finance office and with federal grants.
- 1.5 FTE Positions and \$58,500 in Personal Services and Employee Related Expenditures and \$3,000 in one-time non-capitalized equipment to accommodate an expected FY 1996 increase in enrollment at the Tucson Center for Hearing Impaired Children (CHIC) and the Visually Impaired Preschoolers Program (VIP). This will enable the preschool classes to retain approximately the following teacher/student ratio: hearing impaired, 1:4, visually impaired, 1:3, for each 1/2 day class.

**Equipment** — The approved amount includes a total of \$179,500 for replacement non-capitalized equipment and a total of \$80,700 for replacement capitalized equipment. The approved amount also includes a total of \$213,800 for 2 replacement buses, 3 replacement vans, 2 van lifts, and 1 replacement truck. The approved amount also includes the following new equipment: \$13,800 in low-vision educational equipment, and \$6,600 for new equipment for the student health center.

**Other** — The approved amount also includes a total of \$5,000 for Hepatitis immunizations and a total of \$5,000 for the design of a Local Area Network (LAN)-based computer system which will enable ASDB to migrate from its current System 36.

<sup>1/</sup> Prior to the expenditure of any voucher funds in excess of the \$2,383,500 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)

<sup>2/</sup> All out-of-state tuition collections above \$91,000 received by the Arizona Schools for the Deaf and the Blind are appropriated for operating expenditures and authorized capital outlay projects. (General Appropriation Act footnote).

<sup>3/</sup> All endowment earnings above \$305,600 received by the Arizona Schools for the Deaf and the Blind are appropriated for operating expenditures. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as a Modified Lump Sum for the Program.

# DEPARTMENT OF ECONOMIC SECURITY - SUMMARY

A.R.S. § 41-1951

Linda Blessing, DPA, Director

JLBC Analyst: Marge Cawley/Rachelle Child

## Summary of General Fund and Other Appropriated Funds

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<b>Program Summary</b>			
Administration	25,774,200	25,203,100	31,762,000
Developmental Disabilities	33,248,500	37,620,600	39,456,900
Long Term Care	42,842,600	41,539,300	45,751,300
Benefits and Medical Eligibility	128,288,500	135,035,300	129,431,100
Child Support Enforcement	2,812,400	3,739,900	3,081,400
Aging and Community Services	12,612,400	15,108,800	16,398,800
Children and Family Services	97,394,800	104,130,900	109,973,500
Child Protective Services Training Program	228,600	790,600	514,900
Employment and Rehabilitation Services	8,462,500	16,842,800	19,200,900
<b>Total Appropriations</b>	<b>351,664,500</b>	<b>380,011,300</b>	<b>395,570,800</b>
<b>Expenditure Detail</b>			
FTE Positions	2,528.0	2,682.6	2,689.6 <sup>1/</sup>
Personal Services	61,522,900	67,095,100	63,697,800
Employee Related Expenditures	13,998,500	16,224,300	15,153,300
Professional and Outside Services	1,949,600	2,858,000	2,625,300
Travel - In State	1,560,200	1,984,100	2,020,500
Travel - Out of State	52,300	66,900	70,200
Other Operating Expenditures	17,121,300	18,389,400	21,065,300
Food	556,100	446,900	158,600
Equipment	1,053,500	1,554,500	1,812,800
<b>Operating Subtotal</b>	<b>97,814,400</b>	<b>108,619,200</b>	<b>106,603,800</b>
Special Line Items <sup>2/</sup>	253,850,100	271,392,100	287,767,900
Additional Appropriations	-0-	-0-	1,199,100
<b>Total Appropriations</b>	<b>351,664,500</b>	<b>380,011,300</b>	<b>395,570,800</b> <sup>2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	351,224,400	379,312,600	395,154,400
Other Appropriated Funds	440,100	698,700	416,400
<b>Total Appropriations</b>	<b>351,664,500</b>	<b>380,011,300</b>	<b>395,570,800</b>

**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.

<sup>1/</sup> Includes 303.6 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Program with Special Line Items.

<sup>3/</sup> 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.)

<sup>4/</sup> A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded 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 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.)

**DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION**

A.R.S. § 41-1951

General Fund and Public Assistance Collections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Position	274.7	273.3	277.5 <sup>1/</sup>
Personal Services	8,673,800	8,739,800	9,023,200
Employee Related Expenditures	1,766,300	1,895,900	1,941,300
Professional and Outside Services	439,100	433,600	706,100
Travel - In State	172,400	182,700	182,700
Travel - Out of State	52,300	54,000	63,100
Other Operating Expenditures	11,171,700	10,598,700	14,774,700
Equipment	774,000	785,900	1,786,800
<b>Operating Subtotal</b>	<b>23,049,600</b>	<b>22,690,600</b>	<b>28,477,900</b> <sup>2/3/4/</sup>
Public Assistance Collection Fund	211,500	255,400	260,400
AZTECS Modification	447,700	338,800	7,900
FMCS Modification	131,300	132,300	132,300
Lease-Purchase Equipment	1,452,500	1,381,700	1,348,300
MEDICS	481,600	-0-	-0-
Child Welfare Information System	-0-	200,000	1,349,000 <sup>3/</sup>
Expert System	-0-	204,300	186,200 <sup>5/</sup>
<b>Total Appropriations</b>	<b>25,774,200</b>	<b>25,203,100</b>	<b>31,762,000</b> <sup>6/7/</sup>
<b>Fund Summary</b>			
General Fund	25,562,700	24,947,700	31,501,600
Public Assistance Collections Fund	211,500	255,400	260,400
<b>Total Appropriations</b>	<b>25,774,200</b>	<b>25,203,100</b>	<b>31,762,000</b>

*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.

*Technical Issues* — The approved amount includes an increase of \$1,480,200 for Risk Management, \$807,100 for lease-purchase and operating and maintenance increases, one-time equipment reductions of \$40,500, transfers in from other divisions of \$516,500 and \$11,000 for increased postage costs.

- 1/ Includes 12.4 FTE Positions funded from Special Line Items in FY 1996.
- 2/ The department shall report the results of its cost/benefit analysis done in consultation with the Joint Legislative Budget Committee for a fingerprint system conducted in cooperation with the Department of Public Safety by February 1, 1996 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. (General Appropriation Act footnote.)
- 3/ The appropriation includes \$1,349,000 for the Child Welfare Information System and \$271,400 for the AFDC time limits automation upgrade. Prior to expending either of these amounts, the Department of Economic Security shall submit a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)
- 4/ If the waiver requests from the appropriate federal agencies regarding the cash out of Food Stamps and AFDC grants are not approved, or if S.B. 1260, 42nd Legislature, 1st Regular Session or similar legislation allowing the Governor to implement the program without the waivers does not become law, \$271,400 for the AFDC time limits automation upgrade and \$50,000 for welfare reform evaluation shall revert to the General Fund. (General Appropriation Act footnote.)
- 5/ By November 1, 1995 the Department of Economic Security shall submit a project plan and review for the Expert System to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)
- 6/ 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 any other building lease-purchased by the State of Arizona in which the Department of Economic Security occupies space. The Department of Administration shall deposit such monies to the state General Fund and in cooperation with the Department of Economic Security shall submit an annual report to the Director of the Joint Legislative Budget Committee specifying these dollar amounts. (General Appropriation Act footnote.)
- 7/ Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)



## DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)

**Central Processing Unit (CPU) Upgrade** — The approved amount adds 2.5 FTE Positions (7 total) and \$2,416,700 General Fund (\$5,349,600 Total Funds) to expand the Department of Economic Security (DES) mainframe computer—memory, input/output channels, direct access storage devices, tape drivers, communications/telecommunications network, operating and monitoring software, and maintenance for the central processing unit and operating software. In addition, the funding provides for staff, software and consulting services for the development of a federally required disaster recovery plan.

**Aid to Families with Dependent Children (AFDC) Time Limits Transfer In** — The approved amount reflects the transfer in of \$50,000 for outside computer consulting services and \$221,400 into the Lease-Purchase Equipment Special Line Item for new computer equipment. Funding was provided in Laws 1994, Chapter 166 for new positions, computer automation, and for contracted services in the Job Opportunities and Basic Skills program as part of Arizona's welfare reform proposal. Implementation of this program requires federal approval of a waiver. The federal government will match the state's share dollar for dollar, except for the interest on the lease-purchase. The state fully covers the interest charges. A General Appropriation Act footnote requires these funds to revert to the General Fund if the state does not receive federal approval of program waivers or if state legislation allowing the Governor to proceed with the implementation of this program is not signed into law. DES anticipates approval of the required waivers by July 1, 1995.

**Fingerprinting Cost-Benefit Analysis** — The approved amount includes \$70,000 in Professional and Outside Services for a cost-benefit analysis of developing a fingerprinting system for General Assistance and AFDC, which would be operated by the Department of Public Safety. A General Appropriation Act requires the department to report its cost-benefit results by February 1, 1996 to appropriate legislators and the Director of the Joint Legislative Budget Committee.

**Developmental Disabilities Automation Upgrade** — The approved amount adds \$50,000 for Professional and Outside consulting services to begin the first of 3 possible phases in obtaining a new automation system for the Developmental Disabilities program. These phases are planning, designing, and implementation/testing. The approved amount should be used by the program in conjunction with a consultant with expertise in this area to generally plan a stand alone system which is user-friendly and may interface with other appropriate computer systems on the department's mainframe. This consultant should: 1) work with the end users in the districts to fully understand their needs; 2) develop a realistic, minimum 5-year cost of the new system; 3) review Local Area Network (LAN) applications already being piloted in the divisions for strengths and weaknesses; and 4) choose a district which will be the first to test the new system. The department should request funding for the other phases, such as system design and the 1-division LAN pilot in subsequent fiscal years before statewide funding is requested in order to definitely establish that any new system developed is user-friendly and free from design faults. The department should also actively pursue the possibility of obtaining Title XIX monies for the system.

**Alternative Fuel Compliance** — The approved amount provides \$132,600 for the conversion of motor pool vehicles to alternative fuels as required by Laws 1993, Chapter 1, 6th Special Session and Laws 1995, Chapter 3, 1st Special Session. By January 1, 1996, 40% of the state fleet in Maricopa County must be alternatively fueled. Of the 396 vehicles DES owns, 102 qualify for conversion. The 102 vehicles will be retrofitted at a total cost of \$265,200. Each retrofit is estimated to cost \$2,600. The federal government will match the state's cost.

**Voice Telephone Savings Transfer In** — The approved amount transfers in \$91,400 General Fund (\$105,600 Total Funds) savings attained in the various divisions in the application of a Project SLIM recommendation associated with voice telephone services.

**Welfare Reform Evaluation** — The approved amount provides \$50,000 for outside evaluation consulting services. During the 1994 legislative session, the Legislature passed 6 welfare reform measures. Each of these measures contains an exemption to the federal rules governing the AFDC program. To implement these exceptions, DES must receive waivers from the U.S. Department of Health and Human Services (DHHS). As part of the waiver exemption, DHHS requires an outside organization to evaluate the change(s) the state is proposing to the AFDC program. If the waiver is granted, the evaluation contract will be a multiple year cost. The department currently estimates that the demonstration will take 5 years and the evaluation would need to be completed within 8 years. A General Appropriation Act footnote requires these funds to revert to the General Fund if the state doesn't receive federal approval of program waivers or if state legislation allowing the Governor to proceed with the implementation of this program is not signed into law. DES anticipates approval of the required waivers by July 1, 1995.

(Continued)

## **DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)**

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**Public Assistance Collection Fund** — The approved amount funds 6.4 FTE Positions who are responsible for improving public assistance collection activities. A.R.S. § 46-295 requires 25% of repaid erroneous public assistance benefits to be deposited into the Public Assistance Collections Fund.

**AZTECS Modification** — The approved amount reflects a decrease of \$330,900 in the lease-purchase payment. The FY 1996 payment will be the final one of this lease-purchase. The lease-purchase schedule appears on page 106 of the FY 1993 Appropriations Report. The modifications to the Arizona Technical Eligibility Computer System (AZTECS) reduced on-line processing time and provided increased capacity for caseload expansion. AZTECS is the automated eligibility determination system for AFDC and Food Stamps.

**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). In addition, another \$31,700 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 the annual lease-purchase payments for computer equipment of 3 automation projects. The 3 projects consist of the acquisition of a second mainframe, \$393,400; the FY 1993 central processing unit expansion, \$733,500; and the AFDC Time Limits project, \$221,400.

**Child Welfare Information System** — The approved amount adds \$1,148,300 General Fund (\$5,375,200 Total Funds) for the development of a comprehensive system approach to support the programs in the Division of Children and Family Services. The approved amount also adds 1.7 FTE Positions to the 1.8 FTE Positions established with FY 1995 monies pursuant to Laws 1994, Chapter 325. The department received \$200,000 in FY 1995 to plan and design the system. A General Appropriation Act footnote requires the department to submit its Child Welfare Information System plan to the Joint Legislative Budget Committee for review prior to expending these funds.

**Expert System** — The approved amount reflects a net decrease of \$18,100 from the FY 1995 appropriation. The appropriation funds 2.5 FTE Positions to develop an automated Expert System pilot for Aid to Families with Dependent Children, Food Stamp and Medical Assistance Only eligibility determination in 2 urban offices. State funds will be matched by a like amount of federal dollars. This project should enhance the Arizona Technical Eligibility Computer System (AZTECS) by adding an automated front-end method by which to conduct eligibility determinations for AFDC, Food Stamps, and medical services. The system could potentially greatly reduce the need for retraining of staff, worker eligibility errors, and extend the useful life of AZTECS by 5 to 7 years by providing a uniform application of regulatory and policy rules. A General Appropriation Act footnote requires the department to submit its Expert System automation plan to the Joint Legislative Budget Committee for review prior to expending these funds.

**DEPARTMENT OF ECONOMIC SECURITY -  
DEVELOPMENTAL DISABILITIES**

A.R.S. § 41-1951

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>474.3</u>	<u>446.3</u>	<u>447.3</u> <sup>1/</sup>
Personal Services	9,045,600	10,104,300	6,414,400
Employee Related Expenditures	2,290,300	2,558,700	1,514,300
Professional and Outside Services	644,400	878,400	664,900
Travel - In State	180,000	254,300	193,500
Food	251,900	204,200	20,000
Other Operating Expenditures	891,900	831,800	436,800
Equipment	<u>3,700</u>	<u>83,500</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>13,307,800</b>	<b>14,915,200</b>	<b>9,243,900</b>
- ASH Community Placement	6,800	43,700	34,300
- Assistance to Families	445,400	463,200	648,800
- DD Foster Care	1,644,500	2,019,900	2,031,000
- Housekeeping Payments	148,800	172,600	142,600
- Out-of-District Placement	82,400	109,300	64,900
- DD Purchase of Care	17,603,700	19,886,300	21,547,100 <sup>2/</sup>
- Stipends and Allowances	9,100	10,400	10,400
- Arizona Training Program at Coolidge	<u>-0-</u>	<u>-0-</u>	<u>5,733,900</u>
<b>Total Appropriations</b>	<b>33,248,500</b>	<b>37,620,600</b>	<b>39,456,900</b> <sup>3/4/5/6/</sup>

*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.*

**Technical Issues —** The approved amount includes a decrease of \$39,000 for the one-time vaccination of employees who have occupational exposure to blood, and a transfer of \$61,400 to the Administration Division for occupancy related expenses and savings associated with the voice telephone services initiative. The approved amount also includes an increase of \$14,900 for Travel - In State associated with mileage reimbursement and an increase of \$10,700 associated with an increase in postage rates.

- <sup>1/</sup> Includes 183 FTE Positions funded from Special Line Items in FY 1996.
- <sup>2/</sup> It is the intent of the Legislature that monies appropriated for services relating to adult day services in the Division of Developmental Disabilities budget be transferred to the Division of Employment and Rehabilitation Services, Rehabilitation Services Administration, in order to accommodate individuals who are determined by the Division of Developmental Disabilities to need vocational independence in a supported work environment. (General Appropriation Act footnote.)
- <sup>3/</sup> The department shall report 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, a list of providers who received service rate adjustments, and the corresponding percentage increase or decrease, by a unidentifiable provider number. This report shall be issued by December 12, 1995, based upon all information available at that time. (General Appropriation Act footnote.)
- <sup>4/</sup> It is the intent of the Legislature that any available surplus monies for developmental disability programs be applied toward the waiting list, unless there are insufficient funds to annualize these costs in the subsequent year. The children's waiting list shall receive first priority. 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.)
- <sup>5/</sup> The Department of Economic Security shall report all new placements into a state-owned ICF-MR in FY 1996 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, and the reason why this placement, rather than a placement into a privately-run facility for the developmentally disabled, was deemed as the most appropriate placement. This report shall be made available by July 15, 1996. (General Appropriation Act footnote.)
- <sup>6/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)**

**Program Contract Monitoring** — The approved amount includes an increase of 1 FTE Position and \$42,800 for a Program and Project Specialist II in response to an increase in licensing and monitoring workload. The approved amount for this position includes \$2,400 in occupancy costs and \$6,400 in one-time non-capitalized equipment.

**Caseload Projections** — Changes below reflect the impact of funding for the adult waiting list, clients "aging out" from one service category to another, and other changes. 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 1995</u>	<u>End of FY 1996</u>
Arizona Training Program at Coolidge	62	61
State-Operated Group Homes	32	32
ASH Community Placement	8	3
Assistance to Families	411	547
Foster Care	150	124
Housekeeping Payments	236	185
Out-of-District Placement	4	3
Purchase of Care		
Residential	393	454
Adult Day	314	314
Children Services	1324	1324
Support Services	N/A	N/A
Stipends and Allowances	17	17

**4% January 1, 1996 Provider Rate Increase** — The approved amount for the ASH Community Placement, Out-of-District Placement, and Purchase of Care Special Line Items incorporates a 4% January 1, 1996 Provider Rate Increase. Through a letter from the Chairmen of the Appropriations Committees, the 4% provider increase was identified as an across-the-board increase which all providers should receive, and which will require annualization in FY 1997. The provider increase is to be used by the providers to increase direct care staff salaries.

**ASH Community Placement** — The approved amount, a decrease of \$9,400, includes a decrease of \$10,000 for the estimated FY 1995 surplus and an increase of \$600 for a 4% provider rate increase effective January 1, 1996. The total funding of \$34,300 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, 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 full-year funding for up to 3 clients.

**Assistance to Families** — The approved amount, an increase of \$185,600 over FY 1995, will fund an estimated 417 clients living with parents or guardians and 130 clients who live independently. 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.

**Foster Care** — The approved amount, an increase of \$11,100, includes a decrease of \$100,000 for the estimated FY 1995 surplus and an increase of \$111,100 to provide for a \$100 family Foster Care rate adjustment to increase the average \$774 monthly rate paid to foster families of developmentally disabled children by 13% to an average of \$874. The approved amount provides services for 124 developmentally disabled children adjudicated dependent by the courts in family, group home, or ICF/MR settings.

**Housekeeping Payments** — The approved amount, a decrease of \$30,000, 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 185 clients.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)**

**Out-of-District Placement** — The approved amount, a decrease of \$44,400, includes a decrease of \$45,600 for the estimated FY 1995 surplus and an increase of \$1,200 for a 4% provider rate increase effective January 1, 1996. The approved amount provides services for 3 clients. Funding for Title XIX eligible clients is reflected in the Purchase of Care Special Line Item within the LTC program.

**Purchase of Care** — The approved amount, an increase of \$1,660,800, funds contracted providers for the following services:

Residential Services	\$12,103,700
Adult Day Services	1,500,000
Children Services	3,108,800
Support Services	<u>4,834,600</u>
Total	\$21,547,100

The approved amount includes:

- an increase of \$998,800 to provide residential and support services for 56 adults on the "health and safety" waiting list, plus a transfer of \$509,500 in existing funds. The \$509,500 represents the surplus portion of the FY 1995 total appropriation of \$1,751,400 for the children's waiting list, which has been identified in this Special Line Item to be available for the adult waiting list.
- an increase of \$115,100 to annualize residential and support services for 7 clients who turned 18 years of age in FY 1995 and are no longer eligible for Foster Care.
- an increase of \$28,200 to annualize adult day services for 6 clients and support services for 9 clients who turned 22 years of age in FY 1995 and are no longer receiving a public education.
- an increase of \$90,400 to fund part-year residential and support services for 5 children who will turn 18 years of age in FY 1996 and will no longer qualify for Foster Care.
- an increase of \$5,900 to fund part-year support services for 5 clients who will turn 22 years of age in FY 1996 and will no longer receive a public education.
- an increase of \$422,400 for a 4% provider rate increase effective January 1, 1996.

The approved amount includes an estimated \$1,241,900 of the FY 1995 total appropriation of \$1,751,400 which remains from the FY 1995 children's waiting list appropriation and which is estimated to be available for full annualization of FY 1995 children's waiting list expenditures and to provide sufficient funding for an estimated 5% children's caseload growth in FY 1996, or approximately 17 children who may apply for services in FY 1996. Children who present themselves in FY 1996 for services will receive priority over the adult waiting list.

**Stipends and Allowances** — The approved amount, the same as FY 1995, provides weekly allowances to 17 residents of the Arizona Training Program at Coolidge.

**Arizona Training Program at Coolidge** — This Special Line Item was created for FY 1996 through the transfer of \$5,693,200 from the division's operating budget. It is estimated that 61 clients will reside in Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) on the Coolidge campus and an additional 15 clients will reside in State Operated Group Homes (SOGHs) on the Coolidge campus in FY 1996 for whom services are provided through the 100% state DD program. As this is the first year this Special Line Item will fund the facility's expenses, transfers to or from this Special Line Item may be necessary to reconcile actual expenditures to estimated expenditures. The approved amount does not include costs associated with case management and certain occupancy related costs.

**Capital Outlay** — Incompetence to Stand Trial (Chapter 250) — Appropriates \$15,000 from the General Fund to DES for planning costs associated with the establishment of a separate and secure facility for housing developmentally disabled individuals on the grounds of the Arizona State Hospital (ASH) or another suitable location. DES shall make a presentation to the Joint Committee on Capital Review (JCCR) no later than November 30, 1995 regarding findings, recommendations, and cost estimates for the secure facility.

**Additional Legislation** — Camp Sue; Sale (Chapter 54) — Provides that DES shall in consultation with the State Land Department sell the property known as Camp Sue located in Pinal County. The proceeds from the sale are to be used by the department to provide family support services to individuals with developmental disabilities, including Title XIX and non-Title XIX eligible individuals, and are exempt from the lapsing provisions of A.R.S. § 35-190.

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE			A.R.S. § 41-1951
General Fund and Long Term Care System Fund <sup>1/</sup>	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	944.9	1,050.4	1,060.4 <sup>2/</sup>
Personal Services	18,899,100	24,029,700	18,230,300
Employee Related Expenditures	4,664,700	6,061,300	4,463,800
Professional and Outside Services	1,141,400	2,376,900	1,977,200
Travel - In State	396,400	553,800	577,500
Travel - Out of State	-0-	400	400
Food	540,100	582,800	271,800
Other Operating Expenditures	1,786,900	2,476,900	1,744,300
Equipment	6,700	146,900	68,400
<b>Operating Subtotal</b>	<b>27,435,300</b>	<b>36,228,700</b>	<b>27,333,700</b>
Acute Care	21,759,100	24,572,600	27,997,300
Fee for Service	5,699,200	7,619,800	7,884,200
LTC Foster Care	6,182,300	7,397,100	9,059,800
LTC Purchase of Care	79,740,800	90,823,700	88,734,900
Stipends and Allowances	197,800	205,400	205,400
Arizona Training Program at Coolidge	-0-	-0-	9,134,800
<b>Total Expenditure Authority</b>	<b>141,014,500</b>	<b>166,847,300 <sup>3/</sup></b>	<b>170,350,100</b>
Less Title XIX and Other Funds	98,171,900	125,308,000	124,598,800
<b>Total Appropriations</b>	<b>42,842,600</b>	<b>41,539,300</b>	<b>45,751,300 <sup>4/5/</sup></b>

*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.*

**Technical Issues —** The approved amount includes a one-time increase of \$500 (GF) and \$1,600 (TF) for food for leap-year and a decrease of \$28,500 (GF) and \$54,900 (TF) for the one-time vaccination of employees who have occupational exposure to blood. The approved amount also includes an increase of \$7,700 (GF) and \$22,600 (TF) for higher Travel - In State reimbursement rates, an increase of \$11,500 (GF) and \$33,800 (TF) for higher postal rates, and a transfer of \$30,800 (GF) and \$93,300 (TF) to the Administration Division for occupancy-related costs and for the voice telephone services initiative.

<sup>1/</sup> 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 the Total Expenditure Authority (TF) of the Long Term Care System Fund.

<sup>2/</sup> Includes 293 FTE Positions funded from Special Line Items in FY 1996.

<sup>3/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$9,384,000 in Total Funds for caseload growth.

<sup>4/</sup> The department shall report 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, a list of providers who received service rate adjustments, and the corresponding percentage increase or decrease, by an unidentifiable provider number. This report shall be issued by December 12, 1995, based upon all information available at that time. (General Appropriation Act footnote.)

<sup>5/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)**

**Caseload Projections** — The approved amount is based upon an enrolled caseload of 7,306 clients in FY 1996. 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:

	End of FY 1995	End of FY 1996	Reason for Change
Arizona Training Program at Coolidge	117	96	
Arizona Training Program at Tucson	29	18	
Large State Operated Group Homes-Phoenix	40	49	
Other State Operated Group Homes	72	74	
Fee for Service	401	418	caseload growth of 17 clients, or 4%
Foster Care	280	291	caseload growth of 11 clients, or 4%
Purchase of Care			
Residential	1,603	1,690	22 "aging out" clients, 65 clients caseload growth, or 4%
Adult Day - 100% State	89	93	4 clients caseload growth, or 4%
Adult Day - Title XIX	1,482	1,583	42 "aging out" clients, 59 clients caseload growth, or 4%
Children's Services - 100% State	773	804	caseload growth of 31 clients, or 4%
Children's Services - Title XIX	1,004	1,044	caseload growth of 40 clients or 4%
Support Services	n/a	n/a	4% growth in funding
Acute Care	6,815	7,306	caseload growth of 491 clients or 7.2%, which reflects the estimated increase in enrolled (not necessarily placed) clients

*All of the following comparisons are made relative to the original FY 1995 appropriation and do not reflect the total funds supplemental appropriated to the department by Laws 1995, Chapter 6, 1st Special Session.*

**FTE Positions** — The approved amount includes an increase of 3.4 (GF) and 10 (TF) FTE Positions and \$221,600 (GF) and \$651,600 (TF) for case management, representing an estimated caseload growth of 4% in most areas. Of this amount, \$21,600 (GF) and \$63,500 (TF) is for one-time non-capitalized equipment and \$8,300 (GF) and \$24,100 (TF) is for occupancy-related costs.

**Acute Care** — The approved amount is an increase of \$1,164,800 (GF) and \$3,424,700 (TF). The approved amount includes an increase of \$334,300 (GF) and \$982,900 (TF) for 4% medical inflation, an increase of \$617,100 (GF) and \$1,814,400 (TF) for caseload growth of 7.2%, and an increase of \$213,400 (GF) and \$627,400 (TF) to adjust for the FY 1995 shortfall.

**Fee for Service** — The approved amount is an increase of \$436,100 (GF) and \$1,282,300 (TF). The approved amount includes an increase of \$101,500 (GF) and \$298,400 (TF) for 4% caseload growth, an increase of \$291,800 (GF) and \$858,100 (TF) to adjust for the FY 1995 shortfall, and an increase of \$42,800 (GF) and \$125,800 (TF) for a 4% provider rate increase effective January 1, 1996.

Services will be provided for 41 medically fragile children and 377 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 \$51,800 (GF) and \$152,100 (TF). The approved amount includes \$104,900 (GF) and \$308,300 (TF) for caseload growth of 4%, and incorporates a FY 1995 surplus of \$408,100 (GF) and \$1,200,000 (TF). The approved amount also includes an additional \$355,000 (GF) and \$1,043,800 (TF) for a \$100 family

(Continued)



**DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)**

Foster Care rate adjustment to increase the average \$774 monthly rate paid to foster families of developmentally disabled children by 13% to an average of \$874. The approved amount provides services to developmentally disabled children, adjudicated dependent by the courts.

**Purchase of Care** — The approved amount, an increase of \$2,114,800 (GF) and \$6,223,600 (TF), funds contracted providers for the following services:

	<u>GF</u>	<u>TF</u>
Residential Services	\$11,661,900	\$47,421,600
Room and Board	1,863,600	6,625,500
Adult Day Services (100% State)	110,400	110,400
Adult Day Services (Title XIX)	3,505,800	14,125,700
Children Services (100% State)	1,272,900	1,272,900
Children Services (Title XIX)	480,100	1,937,900
Support Services (100% State)	122,000	122,000
Support Services (Title XIX)	3,989,100	16,263,200
FY 1995 Shortfall	<u>294,800</u>	<u>855,700</u>
Total	\$23,300,600	\$88,734,900

The approved amount incorporates the following changes, which includes \$456,800 (GF) and \$1,343,200 (TF) for an across-the-board 4% provider rate increase effective January 1, 1996.

• **Residential Services**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 228,700	\$ 754,000
FY 1995 Annualization of 10 Clients who Aged Out from Foster Care	51,500	151,100
FY 1996 part-year Cost of 22 New Clients who will Age Out from Foster Care	117,600	399,800
Caseload Growth of 4%	<u>585,300</u>	<u>1,773,700</u>
Total	\$ 983,100	\$ 3,078,600

The approved amount provides 4% caseload growth, or an additional 65 clients, for a total of 1,690 clients in FY 1995. Out-of-District Placement is not a separate line item, as in the 100% state funded DD program. Therefore, the 15 Out-of-District Placement clients, who are Title XIX eligible, are included in the total of 1,690 clients.

• **Room and Board**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 36,500	\$ 36,500
FY 1995 Annualization of 31 Clients who Aged Out from Public School	24,800	24,800
Caseload Growth of 4%	<u>69,400</u>	<u>252,500</u>
Total	\$ 130,700	\$ 313,800

• **Adult Day (100% State)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 2,200	\$ 2,200
Caseload Growth of 4%	<u>4,200</u>	<u>4,200</u>
Total	\$ 6,400	\$ 6,400

The approved amount, which funds non-Title XIX reimbursable basic education, provides 4% caseload growth, or an additional 4 clients, for a total of 93 clients in FY 1996.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)**

• **Adult Day (Title XIX)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 68,700	\$ 222,700
FY 1995 Annualization of 50 Clients who Aged Out from Public School	51,100	149,900
FY 1996 Cost 42 New Clients who will Age Out from Public School	43,700	128,600
Caseload Growth of 4%	<u>178,200</u>	<u>524,000</u>
Total	\$ 341,700	\$ 1,025,200

The approved amount provides caseload growth of 4%, or an additional 59 clients, for a total of 1,583 in FY 1996. These programs provide training in community living skills and activities directed mainly towards personal and social adjustment and are Title XIX reimbursable.

• **Children Services (100% State)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 25,000	\$ 25,000
Caseload Growth of 4%	<u>48,000</u>	<u>48,000</u>
Total	\$ 73,000	\$ 73,000

The approved amount provides for caseload growth of 4%, or an additional 31 clients, for a total of 804 clients in FY 1996. These programs include basic education and are not Title XIX reimbursable.

• **Children Services (Title XIX)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 9,400	\$ 31,200
Caseload Growth of 4%	<u>24,900</u>	<u>73,300</u>
Total	\$ 34,300	\$ 104,500

The approved amount provides caseload growth of 4%, or an additional 40 clients, for a total of 1,044 clients in FY 1996. 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	\$ 2,400	\$ 2,400

The approved amount maintains FY 1995 caseload of 31 clients from the Arizona State Hospital.

• **Support Services (Title XIX)**

	<u>GF</u>	<u>TF</u>
Provider Rate Increase	\$ 78,200	\$ 263,500
Caseload Growth of 4%	<u>170,200</u>	<u>500,500</u>
Total	\$ 248,400	\$ 764,000

The approved amount provides an increase of 4% in total funds available over FY 1995. 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.

	<u>GF</u>	<u>TF</u>
FY 1995 Shortfall	\$ 289,100	\$ 850,000
Provider Rate Increase	<u>5,700</u>	<u>5,700</u>
Total	\$ 294,800	\$ 855,700

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)**

**Stipends and Allowances** — The approved amount, the same as FY 1995, provides weekly allowances to 184 residents of the Arizona Training Programs.

**Arizona Training Program at Coolidge** — This Special Line Item was created for FY 1996 through the transfer of \$2,276,300 (GF) and \$9,069,600 (TF) from the division's operating budget. It is estimated that 96 clients will reside in Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) on the Coolidge Campus, and an additional 18 clients will reside in State Operated Group Homes (SOGHs) on the Coolidge Campus in FY 1996 who are eligible for the Long Term Care Program. As this is the first year this Special Line Item will fund the facility's expenses, transfers to or from this Special Line Item may be necessary to reconcile actual expenditures to estimated expenditures. The approved amount does not include costs associated with case management and certain occupancy related costs.

**Additional Legislation** — See the Division of Developmental Disabilities.

**Other Issues** — DES, as the AHCCCS authorized provider of DD services, receives federal monies through prepaid monthly capitation payments. The chart below compares the negotiated rate received by DES for its Title XIX eligible DD clientele by federal fiscal year (FFY):

	<u>FFY 1993</u>	<u>FFY 1994</u>	<u>FFY 1995</u>
Institutional <sup>1/</sup>	\$ 201.84	\$ 216.80	\$ 216.80
Home and Community Based Services	1,787.27	1,594.39	1,594.39
Acute Care	265.67	278.48	278.48
Case Management	146.83	108.61	108.61
Ventilator Dependent	11,805.09	11,544.68	11,558.50
Administration	106.96	147.50	147.50
Mental Health <sup>2/</sup>	N/A	N/A	13.63
<b>Total Blended Rate</b>	<b>\$ 2,511.86</b>	<b>\$ 2,370.07</b>	<b>\$ 2,383.70</b>

<sup>1/</sup> Daily rate; all other rates are monthly.

<sup>2/</sup> Pass-through rate to the Department of Health Services.

**DEPARTMENT OF ECONOMIC SECURITY -  
BENEFITS & MEDICAL ELIGIBILITY**

A.R.S. § 41-1951

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	758.2	806.2	806.2 <sup>1/</sup>
Personal Services	16,167,000	17,601,500	18,042,900
Employee Related Expenditures	3,953,500	4,568,900	4,666,900
Professional and Outside Services	156,700	300,100	300,100
Travel - In State	337,600	439,900	458,300
Other Operating Expenditures	3,088,700	3,726,800	3,511,800
Equipment	194,800	49,000	-0-
<b>Operating Subtotal</b>	<b>23,898,300</b>	<b>26,686,200</b>	<b>26,980,000</b> <sup>2/</sup>
Aid to Families with Dependent Children	86,638,500	92,278,700	87,642,400 <sup>3/</sup>
Emergency Assistance	754,800	-0-	-0-
General Assistance	16,981,900	15,362,600	13,852,000
Tuberculosis Control	15,000	19,400	19,400
Full Employment Project	-0-	200,000	444,900 <sup>4/</sup>
Institutional Support Payments	-0-	478,400	478,400
Youth Support Research	-0-	10,000	14,000 <sup>5/</sup>
<b>Total Appropriations</b>	<b>128,288,500</b>	<b>135,035,300</b>	<b>129,431,100</b> <sup>6/</sup>

*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.

*Technical Issues* — The approved amount includes an increase of \$18,400 for higher Travel - In State reimbursement, \$169,600 for increased postage rates, and a transfer to the Administration Division of \$141,800 for occupancy-related costs and the voice telephone services initiative.

**Aid to Families with Dependent Children (AFDC)** — The approved amount, a decrease of \$4,636,300, includes an additional \$1,769,200 for caseload growth. The appropriation will provide for 2,091 new recipients, or 1% caseload growth, over the estimated FY 1995 population in the single-parent program, and provide for 252 new recipients, or 4.2% growth, in the 2-parent program. This adjustment provides for an average population of 200,050 recipients in the single-parent program and 6,269 recipients in the 2-parent program in FY 1996.

The increase due to caseload growth is more than offset by an estimated surplus of \$7,493,600, due to lower than anticipated caseload growth in FY 1995. The approved amount also incorporates a decrease in federal participation of \$1,088,100 and 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, the same as FY 1995.

- <sup>1/</sup> Includes 4 FTE Positions funded from Special Line Items in FY 1996.
- <sup>2/</sup> 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.)
- <sup>3/</sup> Notwithstanding A.R.S. § 35-173C, any transfer to or from the \$87,642,400 appropriated to Aid to Families with Dependent Children shall require approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)
- <sup>4/</sup> If the waiver requests from the appropriate federal agencies regarding the cash out of Food Stamps and Aid to Families with Dependent Children grants are not approved, or if S.B. 1260, 42nd Legislature, 1st Regular Session or similar legislation allowing the Governor to implement the program without the waivers does not become law, \$244,900 for the Full Employment Demonstration Program shall revert to the state General Fund. (General Appropriation Act footnote.)
- <sup>5/</sup> The \$14,000 appropriated for Youth Support Research is to be used for a K-12 pilot program 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 and will report 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 by June 30, 1996, regarding the design and results of the research program. (General Appropriation Act footnote.)
- <sup>6/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

## DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)

The approved amount does not provide for a benefit increase. Laws 1995, Chapter 8, 1st Special Session ties the FY 1996 AFDC benefit level to 36% of the 1992 Federal Poverty Level (FPL). 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 the benefit increase was also suspended in FY 1994 and FY 1995, the adjustment for FY 1996 would have included the adjustments for FY 1994, FY 1995 and FY 1996 at a projected cost of \$8,882,200. The maximum benefit for a family of 3 will remain \$347, as opposed to a projected maximum benefit of \$379.

Laws 1995, Chapter 196 permanently eliminated the yearly benefit adjustment associated with updates to the FPL. The AFDC benefit level will remain tied to 36% of the 1992 FPL.

The approved amount also does not provide funding or new FTE Positions for additional caseworkers. The FY 1995 appropriation for this division included 37.5 FTE Positions (GF) and 75 FTE Positions (TF) for an estimated 5% caseload growth in AFDC and Food Stamp programs, or an average population of 217,953 recipients in the AFDC program and 536,000 recipients in the Food Stamp program. The actual year-to-date average unduplicated number of recipients in these programs has been approximately 198,200 and 503,000 respectively. Given that caseload is running under projection, existing staff should be sufficient to cover the workload through the end of FY 1996.

**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 was modified in FY 1995 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.

The approved amount of \$13,852,000, a reduction of \$1,510,600, is based upon the following:

- **Caseload** — Caseload costs are projected to be \$13,857,000, an increase of \$477,100 due to 3.4% caseload growth. The approved amount provides for an average caseload of 7,825 clients, receiving an average benefit payment of \$147.57. The payment of \$147.57 reflects a weighted average of a full-month payment of \$155 and an average partial month payment of \$51.11.

The approved amount includes \$651,000 for an average of 350 recipients per month who will receive a 6-month extension of benefits, as they are currently appealing an adverse decision by the Social Security Administration (SSA) to an administrative law judge regarding the denial of SSA benefits. The savings associated with retroactive recovery of SSI payments for these recipients is included in the total savings estimate below.

The caseload cost projection incorporates a reduction for the estimated FY 1995 surplus of \$1,216,100, which is largely due to higher than anticipated disenrollments due to the 12-month time limit. In FY 1996, it is estimated that an average of 235 recipients will be disenrolled each month due to the time limit.

- **Retroactive Recovery of SSI Payments** — Through an agreement with the U.S. Department of Health and Human Services, the state may be reimbursed for its General Assistance payments to recipients who are found to be eligible for the federal Supplemental Security Income (SSI) Program under Title XVI of the Social Security Act. The approved amount includes total savings of \$1,449,600, which is \$836,600 higher than FY 1995. In FY 1996, 1,700 recipients are projected to be accepted into the SSI program. Since SSI is paid retroactively to the date of application, 10,440 member months are estimated to be reimbursed by the SSA.

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. The savings estimate is net of monies paid to attorneys for assisting the General Assistance recipients to become eligible for SSI.

(Continued)

## DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)

- **Representative Payee Contracts** — The approved amount is based upon a projection that 110 recipients will be converted in FY 1996 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 1995.
- **Application Assistance** — The approved amount is based upon a projection that 291 recipients will be converted in FY 1996 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 \$277,900, an increase of \$65,000 over FY 1995.
- **Contracted Medical Examinations** — The approved amount of \$300,600, the same as FY 1995, provides for 7,328 medical examinations at an average cost of \$40 per exam and 175 medical consultation hours, at a cost of \$43 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, \$19,400, the same as FY 1995, will fund payments to 12 recipients at an average monthly cost of \$134.72.

**Full Employment Project** — Laws 1994, Chapter 301 established a pilot full employment demonstration project. This program involves the converting of food stamp and AFDC benefits to cash, which is used to subsidize recipient's wages paid by a public or private sector employer. The implementation of this program is contingent on waivers granted by the federal government. The approved amount includes \$200,000 for implementation costs and \$243,900 to reimburse participating employers for the employer share of Social Security, unemployment insurance, and worker's compensation for the estimated 300 participants of the project in FY 1996. The entire appropriation is subject to reversion to the General Fund if the necessary federal waivers to implement the demonstration project are not granted by the federal government.

**Institutional Support Payments** — The approved amount, the same as FY 1995, provides funding for an average of 797 supervisory care clients who receive a \$50 monthly payment.

**Youth Support Research** — The approved amount, an increase of \$4,000 over FY 1995, provides funding for a K-12 pilot program 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 and will issue a report by June 30, 1996, regarding the design and results of the research program.

**Additional Legislation** — **Full Employment Demonstration Project (Chapter 247)** — Modifies the sanction for individuals not complying with demonstration project employment requirements to allow a reduction in AFDC benefits to be partially offset by an increase in Food Stamp benefits, per current federal law. Also allows for an AFDC benefit for dependent children born to a parent who has not received AFDC for at least 12 consecutive months if the child is born within the period beginning 10 months after the 12-consecutive month period and ending 10 months after the parent resumes receiving AFDC. Provides that AFDC may not be denied or terminated because the principal wage earner works 100 or more hours per month. Finally, allows the department to grant extensions to the 24-month AFDC time limit if a recipient applies for an extension and demonstrates that he or she is unable to earn income equal to the amount of the lost benefit. Establishes guidelines for when an extension may not be granted and provides for a reporting requirement indicating the number of extension applications filed, and number approved and disapproved, categorized by reason for approval or disapproval. The above provisions are all conditional on appropriate waivers granted by the federal government.

**DEPARTMENT OF ECONOMIC SECURITY -  
CHILD SUPPORT ENFORCEMENT**

A.R.S. § 41-1951

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	87.3	88.0	88.0 <sup>1/</sup>
Personal Services	1,700,700	1,736,300	1,787,800
Employee Related Expenditures	422,900	472,600	483,300
Professional and Outside Services	77,000	75,200	121,200
Travel - In State	9,300	9,100	11,100
Other Operating Expenditures	102,400	104,700	115,200
<b>Operating Subtotal</b>	<b>2,312,300</b>	<b>2,397,900</b>	<b>2,518,600</b>
Laws 1994, Ch. 374, Pilot Programs	-0-	1,018,800	145,400
Automation Equipment	189,100	12,200	-0-
Phase II Conversion	311,000	311,000	311,000
<b>Total</b>	<b>2,812,400</b>	<b>3,739,900</b>	<b>2,975,000</b> <sup>2/</sup>
<b>Additional Appropriations -</b>			
Child Support; Assignment of Rights, Ch. 206	-0-	-0-	106,400
<b>Total Appropriations</b>	<b>2,812,400</b>	<b>3,739,900</b>	<b>3,081,400</b>

*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.

*Technical Issues* — The approved amount includes a transfer of \$2,500 to the Administration Division for the voice telephone savings initiative.

*Laws 1994, Chapter 374 Pilot Programs* — This legislation implemented the recommendations of the Joint Select Committee on Child Support Enforcement concerning paternity establishment, employer reporting, enforcement, and collections. The approved amount for FY 1996 includes \$77,700 for a one-stop pilot program to test the effectiveness of co-locating Title IV-D and court services, and \$67,500 for the pilot program to determine the effectiveness of hearing custody, visitation, and child support issues at one time.

*Phase II Conversion* — The approved amount, the same as FY 1995, 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; Assignment of Rights (Chapter 206)* — Effective June 1, 1996, allows for a proportionate distribution for any arrearages owed by non-custodial parents to the state and to custodial parents for custodial parents previously but not concurrently receiving Aid to Families with Dependent Children (AFDC) benefits. As this will lower revenues received by the Department of Economic Security in the form of the State's Share of Retained Earnings (SSRE) and incentives for FY 1996, Chapter 206 appropriates \$73,100 to compensate for one month's loss of revenue and an additional \$33,300 to reprogram the computer system to incorporate the proportional distribution of arrearage payments.

<sup>1/</sup> Includes 0.7 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)



**DEPARTMENT OF ECONOMIC SECURITY - CHILD SUPPORT ENFORCEMENT (Cont'd)**

**Other Issues** — In addition to the General Fund appropriation, the department receives federal matching funds, matched at 34% state/66% federal, and federal performance-based incentive payments. The department also retains a portion of child support collections for AFDC households, which is known as the state share of retained earnings or SSRE. The table below estimates the funding for this cost center on a total funds basis, but does not include SSRE expended by the Administration Division, pass-through dollars to counties, pass-through of child support payments to families, or any amount used to offset the General Fund's AFDC requirement.

	FY 1993 <u>Actual</u>	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>
FTE Positions	<u>622.5</u>	<u>749.5</u>	<u>755.0</u>	<u>757.0</u>
Personal Services	\$11,039,500	\$13,337,800	\$16,042,900	\$ 16,885,600
Employee Related Expenditures	2,688,900	3,192,500	4,163,900	4,545,500
All Other Operating	6,889,500	6,277,400	9,043,600	6,852,800
Special Line Items	<u>7,009,700</u>	<u>9,027,600</u>	<u>13,750,700</u>	<u>4,722,300</u>
Total Expenditures	\$27,627,600	\$31,835,300	\$43,001,100	\$ 33,006,200
State Appropriations	\$ 2,636,400	\$ 2,812,400	\$ 3,739,900	\$ 3,081,400
SSRE and Incentive Payments	5,531,600	6,091,900	6,043,000	7,150,600
Federal Funds	<u>19,460,000</u>	<u>22,931,000</u>	<u>33,218,200</u>	<u>22,822,600</u>
Total Revenues	\$27,628,000	\$31,835,300	\$ 43,001,100	\$ 33,054,600
Total Collections	<u>\$75,027,900</u>	<u>\$90,500,700</u>	<u>\$108,500,000</u>	<u>\$126,500,000</u>

**DEPARTMENT OF ECONOMIC SECURITY -  
AGING & COMMUNITY SERVICES**

A.R.S. § 41-1951

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	70.8	85.8	85.8 <sup>1/</sup>
Personal Services	2,176,600	2,571,900	2,636,100
Employee Related Expenditures	470,700	579,200	594,100
Professional and Outside Services	14,700	17,300	17,300
Travel - In State	115,500	139,000	150,900
Other Operating Expenditures	179,800	287,200	220,600
Equipment	-0-	30,100	-0-
<b>Operating Subtotal</b>	<b>2,957,300</b>	<b>3,624,700</b>	<b>3,619,000</b>
Emergency Assistance	-0-	857,700	857,700
Food Distribution Information	22,700	24,200	24,200
Homeless Shelter	983,600	1,236,100	1,236,100
Information and Referral	111,000	112,100	112,100 <sup>2/</sup>
Rural Food Bank Project	195,200	253,400	323,400 <sup>3/</sup>
Adult Services	7,579,400	8,808,000	9,080,500 <sup>4/</sup>
Institutional Support Payments	420,900	-0-	-0-
LTC Ombudsman	114,800	117,600	117,900 <sup>1/</sup>
Veterans' Housing	15,900	-0-	-0-
Navajo Senior Centers	211,600	-0-	-0-
Respite Care Pilot Program	-0-	75,000	-0-
Domestic Violence Prevention	-0-	-0-	1,000,000
<b>Total</b>	<b>12,612,400</b>	<b>15,108,800</b>	<b>16,370,900 <sup>5/</sup></b>
<b>Additional Appropriations —</b>			
Appropriation; Rural Food Bank Project, Ch. 157	-0-	-0-	27,900
<b>Total Appropriations</b>	<b>12,612,400</b>	<b>15,108,800</b>	<b>16,398,800</b>

*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.*

<sup>1/</sup> Includes 0.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> 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.)

<sup>3/</sup> 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.)

<sup>4/</sup> It is the intent of the Legislature that a state General Fund amount of \$250,000 in Adult Services be matched with \$250,000 from the federal Social Services Block Grant for non-medical home and community based services. (General Appropriation Act footnote.)

<sup>5/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)**

**Technical Issues** — The approved amount includes the transfer of \$38,900 to the Division of Administration, a \$61,700 reduction for one-time equipment purchases, and \$11,900 for travel and \$3,900 for postage increases.

**Emergency Assistance** — 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 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.

**Homeless Shelter** — 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 1996 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 1996 are that 48.5% or \$599,700 of the approved amount will be used for this program.

**Information and Referral** — The approved amount provides information and referral services on a 24-hour toll-free, statewide telephone system. This system serves all individuals requesting specific information regarding available resources.

**Rural Food Bank Project** — The approved amount reflects an increase of \$70,000. Monies in this line fund the Arizona Gleaning Project, which 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. In addition, monies provide rural food banks in Willcox and Yuma, the operating costs of a food network truck and outreach to high need populations or geographic areas. The increase in dollars should provide for the expansion to southeastern Arizona and the Nogales area. A General Appropriation Act footnote requires the department to utilize \$45,000 of federal Social Services Block Grant toward the Statewide Gleaning Project. An additional \$27,900 is added for the Rural Food Bank Project through Laws 1995, Chapter 157. (See Additional Appropriations.)

**Adult Services** — The approved amount, which reflects an increase of \$272,500, provides for a community-based continuum of care and services for abused, neglected, and exploited adults. The approved amount is distributed in this line as follows:

- Adult Protective Contracted Services, \$176,100, provides services to elderly who are abused or neglected.
- Supplemental Payments, \$3,052,500, provides a continuation of care and services, such as housekeeper, home health aide and visiting nurse services for Supplemental Security Income (SSI)-eligible households. The Department of Economic Security (DES) provides services to their clientele based upon severity of need. 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. The following reflects FY 1996 caseload estimates.

	<u>Average # of Monthly Clients</u>	<u>Average Monthly Cost</u>
Home Health Aide	834	\$85.82
Housekeeping Payments	2,175	\$68.43
Visiting Nurse	445	\$76.33

(Continued)

## **DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)**

- Home Care, \$3,866,400, provides supplemental payment services plus personal care to non-SSI recipients. The approved amount reflects an increase of \$250,000 for reducing the waiting list of disabled and elderly who do not qualify for the federal Medicaid Arizona Long Term Care System (ALTCS) and who are non-Supplemental Security Income (SSI) eligible. The additional dollars should reduce the waiting list by 202 individuals. A General Appropriation Act footnote requires DES to provide an additional \$250,000 from new federal Social Services Block Grant dollars for these type of services which should reduce the waiting list by another 202 individuals. Another \$2,987,300 will be provided by federal and local contributions. The appropriation will fund an average of 60 hours of services for 5,473 individuals at an average cost of \$20.87 per hour.
- Older Americans Act, \$963,600, matches Federal Funds for congregate and home-delivered meals, as well as other social services. The approved amount adds \$22,500 for the state match to draw down an additional \$263,800 of federal Older American Act dollars. The appropriation will provide home-delivered meals to 14,769 individuals and congregate meals to 50,446 individuals. The approved amount includes the total state match of \$863,600 for the federal cost sharing requirements of Title III and \$100,000 of 100% state funds for the 8 Area Agencies on Aging to provide support services, senior centers, and nutrition services. Other funding sources include \$11,063,800 in Federal Funds and \$20,122,100 in local contributions.
- Assessments and Case Management, \$1,001,700, provides, through contracted agencies, assessments on 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 18,458 persons. Each person averages 7.37 hours of service at an estimated cost of \$28.92 per hour. In addition to the state share, an additional \$2,934,100 is provided through federal and local contributions.
- Geriatric Nurse, \$20,200, funds the cost of a geriatric nurse to dispense drugs to the elderly. Program costs are borne fully by the state.

**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.

**Respite Care Pilot Program** — This was a one-year pilot, which provided funds for unpaid care givers to receive short-term relief and support to run errands, keep medical appointments, go shopping, or time alone. The FY 1995 appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations pursuant to Laws 1995, Chapter 105.

**Domestic Violence Prevention** — The approved amount provides for increased funding for domestic violence prevention, which also will receive an estimated \$800,000 from the non-appropriated Domestic Violence Shelter Fund.

**Additional Appropriations** — Appropriation; Rural Food Bank Project (Chapter 157) — Adds \$27,900 for the expansion of the Rural Food Bank Project.

**DEPARTMENT OF ECONOMIC SECURITY -  
CHILDREN AND FAMILY SERVICES**

A.R.S. § 41-1951

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	532.9	605.9	605.9 <sup>1/</sup>
Personal Services	15,596,300	17,840,700	18,286,300
Employee Related Expenditures	3,279,600	4,014,900	4,124,900
Professional and Outside Services	208,700	26,300	26,300
Travel - In State	577,500	743,500	792,800
Travel - Out of State	-0-	7,000	-0-
Other Operating Expenditures	839,900	1,862,400	1,202,800
Equipment	43,000	537,600	-0-
<b>Operating Subtotal</b>	<b>20,545,000</b>	<b>25,032,400</b>	<b>24,433,100</b>
Adoption Services	14,538,300	16,378,200	16,135,800
Children Services	40,685,100	38,163,800	41,105,400 <sup>2/</sup>
High Risk Infant Services	515,500	666,200	666,200
Intensive Family Services	1,065,400	2,364,800	2,364,800
Child Severance Project	189,200	191,100	463,200
Comprehensive Medical & Dental	3,354,900	2,794,900	2,794,900
Day Care	12,890,300	12,635,100	13,692,300 <sup>3/</sup>
JOBS Child Care	1,478,100	2,235,100	2,268,700
Transitional Child Care	1,940,400	1,764,000	2,776,300
Videotaping	192,600	205,300	208,000
Healthy Families Pilot	-0-	1,700,000 <sup>4/</sup>	3,000,000 <sup>4/</sup>
<b>Total</b>	<b>97,394,800</b>	<b>104,130,900</b>	<b>109,908,700 <sup>5/</sup></b>
<b>Additional Appropriations - Demonstration Project; Child Care; AHCCCS, Ch. 15</b>	<b>-0-</b>	<b>-0-</b>	<b>64,800</b>
<b>Total Appropriations</b>	<b>97,394,800</b>	<b>104,130,900</b>	<b>109,973,500</b>

*Program Description* — The program provides staff resources, such as Child Protective Service (CPS) 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.

*Technical Issues* — The approved amount reflects a transfer out of \$221,100 to the Division of Administration for occupancy-related costs and the voice telephone services initiative, a reduction of \$1,002,800 for one-time equipment costs, a \$49,300 increase for higher Travel - In State reimbursement and \$19,700 for increased postage rates.

<sup>1/</sup> Includes 3 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> It is the intent of the Legislature that the Chairmen of the House and Senate Health and Welfare Appropriations subcommittees, two legislators and one provider selected each by the President of the Senate and the Speaker of the House of Representatives, and the Department of Economic Security (DES) director or designee study the issue of contract case management and related liability and report their recommendations to the appointing authorities and the Joint Legislative Budget Committee by October 1, 1995. (General Appropriation Act footnote.)

<sup>3/</sup> Of the \$13,692,300 appropriated for Day Care, \$8,249,000, 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. This provision may not be construed to impose a duty of an officer, agent or employee of the state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the \$8,249,000 appropriation. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated by Laws 1994, Chapter 1, 9th Special Session.

<sup>5/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

## DEPARTMENT OF ECONOMIC SECURITY - CHILDREN AND FAMILY SERVICES (Cont'd)

**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 \$62,700 from Foster Care in the Children Services Special Line Item to follow those children moving from foster care to adoption status, and a reduction of \$305,100 to reflect a FY 1995 surplus due to a decrease in the cost per child. The approved amount will fund services for an average of 2,495 children per year. The approved amount is also based upon an average annual cost per child of \$7,530.50 and Title IV-E Federal Funds of \$2,712,600. The amount includes \$84,500 for non-recurring adoption expenses.

**Children Services** — The appropriation funds a range of contracted services to ensure the well-being of children who are abused or neglected. These contracted services consist of: (1) in-home services for resolving family problems through the use of counseling, day support and parent aides while the child remains in the home; (2) out-of-home services (foster care) which requires removal of the child from the home and his/her placement in family foster care or other residential setting; and (3) child protective services which provides support services, such as assessments and transportation, related to removing abused children from the home. The department plans to continue to provide \$200,000 for community-based services to homeless and runaway youth and their families.

The approved amount includes an increase of \$1,905,600 for family foster care payment rates. This increase will add \$100, or 32%, to the average basic monthly rate paid to foster parents of CPS children, raising the average basic payment to approximately \$413. These payments are reimbursement for housing, food, clothing, transportation, and other necessary incidentals associated with caring for a child.

The approved amount also includes an increase of \$1,098,700 to cover the increasing cost in contracted services and a transfer out to Adoption Services of \$62,700 for the foster care children moving to adoption status. It is assumed that \$2,662,700 that had been utilized previously for funding outside consultants will be used as an offset to this line item. The program is projected to receive \$13,884,500 from Federal Funds as well, for an estimated FY 1996 total expenditure of \$54,989,900.

**High Risk Infant Services** — The program will serve a total of 308 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 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. The cost per family is estimated to be \$2,163.

**Intensive Family Services** — The approved amount provides services to 432 families whose children are at imminent risk of out-of-home placement due to abuse, neglect, or dependency. Cost per family is projected to be \$3,204. 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.

**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 program will receive another \$664,500 in Federal Funds. The approved amount will provide for the completion of 431 severance cases filed at a cost per case of \$1,987.77 and the completion of 431 social studies at a \$628.75 cost per study.

**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 and dental services annually for 6,262 children at an average annual

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**DEPARTMENT OF ECONOMIC SECURITY - CHILDREN AND FAMILY SERVICES (Cont'd)**

cost of \$1,116.08 per child. The total estimated program is expected to cost \$6,988,900, which includes \$132,700 in Independent Professional Review Team fees. In addition to the dollars from the state General Fund, the program will receive \$3,249,600 for reimbursement from the Arizona Health Care Cost Containment System (AHCCCS) for those children eligible for federal assistance; \$902,600 for reimbursement of children eligible for disabled long-term care through the Arizona Long Term Care System; and \$41,800 in third party liability payments, which is the private insurance share of a child's medical costs.

**Child Care Programs** — DES provides services for a total of 6 child care programs. The Day Care Special Line Item includes funding for 4 programs which provide day care subsidies for eligible families: State Day Care subsidy, Aid for Dependent Children (AFDC)-Employed, AFDC At Risk, and the Child Care Development Block Grant (CCDBG). Of these 4 programs, all but the CCDBG receive state funding. The other 2 child care programs are funded through the Transitional Child Care and JOBS Child Care separate Special Line Items. State Day Care is not a statutory entitlement and gets its legislative authority from the annual General Appropriation Act. Under the federal CCDBG, states are required to maintain a certain funding level and are not allowed to supplant state funds with the federal CCDBG dollars. The following table provides the estimated number of children served, average monthly subsidy and estimated funding for each of the 6 programs.

Child Care Programs

<u>Program</u>	<u>Average Number of Children Served</u>	<u>Average Monthly Subsidy</u>	<u>Funding Source</u>		
			<u>Federal</u>	<u>State</u>	<u>Total</u>
State Day Care Subsidy	12,328	\$ 99.63	\$ 6,489,800	\$ 8,249,000	\$14,738,800
AFDC-Employed	4,290	193.15	6,561,600	3,381,800	9,943,400
AFDC-At Risk	2,630	192.00	4,000,000	2,061,500	6,061,500
CCDBG	4,411	188.07	9,954,900	-0-	9,954,900
JOBS Child Care	3,303	168.30	4,402,000	2,268,700	6,670,700
Transitional Child	<u>3,502</u>	<u>194.25</u>	<u>5,386,900</u>	<u>2,776,300</u>	<u>8,163,200</u>
Total	30,464	\$151.90	\$36,795,200	\$18,737,300	\$55,532,500

The State Day Care Subsidy program provides a subsidy for eligible families based on family income, family size, and the number of hours of child care per child. A General Appropriation Act footnote limits services to the funds that are available. This program is funded through 2 sources: a state appropriation and the Social Services Block Grant (SSBG). For this program in FY 1996, no new money is added.

The AFDC-Employed 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. This program is funded through a 65.99% federal/34.01% state match. For FY 1996, \$1,030,900 is added for projected caseload growth in this program.

The AFDC-At Risk 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, and would be at risk of qualifying for 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 average monthly co-payment is projected to be \$11.22. Federal funding is capped and is estimated to be \$4,000,000 for FY 1996. The state share should not exceed the required amount needed to match the federal capped share. Due to a change in the state/federal match, \$26,300 is added to meet the higher state match in FY 1996.

CCDBG is fully funded through federal monies. The grant provides a subsidy for eligible families based on family income, family size, and the number of days of child care received per child. Eligible 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 average monthly co-payment is projected to be \$10.58.

(Continued)



**DEPARTMENT OF ECONOMIC SECURITY - CHILDREN AND FAMILY SERVICES (Cont'd)**

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**JOBS Child Care** — Funds child care assistance to AFDC recipients in the Jobs Opportunities and Basic Skills (JOBS) program. The appropriation provides child care funds for single-parent AFDC households, consisting of single-parents attending job training, job search applicants, and tribal participants. Funds are also included for AFDC-UP households assuming the parents attend job training 3 days per week. The increase is based on a 34.01%/65.99% state/federal match rate.

**Transitional Child Care** — 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. Families are eligible for up to 12 months of child care benefits if they received AFDC benefits for 3 of the 6 months prior to ineligibility and are ineligible for AFDC due to increased hours of, or income from, employment or the loss of the employment disregard. The increase is based on a 34.01%/65.99% state/federal match rate. Laws 1995, Chapter 175 seeks to increase these benefits to those who meet certain criteria to 24 months. (See Additional Appropriations.)

**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.

**Healthy Families Pilot** — Provides the second-year funding for the Healthy Families Pilot appropriated in Laws 1994, Chapter 1, 9th Special Session. Laws 1994, Chapter 1 already appropriated \$1,700,000 in FY 1995 and \$3,000,000 in FY 1996 for the pilot. The pilot program provides services to children under 5 years of age and members of their families and is designed to prevent child abuse or neglect and to promote child development and wellness. Services include parenting skills training, counseling, nutrition and preventative health care education, developmental and health assessments, and community resources information for such items as immunization, school readiness programs, social, employment and other assistance programs.

**Additional Appropriations — Demonstration Program; Child Care; AHCCCS (Chapter 175)** — This bill establishes a 3-year joint pilot demonstration program that extends child care and AHCCCS benefits from 12 months to 24 months for current and former recipients of AFDC who are enrolled in an accredited school, equivalency certificate, job skills program or who are employed or enrolled in the JOBS program, pursuant to A.R.S. § 41-2026 and meet federal requirements for qualifying for transitional benefits. The implementation of this demonstration project is dependent upon receiving waivers from the U.S. Department of Health and Human Services. The 2 agencies shall jointly produce a report which evaluates the program's effects on participants' utilization of services, employment and economic sufficiency, welfare dependency and recidivism. An interim report will be submitted within 18 months after the start of the program, and a final report will be submitted within 9 months after the end of the program to the Governor, the President of the Senate and the Speaker of the House of Representatives. Of the \$495,700, DES's Children and Family Services division receives \$52,300 for the extension 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

General Fund and Children and Family Services Training Program Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>
Personal Services	117,200	152,100	157,000
Employee Related Expenditures	24,400	34,200	40,900
Professional and Outside Services	31,200	518,400	231,100
Travel - In State	2,100	20,700	20,700
Travel - Out of State	-0-	5,200	5,200
Other Operating Expenditures	53,500	60,000	60,000
Equipment	200	-0-	-0-
<b>Total Appropriations</b>	<b>228,600 <sup>1/</sup></b>	<b>790,600 <sup>1/</sup></b>	<b>514,900 <sup>2/3/</sup></b>
<u>Fund Summary</u>			
General Fund	-0-	347,300	358,900
Children and Family Services Training Program Fund	228,600	443,300	156,000
<b>Total Appropriations</b>	<b>228,600</b>	<b>790,600</b>	<b>514,900</b>

*Program Description — This program funds training for Child Protective Services (CPS) investigators, CPS case managers and employees of child welfare agencies and community treatment programs. The program is funded through the General Fund and the Children and Family Services Training Program (CFST) Fund. A.R.S. § 8-503.01 established a CFST Fund whose revenues are 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 CFST Fund dollars fund the development and procurement of training consultants and materials. Laws 1994, Chapter 325 mandated that General Fund dollars will cover all expenses associated with the FTE Positions who provide the training. The department also utilizes federal Title IV-E monies that are available for training activities. These federal funds offset state expenditures.*

**Transfer FTE Positions to General Fund —** The approved amount transfers the 7 FTE Positions in this program from CFST funding to the General Fund. Laws 1994, Chapter 325 provided General Fund dollars to cover expenses associated with the staff. However, Chapter 325 did not move the 7 FTE Positions from the CFST Fund to the General Fund.

**Decrease in CFST Fund Available Revenues —** The approved amount lowers the estimated expenditure from the CFST Fund to more accurately reflect the available CFST Fund revenues. Over the past several years, the CFST program expenditures have increased, but the fund's revenues have remained stagnant.

<sup>1/</sup> The original FY 1994 appropriation was \$431,600. The total FY 1994 actual expenditures, including federal Title IV-E monies, was \$374,900. The original FY 1995 appropriation was \$790,600. The total FY 1995 estimated expenditures, including federal Title IV-E monies, is \$829,400.

<sup>2/</sup> The department anticipates an additional \$330,800 from Federal Funds.

<sup>3/</sup> Appropriated as a Lump Sum for the Program.

**DEPARTMENT OF ECONOMIC SECURITY -  
EMPLOYMENT AND REHABILITATION SERVICES**

A.R.S. § 41-1951

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>98.4</u>	<u>110.3</u>	<u>108.7</u>
Personal Services	2,280,000	2,509,900	2,688,700
Employee Related Expenditures	525,800	617,100	663,100
Professional and Outside Services	31,800	92,900	111,200
Travel - In State	51,100	59,300	64,800
Travel - Out of State	-0-	700	1,900
Other Operating Expenditures	255,500	286,200	288,000
Equipment	36,000	18,300	2,700
<b>Operating Subtotal</b>	<b>3,180,200</b>	<b>3,584,400</b>	<b>3,820,400</b>
Vocational Rehabilitation Services	3,925,100	2,384,400	3,189,400
Independent Living Rehabilitation Services	488,300	558,200	558,200
Job Search Stipends	173,900	173,900	173,900
JOBS	2,101,500	3,018,200	4,257,300 <sup>1/</sup>
Employment Support Services	-0-	6,223,700	6,701,700
AFDC Time Limits	-0-	1,400,000	-0-
Other Receipts	(1,406,500)	(500,000)	(500,000) <sup>2/</sup>
<b>Total</b>	<b>8,462,500</b>	<b>16,842,800</b>	<b>18,200,900</b> <sup>3/</sup>
<b>Additional Appropriations - Summer School and JOBS, Ch. 236</b>	<b>-0-</b>	<b>-0-</b>	<b>1,000,000</b>
<b>Total Appropriations</b>	<b>8,462,500</b>	<b>16,842,800</b>	<b>19,200,900</b>

*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 insurance benefit program and the Job Training Partnership Act (JTPA) program.

*Technical Issues* — The approved amount reflects a reduction of \$43,300 for one-time equipment costs, a \$20,000 transfer to the Division of Administration for occupancy related expense, out of state travel and the voice telephone services initiative, an increase of \$7,200 for higher postage and an increase of \$2,600 for higher travel expenses.

*Federal Match and Mandates* — The approved amount adds \$782,700 to draw down a federal 78.7% match in the Vocational Rehabilitation Services Special Line Item. This increase reflects the amount the Department of Economic Security (DES) transferred in during FY 1995 to draw down federal dollars available to Arizona. An additional \$32,800 and 0.6 FTE Position are added to this division's operating budget to meet required activities imposed by changes in the federal Rehabilitation Act.

<sup>1/</sup> It is the intent of the Legislature that the \$4,257,300 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.)

<sup>2/</sup> It is the intent of the Legislature that the Special Administration Fund be used as the source for the \$500,000 of Other Receipts. (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHABILITATION SERVICES (Cont'd)**

**Aging Out** — The approved amount funds 88 individuals to receive Vocational Rehabilitation Services and Employment Support Services. Of these 88 clients, 34 will reach the age of 22 and must exit the school system and foster care; the remaining 54 clients will be Long-Term Care eligible. The sum of \$52,300 is provided in the Vocational Rehabilitation Services Special Line Item to provide vocational training services for these developmental disabled individuals and \$27,900 is provided in the Employment Support Services for those individuals who will complete the federal Vocational Rehabilitation Services program, but will need continued support to maintain employment. A decrease of \$32,300 is also reflected in the Vocational Rehabilitation Services Special Line Item to reflect those clients who will complete Vocational Rehabilitation Services program during FY 1996. In addition, adds \$450,100 for the full-year funding of clients who moved during FY 1995 into the 100% state-funded Employment Support Services. The appropriation also funds a 0.4 FTE Position (1 total) and \$22,000 (\$55,300 Total Funds) to provide case management.

**Aid to Families with Dependent Children (AFDC) Time Limits** — The approved amount redistributes the \$1,400,000 appropriated through Laws 1994, Chapter 166. From the appropriation in Chapter 166, the agency established 7.1 FTE Positions. The approved amount decreases the number of FTE Positions by 2.6 FTE Positions in order to have more money in the JOBS Special Line Item for contracted services for clients. Of the \$1,400,000 appropriated in FY 1995, \$1,239,100 is transferred to the JOBS Special Line and \$160,900 is transferred to this division's operating budget for 4.5 FTE positions. In the Administration Division, \$271,400 is added for full-year funding for computer consultants and the lease-purchase of hardware and software needed to modify DES's automated eligibility determination system.

**Vocational Rehabilitation Services** — The approved amount provides for individually planned services for the disabled. Services include case management, counseling, prostheses, and remedial education. The federal government matches the state funds at a 78.7/21.3% rate. To ensure the drawdown of all available federal dollars, DES has identified other sources of state match—either existing appropriated or non-appropriated funds. Other sources include the Arizona Industrial Commission for individuals with disabilities received in work related accidents, various school districts, Department of Health Services which provides services for the seriously mentally ill, the City of Phoenix, the Arizona School for the Deaf and Blind and through establishment grants. Local non-profit organizations are usually the source of the establishment grant contributions. Establishment grant funds can be used to establish new facilities, but cannot finance a client's actual rehabilitation. The other sources amount is estimated to be \$2,129,500. The federal share is estimated to be \$19,652,500. The approved amount will permit the department to serve 25,791 individuals at an average cost of \$968.21.

**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 program consists of:

- Services to Individuals, \$345,100. An estimated 1,983 persons will receive independent living services during the year, including case management and counseling.
- Medical Services for Clients, \$213,100. This program will fund 8,400 eye examinations and 6,318 eye glasses and other eye appliances for eligible low-income individuals at an average cost of \$25.37 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 approved amount will fund 5,912 participants for 1 month and 4,000 for 2 months.

**JOBS** — The approved amount funds services under the Job Opportunities and Basic Skills (JOBS) program. The state amount will be matched by Federal Funds of \$7,343,000, which is a 63.3% 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 66.4/33.6% match.

(Continued)

**DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHABILITATION SERVICES (Cont'd)**

- **JOBS - Basic** - The approved amount includes a total of \$3,197,200 for AFDC single-parent households, DES staff 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)** - The approved amount includes a total of \$1,060,100 for 2-parent households in the AFDC-UP program, DES either contracts out its case management function or hires non-permanent and seasonal positions to provide case management if outside contracts cannot be established. Besides case management, the approved amount funds employment plan development, skills training, basic education and employment services.

Both programs emphasize a balance between immediate employment and education and training services. Two changes may impact the JOBS program during FY 1996. One is the age exemption of a child for whom a parent is personally providing care. Laws 1994, Chapter 301 changed the exemption on the age of a child from 2 to 1 year of age. The implementation of the Full Employment Demonstration Project will also impact the JOBS program. (See the Division of Benefits and Medical Eligibility for further information on this project.)

It is estimated that 20,326 AFDC recipients out of approximately 74,928 adult AFDC recipients will be served. Of these 20,326, the sum of 17,968 are in single-parent families and 2,358 are in 2-parent families.

**Employment Support Services** — The approved amount provides long term services to ensure the stability of employment for individuals with disabilities. In addition to the General Fund dollars, the Arizona Industries for the Blind provides \$2,535,800 and \$453,100 from the federal Social Services Block Grant. The program will serve 1,433 developmentally disabled clients at an annual average cost per client of \$5,307. Another 787 non-developmentally disabled individuals will also be served at an estimated annual cost of \$2,650 per client.

**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 1996, these "Other Receipts" will be used to fund the JOBS line item.

**Additional Appropriations — Summer School and Jobs (Chapter 236)** — Adds \$1,000,000 for the establishment of a FY 1995 summer school youth employment, education and gang prevention program for economically disadvantaged youth. DES is to distribute the \$1,000,000 to counties based on population specified in the bill. DES is required to establish the program where the student goes to school for one-half day and works for one-half day. DES will also be responsible for certifying the employers who will qualify for a tax credit equal to half of the wage paid to the student not exceeding \$3 per hour for a maximum of 20 hours per week. An emergency clause is included in this bill as well. In addition, DES shall submit a report by November 1, 1995 to the Governor, the Speaker of the House of Representatives and the President of the Senate. The report shall summarize county and municipality expenditures, successes, the program's impact on local juvenile crime rates and any problems with the program.

**DEPARTMENT OF EDUCATION - SUMMARY**

A.R.S. § 15-201

The Honorable Lisa Graham, Superintendent

JLBC Analyst: Steve Schimpp/Justin Garosi

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
State Board of Education and State Board for Vocational and Technological Education	136,900	142,500	160,700
General Services Administration	8,422,800	8,965,100	9,220,600
Assistance to Schools	1,530,406,800	1,698,830,900	1,765,034,900
Vocational Education	1,249,500	1,315,400	1,325,000
<b>Total Appropriations</b>	<b>1,540,216,000</b>	<b>1,709,253,900</b>	<b>1,775,741,200</b>
<u>Expenditure Detail</u>			
FTE Positions	221.7	221.9	224.9 <sup>1/</sup>
Personal Services	5,112,300	5,424,000	5,560,000
Employee Related Expenditures	1,079,600	1,241,500	1,224,300
Professional and Outside Services	150,000	159,500	164,900
Travel - In State	57,000	111,700	114,700
Travel - Out of State	19,000	29,500	29,500
Other Operating Expenditures	1,734,300	1,659,000	1,644,000
Equipment	46,800	211,900	-0-
<b>Operating Subtotal</b>	<b>8,199,000</b>	<b>8,837,100</b>	<b>8,737,400</b>
Special Line Items	1,532,017,000	1,700,416,800	1,763,694,700
Additional Appropriations	-0-	-0-	3,309,100
<b>Total Appropriations</b>	<b>1,540,216,000</b>	<b>1,709,253,900</b>	<b>1,775,741,200</b> <sup>2/</sup>

*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.

*Charter Schools* — The approved total includes an increase of 3 FTE Positions for the Charter Schools program. Most of the increase (2.5 FTE Positions) occurs in the Assistance to Schools cost center, and is for state-level administration of the Charter Schools program (such as reviewing and approving applications, and providing technical assistance to charter schools). The remaining increase (0.5 FTE Position) occurs in the State Board of Education and State Board for Vocational and Technological Education cost center, and is for providing administrative support for the new State Board for Charter Schools (which exercises general supervision over charter schools sponsored by the board and recommends legislation pertaining to charter schools to the Legislature, per A.R.S. § 15-182).

Laws 1994, Chapter 2, 9th Special Session authorized the charter schools program and appropriated \$1,000,000 to the Charter Schools Stimulus Fund to assist new charter schools with application and start-up costs. The FY 1996 General Appropriation Act provides \$16,300,000 in new Basic State Aid funding in order to cover maintenance and operation costs of charter schools.

<sup>1/</sup> Includes 45.8 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriation format varies by program.

**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**

<b>General Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>2.0</u>	<u>2.0</u>	<u>2.5</u> <sup>1/</sup>
Personal Services	49,000	55,200	66,100
Employee Related Expenditures	11,100	13,300	15,900
Professional and Outside Services	20,000	23,800	24,300
Travel - In State	-0-	700	3,700
Travel - Out of State	1,000	2,000	2,000
Other Operating Expenditures	55,800	47,500	48,700
<b>Total Appropriations</b>	<u>136,900</u>	<u>142,500</u>	<u>160,700</u> <sup>2/</sup>

*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 9-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.*

**New Staff —** The approved amount reflects an increase of 0.5 FTE Positions and \$16,900 to provide administrative support for the State Board for Charter Schools. The role of this board is to exercise general supervision over charter schools sponsored by the board, and recommend legislation pertaining to charter schools to the Legislature (A.R.S. § 15-182). Laws 1994, Chapter 2, 9th Special Session authorized the establishment of the State Board for Charter Schools, but did not provide any funding for board administration. (An overview of agencywide charter schools funding is provided on the agency "Summary" page. Funding for charter schools operation is included as a part of the Basic State Aid Special Line Item in the Assistance to Schools cost center.)

<sup>1/</sup> The number of FTE Positions does not include the 9 members of the State Board of Education and State Board for Vocational and Technological Education (the latter board includes all members of the State Board of Education).

<sup>2/</sup> Appropriated as a Lump Sum for the Program.



**DEPARTMENT OF EDUCATION - GENERAL SERVICES  
ADMINISTRATION**

A.R.S. § 15-231

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	153.3	154.8	157.8 <sup>1/</sup>
Personal Services	4,160,200	4,465,500	4,567,100
Employee Related Expenditures	877,500	1,011,100	1,010,100
Professional and Outside Services	42,700	56,000	56,000
Travel - In State	53,500	89,600	89,600
Travel - Out of State	18,000	27,500	27,500
Other Operating Expenditures	1,613,900	1,517,600	1,501,400
Equipment	46,800	211,900	-0-
<b>Operating Subtotal</b>	<b>6,812,600</b>	<b>7,379,200</b>	<b>7,251,700</b>
Achievement Testing	1,279,900	1,308,700	1,549,200
Education Commission of the States	45,000	49,300	54,400
SLIAG Administration	3,000	-0-	-0-
Special Education Audit	189,600	227,900	230,600
School Restructuring	92,700	-0-	-0-
Charter Schools	-0-	-0-	147,600
<b>Total</b>	<b>8,422,800</b>	<b>8,965,100</b>	<b>9,233,500</b>
<b>Additional Appropriations -</b>			
Regulatory Reform, Ch. 251	-0-	-0-	(12,900)
<b>Total Appropriations</b>	<b>8,422,800</b>	<b>8,965,100</b>	<b>9,220,600</b> <sup>2/</sup>

*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 of Public Instruction is funded through this cost center.

*Technical Issues* — The approved amount includes a transfer of 1) a 0.5 FTE position [Program Specialist] from the General Services Administration (GSA) cost center to the Gifted Support [State Block Grant] special line item in the Assistance to Schools cost center, and 2) 1 FTE position [0.8 Secretary and 0.2 Administrative Assistant III] from Gifted Support to GSA.

*Achievement Testing* — The approved amount funds Norm Referenced Testing in grades 4, 7 and 10 (which compares achievement of Arizona students to that of students nationwide), and Arizona Student Assessment Program (ASAP) testing in grades 3, 8 and 12 (which assesses student mastery of Arizona-established "essential skills"). The \$240,000 increase for this program includes \$151,500 to purchase exclusive rights to ASAP forms A, B, and C (by prepaying the contracted FY 1997 royalty fees for these forms), plus increased costs associated with contract fees, \$38,200; clerical support, \$19,200; storage, \$13,500; printing, \$10,600; and shipping, \$7,500.

*Education Commission of the States (ECS)* — The \$54,400 appropriation (an increase of \$1,100) represents dues for Arizona's membership in the ECS. The State Commission consists of 7 members, with 2 being appointed by the President of the Senate, 2 by the Speaker of the House of Representatives, and 3 by the Governor.

<sup>1/</sup> Includes 7.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as a Modified Lump Sum for the Program with Special Line Items.

(Continued)

**DEPARTMENT OF EDUCATION - GENERAL SERVICES ADMINISTRATION (Cont'd)**

**Special Education Audit** — The approved amount includes 5 FTE positions and \$227,900 in order to conduct 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 pertaining to special education, and to ensure the appropriate placement of students in special education programs [A.R.S. § 15-236].

**Charter Schools** — The approved amount reflects an increase of 2.5 FTE positions and \$147,600 in order to provide administrative support for the charter schools program. Laws 1994, Chapter 2, 9th Special Session established the charter schools program, but did not provide funding for administration of the program at the state level. (An overview of agencywide charter schools funding is provided on the agency "Summary" page.)

**Additional Appropriations** — Regulatory Reform (Chapter 251, S.B. 1274) — Please see the General Legislation section for a description of this legislation.

**DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS**

**A.R.S. § 15-231**

<b>General Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>40.1</u>	<u>38.8</u>	<u>38.3</u> <sup>1/</sup>
<b>Statutory Formula Programs</b>			
Basic State Aid	1,229,155,700	1,458,946,700	1,557,556,700 <sup>2/3/</sup>
Prior Year State Aid	143,196,400	53,500,000	-0-
Additional State Aid to Schools	118,315,000	128,849,900	148,250,300
Assistance to School Districts for Children of State Employees	446,400	602,900	487,800
Certificates of Educational Convenience	8,128,600	8,669,200	7,012,500
Permanent Education Voucher Fund	2,021,400	2,681,200	2,103,800
Special Education Placement and Residential Education Voucher Fund	5,301,700	6,450,500	6,727,100
Subtotal	<u>1,506,565,200</u>	<u>1,659,700,400</u>	<u>1,722,138,200</u>
<b>Non-Formula Programs</b>			
Academic Contest Fund	26,600	50,000	50,000
Academic Decathlon	76,500	83,200	84,300
Adult Education Assistance	3,040,300	3,554,600	3,556,600 <sup>4/</sup>
Arizona Geographic Alliance	-0-	50,000	50,000
Arizona Humanities Council	40,000	40,000	40,000
Arizona Principals' Academy	25,200	25,200	25,200
Arizona Teacher Evaluation	395,100	303,700	305,100
Arizona School Service Through Educational Technology	234,000	234,000	234,000
Charter Schools Stimulus Fund	-0-	1,000,000	1,000,000
Chemical Abuse	835,600	847,000	849,200
Dropout Prevention	2,285,000	2,183,900	-0- <sup>5/</sup>
Extended School Year	499,800	500,000	500,000 <sup>6/</sup>
Family Literacy Pilot	-0-	975,000 <sup>6/</sup>	1,000,600 <sup>6/</sup>
Full-Day Kindergarten	1,313,000	1,405,300	-0- <sup>5/</sup>
Gifted Support	993,700	954,500	-0- <sup>7/</sup>
Juvenile Crime Omnibus	-0-	2,500,000	2,500,000 <sup>5/</sup>
K-3 Support	5,285,800	5,459,400	-0- <sup>5/</sup>
Optional Performance Incentive Programs	-0-	-0-	100,000 <sup>5/</sup>
Preschool At-Risk	2,517,500	12,605,000	-0- <sup>5/</sup>
Residential Placement	44,600	100,000	100,000
School Breakfast Program	2,800	-0-	-0-
School Report Cards	-0-	300,000	300,000
SLIAG Adult Education	347,700	-0-	-0- <sup>8/</sup>
State Block Grant	-0-	-0-	22,911,400 <sup>8/</sup>
Tuition Fund	100,000	100,000	100,000
Vocational Education Assistance	2,827,400	2,835,000	2,835,000
Vocational Education Program Support	974,800	1,024,700	1,033,300
Vocational-Technological Education	1,976,200	2,000,000	2,000,000
Subtotal	<u>23,841,600</u>	<u>39,130,500</u>	<u>39,574,700</u>
<b>Total</b>	<b>1,530,406,800</b>	<b>1,698,830,900</b>	<b>1,761,712,900</b> <sup>9/</sup>
<b>Additional Appropriations - Education Programs; Detention Centers, Ch. 158</b>	<b>-0-</b>	<b>-0-</b>	<b>3,322,000</b>
<b>Total Appropriations</b>	<b>1,530,406,800</b>	<b>1,698,830,900</b>	<b>1,765,034,900</b>

(Continued)

## DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)

*Program Description — Assistance to Schools includes 6 formula programs and 21 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 (BSA)** — 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, 19 receive no equalization assistance due to their high relative property wealth.

- 1/ The FTE Positions total does not include 1 FTE Position associated with the Career Ladder Program that is funded from Basic State Aid in FY 1996. This position is not appropriated in the General Appropriation Act.
- 2/ The state General Fund appropriation, when combined with other appropriations, reflects the major portion of the estimated \$1,614,856,700 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. (General Appropriation Act footnote.)
- 3/ 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/ 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.)
- 5/ Consolidated into the "State Block Grant" Special Line Item.
- 6/ \$1,000,000 of this total was appropriated by Laws 1994, Chapter 1, 9th Special Session. The remaining \$600 is authorized by the FY 1996 General Appropriation Act: \$700 for the 2% pay raise for state employees, and a \$100 reduction due to a change in the Arizona State Retirement System employer contribution rate for FY 1996.
- 7/ Chapter 158 appropriates another \$2,500,000 for this purpose.
- 8/ The Department of Education shall devise a plan for allocating and distributing the state block grant. The distribution plan for the block grant will take into account the varying needs of school districts for programs related to dropout prevention, full-day kindergarten, gifted support, K-3 support and preschool at-risk, and shall be reviewed by the Joint Legislative Budget Committee before the grant is expended. A maximum of 2% of the appropriation for the State Block Grant Special Line Item may be used by the Department of Education for administration of the block grant program. (General Appropriation Act footnote.)
- 9/ Appropriated by Special Line Items for the Program.

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**DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)**

Arizona school districts are projected to receive approximately \$3.6 billion in combined state, federal and local funding in FY 1996. Total state funding (\$1,775,740,400 projected appropriation + \$57,200,000 projected "endowment earnings" from the Permanent State School Fund = \$1,832,940,400) is expected to account for approximately 50% of this total.

	FY 1996 <u>Estimated \$</u>	FY 1996 <u>Estimated %</u>
State	\$1,832,940,400	50%
Local	1,564,900,000	43%
Federal	<u>250,600,000</u>	<u>7%</u>
<b>TOTAL</b>	<b>\$3,648,440,400</b>	<b>100%</b>

The approved amount is based on the following computation:

Total Equalization Base	\$2,650,406,200
Subtract: Qualifying Levy	<u>(945,920,000)</u>
FY 1996 Base Equalization Requirement	\$1,704,486,200
Add:	
Charter School Operation	16,300,000
Career Ladder Step Increases (A.R.S. § 15-918.04)	3,132,400
Student Loss (A.R.S. § 15-902)	100,000
Tuition Loss (A.R.S. § 15-954)	398,600
Financial/Compliance Audits (A.R.S. § 15-914)	1,252,200
Rapid Decline (A.R.S. § 15-942)	1,601,200
Department of Juvenile Corrections (A.R.S. § 15-1371)	1,317,500
Sudden Growth (A.R.S. § 15-948)	25,942,200
Open Enrollment—Special Education	1,200,000
Certificates of Educational Convenience and Transportation - Unorganized Districts (A.R.S. § 15-825)	<u>1,596,000</u>
Total Equalization Requirement	1,757,326,300
Subtract:	
County Equalization	(121,190,800)
Endowment Earnings	<u>(57,200,000)</u>
Required State Funding	1,578,935,500
Subtract: "Retirement Recapture"	<u>(21,378,800)</u>
FY 1996 General Fund Appropriation	<u>\$ 1,557,556,700</u>

**Major Changes to Basic State Aid**

- **Student Growth** — The approved amount includes an increase of \$91,968,300 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 1996 estimated student count is based on FY 1995 enrollment. Similarly, the FY 1995 actual count is based on FY 1994 enrollment.

	FY 1995 <u>Actual ADM</u>	FY 1996 <u>Estimated ADM</u>	% Change <u>from FY 1995</u>
PSD	1,824	1,981	8.6%
K-8	491,226	508,420	3.5
9-12	176,648	185,127	4.8
<b>TOTAL</b>	<b>669,698</b>	<b>695,528</b>	<b>3.9%</b>

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## DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)

- Increase in Base Level — Laws 1995, Chapter 1, 9th Special Session set the formula funding "growth rate" for FY 1996 at 0.0%; however, the projected cost of BSA in FY 1996 includes \$25,000,000 to increase the formula funding "base level" by \$30 per student (approximately \$35/student after formula funding weights are applied). [Note: Laws 1995, Chapter 196 eliminates in future budget years the "growth rate" (inflation funding) provision of A.R.S. § 15-901.]
- Charter Schools Operation — The projected formula cost of BSA in FY 1996 includes a first-time appropriation of \$16,300,000 for State board-approved charter schools operation. Laws 1994, Chapter 2, 9th Special Session appropriated \$1,000,000 to the Charter Schools Stimulus Fund for charter school start-up costs, but did not provide funding for maintenance and operation costs of charter schools. The \$16,300,000 projected appropriation is based upon an estimated headcount enrollment of approximately 4,800 students in charter schools in FY 1996.
- Sudden Growth — The approved amount includes an increase of \$7,681,200 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).
- Career Ladders — The approved amount includes an additional \$3,132,400 for Career Ladder programs. This additional funding will be used to cover step increases as districts move to higher phases of the program. A.R.S. § 15-918 allows Career Ladder districts to increase their Base Level by percentages stated in statute, depending on the implementation phase the district is in: Development Phase—0.5% increase; Evaluation Phase—1% increase; Placement Phase I—2.5% increase; Placement Phase II—4% increase; Effective Career Ladder Phase—5.5% increase. Total Career Ladder spending is estimated to be \$37,729,200, with \$26,143,000 funded from State Aid and \$11,586,000 from the local Qualifying Tax Rate levy. The Career Ladder Program is an optional program, with 29 districts currently participating. The approved amount includes no funding for additional districts to participate in the program.
- Retirement Recapture — The "retirement recapture" represents estimated savings in employer contributions to the State Retirement System for school district personnel. Basic State Aid includes an offset of (\$21,378,800) for the retirement recapture. A.R.S. § 15-917 as modified by Laws 1995, Chapter 191, provides that if the employer contribution rate is less than 5.09%, the funding formula's Base Level will be reduced by the product of the "savings factor" (\$20.59 in FY 1996) and the "retirement factor" (the difference in percentage points between 5.09% and the employer contribution rate). This reduction in the Base Level translates into lower Basic State Aid costs. The approved amount for Additional State Aid includes an offset of \$519,300 for retirement savings from districts that do not receive Basic State Aid. Therefore, the General Fund will save a combined total of \$21,898,100 from the retirement recapture, which is \$983,300 less than the current FY 1995 savings estimate of \$22,881,400. This reflects an increase in the retirement contribution rate from 3.75% in FY 1995 to 3.85% in FY 1996.
- 3% Growth in School District Assessed Valuation — Growth in school district net assessed valuation (NAV) increases the amount of formula funding that is generated locally, thereby reducing the need for Basic State Aid. The approved amount includes a reduction of \$27,687,000 (including county equalization) based upon a projected 3% increase in school district valuation for FY 1996. This 3% NAV growth, however, fails to keep pace with the projected 3.9% growth in student count for FY 1996, let alone with the \$30 per student increase in the base level for FY 1996, and the first-time funding of charter schools operation. Overall, the formula funding requirement for Basic State Aid is expected to grow by approximately 6% in FY 1996.

**Prior Year State Aid** — The K-12 "Rollover" was a finance technique used to help balance the budget that shifted funding requirements from one fiscal year to the next. The Rollover was paid on July 1 of the new fiscal year. For FY 1994, \$53,500,000 of the Basic State Aid payment was "rolled over" and paid on July 1, 1994 as a FY 1995 appropriation (Laws 1994, Chapter 6, 8th Special Session). For FY 1995, the originally enacted budget rolled \$53,500,000 of the payment into FY 1996. The Legislature, however, established a mechanism to fully pay FY 1995 Basic State Aid requirements within FY 1995 and without a rollover if certain conditions were met. First, any excess FY 1994 above \$107,200,000 was

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## DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)

appropriated to eliminate the rollover. Second, any excess FY 1995 revenues above \$4,237,100,000 were also appropriated for this purpose. Since the final FY 1994 surplus was \$229,204,400, the first condition was met and the remaining rollover was eliminated.

**Additional State Aid to Schools** — Funds the "homeowner's rebate" program, whereby the state pays 1) 35% [up to \$500] of every homeowner's primary property tax levy for school districts [A.R.S. § 15-972], and 2) that portion of any homeowner's overall primary property tax levy that exceeds 1% of the property's full cash value [Arizona Constitution, Article IX, § 18]. Projected costs of the 35% rebate account for \$145,068,100 of the total appropriation (an increase of \$16,915,300), while projected costs of the 1% constitutional cap account for \$3,701,500 of the total (an increase of \$2,404,600). The Additional State Aid requirement is offset by a \$519,300 deduction (down from a \$625,400 deduction) for retirement recapture from "zero aid" districts (districts that do not receive Basic State Aid because of their strong local tax base). Retirement recapture from other districts is deducted from their Basic State Aid allocations.

**Assistance to School Districts for Children of State Employees** — Provides a total of \$487,800 (a decrease of \$115,100) to pay the full estimated costs of tuition for students whose parents are employed by and domiciled at the Arizona State Hospital (ASH), the Arizona State Schools for the Deaf and the Blind (ASDB), and institutions and facilities maintained by the Arizona Department of Corrections (DOC) [A.R.S. § 15-976]. The school districts receiving tuition reimbursement through this appropriation are Bonita, Solomonville, Florence, Coolidge, Willcox and Safford.

**Certificates of Educational Convenience (CEC's)** — Decreases by \$1,656,700 the amount appropriated for projected cost of CEC's. (Due to new "open enrollment" laws [A.R.S. § 15-816.01], many students who formerly were funded through CEC's now are funded directly through Basic State Aid.) CEC's allow students to attend school in a district other than the one they live in if they are placed by an authorized state or federal agency into 1) a rehabilitative or corrective institution, 2) a foster home or child care agency or institution which is licensed and supervised by the Arizona Department of Economic Security (DES) or the Arizona Department of Health Services (DHS), or 3) a residential facility operated or supported by DES or DHS [A.R.S. § 15-825].

**Special Education Placement and Residential Education Voucher Fund** — Increases by \$276,600 the amount appropriated for projected costs of residential education for students who require a residential special education placement, or who are placed in a residential education facility by a state placing agency (Department of Juvenile Corrections [DJC], DES, DHS, or the administrative offices of the court) [A.R.S. § 15-1182]. In FY 1995, this fund was known as the Permanent Special Education Institutional Voucher Fund.

**Permanent Special Education Institutional Voucher Fund** — The appropriated amount includes a decrease of \$577,400 for projected special education costs of students from 1) ASDB, 2) ASH, or 3) developmentally disabled programs operated by DES [A.R.S. § 15-1202].

### **NON-FORMULA PROGRAMS**

**Academic Contest Fund** — Maintains funding at the FY 1995 level for sending state level winners of academic contests, and their chaperons, to the national levels of these contests.

**Academic Decathlon** — The approved amount includes 1 FTE Position and \$84,300 (\$36,700—operating; \$47,600—Assistance to Schools), an increase of \$1,100, for administrative and material costs incurred in support of the Academic Decathlon and other such academic events.

**Adult Education Assistance** — The approved amount includes 5.8 FTE Positions and \$3,556,600 (\$352,800—operating; \$3,203,800—Assistance to Schools), an increase of \$2,000, for immigrant education and adult basic education programs offered by school districts.

**Arizona Geographic Alliance** — Maintains funding at the FY 1995 level for the Geographic Alliance program of the National Geographic Society (which provides \$50,000 in matching funds). The goal of this program is to increase the geographic and social studies literacy of students in grades K-12.

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## **DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)**

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**Arizona Humanities Council** — Maintains funding at the FY 1995 level for assisting the Arizona Humanities Council in providing educational outreach services to Arizona school districts. (The National Endowment for the Humanities provides \$40,000 in matching funds.)

**Arizona Principal's Institute** — Maintains funding at the FY 1995 level for administrative and instructional costs of the annual Principals' Institute (a summer workshop for school administrators). A.R.S. § 15-561 establishes a principal's institute advisory committee and authorizes this committee to plan and monitor the annual institute.

**Arizona Teacher Evaluation** — The approved amount includes 5 FTE Positions and a total of \$305,100 (all for operating expenditures), an increase of \$1,400, for administration of the following programs: 1) the Arizona Teacher Proficiency Examination (ATPE) [A.R.S. § 15-533], 2) the State of Arizona and United States Constitutions examination [A.R.S. § 15-532], and 3) the Alternative Secondary Certification Program [Arizona Administrative Code R7-2-602].

**Arizona School Services Through Educational Technology (ASSET)** — Maintains funding at the FY 1995 level for this program, which assists school districts in enhancing educational instruction through television course work. Approximately \$160,000 of the approved amount is for transmission costs and \$74,000 is for shipping printed materials.

**Charter Schools Stimulus Fund** — Maintains funding at the FY 1995 level for charter school start-up costs, including costs associated with renovating or remodeling existing buildings and structures (A.R.S. § 15-188).

**Chemical Abuse** — The approved amount includes 6.6 FTE Positions and \$849,200 (\$393,200—operating; \$456,000—Assistance to Schools), an increase of \$2,200, to fund chemical abuse prevention programs for students in grades K-12 [A.R.S. § 15-712].

**Family Literacy Pilot** — Laws 1994, Chapter 1, 9th Special Session appropriated \$975,000 in FY 1995 and \$1,000,000 in FY 1996 (\$123,100—operating; \$876,900—Assistance to Schools) for projects aimed at increasing the basic academic and literacy skills of eligible parents and their preschool children [A.R.S. § 15-191.01].

**Extended School Year** — Maintains funding at the FY 1995 level to pay for extended school year programs for handicapped students, as required by A.R.S. § 15-881.

**Juvenile Crime Omnibus** — The General Appropriation Act provides \$2,500,000 for placing peace officers and juvenile probation officers in schools (as authorized by Laws 1994, Chapter 201). Laws 1995, Chapter 158 appropriates an additional \$2,500,000 in FY 1996 funding, resulting a total FY 1996 appropriation of \$5,000,000.

**Optional Performance Incentive Programs** — Maintains funding at the FY 1995 level for this program, which serves as an alternative to the Career Ladder program [A.R.S. § 15-919.02]. Optional Performance Incentive Programs utilize measures of quality including parental satisfaction or rating of educational quality, teacher job satisfaction or rating of support, and pupil satisfaction with the quality of education being received. (During FY 1995, funding for this program, as authorized by Laws 1994, Chapter 221, was administered as a part of the Basic State Aid Special Line Item.)

**Residential Placement** — Maintains funding at the FY 1995 level for providing 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 (Laws 1991, Chapter 173).

**School Report Cards** — Maintains funding at the FY 1995 level for costs associated with the School Report Card program [A.R.S. § 15-746], whereby each school supplies annual information to parents and the Arizona Department of Education (ADE) regarding school goals and student achievement.

**State Block Grant** — The approved amount includes 9.9 FTE Positions and \$22,911,400 for programs related to dropout prevention, full-day kindergarten, gifted support, K-3 support and pre-school at-risk (Special Line Item funding existed for each of these program areas prior to FY 1996). The approved amount equals the sum of the FY 1995 appropriations for the 5 former Special Line Items (adjusted for the 2% pay raise for state employees and change in the Arizona State

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## DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)

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Retirement System contribution rate for FY 1996). This block grant was created by Laws 1995, Chapter 4, 1st Special Session. Include in the 9.9 FTE Position total is a transfer of 1) 1 FTE Position [0.8 Secretary and 0.2 Administrative Assistant III] from the Gifted Support Special Line Item [now part of the State Block Grant] to the General Services Administration [GSA] cost center, and 2) a 0.5 FTE Position [Program Specialist] from GSA to Gifted Support [State Block Grant]. Laws 1995, Chapter 4, First Special Session established the State Block Grant program, and required that the allocation and distribution of money for these grants and programs for the 1995-1996 fiscal year shall be determined by the Department of Education with review by the Joint Legislative Budget Committee.

**Tuition Fund** — Maintains funding at the FY 1995 level for tuition assistance to facilitate the appropriate placement of sensory impaired students [Laws 1991, Chapter 348].

**Vocational Education Assistance** — Maintains funding at the FY 1995 level to support the added cost of 11th and 12th grade students enrolled in approved vocational technological programs addressing high demand occupations. A priority listing of high demand occupational areas serves as the basis for allocating these funds.

**Vocational Education Program Support** — The approved amount includes 10 FTE Positions and \$1,033,300 (no change other than for the 2% pay raise for state employees and change in the ASRS retirement contribution rate). This appropriation provides funding for 1) technical assistance for vocational student organizations (such as VICA—Vocational Industrial Clubs of America) [Laws 1991, Chapter 281], 2) supplemental technical assistance for rural schools with vocational technological programs, 3) supplemental assistance for establishing "model" vocational technological programs, and 4) purchases of certain vocational technological equipment.

**Vocational—Technological Education** — Maintains funding at the FY 1995 level for expanding vocational education pilot programs and for teacher training in vocational and technological education [Laws 1990, Chapter 330].

**Additional Appropriations — Education Programs; Detention Centers (Chapter 158)** — Makes appropriations for the education of juveniles who are incarcerated as adults in county jails. Funding to ADE includes \$250,000 for start-up grants and \$572,000 for the estimated increased costs of Basic State Aid. This bill also appropriates to ADE \$2,500,000 for the Juvenile Crime Omnibus Special Line Item (in addition to the \$2,500,000 appropriated for this program in the FY 1996 General Appropriation Act), resulting in a total FY 1996 appropriation for Juvenile Crime Omnibus of \$5,000,000.

**DEPARTMENT OF EDUCATION - VOCATIONAL EDUCATION**

**A.R.S. § 15-231**

<b>General Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>26.3</u>	<u>26.3</u>	<u>26.3</u>
Personal Services	903,100	903,300	926,800
Employee Related Expenditures	191,000	217,100	198,300
Professional and Outside Services	87,300	79,700	84,600
Travel - In State	3,500	21,400	21,400
Other Operating Expenditures	64,600	93,900	93,900
<b>Total Appropriations</b>	<b>1,249,500</b>	<b>1,315,400</b>	<b>1,325,000</b> <sup>1/23/</sup>

*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.*

- <sup>1/</sup> 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.)
- <sup>2/</sup> 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.
- <sup>3/</sup> Appropriated as a Lump Sum for the Program.

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

A.R.S. § 49-101

Edward Z. Fox, Director

JLBC Analyst: Renée E. Bahl

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	305.3	377.5	379.9 <sup>1/</sup>
Personal Services	6,043,400	6,509,400	7,080,400
Employee Related Expenditures	1,125,300	1,482,600	1,602,200
Professional and Outside Services	390,200	140,000	175,000
Travel - In State	146,800	165,700	167,400
Travel - Out of State	18,400	26,100	35,100
Other Operating Expenditures	1,436,600	1,520,500	1,589,700
Equipment	180,300	91,300	315,400
<b>Operating Subtotal</b>	<b>9,341,000</b>	<b>9,935,600</b>	<b>10,965,200</b>
WQARF Priority Site Remediation	-0-	1,550,000	1,550,000 <sup>2/</sup>
Environmental Health Reserve	-0-	250,000	250,000 <sup>3/</sup>
Aquifer Protection Permit Program	987,800	1,128,000	1,308,700
Hazardous Waste Program	595,300	932,900	248,000
Hazardous Waste Reserve	-0-	64,000	34,600 <sup>3/</sup>
Special Waste Program	35,200	186,100	90,500
Used Oil Program	78,000	137,900	152,600
Air Quality Program	400	122,300	125,300
Air Permit Administration Program	831,100	3,443,600	4,670,900 <sup>4/</sup>
Emissions Control Program	1,179,000	6,216,900	8,977,900 <sup>5/</sup>
<b>Total</b>	<b>13,047,800 <sup>6/</sup></b>	<b>23,967,300</b>	<b>28,373,700 <sup>7/8/</sup></b>
<b>Additional Appropriations -</b>			
Appropriations; Lake Havasu City Dredging, Ch. 78	-0-	-0-	500,000
Environment, Uniform Cleanup Standards, Ch. 232	-0-	-0-	50,000
Regulatory Reform, Ch. 251	-0-	-0-	(6,000)
<b>Total Appropriations</b>	<b>13,047,800</b>	<b>23,967,300</b>	<b>28,917,700</b>
<b>Fund Summary</b>			
General Fund	9,665,100	12,377,400	13,973,200
Air Quality Fund	400	122,300 <sup>2/</sup>	125,300
Air Permits Administration Fund	831,100	3,443,600	4,670,900
Emissions Inspection Fund	1,179,000	6,216,900	8,977,900
Hazardous Waste Fund	595,300	996,900	282,600
Special Waste Fund	35,200	186,100	90,500
Used Oil Fund	78,000	137,900	152,600
Water Quality Assurance Revolving Fund	663,700	486,200	644,700
<b>Total Appropriations</b>	<b>13,047,800</b>	<b>23,967,300 <sup>2/</sup></b>	<b>28,917,700</b>

*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.*

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## DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)

**Technical Issues** — The approved amount includes one-time appropriations of \$200,600 from Other Funds and \$63,600 from the General Fund for replacement equipment. The approved amount also includes a General Fund decrease of \$16,800 in travel monies. In FY 1995, 4 FTE Positions in the General Fund inadvertently were not included in the FTE Positions total and are added back for FY 1996. The Personal Services and Employee Related Expenditures funding already exists for these 4 FTE Positions.

**Indirect Costs** — The department charges each other appropriated fund and non-appropriated fund a federally authorized percentage of Personal Services and Employee Related Expenditures to pay for certain departmentwide overhead expenses. These indirect costs include rent, general accounting, telecommunication systems and Risk Management. For FY 1996, the federal indirect rate is 45.54%, an increase of 6.15% from the FY 1995 approved rate. These monies are transferred from each fund, excluding the General Fund, to the department's non-appropriated Indirect Cost Fund. The total indirect cost amounts transferred from all other appropriated funds is \$1,885,600 for FY 1996.

**Information Technology** — The approved amount includes an additional 3 FTE Positions and \$522,000 from the General Fund to develop the Office of Information Technology. The expansion will be phased in through FY 1997. This increase enables the department to expand its fiber optic network to function as an enterprise-wide network. The approved amount includes funding for hardware, software, ORACLE software licenses, and maintenance charges. Prior to expending these funds, the Arizona Department of Environmental Quality (ADEQ) shall submit a project plan to the Joint Legislative Budget Committee for review.

**WQARF Priority Site Remediation** — A.R.S. § 42-1341 directs the distribution of transaction privilege taxes. According to this statute as amended in 1992, \$2,900,000 is to be appropriated annually to the Water Quality Assurance Revolving Fund (WQARF) for priority hazardous waste site remediation. However, the approved FY 1996 amount appropriates \$1,550,000 from the General Fund, the same amount as the FY 1995 WQARF General Fund appropriation. Total WQARF revenue is estimated to reach \$5,000,000 in FY 1996 from all revenue sources, including the General Fund appropriation, cost-recovery, restitution, municipal water taxes, and various permits and fees. The agency currently has 26 listed priority sites.

**Environmental Health Reserve** — The approved amount includes \$250,000 from the General Fund 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. A General Appropriation Act footnote requires ADEQ to notify the Legislature of any expenditures from the reserve and clarifies that monies shall only be used for unforeseen emergency situations. In FY 1995, the department expended these monies for the Arizona Comparative Environmental Risk Project (ACERP), Lake Havasu water contamination cleanup, and border issues. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

1/ Includes 152.3 FTE Positions funded from Special Line Items in FY 1996.

2/ 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.)

3/ 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 Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Senate and House Appropriations Committees, and the Director of the Joint Legislative Budget Committee Staff. The \$250,000 appropriated for the environmental health reserve shall only be used for unforeseen emergency situations, and not for on-going projects. (General Appropriation Act footnote.)

4/ Before the expenditure of receipts from the Air Permit Administration Program in excess of the \$4,670,900, the director shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

5/ Before the expenditure of receipts from the Emissions Inspection Fund in excess of \$8,977,900, the director shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act Footnote.)

6/ 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, the act transferred \$6,000,000 from the Underground Storage Tank Revolving Fund (UST) Fund to the Regional Public Transportation Authority. For FY 1995 and FY 1996 combined, it requires a total of \$16,000,000 to be transferred from the UST Fund to the Emissions Inspection Fund.

7/ Appropriated as a Modified Lump Sum by Agency.

8/ 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.)

9/ In addition, Laws 1994, Chapter 353 appropriated \$50,000 from the Environmental Special Plate Fund to the Air Quality Fund.

(Continued)

## DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)

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**Aquifer Protection Permit Program** — ADEQ issues aquifer protection permits to facilities whose activities or waste discharges could pose a threat to groundwater. The approved amount includes an additional \$114,200 from the Water Quality Assurance Fund (WQARF) and 0.6 FTE Position to research and write Best Available Control Technology documents and to develop a related rules package. Total program funding for FY 1996 includes \$644,000 from the General Fund, \$664,700 from WQARF, and 25.9 FTE Positions. Laws 1995, Chapter 202 creates the new appropriated Water Quality Fee Fund which, beginning in FY 1997, will support the Aquifer Protection Permit Program instead of WQARF.

**Hazardous Waste/Pollution Prevention Program** — ADEQ manages 2 hazardous waste programs: Enforcement and Pollution Prevention. The Hazardous Waste Management Fund supports the Enforcement Program, which is responsible for enforcing state hazardous waste laws, rules and compliance monitoring, as well as for conducting investigative and enforcement activities pertaining to generating, transporting, treating, storing, and disposing hazardous waste. The Pollution Prevention Program, which is now supported by the General Fund, promotes a proactive approach in preventing pollution by helping the state's large-quantity generators of hazardous waste reduce their use of toxic substances and eliminate hazardous contaminants at the source.

The approved amount shifts the Pollution Prevention Program from the Hazardous Waste Management Fund to the General Fund. This shift includes adding \$434,400 and 10.5 FTE Positions to the General Fund and reducing the Hazardous Waste Management Fund appropriation by \$742,100 and 11.2 FTE Positions. The Hazardous Waste Management Fund would not be able to support the Pollution Prevention Program due to declining revenues. This fund's revenues are derived from hazardous waste permits, penalties and generation fees. For FY 1996, the Hazardous Waste Management Fund is appropriated a total of 5.1 FTE Positions and \$282,600, which includes the Hazardous Waste Reserve Special Line Item.

**Hazardous Waste Reserve** — This Special Line Item within the Hazardous Waste Management Fund is for hazardous waste contingencies. ADEQ must report any emergency expenditure to the Legislature. The approved amount includes a decrease of \$29,400 for a total FY 1996 amount of \$34,600. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

**Special Waste Program** — Through this program, ADEQ establishes and enforces regulations for special waste handling and disposal. Special wastes include asbestos, auto shredder fluff and petroleum-contaminated soil. The department assesses fees based on the quantity of special waste generated. The approved amount includes a decrease of \$95,600 from the Special Waste Fund due to unrealized revenues. For FY 1996, a total of 3 FTE Positions and \$90,500 are appropriated from the Special Waste Fund for the program. Laws 1995, Chapter 202 consolidates this fund into the new appropriated Solid Waste Fee Fund for FY 1997.

**Used Oil 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 includes a one-time increase of \$1,800 to fund travel expenses to 2 conferences and an additional increase of \$2,800 in Personal Services and Employee Related Expenditures for a state employee hired above entry level. Total program funding for FY 1996 includes 2.2 FTE Positions and \$152,600 appropriated from the Used Oil Fund. Laws 1995, Chapter 202 consolidates this fund into the new Solid Waste Fee Fund for FY 1997.

**Air Quality Program** — This program is used for air quality research to bring non-attainment areas into attainment and to improve air quality. Revenues are derived from the \$1.50 annual vehicle registration fee. This fund is only partially appropriated. For FY 1996, a total of 3 FTE Positions and \$125,300 are appropriated from the Air Quality Fund.

**Air Permit Administration Program** — In order to meet the requirements of the Federal Clean Air Act of 1991, ADEQ regulates and inspects stationary air pollution sources through this program, and may take enforcement actions. Air Permit Administration Fund revenues are derived from emissions and permit fees. The approved amount includes an additional 8.5 FTE Positions and \$1,091,200 to expand the Air Permit Program. This expansion is consistent with the department's FY 1993 Air Permit Program projected growth plan. For FY 1996, a total of 56.1 FTE Positions and \$4,670,900 are appropriated from the Air Permit Administration Fund.

(Continued)

## DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)

**Emissions Control Program** — As required by Federal law, ADEQ supervises the emissions testing for all vehicles in areas that do not meet certain air quality standards. Program components include: vehicle emission testing, buydown subsidy, contractor training, repair grant subsidy, technical assistance, and remote sensing. Most of these components are part of I/M 240 vehicle inspection requirements which began January 1995.

The approved amount includes an additional \$2,643,600 from the Emissions Inspection Fund to annualize the program which was fully implemented in January 1995, and a reduction of 13 FTE Positions as the department favors hiring outside contractors to perform remote sensing. The Emissions Inspection Fund's main revenue source is transfers from the Area A (Maricopa County) account of the Underground Storage Tank Fund. Total program funding for FY 1996 includes 57 FTE Positions and \$8,977,900 appropriated from the Emissions Inspection Fund.

"I/M 240" refers to the Inspection and Maintenance Program with a 240-second emissions test. Although vehicle owners are charged for the biennial emissions inspection, the fee is less than the true cost of the test. The Buydown Program subsidizes the difference. For FY 1996, the department estimates the total buydown expenditures to be \$3,150,000.

The Repair Grant Program gives vouchers to low income families for car repairs to comply with U.S. Environmental Protection Agency (EPA) emissions standards. The department estimates expenditures over \$1,350,000 for this program in FY 1996. Estimates are based on Department of Economic Security food stamp recipient data and vehicle emission inspection failure rate projections.

The Remote Sensing Program uses roadway devices which measure emissions of passing vehicles and read the vehicle's license plate so violators can be notified by mail of emissions violations. This program is estimated to identify 32,000 vehicles annually that exceed emissions standards. Because citizens statutorily cannot be charged the inspection fee for an out-of-cycle test, this program's funds reimburse the inspection contractor. The department estimates FY 1996 remote sensing expenditures to be \$656,000.

**Additional Appropriations** — Appropriations; Lake Havasu City Dredging (Chapter 78) — For FY 1996, the department is appropriated \$500,000 from the General Fund for distribution to Lake Havasu City to provide for or contract for dredging of the adjoining lake and waterways for water contamination remediation. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations, except that any monies remaining unexpended or unencumbered on July 1, 1997 will revert to the state General Fund.

Environment; Uniform Cleanup Standards (Chapter 232) — For FY 1996, the department is appropriated \$50,000 from the General Fund to establish a repository which lists sites remediated under programs administered by ADEQ. The repository shall include the name and address of the owner and the property, when the remediation was conducted, and any legal actions taken.

Regulatory Reform (Chapter 251) — Please see the General Legislation section for a description of this legislation.

**Additional Legislation** — Department of Environmental Quality; Funds (Chapter 202) — Two new funds are created beginning June 30, 1996: the Solid Waste Fee Fund and the Water Quality Fee Fund. The Solid Waste Fee Fund is a consolidation, in both revenue sources and purpose, of 3 existing funds: the appropriated Used Oil Fund, the non-appropriated Waste Tire Fund, and the appropriated Special Waste Fund. These 3 funds are eliminated as ADEQ funds, however, the Used Oil Fund and the Waste Tire Fund still exist in the Department of Weights and Measures and the Department of Revenue, respectively. The new Water Quality Fee Fund was part of the existing Water Quality Assurance Revolving Fund (WQARF), but now is a separate fund to issue aquifer protection permits. Its revenues consist of aquifer protection permit fees, drywell registration fees, technical review fees and inspection fees.

**DEPARTMENT OF HEALTH SERVICES - SUMMARY**

A.R.S. § 36-103

Jack Dillenberg, Director

JLBC Analyst: Michael Bradley/Gita Reddy

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<b>Program Summary</b>			
Administration	10,611,700	11,415,100	13,563,400
Assurance and Licensure	6,186,900	6,311,500	5,674,400
Public Health	9,196,800	11,955,000	12,060,500
Disease Control Research Commission	-0-	2,604,300	1,572,400
Family Health	24,210,900	27,110,900	26,370,600
Behavioral Health	124,796,000	142,360,900	142,729,000
Arizona State Hospital	30,881,300	30,525,200	31,129,300
Laboratory Services	2,630,600	2,565,700	2,706,200
<b>Total Appropriations</b>	<b>208,514,200</b>	<b>234,848,600</b>	<b>235,805,800</b>
<b>Expenditure Detail</b>			
FTE Positions <sup>1/</sup>	1,708.2	1,678.5	1,614.2
Personal Services	35,576,000	37,089,100	36,974,900
Employee Related Expenditures	8,342,000	8,910,600	9,165,200
Professional and Outside Services	3,060,100	5,120,400	5,404,000
Travel - In State	368,400	497,700	515,800
Travel - Out of State	68,700	60,500	68,500
Food	747,200	764,000	702,200
Other Operating Expenditures	7,978,800	8,125,900	7,994,100
Equipment	482,200	499,000	1,011,300
<b>Operating Subtotal</b>	<b>56,623,400</b>	<b>61,067,200</b>	<b>61,836,000</b>
Special Line Items	151,890,800	173,081,400	173,737,300 <sup>2/</sup>
Additional Appropriations	-0-	700,000	232,500
<b>Total Appropriations</b>	<b>208,514,200</b>	<b>234,848,600</b>	<b>235,805,800</b> <sup>3/4/5/6/</sup>
<b>Fund Summary</b>			
General Fund	193,305,500	218,718,800	218,641,700
EMS Operating Fund	2,020,200	2,535,900	3,570,200
ASH Disproportionate Share Fund	10,513,400	11,993,900	11,993,900
Special Revenue Fund	2,601,900	1,500,000	1,500,000
Child Fatality Review Fund	73,200	100,000	100,000
<b>Total Appropriations</b>	<b>208,514,200</b>	<b>234,848,600</b>	<b>235,805,800</b>

*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.*

<sup>1/</sup> Includes 111.6 FTE Positions funded from certain Special Line Items in FY 1996.

<sup>2/</sup> The amount includes \$1,400,000 appropriated by Laws 1994, Chapter 1, 9th Special Session for Prenatal Outreach.

<sup>3/</sup> Appropriated as a Modified Lump Sum by Program.

(Continued)

## DEPARTMENT OF HEALTH SERVICES - SUMMARY (Cont'd)

**Laws 1995, Chapter 275 - Tobacco Tax; AHCCCS** — On November 8, 1994, voters approved Proposition 200, known as "The Tobacco Tax and Health Care Act," which increased the state tax on tobacco products, led by a 40 cent per pack cigarette tax increase from 18 cents to 58 cents. Total revenues received under this law are estimated to be \$96,000,000 in FY 1996. The bill established an evaluation process for programs funded through these revenues, created a Joint Legislative Oversight Committee on Tobacco Tax and Health Care Funds (12 members), and created a Tobacco Use Prevention Advisory Authority (11 members). The revenues from this tobacco tax increase were divided up by Laws 1995, Chapter 275. In addition to the following distribution, \$426,800 was appropriated to the Department of Revenue for FY 1996 from these funds for collection enforcement. The following is a description of how the revenue is distributed among 4 accounts:

**Medically Needy Account** — Receives 70% of all revenues, or approximately \$67,200,000 in FY 1996. This account provides services to the medically needy/medically indigent (MN/MI) or to persons who cannot afford services or that would otherwise be uncovered. This fund is administered by AHCCCS. Please see the following page for a further description of the account's allocations.

**Health Education Account** — Receives 23% of all revenues, or approximately \$22,080,000 in FY 1996. The account is to be used for prevention and reduction of tobacco usage through education programs. The Department of Health Services (DHS) administers this account. Expenditures are limited by Chapter 275 to \$10,000,000 for FY 1996 and \$15,000,000 for FY 1997. The account is intended to establish contracts with county health departments, Indian Tribes, schools, community colleges and universities for education programs. The funds can also be used for administrative costs and for the development and delivery of education programs to include radio and media costs.

**Health Research Account** — Receives 5% of all revenues, or approximately \$4,800,000 in FY 1996. Monies will be used for research on the prevention and treatment of tobacco-related diseases and addictions. The account is administered by the Disease Control Research Commission (DCRC). The DCRC may expend up to 80% of available monies for FY 1996.

**Adjustment Account** — Receives 2% of all revenues, or approximately \$1,920,000 in FY 1996. Used to mitigate any negative impact of the higher tobacco tax rates on deposits to the Corrections Fund. In other jurisdictions where significant tobacco tax increases have been made there has been a corresponding decline in sales. Under A.R.S. § 41-1241C, the amount transferred to the Corrections Fund Adjustment Account is to reflect only the actual amount needed to offset decreases in the Corrections Fund resulting from lower tax revenues. Any unexpended Corrections Fund Adjustment Account amounts are to be transferred out proportionally to the other 3 accounts. Without this compensation, the Corrections Fund revenues would decline because the fund relies heavily on tobacco tax revenues. The Department of Revenue is currently considering how this amount will be determined and the timing of payments.

In addition, Chapter 275 creates several new programs which are funded from the Medically Needy Account. Chapter 275 specifies expenditures from the Medically Needy Account of \$31,065,000 and additionally allows unspecified expenditures for medical transplant procedures and an evaluation program. The table on the following page shows these new programs:

<sup>4/</sup> A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the Speaker of the House of Representatives, the President of the Senate, 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 Non-Title XIX, Substance Abuse Non-Title XIX, Children's Respite Care, Geriatric Residential Beds, SMI Clozapine Treatment, Seriously Emotionally Handicapped Children, and Children's Rehabilitative Services. (General Appropriation Act footnote.)

<sup>5/</sup> 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 Non-Title XIX, Substance Abuse Non-Title XIX, Community Therapeutic Substance Abuse Treatment, Mental Health/Substance Abuse State Match for Title XIX, Seriously Emotionally Handicapped Children, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, EMS Provider Contracts, State EMS Special Projects, TB Provider Care and Control, Kidney Program, Adult Cystic Fibrosis, Adult Sickle Cell Anemia, Newborn Intensive Care, Teen Prenatal Express, Perinatal Care Services, Prenatal Outreach, Nutrition Services, Geriatric Residential Beds, SMI Clozapine Treatment, Children's Respite Care, University of Arizona Poison Control Center Funding, and 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. (General Appropriation Act footnote.)

<sup>6/</sup> 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)**

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***Primary Care Programs***

up to \$5,000,000

These programs will consist of outreach and medical services to persons that are low-income, at-risk, and indigent or uninsured. DHS will contract with providers for the provision of these services.

***Qualifying Community Health Centers***

up to \$5,000,000

Qualifying community health centers (QCHC) are facilities that provide primary care services in federally designated underserved areas. DHS will contract on an annual basis with QCHCs for prenatal care, health, dental, and pharmacy services, emergency services, transportation and other acute care services. To be eligible, patients must be residents of the state, have no medical coverage (including AHCCCS coverage), and have a family income of less than 200% of the federal poverty level.

***Mental Health Program***

up to \$5,000,000

Provides funding for contracts for either on-going services or demonstration projects for non-Title 19 eligible indigent patients. The legislation requires contractors to implement a sliding fee scale for patients requesting behavioral health services.

***Detoxification Services Pilot Program***

\$500,000

Funds a 2-year pilot program to provide detoxification services in Level 2 behavioral health facilities for indigent or uninsured clients who do not require services in a hospital or Level 1 behavioral health facility. DHS is required to direct eligible Regional Behavioral Health Authorities to request participation in the program. The pilot program is limited to 3 counties each of which must have fewer than 500,000 persons according to the latest census.

***Telemedicine Pilot Program***

\$250,000

Establishes a 3-year telemedicine pilot program for medically underserved areas. DHS will enter into an agreement with public or private entities for the provision of these services. The contractor must provide 25% in matching funds for the program. This match can be actual funds, or can include in-kind contributions of facilities, value of services, and equipment.

***Stabilization Fund***

\$15,000,000

AHCCCS administers this fund under the direction of the Joint Legislative Budget Committee (JLBC). Monies can be used to offset shortfalls in MN/MI funding due to unanticipated increases in cost of care or unforeseen client growth. If a shortfall occurs, the Director of AHCCCS will inform the Governors' Office of Strategic Planning and Budgeting and the JLBC. The Chairman of the JLBC will call a meeting to review the information and to recommend to AHCCCS how to make payment for the shortfall.

***Medical Transplant Procedures***

as necessary

Provides the state share of costs for performing liver, heart and bone marrow transplants for MN/MI patients.

***DHS Administrative Costs***

not to exceed \$315,000

AHCCCS is allowed to use no more than 2% of the program costs to reimburse DHS for administrative costs.

***Evaluation Program***

as necessary

DHS may use as much of the account as is necessary to properly complete the evaluation portion of each program.

If less than \$15,000,000 is available to fund the mental health program, the primary care program and qualifying community health centers, DHS will proportionately divide the total funds and allocate the resulting amount to each program. Tobacco Tax Initiative funds are prohibited from being used for capital projects, lobbying activities, or ballot proposals.

**DEPARTMENT OF HEALTH SERVICES - ADMINISTRATION**

A.R.S. § 36-103

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>201.8</u>	<u>218.1</u>	<u>227.5</u>
Personal Services	3,388,600	5,618,000	6,428,000
Employee Related Expenditures	739,400	1,319,400	1,546,300
Professional and Outside Services	184,300	451,600	655,300
Travel - In State	11,500	25,500	61,800
Travel - Out of State	4,200	11,500	23,000
Other Operating Expenditures	2,886,600	3,520,200	4,022,500
Equipment	157,700	11,500	447,100
<b>Operating Subtotal</b>	<b>7,372,300</b>	<b>10,957,700</b>	<b>13,184,000</b>
Data Processing	3,239,400	-0-	-0-
Morton & Black Canyon Buildings Management	-0-	457,400	379,400
<b>Total Appropriations</b>	<b>10,611,700</b>	<b>11,415,100</b>	<b>13,563,400</b> <sup>1/2</sup>

*Program Description — The Administration program encompasses most centralized functions including the Director's Office, business and financial services, and information technology services.*

**Technical Issues/Agency Reorganization** — The approved amount includes \$146,500 for replacement equipment. Also included is the transfer in of 33.4 FTE Positions and \$1,753,100 from the Assurance and Licensure Program, because of the administrative nature of the Director's Office's activities. Also reflected in the approved amount is the transfer out of 23 FTE Positions and \$634,700 to reflect the reorganization of staff resources and the reallocation of FY 1995 Project SLIM savings. In addition, the approved amount reflects the transfer of 5 FTE Positions and \$181,600 associated with ambulance certification and rate review to the Public Health Program. These positions will no longer be supported with General Fund monies; starting in FY 1996, they will be supported with Emergency Medical Services Operating Fund monies.

**Information Technology Services Project** — Planned automation improvements include: converting remaining applications to an open systems environment, increasing the agency's Uninterruptible Power Supply, providing additional training for the agency's in-house programmers, and funding 3 FTE Positions to help maintain the agency's 14 Local Area Networks. Project costs will be allocated between the General Fund and Federal Funds based on the allocation of FTE Positions. The approved amount includes an additional \$920,300 to cover the General Fund share of project costs.

**Cost Allocation of Risk Management Charges** — Total Risk Management charges for the agency totaled \$1,157,200 in FY 1996, an increase of \$81,400. The approved amount reflects the allocation of Risk Management charges between Federal, Non-Appropriated, and Other Appropriated Funds as well as the General Fund, which reduces the General Fund share of Risk Management by \$141,500.

**Geographic Information Systems (GIS)** — The approved amount includes an increase of 1 FTE Position and \$83,600 (including \$47,200 in one-time training and equipment costs) to start-up a GIS section within the agency. GIS technology will enable the agency to develop databases in areas like vital records and disease tracking. Once it has developed those databases, it can combine them with existing databases (demographic, transportation, provider, etc.) and display the information in map form.

**Morton & Black Canyon Buildings Management** — The approved amount includes a total of \$379,400 for Operations and Maintenance (O&M) charges for the Morton and Black Canyon Buildings, a reduction of \$78,000. The O&M charge will be transferred to the Arizona Department of Administration, which will be responsible for providing all building services, either directly or under contract.

1/ The total appropriation for Administration includes \$920,300 for the purchase of the agency's information technology services support package. Prior to expending the \$920,300, the Department of Health Services shall submit a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

2/ Appropriated as a Modified Lump Sum for the Program.

**DEPARTMENT OF HEALTH SERVICES - ASSURANCE AND LICENSURE** A.R.S. § 36-103

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	167.6	171.2	155.8
Personal Services	4,307,700	4,234,400	3,693,800
Employee Related Expenditures	978,800	1,004,200	902,500
Professional and Outside Services	62,000	52,100	131,600
Travel - In State	152,700	165,000	157,700
Travel - Out of State	25,300	9,700	2,800
Other Operating Expenditures	644,300	790,700	656,400
Equipment	16,100	16,000	133,000
<b>Operating Subtotal</b>	<b>6,186,900</b>	<b>6,272,100</b>	<b>5,677,800</b>
Child Care Standards Review Committee	-0-	39,400	-0-
<b>Total</b>	<b>6,186,900</b>	<b>6,311,500</b>	<b>5,677,800</b> <sup>1/</sup>
<b>Additional Appropriations -</b>			
Regulatory Reform, Ch. 251	-0-	-0-	(3,400)
<b>Total Appropriations</b>	<b>6,186,900</b>	<b>6,311,500</b>	<b>5,674,400</b>

*Program Description — Assurance and Licensure Services monitors and enforces statutes and rules concerning home and community-based adult health care, behavioral health, and child care group facilities as well as maintains vital records services for birth and death certificates.*

**Technical Issues/Agency Reorganization** — The approved amount includes \$104,500 for replacement computer equipment and copiers. Also included is the transfer of 33.4 FTE Positions and \$1,753,100 to the Administration Program, which better reflects the nature of the Director's Office's activities. The approved amount also includes the transfer in of 12 FTE Positions and \$548,800 to reflect the reorganization of staff resources and the reallocation of FY 1995 Project SLIM savings.

**Home and Community Based Licensure** — The approved amount includes an additional \$206,600 to fund 5 FTE Positions (4 Health Care Facilities Specialists and 1 Administrative Assistant II) and \$80,000 in Professional and Outside Services for temporary help to address the backlog of license applications pending review and to handle the growth in complaints. The approved amount for temporary help only contains 6-months' funding, because the agency will need time to phase-in additional staff. The approved amount also includes an additional \$7,500 for 3 computers for current inspectors in order to reduce processing time.

**Putative Fathers' Registry** — The approved amount includes an additional \$40,300 and 1 FTE Position to staff the Putative Fathers' Registry, which was established during the 1994 legislative session. Before the court can enter a final decree of adoption, it must receive a certificate from the agency verifying that the registry has been searched and that no potential fathers have filed a claim of paternity for the child in question. If the father does not file a claim with the registry within 30 days of being notified about the adoption by the birth mother, he waives his right to file a claim on that child.

**Child Care Standards Review Committee** — The approved amount includes the elimination of a one-time \$39,400 appropriation to conduct an evaluation of rules concerning child care standards.

**Additional Appropriations — Regulatory Reform (Chapter 251)** — Please see the General Legislation section for a description of this legislation.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

**DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH**

A.R.S. § 36-103

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	<u>114.2</u>	<u>108.0</u>	<u>124.2</u>
Personal Services	1,931,500	2,064,900	2,629,000
Employee Related Expenditures	410,200	444,800	614,100
Professional and Outside Services	56,700	106,200	142,200
Travel - In State	67,700	89,600	97,100
Travel - Out of State	6,900	11,000	16,700
Other Operating Expenditures	415,400	369,100	354,100
Equipment	27,300	6,800	37,200
<b>Operating Subtotal</b>	<b>2,915,700</b>	<b>3,092,400</b>	<b>3,890,400</b>
Tuberculosis Provider Care and Control	777,700	882,000	1,082,000
Direct Grants	578,000	578,000	578,000 <sup>2/</sup>
Vaccines	2,061,600	1,915,100	1,915,100
Reimbursements to Counties	396,300	396,300	396,300 <sup>3/</sup>
Loan Repayment Services	-0-	-0-	100,000
Trichlorethylene Contamination	-0-	250,000	250,000
Kidney Program	91,700	101,000	101,000
Sexually Transmitted Disease Control Subventions	69,000	52,500	52,500
AIDS Reporting and Surveillance	125,000	125,000	125,000
Cancer/Birth Defects Registry	-0-	251,800	-0-
Child Fatality Review Team	73,200	100,000	-0-
Emergency Medical Services Operations	1,204,100	1,271,500	1,570,800
EMS Provider Contracts	297,500	331,200	331,200
State EMS Special Projects	104,400	170,000	170,000
Ambulance Replacement	111,900	300,000	150,000
EMS Regional Coordinating System	92,100	98,200	98,200
EMSCOM Development	77,600	90,000	-0-
U of A Poison Control Center Funding	221,000	750,000	750,000 <sup>4/</sup>
Poison Control Center Funding	-0-	500,000	500,000 <sup>5/</sup>
<b>Total</b>	<b>9,196,800</b>	<b>11,255,000</b>	<b>12,060,500 <sup>6/7/</sup></b>
<b>Additional Appropriations -</b>			
Special Health Care District, Ch. 291	-0-	700,000	-0-
<b>Total Appropriations</b>	<b>9,196,800</b>	<b>11,955,000</b>	<b>12,060,500</b>
<b>Funding Summary</b>			
General Fund	7,103,400	9,319,100	8,490,300
Emergency Medical Services Operating Fund	2,020,200	2,535,900	3,570,200
Child Fatality Review Team Fund	73,200	100,000	-0-
<b>Total Appropriations</b>	<b>9,196,800</b>	<b>11,955,000</b>	<b>12,060,500</b>

<sup>1/</sup> Includes 34 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> 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.)

<sup>3/</sup> 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.)

(Continued)

## DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH (Cont'd)

*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.

**Technical Issues/Agency Reorganization** — The approved amount includes an increase of \$37,200 for replacement computer equipment. The approved amount also includes a transfer in of 12.2 FTE Positions and \$462,000 to reflect a reorganization of staff resources and to reallocate FY 1995 Project SLIM savings.

**Tuberculosis Provider Care and Control** — 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 \$200,000 to provide directly-observed therapy to tuberculosis patients deemed most at-risk not to complete treatment, and therefore, possibly to develop drug-resistant tuberculosis. (It costs \$3,000 to treat a patient with active tuberculosis; it costs \$200,000 to treat a patient with drug-resistant tuberculosis.)

**Direct Grants** — See footnote 2 for a description of the program.

**Vaccines** — This line item provides funding for the purchase of vaccines for the state immunization program.

**Reimbursement to Counties** — See footnote 3 for a description of the program.

**Loan Repayment Services** — The approved amount reflects transferring the Loan Repayment Services Special Line Item and the associated 1 FTE Position and \$32,000 in the operating budget from the Family Health Program to the Public Health Program. The monies are used to pay physician and mid-level practitioner student loans in order to encourage providers to practice in rural areas.

**Trichlorethylene Contamination** — Provides treatment to patients affected by trichlorethylene contamination.

**Kidney Program** — Reimburses provider hospitals and licensed dialysis centers for the transportation and medication costs of patients ineligible for other public assistance programs.

**Sexually Transmitted Disease Control Subventions** — 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.

**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 reflects transferring funding for the program above-the-line.

### **CHILD FATALITY REVIEW TEAM FUND**

**Child Fatality Review Team** — The approved amount reflects the transfer of the Child Fatality Review Team Special Line Item and its 2 FTE Positions from the Public Health Program to the Family Health Program. The program provides funding to organize child fatality review teams in all 15 counties and to study data collected by the 15 teams to determine ways to reduce the state child mortality rate.

<sup>4/</sup> 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.)

<sup>5/</sup> 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.)

<sup>6/</sup> 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. (General Appropriation Act footnote.)

<sup>7/</sup> Appropriated as a Modified Lump Sum for the Program.

## DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH (Cont'd)

### **EMERGENCY MEDICAL SERVICES OPERATING FUND**

The programs below are funded entirely through Emergency Medical Services (EMS) Operating Fund monies. The EMS Operating Fund receives 48.9% of the Medical Services Enhancement Fund revenues, which in turn receives monies from a 13% 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.

**Technical Issues** — The approved amount includes an increase of \$38,000 for replacement computer equipment.

**Ambulance Rate Certification and Review** — The approved amount includes a transfer of 5 FTE Positions and \$181,600 associated with ambulance rate certification and rate review from the Administration Program to the Public Health Program.

**EMS Provider Contracts** — Provides state grants for emergency receiving facilities, ambulance services, and rescue services.

**State EMS Special Projects** — Provides funding at the regional level to upgrade EMS training, documentation and evaluation of clinical performances of pre- and post-hospital phases of EMS delivery.

**Ambulance Replacement** — Provides funding to upgrade and maintain ambulance services in the rural areas, through the purchase of 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. The approved amount includes a reduction of \$150,000 to reflect a decrease in the number of eligible sites.

**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.

**EMSCOM Development** — Previously, monies from this line item were transferred to the Department of Public Safety (DPS), which uses these monies to replace and upgrade communications equipment in the state. The Federal Communications Commission is in the process of developing guidelines on new band widths and tower heights that will probably require DPS to replace all of its current communications equipment. The approved amount reflects a decrease of \$90,000, because purchasing equipment now may result in the purchase of the wrong types of repeaters. Repeaters are devices which amplify communication signals across distances.

**University of Arizona Poison Control Center Funding** — Provides 24 hour poison education services and treatment information. The center receives approximately 60,000 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 must 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.

**Additional Appropriations** — Special Health Care District (Chapter 291) — Appropriates \$700,000 from the General Fund to the department in FY 1995 to distribute on a monthly basis to the town of Springerville to facilitate the delivery of hospital services to the Springerville/Eagar area. However, if the majority of voters fail to approve the formation of a special health care district for the Springerville/Eagar area, all monies remaining from the appropriation as of the first day of the month following the election shall revert to the General Fund.

**DEPARTMENT OF HEALTH SERVICES -  
DISEASE CONTROL RESEARCH COMMISSION**

A.R.S. § 36-103

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	0.0	4.0	0.0
Personal Services	-0-	112,200	-0-
Employee Related Expenditures	-0-	25,700	-0-
Travel - In State	-0-	6,100	-0-
Travel - Out of State	-0-	2,000	-0-
Other Operating Expenditures	-0-	43,300	-0-
Equipment	-0-	15,000	-0-
<b>Operating Subtotal</b>	<b>-0-</b>	<b>204,300</b>	<b>-0-</b>
Disease Control Research Grants	-0-	2,400,000	1,532,400
Grant Administration	-0-	-0-	40,000
<b>Total Appropriations</b>	<b>-0-</b>	<b>2,604,300</b>	<b>1,572,400 <sup>1/</sup></b>

*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. Prior to FY 1995, the Commission's funding was off-budget; it received approximately \$2,900,000 annually in funding through diverted sales tax revenues.*

**Disease Control Research Grants** — Provides grants to medical researchers throughout Arizona for disease control research. Most of the grants are for projects with durations of 2-3 years. The approved amount includes \$1,532,400 to fund existing grants for FY 1996. The Legislature did not approve the use of General Fund monies for any new disease control research grants. The amount approved provides funding for only on-going grants to be completed. In addition, the approved amounts reflect the elimination of 4 FTE Positions that reviewed, awarded and monitored contracts, which are now replaced by \$40,000 of funding to administer remaining grants. However, Laws 1995, Chapter 275 did authorize the Commission to administer the monies allotted to the Tobacco Tax and Health Care Fund for research into the prevention and treatment of tobacco-related disease and addiction.

**Grant Administration** — Provides \$40,000 to allow the agency to monitor on-going contracts to their conclusion.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

**DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH**

A.R.S. § 36-103

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	85.7	76.4	68.6
Personal Services	1,899,300	2,133,500	1,813,500
Employee Related Expenditures	438,600	491,300	419,400
Professional and Outside Services	130,200	501,200	151,600
Travel - In State	53,400	84,600	74,600
Travel - Out of State	2,600	2,700	2,700
Other Operating Expenditures	361,600	509,000	369,200
Equipment	2,900	29,000	-0-
<b>Operating Subtotal</b>	<b>2,888,600</b>	<b>3,751,300</b>	<b>2,831,000</b>
Adult Cystic Fibrosis	221,400	223,600	223,600
Newborn Intensive Care	3,822,400	4,429,500	4,429,500
Children's Rehabilitative Services	6,275,000	6,491,800	6,491,800 <sup>2/</sup>
AHCCCS-Children's Rehabilitative Services	8,338,000	8,451,400	8,451,400 <sup>2/</sup>
Medical Malpractice/Obstetrical Services	163,200	395,000	255,000
Loan Repayment Services	-0-	100,000	-0-
Nutrition Services	289,400	330,100	330,100
WIC Supplemental	999,500	1,000,000	-0- <sup>3/</sup>
Adult Sickle Cell Anemia	69,400	70,100	70,100
Prenatal Outreach	148,600	530,000	1,600,000 <sup>4/</sup>
Teen Prenatal Express	839,700	1,081,100	1,081,100
Perinatal Care Services	155,700	257,000	257,000
Child Fatality Review Team	-0-	-0-	100,000
<b>Total</b>	<b>24,210,900</b>	<b>27,110,900</b>	<b>26,120,600 <sup>5/</sup></b>
<b>Total Appropriations -</b>			
Teenage Pregnancy Prevention; Task Force, Ch. 190	-0-	-0-	250,000
<b>Total Appropriations</b>	<b>24,210,900</b>	<b>27,110,900</b>	<b>26,370,600</b>
<u>Fund Summary</u>			
General Fund	24,210,900	27,110,900	26,270,600
CFRT Fund	-0-	-0-	100,000
<b>Total Appropriations</b>	<b>24,210,900</b>	<b>27,110,900</b>	<b>26,370,600</b>

*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 services, and targeted care for specific diseases.*

<sup>1/</sup> Includes 2 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> 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.)

<sup>3/</sup> It is the intent of the Legislature that the Department of Health Services reduces administrative counseling costs of the Women, Infants and Children food program to a level within the federal funding provided for these purposes. It is also the intent of the Legislature that the department shall make every effort to minimize or eliminate any adverse impact on service levels and that all food monies received from the federal government be distributed. (General Appropriation Act footnote.)

<sup>4/</sup> This amount includes \$1,400,000 appropriated by Laws 1994, Chapter 1, 9th Special Session.

<sup>5/</sup> Appropriated as a Modified Lump Sum for the Program.

(Continued)



**DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)**

**Agency Reorganization** — The approved amount includes the transfer out of 8.8 FTE Positions and \$336,700 to reflect a reorganization of staff resources and a reallocation of FY 1995 Project SLIM savings.

**Adult Cystic Fibrosis** — Provides contracted care and treatment services for adult residents of the state suffering from cystic fibrosis.

**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.

**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. The program also serves children suffering from non-preventable handicaps.

	<u>FY 1996 1/</u>
CRS	\$6,491,800
AHCCCS CRS - State Match	8,451,400
AHCCCS CRS - Federal Funds	<u>15,000,000</u>
Total	<u>\$29,943,200</u>

1/ The total does not reflect the 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 in a General Appropriation Act footnote (see prior page).

**Medical Malpractice/Obstetrical Services** — Provides \$140,000 to offset the cost of malpractice premiums for rural providers and \$115,000 to provide a similar subsidy to community health centers. Laws 1994, Chapter 341 appropriated an additional \$140,000 one-time subsidy for malpractice insurance premiums for rural providers, bringing the total amount appropriated to providers to \$280,000. The approved amount includes a reduction of \$140,000 to remove duplicative funding.

**Loan Repayment Services** — Monies are used to pay physician and mid-level practitioner student loans in order to encourage providers to practice in rural areas. The approved amount reflects a transfer of the Loan Repayment Services Special Line Item and the associated 1 FTE and 32,000 in the operating budget from the Family Health Program to the Public Health Program.

**Nutrition Services** — Provides support to counties participating in the Nutritional Assessment Program, which provides screening, education, counseling and referrals to persons identified as needing nutrition services.

**WIC Supplemental** — The approved FY 1996 amount includes the elimination of the \$1 million state supplemental for the Woman, Infants and Children (WIC) program. In FY 1995, the agency expects to receive approximately \$61.9 million in Federal Funds (including manufacturer formula rebates). The state supplemental was being used for nutrition counseling and administrative costs associated with delivering food. The supplemental was eliminated because in its grant to the state, the federal government includes sufficient monies for counseling and administrative costs. It is the intent of the Legislature that the Department of Health Services reduces the administrative counseling costs of the Women, Infants, and Children food program to a level within the federal funding provided for these purposes. It is also the intent of the Legislature that the department shall make every effort to minimize or eliminate any adverse impact on service levels and that all food monies received from the federal government be distributed.

**Adult Sickle Cell Anemia** — Provides contracted treatment for adults suffering from sickle cell anemia.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)**

**Prenatal Outreach** — Provides funding to county health departments to create neighborhood outreach programs staffed with lay health workers who assist high-risk (low-income, minority and teen) pregnant women by helping them to obtain prenatal care early in their pregnancies. The more common name for this program is Un Comienzo Sano, or "A Healthy Start." In addition to the \$200,000 that was appropriated in both FY 1995 and FY 1996 to this Special Line Item in the General Appropriation Act, Laws 1994, Chapter 1, 9th Special Session appropriated \$975,000 in FY 1995 and \$1,400,000 in FY 1996 to the line item. The additional \$425,000 in FY 1996 state funding will enable the program to serve at least an additional 650 families.

**Teen Prenatal Express** — 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.

**Perinatal Care Services** — 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.

**Child Fatality Review Team** — The approved amount reflects a transfer of the Child Fatality Review Team Special Line Item and its 2 FTE Positions from the Public Health Program to the Family Health Program, as requested by the agency. The program provides funding to organize child fatality review teams in all 15 counties and to study data collected by the 15 teams to determine ways to reduce the state's child mortality rate. The program is funded by the Child Fatality Review Team Fund.

**Additional Appropriations** — Teenage Pregnancy Prevention; Task Force (Chapter 190) — The bill appropriates: a) \$140,000 from the General Fund to implement a statewide media campaign to reduce the incidence of teenage pregnancy, and b) \$110,000 to contract with local communities to develop different teenage pregnancy prevention programs and strategies.

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH**

A.R.S. § 36-103

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	173.9	170.4	143.6
Personal Services	1,856,600	1,768,200	1,876,100
Employee Related Expenditures	377,300	471,300	484,600
Professional and Outside Services	854,200	1,047,500	1,047,500
Travel - In State	42,600	54,300	54,300
Travel - Out of State	9,200	7,100	7,100
Other Operating Expenditures	599,700	350,100	346,800
Equipment	8,400	-0-	-0-
<b>Operating Subtotal</b>	<b>3,748,000</b>	<b>3,698,500</b>	<b>3,816,400</b>
Client Satisfaction Incentive Program	-0-	100,000	100,000
Third Party Payor Costs	-0-	2,248,900	1,848,900
Court Monitoring	441,400	441,400	-0-
Data Processing Debt Retirement	-0-	1,500,000	1,500,000
Computer Hardware Lease	-0-	996,000	996,000
Managed Care & Actuarial Services	-0-	1,695,000	1,695,000
Case Management & Curriculum Development	-0-	180,000	-0-
Behavioral Health Task Force	-0-	160,000	-0-
HUD Grants Compliance	-0-	70,000	70,000
Children's Behavioral Health Services	11,941,500	12,954,900	12,954,900 <sup>2/</sup>
Seriously Emotionally Handicapped Children	4,332,200	4,375,300	4,375,300
Children's Behavioral Health State Match for Title 19	13,043,300	20,826,300	20,126,300
Children's Respite Care	-0-	252,500	252,500
Prior Year Children's Behavioral Health Claims	249,000	-0-	-0-
EPSDT-DES	588,600	-0-	-0-
Seriously Mentally Ill Services	54,763,700	58,790,700	58,910,200
Geriatric Residential Beds	2,190,000	2,211,800	2,211,800
Regional Residential/Psychiatric Beds	5,713,500	5,770,300	5,770,300
SMI Clozapine Treatment	487,100	487,100	1,257,100
Mental Health - Non-Title 19	8,979,100	9,537,800	8,107,100
Substance Abuse - Non-Title 19	12,045,200	12,201,000	11,278,500
Mental Health and Substance Abuse State Match for Title 19	-0-	-??-	2,252,200
Community Therapeutic Substance Abuse Treatment	-0-	-0-	1,700,000
Southern Arizona Mental Health Center	3,523,400	??	3,439,400
Psychiatric Review Board	-0-	??	81,200
FY 1994 RBHA Payments	2,750,000	-0-	-0-
<b>Total</b>	<b>124,796,000</b>	<b>142,360,900</b>	<b>142,743,100 <sup>3/</sup></b>
<b>Additional Appropriations -</b>			
Regulatory Reform, Ch. 251	-0-	-0-	(14,100)
<b>Total Appropriations</b>	<b>124,796,000</b>	<b>142,360,900</b>	<b>142,729,000</b>
<b>Fund Summary</b>			
General Fund	111,680,700	142,360,900	142,729,000
ASH Disproportionate Share Fund	10,513,400	-0-	-0-
Special Revenue Fund	2,601,900	-0-	-0-
<b>Total Appropriations</b>	<b>124,796,000</b>	<b>142,360,900</b>	<b>142,729,000</b>

(Continued)

## DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)

**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 primarily provides outpatient treatment services. The center is in the process of being privatized. Most services are provided through contracts with 6 Regional Behavioral Health Authorities (RBHAs) which then subcontract for provision of services with a provider network.*

**Agency Reorganization** — The approved amount includes the transfer in of 5 FTE Positions and \$75,400 to reflect a reorganization of staff resources and the reallocation of FY 1995 Project SLIM savings. The approved amount also includes the elimination of 23.6 unfunded FTE Positions.

**Client Satisfaction Incentive Program** — Provides small monetary awards to provider and RBHA employees 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. The program is currently being implemented as a pilot program for the Pinal Gila Behavioral Health Authority (PGBHA).

**Third Party Payor Costs** — The approved amount reflects a reduction of \$400,000 for one-time programming costs. Third Party Payor Costs include payments made under private contract for processing and payment of provider claims. The costs include fixed costs and costs per transaction.

**Court Monitoring** — The Legislature eliminated funding for the Court Monitor in Arnold vs. Sarn and transferred the savings to the SMI Services Special Line Item.

**Data Processing Debt Retirement** — The approved amount is appropriated to make required payments on outstanding debts charged to a revolving line of credit. 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 reflects a reduction of \$180,000 for one-time consultant costs to develop and review case management and curriculum.

**Behavioral Health Task Force** — The approved amount reflects a reduction of \$160,000 for one-time funding 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.

**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. The following chart depicts funding for this program.

<sup>1/</sup> Includes 75.6 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> 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.)

<sup>3/</sup> Appropriated as a Modified Lump Sum for the Program.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

<b>Children's Behavioral Health Services</b> — These funds provide for prevention programs and for treatment of non-Title 19 eligible children.	\$12,954,900
<b>Seriously Emotionally Handicapped Children</b> — 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.	4,375,300
<b>Children's Behavioral Health State Match for Title 19</b> — This is the General Fund share for the costs of providing treatment to Title 19 eligible children. The approved amount includes a decrease of \$700,000 to reflect a revised methodology for calculating capitation payments. Under the revised methodology, capitation payments will reflect the average cost of services for the entire entitled population, not just clients receiving services, which will encourage the use of preventative therapies. Also, the department is changing its strategy for recouping overpayments from a retrospective one to a prospective one.	20,126,300
<b>Children's Respite Care</b> — Respite care provides temporary in-home counseling and supervision of clients with the goal of retaining family integrity and avoiding costly residential care.	252,500
<b>AHCCCS-EPST-Federal Funds</b> — This is the expenditure authority in the AHCCCS budget for Federal Funds that will be received for providing treatment to Title 19 eligible children.	45,000,000
<b>County Intergovernmental Agreements (IGAs)</b> — 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. The number shown is only an estimate of these expenditures for FY 1996.	2,000,000
<b>State Total</b>	<b>\$37,709,000</b>
<b>Federal and Other Total</b>	<b>\$47,000,000</b>
<b>TOTAL</b>	<b>\$84,709,000</b>

The total expenditures on Children's Behavioral Health Programs by the state may actually approach or exceed \$90,000,000 in FY 1996. The Courts, the Department of Juvenile Corrections, 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 - Non-Title 19 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.

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

<b>Seriously Mentally Ill Services</b> — 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 a decrease of \$700,000 to reflect a revised methodology for calculating capitation payments. Under the revised methodology, capitation payments will reflect the average cost of services for the entire entitled population, not just clients receiving services, which will encourage the use of preventative therapies. Also, the department is changing its strategy for recouping overpayments from a retrospective one to a prospective one.	\$58,910,200
<b>Geriatric Residential Beds</b> — The approved amount is for approximately 42 community geriatric psychiatric treatment beds.	2,211,800
<b>Regional Residential/Psychiatric Beds Program</b> — 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.	5,770,300
<b>SMI Clozapine Treatment</b> — The approved amount includes an increase of \$770,000 for the purchase of clozapine and lab services for treatment of persistent debilitating mental illnesses which have resisted other psychotropic therapy treatments. Lab expenses are incurred because treatment with clozapine requires frequent blood testing and monitoring. The additional monies will result in an additional 77 clients being served, which the agency estimates will enable the release of 10 ASH patients to less costly living arrangements. (See Arizona State Hospital Program write-up.)	1,257,100
<b>County Intergovernmental Agreements (IGAs)</b> — 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.	28,000,000 <sup>1/</sup>
<b>AHCCCS-Adult Mental Health - Federal Funds</b> — This is the expenditure authority in the AHCCCS budget for Federal Funds that will be received for providing treatment to Title 19 eligible adult SMI clients.	45,000,000 <sup>2/</sup>
 	<hr/>
<b>State Total</b>	<b>\$ 68,149,400</b>
<b>Federal and Other Total</b>	<b>\$ 73,000,000</b>
<b>TOTAL</b>	<b><u>\$141,149,400</u></b>

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.

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.

**General Mental Health and Substance Abuse Funding** — The following table depicts state expenditures and estimated federal revenues for the treatment of non-SMI adults for general mental health and substance abuse:

<b>Mental Health - Non-Title 19</b> — Provides funding for non-SMI adults who require more acute services than SMI clients. The approved amount includes a decrease of \$1,430,700, as discussed under "Mental Health and Substance Abuse State Match for Title 19."	\$8,107,100
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(Continued)

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

**Substance Abuse - Non-Title 19** — Provides funding for drug and alcohol abuse services throughout the state. The approved amount includes an additional \$744,300 to annualize a Substance Abuse funding transfer approved by the Joint Legislative Budget Committee in FY 1995 and an additional \$700,000 to increase services. The amount also includes a decrease of \$1,866,800, as discussed under "Mental Health and Substance Abuse State Match for Title 19." 11,278,500

**Mental Health and Substance Abuse State Match for Title 19** — Under a federal waiver, the state has not provided Title 19 coverage for General Mental Health and Substance Abuse Services. This waiver expires on October 1, 1995, and therefore, these benefits must be provided beginning in FY 1996. Many of the clients currently served by 100% state dollars will now be refinanced by the federal government (approximately 2/3 of the costs will be covered by the federal government for Title 19 clients receiving covered services). The approved amount includes reductions of \$1,430,700 and \$1,866,800, from the General Mental Health - Non-Title 19 and Substance Abuse - Non-Title 19 Special Line Items, respectively, to cover the state match requirement for the Title 19 program. Due to refinancing of existing state-only clients by the federal government, only \$2,252,200 is projected to be needed for the state match, resulting in a savings to the General Fund of \$1,045,300. 2,252,200

Savings are based on a 20% conversion rate of existing clients to Title 19 and a doubling of this population as Title 19 is implemented. Savings shown reflect 9 months of program operation in FY 1996.

**Community Therapeutic Substance Abuse Treatment** — Community therapeutic treatment is a long-term substance abuse treatment model used for the most chronic substance abusers. Over time, the RBHAs have increasingly directed funding toward lower cost, short-term substance abuse treatment. While this has allowed more individuals to receive treatment, it has also begun to create a shortage of placements for the most chronic abusers. The approved FY 1996 amount includes an increase of \$1,200,000 and a transfer of \$500,000 from the Substance Abuse - Non-Title 19 Special Line Item. 1,700,000

**AHCCCS - General Mental Health and Substance Abuse - Federal Funds** — This is the expenditure authority in the AHCCCS budget for Federal Funds that will be received to provide Title 19 coverage to adults with General Mental Health and Substance Abuse needs. 7,000,000

**General Mental Health Block Grant** — This is the estimate of Federal Funds to be received by the department from the federal General Mental Health Block Grant. 3,921,000

**Substance Abuse Block Grant** — This is the estimate of Federal Funds to be received by the department from the federal Substance Abuse Block Grant. 17,782,000

<b>State Total</b>	<b>\$23,337,800</b>
<b>Federal and Other Total</b>	<b>\$28,703,000</b>
<b>TOTAL</b>	<b><u>\$52,040,800</u></b>

In addition to the amounts shown above, the department may receive other Federal Funds, other agencies may expend additional amounts on similar services, and the counties also provide services which are not included in the table. It should also be noted that since the block grants listed above are non-appropriated they do not appear on the number summary for this program.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

**Southern Arizona Mental Health Center (SAMHC)** — During the FY 1995 budget process, the Legislature expressed its intent that SAMHC be privatized by the end of FY 1995. Due to delays, this privatization will not occur until late in FY 1996. The approved amount includes the elimination of 8.2 FTE Positions and the moving of \$378,100 from the SAMHC Special Line Item to the Seriously Mentally Ill Services Special Line Item, in order to ensure that the process of privatization is started, and preferably completed, during FY 1996.

**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."

**Additional Appropriations — Regulatory Reform (Chapter 251)** — Please see the General Legislation section for a description of this legislation.



**DEPARTMENT OF HEALTH SERVICES - ARIZONA STATE HOSPITAL**

A.R.S. § 36-103

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	909.5	875.5	838.0
Personal Services	20,680,600	19,760,300	19,035,200
Employee Related Expenditures	5,057,600	4,830,600	4,830,400
Professional and Outside Services	1,757,800	2,958,800	3,272,800
Travel - In State	28,700	50,400	48,100
Travel - Out of State	4,700	5,100	4,800
Food	747,200	764,000	702,200
Other Operating Expenditures	2,597,800	2,036,500	1,743,900
Equipment	6,900	119,500	92,800
<b>Operating Subtotal</b>	<b>30,881,300</b>	<b>30,525,200</b>	<b>29,730,200</b>
Community Placement Treatment	-0-	-0-	1,299,100
Community Placement Development	-0-	-0-	100,000
<b>Total Appropriations</b>	<b>30,881,300</b>	<b>30,525,200</b>	<b>31,129,300</b> <sup>1/</sup>
<b>Fund Summary</b>			
General Fund	30,881,300	17,031,300	17,635,400
Disproportionate Share Fund	-0-	11,993,900	11,993,900
Special Revenue Fund	-0-	1,500,000	1,500,000
<b>Total Appropriations</b>	<b>30,881,300</b>	<b>30,525,200</b>	<b>31,129,300</b>

*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 1996, ASH will have an estimated average daily census of 450 patients.

*Agency Reorganization* — The approved amount includes a reduction of 1 FTE position and \$203,900 due to a reorganization of staff resources and a reallocation of FY 1995 Project SLIM savings.

*Food* — The approved amount includes a decrease of \$29,900, due to an expected decrease in patient census. The amount reflects full-funding of meals and nutritional equivalents for an estimated 450 ASH patients at \$1.25 per meal.

*Arizona State Hospital Improvements* — The Legislature adopted 4 policies to improve ASH for FY 1996:

- expanded Clozapine funding in the Behavioral Health Program to eliminate all SMIs from this waiting list and reduce the ASH census by around 10;
- provided \$100,000 to develop alternative community placements;
- allowed the "dollars to follow the client" by transferring ASH operating costs to Community Placement funding;
- as part of the Capital Outlay Bill, provided \$2,000,000 to develop a design and break ground on a new 200-bed hospital facility on the northwest corner of the ASH grounds.

These policies, when taken as a whole, should ensure that more patients are appropriately placed and that the process of replacing the existing aging structure is begun.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - ARIZONA STATE HOSPITAL (Cont'd)**

**Community Placement Development** — The approved budget is based on identifying and placing 30 ASH patients in appropriate community settings, in addition to the patients identified through the expansion of the Clozapine Program. (See Behavioral Health Program write-up.) The approved amount includes \$100,000 for facility conversion and other one-time start-up costs associated with developing community providers in order to place patients into more appropriate settings. This funding provides for an average of \$2,500 to be used to develop each bed needed in the community.

**Community Placement Treatment** — Given that the placement of deinstitutionalized ASH patients will require some planning time, the approved amount funds the placement of 40 patients into appropriate community settings for 6 months. The amount includes the reduction of 36.5 FTE positions and the transfer of \$1,299,100 from the operating budget to a new Community Placement Treatment Special Line Item, which translates into per patient funding of \$174 each day. This initiative should generate substantial savings in FY 1997, due primarily to the fact that community placement will cost less than placement at ASH.

**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>FY 1994</u>	<u>Net Change</u>	<u>Fund Balance</u>
Carryforward Balance From FY 1993	N/A	\$3,144,900
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
Less: Appropriation for ASH Operations	(11,993,900)	-0-
Additional Payment to DSF <sup>1/2/</sup>	24,851,000	24,851,000
Transfer to General Fund <sup>1/2/</sup>	(24,851,000)	-0-
<u>FY 1996</u>		
AHCCCS Total Payments to DSF <sup>3/</sup>	11,993,900	11,993,900
Less: Appropriation for ASH Operations	(11,993,900)	-0-

<sup>1/</sup> The additional payment amount and transfer were made by Laws 1995, 1st Special Session, Chapter 6.

<sup>2/</sup> These amounts were based upon a total Disproportionate Share Hospital (DSH) Program of \$131,383,000 for FY 1995. As of the writing of this report, DSH is now expected to be \$122,392,000; therefore, these numbers will likely be revised downward.

<sup>3/</sup> Includes both state and Federal Funds.

**Capital Outlay** — (Chapter 2, 1st Special Session) — Appropriates \$175,000 to the department for a new security fence on the north side of the ASH grounds. The bill also appropriates \$2,000,000 to the Arizona Department of Administration (ADOA) for the study and design of a new ASH facility. See the Capital Outlay section of ADOA for more detail.

**DEPARTMENT OF HEALTH SERVICES - LABORATORY SERVICES**

A.R.S. § 36-103

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>55.5</u>	<u>54.9</u>	<u>56.5</u>
Personal Services	1,511,700	1,397,600	1,499,300
Employee Related Expenditures	340,100	323,300	367,900
Professional and Outside Services	14,900	3,000	3,000
Travel - In State	11,800	22,200	22,200
Travel - Out of State	15,800	11,400	11,400
Other Operating Expenditures	473,400	507,000	501,200
Equipment	262,900	301,200	301,200
<b>Total Appropriations</b>	<b><u>2,630,600</u></b>	<b><u>2,565,700</u></b>	<b><u>2,706,200</u></b> <sup>1/</sup>

*Program Description* — The Division of Laboratory Services provides laboratory testing for other state agencies in addition to water testing, public health testing, and other health-related testing. The division also monitors and evaluates the quality of laboratory testing statewide.

**Technical Issues/Agency Reorganization** — The approved amount includes a total of \$301,200 for equipment. The approved amount also includes a transfer in of 3.6 FTE Positions and \$89,100 to reflect a reorganization of staff resources and the reallocation of FY 1995 Project SLIM savings.

**Clinical Laboratory Improvement Act (CLIA) Reduction** — The approved amount includes a reduction of 2 FTE Positions and \$14,200 due to the agency's decision to reprioritize services. Under CLIA, a mix of state and federal funds are employed by the agency to help maintain testing standards at clinical laboratories.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

# JUDICIARY - SUMMARY

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

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Marge Cawley/Brad Beranek

## Summary of General Funds and Other Appropriated Funds

FY 1994  
Actual

FY 1995  
Estimate

FY 1996  
Approved

### Program Summary

#### Commissions on Appellate and Trial

Court Appointments	8,700	10,000	10,000
Court of Appeals - Division I	5,422,900	5,667,700	5,944,300
Court of Appeals - Division II	2,738,700	2,824,000	2,999,400
Commission on Judicial Conduct	150,400	208,700	263,400
Superior Court	65,650,100	75,964,400	83,953,300
Supreme Court-Judicial and Administrative	9,687,600	10,218,800	10,543,900
Supreme Court-Foster Care Review Board	1,207,500	2,441,200	3,073,700
Unallocated Classified Maintenance Review (CMR)	-0-	-0-	116,800
<b>Total Appropriations</b>	<b>84,865,900</b>	<b>97,334,800</b> <sup>1/</sup>	<b>106,904,800</b>

FTE Positions	463.3	466.3	477.8 <sup>2/</sup>
Personal Services	16,453,500	17,232,300	18,254,500
Employee Related Expenditures	2,358,200	2,810,700	2,662,100
Professional and Outside Services	82,500	214,800	491,500
Travel	201,900	242,600	270,700
Other Operating Expenditures	5,599,500	5,373,200	6,043,800
Equipment	226,900	296,100	373,200
<b>Operating Subtotal</b>	<b>24,922,500</b>	<b>26,169,700</b>	<b>28,095,800</b>
Special Line Items	59,943,400	71,165,100	78,809,000
<b>Total Appropriations</b>	<b>84,865,900</b>	<b>97,334,800</b>	<b>106,904,800</b> <sup>3/4/</sup>

### Fund Summary

General Fund	84,066,400	96,209,800	105,272,700
Other Appropriated Funds	799,500	1,125,000	1,632,100
<b>Total Appropriations</b>	<b>84,865,900</b>	<b>97,334,800</b>	<b>106,904,800</b>

*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.*

- 1/ Laws 1995, Chapter 6, 1st Special Session appropriated an additional \$223,500 in the Supreme Court-Judicial and Administrative program and transferred \$41,900 from the Superior Court to the Supreme Court-Foster Care Review Board.
- 2/ Includes 60.5 FTE Positions funded from Special Line Items in FY 1996.
- 3/ Appropriated as an Operating Lump Sum by Agencies with Special Line Items as appropriate.
- 4/ The General Appropriation Act included \$3,000,000 from the General Fund and \$426,000 from Other Appropriated Funds for CMR. This amount represents the Judicial system's share of these funds, which will subsequently be allocated by program.

**JUDICIARY - COMMISSIONS ON APPELLATE AND TRIAL COURT APPOINTMENTS**

Arizona Constitution  
Article VI Section 36

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Marge Cawley/Brad Beranek

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
Other Operating Expenditures	8,700	10,000	10,000
<b>Total Appropriations</b>	<b>8,700</b>	<b>10,000</b>	<b>10,000 <sup>1/</sup></b>

*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.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**JUDICIARY - COURT OF APPEALS - DIVISION I**Arizona Constitution Article VI  
A.R.S. § 12-120

Honorable Thomas Kleinschmidt, Chief Judge

JLBC Analyst: Marge Cawley/Brad Beranek

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	98.0	98.0	100.0 <sup>1/</sup>
Personal Services	4,342,500	4,540,700	4,801,800
Employee Related Expenditures	641,300	774,400	714,100
Professional and Outside Services	600	800	800
Travel	74,800	63,900	80,900
Other Operating Expenditures	325,900	277,900	304,200
Equipment	37,800	10,000	42,500
<b>Total Appropriations</b>	<b>5,422,900</b>	<b>5,667,700</b>	<b>5,944,300 <sup>2/</sup></b>

**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.

**Technical Issues** — The approved amount includes a \$7,900 increase for Risk Management.

**Judges' Salary Increase** — The appropriation reflects a \$38,400 increase for the January 1, 1996 increase in judges' salaries pursuant to Laws 1994, Chapter 220.

**Sixteenth Judge** — The approved amount provides \$252,800 for the costs associated with adding a 16th judge to Division I, as required by Laws 1994, Chapter 245. The amount includes the costs for the 1 judge, 1 law clerk, and 1 secretary and all associated costs.

**Transfer of 1 FTE Position to the Supreme Court** — The approved amount includes the transfer out of \$61,200 and 1 programmer analyst to the Supreme Court. The programmer analyst will aid in the development of the Appellate Automation Project.

**Traveling Judges** — The appropriation adds \$12,000 to cover the increased cost for the 5 traveling judges.

<sup>1/</sup> Of the 136 FTE Positions, 100 FTE Positions are for Division I and 36 FTE Positions are for Division II. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Lump Sum for the Division.

**JUDICIARY - COURT OF APPEALS - DIVISION II**Arizona Constitution Article VI  
A.R.S. § 12-120

Honorable William Druke, Chief Judge

JLBC Analyst: Marge Cawley/Brad Beranek

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	36.0	36.0	36.0 <sup>1/</sup>
Personal Services	1,689,100	1,766,700	1,824,400
Employee Related Expenditures	248,400	301,400	271,100
Professional and Outside Services	-0-	1,000	1,000
Travel	30,200	36,400	36,400
Other Operating Expenditures	698,200	718,500	754,500
Equipment	72,800	-0-	112,000
<b>Total Appropriations</b>	<b>2,738,700</b>	<b>2,824,000</b>	<b>2,999,400 <sup>2/</sup></b>

**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.

**Technical Issues** — The approved amount includes a \$2,900 increase for Risk Management and \$300 in the Tucson State Office Building lease-purchase payment.

**Judges' Salary Increase** — The appropriation provides \$15,400 for the January 1, 1996 increase in judges' salaries pursuant to Laws 1994, Chapter 220.

**Telecommunication Charges** — The approved amount provides \$17,600 for the installation of a state-managed phone system, which will upgrade services such as voice mail and automatic call distribution. Of the \$17,600, the sum of \$9,600 is a one-time equipment expenditure. The new system will increase the clerk's staff to better manage incoming calls. An additional \$15,200 funds the installation of a teleconferencing system in the courtroom. This teleconferencing system should save litigation costs by allowing attorneys from outside Pima County to argue cases before the Court without traveling to Tucson. Of the \$15,200, \$10,200 is a one-time equipment expenditure.

**Imaging System** — The appropriation provides base funding for 2 highspeed scanners with additional storage, software and license to interface with the Court's docketry system, the City of Tucson's and Pima County's courts. Intergovernmental agreements are being finalized to have these 3 different governmental entities linked. This basic system will allow 30 concurrent users and the capability to expand to 170 gigabytes. Scanning briefs and motions that are filed by attorneys essentially will archive documents as they enter the court. In addition, all orders and decisions will be scanned and archived at time of issue. Scanning will facilitate the review and disposition of matters requiring orders or other action by the Court by having on-line access to documents. This expenditure is a one-time equipment cost. A General Appropriation Act footnote requires the division to submit its imaging system project plan to the Joint Legislative Budget Committee for review prior to expending any of this money.

<sup>1/</sup> Of the 136 FTE Positions, 100 FTE Positions are for Division I and 36 FTE Positions are for Division II. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Lump Sum for the Division.

**JUDICIARY - COMMISSION ON JUDICIAL CONDUCT**

Arizona Constitution Article VI.I

Honorable Bernardo P. Velasco, Chairman

JLBC Analyst: Marge Cawley/Brad Beranek

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	2.0	3.0	4.0
Personal Services	92,500	115,500	150,400
Employee Related Expenditures	14,200	21,900	27,300
Professional and Outside Services	17,400	38,500	38,500
Travel	6,500	12,900	20,400
Other Operating Expenditures	13,000	16,300	17,800
Equipment	6,800	3,600	9,000
<b>Total Appropriations</b>	<b>150,400</b>	<b>208,700</b>	<b>263,400<sup>1/</sup></b>

*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.

*Technical Issues* — The approved amount includes a \$1,000 increase in Risk Management and a \$3,600 reduction for one-time equipment expenditures.

*Adds Investigator* — The approved amount reflects the adding of 1 investigator and \$52,000 to provide the commission with its own permanent investigative staff to address the increasing number of complaints.

*Travel* — The approved amount adds \$3,000 for members' travel reimbursement, which is higher due to an increase in the number of meetings and related commission activities the 11 members must attend. Commission meetings have increased due to the growth of the number of inquiries, complaints and cases.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.



**JUDICIARY - SUPERIOR COURT**

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

Dave Byers, Administrative Director

JLBC Analyst: Marge Cawley/Brad Beranek

General Fund and Court Appointed Special Advocate Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	169.0	170.0	171.0 <sup>1/2/</sup>
Personal Services	5,470,300	5,616,300	5,943,000
Employee Related Expenditures	622,400	740,800	665,800
Other Operating Expenditures	650,100	532,100	874,800
<b>Operating Subtotal</b>	<b>6,742,800</b>	<b>6,889,200</b>	<b>7,483,600</b>
Family Counseling	462,100	490,500	514,100
Juvenile Probation State Aid	1,694,000	2,665,000	3,488,600
Adult Probation Enhancement	13,648,600	15,888,000	17,727,600
Intensive Probation - Adult	13,095,400	14,739,900 <sup>3/</sup>	16,324,600
Intensive Probation - Juvenile	5,351,900	6,443,200	7,898,800
Juvenile Probation Services	21,327,700	24,777,500	26,144,100 <sup>4/</sup>
Court Appointed Special Advocate	750,000	-0-	-0-
Community Punishment	2,527,400	3,335,000	3,475,400
Child Support Enforcement	50,200	736,100	896,500
<b>Total Appropriations</b>	<b>65,650,100</b>	<b>75,964,400</b>	<b>83,953,300 <sup>5/</sup></b>
<b>Fund Summary</b>			
General Fund	64,900,100	75,964,400	83,953,300
Court Appointed Special Advocate Fund	750,000	-0-	-0-
<b>Total Appropriations</b>	<b>65,650,100</b>	<b>75,964,400</b>	<b>83,953,300</b>

*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.*

**Technical Issues —** The approved amount includes a \$342,700 increase for Risk Management.

**Judges' Salary Increase —** The appropriation includes \$153,000 for the January 1, 1996 increase in judges' salaries as required by Laws 1994, Chapter 220.

**New Judge —** The approved amount adds \$52,300 for the state's 50% share of 1 judgeship established in FY 1995 in Pima County, pursuant to A.R.S. § 12-128.

**Family Counseling —** The appropriation provides funding for prevention of delinquency and incorrigibility and to strengthen family relationships of 3,700 juvenile offenders. The amount shown reflects an increase of \$23,600 due to a 5.7% caseload growth in the number of families attending these programs.

1/ Includes 44 FTE Positions funded from Special Line Items in FY 1996.

2/ Of the 171 FTE Positions, 127 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/ Laws 1995, Chapter 6, 1st Special Session transferred \$41,900 from this Special Line Item to the Supreme Court-Foster Care Review Board.

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/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

## JUDICIARY - SUPERIOR COURT (Cont'd)

**Juvenile Probation State Aid** — The approved amount adds \$777,800 for 6-months' phase-in funding of 30 additional officers, 3 supervisors and 5 support staff. This appropriation provides state funding for probation services to nearly 3,155 juveniles annually. An additional 5,000 juveniles are served through county funds. Legislation requires that the funds be used primarily for the salaries of supervising probation officers. Laws 1994, Chapter 201 mandates an average caseload ratio of 1 probation officer to 35 juvenile probationers. The FY 1996 estimated cost per probationer is \$1,338. The state shares in the counties' cost of operating this program.

**Adult Probation Enhancement** — The approved amount includes \$430,000 for 6-months' phase-in funding of 21.5 officers. 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. With this appropriation, a total of 30,790 probationer slots will be available by the end of FY 1996. The approved amount also includes \$150,000 for continuation of the Adult System Automation Project development. The FY 1996 estimated cost per probationer is \$570. The state shares in the counties' cost of operating this program.

A Department of Corrections' (DOC) General Appropriation Act footnote provides for the transfer of up to 30 FTE Positions and \$1,504,500 to the entity that is responsible for interstate probation services. The Administrative Office of the Courts (AOC) anticipates the transfer of 18 FTE Positions and \$885,700 from DOC to Adult Probation Enhancement through an inter-governmental agreement which will give responsibility for the interstate probation services to the Judicial Branch. The responsibility for interstate compact parole is anticipated to remain in DOC.

**Intensive Probation-Adult** — This program was created to divert serious, non-violent adult offenders from prison. Total program capacity is approximately 3,225. The approved amount includes \$586,000 for 6-months' phase-in funding to increase caseload capacity by funding an additional 7 teams and 9 support positions for this 100% state-funded probation program. Also included is \$687,400 for annualization of FY 1995 funding of 8 teams (16 probation and surveillance officers). The FY 1996 estimated cost per probationer is \$5,759.

**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. The approved amount includes \$414,500 for 6-months' phase-in funding to increase caseload capacity by funding an additional 5 teams, 1 supervisor and 2 support staff for this 100% state-funded probation program. Total program capacity is approximately 1,450. The approved amount also includes an increase of \$937,500 for annualization of FY 1995 funding of 30 probation and surveillance officers. The FY 1996 estimated cost per probationer is \$5,707.

**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 \$1,286,800, a 5.2% increase for additional treatment dollars. The General Fund appropriation is deposited into the Juvenile Probation Fund, which is a non-lapsing fund pursuant to A.R.S. § 8-230.02.

**Court Appointed Special Advocate** — This Special Line Item was transferred to the Supreme Court-Foster Care Review Board cost center.

**Community Punishment** — This program provides behavioral treatment dollars and 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 \$100,000 for the annualization of partial funded officers in FY 1995.

**Child Support Enforcement** — The approved amount reflects \$684,400 and the addition of 5 new FTE Positions appropriated through Laws 1994, Chapter 374. This funding provides for the administrative support of the Child Support Enforcement and Domestic Relations Committees, training judicial staff on child support and domestic relations matters, operating the one-stop shop pilot, and preparing annual statements of noncustodial parents' child support payments and outstanding balances. From this funding, \$190,900 was eliminated for one-time expenditures, \$35,000 was added for a statewide public information and

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**JUDICIARY - SUPERIOR COURT (Cont'd)**

education campaign, and \$300,000 was provided as a pass through to County Clerks of the Court Offices for their increased workload in wage assignments, paternity referrals and voluntary paternities.

**Summary of Program Appropriations**

The state General Fund appropriation provides a portion of the funding available for Adult Probation Enhancement and Juvenile Probation State Aid. County probation departments may provide office space and other operating expenditures for these 2 programs. Both of these programs are funded through the state General Fund, county funds, the Probation Services Fees Fund, and grants that individual counties may receive. Based on FY 1995 estimates, on a statewide basis the state General Fund provides 69.9% of the funding available for Adult Probation Enhancement. The counties contribute 30.1%. For services provided statewide through the Juvenile Court system for the Juvenile Probation State Aid program, the state General Fund provides 46.6% and the counties provide 53.4%. Within each county, these funding breakdowns will vary from these aggregate numbers. The majority of the state funding is required by statute to be expended on salaries for probation staff. For the most part, the 2 intensive probation programs are 100% state-funded, although counties may provide offices and other support services.

The following table displays the number of FTE Positions that are state-funded and by whom they are hired. The state-hired individuals are those that provide statewide administrative support and are housed in the Courts Building. The county-hired individuals are predominantly probation officers that are hired by each county.

<u>FTE State Funded Positions</u>		
<u>Program</u>	<u>State-Hired</u>	<u>County-Hired</u>
Juvenile Probation State Aid	1.0	98.0
Adult Probation Enhancement	6.0	458.0
Adult Intensive Probation	8.0	388.5
Juvenile Intensive Probation	7.0	124.0
Juvenile Probation Services	12.0	91.0
Community Punishment	3.0	53.5
Child Support	7.0	0.0

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 1,465 new slots. The approved amount for juvenile probation programs adds 1,175 new probationer slots. These new slots will provide a number of potential diversions from the Department of Corrections and the Department of Juvenile Corrections.

<u>Programs</u>	<u>Probationer Slot Increase</u>	
	<u>Number</u>	<u>%</u>
<u>Juvenile</u>		
Probation State Aid	1,050	14.8
Intensive Probation	125	9.4
<b>Total Juvenile</b>	<b><u>1,175</u></b>	
<u>Adult</u>		
Probation Enhancement	1,290	4.4
Intensive Probation	175	5.7
Community Punishment	-0-	0.0
<b>Total Adult</b>	<b><u>1,465</u></b>	

**JUDICIARY - SUPREME COURT -  
JUDICIAL AND ADMINISTRATIVE**

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

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: MargeCawley/Brad Beranek

General Fund and Legislative, Executive and  
Judicial Public Buildings Land Earnings Fund

FY 1994  
Actual

FY 1995  
Estimate

FY 1996  
Approved

FTE Positions	129.3	121.3	122.3 <sup>1/</sup>
Personal Services	4,043,900	4,352,300	4,525,700
Employee Related Expenditures	679,700	793,200	787,900
Professional and Outside Services	53,200	86,000	236,000
Travel	57,800	71,000	71,000
Other Operating Expenditures	3,715,500	3,611,000	3,856,200
Equipment	101,400	253,500	180,700
<b>Operating Subtotal</b>	<b>8,651,500</b>	<b>9,167,000</b>	<b>9,657,500</b>
Building Tenant Improvement	49,500	-0-	-0-
Judicial Assistance	87,200	87,400	87,400
Judicial Education	207,700	242,700	242,700
Law Library	306,200	-0-	-0-
Grand Jury	148,800	372,300 <sup>2/</sup>	300,000
Judicial Performance Review	236,700	349,400	256,300
<b>Total Appropriations</b>	<b>9,687,600</b>	<b>10,218,800</b>	<b>10,543,900 <sup>3/4/</sup></b>
<b>Fund Summary</b>			
General Fund	9,638,100	10,218,800	10,543,900
Legislative, Executive and Judicial Public Buildings Land Earnings Fund	49,500	-0-	-0-
<b>Total Appropriations</b>	<b>9,687,600</b>	<b>10,218,800</b>	<b>10,543,900</b>

**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.

**Technical Issues** — The approved amount includes a \$128,600 increase for Risk Management, a \$116,600 increase in the Courts Building lease-purchase payment and a decrease of \$72,800 for one-time equipment costs.

**Judges' Salary Increase** — The appropriation includes \$13,400 for the January 1, 1996 judges' salary increase pursuant to Laws 1994, Chapter 220.

**Transfer In of 1 Programmer Analyst** — The approved amount reflects the transfer in of 1 programmer analyst and \$61,900 from the Court of Appeals, Division I. This programmer analyst will aid in the development of the Appellate Automation Project.

**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.

<sup>1/</sup> Includes 3 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$223,500 for payment of outstanding unpaid claims for FY 1993 and FY 1994.

<sup>3/</sup> Included in the lump sum appropriation is \$1,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

## JUDICIARY - SUPREME COURT - JUDICIAL AND ADMINISTRATIVE (Cont'd)

**Judicial Education** — The appropriation provides for a core curriculum with supplemental offerings of timely topics, which address judicial competence, performance, case management, opinion writing, and administration.

**Grand Jury** — The approved amount adds \$151,200 for the funding required to fully reimburse counties for state grand jury expenses pursuant to A.R.S. § 21-428B. Counties are reimbursed 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 reduction of \$96,100, which is needed in election years 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.

**JUDICIARY - SUPREME COURT - FOSTER CARE REVIEW BOARD**

A.R.S. § 8-515.04

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Marge Cawley/Brad Beranek

**General Fund and Court Appointed  
Special Advocate Fund**

	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	29.0	38.0 <sup>1/</sup>	44.5 <sup>2/</sup>
Personal Services	815,200	840,800	902,600
Employee Related Expenditures	152,200	179,000	186,700
Professional and Outside Services	11,300	88,500	215,200
Travel	32,600	58,400	62,000
Other Operating Expenditures	188,100	207,400	226,300
Equipment	8,100	29,000	29,000
<b>Operating Subtotal</b>	<b>1,207,500</b>	<b>1,403,100</b>	<b>1,621,800</b>
Court Appointed Special Advocate (CASA)	-0-	1,038,100	1,451,900
<b>Total Appropriations</b>	<b>1,207,500</b>	<b>2,441,200 <sup>1/</sup></b>	<b>3,073,700 <sup>2/4/</sup></b>
<b>Fund Summary</b>			
General Fund	1,207,500	1,316,200	1,442,600
Court Appointed Special Advocate (CASA) Fund	-0-	1,125,000	1,631,100
<b>Total Appropriations</b>	<b>1,207,500</b>	<b>2,441,200</b>	<b>3,073,700</b>

**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.*

**Technical Issues** — The approved amount reflects an increase of \$17,300 for the Tucson State Office Building lease-purchase payment.

**Staff for New Boards** — The approved amount includes \$97,200 and 2 Program Specialists to support the addition of 4 boards and an increase of 12 meetings per year for the rural boards. These 2 staff will provide the new boards administrative support in conducting reviews and case documentation. Pursuant to A.R.S. § 8-515.01, the presiding judge of the Juvenile Court shall establish 1 board (comprised of volunteers) for each 100 children, or fraction thereof. Since the last staff increase in 1991, the number of children in out-of-home placement has increased 14%. This increase in children has led to the adding of 4 boards. Local foster care review boards must review within 6 months of placement and at least once every 6 months thereafter each child remaining in out-of-home placement. The boards must provide within 30 days of their review their findings and recommendations on the efforts and progress made on the implementation of the child's permanent placement. These positions were actually added during the final quarter of FY 1995 through a transfer of \$41,900 from the Superior Court to the Foster Care Review Board through Laws 1995, Chapter 6, 1st Special Session.

**Foster Care Review Board (FCRB) Database Update** — The appropriation includes \$179,200 from the carry-forward balance of the CASA Fund for extensive updating of the FCRB database.

**General Fund Replacement of CASA Fund** — The approved amount reflects the General Fund replacement of one-time offsets in FY 1995 from the CASA Fund.

<sup>1/</sup> Laws 1994, Chapter 6, 1st Special Session transferred in \$41,900 from the Superior Court for the early hire of the 2 FCRB Program Specialists fully funded in FY 1996.

<sup>2/</sup> Includes 13.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>3/</sup> 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.)

<sup>4/</sup> Appropriated as a Lump Sum for the Program with a Special Line Item.

(Continued)

## SUPREME COURT - FOSTER CARE REVIEW BOARD (Cont'd)

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**Interpreting Services** — The appropriation adds \$15,000 for interpreting services needed during the FCRB review and translation services of the final report and recommendation document, as required to comply with the Americans with Disabilities Act. This funding will provide for 100 cases at \$30/hour/case for interpreting services, and a 6-page report average for translation costs at \$20/page.

**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 adds \$393,800 to reflect the FY 1996 estimate in the increased revenues the fund will receive from 30% of unclaimed prize monies from lottery games. This increase will fund an additional 6.5 FTE Positions (4.5 Field Coordinators and 2 Field Support Staff) to support an increase in the number of CASA volunteers and to continue to recruit and train volunteers. The appropriation also reflects the decrease of \$50,000 of one-time equipment costs. Another \$52,500 is added from the CASA Fund's carry-forward balance for one-time funding of the update of the CASA statewide database. The appropriation funds 13.5 state FTE Positions and 22 county-hired positions.

**Additional Legislation** — Public Finance; Omnibus Budget Reconciliation (Chapter 3, 1st Special Session) — Allows CASA Fund monies to be appropriated for use by the Foster Care Review Board program during FY 1996.

**DEPARTMENT OF JUVENILE CORRECTIONS - SUMMARY**

A.R.S. § 41-2802

Eugene R. Moore, Director

JLBC Analyst: Karen Bock/Lorenzo Martinez

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
Administration	4,139,600	4,758,000	4,552,200
Secure Care	18,622,200	19,931,800	23,265,700
Community Care	10,363,800	11,470,500	13,286,200
Education	3,076,400	3,694,800	3,399,900
<b>Total Appropriations</b>	<b>36,202,000</b>	<b>39,855,100</b>	<b>44,504,000</b>
FTE Positions <sup>1/</sup>	<u>673.5</u>	<u>706.0</u>	<u>724.0</u>
Personal Services	16,417,400	17,573,100	18,328,800
Employee Related Expenditures	4,992,700	4,720,000	5,370,400
Professional and Outside Services	713,300	564,400	554,900
Travel - In State	249,700	358,100	344,700
Travel - Out of State	24,900	15,400	15,400
Other Operating Expenditures	4,680,300	4,773,800	4,655,300
Equipment	418,100	37,700	86,800
<b>Operating Subtotal</b>	<b>27,496,400</b>	<b>28,042,500</b>	<b>29,356,300</b>
Special Line Items <sup>2/</sup>	<u>8,705,600</u>	<u>11,812,600</u>	<u>15,147,700</u>
<b>Total Appropriations</b>	<b>36,202,000</b>	<b>39,855,100 <sup>2/</sup></b>	<b>44,504,000 <sup>3/4/</sup></b>
<u>Fund Summary</u>			
General Fund	33,069,400	37,395,800	42,525,700
Juvenile Education Fund	2,401,500	1,698,500	1,317,500
Land Endowment Fund	300,000	300,000	300,000
Criminal Justice Enhancement Fund	400,000	400,000	300,000
Parental Assessment & Restitution Fund	31,100	60,800	60,800
<b>Total Appropriations</b>	<b>36,202,000</b>	<b>39,855,100</b>	<b>44,504,000</b>

*Agency Description* — The Department of Juvenile Corrections (DJC) 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. DJC has jurisdiction over youths until they are released from custody or reach age 18.

*Johnson vs. Upchurch* — Since 1987, the department has been involved in a federal class action lawsuit 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 for youth in state custody. To resolve this litigation, DJC 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 DJC may house in each of the institutions.

<sup>1/</sup> Includes 21 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$2,200,000 for the department's supplemental needs.

<sup>3/</sup> Appropriated as a Modified Lump Sum by Agency.

<sup>4/</sup> Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Juvenile Corrections 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.)

(Continued)



**DEPARTMENT OF JUVENILE CORRECTIONS - SUMMARY (Cont'd)**

For FY 1994, a total of \$4,711,500 was added to the operating and capital outlay budgets for *J v. U* issues. For FY 1995, the original DJC budget included \$3,746,300 in continuation and new funding specifically for consent decree issues. The FY 1995 supplemental appropriation of \$2,200,000 included \$975,800 for *J v. U* issues. For FY 1996, operating budget funding is provided for *J v. U* issues as follows:

Youth Rights Advocates	\$ 274,400
Court Monitors	90,000
Due Process	301,800
Institutional Staffing Ratios	1,065,000
Institutional Treatment Programs	555,100
Classification/Risk Assessments	77,000
Staff Training and Certification	102,800
Program Evaluation	62,700
Purchase of Care	3,358,000
Continuum of Care Staff	245,800
Family Transition	115,300
Teachers' Salaries	829,400
Vocational Transition	40,000
WIPP Expansion	60,400
Total	\$7,177,700

The cumulative total funding for *J v. U* to date is \$17,891,100. The following table provides a summary of all *J v. U* funding appropriated so far:

	Total <i>J v. U</i> Appropriations		
	FY 1994	FY 1995	FY 1996
Operating Budget	\$3,663,900	\$4,722,100	\$7,177,700
Capital Outlay	1,047,600	458,300	821,500
Total	\$4,711,500	\$5,180,400	\$7,999,200

**Population** — The FY 1996 appropriation is based upon a total department average daily population (ADP) of 1,738 youth. This includes a maximum capacity of 450 youth in secure care state facilities as shown below.

	Original Design Capacity	FY 1995 Funded Capacity
Adobe Mountain School	376	240
Catalina Mountain School	168	110
Black Canyon School	120	100 <sup>1/</sup>
Total	664	450

<sup>1/</sup> The consent decree limits Black Canyon School (BCS) to 30 boys treatment beds. There are now also about 40 girls (ADP) in reception and treatment at BCS, and BCS also provides reception to about 10-20 youth (ADP) from outside Maricopa County.

The ADP on parole is expected to be 1,052, while the ADP on interstate supervision (and without contract services) is expected to be 140. The Purchase of Care budget was developed to provide the following services for paroled youth: 110 residential beds (including 15 new halfway-house beds) for boys, 32 Desert Vista secure beds for girls (which will now be exchanged for about 50 or so additional boys' residential beds since the girls have been moved to Black Canyon School), 505 counselling sessions, 243 rural supervision slots, 98 tracking and outreach slots, and 148 other slots for various supervision and support programs. A youth may receive services of more than one kind.

Finally, the ADP for boot camp was estimated to be 96 youth (although, given delays in program development, actual ADP will be less than that).

**Additional Legislation — DYTR; Name Change: Juvenile Corrections (Laws 1995, Chapter 178)** — Changed the name of the agency from Department of Youth Treatment and Rehabilitation to Department of Juvenile Corrections. All references are updated accordingly.

**DEPARTMENT OF JUVENILE CORRECTIONS - ADMINISTRATION**

A.R.S. § 41-2802

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	<u>73.5</u>	<u>72.5</u>	<u>72.5</u>
Personal Services	2,200,400	2,339,900	2,114,000
Employee Related Expenditures	508,900	587,300	513,400
Professional and Outside Services	176,400	43,500	38,600
Travel - In State	40,700	63,800	50,400
Travel - Out of State	16,900	15,400	15,400
Other Operating Expenditures	575,400	712,700	703,300
Equipment	18,000	11,100	11,100
<b>Operating Subtotal</b>	<b>3,536,700</b>	<b>3,773,700</b>	<b>3,446,200</b>
Due Process	11,700	39,700	301,800
Youth Rights	35,900	151,700	274,400
Court Monitors	34,000	90,000	90,000
Management Information System	442,300	310,000	260,000
Classification/Risk Assessment	15,000	77,000	77,000
Staff Training and Certification	64,000	102,400	102,800
FY 1995 Supplemental	-0-	213,500	-0-
<b>Total Appropriations</b>	<b>4,139,600</b>	<b>4,758,000 <sup>2/</sup></b>	<b>4,552,200 <sup>3/</sup></b>

*Program Description* — The Administration program encompasses the Director's Office, all business functions, data processing, training, and all other centralized operations of the department.

**Due Process** — The approved amount supports 4 legal advocates and 2 Youth Hearing Officer FTE Positions. The Hearing Officers will formally conduct parole revocation proceedings. Funding that had been provided in the operating budget prior to FY 1996 has been moved to the Special Line Item so that all subprogram costs are shown together.

**Youth Rights** — The 6 Youth Rights Specialist staff are to oversee the department's use of punishment to ensure that it is not "arbitrary or excessive." Legal advocates, paid by outside contract, will work under an attorney's supervision to assist youth during parole revocation proceedings. Funding that had been provided in the operating budget has been moved to the Special Line Item so that all subprogram costs are shown together.

**Court Monitors** — The Court has appointed 3 monitors to oversee the department's implementation of the *J v. U* consent decree. Through this line item, the state pays for their travel and other expenses.

**Management Information System** — The amount approved for FY 1996 includes \$100,000 to finish the "Youthbase" database programming, \$100,000 for additional cabling in buildings, and \$60,000 for network hardware. These are one-time expenses and should suffice to complete the department's data processing system.

**Classification/Risk Assessments** — The *J v. U* consent decree requires the Department of Juvenile Corrections (DJC) to develop and use uniform tests (instruments) to evaluate youths' risk to the community and to determine youths' treatment needs.

**Staff Training and Certification** — The *J v. U* consent decree requires DJC to provide staff training and to have certain staff certified for working with troubled youth. The funding provides for staff overtime pay, travel costs, and other expenses relating to training.

<sup>1/</sup> Includes 12 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Laws 1994, Chapter 6, 1st Special Session provides \$2,200,000 for a general supplemental appropriation, of which DJC has allocated \$213,500 to this program.

<sup>3/</sup> Appropriated as a Modified Lump Sum by Agency.

**DEPARTMENT OF JUVENILE CORRECTIONS - SECURE CARE**

A.R.S. § 41-2802

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	469.0	490.5	502.5
Personal Services	10,354,300	10,890,500	11,837,100
Employee Related Expenditures	3,406,100	3,028,400	3,648,100
Professional and Outside Services	419,900	441,800	441,800
Travel - In State	115,000	149,100	149,100
Travel - Out of State	2,900	-0-	-0-
Other Operating Expenditures	3,440,900	3,405,500	3,320,700
Equipment	359,700	26,600	26,600
<b>Operating Subtotal</b>	<b>18,098,800</b>	<b>17,941,900</b>	<b>19,423,400</b>
Food	373,500	385,900	385,900
Work Incentive Pay Plan	41,900	60,800	121,200
Special Treatment Programs	67,500	397,300	397,300
Program Evaluation	40,500	62,700	62,700
Boot Camp	-0-	714,600	2,875,200
FY 1995 Supplemental	-0-	368,600	-0-
<b>Total Appropriations</b>	<b>18,622,200</b>	<b>19,931,800</b> <sup>1/</sup>	<b>23,265,700</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	18,291,100	19,571,000	22,904,900
State Charitable, Penal and Reformatories Land Fund	300,000	300,000	300,000
Parental Assessment and Restitution Fund	31,100	60,800	60,800
<b>Total Appropriations</b>	<b>18,622,200</b>	<b>19,931,800</b>	<b>23,265,700</b>

*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.*

**Staff Ratios - Direct Care** — The approved amount includes \$307,100 and 12 FTE Positions added to meet staffing ratios required for a total institutional population of 450 youth. The increase was necessary because supervisory positions could not be counted as direct-care positions.

**Personal Services Issues** — The approved amount includes additional funding for two salary issues. First, \$32,400 was added to upgrade the staff of the Triumph special program, which serves youth with mental illness. As a result, these staff will be on par with other special treatment program staff. Second, \$224,000 is added to fully fund the special Department of Juvenile Corrections (DJC) teacher pay scale, which was only partly funded for FY 1995 due to a calculation error. (The amount is added to Secure Care because of the way the department allocated its FY 1995 appropriation.)

**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.)

1/ Laws 1995, Chapter 6, 1st Special Session appropriated \$2,200,000 for a general supplemental appropriation, of which the DJC has allocated \$368,600 to this program.

2/ Appropriated as a Modified Lump Sum by Agency.

(Continued)

## DEPARTMENT OF JUVENILE CORRECTIONS - SECURE CARE (Cont'd)

**Work Incentive Pay Plan** — The Work Incentive Pay Plan (WIPP) provides wages of 25¢ to 75¢ per hour to youth offenders who are assigned to various work details. For FY 1996, the approved amount includes an additional \$60,400 of General Fund monies to provide funding for all youth who are required by law to participate. The *J v. U* court monitors had identified this program as needing improvement. The department uses monies from the Parental Assessment and Restitution Fund for this program. The fund consists of monies paid by parents for the support of their children when the court orders such assessments.

**Special Treatment Programs** — The *J v. U* consent decree requires DJC to provide appropriate treatment programs for certain groups of youth. The programs are for chemical dependents, sex offenders, and capital/violent offenders.

**Program Evaluation** — DJC will formally evaluate the special treatment programs to measure their success and to determine how they should be improved.

**Boot Camp** — The approved amount reflects an additional \$2,160,600 to annualize the FY 1995 appropriation for this new program, which is to provide 3 months of secure supervision and 9 months of aftercare for participating youth. Once open, the program will receive 8 new youth each month. After 12 months, the capacity of 96 youth will have been reached.

The FY 1996 appropriation presumed that the Boot Camp would open in January of 1995, as originally planned. Accordingly, the FY 1996 amount was calculated to support 288 youth-months in secure care and 744 youth-months in aftercare. DJC currently estimates that the Boot Camp will open in August of 1995. If so, the program will provide only 240 secure youth-months and 288 aftercare months.

**Capital Outlay** — (Chapter 2, 1st Special Session) — Appropriates \$1,500,000 to the Arizona Department of Administration (ADOA) for the design and construction of 48 new secure-care beds at Black Canyon School. Of the amount, up to \$46,800 and 1 FTE Position may be allocated in each fiscal year to oversee the project until its completion (Capital Outlay Bill footnote). The bill also appropriates \$821,500 to ADOA for asbestos abatement in support buildings at Adobe Mountain and Catalina Mountain Schools.

DEPARTMENT OF JUVENILE CORRECTIONS - COMMUNITY CARE			A.R.S. § 41-2802
General Fund and Criminal Justice Enhancement Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	68.0	75.0	81.0
Personal Services	1,777,100	1,835,000	2,001,600
Employee Related Expenditures	521,100	460,600	579,400
Professional and Outside Services	14,900	17,800	13,200
Travel - In State	86,100	139,200	139,200
Travel - Out of State	1,000	-0-	-0-
Other Operating Expenditures	379,400	352,200	344,300
Equipment	4,900	-0-	49,100
<b>Operating Subtotal</b>	<b>2,784,500</b>	<b>2,804,800</b>	<b>3,126,800</b>
Purchase of Care	7,541,300	7,588,500	9,854,800 <sup>2/</sup>
Family Transition	38,000	186,600	115,300
Community Work Program	-0-	65,400	189,300
FY 1995 Supplemental	-0-	825,200	-0-
<b>Total Appropriations</b>	<b>10,363,800</b>	<b>11,470,500 <sup>3/</sup></b>	<b>13,286,200 <sup>4/</sup></b>
<b>Fund Summary</b>			
General Fund	9,963,800	11,070,500	12,986,200
Criminal Justice Enhancement Fund	400,000	400,000	300,000
<b>Total Appropriations</b>	<b>10,363,800</b>	<b>11,470,500</b>	<b>13,286,200</b>

*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.

**Community Services Monitoring and Evaluation** — The approved amount adds 3 FTE Positions and \$112,300 to provide resources for contract and program compliance monitoring, outcome measurement, and program effectiveness analysis.

**Female High Impact Program** — The approved amount adds 3 FTE Positions and \$133,500 to implement the High Impact Program for females, which will provide more intense supervision and reduce the length of stay in secure care.

**Purchase of Care** — The approved amount provides funding for outside contracts with community providers for treatment and supervision of youth offenders. For FY 1996, \$2,366,500 was added to this line item to provide 160 additional residential placements and a variety of other additional support services for paroled youth. The Department of Juvenile Corrections (DJC) uses its Criminal Justice Enhancement Fund monies for community-based drug abuse treatment programs which are part of this item.

**Family Transition** — As part of the *J v. U* consent decree, the DJC is providing transition counselling to youth and their families. Funding that had been provided in the operating budget has been moved to the Special Line so that all subprogram costs are shown together. The Family Transition Special Line Item funds 4 FTE Positions.

**Community Work Program** — This program involves youth in direct community service and restitution such as graffiti abatement, community clean-up, and park maintenance. The amount supports 5 FTE Positions.

<sup>1/</sup> Includes 9 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> The \$9,854,800 appropriated for Purchase of Care is to be used for treatment programs for juvenile offenders under the jurisdiction of the Department of Juvenile Corrections. Such treatment shall be provided by community contractors. (General Appropriation Act footnote.)

<sup>3/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$2,200,000 for a general supplemental appropriation, of which DJC has allocated \$825,200 to this program.

<sup>4/</sup> Appropriated as a Modified Lump Sum by Agency.

DEPARTMENT OF JUVENILE CORRECTIONS - EDUCATION			A.R.S. § 41-2802
General Fund and Juvenile Education Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	63.0	68.0	68.0
Personal Services	2,085,600	2,507,700	2,376,100
Employee Related Expenditures	556,600	643,700	629,500
Professional and Outside Services	102,100	61,300	61,300
Travel - In State	7,900	6,000	6,000
Travel - Out of State	4,100	-0-	-0-
Other Operating Expenditures	284,600	303,400	287,000
Equipment	35,500	-0-	-0-
<b>Operating Subtotal</b>	<b>3,076,400</b>	<b>3,522,100</b> <sup>1/</sup>	<b>3,359,900</b> <sup>2/3/</sup>
Vocation and Transition Services	-0-	90,000	40,000
FY 1995 Supplemental	-0-	82,700	-0-
<b>Total Appropriations</b>	<b>3,076,400</b>	<b>3,694,800</b>	<b>3,399,900</b>
<u>Fund Summary</u>			
General Fund	674,900	1,996,300	2,082,400
Juvenile Education Fund	2,401,500	1,698,500	1,317,500
<b>Total Appropriations</b>	<b>3,076,400</b>	<b>3,694,800</b>	<b>3,399,900</b>

*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. This program is its own special school system. It receives equalization assistance from the Arizona Department of Education, and is overseen by a special school board.*

**Vocational and Transition Services** — The approved amount provides funding for 1 additional computer lab in the department's community schools. Students use these special labs to explore career interests and to prepare for the job market. This is a one-time appropriation.

**Juvenile Education Fund** — This 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 be determined by actual student counts. As allowed by the footnote which was first added in FY 1994, if the equalization assistance amount exceeds the appropriation, the department may use the excess after reporting planned expenditures to the Joint Legislative Budget Committee.

Expected funding is declining because the agency no longer qualifies for the severely emotionally handicapped factor, and also because institutional population has been reduced in order to meet consent decree requirements. As a result, the amount appropriated for the Education division from the General Fund rose by \$874,000, while the Juvenile Education Fund total declined by the same.

<sup>1/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$2,200,000 as a general supplemental appropriation, of which the Department of Juvenile Corrections has allocated \$792,700 to this program. Of this amount, \$217,000 is in Personal Services and ERE for the special teacher pay scale, and \$82,700 is in the Supplemental Special Line Item. The remainder is for a funding offset. The Juvenile Education Fund amount is reduced by \$493,000, while the General Fund amount is increased by this amount.

<sup>2/</sup> Appropriated as a Modified Lump Sum by Agency.

<sup>3/</sup> Prior to the expenditure of any Juvenile Education Fund receipts in excess of the appropriated amount shown above, the Department of Juvenile Corrections shall report the intended use of the monies to the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

**ARIZONA STATE LOTTERY COMMISSION**

A.R.S. § 5-501

Ralph Decker, Executive Director

JLBC Analyst: Phil Case

Lottery Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>131.3</u>	<u>129.3</u>	<u>122.0</u>
Personal Services	3,332,300	3,571,000	3,503,700
Employee Related Expenditures	735,900	921,900	796,800
Professional and Outside Services	122,800	120,600	83,700
Travel - In State	187,400	177,600	216,400
Travel - Out of State	14,300	13,000	7,500
Other Operating Expenditures	2,583,900	909,300	1,453,000
Equipment	432,900	175,100	24,800
<b>Operating Subtotal</b>	<b><u>7,409,500</u></b>	<b><u>5,888,500</u></b>	<b><u>6,085,900</u></b>
Instant Tickets	2,014,500	1,985,500	1,985,500 <sup>1/</sup>
Advertising	9,392,700	11,660,400	11,000,000 <sup>2/</sup>
On-Line Vendor Fees	5,706,100	7,043,200	10,260,000 <sup>3/</sup>
Retailer Commissions	14,923,400	17,712,000	17,880,000 <sup>4/</sup>
Multi-State Lottery Expenses	3,974,600	-0-	-0-
Sales Incentive Program	-0-	-0-	50,000 <sup>5/</sup>
Multi-State Lottery Operations	-0-	124,300	-0-
Telecommunications	-0-	1,936,900	1,926,300 <sup>6/</sup>
<b>Total Appropriations</b>	<b><u>43,420,800</u></b>	<b><u>46,350,800</u></b>	<b><u>49,187,700</u></b> <sup>7/8/9/10/ 11/</sup>

- 1/ If instant ticket sales exceed \$70,000,000, amounts above \$1,985,500 may be expended at the rate of \$22.00 per 1,000 tickets purchased. (General Appropriation Act footnote.)
- 2/ In addition to the amounts shown above, an amount equal to 3.7% of net Lottery game sales, but not more than \$11,000,000, 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 \$11,000,000. (General Appropriation Act footnote.)
- 3/ In addition to the amounts shown above, an amount equal to 4.5% of net on-line Lottery game sales is appropriated for payment of on-line vendor fees. This amount is currently estimated to be \$10,260,000. Prior to the signing of an on-line vendor contract for an amount greater than 4.5% of sales, the Lottery Commission shall present the terms of the contract to the Joint Legislative Budget Committee for its review. (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 \$17,880,000. (General Appropriation Act footnote.)
- 5/ Before the release of any monies for the Sales Incentive Program, the Lottery shall present an incentive plan to the Joint Legislative Budget Committee for its review and advice. At a minimum, the plan shall detail the eligible positions, the criteria for incentives, the expected distribution of incentives, the baselines for measurement, and a maximum incentive per position. (General Appropriation Act footnote.)
- 6/ If the number of on-line terminals exceeds 2,350, amounts above \$1,926,300 may be expended at the average rate of \$63.05 per additional terminal per month, up to the allowable terminals set forth in contract. (General Appropriation Act footnote.)
- 7/ The Lottery Commission shall transmit quarterly reports on the distribution of all tickets and passes for events to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the House and Senate Appropriations Committees, and the Director of the Joint Legislative Budget Committee. The report shall include the name of each individual receiving each ticket, the individual's title and affiliation, a description of the event, the date of the event and the cash value of the ticket. (General Appropriation Act footnote.)
- 8/ Nothing in this subdivision is intended to require that all monies appropriated to the Arizona State Lottery Commission be expended. (General Appropriation Act footnote.)
- 9/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for Instant Tickets, Telecommunications, Advertising, Retailer Commissions, On-Line Vendor Fees and Sales Incentive Program shall require approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)
- 10/ Appropriated as Operating Lump Sum by Agency with Special Line Items for Instant Tickets, Telecommunications, and Sales Incentive Program.
- 11/ 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)

**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 drawings for jackpots of \$50,000 and lower tier prizes.*
- *Powerball — a multi-state game played in 17 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 the Local Transportation Assistance Fund - Mass Transit. A portion of the unclaimed prizes support the Court Appointed Special Advocate (CASA) program.*

**Staff Reductions** — The approved amount reflects a reduction of \$200,100 and the elimination of 7.3 FTE Positions as part of the Lottery's restructuring effort. The eliminated positions include 3 Investigator FTE Positions in the Security Division, 1.3 Technical Support FTE Positions in the Management Information Systems Division, 1 Storekeeper FTE Position in the Tucson Office, and 1 Mail Clerk FTE Position in the Administration Division.

**Instant Ticket Vending Machines** — The approved amount includes an increase of \$328,600 in Other Operating Expenditures to expand the vending machine network from 174 to 220. The total annual lease cost for the machines is \$543,600.

**Phone System** — The approved amount includes an increase of \$152,600 in Other Operating Expenditures for the one-time cost of purchasing a new phone system.

**Lottery Ticket Trolleys** — The approved amount includes a one-time appropriation of \$24,800 in Equipment for repairs to 2 existing sales trolleys and the purchase of a new trolley. The trolleys (i.e., trailers) are used for promotional purposes at special events statewide.

**Instant Tickets** — The approved amount is based on the production of 90,250,000 tickets at \$22.00 per 1,000 tickets. This amount accounts for tickets given away as prizes and those left unsold, and is therefore higher than the amount required for the \$70,000,000 in projected sales.

**Advertising** — The approved amount funds the promotion of all Lottery games.

**On-Line Vendor Fees** — The approved amount was determined before the latest on-line vendor contract was awarded in March. Based on the matrix of percentages set forth in the new contract, the FY 1996 requirement is estimated to be \$6,688,000, or \$3,572,000 less than the amount estimated in the General Appropriation Act. The awarding of the new contract is being challenged by one of the unsuccessful bidders.

**Retailer Commissions** — The approved amount funds the payment of commissions to retailers who sell Lottery products.

**Multi-State Lottery** — An appropriation is no longer required as the annual fee for participating in the multi-state Powerball game will be generated from interest earned from a prize guarantee deposit of \$3,900,000 made last year.

**Sales Incentive Program** — The approved amount will provide incentives to employees in the Lottery's Marketing Division to work with retailers to increase sales of Lottery products.

**Telecommunications** — The approved amount funds all of the Lottery's telecommunications expenses, including those for the retailer terminal network. The amount includes an increase of \$85,000 for line charges and a one-time increase of \$52,000 for the purchase of equipment. The FY 1995 amount includes a Joint Legislative Budget Committee approved one-time transfer of \$147,600 from the Advertising Special Line Item.

(Continued)



**ARIZONA STATE LOTTERY COMMISSION (Cont'd)**

**Capital Outlay — (Chapter 2, 1st Special Session) —** Appropriates \$13,500 from the State Lottery Fund to the Arizona State Lottery Commission for Building Renewal. The bill also appropriates \$10,000 from the State Lottery Fund to the Commission for building modifications to comply with the Americans with Disabilities Act.

**Lottery Revenue Distribution —** 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 the first 4 funds shown below. 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 revenues are deposited to the General Fund until the minimum is met. The minimum percentage of sales that must be utilized as revenue is 31.5%. The JLBC Staff estimates that the FY 1996 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>
<b>Subtotal</b>	<b>\$50,650,000</b>
LTAF - Mass Transit	\$ -0- <sup>1/</sup>
General Fund	44,710,000 <sup>2/</sup>
Economic Development Fund (EDF)	2,300,000 <sup>3/</sup>
Court Appointed Special Advocate (CASA) Fund	<u>800,000</u> <sup>4/</sup>
<b>Total</b>	<b><u>\$98,460,000</u></b>

- <sup>1/</sup> 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 1996, the JLBC Staff estimates that the LTAF-Mass Transit will receive no revenue.
- <sup>2/</sup> 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 1996 estimate only.
- <sup>3/</sup> 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 1996 estimate only.
- <sup>4/</sup> The CASA Fund receives 30% of unclaimed ticket prizes. NOTE: This revenue comes from the 50% intended for prizes, not from the 31.5% minimum dedicated to revenue. The amount represents the FY 1996 estimate only.

**DEPARTMENT OF PUBLIC SAFETY - SUMMARY**

A.R.S. § 41-1711

Joe Albo, Director

JLBC Analyst: Jason Hall

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
Service Bureau	33,607,600	35,190,600	37,118,500
Criminal Investigation Bureau	14,985,800	16,443,500	22,760,000
Highway Patrol Bureau	32,707,500	34,819,400	36,387,900
Classification Maintenance Review	-0-	-0-	168,300 <sup>1/</sup>
<b>Total Appropriations</b>	<b>81,300,900</b>	<b>86,453,500 <sup>2/</sup></b>	<b>96,434,700</b>
<u>Expenditure Detail</u>			
FTE Positions	1,515.0	1,533.0 <sup>2/</sup>	1,592.0 <sup>3/</sup>
Personal Services	52,123,200	55,959,000	58,650,500
Employee Related Expenditures	10,775,700	12,304,700	12,667,800
Professional and Outside Services	325,200	383,800	387,800
Travel - In State	493,400	508,600	521,600
Travel - Out of State	153,400	144,700	144,700
Other Operating Expenditures	13,214,800	11,410,300	13,574,100
Equipment	3,765,600	2,850,400	2,182,100
<b>Operating Subtotal</b>	<b>80,851,300</b>	<b>83,561,500</b>	<b>88,128,600</b>
Special Line Items	449,600	2,892,000	8,306,100
<b>Total Appropriations</b>	<b>81,300,900</b>	<b>86,453,500</b>	<b>96,434,700 <sup>4/5/</sup></b>
<u>Fund Summary</u>			
General Fund	34,148,200	37,653,500	43,272,700 <sup>6/</sup>
Arizona Highway Patrol Fund	4,185,900	6,800,000	6,800,000
State Highway Fund	17,850,600	20,000,000	25,000,000 <sup>6/</sup>
Criminal Justice Enhancement Fund	446,400	2,000,000	1,362,000
Highway User Revenue Fund	24,473,900	20,000,000	20,000,000
Crime Lab Assessment Fund	195,900	-0-	-0-
<b>Total Appropriations</b>	<b>81,300,900</b>	<b>86,453,500</b>	<b>96,434,700 <sup>7/8/</sup></b>

*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.*

- <sup>1/</sup> The General Appropriation Act included \$3,000,000 from the General Fund and \$426,000 from Other Appropriated Funds for classification maintenance reviews. This amount represents the DPS system's share of these funds, which will subsequently be allocated by program.
- <sup>2/</sup> The FY 1995 estimate of FTE Positions does not reflect the 49 additional employees working in anti-gang enforcement. These FTE Positions were funded by a \$4,960,000 grant from the Arizona Criminal Justice Commission (ACJC). The grant is not included in the appropriation totals either.
- <sup>3/</sup> The FTE Positions total includes 10 new highway patrol officer positions added in FY 1996. It is the intent of the Legislature that these officers will not augment service to cities with a population of more than 100,000 persons, according to the most recent United States decennial census. The Legislature intends for these officers to supplement, not replace, existing officers in these areas of the state. (General Appropriations Act footnote.)
- <sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.
- <sup>5/</sup> In addition to the \$96,434,700 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.)
- <sup>6/</sup> Laws 1995, Chapter 244 require the transfer of \$5,000,000 from the lump sum appropriation of General Fund dollars for the DPS back to the General Fund. This legislation also requires the transfer of an additional \$5,000,000 from the State Highway Fund to DPS. Therefore, on a total funding basis, the net effect on the DPS appropriation for FY 1996 is \$0.
- <sup>7/</sup> The sums appropriated, with the exception of the \$1,362,000 appropriated from the Criminal Justice Enhancement Fund, shall be deposited in the Department of Public Safety Joint Account for the purposes provided. (General Appropriations Act footnote.)
- <sup>8/</sup> Any monies remaining in the Department of Public Safety Joint Account on June 30, 1996 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)**

**DPS Pay Plan Promotion Costs** — A department-specific pay plan, approved in FY 1993, created position classes ranging from cadet to officer levels 1-3. This plan provides a system of step promotions for sworn staff based on length of service to DPS and testing. The approved amount includes an additional \$619,300 for all increased costs of Personal Service and Employee Related Expenditures associated with the expected promotions during FY 1996. This amount funds an estimated 115 promotions: 74 officers from level 1 to level 2, and 41 officers from level 2 to level 3.

**HURF/Highway Funds** — Highway User Revenue Funds (HURF) are collected from various highway-related taxes and fees, including the motor vehicle tax and the vehicle license tax. These revenues are then distributed to the cities, counties, and state. The state's portion is deposited to the Highway Fund. Monies in the Highway Fund are further distributed to several sources and are ultimately used for highway construction throughout the state. For a complete description of these funds, please see the pages related to the Arizona Department of Transportation.

Historically, the DPS appropriation has utilized HURF and Highway Fund monies for Highway Patrol Bureau costs. Laws 1993, Chapter 249, limited the amount of HURF and Highway Fund monies allowed as offsets to department operations beginning in FY 1995. This law required that the maximum utilization of HURF and Highway Fund monies decrease by annual increments of \$2,500,000 per fund after FY 1995. Therefore, the total HURF and Highway Fund dollar amounts eligible for appropriation to DPS in FY 1996 was limited to \$17,500,000 from each fund or \$35,000,000 total.

However, Laws 1995, Chapter 3, 1st Special Session altered the schedule of maximum HURF and Highway Fund dollars subject to appropriation to DPS by freezing funding at the FY 1995 level. This action continues the total appropriation of \$40,000,000 from the combined fund sources in FY 1996. The schedule of reduced available funds is then pushed forward 1 year, placing a cap of \$35,000,000 on funds available for appropriation to DPS in FY 1997. 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. The table below lists the amounts of HURF and Highway Fund offsets appropriated in recent years and the schedule of decreasing amounts available for appropriation in the future.

	<u>HURF</u>	<u>Highway</u>	<u>Total</u> <sup>1/</sup>
FY 1994	\$24,924,700	\$18,336,900	\$43,261,600
FY 1995	\$20,000,000	\$20,000,000	\$40,000,000
FY 1996	\$20,000,000	\$20,000,000	\$40,000,000
FY 1997	\$17,500,000	\$17,500,000	\$35,000,000
FY 1998	\$15,000,000	\$15,000,000	\$30,000,000
FY 1999	\$12,500,000	\$12,500,000	\$25,000,000
FY 2000 and beyond	\$10,000,000	\$10,000,000	\$20,000,000

<sup>1/</sup> The amounts for FY 1994 reflect the appropriation that was made; all subsequent years reflect the limits established by the legislation. The maximum amount allowed by statute was appropriated in FY 1995 and FY 1996.

**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 employer's 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 1996:

Beginning Fund Balance	\$1,241,700
Estimated Insurance Premium Tax Revenue	9,435,000
Less: PSRS State Contribution	<u>(3,778,400)</u> <sup>1/</sup>
Surplus Deposited to Highway Patrol Fund	5,656,600
Other Revenues to Highway Patrol Fund	<u>950,000</u>
Total Funds Available	\$7,848,300
Less: Amount Used as Operating Budget Offset	(6,800,000)
Less: Other Expenditures	<u>(800,000)</u>
New Ending Balance	<u>\$ 248,300</u>

<sup>1/</sup> Based on an estimated \$42,984,900 of Personal Services paid to employees enrolled in the PSRS, multiplied by the state contribution at the actuarial established rate of 8.79%.

<b>DEPARTMENT OF PUBLIC SAFETY - SERVICE BUREAU</b>			A.R.S. § 41-1711
<b>General Fund and Other Appropriated Funds</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	527.0	527.0	527.0
Personal Services	16,499,000	17,387,800	17,793,300
Employee Related Expenditures	3,496,500	4,122,200	4,198,800
Professional and Outside Services	307,300	350,100	350,100
Travel - In State	144,000	167,000	167,000
Travel - Out of State	100,400	84,900	84,900
Other Operating Expenditures	11,900,600	10,719,300	12,803,100
Equipment	710,200	359,300	359,300
<b>Operating Subtotal</b>	<b>33,158,000</b>	<b>33,190,600</b>	<b>35,756,500</b>
AZ Criminal Justice Information System (ACJIS)	449,600	-0-	-0-
Automated Fingerprint Identification Network (AFIN)	-0-	2,000,000 <sup>1/</sup>	1,362,000
<b>Total Appropriations</b>	<b>33,607,600</b>	<b>35,190,600</b>	<b>37,118,500 <sup>2/</sup></b>
<b>Fund Summary</b>			
General Fund	20,763,400	21,974,600	21,944,400
Highway User Revenue Fund	9,789,500	5,216,000	3,716,000
Highway Fund	276,500	3,500,000	7,596,100
Highway Patrol Fund	2,331,800	2,500,000	2,500,000
Criminal Justice Enhancement Fund	446,400	2,000,000	1,362,000
<b>Total Appropriations</b>	<b>33,607,600</b>	<b>35,190,600</b>	<b>37,118,500</b>

**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.

**Pay Plan Promotion** — The approved amount funds all estimated bureau promotion costs with the exception of a lieutenant payroll increase. The FY 1995 funding amount for Personal Services and Employee Related Expenditures actually exceeds the amount necessary for all promotions expected to occur in FY 1996. Therefore, the net change is a reduction of Personal Services costs and Employee Related Expenditures amounting to \$36,900.

**Auto Fleet Maintenance** — The approved amount includes \$50,000 to purchase 4 gas analyzers for verification that required vehicles meet emission standards, and \$12,000 to purchase 4 automobile air conditioning recovery and recharging stations to comply with federal regulations concerning freon release. Also included is an appropriation for \$10,000 to purchase 2 vehicle lifts required by OSHA for maintenance work on front-wheel drive vehicles.

**Facilities Support** — The approved amount includes \$20,000 to replace a forklift used for moving heavy equipment and evidence, and \$19,200 to purchase an armory cargo van.

**Aviation Support** — The department maintains an aviation fleet that supports emergency medical services and search and rescue operations, and also provides narcotics surveillance and air transportation for state government officials. This fleet consists of 5 helicopters. The approved amount includes \$80,000 to overhaul an engine in a helicopter currently assigned to service in the Flagstaff area.

<sup>1/</sup> Made exempt from lapsing by Laws 1994, Chapter 6, 8th Special Session.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

## DEPARTMENT OF PUBLIC SAFETY - SERVICE BUREAU (Cont'd)

**Replacement Communications Equipment** — The approved amount includes \$161,100 to replace base stations, microwave terminals and a tower, all of which are a part of the statewide radio system which supports communication services for the Department of Public Safety (DPS) and other state agencies.

**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.

**Automated Fingerprint Identification Network (AFIN)** — The department has been in the process of purchasing and testing the AFIN system since FY 1995. The network provides state and local law enforcement officials with the ability to search a database capable of storing 1,000,000 print sets of Arizona criminals. Portions of contractual costs are paid by the state as the system passes tests for function performance, reliability, and speed in producing results. The approved amount includes \$322,900 for a deferred purchase payment due upon successful network testing, \$246,700 in recurring operating expenses, and \$752,300 in system upgrades which will expand the size of the fingerprint database and continue the capacity for timely print searches as the database grows.

**Other Issues — Handgun Clearance Center** — Laws 1994, Chapter 184, 2nd Regular Session created the Handgun Clearance Center, which DPS funded in FY 1995 by spending down balances in the non-appropriated portion of the State Highway Patrol Fund. The statewide clearance center provides a central site for all criminal background checks required of potential gun owners by the "Brady Bill," and thus exempts local law enforcement agencies throughout the state from the need to establish multiple such clearing centers.

The CJEF Pass-Through Fund is not subject to direct legislative appropriation and is used as a source of grants for state and local law enforcement projects related to street crime. It is the intent of the Legislature that DPS fund the Handgun Clearance Center in FY 1996 with resources drawn from the discretionary portion of the non-appropriated CJEF Pass-Through Fund. Use of these monies by DPS replaces the need to provide grants to every county in the state for establishment of separate handgun clearance centers. Thus, DPS will expend roughly \$419,000 in CJEF monies to fund 13.5 FTE Positions and operating costs related to the single center.

**Concealed Weapons Permit** — Pursuant to A.R.S. § 13-3112, a citizen of Arizona may carry a concealed weapon if that person has received a concealed weapons permit from DPS. DPS completes a criminal history background check of every applicant, including a review performed by the Federal Bureau of Investigations (FBI). Applicants are also required to complete a DPS-approved firearms safety training program before receipt of a permit. Permit-holders pay a \$50 fee and instructors pay a \$100 fee.

DPS deposits these fees into the Highway Patrol Fund and will use the revenue for on-going support of the concealed weapons authorization program. An estimated 30,000 permits will be issued and 500 firearms safety training instructors will be approved in FY 1995. Fees received from successful applicants alone provide \$1,550,000 in revenue coming directly to the department. After a \$24 fee is remitted to the FBI for every application checked, FY 1995 revenues remaining will total \$830,000. These revenues should be sufficient in future years to cover program costs without a General Fund subsidy, as the number of applicants and revenues decline.

**DEPARTMENT OF PUBLIC SAFETY -  
CRIMINAL INVESTIGATION BUREAU**

A.R.S. § 41-1711

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	293.0	309.0 <sup>1/</sup>	358.0 <sup>2/</sup>
Personal Services	10,877,800	12,230,100	12,640,400
Employee Related Expenditures	2,154,700	2,471,900	2,519,100
Professional and Outside Services	14,400	10,000	10,000
Travel - In State	132,100	113,400	113,400
Travel - Out of State	40,100	37,600	37,600
Other Operating Expenditures	900,100	495,400	495,400
Equipment	866,600	193,100	-0-
<b>Operating Subtotal</b>	<b>14,985,800</b>	<b>15,551,500</b>	<b>15,815,900</b>
Project GITEM	-0-	892,000	6,944,100 <sup>3/</sup>
<b>Total Appropriations</b>	<b>14,985,800</b>	<b>16,443,500</b>	<b>22,760,000</b>
<u>Fund Summary</u>			
General Fund	12,841,900	14,843,500	21,160,000
Highway Patrol Fund	1,556,200	1,600,000	1,600,000
Highway User Revenue Fund	391,800	-0-	-0-
Crime Lab Assessment Fund	195,900	-0-	-0-
<b>Total Appropriations</b>	<b>14,985,800</b>	<b>16,443,500</b>	<b>22,760,000</b>

*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.*

**Pay Plan Promotion Costs —** The approved amount includes \$116,000 necessary to fund increases in Personal Services costs and Employee Related Expenditures arising from the departmental pay plan.

**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.

**Transfer of Anti-Gang Enforcement Funding and Program Expansion —** In FY 1995, the Gang Intelligence and Team Enforcement Mission (GITEM) Program, created by Laws 1994, Chapter 200, received \$892,000 in direct appropriations from the General Fund and \$4,960,000 in a grant from the Arizona Criminal Justice Commission (ACJC), also consisting of General Fund monies. Since this grant was made outside the General Appropriation Act, the figure listed as GITEM expenditures in FY 1995 understates total program funding, which is more accurately reported as \$5,852,000, for purposes of year-to-year comparisons.

The FY 1996 approved amount includes \$4,944,100 in continued anti-gang enforcement monies which are being appropriated directly to Department of Public Safety (DPS). The FY 1996 base amount is less than total funding in FY 1995 due to the removal of funding for start-up costs and one-time equipment purchases. The approved amount also includes a \$2,000,000 increase in program funding to develop a rural training program. All anti-gang enforcement funding is listed in the GITEM Special Line Item for FY 1996, and amounts to a total of \$6,944,100.

<sup>1/</sup> The FTE Positions total does not include 49 FTE Positions employed in the department's Anti-Gang Enforcement program; GITEM. These FTE Positions are funded by a grant from ACJC, which is not reflected in the FY 1995 Estimated figures.

<sup>2/</sup> Includes 65 FTE Positions funded from Special Line Items in FY 1996.

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

## DEPARTMENT OF PUBLIC SAFETY - CRIMINAL INVESTIGATION BUREAU (Cont'd)

Originally, the GITEM program was conceived as a multi-jurisdictional group of state and local law enforcement officers, capable of carrying out investigations and enforcement activities to combat gang problems throughout the state. GITEM would serve as a central repository for collection and dissemination of criminal gang information, and a training ground for state and local officers. The program, as conceived and reported to the Legislature, called for the hiring of 30-50 DPS officers and staff experienced in anti-gang enforcement. This core group would also draw on upwards of 50 additional officers from other agencies to serve temporary enforcement assignments. The DPS core group would also provide training in anti-gang enforcement and investigation techniques for periods of 1-12 months to participating local law enforcement agencies. The state General Fund monies were to pay all costs of training.

Currently, GITEM consists of 65 FTE Positions; 47 FTE Positions permanently employed by DPS and 18 FTE Positions assigned for 1-year positions from various law enforcement groups. The program continues to collect, analyze and distribute gang-related information, but has evolved into a gang task force, more than a training program. Many smaller agencies apparently could not afford the loss to local service hours that would accompany the assignment of an officer to GITEM for the minimum 30 days of training. Consequently, the training program first associated with GITEM has been scaled back in favor of promoting a permanent state force.

The approved amount in the GITEM Special Line Item includes a \$2,000,000 increase to create a new training program known as Regionalized Anti-Gang Training and Enforcement Teams (RATE). RATE will focus on 2-3 weeks of training at 4 sites in predominantly rural counties which are located closer to these local agencies. This program is viewed as more beneficial to cooperating agencies due to the abbreviated assignment period, and the proximity of training sites to the officers' home jurisdictions. Nearby training sites will also allow the participating local law enforcement agency to call on the trainee in times of need. The FTE Positions total does not include any staff funded from the additional \$2,000,000.

**Capital Outlay — (Chapter 2, 1st Special Session) —** Appropriates \$8,000,000 in FY 1996 and \$3,000,000 in FY 1997 for the construction of a new Crime Laboratory.

DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL BUREAU			A.R.S. § 41-1711
General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	695.0	697.0	707.0 <sup>1/</sup>
Personal Services	24,746,400	26,341,100	28,071,000
Employee Related Expenditures	5,124,500	5,710,600	5,927,400
Professional and Outside Services	3,500	23,700	27,700
Travel - In State	217,300	228,200	241,200
Travel - Out of State	12,900	22,200	22,200
Other Operating Expenditures	414,100	195,600	275,600
Equipment	2,188,800	2,298,000	1,822,800
<b>Total Appropriations</b>	<b>32,707,500</b>	<b>34,819,400</b>	<b>36,387,900</b> <sup>2/</sup>
<u>Fund Summary</u>			
General Fund	542,900	835,400	-0-
Highway Patrol Fund	297,900	2,700,000	2,700,000
State Highway Fund	17,574,100	16,500,000	17,403,900
Highway User Revenue Fund	14,292,600	14,784,000	16,284,000
<b>Total Appropriations</b>	<b>32,707,500</b>	<b>34,819,400</b>	<b>36,387,900</b>

**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.

**Pay Plan Promotion Costs** — The approved amount includes \$540,200 necessary to fund expected increases in Personal Services costs and Employee Related Expenditures arising from the departmental pay plan.

**Sergeant Salary Increase** — The approved amount includes \$350,000 to fund a \$2,000 salary increase for each of the department's 157 sergeants, as well as resulting increases in Employee Related Expenditures.

**Hazardous Materials and Bomb Emergency Response Vehicle** — The approved amount includes \$80,000 for the purchase of a 1-ton pick-up truck equipped with an oxygen tank refilling system, an electric generator and lights, a water pump with tank and hose, and other items used for personal decontamination. This vehicle will be used by the department's Special Services Division, which is responsible for responding to bomb situations and also for disabling clandestine drug laboratories. The remote geographical location of these drug labs often requires that all necessary equipment be completely mobile within a single vehicle.

**Replacement Highway Patrol Vehicles** — The approved amount includes \$1,533,000 for the purchase of 75 new highway patrol vehicles with extended warranties and all additions standard to patrol officer sedans, such as light bars, sirens, push bumpers and electric shotgun locks. The size and age of Highway Patrol vehicles is constantly changing. However, using data relevant to the 42nd Legislative Session, the Highway Patrol Bureau possessed a fleet of 763 cars to serve 568 sworn officers. DPS will replace 145 vehicles with monies budgeted in FY 1995 and 75 vehicles with monies appropriated in FY 1996.

<sup>1/</sup> The FTE Positions total includes 10 new highway patrol officer positions added in FY 1996. It is the intent of the Legislature that these officers will not augment service to cities with a population of more than 100,000 persons, according to the most recent United States decennial census. The Legislature intends for these officers to supplement, not replace, existing officers in these areas of the state. (General Appropriations Act footnote.)

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)



**DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL BUREAU (Cont'd)**

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The number of vehicles in the bureau's fleet exceeds the number of officers for several reasons. Many vehicles are listed as "swing vehicles" and are used to replace patrol cars that suffer break downs while an officer is on patrol in rural areas, thus permitting a minimal loss of service time. Some are considered retired for the most part due to age and excessive mileage, and these vehicles are retained as a source of spare parts. Finally, a vehicle is retained for each civilian reserve officer who volunteers time to patrol.

**Additional Patrol Officers** — The approved amount includes \$650,000 to hire and outfit for service 10 additional highway patrol officers. It is legislative intent (see footnote on prior page) that these officers be added in patrol areas that do not have a city with a population of more than 100,000 (not in the Phoenix or Tucson metropolitan areas), and that these 10 new officers supplement, not replace, existing officers in the rural patrol areas. A portion of this funding, \$200,800, constitutes one-time funding for new officer testing and the purchase of standard officer equipment including 10 patrol vehicles.

**Capital Outlay** — (Chapter 2, 1st Special Session) — Appropriates \$200,000 in FY 1996 for provision of remote officer housing.

**DEPARTMENT OF TRANSPORTATION - SUMMARY**

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Bob Hull

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
Director's Staff	551,500	580,800	484,900
Transportation Planning Division	3,293,300	3,979,000	3,061,100
Administrative Services Division	45,351,000	37,789,600	37,570,800
Special Support Group	6,179,800	4,145,200	4,743,800
Highways Division	104,332,000	43,072,300	38,994,700
Highway Maintenance	-0-	70,963,800	68,548,900
Aeronautics Division	1,328,200	1,605,700	1,622,300
Motor Vehicle Division	27,306,300	34,686,800	32,467,000
Public Transit Division	95,800	75,500	74,800
<b>Total Appropriations</b>	<b>188,437,900</b>	<b>196,898,700</b>	<b>187,568,300</b>
<u>Expenditure Detail</u>			
FTE Positions	<u>3,183.5</u>	<u>3,153.0</u>	<u>3,022.0</u>
Personal Services	59,281,400	83,389,100	80,984,700
Employee Related Expenditures	13,495,700	22,112,200	21,852,100
Professional and Outside Services	2,338,900	1,432,100	1,687,500
Travel - In State	1,111,000	1,742,300	1,562,500
Travel - Out of State	168,300	152,400	135,900
Other Operating Expenditures	21,743,500	24,968,300	22,864,300
Equipment	1,949,400	1,307,700	1,062,400
<b>Operating Subtotal</b>	<b>100,088,200</b>	<b>135,104,100</b>	<b>130,149,400</b>
Special Line Items	88,349,700	61,794,600	57,418,900
<b>Total Appropriations</b>	<b>188,437,900</b>	<b>196,898,700</b>	<b>187,568,300</b> <sup>1/2</sup>
<u>Fund Summary</u>			
General Fund	56,500	75,500	74,800
State Highway Fund	186,279,700	194,953,000	185,495,500
State Aviation Fund	1,328,200	1,605,700	1,622,300
Air Quality Fund	68,800	35,300 <sup>3/</sup>	36,300
Highway User Revenue Fund	525,100	-0-	-0-
Abandoned Vehicle Administration Fund	42,500	45,800	154,600
Dealer Enforcement Fund	137,100	183,400	184,800
<b>Total Appropriations</b>	<b>188,437,900</b>	<b>196,898,700</b>	<b>187,568,300</b>

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> Prior to making any large scale organizational change for FY 1996 beyond the decreases referred to as executive downsizing in the Joint Legislative Budget Committee Staff budget recommendation, the department shall submit its planned change to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

<sup>3/</sup> The Air Quality Fund was originally appropriated \$77,600 for FY 1995. However, \$42,300 reverted to the fund pursuant to a FY 1995 General Appropriation Act footnote as a result of the passage of Laws 1994, Chapter 353.

(Continued)

**DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)**

*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.*

**Technical Issues** — The following chart summarizes changes in the number of FTE Positions for FY 1996. Organizational realignment refers to movement by the department of FTE Positions from one division to another in order to consolidate certain like functions, with a net agencywide effect of zero change in the total number of FTE Positions. Executive downsizing refers to decreases of FTE Positions and State Highway Fund monies in several programs, which were offered by the department to reduce its operating budget and therefore make more monies available for highway construction. Project SLIM savings in the Transportation Planning Division includes decreases of 19 FTE Positions and \$459,800.

	Change in FTE Positions From FY 1995 to FY 1996				
	Organizational Realignment	Executive Downsizing	Project SLIM	New FTE Positions	Change
Director's Staff	(2)	-	-	-	(2)
Transportation Planning	(7)	(5)	(19)	-	(31)
Administrative Services	(5)	(37)	-	18 <sup>1/</sup>	(24)
Special Support Group	31	(13)	-	-	18
Highways	(12)	(62)	-	-	(74)
Highway Maintenance	(4)	-	-	-	(4)
Motor Vehicle Division	(1)	(17)	-	4 <sup>2/</sup>	(14)
Change	0	(134)	(19)	22	(131)

<sup>1/</sup> Provides 18 FTE Positions to replace 18 limited positions in computer network support.

<sup>2/</sup> Provides 4 FTE Positions for the increased workload in abandoned vehicle administration.

**Highway User Revenue Fund (HURF)** — The following chart summarizes HURF distributions:

	\$ In Thousands		
	FY 1994 Actual	FY 1995 Estimate	FY 1996 Estimate
Estimated Total HURF Collections	\$776,063	\$772,900	\$799,400
Less: Economic Strength Fund	1,000	1,000	1,000
Dept of Public Safety Transfer from HURF	24,925	20,000	20,000
Mandatory Insurance	525	-0-	-0-
Border Projects - Transfer to Highway Fund	-0-	1,000	-0-
Net to State Highway Fund	\$749,613	\$750,900	\$778,400
Less: Cities	228,606	229,477	238,381
Counties	135,157	135,711	141,007
Controlled Access, 15% Funds	57,693	57,760	59,845
Net State Highway Fund (Discretionary)	\$328,157	\$327,952	\$339,167
Plus: Border Projects - Transfer from HURF	-0-	1,000	-0-
Interest Income (State Highway Fund)	2,093	3,000	3,000
JCCR Ordered Revertments	-0-	478	1,184
Less: Operating Budget - ADOT	186,280	194,953	185,496
Capital Outlay and Building Renewal - ADOT	6,171	7,729	4,175
Dept of Public Safety Transfer from Highway Fund	18,846	20,000	25,000 <sup>1/</sup>
Border Area Transportation Projects	500	1,000	-0-
Debt Service	32,076	31,840	36,500
Net Highway Fund Available for Statewide Highway Construction (5-Year Plan)	\$86,377	\$76,908	\$92,180

<sup>1/</sup> See HURF; Highway Fund; DPS Distribution (Chapter 244).

**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.

(Continued)

## DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)

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**Capital Outlay — (Chapter 2, 1st Special Session)** — Appropriates a total of \$201,049,400 from the Highway Fund and a total of \$17,782,500 from the Aviation Fund to the department for capital projects. See the **Summary of the Capital Outlay Bill** table at the front of the book for more detail.

**Military Airports; Preservation; Noise Attenuation (Chapter 62)** — Appropriates \$2,300,000 in FY 1996, \$4,300,000 in FY 1997, and \$3,200,000 in FY 1998 from the General Fund to the department to extend the Davis-Monthan Air Force Base runway. Prior to expenditure, these monies are subject to the review of the Joint Legislative Budget Committee.

**Coverage Extent Underground Storage Tanks (Chapter 229)** — Appropriates \$375,000 from the Highway Fund to the department for the removal and replacement of underground storage tanks.

**HURF; Highway Fund; DPS Distribution (Chapter 244)** — Transfers and appropriates \$5,000,000 from the Operating Lump Sum appropriation of General Fund monies for the Department of Public Safety to the Department of Transportation for the first payment of the purchase of title and registration facilities and equipment from Maricopa County. The appropriation is contingent upon approval by the Joint Committee on Capital Review of the operational status of Enterprise. Also appropriates \$5,000,000 from the State Highway Fund to the Department of Public Safety to offset the above transfer of General Fund monies.

<b>DEPARTMENT OF TRANSPORTATION - DIRECTOR'S STAFF</b>			<b>A.R.S. § 28-101</b>
<b>State Highway Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>8.0</u>	<u>8.0</u>	<u>6.0</u>
Personal Services	417,800	441,400	367,700
Employee Related Expenditures	71,300	83,100	69,300
Travel - In State	9,500	19,200	11,400
Travel - Out of State	22,000	9,600	9,600
Other Operating Expenditures	<u>30,900</u>	<u>27,500</u>	<u>26,900</u>
<b>Total Appropriations</b>	<b>551,500</b>	<b>580,800</b>	<b>484,900 <sup>1/</sup></b>

*Program Description — The Director's Staff establishes and provides policy, guidance and overall direction to the department.*

**Technical Issues** — Please see Agency Summary for discussion of how organizational realignment affects the number of FTE Positions for FY 1996.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**DEPARTMENT OF TRANSPORTATION -  
TRANSPORTATION PLANNING DIVISION**

**A.R.S. § 28-101**

<b>State Highway Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>89.0</u>	<u>89.0</u>	<u>58.0</u>
Personal Services	2,397,400	2,823,100	1,865,700
Employee Related Expenditures	499,100	688,800	466,500
Professional and Outside Services	12,700	-0-	350,000
Travel - In State	51,100	72,000	48,000
Travel - Out of State	16,800	14,900	14,900
Other Operating Expenditures	313,400	350,200	293,400
Equipment	<u>2,800</u>	<u>30,000</u>	<u>22,600</u>
<b>Total Appropriations</b>	<b><u>3,293,300</u></b>	<b><u>3,979,000</u></b>	<b><u>3,061,100</u></b> <sup>1/</sup>

*Program Description* — The Transportation Planning Division plans the statewide transportation system, including highways and airports.

*Technical Issues* — Please see Agency Summary for discussion of how organizational realignment, executive downsizing and Project SLIM affect the number of FTE Positions for FY 1996.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**DEPARTMENT OF TRANSPORTATION -  
ADMINISTRATIVE SERVICES DIVISION**

A.R.S. § 28-101

State Highway Fund and Air Quality Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	460.0	461.0	437.0
Personal Services	12,180,800	13,043,900	12,828,000
Employee Related Expenditures	2,720,300	3,344,500	3,308,800
Professional and Outside Services	1,655,600	635,800	620,400
Travel - In State	101,800	93,000	126,800
Travel - Out of State	37,000	20,900	19,600
Other Operating Expenditures	11,080,900	12,716,700	11,277,300
Equipment	1,033,100	257,400	511,600
<b>Operating Subtotal</b>	<b>28,809,500</b>	<b>30,112,200</b>	<b>28,692,500</b>
Risk Management Premium	15,889,300	7,000,900	8,231,600
Regional Area Road Fund Rent	652,200	676,500	646,700
<b>Total Appropriations</b>	<b>45,351,000</b>	<b>37,789,600</b>	<b>37,570,800</b> <sup>1/2</sup>
<u>Fund Summary</u>			
State Highway Fund	45,321,500	37,754,300	37,534,500
Air Quality Fund	29,500	35,300	36,300
<b>Total Appropriations</b>	<b>45,351,000</b>	<b>37,789,600</b>	<b>37,570,800</b>

*Program Description* — The Administrative Services Division provides financial, data processing and administrative support for the department.

*Technical Issues* — Please see Agency Summary for discussion of how organizational realignment, executive downsizing and new FTE Positions affect the number of FTE Positions for FY 1996.

*Risk Management Premium* — The approved amount is for the payment of the Arizona Department of Administration's Risk Management premiums.

*Regional Area Road Fund Rent* — The approved amount reimburses the Maricopa Regional Area Road Fund (RARF) for RARF-owned space being used by the department.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> The Lump Sum appropriation includes \$1,400,500 for network support. Prior to expending the \$1,400,500, ADOT shall submit a comprehensive multiyear project plan for its network, including issues such as capacity, demand, hardware, software and costs, to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

**DEPARTMENT OF TRANSPORTATION - SPECIAL SUPPORT GROUP**

A.R.S. § 28-101

State Highway Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>72.0</u>	<u>72.0</u>	<u>90.0</u>
Personal Services	2,531,300	2,791,400	3,288,200
Employee Related Expenditures	480,900	628,400	775,800
Professional and Outside Services	128,200	320,900	292,800
Travel - In State	23,000	35,200	28,600
Travel - Out of State	18,300	33,100	21,300
Other Operating Expenditures	462,800	294,500	313,000
Equipment	26,700	41,700	24,100
<b>Operating Subtotal</b>	<b><u>3,671,200</u></b>	<b><u>4,145,200</u></b>	<b><u>4,743,800</u></b>
Education and Training	15,300	-0-	-0-
Reorganization	2,493,300	-0-	-0-
<b>Total Appropriations</b>	<b><u>6,179,800</u></b>	<b><u>4,145,200</u></b>	<b><u>4,743,800</u></b> <sup>1/</sup>

*Program Description* — The Special Support Group includes the following functions: audit and analysis, community relations, affirmative action, and legal assistance.

**Technical Issues** — Please see Agency Summary for discussion of how organizational realignment and executive downsizing affect the number of FTE Positions for FY 1996.

**Education and Training** — This Special Line Item provided funds for training classes conducted for the department. 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 distributed to the operating budgets of the Special Support Group, Administrative Services Division, Highways Division, and the Motor Vehicle Division in FY 1995.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.



<b>DEPARTMENT OF TRANSPORTATION - HIGHWAYS DIVISION</b>			<b>A.R.S. § 28-101</b>
<b>State Highway Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>1,834.0</u>	<u>875.0</u>	<u>801.0</u>
Personal Services	25,537,100	28,046,700	26,235,500
Employee Related Expenditures	5,458,000	6,831,500	6,420,700
Professional and Outside Services	24,100	3,500	3,500
Travel - In State	642,000	849,900	676,100
Travel - Out of State	50,300	49,500	49,500
Other Operating Expenditures	6,168,700	6,000,500	4,803,500
Equipment	<u>823,600</u>	<u>823,600</u>	<u>400,000</u>
<b>Operating Subtotal</b>	<b>38,703,800</b>	<b>42,605,200</b>	<b>38,588,800</b>
Highway Maintenance	65,224,500 <sup>1/</sup>	-0-	-0-
Radio Communications	403,700	417,100	405,900
Traffic Control Warning Device	<u>-0-</u>	<u>50,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>104,332,000</b>	<b>43,072,300</b>	<b>38,994,700 <sup>2/</sup></b>

*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.

*Technical Issues* — Please see Agency Summary for discussion of how organizational realignment and executive downsizing affect the number of FTE Positions for FY 1996.

*Highway Maintenance* — This Special Line Item provided for the management and maintenance of the state highway system. Highway Maintenance is appropriated as a separate program beginning in FY 1995.

*Radio Communications* — The approved amount provides funding to maintain and upgrade mobile radio station consoles in the districts and radio tower stations located on mountaintops throughout the state.

*Traffic Control Warning Device* — This Special Line Item provided 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.

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

**DEPARTMENT OF TRANSPORTATION - HIGHWAY MAINTENANCE**

**A.R.S. § 28-101**

<b>State Highway Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	0.0 <sup>1/</sup>	937.0	933.0
Personal Services	-0-	20,664,900	21,037,900
Employee Related Expenditures	-0-	5,994,900	6,201,800
Professional and Outside Services	-0-	68,000	19,000
Travel - In State	-0-	339,100	339,100
Other Operating Expenditures	-0-	1,719,600	1,690,300
Equipment	-0-	90,000	-0-
<b>Operating Subtotal</b>	<b>-0-</b>	<b>28,876,500</b>	<b>29,288,100</b>
Central Maintenance	-0-	1,740,900	1,264,000
Contract Maintenance	-0-	11,321,400	9,531,800
Materials	-0-	12,936,900	12,526,900
Equipment Rentals	-0-	16,088,100	15,938,100
<b>Total Appropriations</b>	<b>-0-</b>	<b>70,963,800 <sup>2/</sup></b>	<b>68,548,900 <sup>3/</sup></b>

*Program Description — Highway Maintenance is responsible for the management and maintenance of the state highway system.*

**Technical Issues** — Please see Agency Summary for discussion of how organizational realignment affects the number of FTE Positions for FY 1996.

**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 programs such as Arizona Clean and Beautiful and Equipment Operators Training.

**Contract Maintenance** — The approved amount is for the contract maintenance of 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 is for materials for the maintenance of roadway and landscaping.

**Equipment Rentals** — The approved amount is for equipment rentals for the maintenance of roadway and landscaping.

<sup>1/</sup> Highway Maintenance was appropriated as a Special Line Item in the Highways Division with 927 FTE Positions.

<sup>2/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

<sup>3/</sup> Appropriated as a Lump Sum by Agency.

<b>DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION</b>			<b>A.R.S. § 28-170</b>
<b>State Aviation Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>33.0</u>	<u>33.0</u>	<u>33.0</u>
Personal Services	718,300	814,800	834,500
Employee Related Expenditures	184,800	224,000	232,100
Professional and Outside Services	12,900	58,600	58,600
Travel - In State	24,400	29,900	29,900
Travel - Out of State	9,700	14,400	11,000
Other Operating Expenditures	355,100	419,000	423,200
Equipment	<u>13,900</u>	<u>15,000</u>	<u>3,000</u>
<b>Operating Subtotal</b>	<b><u>1,319,100</u></b>	<b><u>1,575,700</u></b>	<b><u>1,592,300</u></b>
Reimbursement to Highway Fund	<u>9,100</u>	<u>30,000</u>	<u>30,000</u>
<b>Total Appropriations</b>	<b><u>1,328,200</u></b>	<b><u>1,605,700</u></b>	<b><u>1,622,300</u></b> <sup>1/</sup>

*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.*

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION**

A.R.S. § 28-101

Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	684.5	676.0	662.0 <sup>1/</sup>
Personal Services	15,429,400	14,719,100	14,484,400
Employee Related Expenditures	4,065,300	4,304,200	4,364,100
Professional and Outside Services	505,400	345,300	343,200
Travel - In State	259,000	303,400	302,000
Travel - Out of State	14,200	10,000	10,000
Other Operating Expenditures	3,329,700	3,438,800	4,035,100
Equipment	49,300	50,000	101,100
<b>Operating Subtotal</b>	<b>23,652,300</b>	<b>23,170,800</b>	<b>23,639,900</b>
License Plates and Tabs	1,261,500	1,275,300	1,275,300
Medical Advisory Board	72,900	79,700	78,700
Enterprise (Drivers License/Title)	1,752,000 <sup>2/</sup>	10,000,000 <sup>2/</sup>	7,200,000 <sup>3/4/5/</sup>
Mandatory Insurance Enforcement	525,100	-0-	-0-
Abandoned Vehicle Fund	42,500	45,800	154,600
Mobile Home Administration	-0-	115,200	118,500
<b>Total Appropriations</b>	<b>27,306,300</b>	<b>34,686,800</b>	<b>32,467,000 <sup>6/</sup></b>
<b>Fund Summary</b>			
State Highway Fund	26,601,600	34,457,600	32,127,600
Highway User Revenue Fund	525,100	-0-	-0-
Abandoned Vehicle Administration Fund	42,500	45,800	154,600
Dealer Enforcement Fund	137,100	183,400	184,800
<b>Total Appropriations</b>	<b>27,306,300</b>	<b>34,686,800</b>	<b>32,467,000</b>

*Program Description — The Motor Vehicle Division regulates vehicular operations within the state through the issuance and control of various permits, registrations and licenses.*

<sup>1/</sup> Includes 11 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

<sup>3/</sup> 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. Each report shall also contain the department's current estimate for completing each major aspect such as title and registration and drivers license and enhancement of Enterprise, as well as a narrative section describing the reasons for any delay in completing each major aspect and enhancement of Enterprise, any major accomplishments and problems during the previous quarter, and any other information necessary to accurately portray the current status of Enterprise. (General Appropriation Act footnote.)

<sup>4/</sup> The Lump Sum appropriation includes \$7,200,000 for the Enterprise Project. Prior to expending the \$7,200,000 for Enterprise, the Department of Transportation shall submit a project plan for completing the Enterprise Project to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

<sup>5/</sup> Before expending more than \$4,100,000 of the FY 1996 appropriation for Enterprise, the department shall appear before the Joint Legislative Budget Committee to report on the statewide operational status of the title and registration portion of Enterprise, the department's schedule for completing the new drivers license and corrective action systems and to request approval to expend more of the FY 1996 appropriation for Enterprise. In any event the department shall appear before the Joint Legislative Budget Committee no later than October 31, 1995 to report on the statewide operational status of the title and registration portion of Enterprise, which the department projects will be operational statewide September 25, 1995. The department shall also report on any problems or delays encountered, and whether Enterprise is on schedule to complete the new drivers license and corrective action systems, which are scheduled to be operational August 16, 1996. (General Appropriation Act footnote.)

<sup>6/</sup> Appropriated as a Lump Sum by Agency.

(Continued)

## DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)

**Technical Issues** — Please see Agency Summary for discussion of how organizational realignment, executive downsizing and new FTE Positions affect the number of FTE Positions for FY 1996.

**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.

**Enterprise (Drivers License/Title)** — This Special Line Item provides funds to replace 3 separate computer systems (title and registration, drivers license, and motor carrier revenue) with a single integrated computer system. With this additional \$7,200,000, a total of \$29,700,000 has been appropriated for Enterprise. The department projects that the title and registration portion of Enterprise will be operational statewide September 25, 1995 and that the new drivers license and corrective action systems will be operational August 16, 1996. A year ago the department projected that all 3 parts of Enterprise would be implemented by September, 1995 at a total cost of \$26,000,000.

During the summer of 1994, the department audited Enterprise. The August 5, 1994 report documented 36 problems in 5 major areas including project management, information systems environment, user environment, testing, and conversion and purification. One of the audit's findings was that, "Management reporting on project status is very subjective and little reliance can be placed on ... the projected completion dates." The department's new schedule for completing Enterprise incorporates partial delays in various project components totaling up to 5 or 6 months, including 2 months for reprogramming, to correct these problems.

Business process improvements attributed to Enterprise, without benefit of the new computer system, produced over \$16,700,000 of increased revenue in FY 1994, including \$10,100,000 for the Highway User Revenue Fund due to extended drivers license and \$6,600,000 of vehicle license tax for allocated rental cars. Upon completion of the Enterprise computer system, the department estimates increased revenue of \$11,000,000 in FY 1997 mainly for vehicle license tax due to increased vehicle registration enforcement. The department projects this amount increasing to an annual \$22,000,000 beginning FY 1998.

Two General Appropriation Act footnotes require that the department report to the Joint Legislative Budget Committee (JLBC) regarding the status of Enterprise. First, before expending any of the \$7,200,000 FY 1996 appropriation for Enterprise, the department must submit a project plan for completing the Enterprise Project to the JLBC for review. Second, before expending more than \$4,100,000 of the FY 1996 appropriation for Enterprise, but no later than October 31, 1995, the department must appear before the JLBC to update the status of Enterprise and request approval to expend more of the FY 1996 appropriation for Enterprise.

**Mandatory Insurance Enforcement** — This Special Line Item, in combination with the non-appropriated Motor Vehicle Liability Insurance Enforcement Fund, was used to administer the Mandatory Vehicle Liability Insurance program. No appropriation was made for FY 1996, since the estimated balance forward plus receipts in the non-appropriated fund exceeds estimated expenditures. Laws 1995, 2nd Special Session, Chapter 1 continues mandatory motor vehicle insurance indefinitely, which otherwise would have expired on June 30, 1995, and establishes the Joint Legislative Committee on Private Passenger Automobile Insurance which is to report on its findings and recommendations by October 31, 1995.

**Abandoned Vehicle Fund** — This Special Line Item provides funds for administrative functions concerning abandoned vehicles including maintaining records, mailing notices, and paying towing fees for vehicles on public land. The approved amount includes increases of 4 FTE Positions and \$108,900 to address increased workload.

**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.

**DEPARTMENT OF TRANSPORTATION - PUBLIC TRANSIT DIVISION**

A.R.S. § 28-101

General Fund and Air Quality Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	3.0	2.0	2.0
Personal Services	69,300	43,800	42,800
Employee Related Expenditures	16,000	12,800	13,000
Travel - In State	200	600	600
Other Operating Expenditures	2,000	1,500	1,600
<b>Operating Subtotal</b>	<b>87,500</b>	<b>58,700</b>	<b>58,000</b>
Other Transit Planning	8,300	16,800	16,800
<b>Total Appropriations</b>	<b>95,800</b>	<b>75,500</b>	<b>74,800</b> <sup>1/</sup>
<u>Fund Summary</u>			
General Fund <sup>2/</sup>	56,500	75,500	74,800
Air Quality Fund	39,300	-0-	-0-
<b>Total Appropriations</b>	<b>95,800</b>	<b>75,500</b>	<b>74,800</b>

*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.

**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.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> 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.)

**ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN  
INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE)**

A.R.S. § 15-1621

Frank Besnette, Ph.D., Executive Director

JLBC Analyst: Bruce Groll

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	28.1	28.1	28.1
Personal Services	1,152,800	1,201,800	1,273,100
Employee Related Expenditures	222,300	244,800	260,900
Professional and Outside Services	33,500	45,900	45,900
Travel - In State	2,500	8,600	8,600
Other Operating Expenditures	289,200	191,100	196,300
Equipment	4,000	-0-	-0-
<b>Operating Subtotal</b>	<b>1,704,300</b>	<b>1,692,200</b>	<b>1,784,800</b>
Western Interstate Commission Office	75,000	79,000	79,000
WICHE Student Subsidies	1,968,300	2,008,400	2,494,300
Course Equivalency Guide	13,200	13,200	-0-
Student Financial Aid Trust Fund	1,166,800	1,204,600	1,526,100
State Student Incentive Grant	1,220,800	1,220,800	-0- <sup>1/</sup>
Teacher Loan Forgiveness Fund for Deaf & Blind	95,000	95,000	95,000
Area Health Education Centers	887,700	1,150,200	-0-
<b>Total Appropriations</b>	<b>7,131,100</b>	<b>7,463,400</b>	<b>5,979,200<sup>2/</sup></b>

*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.*

**Technical Issues —** The approved amount includes an additional \$50,000 for full-funding of the Personal Services requirement.

**Classification Maintenance Review Adjustments —** The approved amount provides \$3,500 for Classification Maintenance Review adjustments, which includes \$3,100 for Personal Services and \$400 for Employee Related Expenditures.

**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 135 continuing WICHE students and 41 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	14	5	\$ 269,400
Dentistry	32	12	623,600
Veterinary Medicine	68	2	992,000
Occupational Therapy	9	11	283,300
Optometry	12	1	184,300
Physicians Assistants	0	10	141,700
<b>Total</b>	<b>135</b>	<b>41</b>	<b>\$2,494,300</b>

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.

<sup>1/</sup> The State Student Incentive Grant (SSIG) program is administered by the Arizona Commission for Postsecondary Education which, in early FY 1995, became a separate agency (A.R.S. § 15-1851).

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

**ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN  
INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE) (Cont'd)**

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**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. Funding for FY 1996 was transferred to the Commission for Postsecondary Education, which became a separate agency in early FY 1995.

**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 creates 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 1994) actual student surcharge collections as the state matching amount.

**Teacher Loan Forgiveness Fund for the Deaf and the Blind (Arizona Teachers Incentive Program)** — 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, 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 (AHEC)** — The approved amount eliminates state funding for Arizona Area Health Education program associated with 4 centers: Southeast AHEC in Nogales, Western AHEC in Yuma, Northern AHEC in Flagstaff, and Central AHEC in Miami/Globe. The program may retain some federal funding.

**Classification Maintenance Review Adjustments for University System** — In addition to a 2% merit pay appropriation effective January 1, 1996, Section 101 of the General Appropriation Act also appropriates \$3,000,000 from the General Fund, of which the pro rata share for the university system is \$1,404,700. The act requires that on or before August 1, 1995 the Arizona Board of Regents shall report to the Joint Legislative Budget Committee its recommendations for the job classifications to receive adjustments, along with the rationale for these selections and the estimated dollar amount associated with each classification maintenance review adjustment.

**Capital Outlay** — (Chapter 2, 1st Special Session) — Appropriates \$19,247,300 to the Arizona Board of Regents from the General Fund for major maintenance and repair of university buildings and for Americans with Disabilities Act compliance, as follows:

- Appropriates \$19,247,300 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 90% 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.
- Provides that a maximum of 25%, or up to \$4,811,800, of the appropriated building renewal monies may be spent for state building modifications to comply with the federal Americans with Disabilities Act.
- Makes appropriations totalling \$6,000,000 to the Arizona Board of Regents from the General Fund for an NAU-Yuma and Arizona Western College joint use facility, which includes \$4,000,000 for FY 1996 and \$2,000,000 for FY 1997.

**Additional Legislation** — State Program Authorization Review (Chapter 196) — Laws 1995, Chapter 196 identifies Area Health Education Centers (AHEC) among the programs that will be subject to a Program Authorization Review (PAR) during FY 1996. Other rural health programs overseen by the Arizona Board of Regents or the Department of Health Services will also be subject to PAR during FY 1996.

**Study Committee on Higher Education Charters (Chapter 4)** — Laws 1995, Chapter 4, 1st Special Session establishes a study committee to investigate the feasibility of establishing private higher education charter institutions and the feasibility of issuing tuition vouchers to Arizona residents to attend private higher education institutions in Arizona.



**ARIZONA STATE UNIVERSITY - MAIN CAMPUS**

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	4,989.0	5,110.0	5,203.6
Personal Services	155,535,200	176,976,000	187,837,100
Employee Related Expenditures	29,346,100	34,333,300	36,977,700
Professional and Outside Services	3,674,300	1,210,700	1,543,700
Travel - In State	92,000	343,100	356,600
Travel - Out of State	1,406,500	745,100	776,600
Other Operating Expenditures	36,566,100	33,875,600	35,437,200
Library Acquisitions	4,816,300	5,242,000	5,692,800
Equipment	8,902,800	8,778,300	9,262,400
<b>Operating Subtotal</b>	<b>240,339,300</b>	<b>261,504,100</b>	<b>277,884,100</b>
Collections Fund	-0-	3,208,600	-0-
<b>Total Appropriations</b>	<b>240,339,300</b>	<b>264,712,700</b>	<b>277,884,100</b> <sup>1/2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	184,324,700 <sup>5/</sup>	198,293,900	209,999,300
University Collections Fund	56,014,600 <sup>6/</sup>	66,418,800	67,884,800
<b>Total Appropriations</b>	<b>240,339,300</b>	<b>264,712,700</b>	<b>277,884,100</b>

*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 42,000 students in 13 colleges and schools, and also provides academic courses at the Downtown Center in Phoenix.*

**Classification Maintenance Review Adjustments —** The approved amount provides \$508,200 for Classification Maintenance Review adjustments, which includes \$447,500 for Personal Services and \$60,700 for Employee Related Expenditures.

**Student Enrollment Growth —** Enrollment growth funding of \$3,477,700 and 67.6 new FTE Positions is based upon a 3-year rolling weighted average enrollment of 36,054 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

	FY 1996	FY 1995 Weighted Average	Change
Fall 1993 (Actual) - 35,178; at 25% =	8,795	8,545 (Fall 1992)	250
Fall 1994 (Estimate) - 36,153; at 50% =	18,077	17,589 (Fall 1993)	488
Fall 1995 (Projection) - 36,727; at 25% =	9,182	8,930 (Fall 1994)	252
<b>Total</b>	<b>36,054</b>	<b>35,064</b>	<b>990</b>

- 1/ Appropriated as a Lump Sum by Agency.
- 2/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- 3/ The appropriated monies shall not be used by the Arizona State University College of Law Legal Clinic for any lawsuits involving inmates of the State Department of Corrections where the state is the adverse party. (General Appropriation Act footnote.)
- 4/ Any unencumbered balances remaining in the collections account on June 30, 1995, 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 3,838.8 FTE Positions.
- 6/ University Collections Fund was not appropriated in FY 1994, but is shown for comparison purposes.

(Continued)

**ARIZONA STATE UNIVERSITY - MAIN CAMPUS (Cont'd)**

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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.

**Americans with Disabilities Act** — The approved amount includes \$531,300 and 3 new FTE Positions to provide students with disabilities a programmatic access for undergraduate and graduate education programs.

**Alternative Fuels** — The approved amount includes \$235,200 for conversion of 98 vehicles to alternative fuels, in accordance with A.R.S. § 41-803 and Laws 1995, Chapter 3, 1st Special Session, which stipulate that 40% of the total state motor vehicle fleet in Maricopa County be converted to alternative fuel by December 31, 1995.

**Library Acquisitions** — The approved amount provides an increase of \$450,800 for an 8.6% adjustment to accommodate the library acquisition needs. The 8.6% represents an average annual rate of inflation between 1990 and 1993, and restores some of the purchasing power lost in the past 5 years.

**Collections Fund Allocation for Instruction Enhancement** — The approved amount reflects an increased expenditure authority adjustment of \$3,208,600 and 70 FTE Positions for instructional program enhancement in the FY 1995 base with a corresponding adjustment for the University Collections Fund as a result of additional tuition and fee revenues collected in FY 1995.

**Improving Undergraduate Education** — The approved amount provides an additional funding of \$1,125,700 and 23 new FTE Positions for improving the quality of undergraduate education through increased access to required undergraduate general studies courses.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1995.

**ARIZONA STATE UNIVERSITY - EAST CAMPUS**

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	0.0	14.0	20.0
Personal Services	-0-	586,900	938,100
Employee Related Expenditures	-0-	122,500	181,200
Professional and Outside Services	-0-	902,600	502,600
Travel - In State	-0-	6,600	6,600
Travel - Out of State	-0-	18,000	18,000
Other Operating Expenditures	-0-	363,300	183,300
Equipment	-0-	122,700	122,700
<b>Total Appropriations</b>	<b>-0-</b>	<b>2,122,600</b>	<b>1,952,500</b> <sup>1/2/3/</sup>
<b>Fund Summary</b>			
General Fund	-0-	2,122,600	1,842,700
University Collections Fund	-0-	-0-	109,800
<b>Total Appropriations</b>	<b>-0-</b>	<b>2,122,600</b>	<b>1,952,500</b>

**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 former Williams Air Force Base. The Record of Decision by the Department of Air Force was issued on February 17, 1995 for disposal of the property to the Arizona Board of Regents and other entities in Arizona. The facilities for ASU-East 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.

**Classification Maintenance Review Adjustments** — The approved amount provides \$1,700 for Classification Maintenance Review adjustments, which includes \$1,500 for Personal Services and \$200 for Employee Related Expenditures.

**One-Time Facility Transition Cost** — The approved amount includes a decrease of \$580,000 for one-time facility transition costs associated with planning and renovating of existing structures at the former Williams Air Force Base for educational uses.

**New Campus Academic Program Development** — The approved amount includes \$400,000 and 6 new FTE Positions to provide for academic program development and to facilitate course offerings.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1995.

**Capital Outlay** — (Williams Air Force Base; Redevelopment, Chapter 298) — This act appropriates \$1,500,000 to ASU-East Campus from the General Fund for renovation of buildings and telecommunication linkages at the former Williams Air Force Base. Chapter 298 also appropriates \$1,880,000 to the Joint Powers Williams Gateway Airport Authority to match monies granted by the federal government for construction of infrastructure at the former Williams Air Force Base. It provides that prior to the expenditure of monies for construction or renovation, ASU-East Campus and the Joint Powers Williams Gateway Airport Authority shall jointly present a plan to the Joint Committee on Capital Review for its review. It further provides that on or before September 30, 1996 and on or before September 30, 1997, an annual report of the prior fiscal year expenditures from this appropriation and any Federal Funds received and expended as a result of this appropriation shall be provided to the Joint Committee on Capital Review.

1/ Appropriated as a Lump Sum by Agency.

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, 1995, 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.)

**ARIZONA STATE UNIVERSITY - WEST CAMPUS**

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	595.8	620.4	627.4
Personal Services	16,478,300	20,993,100	21,853,200
Employee Related Expenditures	3,265,800	4,256,500	4,601,400
Professional and Outside Services	1,043,500	446,600	476,600
Travel - In State	32,400	97,700	97,700
Travel - Out of State	204,300	211,600	211,600
Other Operating Expenditures	9,487,300	8,346,900	8,349,700
Library Acquisitions	1,188,900	1,116,000	1,212,000
Equipment	1,792,800	2,071,800	2,106,000
<b>Total Appropriations</b>	<b>33,493,300</b>	<b>37,540,200</b>	<b>38,908,200</b> <sup>1/2,3/</sup>
<b>Fund Summary</b>			
General Fund	29,602,800 <sup>4/</sup>	32,235,700	33,438,800
University Collections Fund	3,890,500 <sup>5/</sup>	5,304,500	5,469,400
<b>Total Appropriations</b>	<b>33,493,300</b>	<b>37,540,200</b>	<b>38,908,200</b>

**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.

**Classification Maintenance Review Adjustments** — The approved amount provides \$59,300 for Classification Maintenance Review adjustments, which includes \$52,100 for Personal Services and \$7,200 for Employee Related Expenditures.

**Americans with Disabilities Act** — The approved amount includes \$83,000 and 1 new FTE Position to provide students with disabilities a programmatic access for undergraduate and graduate education programs.

**Alternative Fuels** — The approved amount includes \$24,000 for conversion of 10 vehicles to alternative fuels in accordance with A.R.S. § 44-803 and Laws 1995, Chapter 3, 1st Special Session, which stipulate that 40% of the total state motor vehicle fleet in Maricopa County be converted to alternative fuel by December 31, 1995.

**Library Acquisitions** — The approved amount provides an increase of \$96,000 for an 8.6% adjustment to accommodate the library acquisition needs. The 8.6% represents an average annual rate of inflation between 1990 and 1993, and restores some of the purchasing power lost in the past 5 years.

**Academic Program Development** — The approved amount includes \$400,000 and 6 new FTE Positions to provide for academic program development for expanded course offerings.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1995.

1/ Appropriated as a Lump Sum by Agency.

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, 1995, 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 pro rata share for 527.2 FTE Positions.

5/ University Collections Fund was not appropriated in FY 1994, but is shown for comparison purposes.

**NORTHERN ARIZONA UNIVERSITY**

A.R.S. § 15-1601

Clara Lovett, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	1,851.0	2,092.5	2,132.7
Personal Services	59,297,600	66,982,000	70,030,000
Employee Related Expenditure	13,278,400	14,628,800	15,640,900
Professional and Outside Services	734,400	563,000	582,100
Travel - In State	400,600	519,900	527,600
Travel - Out of State	511,400	382,700	400,100
Other Operating Expenditures	13,757,900	13,877,100	14,636,700
Library Acquisitions	2,417,300	2,275,100	2,475,100
Equipment	6,105,900	2,976,800	3,596,400
<b>Operating Subtotal</b>	<b>96,503,500</b>	<b>102,205,400</b>	<b>107,888,900</b>
NAU-Yuma	1,564,400	1,823,900	1,848,600
<b>Total Appropriations</b>	<b>98,067,900</b>	<b>104,029,300</b>	<b>109,737,500</b> <sup>2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	75,531,200 <sup>5/</sup>	81,583,400	86,473,300
University Collections Fund	22,536,700 <sup>6/</sup>	22,445,900	23,264,200
<b>Total Appropriations</b>	<b>98,067,900</b>	<b>104,029,300</b>	<b>109,737,500</b>

*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 19,000 students in 9 colleges, schools and 1 center, and provides academic programs at many instructional sites throughout the state and at the Yuma Campus that operates in conjunction with Arizona Western College.*

**Classification Maintenance Review Adjustments —** The approved amount provides \$192,300 for Classification Maintenance Review adjustments, which includes \$168,200 for Personal Services and \$24,100 for Employee Related Expenditures. The total amount for Classification Maintenance Review adjustments includes \$2,900 for NAU-Yuma Campus (\$2,500 for Personal Services and \$400 for Employee Related Expenditures).

**Student Enrollment Growth —** The enrollment funding of \$1,497,100 and 28.7 new FTE Positions is based upon a 3-year rolling weighted average enrollment of 16,949 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

	FY 1996	FY 1995 Weighted Average	Change
Fall 1993 (Actual) - 16,387; at 25% =	4,097	4,094 (Fall 1992)	3
Fall 1994 (Estimate) - 16,939; at 50% =	8,469	8,222 (Fall 1993)	247
Fall 1995 (Projection) - 17,532; at 25% =	4,383	4,214 (Fall 1994)	169
<b>Total</b>	<b>16,949</b>	<b>16,530</b>	<b>419</b>

<sup>1/</sup> Includes 32.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>3/</sup> The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

<sup>4/</sup> Any unencumbered balances remaining in the collections account on June 30, 1995, 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.)

<sup>5/</sup> The General Fund only was appropriated with its pro rata share for 1,637.8 FTE Positions.

<sup>6/</sup> University Collections Fund was not appropriated in FY 1994, but is shown for comparison purposes.

(Continued)

**NORTHERN ARIZONA UNIVERSITY (Cont'd)**

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.

**Americans with Disabilities Act** — The approved amount includes \$186,600 and 5.5 new FTE Positions to provide students with disabilities a programmatic access for undergraduate and graduate education programs.

**Library Acquisitions** — The approved amount includes a \$200,000 increase for an 8.6% adjustment to accommodate the library acquisition needs. The 8.6% represents an average annual rate of inflation between 1990 and 1993, and restores some of the purchasing power lost in the past 5 years.

**Personalized Educational Support Technologies** — The approved amount provides an additional funding of \$600,000 and 3 new FTE Positions for improving the quality of undergraduate education with an emphasis on effective undergraduate advisement, retention and graduation.

**NAUNet Extension** — The approved amount includes \$150,000 and 3 new FTE Positions to bring additional education sites on-line through interactive instructional television for rural areas of Arizona as a part of the statewide enrollment management.

**NAU-Yuma** — The approved amount as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>32.5</u>
Personal Services	\$1,064,500
Employee Related Expenditures	229,400
Professional and Outside Services	21,000
Travel - In State	19,700
Travel - Out of State	21,800
Other Operating Expenditures	224,000
Library Acquisitions	50,000
Equipment	218,200
Total	<u>\$1,848,600</u>

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1995.

**Capital Outlay** — (Chapter 2, 1st Special Session) — Makes appropriations totalling \$6,000,000 to the Arizona Board of Regents from the General Fund for an NAU-Yuma and Arizona Western College joint use facility, which includes \$4,000,000 for FY 1996 and \$2,000,000 for FY 1997. The new facility, which will be constructed on the Arizona Western College campus, will provide the needed space for general classrooms, computer classrooms, interactive instructional television classrooms, and offices to support the 2+ cooperative education model, and it will accommodate the increasing enrollment demand in the next several years. The land for the Arizona Western College campus is assigned in perpetuity by the Federal Bureau of Reclamation to the State Board of Directors for Community Colleges for educational use. The new building will be owned by the Arizona Board of Regents.

**UNIVERSITY OF ARIZONA - MAIN CAMPUS**

A.R.S. § 15-1601

Manuel T. Pacheco, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	<u>5,332.7</u>	<u>5,342.3</u>	<u>5,354.2</u>
Personal Services	150,224,700	161,535,600	165,717,800
Employee Related Expenditures	28,441,800	29,432,600	30,578,900
Professional and Outside Services	1,142,000	1,142,800	1,169,400
Travel - In State	277,200	361,700	362,600
Travel - Out of State	495,600	407,100	406,400
Other Operating Expenditures	34,807,500	32,992,300	36,081,100
Library Acquisitions	5,728,900	5,742,300	6,236,100
Equipment	3,569,700	3,132,400	3,337,100
<b>Operating Subtotal</b>	<b>224,687,400</b>	<b>234,746,800</b>	<b>243,889,400</b>
Agriculture	37,441,500	38,937,800	39,733,800
Pima County Campus	-0-	1,520,900	1,918,500
Collections Fund	-0-	1,949,600	-0-
<b>Total Appropriations</b>	<b>262,128,900</b>	<b>277,155,100</b>	<b>285,541,700</b> <sup>2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	198,968,000 <sup>5/</sup>	214,823,400	225,182,800
University Collections Fund	63,160,900 <sup>6/</sup>	62,331,700	60,358,900
<b>Total Appropriations</b>	<b>262,128,900</b>	<b>277,155,100</b>	<b>285,541,700</b>

*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 35,000 students in 15 colleges, schools and divisions, and provides academic programs at Sierra Vista Off-Campus Center.*

**Classification Maintenance Review Adjustments** — The approved amount provides \$536,100 for Classification Maintenance Review adjustments, which includes \$475,200 for Personal Services and \$60,900 for Employee Related Expenditures. The total amount for Classification Maintenance Review adjustments includes amounts for the following Special Line Items:

- Agriculture: \$70,600 for Personal Services and \$9,000 for Employee Related Expenditures.
- Pima County Campus: \$1,300 for Personal Services and \$200 for Employee Related Expenditures.

<sup>1/</sup> Includes 838.1 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>3/</sup> The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

<sup>4/</sup> Any unencumbered balances remaining in the collections account on June 30, 1995, 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.)

<sup>5/</sup> The General Fund only was appropriated with its pro rata share for 4,168.9 FTE Positions.

<sup>6/</sup> University Collections Fund was not appropriated in FY 1994, but is shown for comparison purposes.

(Continued)

**UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)**

**Student Enrollment Growth** — The enrollment funding of \$238,200 and 4.7 new FTE Positions is based upon a 3-year rolling weighted average enrollment of 30,214 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

				<u>FY 1996</u>	<u>FY 1995</u> <u>Weighted Average</u>	<u>Change</u>
Fall 1993 (Actual)	-	30,284;	at 25% =	7,571	7,470 (Fall 1992)	101
Fall 1994 (Estimate)	-	30,133;	at 50% =	15,067	15,142 (Fall 1993)	(75)
Fall 1995 (Projection)	-	30,304;	at 25% =	<u>7,576</u>	<u>7,533</u> (Fall 1994)	<u>43</u>
Total				30,214	30,145*	69

\* Adjusted to reflect the transfer of 1,105 FTE students to Health Sciences Center.

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.

**Transfer of Exercise Sciences** — The approved amount provides a transfer of \$938,500 and 20.8 FTE Positions to Arizona Health Sciences Center to facilitate the program merger of Exercise Sciences into the Health Sciences Center Department of Physiology, effective July 1, 1995.

**Americans with Disabilities Act** — The approved amount includes \$332,200 and 10 new FTE Positions to provide students with disabilities a programmatic access for undergraduate and graduate education programs.

**Library Acquisitions** — The approved amount provides a \$493,800 increase for an 8.6% adjustment to accommodate the library acquisition needs. The 8.6% represents an average annual rate of inflation between 1990 and 1993, and restores some of the purchasing power lost in the past 5 years.

**Collections Fund Allocation for Other Operating Expenditures** — The approved amount reflects an increased expenditure authority adjustment of \$2,058,300 for Other Operating Expenditures in the FY 1995 base with a corresponding adjustment for the University Collections Fund as a result of additional tuition and fee revenues collected in FY 1995. The total adjustment of \$2,058,300 includes \$1,949,600 for the Instruction program and \$108,700 for the Agriculture program.

**New Learning Technologies** — The approved amount includes \$939,900 and 11 new FTE Positions to facilitate students with a learning environment that incorporates the state of the art information and telecommunication technologies, for the purposes of improving the quality of undergraduate education.

**Agriculture** — The approved amount for the College of Agriculture as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>818.1</u>
Personal Services	\$28,856,000
Employee Related Expenditures	5,458,400
Professional and Outside Services	206,700
Travel - In State	588,800
Travel - Out of State	123,200
Other Operating Expenditures	3,397,400
Equipment	<u>1,103,300</u>
Total	\$39,733,800

<u>Fund Sources</u>	
General Fund	\$34,086,200
University Collections Fund	<u>5,647,600</u>
Total	\$39,733,800

The University Collections Fund for Agriculture includes \$3,327,000 from the federal agriculture funds.

(Continued)



**UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)**

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**Pima County Campus** — The approved amount includes an additional funding of \$400,000 and 7 new FTE Positions for academic program development to help facilitate Arizona's future student enrollment growth. The new campus will provide a 4-year undergraduate education beginning in the fall of 1996, with a long-term plan to accommodate 10,000 students by the year 2010. The Arizona Board of Regents will determine a permanent campus site in the future. The approved amount for Pima County Campus as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>20.0</u>
Personal Services	\$ 822,400
Employee Related Expenditures	168,800
Travel - In State	1,200
Travel - Out of State	7,900
Other Operating Expenditures	871,200
Equipment	<u>47,000</u>
Total	\$1,918,500

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1995.

**UNIVERSITY OF ARIZONA - HEALTH SCIENCES CENTER**

**A.R.S. § 15-1601**

Manuel T. Pacheco, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions <sup>1/</sup>	664.3	664.3	694.6
Personal Services	28,830,800	30,890,400	32,743,300
Employee Related Expenditures	4,850,300	5,270,800	5,576,700
Professional and Outside Services	121,800	169,500	173,800
Travel - In State	21,600	72,100	73,400
Travel - Out of State	32,500	23,700	29,600
Other Operating Expenditures	2,046,300	1,985,400	2,436,000
Library Acquisitions	723,500	632,100	686,500
Equipment	465,900	608,300	621,200
<b>Operating Subtotal</b>	<b>37,092,700</b>	<b>39,652,300</b>	<b>42,340,500</b>
Clinical Teaching Support	8,413,000	8,751,200	8,903,700
<b>Total Appropriations</b>	<b>45,505,700</b>	<b>48,403,500</b>	<b>51,244,200</b> <sup>2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	44,738,200 <sup>5/</sup>	44,543,200	46,407,700
University Collections Fund	767,500 <sup>6/</sup>	3,860,300	4,836,500
<b>Total Appropriations</b>	<b>45,505,700</b>	<b>48,403,500</b>	<b>51,244,200</b>

*Agency Description* — The 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 380 medical students. As a separate budget unit of the University of Arizona, the Arizona Health Sciences Center is governed by the Arizona Board of Regents.

**Classification Maintenance Review Adjustments** — The approved amount provides \$103,600 for Classification Maintenance Review adjustments, which includes \$92,400 for Personal Services and \$11,200 for Employee Related Expenditures. The total amount for Classification Maintenance Review adjustments includes \$14,200 for the Clinical Teaching Support Special Line Item (\$12,700 for Personal Services and \$1,500 for Employee Related Expenditures).

**UA Transfer of Exercise Sciences** — The approved amount for the academic program transfer of Exercise Sciences from the University of Arizona-Main Campus provides an increase of \$934,500 (\$745,400 Personal Services, \$142,100 Employee Related Expenditures, and \$47,000 Other Operating Expenditures) and 20.8 FTE Positions to facilitate the program merger of Exercise Sciences into the University of Arizona-Health Sciences Center Department of Physiology, effective July 1, 1995.

<sup>1/</sup> The FTE Positions total does not include FTE Positions within the Clinical Teaching Support Special Line Item.

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

<sup>3/</sup> The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

<sup>4/</sup> Any unencumbered balances remaining in the collections account on June 30, 1995 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.)

<sup>5/</sup> The General Fund only was appropriated with its pro rata share for 604.4 FTE Positions.

<sup>6/</sup> University Collections Fund was not appropriated in FY 1994, but is shown for comparison purposes.

(Continued)

**UNIVERSITY OF ARIZONA - HEALTH SCIENCES CENTER (Cont'd)**

**Library Acquisitions** — The approved amount provides a \$54,400 increase for an 8.6% adjustment to accommodate the library acquisition needs. The 8.6% represents an average annual rate of inflation between 1990 and 1993, and restores some of the purchasing power lost in the past 5 years.

**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 \$5,155,000 for Personal Services, \$1,014,200 for Employee Related Expenditures, and \$2,734,500 for All Other Operating Expenditures.

**Student Enrollment Growth** — The enrollment funding of \$318,600 and 6.5 new FTE Positions is based upon a 3-year rolling weighted average enrollment of 1,199 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

				<u>FY 1996</u>	<u>FY 1995</u> <u>Weighted Average</u>	<u>Change</u>
Fall 1993 (Actual)	-	1,097;	at 25% =	274	252 (Fall 1992)	22
Fall 1994 (Estimate)	-	1,179;	at 50% =	590	549 (Fall 1993)	41
Fall 1995 (Projection)	-	1,342;	at 25% =	<u>335</u>	<u>304</u> (Fall 1994)	<u>31</u>
Total				1,199	1,105*	94

\* Adjusted to reflect the transfer of 1,105 FTE students from the University of Arizona-Main Campus.

The above enrollment figures do not include approximately 380 medical students, as the College of Medicine enrollment is excluded from the enrollment funding formula.

**Library/Learning Resources Center** — The approved amount adds \$500,000 to the University of Arizona-Health Sciences Center Library and Learning Resources Center, including \$100,000 (\$85,400 Personal Services and \$14,600 Employee Related Expenditures) for 3 new FTE Positions (1 FTE Librarian and 2 FTE Support Staff) and \$400,000 for replacement of the library's on-line catalogue circulation system and software site license.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1995.

# BIENNIAL BUDGET UNITS

**STATE BOARD OF ACCOUNTANCY**

A.R.S. § 32-701

Ruth R. Lee, Executive Director

JLBC Analyst: Brad Beranek

Board of Accountancy Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	10.0	10.0	10.0	10.0
Personal Services	208,700	232,000	245,600	243,300
Employee Related Expenditures	42,000	48,300	50,000	49,900
Professional and Outside Services	266,600	298,400	352,000	352,000
Travel - In State	9,100	6,000	10,000	10,000
Travel - Out of State	5,300	6,300	6,300	6,300
Other Operating Expenditures	127,900	160,700	169,300	174,400
Equipment	12,000	-0-	6,800	6,000
<b>Operating Subtotal</b>	<b>671,600</b>	<b>751,700</b>	<b>840,000</b>	<b>841,900</b>
Special Investigations	88,700	311,300	117,500	117,500
Legal Services	-0-	-0-	82,500 <sup>1/</sup>	82,500 <sup>1/</sup>
<b>Total Appropriations</b>	<b>760,300</b>	<b>1,063,000</b>	<b>1,040,000 <sup>2/3/</sup></b>	<b>1,041,900 <sup>3/</sup></b>

*Agency Description* — The board licenses, investigates, and conducts examinations of certified public accountants and public accountants.

**CPA Investigators** — The approved amounts provide \$30,600 for increases in investigator costs associated with higher hourly wages and additional hours worked.

**CPA Examination Costs** — The approved amounts provide \$23,000 in Professional and Outside Services for increases in CPA examination booklet costs, and \$4,100 in Other Operating Expenditures for increases in CPA examination testing space.

**Equipment** — The approved FY 1996 amount provides one-time funding of \$6,800 for 2 personal computers and 1 laser printer. The approved FY 1997 amount provides one-time funding of \$6,000 for 2 personal computers and related equipment.

**Special Investigations** — The approved amounts provide \$117,500 to fund complex legal investigations requiring significant time commitment against accounting firms. The relatively large funding difference between the estimated FY 1995 and approved FY 1996 amounts is due to the following: In prior fiscal years, this Special Line Item was funded at \$200,000. In FY 1994, the board only spent \$88,700 due to delays in the legal process, and carried forward the remaining \$111,300 into FY 1995. In addition, \$82,500 has been transferred from this special line to the new Legal Services Special Line Item for FY 1996 and FY 1997 (see below).

**Legal Services** — The approved amounts provide \$82,500 to fund routine legal matters encountered by the board. This funding is provided as a supplement to existing part-time legal services supplied by the Attorney General.

<sup>1/</sup> It is the intent of the Legislature that the \$82,500 for Legal Services is to procure additional legal assistance and is not intended to supplant existing Attorney General funded support for the board. (General Appropriation Act footnote.)  
<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)  
<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**OFFICE OF ADMINISTRATIVE HEARINGS**

Laws 1995, Chapter 251

Director (Yet to be Named)

JLBC Analyst: Rachele Child

General Fund and Registrar of  
Contractors Fund

FY 1994  
Actual

FY 1995  
Estimate

FY 1996  
Approved

FTE Positions	<u>0.0</u>	<u>0.0</u>	<u>10.0</u>
Additional Appropriations - Regulatory Reform, Ch. 251	-0-	-0-	661,800
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>661,800</b>
<u>Fund Summary</u>			
General Fund	-0-	-0-	475,000
Registrar of Contractors Fund	-0-	-0-	186,800
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>661,800</b>

*Agency Description* — The Office of Administrative Hearings is an independent office whose services and personnel all state agencies, unless exempted by law, are to use to conduct administrative hearings. All agencies supported by Other Appropriated or Non-Appropriated funding sources are to contract for administrative hearing services from the office. The Director shall assign administrative law judges from the office to an agency, on either a temporary or permanent basis, at supervisory or other levels, to preside over contested cases in accordance with the special expertise of the administrative law judge in the subject matter of the agency.

**Additional Appropriations — Regulatory Reform (Chapter 251)** — The Office of Administrative Hearings was established by this legislation effective January 1, 1996. In this legislation, a full-year total of 19.7 FTE Positions were transferred from 7 state agencies and sufficient funding from each of these agencies to support the transferred positions. For FY 1996, only a half-year of funding and FTE Positions were transferred. The FY 1997 annualization of this funding and positions will require further legislation (presumably through the General Appropriation Act). The half-year breakdown of these positions and funding to be transferred are outlined below:

	<u>FTE Positions</u> <sup>1/</sup>	<u>Transferred Monies</u> <u>January 1, 1996</u> <sup>1/2/</sup>
Department of Revenue	1.0	\$48,600
Department of Building & Fire Safety	0.9	36,200
Registrar of Contractors	4.3	186,800
Department of Insurance	1.5	89,500
Department of Liquor Licenses & Control	1.0	44,800
Department of Real Estate	0.8	44,300
Department of Water Resources	<u>0.5</u>	<u>37,300</u>
<b>Total</b>	<b>10.0</b>	<b>\$487,500</b>

<sup>1/</sup> Will require annualization in FY 1997.

<sup>2/</sup> Adjusted by Joint Legislative Budget Committee Staff for 2% Merit Pay Increase as authorized by Section 18 of the bill.

In addition, those agencies with Professional and Outside Services General Fund monies to be transferred on January 1, 1996 include:

Department of Administration	\$ 8,700
Department of Education	12,900
Department of Health Services	17,500
Banking Department	2,500
Department of Racing	4,300
Department of Environmental Quality	<u>6,000</u>
<b>Total</b>	<b>\$51,900</b> <sup>3/4/</sup>

<sup>3/</sup> Will require annualization in FY 1997.

<sup>4/</sup> All amounts have been rounded to nearest \$100.

Finally, the Office of Administrative Hearings also received a direct General Fund appropriation of \$122,400, including \$23,400 for ½ year of rent, \$54,000 for ½ year of new staff salaries and expenses, and \$45,000 for one-time start-up costs.

**AGRICULTURAL EMPLOYMENT RELATIONS BOARD**

A.R.S. § 23-1386

Michele Gámez, Executive Director

JLBC Analyst: Karen Bock

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	1.0	1.0	1.0	0.0
Personal Services	24,500	33,600	35,500	-0-
Employee Related Expenditures	5,400	6,900	5,500	-0-
Professional and Outside Services	3,900	10,000	10,000	-0-
Travel - In State	100	2,500	3,300	-0-
Other Operating Expenditures	8,100	5,800	7,000	-0-
Equipment	11,600	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>53,600</b>	<b>58,800</b>	<b>61,300</b> <sup>1/2</sup>	<b>-0-</b>

*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.

**Staff Compensation** — The approved FY 1996 amount includes a \$900 increase for the Executive Director's salary.

**Other Issues** — Possible Consolidation — The General Appropriation Act footnote requires a study of consolidating this agency with another agency. The Legislature has not funded the board for FY 1997, but may reconsider next year depending on the study results.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> It is the intent of the Legislature to study the feasibility of consolidating the Agricultural Employment Relations Board with another state agency that has related functions, such as the Industrial Commission. Legislative staff shall submit a report of findings to the Chairmen of the House and Senate Appropriations Committees before December 31, 1995. (General Appropriation Act footnote.)

**ARIZONA DEPARTMENT OF AGRICULTURE**

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Karen Bock

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<b>Program Summary</b>			
Administration	1,316,000	1,579,700	1,508,600
Animal Services	3,710,400	3,536,000	3,671,300
Plant Industries	4,038,800	4,558,800	4,245,500
Chemicals/Environmental Services	1,101,900	1,140,000	1,136,900
Agricultural Laboratory	928,400	1,200,500	1,226,700
<b>Total Appropriations</b>	<b>11,095,500</b>	<b>12,015,000</b>	<b>11,789,000</b>
FTE Positions <sup>1/</sup>	<u>270.8</u>	<u>287.5</u>	<u>277.3</u>
Personal Services	5,613,100	5,933,800	6,167,100
Employee Related Expenditures	1,483,900	1,667,600	1,596,800
Professional and Outside Services	215,100	216,300	216,300
Travel - In State	451,400	582,400	523,500
Travel - Out of State	31,900	30,600	30,600
Other Operating Expenditures	1,670,500	1,064,100	1,474,000
Equipment	32,400	183,800	90,000
<b>Operating Subtotal</b>	<b>9,498,300</b>	<b>9,678,600</b>	<b>10,098,300</b>
Wine Commission	59,300	-0-	-0-
Rent/Relocation	-0-	289,600	-0-
Africanized Honey Bee	-0-	307,900	-0-
Aquaculture	13,400	13,600	14,600
Egg Inspection	223,000	236,400	240,200
Fruit/Vegetable Standardization	738,300	914,300	855,600
Pesticide	199,100	207,600	211,100
Fertilizer Materials	182,000	186,200	195,800
Commercial Feed	182,100	180,800	173,400
<b>Total Appropriations</b>	<b>11,095,500</b>	<b>12,015,000</b>	<b>11,789,000</b> <sup>2/3/</sup>
<b>Fund Summary</b>			
General Fund	9,498,300	10,276,100	10,049,500
Wine Commission Fund	59,300	-0-	-0-
Aquaculture Fund	13,400	13,600	14,600
Egg Inspection Fund	223,000	236,400	240,200
Citrus, Fruit, and Vegetable Fund	738,300	914,300	855,600
Pesticide Fund	199,100	207,600	211,100
Fertilizer Materials Fund	182,000	186,200	195,800
Commercial Feed Fund	182,100	180,800	173,400
Consultation and Training Fund	-0-	-0-	48,800
<b>Total Appropriations</b>	<b>11,095,500</b>	<b>12,015,000</b>	<b>11,789,000</b>

<sup>1/</sup> Includes 37.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as a Modified Lump Sum by Agency.

<sup>3/</sup> It is the intent of the Legislature that a study shall be conducted to consider the feasibility of privatizing all or some of the functions of the State Agriculture Laboratory. Legislative staff shall report the findings to the Chairmen of the House and Senate Appropriations Committees before December 31, 1995. (General Appropriation Act footnote.)



## ARIZONA DEPARTMENT OF AGRICULTURE (Cont'd)

**Agency Description** — *The Department of Agriculture 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.*

**Field Survey and Detection** — The approved FY 1996 amount includes an additional 2 FTE Positions and \$61,000 for survey trapping of insect pests.

**Consultation and Training** — From the Consultation and Training Fund, which was created in 1994, an additional \$48,700 and 1 FTE Position are appropriated. This program therefore now has 2 staff. The original staff person is paid from the General Fund appropriation.

**Equipment** — The approved amount includes \$10,000 for pest survey and detection equipment. Funding for major laboratory equipment is not provided.

**Rent/Relocation** — For FY 1995, all General Fund rent was moved to a Special Line Item, where it was used for relocation and private-office rent while the department's headquarters were being renovated. The renovation is complete, the department is back at the state headquarters, and the rent amount is within Other Operating Expenditures for FY 1996.

**Africanized Honey Bee** — This 1-year program was to provide public awareness, safety training, and emergency response information related to Africanized honey bees. The 11 FTE Positions and \$307,900 are eliminated in FY 1996.

**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 to support the regulatory program. The Aquaculture Fund is a 90/10 fund.

**Egg Inspection** — The department regulates egg production facilities and egg product handling to protect public health and to ensure product quality. The department assesses inspection fees to support the program.

**Fruit and Vegetable Standardization** — The department inspects produce before and after harvesting to ensure that marketed products meet standards of quality and packaging requirements. The FY 1996 amounts reflect that 2.5 FTE Positions have been shifted from the Citrus, Fruit and Vegetable Standardization Fund to the non-appropriated Administrative Support Fund.

**Pesticide Program** — The department licenses pesticide handlers and enforces pesticide labeling and use laws. License fees support the program. The Pesticide Fund is a 90/10 fund.

**Fertilizer Materials Regulation** — The department enforces labeling requirements and other laws related to fertilizer products. Fees support the program. The Fertilizer Materials Fund is a 90/10 fund.

**Commercial Feed Regulation** — The department enforces animal feed content and labeling laws to protect consumers. Fees support the program. The Commercial Feed Fund is a 90/10 fund.

**FTE Adjustments** — To correct rounding errors from FY 1995, 0.1 FTE Position is added to the Commercial Feed Fund within Environmental Services and 0.2 FTE Positions is added to the General Fund in the Plant Services Division.

**Other Issues** — FY 1997 Appropriation — No appropriation was adopted for FY 1997. The Legislature will consider the FY 1997 appropriation next year, after the laboratory privatization study (required by a General Appropriation Act footnote) is complete.

**STATE BOARD OF APPRAISAL**

A.R.S. § 32-3601

Shirley L. Berry, Director

JLBC Analyst: Jason Hall

Board of Appraisal Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Personal Services	106,500	125,700	133,900	132,700
Employee Related Expenditures	19,700	27,100	26,700	26,600
Professional and Outside Services	6,300	31,500	21,500	21,500
Travel - In State	4,600	31,500	21,500	21,500
Travel - Out of State	6,700	2,000	2,000	2,000
Other Operating Expenditures	38,000	38,800	45,300	45,300
Equipment	-0-	-0-	8,000	-0-
<b>Total Appropriations</b>	<b>181,800</b>	<b>256,600 <sup>1/</sup></b>	<b>258,900 <sup>2/3/</sup></b>	<b>249,600 <sup>2/</sup></b>

*Agency Description* — The board licenses, certifies and regulates real estate appraisers. The board also registers property tax agents.

**Equipment** — The approved FY 1996 amount includes \$8,000 in one-time funding to replace an office copier.

<sup>1/</sup> The board was originally appropriated \$229,800 for FY 1994, but was allowed to carry forward \$20,000 of that amount to FY 1995.

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

<sup>3/</sup> The FY 1996 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, 1997. (General Appropriation Act footnote.)

**ARIZONA COMMISSION ON THE ARTS**

A.R.S. § 41-981

Shelley M. Cohn, Executive Director

JLBC Analyst: Jim Hillyard

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>11.5</u>	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>
Personal Services	316,800	341,900	350,500	347,000
Employee Related Expenditures	62,700	74,500	79,700	79,500
Professional and Outside Services	900	-0-	-0-	-0-
Travel - In State	12,300	13,100	13,100	13,100
Travel - Out of State	700	800	800	800
Other Operating Expenditures	90,200	87,300	89,900	89,900
Equipment	-0-	-0-	2,000	2,000
<b>Operating Subtotal</b>	<b>483,600</b>	<b>517,600</b>	<b>536,000</b>	<b>532,300</b>
Community Service Projects	<u>775,000</u>	<u>975,000</u>	<u>975,000</u>	<u>975,000</u>
<b>Total Appropriations</b>	<b>1,258,600</b>	<b>1,492,600</b>	<b>1,511,000 <sup>1/</sup></b>	<b>1,507,300 <sup>1/</sup></b>

*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.*

**Community Service Projects —** The approved amount includes \$975,000 for Community Service Projects. Community Service Project monies are grants made available to arts organizations and Arizona communities on a matching basis which provide discount tickets, organizational development support, and programs in all of the arts disciplines.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

# ATTORNEY GENERAL - DEPARTMENT OF LAW - SUMMARY

A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Dick Morris

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
<b>Program Summary</b>				
Administration	3,839,200	5,479,800	5,629,200	5,609,500
Human Services	1,316,300	1,701,900	1,739,100	1,726,000
Civil	6,439,500	8,664,800	7,281,325	7,258,500
Criminal	8,825,100	9,428,700	10,863,100	9,998,600
<b>Total Appropriations</b>	<b>20,420,100</b>	<b>25,275,200</b>	<b>25,512,725</b>	<b>24,592,600</b>
<b>Expenditure Detail</b>				
FTE Positions <sup>1/</sup>	365.0	377.0	377.0	377.0
Personal Services	12,562,600	14,209,900	14,569,500	14,426,000
Employee Related Expenditures	2,545,400	2,789,700	2,980,500	2,974,400
Professional and Outside Services	94,500	169,000	169,000	169,000
Travel - In State	167,600	148,600	148,600	148,600
Travel - Out of State	23,800	25,000	25,000	25,000
Other Operating Expenditures	2,887,400	2,945,500	2,886,400	2,886,400
Equipment	221,100	210,600	400,000	400,000
<b>Operating Subtotal</b>	<b>18,502,400</b>	<b>20,498,300</b>	<b>21,179,000</b> <sup>2/3/</sup>	<b>21,029,400</b> <sup>2/3/</sup>
Special Line Items	1,917,700	4,776,900	3,368,100 <sup>2/3/</sup>	3,563,200 <sup>2/3/</sup>
Additional Appropriations	-0-	-0-	965,625	-0-
<b>Total Appropriations</b>	<b>20,420,100</b>	<b>25,275,200</b>	<b>25,512,725</b>	<b>24,592,600</b>
<b>Fund Summary</b>				
General Fund	18,652,400	21,558,600	23,123,325	22,008,100
Collection Enforcement Fund	376,100	2,214,100	686,200	682,000
Victims' Rights Implementation Fund	1,391,600	1,502,500	1,703,200	1,902,500
<b>Total Appropriations</b>	<b>20,420,100</b>	<b>25,275,200</b>	<b>25,512,725</b>	<b>24,592,600</b>

*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.*

<sup>1/</sup> Includes 11 FTE Positions funded from Special Line Items in FY 1996 and FY 1997.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>3/</sup> The Attorney General shall notify the President of the Senate, the Speaker of the House of Representatives and the Joint Legislative Budget Committee before entering into a settlement of \$100,000 or more which will result in the receipt of monies by the Attorney General or any other person on behalf of the State of Arizona. The Attorney General shall not allocate or expend such funds until the Joint Legislative Budget Committee reviews the allocations or expenditures. This footnote does not apply to actions under Title 13 of the Arizona Revised Statutes, or other criminal matters. (General Appropriation Act footnote.)

ATTORNEY GENERAL - DEPARTMENT OF LAW - ADMINISTRATION				A.R.S. § 41-192
General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	58.0	58.0	58.0	58.0
Personal Services	1,752,500	1,952,400	2,000,200	1,981,200
Employee Related Expenditures	334,000	415,400	424,300	423,600
Professional and Outside Services	28,100	84,800	84,800	84,800
Travel - In State	14,700	11,800	11,800	11,800
Travel - Out of State	8,200	10,000	10,000	10,000
Other Operating Expenditures	1,545,400 <sup>1/</sup>	1,884,500	1,869,400	1,869,400
Equipment	156,300	210,600	400,000	400,000
Operating Subtotal	3,839,200	4,569,500	4,800,500	4,780,800
Capital Center Lease-Purchase	-0-	910,300	828,700	828,700
Total Appropriations	3,839,200	5,479,800	5,629,200 <sup>2/3/</sup>	5,609,500 <sup>2/3/</sup>

*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.

**Computer System Replacement** — The approved amount includes \$400,000 in FY 1996 and \$400,000 in FY 1997 to replace the existing Wang VS computer system with a modern system of personal computers linked together through a system of Local Area Networks (LANs). The LANs in turn will be linked to form a Wide Area computer Network (WAN).

The new system will be based on 3 high-performance computers, with multi-processing capabilities, that will act as file servers. The approved amount includes funding for the acquisition of network operating software and funding to purchase or develop office-wide operating software systems for litigation support, attorney time keeping, as well as, other required business and personnel functions. These new and enhanced software products will replace similar functions now housed on the Wang computer system. In FY 1996, funds will be used to train the information system staff on the utilization and maintenance of the new computer hardware and operating systems software.

Once the LAN file servers and new software are installed and operational, which is expected to be completed during the third quarter of FY 1996, the Attorney General's office will begin acquiring the necessary additional personal computers for employees who are supported by General Fund appropriations. Most of these employees are assigned to the Civil and Human Services Divisions.

The Legislature has directed that the Attorney General's staff submit a project plan for review by the Joint Legislative Budget Committee before expending any money appropriated for new computer equipment.

<sup>1/</sup> Includes \$48,400 transferred from a Special Line Item "Rent - 1400 W. Washington" for the continuation of a private lease in Tucson.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>3/</sup> Prior to expending any monies contained in these appropriations for the replacement of the Department of Law's computer system or any other computer equipment, the staff of the Attorney General - Department of Law shall submit a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

<b>ATTORNEY GENERAL - DEPARTMENT OF LAW - HUMAN SERVICES</b>				<b>A.R.S. § 41-1401</b>
<b>General Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>30.4</u>	<u>42.4</u>	<u>42.4</u>	<u>42.4</u>
Personal Services	921,900	1,250,700	1,282,200	1,269,500
Employee Related Expenditures	206,000	283,000	294,700	294,300
Professional and Outside Services	6,000	24,800	24,800	24,800
Travel - In State	16,500	8,000	8,000	8,000
Travel - Out of State	2,800	900	900	900
Other Operating Expenditures	152,300	134,500	128,500	128,500
Equipment	10,800	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>1,316,300</b>	<b>1,701,900</b>	<b>1,739,100 <sup>1/</sup></b>	<b>1,726,000 <sup>1/</sup></b>

*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.*

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<b>ATTORNEY GENERAL - DEPARTMENT OF LAW - CIVIL</b>				<b>A.R.S. § 41-192</b>
<b>General Fund and Other Appropriated Funds</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions <sup>1/</sup>	<u>135.1</u>	<u>135.1</u>	<u>135.1</u>	<u>135.1</u>
Personal Services	4,469,000	5,047,000	5,179,500	5,128,200
Employee Related Expenditures	848,800	958,900	1,023,100	1,021,400
Professional and Outside Services	18,200	36,700	36,700	36,700
Travel - In State	5,700	3,000	3,000	3,000
Travel - Out of State	400	5,000	5,000	5,000
Other Operating Expenditures	675,500	400,100	382,200	382,200
Equipment	<u>45,800</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>6,063,400</b>	<b>6,450,700</b>	<b>6,629,500</b>	<b>6,576,500</b>
Collection Enforcement	<u>376,100</u>	<u>2,214,100</u>	<u>686,200</u>	<u>682,000</u>
<b>Total</b>	<b>6,439,500</b>	<b>8,664,800</b>	<b>7,315,700</b> <sup>2/</sup>	<b>7,258,500</b> <sup>2/</sup>
<b>Additional Appropriations - Attorney General; General Counsel; Responsibilities (Ch. 94)</b>				
	<u>-0-</u>	<u>-0-</u>	<u>(34,375)</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>6,439,500</b>	<b>8,664,800</b>	<b>7,281,325</b>	<b>7,258,500</b>
<b>Fund Summary</b>				
General Fund	6,063,400	6,450,700	6,595,125	6,576,500
Collection Enforcement Fund	<u>376,100</u>	<u>2,214,100</u>	<u>686,200</u>	<u>682,000</u>
<b>Total Appropriations</b>	<b>6,439,500</b>	<b>8,664,800</b>	<b>7,281,325</b>	<b>7,258,500</b>

**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.

**Collection Enforcement Revolving Fund** — The approved amount represents the administrative costs of collecting debts owed the state. A.R.S. § 41-191.03, provides that 35% of all state debt recovered by the Attorney General is to be deposited to the Collections Enforcement Revolving Fund. All remaining amounts are to be returned to the General Fund or the funds that held the debt. The estimated amounts to be collected and returned to the General Fund or Other Funds are excluded from the FY 1996 and FY 1997 approved amounts. The estimated amount for FY 1995 includes \$1,525,500, which was projected to have been collected and returned to the General Fund or Other Funds. No appropriation is required to distribute collections to the proper fund.

**Additional Appropriations — Attorney General; General Counsel; Responsibilities, (Chapter 94)** — Authorizes the Governor to employ legal counsel or make expenditures for legal services, and creates a 15-member Joint Committee on Legal Representation of State Agencies. The Joint Committee is required to: a) review how legal representation is provided to state agencies; b) study the organizational structures used in other states to provide legal counsel to state agencies; c) recommend a system of legal representation in which state agencies can be assured of appropriate attorney-client relationships between the agency and legal counsel; d) review the Auditor General's report required by this act, which is due not later than November 15, 1995; and, e) report to the President of the Senate and the Speaker of the House of Representatives by December 15, 1995, regarding the legal representation of state agencies and make recommendations to the Legislature regarding statutory changes.

Funds are appropriated to the Auditor General for a special review of the financial records of the Attorney General - Department of Law.

<sup>1/</sup> Includes 10 FTE Positions funded from Special Line Items in FY 1996 and FY 1997.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

**ATTORNEY GENERAL - DEPARTMENT OF LAW - CIVIL (Cont'd)**

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The act directs that \$34,375 shall be transferred from the Attorney General - Department of Law to the Office of the Governor on August 1, 1995. The Office of the Governor is to use these funds for legal counsel. In addition, the Joint Legislative Budget Committee, in consultation with the Department of Administration, shall determine the amount to be allocated to the Office of the Governor in FY 1996 from the appropriation for Risk Management Defense. That allocation is to be determined prior to August 1, 1995.



<b>ATTORNEY GENERAL - DEPARTMENT OF LAW - CRIMINAL</b>				<b>A.R.S. § 41-192</b>
<b>General Fund and Victims' Rights Implementation Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions <sup>1/</sup>	141.5	141.5	141.5	141.5
Personal Services	5,419,200	5,959,800	6,107,600	6,047,100
Employee Related Expenditures	1,156,600	1,132,400	1,238,400	1,235,100
Professional and Outside Services	42,200	22,700	22,700	22,700
Travel - In State	130,700	125,800	125,800	125,800
Travel - Out of State	12,400	9,100	9,100	9,100
Other Operating Expenditures	514,200	526,400	506,300	506,300
Equipment	8,200	-0-	-0-	-0-
<b>Operating Subtotal</b>	<b>7,283,500</b>	<b>7,776,200</b>	<b>8,009,900</b>	<b>7,946,100</b>
Grand Jury	150,000	150,000	150,000 <sup>2/</sup>	150,000 <sup>2/</sup>
Victims' Rights Implementation	1,391,600	1,502,500	1,703,200	1,902,500
<b>Total</b>	<b>8,825,100</b>	<b>9,428,700</b>	<b>9,863,100 <sup>3/</sup></b>	<b>9,998,600 <sup>3/</sup></b>
<b>Additional Appropriations -</b>				
Victims' Rights; Juvenile Offenses, Ch. 197	-0-	-0-	1,000,000	-0-
<b>Total Appropriations</b>	<b>8,825,100</b>	<b>9,428,700</b>	<b>10,863,100</b>	<b>9,998,600</b>
<b>Fund Summary</b>				
General Fund	7,433,500	7,926,200	9,159,900	8,096,100
Victims' Rights Implementation Fund	1,391,600	1,502,500	1,703,200	1,902,500
<b>Total Appropriations</b>	<b>8,825,100</b>	<b>9,428,700</b>	<b>10,863,100</b>	<b>9,998,600</b>

*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.

**State Grand Jury** — An appropriation for costs and expenses incurred by the Attorney General-Department of Law to investigate, prosecute or try matters which are under the jurisdiction of the State Grand Jury.

**Victims' Rights Implementation** — An appropriation for the administration and distribution of monies to support the Victims' Rights Implementation Act. The Attorney General is required to assess the financial need of all entities impacted by this act, and based upon that assessment, distribute monies from the Victims' Rights Implementation Revolving Fund to qualified entities. Monies in the revolving fund are from an allocation of 7.85% of the revenues collected for the Criminal Justice Enhancement Fund.

**Additional Appropriations** — Victims' Rights; Juvenile Offenses, (Chapter 197) — Appropriates \$1,000,000, from the General Fund to the Attorney General for deposit in the Victims' Rights Implementation Revolving Fund. The Victims' Rights' Implementation Revolving Fund is established by A.R.S. § 41-191.06 for the purpose of implementing the provisions of Title 13, Chapter 40, and Title 8, Chapter 2.

**Additional Legislation** — Juvenile Victims' Rights; Implementation Fee, (Chapter 101) — Beginning July 1, 1995, the parents of all juveniles adjudicated delinquent for offenses involving a victims shall be assessed a fee of \$15.00. A lesser fee may be imposed if the parent does not have the ability to pay the full fee. These fees are to be collected by the Clerk of the Superior Court and forwarded to the State Treasurer for deposit to the Victims' Rights Implementation Revolving Fund.

<sup>1/</sup> Includes 1 FTE Position funded from Special Line Items in FY 1996 and FY 1997.

<sup>2/</sup> 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.)

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**STATE BANKING DEPARTMENT**

A.R.S. § 6-101

Richard C. Houseworth, Superintendent

JLBC Analyst: Rachele Child

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>54.2</u>	<u>57.0</u>	<u>52.0</u>	<u>52.0</u>
Personal Services	1,369,700	1,595,300	1,633,900	1,617,700
Employee Related Expenditures	291,500	355,900	343,400	342,900
Professional and Outside Services	46,500	21,400	15,400	15,400
Travel - In State	59,600	55,000	55,000	55,000
Travel - Out of State	15,500	16,000	16,000	16,000
Other Operating Expenditures	135,600	329,900	564,900	564,900
Equipment	15,200	4,000	-0-	52,000
<b>Operating Subtotal</b>	<b>1,933,600</b>	<b>2,377,500</b>	<b>2,628,600</b>	<b>2,663,900</b>
Receiverships	141,100	181,200	-0-	-0-
Local Area Network	-0-	-0-	212,500 <sup>1/</sup>	-0-
<b>Total</b>	<b>2,074,700</b>	<b>2,558,700</b>	<b>2,841,100</b> <sup>2/3/</sup>	<b>2,663,900</b> <sup>2/3/</sup>
<b>Additional Appropriations -</b>				
Regulatory Reform, Ch. 251	-0-	-0-	(2,500)	-0-
<b>Total Appropriations</b>	<b>2,074,700</b>	<b>2,558,700</b>	<b>2,838,600</b>	<b>2,663,900</b>

**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.

**Receiverships Special Line Item** — General Fund monies for this Special Line Item were eliminated for FY 1996 and FY 1997, including 5 FTE Positions previously funded in this Special Line Item. The non-appropriated Receivership Revolving Fund was designed to cover the department's cost of administering receiverships, supplemented only when necessary through General Fund appropriations.

**Local Area Network Special Line Item** — The approved amount for FY 1996 includes a total of \$212,500 for the one-time purchase of a new Local Area Network (LAN) to replace the department's System 36 minicomputer. The approved amount includes \$164,500 in one-time capitalized equipment, \$30,000 in one-time customized programming, \$11,000 in Other Operating Expenditures for software training, and \$7,000 for 1/2 year of maintenance agreements.

The approved Professional and Outside Services amount for FY 1996 includes a decrease of \$6,000, representing 1/2 year funding of the contract with the Arizona Department of Administration Information Services Division, who currently provides backup and maintenance assistance for the department's System 36 minicomputer. The FY 1996 decrease is annualized in the FY 1997 approved amount, but offset by the annualization for the new maintenance agreement, which is transferred to the department's operating budget.

**Telephone System** — The approved amount includes a total of \$52,000 for FY 1997 for the one-time purchase of a new telephone system.

**Additional Appropriations — Regulatory Reform (Chapter 251)** — Please see the General Legislation section for a description of this legislation.

- 1/ Prior to expending any monies for the purchase and development of the agency's new local area network system, the Banking Department shall submit a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)
- 2/ The Banking Department shall assess and set fees to ensure that monies deposited to the General Fund will equal or exceed its expenditure from the General Fund. (General Appropriation Act footnote.)
- 3/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**BOARD OF BARBERS**

A.R.S. § 32-301

Mario J. Herrera, Executive Director

JLBC Analyst: Jason Hall

Board of Barbers Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	82,900	88,000	90,200	89,300
Employee Related Expenditures	17,300	19,000	19,800	19,800
Professional and Outside Services	1,200	800	800	800
Travel - State	9,400	14,100	15,600	15,600
Travel - Out of State	600	1,300	1,300	1,300
Other Operating Expenditures	<u>17,000</u>	<u>22,100</u>	<u>23,000</u>	<u>23,000</u>
<b>Total Appropriations</b>	<b>128,400</b>	<b>145,300</b>	<b>150,700</b> <sup>1/2</sup>	<b>149,800</b> <sup>2/</sup>

*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.

<sup>1/</sup> The FY 1996 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, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

**BOARD OF BEHAVIORAL HEALTH EXAMINERS**

A.R.S. § 32-3251

David Oake, Executive Director

JLBC Analyst: Lynne Smith

Behavioral Health Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	6.0	6.0	7.0	7.0
Personal Services	131,100	179,600	192,600	191,100
Employee Related Expenditures	26,500	46,900	46,300	46,300
Professional and Outside Services	5,600	23,700	14,500	14,500
Travel - In State	6,000	13,600	7,500	7,500
Travel - Out of State	2,200	6,300	5,800	5,800
Other Operating Expenditures	63,400	79,500	73,300	72,600
Equipment	6,300	10,000	2,900	16,900
<b>Total Appropriations</b>	<b>241,100</b>	<b>359,600</b>	<b>342,900</b> <sup>1/2</sup>	<b>354,700</b> <sup>2/</sup>

*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.

*Technical Issues* — The approved amount for FY 1996 includes a reduction of \$9,200 for data processing services no longer needed by the board; a reduction of \$500 in Travel - Out of State, which leaves full funding for attendance at 6 conferences; and reductions of \$1,000 in postage, \$4,800 in printing, \$2,300 in training costs, and \$6,100 in Travel - In State to reflect the actual requirements of the board. There are no further reductions for FY 1997.

The approved amount for FY 1997 includes a total of \$4,800 for replacement of 2 computers and \$12,100 for replacement of a copier.

*Administrative Secretary* — The approved amount for FY 1996 includes an additional \$27,400 and 1 FTE Position to respond to an increase in the number of applications and complaints received by the board. The appropriation also includes a decrease of \$7,800 in Personal Services and Employee Related Expenditures for overtime and clerical pool services which will no longer be required. The approved amount for FY 1997 includes a decrease of \$3,600 to reflect the elimination of one-time equipment and supplies.

*Other Issues* — FY 1995 Expenditure Authority — The board's FY 1995 expenditure authority includes the following:

FY 1995 Appropriation	\$326,400
Carry Forward from FY 1994	55,600
Total	\$382,000

Of this amount, the board plans to expend \$359,600 in FY 1995.

<sup>1/</sup> The FY 1996 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, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

**ARIZONA STATE BOXING COMMISSION**

A.R.S. § 5-221

John Montano, Executive Director

JLBC Analyst: Phil Case

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Personal Services	37,500	37,900	40,300	39,900
Employee Related Expenditures	8,700	10,800	10,000	9,900
Professional and Outside Services	-0-	500	500	500
Travel - In State	1,800	3,400	3,900	3,900
Travel - Out of State	600	700	700	700
Other Operating Expenditures	<u>8,000</u>	<u>10,100</u>	<u>12,100</u>	<u>12,100</u>
<b>TOTAL APPROPRIATIONS</b>	<b>56,600</b>	<b>63,400</b>	<b>67,500</b> <sup>1/2</sup>	<b>67,000</b> <sup>1/2</sup>

*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.

**Commission Member Per Diem** — The approved FY 1996 amount includes an increase of \$1,400 in Personal Services to fully compensate commissioners for each day of service and no further increases for FY 1997.

**Demographic Increase** — The approved FY 1996 amount includes increases of \$500 in Travel - In State and \$900 in Other Operating Expenditures for an expected increase in the number of boxing events from 20 to 25 and no further increases for FY 1997.

1/ The Boxing Commission shall report to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Senate and House Appropriation Committees, and the Director of the Joint Legislative Budget Committee on a semi-annual basis. The report shall contain the number of boxing events, gross receipts, state revenues, and license fee collections. (General Appropriation Act footnote.)

2/ Appropriated as a Lump Sum by Agency.

**DEPARTMENT OF BUILDING AND FIRE SAFETY**

A.R.S. § 41-2141

Eric Borg, Director

JLBC Analyst: Jason Hall

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	69.2	69.2	68.3	69.2
Personal Services	1,739,700	1,879,300	1,871,200	1,852,700
Employee Related Expenditures	511,300	480,800	503,600	502,500
Professional and Outside Services	400	-0-	-0-	-0-
Travel - In State	182,100	196,700	195,100	195,100
Travel - Out of State	3,600	6,000	6,000	6,000
Other Operating Expenditures	287,800	378,300	350,600	350,600
Equipment	36,200	11,800	-0-	-0-
<b>Operating Subtotal</b>	<b>2,761,100</b>	<b>2,952,900</b>	<b>2,926,500</b>	<b>2,906,900</b>
Rent/Relocation	-0-	-0-	205,500	190,500
Fire Training School	30,000	30,000	30,000	30,000
<b>Total</b>	<b>2,791,100</b>	<b>2,982,900</b>	<b>3,162,000</b> <sup>1/</sup>	<b>3,127,400</b> <sup>1/</sup>
<b>Additional Appropriations -</b> Regulatory Reform, Ch. 251	-0-	-0-	(36,200)	-0-
<b>Total Appropriations</b>	<b>2,791,100</b>	<b>2,982,900</b>	<b>3,125,800</b>	<b>3,127,400</b>

*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.

**Rent/Relocation** — All rental costs, amounting to \$205,500 in FY 1996 and \$190,500 in FY 1997, have been transferred to the Special Line Item to represent total department rental expenses. The approved FY 1996 amount includes an increase of \$29,900 to fund higher lease costs resulting from the department's move to a new Phoenix office and a decrease of \$15,000 for FY 1997 to reflect the elimination of one-time funding for relocation expenses.

**Fire Training School** — This appropriation provides training for volunteer firefighters from small communities and rural areas.

**Additional Appropriations — Regulatory Reform (Chapter 251)** — Please see the General Legislation section for a description of this legislation, which transfers out 0.9 FTE Position in FY 1996. This number will be annualized in FY 1997, for a revised FTE Positions total of 67.5.

<sup>1/</sup> Appropriated as a Lump Sum by Agency with Special Line Items.

**STATE BOARD OF CHIROPRACTIC EXAMINERS**

A.R.S. § 32-901

Elaine Le Tarte, Executive Director

JLBC Analyst: Jim Hillyard

Board of Chiropractic Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	4.0	4.0	4.0	4.0
Personal Services	120,200	130,500	133,200	132,100
Employee Related Expenditures	21,000	23,800	25,700	25,700
Professional and Outside Services	29,600	16,600	16,600	16,600
Travel - In State	4,900	6,100	6,900	6,900
Travel - Out of State	7,100	2,700	2,700	2,700
Other Operating Expenditures	48,100	53,700	74,300	74,300
Equipment	5,500	4,500	2,000	-0-
<b>Total Appropriations</b>	<b>236,400</b>	<b>237,900</b>	<b>261,400</b> <sup>1/2/</sup>	<b>258,300</b> <sup>1/</sup>

*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.*

**New Equipment —** The approved FY 1996 amount includes one-time funding of \$900 for a new electric seal stamp and \$1,100 for new board room chairs.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriations Act footnote.)

**ARIZONA COLISEUM AND EXPOSITION CENTER BOARD**

A.R.S. § 3-1001

Gary D. Montgomery, Executive Director

JLBC Analyst: Phil Case

Arizona Coliseum and Exposition Center Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	263.0	278.0	278.0	278.0
Personal Services	4,424,400	4,750,000	4,714,300	4,824,300
Employee Related Expenditures	713,600	831,400	788,500	805,500
Professional and Outside Services	2,333,900	2,439,600	2,561,600	2,689,600
Travel - In State	5,600	14,800	10,800	9,700
Travel - Out of State	38,200	39,300	39,600	39,600
Other Operating Expenditures	5,714,500	6,308,900	6,395,400	6,972,000
Equipment	15,200	100,000	-0-	-0-
<b>Total Appropriations</b>	<b>13,245,400</b>	<b>14,484,000</b>	<b>14,510,200 <sup>1/</sup></b>	<b>15,340,700 <sup>1/</sup></b>

*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 appropriations equal 100% of the board's collections. The approved amounts reflect the board's current estimates of collections and will be adjusted in accordance with the actual collection levels.

**Wage and Salary Adjustments —** The approved FY 1996 amount includes a reduction of \$41,200 in Personal Services and Employee Related Expenditures due to a planned decrease in the use of overtime work hours. The approved FY 1997 amount includes an increase of \$127,000 due to a planned increase in the wages of temporary state fair workers. Although the Coliseum and Exposition Board has much discretion in the use of its revenues, all its employees are subject to the salary and wage guidelines developed by the Arizona Department of Administration and approved by the Legislature.

**Entertainer Fees —** The approved Professional and Outside Services amounts include an additional \$122,000 in FY 1996 and \$128,000 in FY 1997 for planned 5% increases in state fair entertainer fees.

**Other —** The approved amounts include an additional \$58,500 in FY 1996 and \$576,600 in FY 1997 for expected increases in various categories such as advertising, operating supplies, utilities, and contractually determined incentives to the Roadrunners hockey team and state fair midway ride operators.

**Capital Outlay — (Chapter 2, 1st Special Session) —** Appropriates \$673,200 from the Arizona Coliseum and Exposition Center Fund to the Arizona Coliseum and Exposition Center Board for Building Renewal.

<sup>1/</sup> 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 1996 is \$14,510,200 and for FY 1997 is \$15,340,700. (General Appropriation Act footnote.)



**DEPARTMENT OF COMMERCE**

A.R.S. § 41-1501

Sara Goertzen Dial, Director

JLBC Analyst: Brad Beranek

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions <sup>1/</sup>	75.0	81.5	81.5	83.5
Personal Services	2,106,200	2,240,400	2,295,800	2,338,400
Employee Related Expenditures	419,300	442,900	447,900	460,400
Professional and Outside Services	132,400	86,200	86,200	86,200
Travel - In State	56,900	58,600	58,600	58,600
Travel - Out of State	36,400	39,900	39,900	44,900
Other Operating Expenditures	708,900	892,800	910,300	924,300
Equipment	96,700	15,200	67,500	66,000
<b>Operating Subtotal</b>	<b>3,556,800</b>	<b>3,776,000</b>	<b>3,906,200</b>	<b>3,978,800</b>
Minority and Women-Owned Business	-0-	<sup>2/</sup>	101,700	101,100
Special Arizona Promotion - Major Sporting Events	-0-	-0-	2,000,000	-0-
Rural Tourism	-0-	-0-	100,000	100,000
Small Business Advocate	-0-	<sup>3/</sup>	102,000	101,200
Economic Development Matching Funds	104,000	104,000	104,000	104,000
CEDC Commission	199,800	200,200	201,600	200,500
Advertising and Promotion	484,000	495,200	525,200	495,200
Asian Pacific Trade Office <sup>4/</sup>	166,900	169,900	214,700	214,700
Mexico Trade Office <sup>4/</sup>	297,500	300,100	300,100	300,100
REDI Matching Grants	34,900	45,000	45,000	45,000
Motion Picture Development	480,100	606,400	610,400	603,100
National Law Center/Free Trade	-0-	572,000	497,000	-0-
Indian Economic Development	55,700	65,900	66,200	65,900
Oil Overcharge Administration	79,900	124,900	126,800	126,000
Japan Trade/Tourism Office <sup>4/</sup>	227,500	280,000	280,000	280,000
European Trade Office <sup>4/</sup>	-0-	-0-	330,000	400,000
Main Street	80,000	85,000	130,000	130,000
Work Force Recruitment and Training	3,000,000	3,000,000 <sup>5/</sup>	4,500,000	4,500,000
Williams AFB Economic Development	-0-	350,000	350,000	350,000
Economic Development Incentive Policy	-0-	-0-	1,000,000 <sup>6/</sup>	-0-
Alternative Fuels Bills	450,000	625,000	-0-	-0-
AZ Sonora Economic Development Study	-0-	<sup>7/</sup>	-0-	-0-
Border Governor's Conference	144,200	-0-	-0-	-0-
AZ Wine Commission	200,000	-0-	-0-	-0-
Safford Museum of Discovery	350,000	-0-	-0-	-0-
<b>Total</b>	<b>9,911,300</b>	<b>10,799,600</b>	<b>15,490,900</b>	<b>12,095,600</b>
<b>Additional Appropriations -</b>				
Work Recruitment; Job Training, Appropriation, Ch. 185	-0-	1,500,000	-0-	-0-
Appropriation; NAFTA Projects, Ch. 209	-0-	-0-	925,000	-0-
<b>Total Appropriations</b>	<b>9,911,300</b>	<b>12,299,600</b>	<b>16,415,900 <sup>8/</sup></b>	<b>12,095,600 <sup>8/</sup></b>

(Continued)

**DEPARTMENT OF COMMERCE (Cont'd)**

<u>Fund Summary</u>				
General Fund	6,964,700	8,681,700	11,206,900	9,350,500
Bond Fund	75,400	91,000	92,600	92,100
Commerce and Economic Development Commission (CEDC) Fund	1,977,800	2,408,900	4,616,700	2,156,200
Lottery Fund	199,800	200,200	201,600	200,500
Oil Overcharge Fund	79,900	124,900	126,800	126,000
Housing Trust Fund	149,500	153,300	156,700	155,700
Solar Qualification Fund	14,200	14,600	14,600	14,600
Department of Administration Special Services Revolving (DOASSR) Fund	450,000	625,000	-0-	-0-
<b>Total Appropriations</b>	<b>9,911,300</b>	<b>12,299,600</b>	<b>16,415,900</b>	<b>12,095,600</b>

*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.

**Arizona Business Connection/New Staff** — The approved amounts provide \$5,500 from the General Fund for increases in printing and postage costs. The approved FY 1997 amount provides 1 FTE Position and \$47,900 in related General Funds for an additional business counselor.

**International Marketing/New Staff** — The approved FY 1997 amount provides 1 FTE Position and \$49,600 from the General Fund for a Phoenix-based trade specialist dedicated solely to the support of the Asian Pacific Trade Office.

**Equipment** — The approved amounts include \$15,200 from the General Fund for lease-purchase payments. In addition, the FY 1996 amount includes one-time funding of \$52,300 for duplicating equipment, word processing and operating software, training manuals, laser printers, personal computers, and communications hardware and software. The approved FY 1997 amount also includes one-time funding of \$50,800 for updated database and spreadsheet software, training manuals, personal computers, and an upgraded server.

**Minority and Women-Owned Business** — Laws 1994, Chapter 260 authorized the use of \$100,000 from the CEDC Fund for FY 1995 to establish this program to promote economic development of minority and women-owned business enterprises through the utilization of the state's minority and women entrepreneurs. The approved amounts provide continued funding for FY 1996 and FY 1997.

**Special Arizona Promotion — Major Sporting Events** — The approved FY 1996 amount provides \$2,000,000 from the CEDC Fund for the special promotion of Arizona during various 1996 sporting events occurring in the state, most notably, Super Bowl XXX. Representatives from athletic organizations and interest groups, including the Super Bowl, the Phoenix Open, World Challenge Golf, the Copper Bowl, and the Fiesta Bowl, along with planners from the Department of Commerce, will meet in calendar year 1995 to plan the allocation of this funding.

- 1/ Includes 16.5 FTE Positions funded from Special Line Items in FY 1996 and FY 1997.
- 2/ See Special Line Item description for explanation.
- 3/ See Special Line Item description for explanation.
- 4/ Prior to FY 1995, each of the foreign trade offices was funded with both General Fund and CEDC Fund monies, which made bookkeeping difficult for the department. In FY 1995, to simplify fund accounting, the Legislature approved the reapportionment of General Fund and CEDC monies among the trade offices so that 2 of them, Asian Pacific and Mexico, received more General Fund monies, and the Japan office received the identical amount less. The net effect of this consolidation was that the Asian Pacific and Mexico offices became 100% General Fund-funded, and the Japan office relied on a greater proportion of CEDC funding. In FY 1997, only the European and Japan trade offices will receive some CEDC monies.
- 5/ See Additional Appropriations below for added Workforce Recruitment and Training funding.
- 6/ Laws 1994, Chapter 339 appropriated \$1,000,000 from the General Fund for FY 1996 to the Department of Commerce to study methods of eliminating or mitigating the impact to the state of possible military base realignments or closures.
- 7/ See Special Line Item description for explanation.
- 8/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.

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## **DEPARTMENT OF COMMERCE (Cont'd)**

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**Rural Tourism** — The approved amounts provide funding from the General Fund to administer the Rural Tourism Development program. This program, created in 1993 by the Arizona Council for Enhancing Recreation and Tourism (ACERT), provides unified agency assistance to rural communities in support of their tourism development efforts. It is coordinated by the department in conjunction with other state and federal agencies. Approximately half the appropriation is used for administrative expenses; the other half, along with financial and staff resources contributed by other participating state and federal agencies, is used as project money. Six communities participate in the program: Douglas, Globe-Miami, Parker, Williams, the Hualapai Tribe and the First Mesa Consolidated Villages.

In prior fiscal years, this funding was appropriated to the Department of Tourism, then passed-through to the Department of Commerce as part of an interagency agreement.

**Small Business Advocate** — Laws 1994, Chapter 260 authorized the use of \$100,000 from the CEDC Fund for FY 1995 to establish a small business advocate office to promote the creation and growth of small Arizona businesses. The office also acts as an advocate for small business interests before the Governor, Legislature, state agencies, and the community at large. The approved amounts provide continued funding for FY 1996 and FY 1997.

**Economic Development Matching Funds** — The approved amounts provide funding from the CEDC Fund to support local community job creation efforts. Grants up to \$10,000 are awarded on a competitive basis to communities with approved plans to design a long-range capital improvement strategy.

**CEDC Commission** — The approved amounts provide funding from the Lottery Fund to cover the Professional and Outside Services and member expenses of the Commerce and Economic Development Commission, which consists of 35 public and private sector members serving at the request of the Governor. The purpose of the commission is to provide oversight for the short-term and long-term economic development initiatives in the statewide economic development strategic plan.

**Advertising and Promotion** — The approved FY 1996 amount includes one-time funding of \$30,000 to update a business video sent to companies interested in relocating, or expanding, to Arizona. Amounts approved for this special line item are funded from the CEDC Fund and used to advertise and promote the department's various programs through magazine ads, direct mail, special events, and the production of support materials such as "Business Profiles" of the various communities within the state and the semi-annual newsletter "Spirit of Success."

**Asian Pacific Trade Office** — The approved amounts include an additional \$44,800 from the General Fund to expand the trade office located in Taipei, Taiwan. The added funding will provide for an additional contracted trade specialist, increased promotional activities, and additional travel costs associated with promoting Arizona products in new regions of Asia.

**Mexico Trade Office** — The approved amounts provide funding from the General Fund for the trade office located in Mexico City, Mexico, to promote Arizona products.

**REDI Matching Grants** — The approved amounts provide funding from the CEDC Fund for the Rural Economic Development Initiative (REDI) program, which offers special community project grants, up to \$5,000 each, for technical assistance for the economic development programs of rural communities.

**Motion Picture Development** — The approved amounts provide funding from the General Fund to attract worldwide film and television projects to locations throughout Arizona. The Motion Picture Office creates extensive advertising and promotion campaigns for this purpose. It also develops and updates the Arizona Film Commission Guide, a resource created for industry representatives listing every film professional residing in Arizona (actors, film crews, production companies, etc.) as well as statewide filming locations. The approved FY 1997 amount provides a one-time \$5,000 reduction to adjust Personal Services and Employee Related Expenditures.

**National Law Center/Free Trade** — The approved FY 1996 amount includes a \$75,000 reduction due to the completion of some research projects by the National Law Center for Inter-American Free Trade, 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

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## DEPARTMENT OF COMMERCE (Cont'd)

Mexico, Canada and the United States. Amounts approved for this special line item are funded from the CEDC Fund and used to defray center overhead and administrative costs, and to match private monies funding the following 8 research projects: 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. All projects are scheduled for completion by the end of FY 1996; therefore, the approved FY 1997 amount is zero.

**Indian Economic Development** — The approved amounts provide funding from the CEDC Fund to promote economic development on Arizona Native American reservations.

**Oil Overcharge Administration** — The approved amounts provide funding from the Oil Overcharge Fund to administer the oil overcharge grant and loan restitution programs. It is estimated that the Oil Overcharge Fund will expend \$7,819,100 and \$6,014,400 on these programs in FY 1996 and FY 1997, respectively. By the end of FY 1997, monies in the Oil Overcharge Fund are expected to be almost depleted.

**Japan Trade/Tourism Office** — The approved amounts provide funding from the General Fund (\$180,000) and from the CEDC Fund (\$100,000) for a local consultant in Japan to assist in expanding trade and tourism with Arizona.

**European Trade Office** — The approved FY 1996 amount provides \$330,000 from the General Fund for start-up costs associated with the establishment of a European trade office to promote Arizona products in Europe, and to attract European business to Arizona. This amount will fund a foreign contractor to provide office space, 2 subcontracted professionals trained in trade and promotion, support staff, intra-continental travel costs, communication expenses, and 1 subcontracted Phoenix-based trade specialist to serve as the Arizona contact and support person. The approved FY 1997 amount provides an additional \$70,000 from the CEDC Fund for advertising and promotion expenses, for a total of \$400,000 in funding.

**Main Street** — The approved amounts include an additional \$45,000 to expand the Main Street program for the historical preservation or refurbishment of downtown areas, or "main streets," in selected rural Arizona communities. The goal of the program, which is funded from the CEDC Fund, is to attract new businesses, jobs, and private investment to rural towns by improving the physical appearance of their downtown areas. This funding will provide architectural and technical assistance for at least 2 new communities per year, in addition to limited "follow-up" assistance for communities already served by the program.

**Work Force Recruitment and Training** — The approved amounts provide funding from the General Fund for training grants to businesses either training or retraining new or existing employees for specific job opportunities. Training is conducted 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 original FY 1995 General Appropriation Act funded this program at \$3,000,000. Laws 1995, Chapter 185 provided supplemental funding of \$1,500,000 for the program, for a total FY 1995 appropriation of \$4,500,000. The approved amounts continue that total level of funding for both FY 1996 and FY 1997.

Laws 1995, Chapter 185 also changed the statutory allocation of workforce recruitment and job training monies available to qualified businesses. In prior years, at least 20% of appropriations to this program were earmarked for small businesses (those employing fewer than 100 employees). This bill:

- Designated a minimum of 15% of appropriations to this program for small businesses. Any amounts greater than 2% of the total appropriation that remain unexpended by April 1 of the fiscal year may be made available to any qualified applicant. After June 15 of the fiscal year, all unexpended monies will be available to any qualified applicant. Essentially, this provision ensures that there will be at least 2% of the total appropriation available for small businesses up until June 15 of the fiscal year, should they not have received the earmarked 15% by that time.
- Designated a minimum of 15% of appropriations to this program for businesses located in rural areas of the state. "Rural areas" are defined as being in a county with less than 400,000 persons, or in a census county division with fewer than 50,000 persons. Any amounts greater than 2% of the total appropriation that remain unexpended by April 1 of the fiscal

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## DEPARTMENT OF COMMERCE (Cont'd)

year may be made available to any qualified applicant. After June 15 of the fiscal year, all unexpended monies will be available to any qualified applicant. Essentially, this provision ensures that there will be at least 2% of the total appropriation available for rural businesses up until June 15 of the fiscal year, should they not have received the earmarked 15% by that time.

**Williams AFB Economic Development** — The approved amounts provide funding from the General Fund to market the Williams Redevelopment Partnership project, which was created by Executive Order to coordinate efforts to create a "reliever" airport and a major education, research, and training campus at the former Williams Air Force Base. Additional funding for marketing will be provided by the Partnership and the Intergovernmental Agreement (IGA) Group. The Partnership is working with the 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.

**Alternative Fuels** — Laws 1994, Chapter 353 appropriated \$450,000 for FY 1994 and \$625,000 for FY 1995 from the DOASSR Fund to the Department of Commerce's Alternative Fuel Delivery System Development Fund to promote the 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. Because FY 1995 was the last year in which monies were appropriated to the department for this purpose, total agency funding for FY 1996 has been adjusted downward by \$625,000.

**Arizona Sonora Economic Development Study** — Laws 1994, Chapter 6, 8th Special Session appropriated \$300,000 from the CEDC Fund for an 18-month study to examine ways to expand trade between Arizona and Sonora. The study will examine industrial clusters, historical and current trade conditions, as well as opportunities related to tourism. This one-time FY 1994 appropriation was exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. The appropriation was not spent in FY 1994 and was carried forward for expenditure in future fiscal years.

**Additional Appropriations — Work Recruitment; Job Training; Appropriation (Chapter 185)** — This bill grants an emergency FY 1995 appropriation of \$1,500,000 from the General Fund for the Workforce Recruitment and Job Training program. See above description of this special line item for other bill provisions.

**Appropriation; NAFTA Projects (Chapter 209)** — This bill appropriates \$925,000 from the General Fund in FY 1996 to the department for various border projects intended to better facilitate increases in trade activity between the United States, Canada, and Mexico occurring as a result of the North American Free Trade Agreement. The appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, and shall be allocated in the following manner:

- Contingent upon the designation of Nogales, Arizona, by the United States Congress or the United States Customs Service as a site for a border port management pilot project, \$750,000 will be distributed through interagency agreement to the Arizona Department of Transportation (ADOT) to conduct and manage the project. State involvement in this project will supplement a larger federal program called the Unified Binational Border Port Management Pilot Program, conducted by the Customs Services, as instructed by the U.S. House of Representatives, to determine and eliminate any existing or potential inefficiencies at various ports of entry throughout the United States. State funds shall be used to purchase goods or services to aid in improving border management techniques (such as computer or communications equipment, phone lines, software, video equipment, etc.) from public or private Arizona suppliers.
- \$25,000 for the state share of planning costs associated with the establishment of the CANAMEX trade corridor, which will encompass the western Mexican states and the Rocky Mountain states of the United States and Canada. Monies shall be distributed to the Governor's Office through an interagency agreement for use by the Governor's Policy Advisor for Mexico, and shall be used for travel, postage, and communication expenses.
- \$150,000 to be used by the department to hire and pay salary and travel expenses of a coordinator to oversee preparation of funding requests that meet infrastructure needs along the Arizona-Mexico border, including coordinating efforts with the North American Development Bank; to serve as coordinator of the international border development authority; and to serve as coordinator for Arizona's Border Environmental Cooperation Commission.

**CONSTITUTIONAL DEFENSE COUNCIL**

A.R.S. § 41-401

JLBC Analyst: Dick Morris

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
Lump Sum Appropriation	-0-	1,000,000	-0-	-0-
<b>Total Appropriations</b>	<b>-0-</b>	<b>1,000,000</b>	<b>-0-</b>	<b>-0-</b>

*Agency Description — The Constitutional Defense Council is 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.*

**Constitutional Defense Council** — No funds were appropriated to the Council in FY 1996 or FY 1997, as there were sufficient monies remaining in the Constitutional Defense Council Revolving Fund to pay all expected expenses during the first half of FY 1996. The Council's FY 1995 appropriation was deposited in the revolving fund pursuant to Laws of 1994, Chapter 222. The revolving fund is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

If additional funds are required during the last half of FY 1996 or FY 1997, an appropriation can be enacted during the next regular session of the Legislature.

**REGISTRAR OF CONTRACTORS**

A.R.S. § 32-1101

Michael P. Goldwater, Director

JLBC Analyst: Gita Reddy

General Fund and Registrar of Contractors Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	109.3	110.3	111.0	116.3
Personal Services	2,426,200	2,735,700	2,934,600	2,935,000
Employee Related Expenditures	573,600	703,400	801,800	807,800
Professional and Outside Services	28,700	16,000	30,400	25,400
Travel - In State	177,100	197,200	210,100	214,400
Travel - Out of State	2,200	1,100	3,800	3,800
Other Operating Expenditures	732,200	680,900	832,400	824,400
Equipment	40,600	116,500	364,600	110,300
<b>Operating Subtotal</b>	<b>3,980,600</b>	<b>4,450,800</b>	<b>5,177,700</b>	<b>4,921,100</b>
Imaging Equipment	-0-	343,800	250,000	-0-
Automation	-0-	164,400	-0-	-0-
<b>Total</b>	<b>3,980,600</b>	<b>4,959,000</b>	<b>5,427,700</b> <sup>1/2</sup>	<b>4,921,100</b> <sup>2/</sup>
<b>Additional Appropriations - Regulatory Reform, Ch. 251</b>	<b>-0-</b>	<b>-0-</b>	<b>(186,800)</b>	<b>-0-</b>
<b>Total Appropriations</b>	<b>3,980,600</b>	<b>4,959,000</b>	<b>5,240,900</b>	<b>4,921,100</b>
<b>Fund Summary</b>				
General Fund	3,980,600	-0-	-0-	-0-
Registrar of Contractors Fund	-0-	4,959,000	5,240,900	4,921,100
<b>Total Appropriations</b>	<b>3,980,600</b>	<b>4,959,000</b>	<b>5,240,900</b>	<b>4,921,100</b>

*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.

*Technical Issues* — The approved FY 1996 amount includes an increase of \$184,700 for the following one-time expenditures: phone systems for the Phoenix and Mesa Offices, 5 copiers for the field offices, 4 printers, 1 pickup, 2 postage machines, 14 ladders, 1 postage scale, and 1 video camera. The approved FY 1997 amount includes an increase of \$46,300 for the following one-time expenditures: 4 printers, 3 copiers, 3 facsimile machines, 1 mail machine, and 1 paper cutter.

The approved amounts include an increase of \$10,200 for mediation services, at a cost of \$50 per case. The approved amounts also include an increase of \$5,000 in Travel - In State for charges associated with the purchase of a new vehicle and an increase of \$2,700 in Travel - Out of State for costs associated with 3 out-of-state conferences.

*New Inspectors* — The approved FY 1996 amount includes an increase of \$167,200 (including \$50,400 in one-time capitalized equipment costs) to fund 2 inspectors (one for the Phoenix Office and one for the Mesa Office) and 1 investigator to reduce the backlog of complaints. The approved FY 1997 amount includes a further increase of \$57,100 (including \$16,800 in one-time capitalized equipment costs) to fund an inspector for the Prescott area in anticipation of increased construction activity.

1/ Prior to expending \$250,000 for the expansion of the agency's imaging system, the Registrar of Contractors shall submit a project plan to the Joint Legislative Budget Committee for review.  
 2/ Appropriated as a Lump Sum by Agency with Special Line Items.

## **REGISTRAR OF CONTRACTORS (Cont'd)**

**Automation Improvements** — The approved FY 1996 amount includes an increase of \$151,900 (including \$122,500 in one-time capitalized equipment costs) to expand the agency's Local Area Network (LAN) system to other departments within the agency and to the agency's field offices. The amount also funds laptop computers for all of the agency's inspectors and investigators. The approved FY 1997 amount includes a further increase of \$47,200 to upgrade the central processor and to increase the memory and disk storage space on the agency's minicomputer system.

**Additional Space** — The approved amounts include increases of \$61,700 for additional floor space. The FY 1996 amount includes an additional \$35,700 for one-time remodeling costs.

**Administrative Staff** — The approved FY 1996 amount includes an increase of 2 FTE Positions (EDP Technical Support Specialist I and an Accounting Technician III) and \$74,900. The approved FY 1997 amount includes the 2 FTE Positions, but a decrease of \$7,000 for one-time FY 1996 capitalized equipment costs. The technical support specialist will help the agency maintain its new imaging system and Wide Area Network. The accounting technician will help the agency handle the increased workload associated with program budgeting.

**Newsletter** — The approved amounts include an increase of \$35,800 to cover the postage and printing costs associated with publishing the agency's semi-annual newsletter.

**Imaging Equipment** — The approved FY 1996 amount includes a one-time increase of \$250,000 in a Special Line Item to expand the agency's imaging system to its Hearing and Recovery Fund Departments. Each of the files in those departments contains between 80 and 120 pages and must be regularly accessed by the agency's Inspections and Investigations Departments as well as by the Attorney General's Office. The approved FY 1997 amount includes an increase of \$30,000 in Other Operating Expenditures for on-going maintenance costs associated with the system. All expenditures for equipment and services are subject to JLBC review (see footnote).

**Automation** — The approved amounts reflect the elimination of one-time funding to upgrade the agency's minicomputer system.

**Additional Appropriations** — Regulatory Reform (Chapter 251) — Please see the General Legislation Section for a description of this legislation, which transfers out 4.3 FTE Positions in FY 1996. This number will be annualized in FY 1997, for a revised FTE Position total of 107.7.



**CORPORATION COMMISSION**

A.R.S. § 40-101

The Honorable Renz Jennings, Commissioner/Chairman

JLBC Analyst: Jason Hall

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
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Program Summary

Administration/Hearing Corporations	1,997,900	1,805,700	1,893,300	1,948,500
Securities	1,185,400	1,271,000	1,334,900	1,276,700
Railroad Safety	1,561,900	1,657,200	1,650,300	2,192,000
Utilities	411,100	388,400	581,400	578,800
Legal	4,680,100	4,787,400	4,864,700	4,770,500
	942,700	995,100	1,027,300	991,400
<b>Total Appropriations</b>	<b>10,779,100</b>	<b>10,904,800</b>	<b>11,351,900</b>	<b>11,757,900</b>

FTE Positions <sup>1/</sup>	222.0	222.0	222.0	236.0
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Personal Services	6,647,700	6,919,100	7,067,800	7,019,900
Employee Related Expenditures	1,350,600	1,640,900	1,535,100	1,533,300
Professional and Outside Services	188,700	162,700	203,500	161,500
Travel - In State	168,700	177,200	182,200	177,200
Travel - Out of State	61,000	59,900	59,900	59,900
Other Operating Expenditures	1,698,700	1,543,500	1,655,400	1,693,800
Equipment	72,500	23,500	47,500	7,000

<b>Operating Subtotal</b>	<b>10,187,900</b>	<b>10,526,800</b>	<b>10,751,400</b>	<b>10,652,600</b>
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Arts Trust Fund Administration	26,800	28,000	28,500	28,300
Model Business Corporation Act	-0-	-0-	30,000	-0-
Investment Management Act	-0-	-0-	-0-	535,000
Utility Audits, Studies, Investigations and Rate Hearings	479,600	350,000	350,000 <sup>2/</sup>	350,000 <sup>2/</sup>
Railroad Warning Systems	84,800	-0-	192,000 <sup>2/</sup>	192,000 <sup>2/</sup>

<b>Total Appropriations</b>	<b>10,779,100</b>	<b>10,904,800</b>	<b>11,351,900 <sup>3/4/</sup></b>	<b>11,757,900 <sup>2/</sup></b>
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Fund Summary

General Fund	5,129,500	4,985,700	5,243,500	5,184,000
Utility Regulation Fund	5,622,900	5,891,100	6,024,900	5,952,200
Arizona Arts Trust Fund	26,700	28,000	28,500	28,300
Pipeline Safety Revolving Fund	-0-	-0-	55,000	-0-
Investment Management and Regulatory Enforcement Fund	-0-	-0-	-0-	593,400
<b>Total Appropriations</b>	<b>10,779,100</b>	<b>10,904,800</b>	<b>11,351,900</b>	<b>11,757,900</b>

- 1/ Includes 1 and 15 FTE Positions funded from Special Line Items in FY 1996 and FY 1997, respectively.
- 2/ Monies in the Audits and Studies and the Railroad Warning Systems Special Line Items are exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations. (General Appropriation Act footnote.)
- 3/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.
- 4/ Included in the lump sum appropriation is up to \$20,000 for a contract with either the Auditor General or the Governor's Office of Excellence in Government to conduct a study of the existing work-flow process in the Corporations Division and to offer recommendations for improvement. These findings shall be presented to the members of the Criminal Justice and Universities Subcommittees of the House of Representatives and Senate and the Director of the Joint Legislative Budget Committee by December 31, 1995. (General Appropriation Act footnote.)

(Continued)

## CORPORATION COMMISSION (Cont'd)

**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 are divided among divisions including Corporations, Securities, and Utilities. The Corporations Division administers the corporations code and provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers, investigating possible violations of the Arizona Securities Act. The Utilities Division monitors approximately 500 public service corporations operating in Arizona. This division acts as an independent party in reviewing and establishing public utility rates, and monitoring compliance with commission regulatory decisions. Other functions of the commission include inspecting gas pipelines, operating the pipeline safety program, inspecting railroad track and hazardous cargo transport along railways, and also erecting warning devices at potentially dangerous railroad crossings throughout the state.*

**Corporations Division Staff** — It is the intent of the Legislature that the Securities Division transfer the funding of Personal Service costs and Employee Related Expenditures associated with 3 FTE Positions from the General Fund to the Securities Regulatory and Enforcement Fund. The latter fund is not subject to legislative appropriation. The resulting savings in General Fund dollars will then be used to fund 3 new examiner positions for the Corporations Division. These additional FTE Positions will expedite the examination and processing of documents such as articles of incorporation, corporate annual reports, and corporate status change documents.

**Pipeline Safety** — The approved amount includes an increase of \$55,000 from the Pipeline Safety Revolving Fund in FY 1996 to fund programs which investigate gas and hazardous liquids pipeline facilities and educate the public about these facilities. This one-time increase funds the purchase of a video camera and 2 underground pipe locators for investigations, the upgrade of a training film, and the expenses of a consultant who will provide educational seminars throughout the state.

**Computer Equipment** — The approved FY 1996 amount includes \$26,500 in one-time funding from the Utility Regulation Revolving Fund to purchase computer equipment for the commission's utility audit and legal staff that researches utility rate hearings and conducts investigations. This amount consists of \$14,900 to upgrade 5 computers and to purchase 9 new computers and hard drives, as well as \$11,600 to purchase a CD-ROM unit for legal research.

**Arts Trust Fund Administration** — The approved amount in the Special Line Items includes \$28,300 in ongoing expenditures to fund 1 employee from the Arizona Arts Commission. Pursuant to A.R.S. §10-601, one-third of the fees collected by the commission from corporate annual report filings is remitted to the Arizona Arts Trust Fund. Monies from this account fund minor operating expenditures and the Personal Services and Employee Related Expenditures for 1 employee, who oversees the remittance.

**Model Business Corporation Act** — The approved FY 1996 amount includes one-time funding of \$30,000 to publish some 10,000 books and pamphlets which will detail changes made to A.R.S. Title 10; the Model Business Corporation Act. These changes are effective January 1, 1996, and the literature will educate the Arizona business community of all relevant changes made to the statutes. The books will be sold at a cost which will cover all costs of publication and distribution, and these revenues will in turn be remitted to the General Fund to repay this \$30,000 appropriation.

**Investment Management Act** — Laws 1994, Chapter 311, 2nd Regular Session provides for the registration of securities dealers and investment advisers. A portion of the fees associated with registration are deposited in the Investment Management Regulatory and Enforcement Fund, which becomes subject to legislative appropriation in FY 1997. The approved FY 1997 amount transfers 14 FTE Positions and \$593,400 from non-appropriated to appropriated status. These employees review applications for registration, perform investigations, and educate the public about investments.

**Utility Audits, Studies, Investigations and Rate Hearings** — The approved amounts include the continuation of \$350,000 from the Utility Regulation Revolving Fund to hire outside consultants who provide professional expertise and advise Utilities Division staff during commission public utility rate hearings.

**Railroad Warning Devices** — The approved amounts include an increase of \$192,000 for construction of warning devices at railway crossings. Combining this increase with the estimated fund balance of \$60,500 will provide the 10% state match for over \$2,500,000 in Federal Funds for these safety projects across the state. The ratio of actual state/federal expenditures does not always reflect a 10% - 90% ratio for technical reasons.

**BOARD OF COSMETOLOGY**

A.R.S. § 32-501

Sue Sansom, Executive Director

JLBC Analyst: Jason Hall

Board of Cosmetology Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>
Personal Services	317,000	330,900	339,200	335,900
Employee Related Expenditures	82,200	94,300	91,800	91,600
Professional and Outside Services	80,900	82,900	77,900	77,900
Travel - State	25,600	25,000	25,000	25,000
Travel - Out of State	8,700	7,700	7,700	7,700
Other Operating Expenditures	106,700	96,100	98,400	98,400
Equipment	2,200	-0-	-0-	-0-
<b>Operating Subtotal</b>	<b>623,300</b>	<b>636,900</b>	<b>640,000</b>	<b>636,500</b>
Relocation and Equipment Replacement	-0-	-0-	170,500	-0-
<b>Total Appropriations</b>	<b>623,300</b>	<b>636,900</b>	<b>810,500</b> <sup>1/2/</sup>	<b>636,500</b> <sup>1/</sup>

*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.

**Relocation and Equipment Replacement** — The approved amount includes \$170,500 in a Special Line Item which will establish the board's testing and administrative facilities outside the Capitol Mall area. The funding consists of \$63,500 in moving costs and net site improvements, \$23,000 for increased annual lease and operating expenses, and \$84,000 to purchase a new phone system and 18 salon testing stations, which cannot feasibly be moved to the new site.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with a Special Line Item.

<sup>2/</sup> The FY 1996 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, 1997. (General Appropriation Act footnote.)

**ARIZONA CRIMINAL JUSTICE COMMISSION**

A.R.S. § 41-2404

Rex Holgerson, Executive Director

JLBC Analyst: Lorenzo Martinez

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	6.0	6.0	6.0	6.0
Personal Services	205,500	213,800	219,200	217,000
Employee Related Expenditures	35,900	43,000	44,600	44,500
Professional and Outside Services	-0-	2,300	-0-	-0-
Travel - In State	6,900	8,700	11,000	11,000
Travel - Out of State	-0-	2,300	2,300	2,300
Other Operating Expenditures	62,200	67,900	58,300	58,300
<b>Operating Subtotal</b>	<b>310,500</b>	<b>338,000</b>	<b>335,400</b>	<b>333,100</b>
Drug Enforcement Funding Advance	1,000,000	1,000,000	-0-	-0-
Street Gang Enforcement	-0-	1,100,000	1,100,000	-0-
Gang Intelligence and Team Enforcement Mission	-0-	5,000,000	-0-	-0-
Drug Prevention Resource Center	200,000	200,000	220,000	230,000
Substance Abuse Surveys	20,000	-0-	25,000	-0-
<b>Total Appropriations</b>	<b>1,530,500</b>	<b>7,638,000</b>	<b>1,680,400</b> <sup>1/</sup>	<b>563,100</b> <sup>1/</sup>
<b>Fund Summary</b>				
General Fund	1,000,000	6,670,000 <sup>2/</sup>	1,102,500	-0-
Criminal Justice Enhancement Fund	330,500	338,000	357,900	333,100
Drug Enforcement Account	200,000	200,000	220,000	230,000
Street Gang Enforcement Revolving Fund	-0-	430,000	-0-	-0-
<b>Total Appropriations</b>	<b>1,530,500</b>	<b>7,638,000</b>	<b>1,680,400</b>	<b>563,100</b>

*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).*

**Drug Enforcement Funding Advance** — A General Fund loan to alleviate cash flow problems will not be required beyond FY 1995. New grant allocation procedures and fund balances will be sufficient so that a General Fund loan to cover grant disbursements until federal monies are received will not be required.

**Street Gang Enforcement** — Laws 1994, Chapter 200 appropriated a total of \$430,000 and Laws 1994, Chapter 3, 9th Special Session appropriated an additional \$670,000 through the ACJC to fund street gang prosecution, enforcement, and investigation activities. The approved amount continues funding for FY 1996. Pursuant to Laws 1994, Chapter 4, 9th Special Session, the Joint Oversight Committee on Anti-Gang Enforcement and Prosecution Programs will make a recommendation to the Legislature as to whether these programs should continue. Funding for FY 1997 is eliminated until the committee makes a recommendation to the Legislature.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>2/</sup> 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.

(Continued)

**ARIZONA CRIMINAL JUSTICE COMMISSION (Cont'd)**

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**Gang Intelligence and Team Enforcement Mission (GITEM)** — Funding for continuation of the GITEM program was transferred to the Department of Public Safety (see DPS section for details on the program). The ACJC is responsible for issuing comprehensive quarterly reports on the GITEM program.

**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. § 12-284C requires 2% of certain Superior Court filing fees to be deposited into the Drug Enforcement Account and to be appropriated to the Drug Prevention Resource Center. The appropriated amounts for FY 1996 and FY 1997 are estimates 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.

**STATE BOARD OF DENTAL EXAMINERS**

A.R.S. § 32-1201

Drew Langley, Executive Director

JLBC Analyst: Gita Reddy

Dental Board Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	9.0	9.0	9.0	9.0
Personal Services	238,400	277,100	283,700	281,000
Employee Related Expenditures	42,200	58,700	57,400	57,400
Professional and Outside Services	135,400	101,000	101,000	101,000
Travel - In State	5,700	7,100	7,100	7,100
Travel - Out of State	3,500	4,200	4,200	4,200
Other Operating Expenditures	111,300	131,600	132,400	132,400
Equipment	13,900	12,000	14,500	5,700
<b>Total Appropriations</b>	<b>550,400</b>	<b>591,700</b>	<b>600,300</b> <sup>1/2</sup>	<b>588,800</b> <sup>2/</sup>

**Agency Description** — *The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.*

**Technical Issues** — The approved FY 1996 amount includes \$14,500 for the one-time purchase of a new phone system, 2 replacement computers, and 1 printer. The approved FY 1997 amount includes \$5,700 for the one-time purchase of a new filing system and a fireproof filing cabinet.

<sup>1/</sup> 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, 1997.

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -  
SUMMARY**

A.R.S. § 26-101

Glen W. Van Dyke, The Adjutant General

JLBC Analyst: Brad Beranek

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
<b><u>Program Summary</u></b>				
Emergency Management	6,371,100	6,644,000	3,776,400	867,000
Military Affairs	3,291,800	3,968,000	3,850,900	3,585,000
<b>Total Appropriations</b>	<b>9,662,900</b>	<b>10,612,000</b>	<b>7,627,300</b>	<b>4,452,000</b>
<b><u>Expenditure Detail</u></b>				
FTE Positions	62.5	62.5	62.5	62.5
Personal Services	1,469,500	1,557,000	1,596,300	1,580,500
Employee Related Expenditures	354,600	418,900	415,900	415,000
Professional and Outside Services	17,100	44,200	44,200	44,200
Travel - In State	34,100	30,900	30,900	30,900
Travel - Out of State	10,500	17,100	17,100	17,100
Other Operating Expenditures	1,141,000	1,419,600	1,315,000	1,315,000
Equipment	27,100	6,000	10,400	6,700
<b>Operating Subtotal</b>	<b>3,053,900</b>	<b>3,493,700</b>	<b>3,429,800</b>	<b>3,409,400</b>
Special Line Items	6,609,000	6,658,800	4,197,500	1,042,600
Additional Appropriations	-0-	459,500	-0-	-0-
<b>Total Appropriations</b>	<b>9,662,900</b>	<b>10,612,000</b>	<b>7,627,300<sup>1/</sup></b>	<b>4,452,000<sup>1/</sup></b>
<b><u>Fund Summary</u></b>				
General Fund	9,066,700	10,088,600	7,574,700	4,404,300
Nuclear Emergency Management Fund	465,200	459,500	-0-	-0-
Emergency Response Fund	131,000	63,900	52,600	47,700
<b>Total Appropriations</b>	<b>9,662,900</b>	<b>10,612,000</b>	<b>7,627,300</b>	<b>4,452,000</b>

*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.*

<sup>1/</sup> Appropriated as an Operating Lump Sum by Program with Special Line Items.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -  
EMERGENCY MANAGEMENT**

A.R.S. § 26-101

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	15.0	15.0	15.0	15.0
Personal Services	409,900	412,500	423,000	418,800
Employee Related Expenditures	92,700	111,600	106,600	106,300
Professional and Outside Services	15,700	20,000	20,000	20,000
Travel - In State	7,600	5,900	5,900	5,900
Travel - Out of State	7,300	9,600	9,600	9,600
Other Operating Expenditures	120,700	125,200	172,700	172,700
Equipment	17,000	4,500	4,700	4,700
<b>Operating Subtotal</b>	<b>670,900</b>	<b>689,300</b>	<b>742,500</b>	<b>738,000</b>
Civil Air Patrol	61,500	61,500	61,500	61,500
1993 Flood Relief - Local Share	-0-	300,000 <sup>1/</sup>	2,900,000 <sup>2/</sup>	-0-
Flood Relief Funding	5,026,600 <sup>3/</sup>	5,050,000	-0-	-0-
Emergency Response Commission	15,900	19,800	19,800	19,800
Emergency Response Fund Grants	131,000	63,900	52,600	47,700
Nuclear Emergency Management	465,200	-0-	-0-	-0-
<b>Total</b>	<b>6,371,100</b>	<b>6,184,500</b>	<b>3,776,400</b>	<b>867,000</b>
<b>Additional Appropriations -</b> Nuclear Emergency Management, Ch. 28	-0-	459,500	-0-	-0-
<b>Total Appropriations</b>	<b>6,371,100</b>	<b>6,644,000</b>	<b>3,776,400 <sup>4/</sup></b>	<b>867,000 <sup>4/</sup></b>
<u>Fund Summary</u>				
General Fund	5,774,900	6,120,600	3,723,800	819,300
Nuclear Emergency Management Fund	465,200	459,500	-0-	-0-
Emergency Response Fund	131,000	63,900	52,600	47,700
<b>Total Appropriations</b>	<b>6,371,100</b>	<b>6,644,000</b>	<b>3,776,400</b>	<b>867,000</b>

*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.*

**Equipment** — The approved amounts provide \$4,700 for 2 computers and 2 laser printers.

**Civil Air Patrol** — The approved amounts partially offset required maintenance and operating costs of aircraft used by volunteers to aid in search and rescue and other emergency missions.

<sup>1/</sup> Laws 1995, Chapter 6, 1st Special Session, appropriated \$300,000 to fund the 10% match requirement for selected political subdivisions' costs of reconstruction and repair projects associated with the tropical winter storm of January, 1993. The FY 1995 funded amount has been audited and approved by the Department of Emergency and Military Affairs' internal auditor. See following footnote for detailed description of additional state reimbursement of local share.

<sup>2/</sup> The \$2,900,000 for 1993 flood relief—local share is to fund the 10% match requirement for political subdivisions' costs of reconstruction and repair projects related to public assistance flood relief from the tropical winter storm of January, 1993 in counties declared eligible. The appropriation shall 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, declaring 13 Arizona counties eligible for federal disaster assistance. Payment of the 10% local share is subject to final audit by the department. Reimbursement of the applicant's share shall be offset by any revenue realized through the administration of the federal share payments. The \$2,900,000 is exempt from A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 1996 monies remaining unexpended and unencumbered on June 30, 1998 shall revert to the state General Fund. (General Appropriation Act footnote.) The FY 1996 approved amount is based both on final and preliminary department audits of reconstruction and repair projects that either have been, or will be, completed during the fiscal year.

<sup>3/</sup> Of the monies available for Flood Relief Funding in FY 1994, \$5,026,600 was spent in FY 1994. The unexpended \$2,477,700 was available for expenditure in FY 1995 in addition to other appropriations funding this issue.

<sup>4/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.



**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY MANAGEMENT (Cont'd)**

**1993 Flood Relief - Local Share** — The approved FY 1996 amount provides \$2,900,000 to fund the 10% match requirement of the 13 Arizona counties declared eligible for federal disaster assistance for damage resulting from the tropical winter storm of January 1993. Laws 1994, Chapter 224 declared legislative intent to pay the 10% local share. The approved amount is based both on final and preliminary department audits of reconstruction and repair projects that either have been, or will be, completed during the fiscal year. The 15% state match for flood damages are described in the following Flood Relief Funding Special Line Item.

**Flood Relief Funding** — The approved amounts provided for the state share of flood relief funding for damage in 13 of the 15 Arizona counties caused by a tropical storm in the winter of FY 1993. The original damage assessment was estimated at \$100,000,000 by federal and state emergency officials. Federal assistance has been received contingent on a 75% federal, 15% state, and 10% local matching requirement. The state has roughly provided its 15% matching share through prior year appropriations (see Joint Legislative Budget Committee FY 1995 Appropriations Report, page 478). Although the Division of Emergency Management has recently revised its original damage assessment to approximately \$150,000,000, the Legislature has not committed to appropriating additional monies for the state share based on the new estimate.

Laws 1994, Chapter 224 declared legislative intent to reimburse local governments for their 10% share of flood damage costs. The state has appropriated a total of \$3,200,000 over 2 years (FY 1995 and FY 1996) for this purpose.

**Emergency Response Commission** — The approved amounts fund the Emergency Response Commission which plans and coordinates with local agencies to provide adequate response to possible emergency situations in Arizona.

**Emergency Response Fund Grants** — The approved amounts staff local emergency planning committees and equip local fire departments, fire districts, and public safety agencies to develop hazardous materials emergency response teams. By statute, 10% of monies collected in the Department of Environmental Quality's Hazardous Waste Management Fund, consisting of civil and criminal penalty and permit fees, are transmitted to the Emergency Response Fund for this purpose. The approved FY 1996 amount provides a decrease of \$11,300 due to the projected decline of penalty fees as the hazardous materials industry improves compliance with environmental law. The approved FY 1997 amount provides an additional \$4,900 reduction for the same reason.

**Nuclear Emergency Management** — Prior fiscal year amounts refer to the annual appropriations to the Nuclear Emergency Management Fund. See Additional Appropriations for more detail.

**Additional Appropriations** — Nuclear Emergency Appropriation and Assessment (Chapter 47) — Appropriates \$858,600 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, \$459,500 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 \$858,600, \$399,100 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 \$858,600, 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.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -  
MILITARY AFFAIRS**

A.R.S. § 26-101

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>47.5</u>	<u>47.5</u>	<u>47.5</u>	<u>47.5</u>
Personal Services	1,059,600	1,144,500	1,173,300	1,161,700
Employee Related Expenditures	261,900	307,300	309,300	308,700
Professional and Outside Services	1,400	24,200	24,200	24,200
Travel - In State	26,500	25,000	25,000	25,000
Travel - Out of State	3,200	7,500	7,500	7,500
Other Operating Expenditures	1,020,300	1,294,400	1,142,300	1,142,300
Equipment	<u>10,100</u>	<u>1,500</u>	<u>5,700</u>	<u>2,000</u>
<b>Operating Subtotal</b>	<b>2,383,000</b>	<b>2,804,400</b>	<b>2,687,300</b>	<b>2,671,400</b>
Education Reimbursement	38,400	43,000	43,000	43,000
Unit Allowance	10,000	10,000	10,000	10,000
Service Contracts	852,300	852,300	852,300 <sup>1/</sup>	852,300 <sup>1/</sup>
Guardsmen - State Active Duty	7,000	5,300	5,300	5,300
Uniform Allowance	1,100	3,000	3,000	3,000
State Active Duty Law Enforcement Support (SPIN)	<u>-0-</u>	<u>250,000</u>	<u>250,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>3,291,800</b>	<b>3,968,000</b>	<b>3,850,900 <sup>2/</sup></b>	<b>3,585,000 <sup>2/</sup></b>

*Program Description* — The division manages and operates the National Guard of Arizona, which includes the Army and Air National Guard.

**Equipment** — The approved FY 1996 amount provides one-time funding of \$5,700 for 1 computer and related hardware and software for the Military Affairs Procurement Office and for 1 replacement computer shared by the Facilities Maintenance and Accounting Offices. The approved FY 1997 amount provides one-time funding of \$2,000 for 1 replacement computer shared by the Facilities Maintenance and Accounting Offices.

**Education Reimbursement** — The approved amounts reimburse guard members for a portion of their education costs.

**Unit Allowance** — The approved amounts fund awards and other morale-building unit activities.

**Service Contracts** — The approved amounts 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.

**Guardsmen - State Active Duty** — The approved amounts pay guard members called to active duty by the state government.

**Uniform Allowance** — The approved amounts subsidize the purchase of required uniforms and safety equipment by eligible guard members.

<sup>1/</sup> The \$852,300 appropriated for Service Contracts is exempt from A.R.S. § 35-190 relating to lapsing of appropriations, except that all FY 1996 monies remaining unexpended and unencumbered on October 31, 1996 shall revert to the state General Fund, and all FY 1997 monies remaining unexpended and unencumbered on October 31, 1997 shall revert to the state General Fund. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - MILITARY AFFAIRS (Cont'd)**

**State Active Duty Law Enforcement Support (SPIN)** — The approved FY 1996 amount continues FY 1995 funding of \$250,000 for project SPIN (Supporting People in Neighborhoods), in which guardsmen assist state and local law enforcement agencies in neighborhood recreation and anti-drug programs, communications, and street gang information analysis. Funding of this Special Line Item was not continued for FY 1997 for the following reason: Laws 1994, Chapter 3, 9th Special Session, appropriated anti-gang enforcement monies to the Arizona Criminal Justice Commission (ACJC) and subjected the expenditure of these monies to Auditor General review by October 30, 1995. Although not funded through the ACJC appropriation, the anti-gang nature of project SPIN lends itself to fiscal re-examination, as the Auditor General re-examines the ACJC anti-gang expenditures, before approving additional funding for FY 1997.

**Capital Outlay — (Chapter 2, 1st Special Session)** — Appropriates \$53,000 for the state matching share of costs associated with the construction of the office space portion of a larger construction project to commence at the Papago Park Military Reservation. The state share represents 25% of the estimated cost of the office space only. The remainder of the total project, the construction of a vehicle maintenance facility, will be 100% federally funded with over \$8,500,000 in federal monies.

**COMMISSION ON THE ARIZONA ENVIRONMENT**

A.R.S. § 41-121

Charlene Ledet, Executive Director

JLBC Analyst: Karen Bock

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	3.0	3.0	3.0	0.0
Personal Services	64,400	66,400	68,100	-0-
Employee Related Expenditures	9,900	14,400	11,600	-0-
Professional and Outside Services	6,400	400	800	-0-
Travel - In State	100	600	600	-0-
Other Operating Expenditures	6,600	19,400	24,800	-0-
<b>Total Appropriations</b>	<b>87,400</b>	<b>101,200</b>	<b>105,900</b> <sup>1/2</sup>	<b>-0-</b>

*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 amount approved for FY 1996 is sufficient to fund 2.5 FTE Positions. The remaining 0.5 FTE Position may be supported through the non-appropriated Commission on the Arizona Environment Revolving Fund.

**Moving Expenses** — The FY 1996 amount includes \$2,500 for one-time printing and other expenses related to the agency's spring 1995 relocation.

**Other Issues** — Agency Review — The General Appropriation Act footnote requires the Auditor General to compare the Commission on the Arizona Environment's responsibilities with those of other state agencies to identify areas of overlap or duplication. The Legislature has not funded the commission for FY 1997, but may reconsider based on its review of the Auditor General's findings.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> It is the intent of the Legislature that the Auditor General shall examine, in his 1995 performance audit of the Commission on the Arizona Environment, the Commission on the Arizona Environment's functions and activities, and shall compare those with other state agencies to determine any areas of overlap or duplication. Findings of this comparison shall be included in the performance audit report which is to be completed by October, 1995. (General Appropriation Act footnote.)

**GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY**

Executive Order 93-20

Michael R. Moreno, Director

JLBC Analyst: Jim Hillyard

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	5.0	5.0	3.0
Personal Services	127,400	159,300	104,100
Employee Related Expenditures	22,100	30,100	17,700
Professional and Outside Services	5,100	6,400	4,000
Travel - In State	500	1,600	800
Travel - Out of State	1,100	1,500	700
Other Operating Expenditures	33,700	36,500	31,700
Equipment	2,300	-0-	-0-
<b>Total Appropriations</b>	<b>192,200</b>	<b>235,400</b>	<b>159,000</b> <sup>1/</sup>

*Agency Description* — The agency monitors equal opportunity plans submitted annually by each state agency and assists agencies in equal employment opportunity training and evaluation.

*Agency Reduction* — The approved amount reflects the elimination of 2 FTE Positions and \$76,400 from the agency's budget. It was the Legislature's intent to reduce this agency's overlap with the Arizona Department of Administration and the Attorney General's Office. The Legislature deferred appropriation of monies for FY 1997 to permit more intensive review of agency functions during the next budget cycle.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**STATE BOARD OF EQUALIZATION**

A.R.S. § 42-172.01

Peter Kay, Chairman

JLBC Analyst: Bob Hull

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	0.0	0.0	6.5	11.5
Personal Services	-0-	-0-	199,200	175,900
Employee Related Expenditures	-0-	-0-	38,600	32,200
Professional and Outside Services	-0-	-0-	15,800	111,400
Travel - In State	-0-	-0-	12,900	12,900
Travel - Out of State	-0-	-0-	2,300	2,300
Other Operating Expenditures	-0-	-0-	71,900	69,200
<b>Operating Subtotal</b>	<b>-0-</b>	<b>-0-</b>	<b>340,700</b>	<b>403,900</b>
State Board of Equalization	-0-	-0-	167,200	441,800
<b>Total</b>	<b>-0-</b>	<b>-0-</b>	<b>507,900 <sup>1/</sup></b>	<b>845,700 <sup>1/</sup></b>
<b>Additional Appropriations -</b> Property Tax; Valuation and Appeals, Ch. 249	-0-	-0-	85,500	-0-
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>593,400</b>	<b>845,700</b>

*Agency Description* — The State Board of Equalization (SBOE) consists of 17 members. The board will hear property tax appeals for properties in Maricopa and Pima Counties, replacing the Maricopa and Pima County Boards of Equalization, effective July 31, 1995, per Laws 1995, Chapter 249. Property tax appeals in other counties will continue to be heard by their respective County Boards of Equalization. Of the 17 members, the 7 gubernatorial appointments will also hear appeals of centrally valued properties and equalization orders by the Department of Revenue.

**New Agency** — Laws 1994, Chapter 323 established SBOE to hear appeals of property taxes in Maricopa and Pima Counties. The State Board of Tax Appeals was to provide staff support and meeting accommodations for SBOE. Laws 1995, Chapter 249 revised SBOE's responsibilities and transferred, effective July 31, 1995, all board members, employees, records, furnishings, equipment, and unexpended and unencumbered monies of Division I of the State Board of Tax Appeals to SBOE. For display purposes, the amounts appropriated by the General Appropriation Act to Division I of the State Board of Tax Appeals, \$507,900 and 6.5 FTE Positions in FY 1996 and \$749,000 and 11.5 FTE Positions in FY 1997, are shown in the SBOE budget. The 5 new FTE Positions for FY 1997 include a Property Appraiser I, an Administrative Secretary I, and 3 seasonal Clerk Typists III's to help with the new workload of property tax appeals, formerly handled by the Maricopa and Pima County Boards of Equalization. The additional approved FY 1997 Professional and Outside Services amount includes an initial General Appropriation Act appropriation of \$96,700 for hearing officer per diem expenses. These monies were directly appropriated to SBOE in the General Appropriation Act and were not part of the Chapter 249 transfer.

**State Board of Equalization** — This Special Line Item was initially intended in the General Appropriation Act as a set-aside within Division I of the State Board of Tax Appeals to provide administrative support for SBOE. With the passage of Chapter 249, these monies are also transferred to SBOE for its direct use and become part of the overall resources available for agency operations.

**Additional Appropriations** — Property Tax; Valuation and Appeals (Chapter 249) — Makes an FY 1996 appropriation of \$85,500 from the state General Fund and 1 FTE Position to SBOE, for the purpose of hiring a full-time chairman. Requires SBOE to submit a revised budget request for FY 1996 and FY 1997 by January 31, 1996.

<sup>1/</sup> Appropriated as a Lump Sum by Agency. The General Appropriation Act amount, originally appropriated to Division I of the State Board of Tax Appeals, was appropriated as a Lump Sum for the Program. Laws 1995, Chapter 249 transfers this amount to the State Board of Equalization on July 31, 1995.

**BOARD OF EXECUTIVE CLEMENCY**

A.R.S. § 31-401

Duane Belcher, Sr., Chairman

JLBC Analyst: Lorenzo Martinez

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	39.0	40.0	39.0	37.0
Personal Services	997,100	1,161,500	1,143,300	1,098,900
Employee Related Expenditures	213,400	260,800	266,600	255,900
Professional and Outside Services	48,500	64,000	58,100	58,100
Travel - In State	28,100	39,900	40,500	40,500
Travel - Out of State	3,300	1,400	1,400	1,400
Other Operating Expenditures	431,600	208,300	217,600	217,600
Equipment	26,800	4,000	4,000	4,000
<b>Operating Subtotal</b>	<b>1,748,800</b>	<b>1,739,900</b>	<b>1,731,500</b> <sup>1/</sup>	<b>1,676,400</b> <sup>1/</sup>
Disproportionality Review	-0-	26,300	-0-	-0-
<b>Total Appropriations</b>	<b>1,748,800</b>	<b>1,766,200</b>	<b>1,731,500</b>	<b>1,676,400</b>

*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.

*Technical Issues* — The approved amount includes a \$26,700 reduction to reflect the actual Personal Services base.

*Truth in Sentencing Impact* — The approved amount for FY 1996 eliminates \$19,200 and 1 FTE Position from an anticipated reduction in workload resulting from truth in sentencing legislation. The approved amount for FY 1997 further eliminates \$47,800 and 2 FTE Positions.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS**

A.R.S. § 32-1301

George Beard, Executive Director

JLBC Analyst: Jim Hillyard

Board of Funeral Directors and Embalmers Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	88,700	90,800	85,500	84,700
Employee Related Expenditures	16,500	19,200	14,800	14,800
Professional and Outside Services	21,200	28,900	31,300	31,100
Travel - In State	2,600	12,800	12,800	12,800
Travel - Out of State	22,200	27,900	28,000	28,000
Other Operating Expenditures	<u>1,400</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>152,600</b>	<b>179,600</b>	<b>172,400</b> <sup>1/2/</sup>	<b>171,400</b> <sup>1/</sup>

*Agency Description* — The board licenses, registers, and regulates embalmers, prearranged funeral salespersons, crematories, and funeral homes. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

*Technical Issues* — The decrease in funding between FY 1995 and FY 1996 is the result of Personal Services and Employee Related Expenditure savings associated with the hiring of a new Executive Director and Deputy Director.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)



**ARIZONA GAME AND FISH DEPARTMENT - SUMMARY**

A.R.S. § 17-201

Duane Schroufe, Director

JLBC Analyst: Bruce Groll

Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
<b>Program Summary</b>				
Administrative and Field Services	14,433,300	15,675,600	16,169,100	16,019,200
Watercraft	1,273,500	1,393,700	1,504,600	1,447,600
Non-Game Wildlife	246,200	271,500	275,400	274,200
<b>Total Appropriations</b>	<b>15,953,000</b>	<b>17,340,800</b>	<b>17,949,100</b>	<b>17,741,000</b>
<b>Expenditure Detail</b>				
FTE Positions	271.5	271.5	271.5	271.5
Personal Services	6,931,200	7,333,800	7,517,400	7,443,100
Employee Related Expenditures	2,299,900	2,459,100	2,574,800	2,562,600
Professional and Outside Services	246,500	234,600	234,600	234,600
Travel - In State	276,500	265,900	265,900	265,900
Travel - Out of State	47,200	30,700	30,700	30,700
Other Operating Expenditures	3,103,400	3,476,200	3,591,600	3,591,600
Equipment	575,500	720,000	816,500	765,000
<b>Operating Subtotal</b>	<b>13,480,200</b>	<b>14,520,300</b>	<b>15,031,500</b>	<b>14,893,500</b>
Special Line Items	2,472,800	2,820,500	2,917,600	2,847,500
<b>Total Appropriations</b>	<b>15,953,000</b>	<b>17,340,800</b>	<b>17,949,100</b>	<b>17,741,000</b>
<b>Fund Summary</b>				
Game and Fish Fund	14,162,400	15,371,400	15,875,000	15,797,200
Watercraft Licensing Fund	1,273,500	1,393,700	1,504,600	1,447,600
Game, Non-Game, Fish and Endangered Species Fund	246,200	271,500	275,400	274,200
Capital Improvement Fund	257,400	260,700	180,600	178,500
Waterfowl Conservation Fund	13,500	43,500	43,500	43,500
Land and Water Conservation Recreation Development Fund	-0-	-0-	70,000	-0-
<b>Total Appropriations</b>	<b>15,953,000</b>	<b>17,340,800</b>	<b>17,949,100</b> <sup>1/</sup>	<b>17,741,000</b> <sup>1/</sup>

**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.*

**Capital Outlay** — (Chapter 2, 1st Special Session) — Appropriates a total of \$409,800 for the following purposes: 1) Building Renewal from the Game and Fish Fund, \$109,800; 2) Deer Valley North Offices, from the Capital Improvement Fund, \$100,000; 3) Facilities repair and maintenance, from the Game and Fish Fund, \$30,000; 4) Shooting range development, from the Game and Fish Fund, \$10,000; and 5) Migratory waterfowl habitat, from the Waterfowl Conservation Fund, \$160,000.

<sup>1/</sup> Appropriation format varies by program.

**ARIZONA GAME AND FISH DEPARTMENT - ADMINISTRATIVE AND FIELD SERVICES**

A.R.S. § 17-201

Game and Fish Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	241.5	241.5	241.5	241.5
Personal Services	6,373,200	6,729,500	6,898,000	6,829,800
Employee Related Expenditures	2,138,300	2,261,300	2,367,600	2,356,000
Professional and Outside Services	201,500	160,000	160,000	160,000
Travel - In State	255,800	238,600	238,600	238,600
Travel - Out of State	33,300	19,600	19,600	19,600
Other Operating Expenditures	2,719,500	3,056,800	3,172,200	3,172,200
Equipment	564,900	720,000	765,000	765,000
<b>Operating Subtotal</b>	<b>12,286,500</b>	<b>13,185,800</b>	<b>13,621,000</b>	<b>13,541,200</b>
Cooperative Wildlife and Fish Research	40,000	40,000	40,000 <sup>1/</sup>	40,000 <sup>1/</sup>
Pittman-Robertson/Dingell-Johnson Act	1,835,900	2,145,600	2,208,000 <sup>1/</sup>	2,208,000 <sup>1/</sup>
Regional Field Offices Lease-Purchase	257,400	260,700	180,600	178,500
Wildlife Endowment	-0-	-0-	6,000	8,000
Waterfowl Conservation	13,500	43,500	43,500	43,500
Land and Water Conservation Recreation Development	-0-	-0-	70,000	-0-
<b>Total Appropriations</b>	<b>14,433,300</b>	<b>15,675,600</b>	<b>16,169,100</b>	<b>16,019,200</b>
<b>Fund Summary</b>				
Game and Fish Fund	14,162,400	15,371,400	15,869,000	15,789,200
Capital Improvement Fund	257,400	260,700	180,600	178,500
Wildlife Endowment Fund	-0-	-0-	6,000	8,000
Waterfowl Conservation Fund	13,500	43,500	43,500	43,500
Land and Water Conservation Recreation Development Fund	-0-	-0-	70,000	-0-
<b>Total Appropriations</b>	<b>14,433,300</b>	<b>15,675,600</b>	<b>16,169,100 <sup>2/</sup></b>	<b>16,019,200 <sup>2/</sup></b>

*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.

**Technical Issues** — The approved FY 1996 amount includes an increase of \$30,000 in Other Operating Expenditures for operating expenses for the addition of Red Mountain Lake in Mesa to the Urban Fisheries Program and no further increases for FY 1997. The approved FY 1996 amount also includes an increase of \$45,000 for capitalized replacement equipment and no further increases for FY 1997.

**Cooperative Wildlife and Fish Research** — The approved amounts provide funding for ongoing wildlife and conservation research projects conducted with the University of Arizona.

**Pittman-Robertson/Dingell-Johnson Act** — The approved FY 1996 amount includes an increase of \$62,400 for the state's 25% match for federal wildlife restoration and sport fishing projects, and no further increases for FY 1997.

**Regional Field Offices Lease-Purchase** — The approved FY 1996 amount includes a reduction of \$80,100 as requested by the agency for the department's lease-purchase payment for regional field offices in Kingman, Yuma and Flagstaff. The approved FY 1997 amount includes a further reduction of \$2,100 for the lease-purchase payment.

<sup>1/</sup> Any part of this appropriation of \$40,000 for cooperative wildlife and fish research and \$2,208,000 for Pittman-Robertson/Dingell-Johnson Act may be used for the purpose of matching federal and apportionment funds. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as a Modified Lump Sum for the Program.

(Continued)

**ARIZONA GAME AND FISH DEPARTMENT - ADMINISTRATIVE AND FIELD SERVICES (Cont'd)**

**Wildlife Endowment** — The approved FY 1996 amount includes an increase of \$6,000 for reimbursement to the Game and Fish Fund for wildlife conservation and management purposes. The approved FY 1997 amount includes a further increase of \$2,000 for wildlife conservation and management.

**Waterfowl Conservation** — The approved amounts facilitate the purchase 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.

**Land and Water Conservation Recreation Development** — The approved FY 1996 amount includes one-time funding of \$70,000 in matching funds for improvements to the Page Springs Nature Trail and to increase wildlife related educational and recreational opportunities at the Page Springs Fish Hatchery.

The Land and Water Conservation Recreation Development Fund supports recreation and education benefits in connection with fish and wildlife restoration projects and is used to purchase engineering services, land, rights of way and water rights, and for construction of lakes and dams for wildlife related recreational purposes.

<b>ARIZONA GAME AND FISH DEPARTMENT - WATERCRAFT</b>				<b>A.R.S. § 17-201</b>
<b>Watercraft Licensing Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>
Personal Services	438,400	493,800	506,200	501,200
Employee Related Expenditures	130,900	168,400	176,600	176,100
Professional and Outside Services	19,700	44,600	44,600	44,600
Travel - In State	17,500	19,900	19,900	19,900
Travel - Out of State	5,700	4,500	4,500	4,500
Other Operating Expenditures	333,000	341,800	341,800	341,800
Equipment	<u>7,600</u>	<u>-0-</u>	<u>51,500</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>952,800</b>	<b>1,073,000</b>	<b>1,145,100</b>	<b>1,088,100</b>
Reimbursement to Game and Fish Fund	<u>320,700</u>	<u>320,700</u>	<u>359,500</u>	<u>359,500</u>
<b>Total Appropriations</b>	<b>1,273,500</b>	<b>1,393,700</b>	<b>1,504,600 <sup>1/</sup></b>	<b>1,447,600 <sup>1/</sup></b>

*Program Description* — The Watercraft program is responsible for boat registration and the enforcement of boating safety laws.

*Technical Issues* — The approved FY 1996 amount includes a one-time increase of \$51,500 for capitalized replacement equipment.

*Reimbursement to Game and Fish Fund* — The approved FY 1996 amount includes an increase of \$38,800 to reimburse the Game and Fish Fund for watercraft law enforcement and registration services performed by the Administrative and Field Services program on behalf of the Watercraft program. There are no further increases for FY 1997.

<sup>1/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

<b>ARIZONA GAME AND FISH DEPARTMENT - NON-GAME WILDLIFE</b>				<b>A.R.S. § 17-201</b>
<b>Game, Non-Game, Fish and Endangered Species Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions	4.0	4.0	4.0	4.0
Personal Services	119,600	110,500	113,200	112,100
Employee Related Expenditures	30,700	29,400	30,600	30,500
Professional and Outside Services	25,300	30,000	30,000	30,000
Travel - In State	3,200	7,400	7,400	7,400
Travel - Out of State	8,200	6,600	6,600	6,600
Other Operating Expenditures	50,900	77,600	77,600	77,600
Equipment	3,000	-0-	-0-	-0-
<b>Operating Subtotal</b>	<b>240,900</b>	<b>261,500</b>	<b>265,400</b>	<b>264,200</b>
Reimbursement to Game and Fish Fund	5,300	10,000	10,000	10,000
<b>Total Appropriations</b>	<b>246,200</b>	<b>271,500</b>	<b>275,400</b> <sup>1/</sup>	<b>274,200</b> <sup>1/</sup>

*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.*

**Reimbursement to Game and Fish Fund —** The approved amounts are for reimbursement of the Game and Fish Fund for functions performed by the Administrative and Field Services program on behalf of the Non-Game Wildlife program.

<sup>1/</sup> Appropriated as a Lump Sum for the Program with Special Line Items.

**DEPARTMENT OF GAMING**

A.R.S. § 5-601

Gary Husk, Deputy Director

JLBC Analyst: Phil Case

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>21.0</u>	<u>28.0</u>	<u>50.0</u>	<u>68.0</u>
Personal Services	358,900	734,500	1,379,600	1,831,600
Employee Related Expenditures	78,100	176,300	328,400	441,400
Professional and Outside Services	27,500	35,900	327,400	358,700
Travel - In State	27,500	135,500	198,900	235,900
Travel - Out of State	26,300	40,000	125,000	125,000
Other Operating Expenditures	76,600	107,300	226,800	256,800
Equipment	<u>24,300</u>	<u>45,100</u>	<u>222,900</u>	<u>215,600</u>
<b>Operating Subtotal</b>	<b>619,200</b>	<b>1,274,600</b>	<b>2,809,000</b>	<b>3,465,000</b>
Arbitration Expense	-0-	40,000	40,000	40,000
<b>Total Appropriations</b>	<b>619,200</b>	<b>1,314,600</b>	<b>2,849,000 <sup>1/</sup></b>	<b>3,505,000 <sup>1/</sup></b>

*Agency Description — The Department of Gaming 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.*

**New Staff —** The approved FY 1996 amount includes an increase of \$1,534,200 and 22 FTE Positions. The new funding and positions will provide the department with the personnel and resources to regulate the growing Indian gaming industry. Of the new positions, 11 will be in the Certification Division which is responsible for certifying gaming employees, industry manufacturers, and industry suppliers. The other 11 FTE Positions will be in the Enforcement Division which is responsible for agency administration, enforcing gaming machine compliance, and enforcing compliance with all other aspects of the state-tribal compacts. The approved FY 1997 amount includes a further increase of \$656,000 and 18 FTE Positions. Of these positions, 6 will be in the Certification Division and 12 in the Enforcement Division.

**Arbitration Expense —** The approved FY 1996 and FY 1997 amounts will fund one-half the cost of any arbitration required to resolve disputes between the state and Indian tribes who have signed state-tribal compacts. This arrangement is required by the compacts.

**Additional Legislation — Department of Gaming; Establishment (Chapter 76) —** Transfers the State Gaming Agency from within the Department of Racing to its own separate budget. The bill also transfers all personnel, property, and the FY 1996 appropriation from the Department of Racing to the new department.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with a Special Line Item. NOTE: These funds were appropriated in the General Appropriation Act to the Department of Racing. Chapter 76 transferred the FY 1996 monies to the new Department of Gaming (see above). For purposes of comparability, the FY 1997 monies are shown here too.

**ARIZONA GEOLOGICAL SURVEY**

A.R.S. § 27-151

Larry D. Fellows, State Geologist

JLBC Analyst: Renée E. Bahl

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>13.3</u>	<u>13.3</u>	<u>13.3</u>	<u>13.3</u>
Personal Services	390,300	402,700	414,100	415,700
Employee Related Expenditures	89,400	84,500	84,400	85,000
Professional and Outside Services	300	-0-	-0-	-0-
Travel - In State	9,100	12,400	27,700	33,300
Travel - Out of State	2,900	2,000	2,000	2,000
Other Operating Expenditures	117,800	124,300	168,600	168,600
Equipment	<u>3,100</u>	<u>-0-</u>	<u>58,100</u>	<u>21,700</u>
<b>Total Appropriations</b>	<b>612,900</b>	<b>625,900</b>	<b>754,900</b> <sup>1/</sup>	<b>726,300</b> <sup>1/2/</sup>

*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.

**Technical Issues** — The approved FY 1996 amount includes a one-time increase of \$2,000 to replace a computer, and an additional \$1,500 in Personal Services and Employee Related Expenditures to upgrade a Graphics Supervisor position to a Graphic Designer II position. The approved FY 1997 amount includes 2 further increases: 1) a one-time increase of \$2,000 to replace another computer, and 2) an additional \$6,500 in Personal Services and Employee Related Expenditure to fund ¼ of an existing 0.5 Geologist I position. Prior to FY 1997, the department must secure matching funds from another public entity to make the Geologist I position full-time or the \$6,500 will revert to the state General Fund.

**Relocation** — The approved FY 1996 amount includes a net increase of \$40,500 for higher rent as the department is scheduled to move from private space to the Tucson State Office Building on July 1, 1995. There are no further increases for FY 1997.

**Vehicles** — The approved FY 1996 amount includes an increase of \$71,400 for 3 Arizona Department of Administration (ADOA) vehicles. Of this amount, \$56,100 is one-time vehicle funding and the remainder is for on-going daily and mileage ADOA Motor Pool fees. The approved FY 1997 amount includes a further increase of \$25,300 for 1 ADOA Motor Pool vehicle. Of this amount, \$19,700 is one-time vehicle funding and the remainder is for on-going ADOA Motor Pool fees.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> The \$6,500 added for the 0.5 Geologist I FTE Position in FY 1997 shall revert to the General Fund if matching money to make this position full-time is not secured by June 30, 1996. (General Appropriation Act footnote.)

**OFFICE OF THE GOVERNOR**

A.R.S. § 41-101

The Honorable Fife Symington, Governor

JLBC Analyst: Dick Morris

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
Lump Sum Appropriation	4,089,700	4,195,400	4,580,100 <sup>1/2/</sup>	4,550,300 <sup>1/2/</sup>
Office for Excellence in Government	1,683,500	1,427,800	2,016,900	2,008,300
Border Volunteer Corps; Appropriation	-0-	174,000 <sup>3/</sup>	-0-	-0-
Study Committee; NAFTA; Appropriation	-0-	100,000	-0-	-0-
<b>Total</b>	<b>5,773,200</b>	<b>5,897,200</b>	<b>6,597,000 <sup>4/</sup></b>	<b>6,558,600 <sup>4/</sup></b>
<b>Additional Appropriations -</b>				
Attorney General; General Counsel; Responsibilities, Ch. 94	-0-	-0-	34,375	-0-
Border Volunteer Corps, Ch. 106	-0-	-0-	75,000 <sup>3/</sup>	-0-
Telecommunications Office; Studies; Appropriation, Ch. 246	-0-	-0-	277,900 <sup>5/</sup>	-0-
<b>Total Appropriations</b>	<b>5,773,200</b>	<b>5,897,200</b>	<b>6,984,275</b>	<b>6,558,600</b>
<b>Fund Summary</b>				
General Fund	5,711,700	5,897,200	6,484,275	6,058,600
Legislative, Executive & Judicial Public Buildings Land Earnings Fund	61,500 <sup>6/</sup>	-0-	-0-	-0-
Office for Excellence in Government Fund	-0-	-0-	500,000	500,000
<b>Total Appropriations</b>	<b>5,773,200</b>	<b>5,897,200</b>	<b>6,984,275</b>	<b>6,558,600</b>

*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. Legislation enacted in 1995 established the Governor's Telecommunications Policy Office and assigned it to the Office of the Governor.*

**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 quality of state services.

<sup>1/</sup> The lump sum appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)  
<sup>2/</sup> Included in the lump sum appropriations of \$4,580,100 for FY 1996 and \$4,550,300 for FY 1997 is \$10,000 each year for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)  
<sup>3/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.  
<sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.  
<sup>5/</sup> Of the amount shown, the \$252,900 appropriated for the operation of the Governor's Telecommunications Policy Office is exempt from A.R.S. § 35-190, relating to lapsing appropriations.  
<sup>6/</sup> There was a balance on June 30, 1994 of \$253,941 available for expenditure from this FY 1992 non-lapsing appropriation of \$800,000.

(Continued)



**OFFICE OF THE GOVERNOR (Cont'd)**

The approved amount for FY 1996 and FY 1997 are shown below:

	FY 1996			FY 1997		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
FTE Positions	18.0	0.0	18.0	18.0	0.0	18.0
Personal Services	851,300	-0-	851,300	842,900	-0-	842,900
Employee Related Expenditures	146,900	-0-	146,900	146,700	-0-	146,700
Professional and Outside Services	260,000	450,000	710,000	260,000	450,000	710,000
Travel - In State	10,000	-0-	10,000	10,000	-0-	10,000
Travel - Out of State	1,600	-0-	1,600	1,600	-0-	1,600
Other Operating Expenditures	239,600	50,000	289,600	239,600	50,000	289,600
Equipment	7,500	-0-	7,500	7,500	-0-	7,500
Total	1,516,900	500,000	2,016,900	1,508,300	500,000	2,008,300

**Employee Training and Development** — Laws of 1994, Chapter 152 created the Office for Excellence Fund, a depository for monies collected from state agencies for training and development of employees. The approved amounts for FY 1996 and FY 1997 include \$450,000 for the development of employee classes. In addition, \$50,000 is approved for the lease/rental of buildings, printing and photography as well as other operating supplies.

**Local Area Network** — There is \$35,000 included in the approved amounts to lease and maintain a personal computer network from the Arizona Department of Administration (ADOA). ADOA provides employee training, computer and printing equipment for the local area network, and technical support.

**Governor's Quality Award Sponsorship** — Included in the approved amounts is \$25,000 to identify and evaluate organizations and employees who will compete for the Governor's Quality and Pioneer Awards.

**Additional Appropriations — Attorney General; General Counsel; Responsibilities (Chapter 94)** — Authorizes the Governor to employ legal counsel and expend money for legal services. On August 1, 1995, \$34,375 will be transferred to the Office of the Governor from the Attorney General-Department of Law. The Office of the Governor will use these funds for legal services. In addition, the Joint Legislative Budget Committee, in cooperation with the Arizona Department of Administration, will determine an amount to be allocated to the Office of the Governor in FY 1996, from the appropriation for Risk Management Defense. That allocation is to be made prior to August 1, 1995. Please see the Attorney General-Department of Law for additional information regarding Chapter 94.

**Border Volunteer Corps; Appropriation (Chapter 106)** — Defines the "Arizona-Sonora border area" as 100 kilometers north of the Arizona-Mexico border and 10 kilometers south of the Arizona-Mexico border line. This act also clarifies the term of office that the directors for the Arizona International Development Authority, initially appointed for less than 3 years, may serve. It also specifies the amount directors may be reimbursed when performing official duties.

Laws of 1994, Chapter 141 were amended to direct the Arizona-Mexico Commission, through the Border Volunteer Corps to:

- Provide matching monies for post-service benefit awards;
- Fund administrative costs required by the federal grant; and,
- Raise additional monies through the private sector, individual donations and other sources.

The act also provides a non-lapsing, General Fund appropriation to the Governor of \$75,000 for distribution to the Arizona-Mexico Commission in FY 1996. Both this appropriation and the \$174,000 General Fund appropriation for FY 1995 contained in the Laws of 1994, Chapter 141, are to carry out the powers and duties set forth in this 1995 legislation.

(Continued)

**OFFICE OF THE GOVERNOR (Cont'd)**

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Telecommunications Office; Studies; Appropriation (Chapter 246) — Establishes the Governor's Telecommunication Policy Office in the Office of the Governor, and creates the Joint Legislative Study Committee on Competitive Telecommunications Services. The Telecommunications Policy Office is to provide comprehensive oversight and development of communications in this state, including telemedicine. There is \$277,900 appropriated to the Governor for the Telecommunications Policy Office. Of that amount, \$252,900 is for operation of the new office and \$25,000 is to conduct a study to determine if basic telephone service is available in all areas of Arizona, at a reasonable cost. The appropriation for operation of the new office is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations.

The Joint Legislative Study Committee on Competitive Telecommunication Services is a 7-member committee, including the Chairman of the Corporation Commission who is an advisory member and not eligible to vote. The committee is to study the steps necessary to encourage the entry of new telecommunication carriers, and progressively lessen the regulation on existing major telecommunication carriers now operating in Arizona. This committee is directed to report its findings and recommendations, including recommended legislation, before December 31, 1995, at which time the committee is to be disbanded.

**GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING**

**Executive Order  
No. 90-22**

Peter J. Burns, Director

JLBC Analyst: Dick Morris

<b>General Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>
Lump Sum Appropriation	<u>1,278,100</u>	<u>1,460,000</u>	<u>1,711,000</u>	<u>1,699,500</u>
<b>Total Appropriations</b>	<b>1,278,100</b>	<b>1,460,000</b>	<b>1,711,000 <sup>1/</sup></b>	<b>1,699,500 <sup>1/</sup></b>

**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.*

**Office Automation** — The approved amounts for FY 1996 and FY 1997 include \$80,000 each year to enhance and expand the usage of the Local Area Computer Network installed in the Office of Strategic Planning and Budgeting (OSPB). The planned changes will enable the OSPB Staff to access the state's Multi-Agency Network and have on-line computer access to the Arizona Financial Information System, which is the state's appropriation control and accounting system.

**Other Changes** — In addition to the funding for merit increases provided by the Legislature in FY 1996, the approved amounts for FY 1996 and FY 1997 include increases of \$73,500 for Personal Services and Employee Related Expenditures, \$42,700 for Professional and Outside Services, and \$20,400 for Other Operating Expenditures.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**ARIZONA COUNCIL FOR THE HEARING IMPAIRED**

A.R.S. § 36-1941

Stuart R. Brackney, Director

JLBC Analyst: Gita Reddy

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	5.0	5.0	5.0	5.0
Personal Services	126,800	140,700	144,200	142,800
Employee Related Expenditures	32,700	38,900	36,300	36,200
Professional and Outside Services	2,900	8,100	11,700	11,700
Travel - In State	1,300	2,000	2,000	2,000
Travel - Out of State	700	2,300	2,300	2,300
Other Operating Expenditures	31,500	27,700	28,100	28,100
Equipment	9,300	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>205,200</b>	<b>219,700</b>	<b>224,600 <sup>1/</sup></b>	<b>223,100 <sup>1/</sup></b>

*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.

**Open Captions** — The approved amounts include an increase of \$3,600 to provide open captions for the agency's weekly television program "Sign Out."

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**ARIZONA HISTORICAL SOCIETY**

A.R.S. § 41-821

Dr. Michael F. Weber, Executive Director

JLBC Analyst: Renée E. Bahl

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	48.5	53.0	62.0 <sup>1/</sup>	64.5 <sup>1/</sup>
Personal Services	1,277,400	1,131,600	1,158,700	1,147,200
Employee Related Expenditures	250,300	249,900	257,800	257,400
Professional and Outside Services	47,500	47,900	47,900	47,900
Travel - In State	8,500	13,600	20,500	20,500
Other Operating Expenditures	1,645,100	331,100	381,800	381,800
Equipment	11,200	16,300	33,600	14,200
<b>Operating Subtotal</b>	<b>3,240,000</b>	<b>1,790,400</b>	<b>1,900,300</b>	<b>1,869,000</b>
Journal of Arizona History	5,000	5,000	5,000	5,000
Historical Society Grants	30,000	30,000	30,000	30,000
Library Acquisitions	1,500	1,500	1,500	1,500
Papago Park Museum	-0-	1,812,300	2,069,700	2,155,600
<b>Total Appropriations</b>	<b>3,276,500</b>	<b>3,639,200</b>	<b>4,006,500 <sup>2/</sup></b>	<b>4,061,100 <sup>2/</sup></b>

*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).

*Technical Issues* — The approved FY 1996 amount includes: a) a one-time increase of \$16,900 for replacement equipment, including a replacement photocopier for the Rio Colorado Division, and b) an increase of \$23,600 for a replacement vehicle into Arizona Department of Administration Motor Pool, of which \$16,700 is a one-time vehicle cost. The approved FY 1997 amount includes a further one-time increase of \$14,200 for replacement equipment, including a replacement photocopier for the Northern Arizona Division.

*Journal of Arizona History* — The appropriation provides for the publishing of the Journal as required pursuant to A.R.S. § 41-824A. The Journal is published quarterly.

*Historical Society Grants* — A.R.S. § 41-821H and A.R.S. § 41-821I allow the 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.

*Papago Park Museum* — The approved FY 1996 amount includes an increase of \$255,600 and 9 FTE Positions to fund the operating expenses for the partial opening of Papago Park Museum. The partial opening—which includes the outdoor, first floor, and part of the second floor exhibits—is planned for January 1996. The approved FY 1997 amount includes a further increase of \$89,200 and 2.5 FTE Positions to fund the total museum operating costs. Some of the 11.5 new FTE Positions, such as the Graphics Designer, Museum Curator, and Exhibits Preparator, will research and plan the exhibits, while other new FTE Positions, such as the Clerk Typist and Maintenance Technician, will perform administrative duties and maintain the building. The museum should be entirely open in early FY 1998 with 11 exhibits, a library, a restaurant and a gift shop.

<sup>1/</sup> Includes 21 and 23.5 FTE Positions funded from Special Line Items in FY 1996 and FY 1997, respectively.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

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**ARIZONA HISTORICAL SOCIETY (Cont'd)**

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Papago Park Museum will focus on how people come to the desert with distinct visions of how to rework the landscape to create economically viable communities in the post-World War II era. Its displays will show the convergence of elements that spurred growth in the 19th century and the new forms of American life in the 20th century.

The monies in the Papago Park Museum Special Line Item support the operating expenditures of the museum including 21 FTE Positions in FY 1996 and 23.5 FTE Positions in FY 1997. The approved FY 1996 and FY 1997 General Fund amounts include \$1,202,800 for the museum's lease-purchase payments. The FY 1997 lease-purchase amount may be adjusted next year in accordance with the payment schedule. These payments will continue through year 2010.

While the state General Fund supports the museum's operation, private donations will fund the exhibits. The society estimates exhibits for the partial opening to cost \$1,500,000 and the remaining exhibits for the full opening to cost an additional \$2,200,000. The Arizona Community Foundation, a private non-profit entity, holds the society's Papago Park donation account.

**PRESCOTT HISTORICAL SOCIETY OF ARIZONA**

A.R.S. § 41-831

Sue Abbey, Interim Director

JLBC Analyst: Jason Hall

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	15.5	15.5	16.0	16.0
Personal Services	355,100	377,400	396,100	392,200
Employee Related Expenditures	111,100	119,300	121,800	121,600
Professional and Outside Services	2,800	5,100	3,300	3,300
Travel - In State	-0-	400	400	400
Other Operating Expenditures	74,600	64,700	87,400	87,000
<b>Total Appropriations</b>	<b>543,600</b>	<b>566,900</b>	<b>609,000 <sup>1/</sup></b>	<b>604,500 <sup>1/</sup></b>

**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.*

**Building Maintenance** — The approved amounts include an increase of \$18,100 and the addition of 0.5 FTE Position to fund the Personal Service costs and Employee Related Expenditures associated with a part-time maintenance worker and to provide an additional \$5,500 for purchase of building repair supplies. The new staff person will assist the existing 1 FTE maintenance position with the upkeep and repairs required to preserve the museum's 3 acres of land and 13 buildings/structures.

**Utility Expenses** — The approved amounts include an increase of \$15,600 to fund utility costs previously paid for with monies from the Sharlot Hall Historical Society Fund. The Sharlot Hall Fund receives monies from donations, gifts, and membership fees which are made to support educational programs and curatorial work.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**BOARD OF HOMEOPATHIC MEDICAL EXAMINERS**

A.R.S. § 32-2901

Tina Sotis, Executive Director

JLBC Analyst: Jim Hillyard

Board of Homeopathic Medical Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Personal Services	8,700	9,000	13,100	13,000
Employee Related Expenditures	700	2,100	1,600	1,600
Professional and Outside Services	10,700	13,100	11,100	11,000
Travel - In State	600	500	1,300	1,300
Other Operating Expenditures	1,600	1,700	2,300	2,300
Equipment	-0-	3,600	-0-	-0-
<b>Total Appropriations</b>	<b>22,300</b>	<b>30,000</b>	<b>29,400</b> <sup>1/2</sup>	<b>29,200</b> <sup>1/</sup>

*Agency Description* — The board licenses and regulates medical physicians who practice homeopathy, a system of medical treatment based on the use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

**Additional Hours** — The approved amounts include an increase in the Executive Director's weekly hours from 13.5 to 20 hours.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)



**ARIZONA COMMISSION OF INDIAN AFFAIRS**

A.R.S. § 41-541

Tony Machukay, Executive Director

JLBC Analyst: Rachele Child

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	4.0	4.0	4.0
Personal Services	101,500	105,100	107,600
Employee Related Expenditures	24,000	27,100	27,800
Travel - In State	6,000	6,800	6,800
Other Operating Expenditures	26,800	30,100	33,800
Equipment	2,500	2,700	9,800
<b>Operating Subtotal</b>	<b>160,800</b>	<b>171,800</b>	<b>185,800</b>
Indian Town Hall	-0-	-0-	4,000 <sup>1/</sup>
<b>Total Appropriations</b>	<b>160,800</b>	<b>171,800</b>	<b>189,800 <sup>1/</sup></b>

*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.*

**Other Operating Expenditures** — The approved amount includes an increase of \$3,300 for the monthly lease and line charges for a new telephone system installed by the Department of Administration at the commission's new office location at 1400 West Washington, and an increase of \$500 for postage.

**Replacement Equipment** — The approved amount includes a total of \$9,800 for the one-time replacement of a copy machine.

**Indian Town Hall** — The approved amount includes a non-lapsing total of \$4,000 to cover the commission's cost of conducting 2 statewide educational forums each year.

**FY 1997** — The Legislature deferred appropriating monies for FY 1997 to permit more intensive review of agency functions during the next budget cycle.

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

<sup>2/</sup> Appropriated as a an Operating Lump Sum by Agency with Special Line Items.

**INDUSTRIAL COMMISSION OF ARIZONA**

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Gita Reddy

Administrative Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
<u>Program Summary</u>				
Administration	2,741,900	4,608,100	2,488,300	2,486,400
Claims	2,570,700	2,659,400	2,759,100	2,590,100
Administrative Law Judge	3,592,100	3,873,800	3,913,800	3,799,100
Labor	425,200	447,400	469,000	462,300
Special Fund	435,800	563,900	687,900	677,700
Occupational Safety and Health	1,638,200	1,676,100	1,726,200	1,711,400
Legal Counsel	657,600	892,800	903,600	894,000
<b>Total Appropriations</b>	<b>12,061,500</b>	<b>14,721,500</b>	<b>12,947,900</b>	<b>12,621,000</b>
FTE Positions	<u>261.0</u>	<u>265.0</u>	<u>271.0</u>	<u>272.0</u>
Personal Services	6,305,900	6,818,700	7,047,200	6,995,600
Employee Related Expenditures	1,402,400	1,558,200	1,642,500	1,645,400
Professional and Outside Services	1,513,700	1,756,300	1,742,300	1,542,300
Travel - In State	145,500	173,300	173,500	172,100
Travel - Out of State	25,000	11,900	21,900	21,900
Other Operating Expenditures	2,403,700	2,582,800	2,258,500	2,242,700
Equipment	265,300	19,000	62,000	1,000
<b>Operating Subtotal</b>	<b>12,061,500</b>	<b>12,920,200</b>	<b>12,947,900</b>	<b>12,621,000</b>
Automation	-0-	1,801,300	-0-	-0-
<b>Total Appropriations</b>	<b>12,061,500</b>	<b>14,721,500</b>	<b>12,947,900 <sup>1/</sup></b>	<b>12,621,000 <sup>1/</sup></b>

*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.*

**Technical Issues** — The approved FY 1996 amount includes a decrease of \$375,000 due to the completion of lease-purchase payments for equipment for the agency's imaging system. The approved FY 1997 amount also includes a further reduction of \$15,000 to reflect a decrease in lease-purchase payments.

The approved amounts also include an increase of \$37,800 for rent.

**Vacancy Savings** — Currently, each division of the Industrial Commission has its own vacancy factor. Administration, Claims, Administrative Law Judge, and Occupational Safety and Health have vacancy factors of 1%, 1.5%, 1.5%, and 1%, respectively, while Labor, Special Fund and Legal all have 0% vacancy factors. Each of the vacancy factors is based on the division's number of FTE Positions. However, the agency's format is lump sum so vacancy savings should not be applied on a divisional basis. A 3% vacancy factor brings the agency in-line with other agencies of similar FTE Position size. The approved amounts include a reduction of \$167,500.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

(Continued)

## **INDUSTRIAL COMMISSION OF ARIZONA - (Cont'd)**

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**EDP Computer Operator** — The approved FY 1997 amount includes an increase of \$23,900 for 1 FTE Position (computer operator) which will allow the agency to move its database in-house. Currently, the database is on the Arizona Department of Administration's (ADOA's) mainframe. The approved FY 1997 amount also includes a reduction of \$150,000 in Other Operating Expenditures. In FY 1996, the agency estimates that it will spend \$350,000 for ADOA Data Center charges. The agency anticipates that it will move its claims database in-house during the latter part of FY 1997, saving \$150,000 in the first year and \$350,000 in the years following.

**Hearing Costs** — In an attempt to control rising hearing costs, the agency is planning to implement a mandatory pre-hearing settlement program for its Administrative Law Judges (ALJs). The agency estimates that the program will reduce the number of cases sent to hearings by 25%. The approved FY 1996 amount includes a reduction of \$50,000 in Professional and Outside Services to reflect a decrease in hearing costs (primarily medical witnesses and court reporter fees). The approved FY 1997 amount includes a further reduction of \$50,000 for hearing costs.

**Claims/Special Fund** — The approved amounts include an increase of \$93,400 to fund the agency's proposed reclassification of workers' compensation claims specialists, pending ADOA's approval. The agency has had high turnover in these positions, resulting in processing backlogs. In the Special Fund, 14 of the 15 claims specialist positions have been vacant at some point during the past 2 years.

The approved FY 1996 amount includes an increase of \$55,700 to fund 2 FTE Positions (claims specialists) to help process Special Fund claims. The approved FY 1997 amount includes a decrease of \$6,000 for one-time capitalized equipment costs. The additional manpower will allow the claims specialists to review Special Fund claims more in-depth, which will help reduce Special Fund losses.

**Increased ALJ Costs** — The approved amounts include an increase of \$19,000 for registration fees and travel costs, primarily for new ALJs. The ALJ Division has experienced 32% turnover in the last fiscal year, with 7 of its 22 ALJs retiring or resigning. The approved FY 1996 amount also includes an increase of \$37,100 to purchase 3 cars for ALJs to use when conducting out-of-town hearings. After the first year, using agency cars instead of reimbursing ALJs for mileage will save \$4,900, even after factoring in ADOA's maintenance and replacement charges.

**Occupational Safety Consultant III** — The approved FY 1996 amount includes an increase of \$36,800 for 1 FTE Position which will allow the agency to expand its new inspection program which targets employers with the worst loss records and no further increases for FY 1997. The approved FY 1997 amount includes a decrease of \$3,500 for the consultant's one-time capitalized equipment costs.

**Cost Containment Services** — The approved FY 1996 amount includes an increase of \$36,000 to fund a Utilization Review Program for the Special Fund to audit doctor, hospital, physical therapy, and prescription billings and no further increases for FY 1997. The State Compensation Fund reports that it saves \$5 for every \$1 spent on its Utilization Review Program. The recommended level of funding would allow the agency to send out 20 cases per month to be reviewed.

**Optical Disk Technician II** — The approved FY 1996 amount also includes an increase of \$25,200 for 1 FTE Position to scan and index documents onto the imaging system. The approved FY 1997 amount includes a decrease of \$3,500 for one-time capitalized equipment costs. Imaging was expanded from the Claims Division to the ALJ, Legal, and Special Fund Divisions in FY 1995, which will increase the number of documents needing to be scanned and indexed.

**No Insurance Cases** — The Legal Division can investigate and collect damages from uninsured employers whose employees have received payment from the Special Fund. In FY 1993, the division received approximately 700 collection referrals from the Special Fund; in FY 1994, that number increased to approximately 1,100. The division has the equivalent of 3 FTE Positions currently working on these cases. The approved amounts include an increase of \$23,900 for 1 FTE Position (clerk typist) to process these cases and a FY 1997 decrease of \$3,500 for one-time capitalized equipment costs. Imaging was expanded from the Claims Division to the ALJ, Legal, and Special Fund Divisions in FY 1995, which will increase the number of documents needing to be scanned and indexed.

**Wage Claims** — The FY 1996 approved amount includes an increase of \$22,800 to fund 1 FTE Position (clerk typist) to process wage claim notices, which will reduce the amount of time necessary to process a wage claim, on average, from 6 months to 3 months. The approved FY 1997 amount includes a decrease of \$3,500 for one-time capitalized equipment costs.

**DEPARTMENT OF INSURANCE**

A.R.S. § 20-101

Chris Herstam, Director

JLBC Analyst: Lynne Smith

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	86.9	103.9	104.4	105.9
Personal Services	1,801,300	2,176,700	2,260,800	2,268,800
Employee Related Expenditures	416,300	512,400	531,800	537,900
Professional and Outside Services	169,000	81,700	81,700	81,700
Travel - In State	4,700	9,200	9,200	9,200
Travel - Out of State	6,600	10,600	10,100	9,600
Other Operating Expenditures	505,100	865,100	1,033,800	1,033,800
Equipment	14,600	4,400	-0-	-0-
<b>Operating Subtotal</b>	<b>2,917,600</b>	<b>3,660,100</b>	<b>3,927,400</b>	<b>3,941,000</b>
Insurance Rate Publication	-0-	40,000	72,000	72,000
Fraud Unit	-0-	750,000	730,300	722,700
<b>Total</b>	<b>2,917,600</b>	<b>4,450,100</b>	<b>4,729,700</b> <sup>1/2</sup>	<b>4,735,700</b> <sup>1/2</sup>
<b>Additional Appropriations - Regulatory Reform, Ch. 251</b>	<b>-0-</b>	<b>-0-</b>	<b>(89,500)</b>	<b>-0-</b>
<b>Total Appropriations</b>	<b>2,917,600</b>	<b>4,450,100</b>	<b>4,640,200</b>	<b>4,735,700</b>

*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.

**Computer System Fund Expiration** — The approved FY 1996 amount includes an additional \$36,800 and 2 FTE Positions to provide 6-months funding to operate the department's computer system, with a further increase of \$36,800 to annualize the positions in FY 1997. The approved amounts continue monies currently funded through the department's non-appropriated Computer System Fund, which will expire December 31, 1995.

**Insurance Rate Publication** — Laws 1993, Chapter 1, 5th Special Session, 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 Transportation for distribution to the public. This Special Line Item includes funding for costs associated with providing copies of the premium comparisons and complaint ratios. The approved amounts include an increase of \$32,000 to reflect actual printing costs. The FY 1995 appropriation was based on the department's initial cost estimate of \$0.02 per copy for a single page report. Actual printing costs are \$0.12 per copy for a multiple-page report.

**Fraud Unit** — Laws 1994, Chapter 154 established a fraud unit in the department, starting in FY 1995. This Special Line Item funds 17 FTE Positions. The Fraud Unit investigates suspected fraud committed by insureds against insurance companies and reports alleged violations to the Attorney General. The department annually assesses insurance companies for the administration and operation of the Fraud Unit. Each year the fee is 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. 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 approved amounts include an increase of \$15,000 for travel and operating supplies and a decrease of \$47,400 for one-time FY 1995 start up costs.

**Additional Appropriation — Regulatory Reform (Chapter 251)** — Please see the General Legislation section for a description of this legislation, which transfers out 1.5 FTE Positions in FY 1996. This number will be annualized in FY 1997, for a revised FTE Positions total of 102.9.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>2/</sup> It is the intent of the Legislature that only expenses and FTE Positions specifically related to examinations, including pre-examination and post-examination expenses, shall be paid from the Insurance Examiners Revolving Fund. (General Appropriation Act footnote.)

**STATE LAND DEPARTMENT**

A.R.S. § 37-102

M. J. Hassell, Land Commissioner

JLBC Analyst: Gita Reddy

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions <sup>1/</sup>	154.0	157.0	160.0	160.0
Personal Services	4,361,800	4,638,000	4,789,900	4,743,300
Employee Related Expenditures	893,100	1,028,800	1,108,400	1,106,800
Professional and Outside Services	443,000	436,600	431,600	431,600
Travel - In State	178,000	201,300	204,900	204,900
Travel - Out of State	11,200	2,200	2,200	2,200
Other Operating Expenditures	2,455,100	1,962,600	2,668,500	2,678,000
Equipment	116,900	101,400	109,700	119,000
<b>Operating Subtotal</b>	<b>8,459,100</b>	<b>8,370,900</b>	<b>9,315,200</b>	<b>9,285,800</b>
Litigation Expenses	43,400	20,000	20,000	20,000
Legal Advertising	8,200	30,000	15,000	15,000
CAP User Fees	78,100	778,800	1,170,200	1,521,200
Water Rights Filing Fees	700	6,500	16,900	16,900
Water Litigation	35,100	36,800	37,900	37,600
Illegal Dump Supervision	51,500	50,000	50,000	50,000
Natural Resource Conservation Districts	150,000	320,000	320,000	320,000
NRC Model Demonstration Project	-0-	80,000	-0-	-0-
Conservation Education	30,000	30,000	30,000	30,000
Board of Appeals	11,400	16,400	16,400	16,400
Streambed Ownership	190,400	183,600	184,700	184,400
Land 2000	-0-	30,000 <sup>2/</sup>	74,900	74,300
Legal Assistance	-0-	200,000	200,000	200,000
Grazing Land Commission	-0-	100,000	-0-	-0-
Central Arizona Project Delinquent Payments	-0-	850,000 <sup>3/</sup>	-0-	-0-
<b>Total Appropriations</b>	<b>9,057,900</b>	<b>11,103,000</b>	<b>11,451,200 <sup>4/</sup></b>	<b>11,771,600 <sup>4/</sup></b>

*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.

*Technical Issues* — The approved FY 1996 amount includes a decrease of \$54,000 to reflect filling positions at a lower salary level. The amount also includes \$105,200 in one-time funding for 8 printers, 7 computers, 1 air conditioning unit, 1 facsimile machine, 1 blueline machine, 1 copier, and 1 truck. The approved FY 1997 amount includes \$119,000 in one-time funding for 1 plotter, 1 digitizer, 11 laser printers, 8 computers, 2 copiers, and 1 truck. The amount also includes an increase of \$9,500 for non-capitalized equipment.

*Waste Disposal Sites* — The approved Other Operating Expenditure amounts include an increase of \$868,600 for Risk Management premiums. These premiums have increased primarily to adjust for the high costs the state is incurring cleaning up the 17 hazardous waste disposal sites on state lands at the request of the Department of Environmental Quality.

*State Cartographer's Office* — The approved amounts include a FY 1996 increase of \$113,800 to fund 3 FTE Positions to staff a State Cartographer's Office and a FY 1997 decrease of \$4,500 for one-time costs. The increase is offset by FY 1996 reductions offered by the department totaling \$51,000 (\$5,000 in Professional and Outside Services, \$31,000 in Other Operating Expenditures, and \$15,000 in Legal Advertising). In 1988, the Legislature established the State Cartographer's

<sup>1/</sup> Includes 3 FTE Positions funded from Special Line Items in FY 1996 and FY 1997.

<sup>2/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated 1 land coordinator position and \$30,000 to implement Land Policy 2000.

<sup>3/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$850,000 to pay state-guaranteed delinquent CAP assessments against lessees of state land to the Federal Reclamation Trust Fund.

<sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

## STATE LAND DEPARTMENT (Cont'd)

Office within the Land Department to provide statewide coordination of Geographic Information Systems-related activities, but never funded the office. The State Cartographer's Office will be responsible for establishing statewide database development standards and for coordinating with local governments to prevent database duplication and to prioritize database development.

**Litigation Expenses** — This appropriation funds some expenses related to department litigation, including opposing attorneys' fees, expert witnesses, and travel expenses.

**Legal Advertising** — The approved FY 1996 amount includes a decrease of \$15,000 offered by the agency to offset the costs of the State Cartographer's Office. 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 for state trust lands, it entered into a 50-year subcontract with the Central Arizona Water Conservation District to repay construction costs associated with the project. The approved FY 1996 amount includes an increase of \$391,400 for the payment of construction costs associated with the Central Arizona Project (CAP). The approved FY 1997 amount includes a further increase of \$351,000 for CAP user fees.

**Water Rights Filing Fees** — The appropriation funds the costs of filing and claiming water sources on newly acquired state land. The approved amounts include an increase of \$10,400 due to higher water rights filing fees and a larger number of filings.

**Water Litigation** — This appropriation funds a water resources specialist position to research and file trust land water rights.

**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 provides \$10,000 per district, the statutory limit.

**NRC Model Demonstration Project** — The approved FY 1996 amount includes a decrease of \$80,000 for the one-time funding of a Natural Resource Conservation District model demonstration project.

**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.

**Streambed Ownership** — This appropriation funds 1 Water Resources Engineer and outside consultants to research and determine the ownership of watercourses in Arizona.

**Land 2000** — The approved amounts include \$44,300 to annualize funding for the Land 2000 FTE planning position and \$30,000 authorized by Laws 1995, Chapter 6, 1st Special Session. Land Policy 2000 proposes the consolidation of 5 major resource management agencies—Arizona Game and Fish Department, State Land Department, U.S. Bureau of Land Management, U.S. Fish and Wildlife Service, and the U.S. Forest Service.

**Legal Assistance** — The approved amount includes monies to contract with the Attorney General for additional assistance in cases involving the sales and leases of its urban lands.

**Grazing Land Commission** — The approved FY 1996 amount includes a decrease of \$100,000 for one-time costs associated with the Grazing Land Commission.

**Other Issues** — Laws 1995, Chapter 238 increases the amount the Governor can authorize the agency to expend on wild land fires in one fiscal year from \$1,000,000 to \$2,000,000.

**LAW ENFORCEMENT MERIT SYSTEM COUNCIL**

A.R.S. § 28-235

Captain Coy Johnston, Business Manager

JLBC Analyst: Jason Hall

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	28,000	28,800	29,600	29,300
Employee Related Expenditures	4,900	5,400	6,000	6,000
Professional and Outside Services	1,500	2,100	2,100	2,100
Travel - In State	1,100	2,500	2,100	2,100
Other Operating Expenditures	4,100	3,000	4,100	5,100
Equipment	-0-	-0-	2,800	2,800
<b>Total Appropriations</b>	<b>39,600</b>	<b>41,800</b>	<b>46,700 <sup>1/</sup></b>	<b>47,400 <sup>1/</sup></b>

**Agency Description** — The Law Enforcement Merit System Council (LEMSC) 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.

**Operating Expenses** — The approved FY 1996 amount includes an increase of \$1,000 to cover shortfalls in funding for general operations. The approved FY 1997 amount includes a further increase of \$1,000 to close the gap between past operating expenses and funding. In recent years, fund shortages have forced the LEMSC to receive supplemental funding from DPS. As the organization which reviews DPS personnel decisions, the LEMSC will now receive funds sufficient to maintain autonomy concerning its decisions.

**Computer Upgrade** — The approved amounts include an increase of \$2,800 to replace 1 computer in each of the next 2 years. These computers, which will be used by the council's 1 full-time support staff position and the business manager (funded by DPS), will now be able to interface with DPS databases.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**LEGISLATURE - SUMMARY**

Arizona Constitution  
Article IV, Section 1

JLBC Analyst: Dick Morris

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
<b>Program Summary</b>				
House of Representatives	7,128,200	7,668,400	7,811,000 <sup>1/2/3/</sup>	7,975,100 <sup>1/2/3/</sup>
Senate	5,088,900	5,865,600 <sup>4/</sup>	6,005,000 <sup>1/2/5/</sup>	5,969,600 <sup>1/2/5/</sup>
Auditor General	7,189,300	8,668,300	9,406,100	9,328,900
Joint Legislative Budget Committee	1,777,000	3,009,600	2,125,000	2,100,000
Legislative Council	3,035,500	3,078,700	4,344,800	3,257,900
Dept. of Library, Archives & Public Records	4,673,500	5,047,900	5,221,800	5,133,200
<b>Total</b>	<b>28,892,400</b>	<b>33,338,500</b>	<b>34,913,700</b>	<b>33,764,700</b>
Additional Appropriations	-0-	-0-	98,000	215,300
<b>Total Appropriations</b>	<b>28,892,400</b>	<b>33,338,500</b>	<b>35,011,700</b>	<b>33,980,000</b>
<b>Fund Summary</b>				
General Fund	28,892,400	33,258,500	35,011,700	33,980,000
Victims' Rights Implementation Revolving Fund	-0-	80,000	-0-	-0-
<b>Total Appropriations</b>	<b>28,892,400</b>	<b>33,338,500</b>	<b>35,011,700</b>	<b>33,980,000</b>

*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.*

**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.

**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.

- <sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)
- <sup>2/</sup> Appropriated as a Lump Sum by Agency.
- <sup>3/</sup> Included in the lump sum appropriation of \$7,811,000 for FY 1996 and \$7,975,100 for FY 1997 is \$1,000 for purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)
- <sup>4/</sup> 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.
- <sup>5/</sup> Included in the lump sum appropriation of \$6,005,000 for FY 1996 and \$5,969,600 for FY 1997 is \$1,000 for purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)



**LEGISLATURE - AUDITOR GENERAL**

A.R.S. § 41-1279.01

Douglas R. Norton, Auditor General

JLBC Analyst: Dick Morris

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>149.0</u>	<u>166.0</u>	<u>170.0</u>	<u>170.0</u>
Personal Services	5,160,700	5,944,500	6,536,400	6,474,500
Employee Related Expenditures	879,400	1,144,600	1,230,000	1,229,100
Professional and Outside Services	165,300	287,000	328,100	328,100
Travel - In State	353,300	332,600	395,900	395,900
Travel - Out of State	19,500	20,000	20,000	20,000
Other Operating Expenditures	477,700	682,700	744,900	744,900
Equipment	133,400	256,900	150,800	136,400
<b>Total</b>	<b>7,189,300</b>	<b>8,668,300</b>	<b>9,406,100</b> <sup>1/23/</sup>	<b>9,328,900</b> <sup>23/</sup>
<b>Additional Appropriations -</b>				
Attorney General; General Counsel; Responsibilities, Ch. 94	<u>-0-</u>	<u>-0-</u>	<u>98,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>7,189,300</b>	<b>8,668,300</b>	<b>9,504,100</b>	<b>9,328,900</b>
<b>Fund Summary</b>				
General Fund	7,189,300	8,588,300	9,504,100	9,328,900
Victims' Rights Implementation Revolving Fund	<u>-0-</u>	<u>80,000</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>7,189,300</b>	<b>8,668,300</b>	<b>9,504,100</b>	<b>9,328,900</b>

*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.*

**Budget Reform** — Provides an increase of \$360,200 in FY 1996 and FY 1997 to annualize the cost of 15 FTE Positions authorized last year to fulfill the requirements of State Budget Reform. These positions and associated costs were originally funded for 6 months in FY 1995. The approved amount includes \$266,200 for Personal Services and Employee Related Expenditures, \$51,900 for Travel - In State, and \$42,100 for Other Operating Expenditures.

**Salaries - Market Rate Adjustment** — An increase of \$169,100 was approved for salary adjustments in FY 1996 and FY 1997 to enable the Auditor General to recruit and retain qualified staff. These funds are to target those position classifications where employee turnover is extremely high. In FY 1994, a turnover rate of 35% was reported for the Accountant/Auditor I classification.

**At Risk Program Evaluation** — Legislation enacted during the 9th Special Session of the 41st Legislature, Chapters 1 and 2, requires the Auditor General to conduct annual programmatic evaluations of the Health Start, Healthy Families and the Family Literacy pilot programs. The At-Risk Preschool Project also requires evaluation annually. There was \$100,000 appropriated in FY 1995 to evaluate these pilot programs, and 2 FTE Positions were established. The approved amounts for FY 1996 and FY 1997 provide an increase of \$163,200 to annualize the FY 1995 appropriation and fund the 2 new positions authorized by the 42nd Legislature.

1/ Prior to expending any monies contained in these appropriations for the replacement of the audit processing support computer, or for the purchase of any other computer equipment, the Auditor General shall present a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

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

3/ Appropriated as a Lump Sum by Agency.

(Continued)

## LEGISLATURE - AUDITOR GENERAL (Cont'd)

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**Computer Replacement** — The approved amount for FY 1996 allows an increase of \$73,000 to replace the Audit Support Processing Computer. The computer to be replaced is a Wang VS 85, purchased in 1986. It is reported that the existing computer requires excessive maintenance and that it is very difficult to obtain necessary replacement parts. The existing Wang computer lacks sufficient file storage and processing capabilities to meet standard audit requirements. A footnote adopted by the Legislature requires the Auditor General to present a project plan to be reviewed by the Joint Legislative Budget Committee before any funds may be expended for replacement of the computer.

**Support Staff Additions** — Included in the approved amounts for FY 1996 and FY 1997 is \$48,000 and 2 additional FTE Positions for the support staff. One of the new positions is a Secretary for the Financial Audit section and the other is an Accounting Technician to handle the additional work imposed by the statewide Human Resources Management System and the Arizona Financial Information System.

**Contract Audits** — The approved amounts for FY 1996 and FY 1997 include an increase of \$41,100 to fund contracts with private audit firms. The approved increase allows an additional \$35,000 for the Performance Section and an increase of \$6,100 for the Financial Section. The increases bring the total amount available for audit contracts to \$316,100, of which \$216,100 is for financial audits and \$100,000 is for performance audits.

**Victims' Compensation and Victims' Rights Performance Audit** — Eliminates an \$80,000 appropriation from the Victims' Rights Implementation Revolving Fund, approved in FY 1995, for a nonrecurring performance audit of the Victims' Compensation and the Victims' Rights programs.

**Additional Appropriations** — Attorney General; General Counsel; Responsibilities (Chapter 94) — Appropriates \$98,000 from the General Fund in FY 1996 for a special review of the financial records of the Attorney General-Department of Law. This special review is to cover the receipt and expenditure of appropriated and non-appropriated funds, by the Attorney General-Department of Law for FY 1988 through FY 1995, as well as the source and use of all special funds administered by the Office of the Attorney General. Other areas to be reviewed include contracting procedures for legal services and the allocation of staff resources. The Auditor General is also to review the expenditures of appropriated and non-appropriated funds of state agencies that are authorized to employ independent legal counsel and incur legal expenses. The Auditor General's report and recommendations are to be completed and submitted to the Joint Legislative Committee on Legal Representation by November 15, 1995.

**Additional Legislation** — Auditor General; Special Audits; Funding (Chapter 91) — Requires the Auditor General to perform special audits, if sufficient funds are appropriated to his/her office. If the Auditor General finds that money is not available to perform these special audits, then he/she must notify the Joint Legislative Audit Committee.

**LEGISLATURE - JOINT LEGISLATIVE BUDGET COMMITTEE**

A.R.S. § 41-1272

Ted A. Ferris, Director

JLBC Analyst: Dick Morris

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	34.0	34.0	34.0	34.0
Personal Services	1,303,900	1,417,100	1,506,800	1,491,900
Employee Related Expenditures	240,100	271,600	279,200	279,000
Professional and Outside Services	69,100	159,500	144,700	125,000
Travel - In State	8,100	11,000	11,000	13,000
Travel - Out of State	17,800	11,800	11,800	11,800
Other Operating Expenditures	94,500	100,600	124,000	129,300
Equipment	43,500	38,000	47,500	50,000
<b>Operating Subtotal</b>	<b>1,777,000 <sup>1/</sup></b>	<b>2,009,600</b>	<b>2,125,000 <sup>2/3/4/</sup></b>	<b>2,100,000 <sup>2/3/</sup></b>
Capital Needs Assessment	-0-	1,000,000	-0-	-0-
<b>Total Appropriations</b>	<b>1,777,000</b>	<b>3,009,600</b>	<b>2,125,000</b>	<b>2,100,000</b>

**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.*

**Salary Adjustments** — The approved amount for FY 1996 and FY 1997 includes an increase of \$60,000 for salary adjustments. The increase was specifically granted so that the Joint Legislative Budget Committee can retain experienced personnel and, thereby, reduce employee turnover.

**Higher Education Charter Institutions** — The approved amount for FY 1996 includes \$50,000 to study the feasibility of establishing private higher education charter institutions in Arizona and issuing tuition vouchers to residents of the state who would attend the Arizona charter institutions.

**Automated Budget Development and Computer Network Enhancements** — Included in the approved amount for FY 1996 is \$45,000 to replace the automated Budget Development System (BUDS), which is now 10 years old, and to provide funding for the enhancement of the computer network and individual computer work stations. New computer technology and modern software applications will be combined to develop a new budget database system to expedite the analysis of budget and other financial data. The new database will also increase the effectiveness of the analytical staff and the Revenue Forecasting Section and bring additional efficiency to the development and production of the state budget.

A General Appropriation Act footnote requires the Director to submit a project plan to the Joint Legislative Budget Committee for review, before any of these monies are expended.

**Telecommunications Services** — An increase of \$13,400 was approved for FY 1996 and FY 1997 to annualize the additional telephone line costs and the associated costs of voice mail for the new telephone system recently installed in the office. This new telephone system is administered, operated and maintained by the Arizona Department of Administration.

<sup>1/</sup> Includes \$90,000 appropriated by Laws 1993, Chapter 258.

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

<sup>3/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. (General Appropriation Act footnote.)

<sup>4/</sup> The lump sum appropriation for FY 1996 includes \$45,000 for computer system enhancements. Prior to expending the \$45,000, the Director of the Joint Legislative Budget Committee Staff shall present a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

(Continued)

## **LEGISLATURE - JOINT LEGISLATIVE BUDGET COMMITTEE (Cont'd)**

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**Revenue Forecasting Expense** — There is an approved increase in FY 1996 and 1997 of \$10,200 to maintain the new Legislative Income Tax forecasting model, which is expected to be in operation by the end of FY 1995. Part of this increase will also be used to continue the revenue forecasting services provided by the University of Arizona, as well as other forecasting services that furnish Arizona economic information used by the Economic and Revenue Forecasting Section.

**Elimination of Nonrecurring Expenditures** — The \$90,000 approved in FY 1995 for the development and installation of the Legislative Income Tax model was excluded from the FY 1996 appropriation. Also excluded from the FY 1996 appropriation was \$13,000 for one-time capital and non-capital expenditures approved for FY 1995.

**Special Committee Studies** — In FY 1997, the approved amount includes \$30,000 for special studies as required by the Joint Legislative Budget Committee, the Joint Committee on Capital Review or the Joint Legislative Tax Committee, or other studies required as a result of legislative assignments.

**Other Increases** — There is an increase of \$10,100 in the approved amount for FY 1997 for additional costs associated with preparation of the next biennial budget. It is anticipated that additional computer enhancements will be required. Implementation of the State Budget Reform legislation, with an emphasis on Program Authorization Reviews, is also expected to result in additional expenses during FY 1997.

**Capital Needs Assessment** — School Improvement Act, (Chapter 2, 41st Legislature, 9th Special Session) appropriates \$1,000,000 in FY 1995 from the General Fund to the Joint Legislative Budget Committee for use by the Joint Committee on Capital Review (JCCR). This appropriation was for a statewide school district facilities inventory and needs assessment. On November 30, 1994, the JCCR approved a contract with MGT of America, Inc. to conduct the inventory and needs assessment. The JCCR shall report the findings of this study and their recommendations regarding the facilities needs of school districts to the President of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Budget Committee by July 1, 1995.

**LEGISLATURE - LEGISLATIVE COUNCIL**

A.R.S. § 41-1301

Mike Braun, Executive Director

JLBC Analyst: Dick Morris

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	35.0	42.0	47.0	48.0
Personal Services	1,323,400	1,731,200	1,951,200	1,995,000
Employee Related Expenditures	230,800	319,900	356,600	367,400
Professional and Outside Services	149,700	268,500	265,500	315,000
Travel - In State	600	9,500	12,500	11,500
Travel - Out of State	-0-	19,500	40,000	15,000
Other Operating Expenditures	538,600	459,500	415,100	475,000
Equipment	792,400	270,600	1,303,900	79,000
<b>Total</b>	<b>3,035,500</b>	<b>3,078,700</b>	<b>4,344,800</b> <sup>1/23/</sup>	<b>3,257,900</b> <sup>2/3/</sup>
<b>Additional Appropriations -</b>				
Ombudsman Citizens Aid Office, Ch. 281	-0-	-0-	-0-	215,300
<b>Total Appropriations</b>	<b>3,035,500</b>	<b>3,078,700</b>	<b>4,344,800</b>	<b>3,473,200</b>

**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.*

**Arizona Legislative Information System** — The approved amount for FY 1996 includes an increase of \$1,053,400 to complete the acquisition of data processing equipment needed to upgrade the Arizona Legislative Information System (ALIS) and extend that system to the Joint Legislative Budget Committee (JLBC) Staff. Efforts have been under way in the last year to move ALIS from a mainframe computer configuration to personal computers. Individual personal computers will be the future framework for the Legislature's data processing information system. The personal computers will be linked together to form Local Area Networks, which will be accessible throughout the Legislature.

Included in the approved increase is \$142,900 to extend ALIS to the JLBC Staff. Connecting the JLBC Staff to ALIS requires a communication link between the Senate and JLBC and a compatible network. Individual personal computers, file servers, software and network electronic components must be upgraded to the same level as other legislative organizations that are now connected to ALIS. When the JLBC installation is complete, the JLBC Staff will have full connectivity to ALIS and the JLBC Staff will have the same data processing capabilities as all other users.

There is a General Appropriation Act footnote for FY 1996 requiring the Director of the Legislative Council to submit a project plan to the Joint Legislative Budget Committee for review before funds are expended for the expansion of ALIS and the Internet Connection.

The FY 1997 approved amount provides \$85,000 for ALIS enhancements. This change reflects the elimination of the nonrecurring costs of equipment and software approved for FY 1996, which were \$1,053,400. The approved amount of \$85,000 is a maintenance and replacement level, which allocates \$10,000 for replacement of data processing equipment and software to the JLBC Staff.

1/ The lump sum appropriation for FY 1996 includes \$1,312,400 for equipment to support the Arizona Legislative Information System. Prior to expending the \$1,312,400, the Director of the Legislative Council shall submit a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

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

3/ Appropriated as a Lump Sum by Agency.

(Continued)

## LEGISLATURE - LEGISLATIVE COUNCIL (Cont'd)

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**Internet Connection and Database Protection** — An increase of \$259,000 was approved for FY 1996 to plan, develop and install the hardware and software required to connect ALIS to Internet and provide appropriate protection from unauthorized intrusion into legislative databases. The approved increase was based on an estimate of \$120,900 for computer and other electronic equipment; \$107,800 for software development; \$15,800 for installation, system configuration, and training; and \$14,500 for system maintenance.

In FY 1997, the approved amount was reduced \$244,100 to eliminate the nonrecurring costs for equipment and software, thus leaving \$15,000 for ongoing maintenance during the second year.

**Legislative Service Enhancements** — The approved amount for FY 1996 and FY 1997 includes an increase of 2 FTE Positions and \$117,400 to continue the expansion of legislative research services, which was authorized and initiated in FY 1995. These new positions include 1 Staff Attorney and 1 Staff Research position.

An additional increase for service enhancements of 1 FTE Position and \$167,600 was also approved for FY 1997. This increase provides 1 additional staff position, either an attorney or research position, as well as \$34,500 for Professional and Outside Services and \$74,400 for Other Operating Expenditures. Funding provided for Professional and Outside Services is for contracted studies and other services. The increases in Other Operating Expenditures are necessary to fully support the additional personnel authorized and added responsibilities which are part of the enhanced services.

**Private Property Rights Ombudsman** — The approved amount for FY 1996 provides 3 FTE Positions and \$108,000 to support and expand the activities of the Private Property Rights Ombudsman created by Laws 1994, Chapter 277. The approved increase provides \$98,000 for Personal Services and Employee Related Expenditures, \$4,000 for Travel - In State, and \$6,000 for equipment.

The approved increase for FY 1997 is \$108,600, which eliminates nonrecurring equipment costs of \$6,000 and allows further increases for Personal Services and Employee Related Expenditures of \$6,600.

**Conference of the States** — In FY 1996, there is an approved increase of \$20,000 to defray expenses of legislators who will be attending the Conference of the States as delegates of the State of Arizona.

**Additional Appropriation** — Ombudsman Citizens Aide Office (Chapter 281) — Appropriates \$215,300 from the General Fund in FY 1997 to the Legislative Council for the Office of the Ombudsman-Citizens Aide. The appropriation is for implementation of Chapter 281. The expenses of the Office of the Ombudsman-Citizens Aide are to be paid from appropriations to the Legislative Council. The Legislative Council will include future year expenses for this new office in the General Appropriation Act as a Special Line Item.

**LEGISLATURE - DEPARTMENT OF LIBRARY,  
ARCHIVES AND PUBLIC RECORDS**

A.R.S. § 41-1331

Arlene Bansal, Director

JLBC Analyst: Jason Hall

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	109.1	119.1	119.1	119.1
Personal Services	2,297,300	2,695,800	2,759,000	2,731,700
Employee Related Expenditures	512,900	604,500	632,100	631,200
Professional and Outside Services	34,300	4,000	4,000	4,000
Travel - In State	8,600	13,800	13,800	13,800
Travel - Out of State	5,400	2,800	2,800	2,800
Other Operating Expenditures	812,600	878,000	822,100	824,600
Equipment	101,000	25,200	37,600	5,500
<b>Operating Subtotal</b>	<b>3,772,100</b>	<b>4,224,100</b>	<b>4,271,400</b>	<b>4,213,600</b>
Library Acquisitions	327,800	330,000	438,400	469,200
Grants-in-Aid	502,200	433,800	452,000	390,400
Museum Furnishings	11,400	-0-	-0-	-0-
Statewide Radio Reading Serv. for the Blind	60,000	60,000	60,000	60,000
<b>Total Appropriations</b>	<b>4,673,500</b>	<b>5,047,900</b>	<b>5,221,800 <sup>1/</sup></b>	<b>5,133,200 <sup>1/</sup></b>

*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 2 libraries, one for general research and the other the state Courts law library. These facilities are available for use by state agencies, the Legislature, the Courts, the legal community and the general public.

**Archival Research** — The approved FY 1996 amount includes \$8,400 in one-time funding to purchase a microfilm reader and printer.

**Library for the Blind and Physically Handicapped** — The approved FY 1996 amount includes \$16,100 in one-time funding for the purchase of replacement recording equipment for producing audio books, and new equipment to check-out the books-on-tape. The FY 1997 amount includes \$600 in one-time funding for replacement office equipment.

**Research/Law Library Materials Storage** — The approved FY 1996 amount includes \$4,600 in one-time funding to purchase 2 separate cabinets for storing microfilm and microfiche. The approved FY 1997 amount includes \$4,900 in one-time funding for 2 additional cabinets, one of which provides expanded storage capacity.

**Library Acquisitions** — The approved FY 1996 amount includes an increase of \$108,400 to continue subscriptions to periodicals and looseleaves and to purchase reference materials. The approved FY 1997 amount includes a further increase of \$30,800, also to purchase library materials. The prices of reference materials have been marked by high rates of inflation in recent years, and these increases will allow the department to maintain current collections at the state law and research libraries.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

**LEGISLATURE - DEPARTMENT OF LIBRARY, ARCHIVES AND PUBLIC RECORDS (Cont'd)**

**Grants-in-Aid** — The approved FY 1996 amount includes an increase of \$18,200 in state matching funds for receipt of federal dollars under the Library Services and Construction Act (LSCA) Titles I, II and III, and a decrease of \$61,600 for FY 1997, providing the minimal state contribution necessary in each year to continue receipt of these funds. Receipt of LSCA monies is dependant on the state's ability to meet a maintenance-of-effort requirement which is tied to the state contribution made 2 years prior to the current year.

During FY 1995, these state contributions provided Arizona with \$1,906,700 in Federal Funds. These funds were in turn provided to county and municipal libraries throughout the state for library development and were used to fund the state Interlibrary Loan Program, State Reference Center Services, Youth Summer Reading Program, Librarian Continuing Education Program, and LSCA Administration. LSCA is one of the few grant programs administered by the U.S. Department of Education which is not forward funded. The state does not receive notification of what amount of funding will be provided until mid-October, after 3 months have elapsed in the state fiscal year. Therefore, the amount of the grant to be received in each of the next 2 fiscal years is unknown at this time.

**Statewide Radio Reading Service for the Blind** — This appropriation provides for the statewide radio information service for the blind, visually impaired, and physically disabled.



**DEPARTMENT OF LIQUOR LICENSES & CONTROL**

A.R.S. § 4-101

Howard Adams, Director

JLBC Analyst: Rachele Child

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	50.0	52.0	49.0	50.0
Personal Services	1,061,200	1,264,600	1,269,300	1,256,900
Employee Related Expenditures	270,500	309,300	337,400	336,900
Professional and Outside Services	32,900	34,800	33,300	33,300
Travel - State	64,900	94,800	94,800	94,800
Travel - Out of State	4,500	1,000	1,000	1,000
Other Operating Expenditures	361,700	332,200	419,100	419,100
Equipment	19,800	19,000	-0-	-0-
<b>Operating Subtotal</b>	<b>1,815,500</b>	<b>2,055,700</b>	<b>2,154,900</b>	<b>2,142,000</b>
Liquor Board	24,800	-0-	-0-	-0-
Automation Lease-Purchase	-0-	-0-	543,200	543,200
<b>Total</b>	<b>1,840,300</b>	<b>2,055,700</b>	<b>2,698,100</b> <sup>1/</sup>	<b>2,685,200</b> <sup>1/</sup>
<b>Additional Appropriations - Regulatory Reform, Ch. 251</b>	<b>-0-</b>	<b>-0-</b>	<b>(44,800)</b>	<b>-0-</b>
<b>Total Appropriations</b>	<b>1,840,300</b>	<b>2,055,700</b>	<b>2,653,300</b>	<b>2,685,200</b>

*Agency Description* — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

**Department Elimination of Funded FTE Positions** — The FY 1996 approved amount includes a decrease of 2 FTE Positions and \$36,400 associated with the department's elimination of 2 vacant positions in order to upgrade the department's Investigator IIIs, previously Grade 17, to Special Investigators, Grade 19.

**Automation Lease-Purchase Special Line Item** — The approved amount in this special line item represents sufficient funding to pay the department's third-party loan payments in FY 1996 and FY 1997. During the 1993 legislative session, A.R.S. § 4-115 was modified to allow the department to retain certain liquor license fees for the "purchase and maintenance of an automated records filing and retrieval system." The department has subsequently obtained third-party financing for this purpose. The total line of credit available to the department is \$2,225,000, at an interest rate of 6.48%. The budget established by the department and the project-to-date expenditures are detailed below:

	Original Department Budget	Expenditure Thru April, 1995
Hardware and Software	\$ 597,000	\$ 668,900
Supplies	38,000	28,700
Consulting	816,000	1,234,400
Training	30,000	4,000
File Conversion	160,000	48,500
Cabling and Renovation	45,000	90,100
Phone System	60,000	26,400
Furniture	280,000	246,100
<b>TOTAL</b>	<b>\$2,026,000</b>	<b>\$2,347,100</b>

The department has financed the project through a combination of third-party financing and non-appropriated fund expenditures. Laws 1995, Chapter 3, First Special Session, which will become effective June 17, 1995, will require the department to deposit those monies previously retained for the financing of their computer system into the General Fund. In turn the General Fund, through this special line item, will finance the repayment of the third-party loan.

**Additional Appropriations — Regulatory Reform (Chapter 251)** — Please see the General Legislation Section for a description of this legislation, which transfers out 1 FTE Position in FY 1996. This number will be annualized in FY 1997, for a revised FTE Positions total of 48.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**BOARD OF MEDICAL EXAMINERS**

A.R.S. § 32-1401

Mark Speicher, Executive Director

JLBC Analyst: Jim Hillyard

Board of Medical Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>41.5</u>	<u>42.5</u>	<u>43.5</u>	<u>43.5</u>
Personal Services	1,074,700	1,323,200	1,328,900	1,316,500
Employee Related Expenditures	233,900	288,900	300,200	300,000
Professional and Outside Services	312,500	338,700	338,700	338,700
Travel - In State	34,500	47,300	50,300	50,300
Travel - Out of State	13,700	8,800	8,800	8,800
Other Operating Expenditures	416,600	416,200	458,600	457,300
Equipment	159,200	-0-	9,600	5,300
<b>Operating Subtotal</b>	<b>2,245,100</b>	<b>2,423,100</b>	<b>2,495,100</b>	<b>2,476,900</b>
Automation	23,300	-0-	-0-	-0-
Attorney General - Legal Fees	166,500	166,500	166,500 <sup>1/</sup>	166,500 <sup>1/</sup>
Examinations	100,700	254,800	254,800	254,800
<b>Total Appropriations</b>	<b>2,535,600</b>	<b>2,844,400</b>	<b>2,916,400 <sup>2/3/</sup></b>	<b>2,898,200 <sup>2/</sup></b>

*Agency Description* — The agency licenses, regulates and conducts examinations of medical doctors and physician's assistants.

**EDP Technical Support Specialist** — The approved amount includes \$41,600 for the addition of 1 FTE EDP Technical Support Specialist Position to maintain and improve the utilization of the board's Local Area Network.

**Attorney General - Legal Fees** — Appropriates \$166,500 in both years for Attorney General - Legal Fees. These dollars are specifically designated to pay for the Personal Services and Employee Related Expenditures of 2 Assistant Attorney General positions and the 0.5 FTE Legal Secretary Position assigned to the Board of Medical Examiners.

**Examinations** — Appropriates \$254,800 in both years to purchase the United States Medical Licensing Exam (USMLE). This standardized exam is given to applicants applying to the Board of Medical Examiners for licensure.

<sup>1/</sup> The \$166,500 for Attorney General - Legal Fees in FY 1996 and FY 1997 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.)

<sup>2/</sup> Appropriated by Detailed Line Item by Agency.

<sup>3/</sup> This appropriation is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency fund until June 30, 1997. (General Appropriation Act footnote.)

**BOARD OF MEDICAL STUDENT LOANS**

A.R.S. § 15-1723

Christopher A. Leadem, Ph.D., Chairman

JLBC Analyst: Bruce Groll

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Medical Student Loans	<u>1,000</u>	<u>114,600</u>	<u>113,900</u>	<u>236,600</u>
<b>Total Appropriations</b>	<b>1,000</b>	<b>114,600</b>	<b>113,900 <sup>1/</sup></b>	<b>236,600 <sup>1/</sup></b>

*Agency Description* — The board is authorized to grant loans to students of the University of Arizona College of Medicine, make 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 amounts appropriated to the board shall be deposited in the Medical Student Loan Fund as prescribed by A.R.S. § 15-1725. The appropriated amounts, along with the available Student Loan Fund, may be used to grant loans to qualified applicants.

The \$113,900 for FY 1996 and \$236,600 for FY 1997 from the General Fund, and an estimated \$167,100 for FY 1996 and \$49,800 for FY 1997 from the Medical Student Loan Fund will provide a total sum available for medical student loans in each fiscal year of \$281,000 and \$286,400, respectively. These levels of General Fund support will permit the board to provide average loan amounts of \$17,563 in FY 1996 and \$17,900 in FY 1997 per student, respectively, which is the legal maximum loan level including inflation, for continued funding of 16 medical students.

Laws 1992, Chapter 338 authorized the Board of Medical Student Loans to grant the maximum loan amount for tuition plus a stipend adjusted for inflation based on the percentage change in the GDP Price Deflator. For FY 1996, based on an estimated 2.3% change in the GDP Price Deflator, this amount is \$10,803. Tuition of \$6,760 plus the \$10,803 stipend equals \$17,563. This amount is approximately 84% of the average standard cost of education for a medical student (\$20,855 per year).

For FY 1997, due to expected declining future loan repayment revenue, the approved amount includes a further increase of \$122,700 General Fund support to continue funding for 16 currently enrolled students at the legal maximum loan amount of \$17,900. This sum is based on a \$11,140 stipend, as calculated using an estimated 3.1% change in the GDP Price Deflator, plus tuition of \$6,760. The decline in loan repayment revenue is predicated on the assumption that more students will fulfill their service commitments to the State of Arizona in medically underserved areas.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**ARIZONA MILITARY AIRPORT PRESERVATION COMMITTEE**

A.R.S. § 41-3005.01

JLBC Analyst: Jim Hillyard

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
Additional Appropriations - Military Airports; Preservation, Ch. 62	-0-	-0-	200,000
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>200,000</b>

*Agency Description* — The Arizona Military Airport Preservation Committee is established to encourage the preservation and long-term viability of military airports and private property rights in the vicinity of military airports.

**Additional Appropriations** — Military Airports; Preservation (Chapter 62) — Appropriates \$200,000 to the Arizona Military Airport Preservation Committee to develop legal descriptions of land within the noise contours of Luke Air Force Base and Marine Corps Air Station — Yuma.

The Arizona Military Airport Preservation Committee shall work to preserve Arizona's military airports and the rights of private property owners through the creation of a data base of current ownership and the purchase date of property in the vicinity of military airports; to encourage nonresidential economic development consistent with the higher noise levels of property adjacent to military airports; to develop and promote a constitutional mechanism for exchanging state trust lands with private and public lands of equal or greater value to preserve military airports; and to study the purchase or exchange of land or development rights to preserve military airports. In addition, political subdivisions shall notify the committee of any proposed residential development within its boundaries that is in the vicinity of a military airport and has a day/night average sound level of 65 decibels or higher. The committee shall report its progress on December 15, 1995, and annually thereafter, to the Legislature.

**Capital Outlay** — In addition, Chapter 62 appropriates \$2,300,000 in FY 1996, \$4,300,000 in FY 1997, and \$3,200,000 in FY 1998 to the Department of Transportation for land acquisition, clearance, and roadway relocation for the extension of the Davis-Monthan Air Force base runway.

**Other Issues** — The Military Facilities Commission is also studying Arizona's military bases. This commission was created by Laws 1993, Chapter 339. The Department of Commerce was appropriated \$1,000,000 from the state General Fund in FY 1996 to allow the commission to study the mission of Arizona's military bases and identify potential conflicts with state and local governments. The commission is also tasked with developing recommendations to encourage the continued operation of military facilities within this state.

**STATE MINE INSPECTOR**

A.R.S. § 27-121

The Honorable Douglas K. Martin, State Mine Inspector

JLBC Analyst: Renée E. Bahl

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	10.0	16.5	15.5 <sup>1/</sup>	17.0
Personal Services	318,800	425,700	435,400	464,200
Employee Related Expenditures	73,800	93,500	95,600	103,900
Professional and Outside Services	4,100	-0-	-0-	-0-
Travel - In State	30,100	108,200	68,200	83,400
Travel - Out of State	1,000	1,700	1,700	1,700
Other Operating Expenditures	108,000	79,200	99,800	103,600
Equipment	4,900	15,400	9,900	50,900
<b>Operating Subtotal</b>	<b>540,700</b>	<b>723,700</b>	<b>710,600</b>	<b>807,700</b>
Mined Land Reclamation	-0-	120,000	60,300	-0-
<b>Total Appropriations</b>	<b>540,700</b>	<b>843,700</b>	<b>770,900</b> <sup>2/</sup>	<b>807,700</b> <sup>2/</sup>

*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.

**Technical Issues** — The approved FY 1996 amount includes a one-time increase of \$9,900 for replacement equipment (1 dust monitor, 2 gas monitors, 8 self rescuers, and 2 anemometers) and an additional \$6,000 for rent of new space in the Tucson State Office Building.

**Abandoned Mines Program** — Laws 1994, Chapter 118, requires the State Mine Inspector's Office to establish an Abandoned Mines Program beginning January 1997 to locate, inventory, classify and eliminate public safety hazards at abandoned mines. The State Mine Inspector estimates there to be over 100,000 abandoned mines in Arizona. The program will begin first on state lands, and thereafter on any lands not owned by the state.

The approved FY 1997 amount for the Abandoned Mines Program includes an additional 3 FTE Positions and \$110,100 for ½ year funding. This amount also includes one-time funding of \$20,900 to purchase 1 vehicle, to be placed in the Arizona Department of Administration (ADOA) Motor Pool as required by A.R.S. § 41-803, and an additional \$5,800 for on-going ADOA daily and mileage Motor Pool fees. Also included in the total program funding is \$30,000 for fencing equipment.

**Mined Land Reclamation** — The approved FY 1996 amount includes a total of 1.5 FTE Positions and \$59,800 to complete the rules relating to reclamation of surface disturbances at exploration and mining units. This amount reflects a reduction of 1 FTE Position and \$60,200 from the FY 1995 appropriated amount to eliminate one-time start up resources. The approved FY 1997 amount eliminates all funding and FTE Positions for this program as the Mined Land Reclamation rules should be complete by the end of FY 1996.

<sup>1/</sup> Includes 1.5 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**DEPARTMENT OF MINES AND MINERAL RESOURCES**

A.R.S. § 27-101

H. Mason Coggin, Director

JLBC Analyst: Renée E. Bahl

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>7.0</u>	<u>8.0</u>	<u>8.0</u>
Personal Services	223,700	255,300	261,700
Employee Related Expenditures	43,700	58,200	54,700
Travel - In State	2,700	5,300	5,300
Travel - Out of State	500	-0-	-0-
Other Operating Expenditures	333,200	335,300	358,100
Equipment	2,600	6,200	8,600
<b>Total Appropriations</b>	<u>606,400</u>	<u>660,300</u>	<u>688,400</u> <sup>1/</sup>

*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 mineral specimens, ores, gemstones and lapidary material found in the state. These minerals are identified, cataloged and displayed at the museum.

**Technical Issues** — The approved amount includes a one-time increase of \$8,600 for replacement equipment and an additional \$1,900 for halogen lights in the museum.

**FY 1997** — The Legislature deferred appropriating monies for FY 1997 to permit more intensive review of agency functions during the next budget cycle.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**NATUROPATHIC PHYSICIANS BOARD OF MEDICAL EXAMINERS**

A.R.S. § 32-501

John Brewer, Executive Secretary

JLBC Analyst: Jim Hillyard

**Board of Naturopathic Physicians  
Examiners Fund**

**FY 1994  
Actual**

**FY 1995  
Estimate**

**FY 1996  
Approved**

**FY 1997  
Approved**

FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	25,600	28,500	29,700	29,400
Employee Related Expenditures	4,400	5,500	5,900	5,900
Professional and Outside Services	11,300	14,700	16,300	16,300
Travel - In State	100	100	300	300
Other Operating Expenditures	5,000	6,900	19,100	19,100
Equipment	-0-	1,500	-0-	-0-
<b>Total Appropriations</b>	<u>46,400</u>	<u>57,200</u>	<u>71,300</u> <sup>1/2</sup>	<u>71,000</u> <sup>1/</sup>

*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. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

**Additional Legislation — The Naturopathic Board of Medical Examiners (Chapter 265) —** Limits the board's FY 1996 Risk Management premium to \$2,500. This adjustment corrects a computational error overstating the board's premium. As a result, the board will have an \$8,800 surplus in its Other Operating Expenditures line item. The board has assured the Legislature that these dollars will not be expended and will revert to the Naturopathic Medical Examiners Fund at the end of FY 1997.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION**

A.R.S. § 37-1121

Jay Brashear, Acting Commissioner

JLBC Analyst: Gita Reddy

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	0.0	2.0	2.0	2.0
Personal Services	-0-	82,600	83,400	82,600
Employee Related Expenditures	-0-	16,200	17,600	17,600
Travel - In State	-0-	10,600	3,300	3,300
Other Operating Expenditures	-0-	11,000	11,800	11,800
<b>Total Appropriations</b>	<b>-0-</b>	<b>120,400</b>	<b>116,100 <sup>1/</sup></b>	<b>115,300 <sup>1/</sup></b>

*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.

*Technical Issues* — The approved amounts include a reduction of \$7,300 for Travel - In State to reflect anticipated expenditures.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.



**STATE BOARD OF NURSING**

A.R.S. § 32-1602

Fran Roberts R.N., Executive Director

JLBC Analyst: Gita Reddy

Board of Nursing Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>21.7</u>	<u>21.7</u>	<u>26.7</u>	<u>26.7</u>
Personal Services	553,600	634,600	826,800	857,000
Employee Related Expenditures	117,300	136,200	187,800	190,600
Professional and Outside Services	191,700	185,000	160,000	160,000
Travel - In State	8,700	14,300	10,700	10,700
Travel - Out of State	2,900	5,700	14,300	14,300
Other Operating Expenditures	176,600	132,500	184,400	184,400
Equipment	4,300	-0-	120,000	120,000
<b>Operating Subtotal</b>	<b>1,055,100</b>	<b>1,108,300</b>	<b>1,504,000</b>	<b>1,537,000</b>
Nurse Aid Training and Registration Program	19,400	20,000	-0-	-0-
<b>Total</b>	<b>1,074,500</b>	<b>1,128,300</b>	<b>1,504,000</b>	<b>1,537,000</b>
<b>Additional Appropriations -</b>				
Board of Nursing, Ch. 255	-0-	-0-	60,000	-0-
<b>Total Appropriations</b>	<b>1,074,500</b>	<b>1,128,300</b>	<b>1,564,000</b> <sup>1/2/</sup>	<b>1,537,000</b> <sup>2/</sup>

*Agency Description - The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.*

**Technical Issues** — The approved FY 1996 amount includes an increase of \$36,000 to fund salary increases for the Executive Director and Associate Director and to upgrade an Administrative Assistant position. The approved FY 1997 amount includes a further increase of \$36,800 to fund salary increases and upgrades.

The approved amounts include increases of \$10,000 for legal costs and \$8,600 for Travel - Out of State and a decrease of \$3,600 for Travel - In State.

The approved amounts also include increases of \$10,000 for postage, \$5,000 for operating supplies, \$8,000 for books, \$2,000 for maintenance contracts, \$1,000 for telecommunications charges, and \$10,000 for other miscellaneous items.

**Caseload Backlog** — The approved amounts include an increase of \$131,300 and 4 FTE Positions to help the board resolve its current backlog of complaints. The average time from receipt of a case to presentation of that case before the board is currently 18 months.

**Attorney General Contract** — The approved amounts include an increase of \$65,000 to fund an intergovernmental agreement with the Attorney General's Office to provide legal services to the agency.

**Local Area Network System** — Currently, the Board of Nursing's computer services are provided by the Arizona Department of Administration's (ADOA's) mainframe. A Local Area Network (LAN), however, would provide the agency with improved response time and enhance its ability to track information on licensees and complaints. The approved amounts include the transfer of \$120,000 in ADOA's mainframe charges from the Professional and Outside Services line item to the Equipment line item to be used for the one-time purchase of hardware and software for a new agency LAN system. The approved amounts also include an increase of \$40,500 and 1 FTE Position to maintain the new system.

<sup>1/</sup> 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, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

(Continued)

**STATE BOARD OF NURSING (Cont'd)**

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**Nurse Aide Training and Registration Program** — Monies were originally appropriated to this Special Line Item to help administer the Nurse Aide Training and Registration Program (NATRP). The Legislature later passed a law prohibiting the use of registered and/or licensed practical nurse fees for NATRP. Since the monies cannot be used as intended, the Legislature chose to eliminate funding.

**Additional Appropriations** — Board of Nursing (Chapter 255) — Appropriates \$60,000 to the Board of Nursing for operating expenses.

**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: Jim Hillyard

**Nursing Care Institution Administrators' Licensing and Adult Care Home Managers' Certification Fund**

	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>
Personal Services	24,800	25,500	26,100	25,900
Employee Related Expenditures	6,800	5,800	6,000	6,00
Professional and Outside Services	16,300	25,300	35,200	35,100
Travel - In State	1,200	4,300	4,700	4,700
Travel - Out of State	1,400	-0-	700	1,100
Other Operating Expenditures	<u>6,000</u>	<u>5,200</u>	<u>5,300</u>	<u>5,300</u>
<b>Total Appropriations</b>	<b>56,500</b>	<b>66,100</b>	<b>78,000 <sup>1/2</sup></b>	<b>78,100 <sup>1/</sup></b>

*Agency Description* — The board licenses, certifies, and regulates administrators of nursing care institutions and managers of adult care homes.

*Clerical Temporary* — The approved amounts include \$1,400 for a clerical temporary to assist the board in managing licensee growth.

*Investigator Services* — The approved amounts include \$4,000 for contract investigator services to pursue complaints filed with the board.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD**

A.R.S. § 23-422

Jim Weeks, Chairman

JLBC Analyst: Gita Reddy

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	0.0	0.0	0.0	0.0
Personal Services	1,300	700	700	700
Professional and Outside Services	7,500	7,400	7,400	7,400
Travel - In State	900	900	900	900
<b>Total Appropriations</b>	<b>9,700</b>	<b>9,000</b>	<b>9,000</b> <sup>1/2/3/</sup>	<b>9,000</b> <sup>1/2/3/</sup>

*Agency Description* — The board reviews cases involving violations of the state's occupational safety and health laws. The cases start with an informal conference with the Industrial Commission's Occupational Safety and Health Division Director. If the case cannot be resolved, the employer can request a hearing before an Industrial Commission Administrative Law Judge. If either the Director of the Occupational Safety and Health Division or the employer disagrees with the ruling, it can be appealed before the Occupational Safety and Health Review Board.

- <sup>1/</sup> A like amount of board expenses is paid for by the federal government as part of a grant. These monies are included in the non-appropriated budget of the Industrial Commission's Occupational Safety and Health Division.
- <sup>2/</sup> Pursuant to A.R.S. § 23-422, the appropriation is exempt from A.R.S. § 35-190, relating to lapsing appropriations.
- <sup>3/</sup> Appropriated as a Lump Sum by Agency.

**BOARD OF OCCUPATIONAL THERAPY EXAMINERS**

A.R.S. § 32-3401

Kenneth D. Fink, Executive Director

JLBC Analyst: Brad Beranek

Occupational Therapy Board Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Personal Services	39,700	51,600	54,900	54,400
Employee Related Expenditures	8,400	17,200	15,500	15,500
Professional and Outside Services	800	3,200	3,200	3,200
Travel - In State	2,300	3,200	3,200	3,200
Travel - Out of State	500	1,000	1,000	700
Other Operating Expenditures	23,300	21,300	18,300	18,300
Equipment	3,700	3,200	-0-	-0-
<b>Total Appropriations</b>	<b>78,700</b>	<b>100,700</b>	<b>96,100</b> <sup>1/2</sup>	<b>95,300</b> <sup>2/</sup>

**Agency Description** — The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints, and holds hearings to enforce standards of practice.

**Executive Pay Raise** — The approved amounts fund a \$4,500 board-approved Executive Director pay raise.

**Elimination of Temporary Clerical Support** — The approved amounts provide a \$2,100 elimination of temporary clerical support due to the expected filling of an Administrative Assistant II position in early FY 1996.

**Reduction in Supply Expenses** — The approved amounts provide a \$3,400 reduction for decreases in print, books, and supply expenses.

**Reduction in Travel Expenses** — The approved FY 1997 amount provides a \$300 reduction for decreases in Travel - Out of State expenses.

<sup>1/</sup> 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, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

**STATE BOARD OF DISPENSING OPTICIANS**

A.R.S. § 32-1671

Careen J. Heinze, Executive Director

JLBC Analyst: Jim Hillyard

Board of Dispensing Opticians Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	0.8	0.8	0.8	0.8
Personal Services	31,400	29,100	33,700	33,400
Employee Related Expenditures	5,500	5,100	5,700	5,700
Professional and Outside Services	13,400	17,000	16,900	16,700
Travel - In State	1,100	4,900	4,900	4,900
Other Operating Expenditures	3,200	12,500	6,300	6,300
Equipment	-0-	3,500	-0-	-0-
<b>Total Appropriations</b>	<b>54,600</b>	<b>72,100</b>	<b>67,500</b> <sup>1/2/</sup>	<b>67,000</b> <sup>1/</sup>

*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. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

<sup>1/</sup> Appropriated as a Modified Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**STATE BOARD OF OPTOMETRY**

A.R.S. § 32-1701

Florence Moore, Executive Director

JLBC Analyst: Jim Hillyard

Board of Optometry Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>1.8</u>	<u>1.8</u>	<u>1.8</u>	<u>1.8</u>
Personal Services	55,300	56,700	60,800 <sup>1/</sup>	60,200 <sup>1/</sup>
Employee Related Expenditures	9,200	10,000	10,900	10,900
Professional and Outside Services	14,100	19,700	22,200	22,100
Travel - In State	2,800	6,400	6,500	6,500
Travel - Out of State	-0-	700	700	700
Other Operating Expenditures	<u>3,900</u>	<u>7,400</u>	<u>7,500</u>	<u>7,500</u>
<b>Total Appropriations</b>	<b>85,300</b>	<b>100,900</b>	<b>108,600 <sup>2/3/</sup></b>	<b>107,900 <sup>2/</sup></b>

*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. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

<sup>1/</sup> Of the amounts appropriated for FY 1996 and FY 1997, \$3,100 shall revert to the State Board of Optometry Fund if revenues are not increased by at least 16.2% over the FY 1994 level. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Modified Lump Sum by Agency.

<sup>3/</sup> This appropriated is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**ARIZONA BOARD OF OSTEOPATHIC EXAMINERS**

A.R.S. § 32-1801

Robert J. Miller, Ph.D., Executive Director

JLBC Analyst: Jim Hillyard

Board of Osteopathic Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
Personal Services	163,200	175,600	187,500	185,700
Employee Related Expenditures	35,300	37,600	40,900	40,900
Professional and Outside Services	5,000	27,700	27,700	33,700
Travel - In State	5,000	5,800	5,800	7,500
Travel - Out of State	2,600	3,800	3,800	3,800
Other Operating Expenditures	50,500	44,600	46,100	46,100
Equipment	-0-	27,600	-0-	-0-
<b>Total Appropriations</b>	<b>261,600</b>	<b>322,700</b>	<b>311,800</b> <sup>1/2/</sup>	<b>317,700</b> <sup>1/</sup>

*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.

**Clerical Temporary** — The approved FY 1997 amount includes one-time funding of \$6,000 for a clerical temporary to assist the board during their biennial license renewal process.

**Salary Increases** — The approved amounts include a \$3,700 Personal Services and Employee Related Expenditures salary increase for the board's Executive Director and a \$5,000 Personal Services and Employee Related Expenditures increase for the reclassification of the board's Medical Investigator.

<sup>1/</sup> Appropriated as a Modified Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)



**ARIZONA STATE PARKS BOARD**
**A.R.S. § 41-511**

Ken Travous, Executive Director

JLBC Analyst: Renée E. Bahl

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	178.5	178.5	182.5 <sup>1/</sup>
Personal Services	4,190,900	4,377,300	4,550,600
Employee Related Expenditures	1,068,900	1,160,900	1,234,700
Professional and Outside Services	44,500	43,100	48,100
Travel - In State	66,100	73,300	74,300
Travel - Out of State	5,800	4,100	4,100
Other Operating Expenditures	1,484,000	1,779,900	1,884,500
Equipment	300,700	132,200	132,200
<b>Operating Subtotal</b>	<b>7,160,900</b>	<b>7,570,800</b>	<b>7,928,500</b> <sup>2/</sup>
State Trust Land Leases	164,600	169,500	177,000
Arizona Conservation Corps	240,400	436,900	227,000 <sup>3/</sup>
LEBSF Projects	597,000	600,000	600,000 <sup>4/</sup>
<b>Total Appropriations</b>	<b>8,162,900</b>	<b>8,777,200</b>	<b>8,932,500</b> <sup>5/</sup>
<b>Fund Summary</b>			
General Fund	4,940,800	6,534,800	6,467,800
State Parks Enhancement Fund	1,396,200	1,627,400	1,834,700
State Lake Improvement Fund	1,228,900	-0-	-0-
Law Enforcement and Boating Safety Fund	597,000	600,000	600,000
Reservation Surcharge Revolving Fund	-0-	15,000	30,000
<b>Total Appropriations</b>	<b>8,162,900</b>	<b>8,777,200</b>	<b>8,932,500</b>

**Agency Description** — The State Parks Board is responsible for managing the state parks system, which includes 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 which provide funds for local and regional projects.

**Technical Issues** — The approved amount includes one-time increases of \$107,800 from the General Fund and \$24,400 from the Enhancement Fund for replacement equipment.

**Increased Visitation** — The approved amount includes an additional 4 FTE Positions and \$126,400 from the General Fund to meet increased visitor demands throughout various parks in the state. Several new park units and capital improvements have been completed in recent years which have led to a increase in visitation and an increased need for additional staff and operating dollars.

<sup>1/</sup> Includes 3 FTE Positions funded from Special Line Items in FY 1996.

<sup>2/</sup> All Other Operating Expenditures includes \$15,000 from the State Parks Enhancement Fund for Fool Hollow State Park revenue sharing. If receipts to Fool Hollow exceed \$150,000 in FY 1996, then an additional 10% of this increase of Fool Hollow receipts is appropriated from the State Parks Enhancement Fund to meet the revenue-sharing agreement with the City of Show Low and the United States Forest Service. (General Appropriation Act footnote.)

<sup>3/</sup> Monies appropriated for the Arizona Conservation Corps program shall be placed in the Arizona Conservation Corps Fund authorized by A.R.S. § 41-519.05. 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 A.R.S. § 41-519. (General Appropriation Act footnote.)

<sup>4/</sup> The appropriation for Law Enforcement and Boating Safety is an estimate representing all monies distributed to this fund during fiscal year 1995-1996. These monies are appropriated to the Arizona State Parks Board for the purposes established in A.R.S. § 5-383. 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.)

<sup>5/</sup> Appropriated as a Modified Lump Sum by Agency.

(Continued)

## ARIZONA STATE PARKS BOARD (Cont'd)

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**Kartchner Caverns** — Kartchner Caverns is an underground limestone cave, located near Benson, with 13,000 feet of passages and 2 large rooms, each approximately 100 yards long. When opened, the cave will remain protected while offering visitors a tour through multi-colored cave formations. The approved amount includes an increase of \$25,000 from the General Fund for increased operating expenditures while developing Kartchner Caverns. Contingent on available funds, the campground, visitor center and cave will open between FY 1998 and FY 2000.

**Supplemental Appropriation Pay-Off** — For FY 1994, the State Parks Enhancement Fund received a supplemental appropriation of \$336,500 from the General Fund. A FY 1995 General Appropriation Act footnote requires the Enhancement Fund to repay this supplemental appropriation with any revenues greater than twice the Enhancement Fund's appropriation (one-half of the fund is appropriated for operating expenses while the other half is non-appropriated for capital projects). Laws 1995, Chapter 3, 1st Special Session revised the pay-back amount to \$353,500 to include the FY 1995 salary adjustment.

The approved amount includes a shift of \$194,000 from the General Fund to the Enhancement Fund to begin repayment of the \$353,500 supplemental appropriation. After this shift in FY 1996, \$159,500 more is required to complete the supplemental pay-off.

**State Trust Land Leases** — 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. The approved amount includes an increase of \$7,500.

**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 persons between the ages of 14 and 25. Private or public agency sponsors provide work projects and pay corps member salaries.

The approved amount reflects a General Fund decrease of \$185,400 which was a one-time appropriation in FY 1995 to help secure matching monies. The General Fund appropriation to ACC funds 3 administrative FTE Positions and operating expenses.

**Law Enforcement and Boating Safety** — Provides grants from the Law Enforcement and Boating Safety Fund (LEBSF) 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.

**Reservation Surcharge Revolving Fund** — The approved amount includes an increase of \$15,000 from the Reservation Surcharge Revolving Fund to expand the Campsite Reservation Program. This fund uses reservation fees to pay the operating costs of the reservation system. The program began in FY 1995.

**FY 1997** — The Legislature deferred appropriating monies for FY 1997.

**PERSONNEL BOARD**

A.R.S. § 41-781

Judy Henkel, Executive Director

JLBC Analyst: Lynne Smith

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	71,400	75,400	76,900	76,200
Employee Related Expenditures	13,300	15,800	16,200	16,200
Professional and Outside Services	152,100	162,300	167,900	173,600
Travel - In State	1,200	2,000	2,000	2,000
Other Operating Expenditures	37,500	35,600	37,900	39,000
Equipment	3,400	4,000	5,800	1,400
<b>Total Appropriations</b>	<b>278,900</b>	<b>295,100</b>	<b>306,700</b> <sup>1/</sup>	<b>308,400</b> <sup>1/</sup>

**Agency Description** — *The Personnel Board hears grievances for state employees in the Arizona Department of Administration Personnel System who have been dismissed, demoted, or suspended.*

**Technical Issues** — The approved amounts include a decrease of \$200 for board member per diem. The approved amounts also include a total of \$4,400 for 2 replacement computers and \$1,400 for a modular work station in FY 1996, with a total of \$1,400 for a modular work station in FY 1997.

**Increased Workload** — The approved FY 1996 amount includes increases of \$3,600 for hearing officers, \$1,500 for attorneys, and \$500 for transcribers to reflect increased costs for services and an increased workload. The approved FY 1997 amount includes additional increases of \$3,600 for hearing officers, \$1,600 for attorneys, and \$500 for transcribers. The approved FY 1996 amount also includes an increase of \$900, with a further FY 1997 increase of \$1,100 to reflect increased costs for mailings and office supplies associated with the increased workload of the board.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**ARIZONA STATE BOARD OF PHARMACY**

A.R.S. § 32-1901

Llyn A. Lloyd, Executive Secretary

JLBC Analyst: Jim Hillyard

Board of Pharmacy Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>11.0</u>	<u>11.0</u>	<u>12.0</u>	<u>12.0</u>
Personal Services	388,200	398,700	428,600	424,400
Employee Related Expenditures	88,100	90,000	95,700	95,500
Professional and Outside Services	32,400	66,100	40,400	52,900
Travel - In State	34,500	33,800	36,500	36,500
Travel - Out of State	3,600	4,000	4,000	4,000
Other Operating Expenditures	88,000	57,100	76,100	76,100
Equipment	5,500	-0-	62,600	-0-
<b>Operating Subtotal</b>	<b>640,300</b>	<b>649,700</b>	<b>743,900</b>	<b>689,400</b>
Poison Control Center Subsidy	100,000	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>740,300</b>	<b>649,700</b>	<b>743,900</b> <sup>1/2/</sup>	<b>689,400</b> <sup>1/</sup>

*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.*

**Pharmacists Assisting Pharmacists of Arizona Funding** — The approved amounts include an increase of \$15,000 for a total of \$27,500 to fund the Pharmacists Assisting Pharmacists of Arizona program. This program combines the efforts of the Arizona Pharmacy Association, the Board of Pharmacy, and individual pharmacists to rehabilitate pharmacists impaired by drug and alcohol abuse.

**New Equipment** — The approved amount for FY 1996 includes one-time funding of \$29,800 to update the board's computer hardware, \$30,800 to update record management software, and \$2,000 to replace the board's recording equipment.

**Administrative Assistant II** — The approved amounts include authorization for 1 FTE Administrative Assistant II position and no related funding. In FY 1995, the board used the funding for 1 Drug Inspector position to hire 2 Administrative Assistant positions for the inspection non-RX facilities. The addition of this Administrative Assistant II position increases the board's number of appropriated FTE Positions to accommodate this move.

<sup>1/</sup> Appropriated as a Modified Lump Sum by Agency.

<sup>2/</sup> This appropriation available for use and is exempt from A.R.S. § 35-143.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**BOARD OF PHYSICAL THERAPY EXAMINERS**

A.R.S. § 32-2001

Janice Stille, Executive Director

JLBC Analyst: Jim Hillyard

Board of Physical Therapy Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	40,700	32,400	32,000	31,700
Employee Related Expenditures	6,800	5,900	6,100	6,100
Professional and Outside Services	18,400	26,300	42,000	41,800
Travel - In State	1,600	2,500	3,200	3,200
Travel - Out of State	400	1,300	800	700
Other Operating Expenditures	6,400	8,100	7,300	7,500
Equipment	-0-	1,500	-0-	-0-
<b>Total Appropriations</b>	<b>74,300</b>	<b>78,000</b>	<b>91,400</b> <sup>1/2/</sup>	<b>91,000</b> <sup>1/</sup>

*Agency Description* — The board licenses and regulates physical therapists. A physical therapist treats patients by exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**ARIZONA PIONEERS' HOME**

A.R.S. § 41-921

Jeanine Dike, Superintendent

JLBC Analyst: Marge Cawley

General Fund and Miners' Hospital Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>107.4</u>	<u>107.4</u>	<u>107.4</u>	<u>107.4</u>
Personal Services	2,250,500	2,171,000	2,225,400	2,203,400
Employee Related Expenditures	714,300	719,900	768,300	766,700
Food	-0-	185,000	225,000	225,000
<b>Total Appropriations</b>	<b>2,964,800</b>	<b>3,075,900</b>	<b>3,218,700 <sup>1/2</sup></b>	<b>3,195,100 <sup>1/2</sup></b>
<b>Fund Summary</b>				
General Fund	1,769,000	1,840,000	2,029,300	2,014,300
Miners' Fund	1,195,800	1,235,900	1,189,400	1,180,800
<b>Total Appropriations</b>	<b>2,964,800</b>	<b>3,075,900</b>	<b>3,218,700</b>	<b>3,195,100</b>

*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. On average, the Home cares for 165 residents throughout the year with approximately 10 of these being disabled miners.*

Food — The approved amount reflects for both FY 1996 and FY 1997 an increase of \$40,000 in the Food line item. The appropriation is based on \$123,900 from the General Fund and \$101,100 from the Miners' Fund. 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 been expended down to a very low balance. For FY 1994 and FY 1995, money for food costs was appropriated from the Miners' Fund. The initial intent in utilizing Miners' Fund dollars was to expend at its level of annual revenues. In both FY 1994 and FY 1995, Miners' Fund expenditures were higher than the revenue generated. By transferring a portion of the food costs to the General Fund, the Miners' Fund total appropriation will be closer to the fund's annual revenues.

<sup>1/</sup> 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.)  
<sup>2/</sup> Appropriated as a Lump Sum by Agency.

**STATE BOARD OF PODIATRY EXAMINERS**

A.R.S. § 32-801

Linda Wells, Executive Director

JLBC Analyst: Jim Hillyard

Board of Podiatry Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	27,600	30,200	31,800	31,500
Employee Related Expenditures	4,900	5,300	5,800	5,800
Professional and Outside Services	13,000	15,800	16,200	15,100
Travel - In State	400	100	1,800	1,800
Other Operating Expenditures	<u>2,100</u>	<u>2,400</u>	<u>2,500</u>	<u>2,500</u>
<b>Total Appropriations</b>	<b>48,000</b>	<b>53,800</b>	<b>58,100</b> <sup>1/2</sup>	<b>56,700</b> <sup>1/</sup>

*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. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**COMMISSION FOR POSTSECONDARY EDUCATION**

A.R.S. § 15-1851

Ed Johnson, Ph.D., Executive Director

JLBC Analyst: Bruce Groll

General Fund and Other Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	0.0	0.0	7.8	7.8
Personal Services	-0-	-0-	263,900	261,300
Employee Related Expenditures	-0-	-0-	50,200	50,200
Professional and Outside Services	-0-	-0-	214,800	214,800
Travel - In State	-0-	-0-	3,000	3,000
Travel - Out of State	-0-	-0-	10,000	10,000
Other Operating Expenditures	-0-	-0-	89,200	89,200
Equipment	-0-	-0-	2,000	2,000
<b>Operating Subtotal</b>	<b>-0-</b>	<b>-0-</b>	<b>633,100</b>	<b>630,500</b>
State Student Incentive Grants (SSIG)	-0-	-0-	3,351,100 <sup>1/</sup>	3,290,100 <sup>1/</sup>
Other Grants	-0-	-0-	234,300	234,300
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>4,218,500 <sup>2/3/</sup></b>	<b>4,154,900 <sup>2/3/</sup></b>
<b>Fund Summary</b>				
General Fund	-0-	-0-	1,234,000	1,234,000
Other Funds	-0-	-0-	2,984,500	2,920,900
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>4,218,500</b>	<b>4,154,900</b>

*Agency Description — The commission, established as the State Postsecondary Review Entity (SPRE) in FY 1995, is authorized to conduct, review and coordinate the review of postsecondary education institutions in order to determine the eligibility of those institutions for student financial aid monies; and enters into agreements and contracts with state regulatory agencies, accrediting bodies or other peer review systems to conduct program eligibility reviews. The commission also administers the Arizona Student Program Investing Resources in Education (ASPIRE) scholarship fund and three programs under Title IV of the higher education amendments of 1992: the state student incentive grant (SSIG) program; the federal family education loan program; and the Paul Douglas teacher scholarships program. Prior to FY 1995, the Commission for Postsecondary Education was a program under the Arizona Board of Regents' auspices.*

**Operating Transfer from Arizona Board of Regents —** The approved amount includes the transfer and appropriation of 6.8 FTE Positions and related operating expenditures from the Arizona Board of Regents to implement the program requirements of the commission per Laws 1994, Chapter 298 (see *Additional Legislation* in the JLBC Staff's FY 1995 Appropriations Report, page 431). The Commission for Postsecondary Education, which became a separate agency after July 15, 1995, was previously under the auspices of the Regents (ABOR).

<sup>1/</sup> The appropriation for the 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 Commission for Postsecondary Education shall be paid from institutional matching funds and shall not exceed 13% of the funds in FY 1996, and shall not exceed 18% of the funds in FY 1997. (General Appropriation Act footnote.)

<sup>2/</sup> For FY 1996 and for FY 1997, any unencumbered balance remaining in the Postsecondary Fund on June 30, 1995 and June 30, 1996, respectively, and all grant monies and other revenues received by the Commission for Postsecondary Education during these fiscal years, when paid into the state treasury, are appropriated for the explicit purposes designated by Special Line Items for which state, federal, institutional and other monies are received including State Student Incentive Grants, teacher scholarships and the Postsecondary Review Entity Program. (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as Modified Lump Sum by Agency.

(Continued)



**COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)**

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**Technical Issues** — The approved amounts of 7.8 FTE Positions include a base adjustment of 1 FTE Position to account for two 0.5 FTE graduate assistant positions that are currently funded at \$20,700 in the Personal Services base. The positions do not receive health or retirement benefits, but are subject to social security and workers' compensation.

**State Student Incentive Grants (SSIG)** — The approved amounts include total program matching funds of \$3,351,100 (\$1,220,800 General Fund matching funds; \$1,062,100 Other Funds institutional matching funds; and \$1,068,200 Other Funds federal matching funds) for grants to Arizona residents who demonstrate financial need and are attending, on at least a half-time basis, an approved program at an accredited Arizona postsecondary educational institution. The approved amount for FY 1997 includes an increase in the percent of institutional matching funds that may be used for administration, which results in a decrease in the amount available for grants. This Special Line Item reduction implements an authorized change in the administrative cost rate from 13% to 18% and accommodates the commission's increased responsibilities due to legislation establishing it as a state agency independent of the ABOR. The change is necessary to offset some of the revenue previously received by ABOR from other General Fund sources and used for Personal Services and Other Operating Expenditures.

**Other Grants** — The approved amount includes \$234,300 for Paul Douglas Teacher Scholarships for outstanding Arizona high school graduates to pursue teaching careers at the preschool, elementary or secondary level.

**STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION**

A.R.S. § 32-3002

Dona M. Markley, Executive Director

JLBC Analyst: Bruce Groll

Board for Private Postsecondary Education Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	71,500	83,300	95,600	94,700
Employee Related Expenditures	15,200	19,800	23,800	23,800
Professional and Outside Services	13,900	4,900	3,000	6,000
Travel - In State	1,800	3,800	3,000	5,000
Travel - Out of State	400	-0-	-0-	-0-
Other Operating Expenditures	21,000	22,700	22,300	29,300
<b>Total Appropriations</b>	<b>123,800</b>	<b>134,500 <sup>1/</sup></b>	<b>147,700 <sup>2/3/4/</sup></b>	<b>158,800 <sup>3/4/</sup></b>

*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.*

**Technical Issues —** The approved amounts include an additional \$11,600 (\$10,200 Personal Services and \$1,400 Employee Related Expenditures) for a position enhancement of an administrative secretary position to a professional-level staff position. This increase enables a reorganization of the director’s responsibilities, thus allowing greater oversight of annual licensure renewals, responsiveness to complaints and regulatory issues and management of the Student Tuition Recovery Fund.

The approved FY 1997 amount includes a further increase of \$12,000 (\$3,000 Professional and Outside Services, \$2,000 Travel - In State, and \$7,000 Other Operating Expenditures) to facilitate timely and thorough investigations of schools and license applications. These adjustments are consistent with the Auditor General’s recommendation and are contingent on the fee increases stipulated in footnote 3.

- <sup>1/</sup> For FY 1995, \$157,800 was appropriated subject to an increase in licensure fees. Licensure fees were not increased and, subsequently, \$23,300 was reverted to the State Board of Private Postsecondary Education Fund.
- <sup>2/</sup> 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, 1997. (General Appropriation Act footnote.)
- <sup>3/</sup> Appropriated as a Lump Sum by Agency.
- <sup>4/</sup> Of the amount appropriated for FY 1996 and FY 1997, \$12,300 shall revert to the State Board of Private Postsecondary Education Fund in FY 1996, and \$24,300 shall revert to the State Board of Private Postsecondary Education Fund in FY 1997 if current licensure fees are not increased by at least 30% over the FY 1995 level, and if supplemental license fees are not increased from \$300 to \$500. (General Appropriation Act footnote.) **Note:** For FY 1996, legislation that would have allowed the board to raise fees did not pass. Consequently, licensure fees were not increased and the \$12,300 added for FY 1996 must revert.

**STATE BOARD OF PSYCHOLOGIST EXAMINERS**

A.R.S. § 32-2062

Maxine McCarthy, Executive Director

JLBC Analyst: Jim Hillyard

Board of Psychologist Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>2.5</u>	<u>2.5</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	77,400	85,000	97,300	97,700
Employee Related Expenditures	14,700	18,100	21,500	21,700
Professional and Outside Services	57,300	93,600	82,900	85,000
Travel - In State	4,600	5,600	6,800	6,800
Travel - Out of State	2,300	2,500	2,500	2,500
Other Operating Expenditures	16,500	18,700	13,900	13,900
Equipment	2,400	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>175,200</b>	<b>223,500</b>	<b>224,900</b> <sup>1/2</sup>	<b>227,600</b> <sup>1/</sup>

*Agency Description* — The board licenses and regulates psychologists. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

*Administrative Secretary* — The approved amount includes \$11,300 for a 0.5 FTE Administrative Secretary position.

*Salary Increase* — The approved FY 1997 amount includes a \$1,400 Personal Services and Employee Related Expenditures increase to the Executive Director's salary.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

<sup>2/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

**ARIZONA DEPARTMENT OF RACING - SUMMARY**

A.R.S. § 5-101

James Higginbottom, Director

JLBC Analyst: Phil Case

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
<u>Program Summary</u>				
Commercial Racing	2,216,800	2,522,200	2,632,300	2,519,100
County Fair Racing	232,300	284,600	289,000	288,100
<b>Total Appropriations</b>	<b>2,449,100</b>	<b>2,806,800</b>	<b>2,921,300</b>	<b>2,807,200</b>
<u>Expenditure Detail</u>				
FTE Positions <sup>1/</sup>	<u>55.7</u>	<u>56.2</u>	<u>56.4</u>	<u>55.4</u>
Personal Services	1,271,300	1,502,200	1,544,000	1,529,000
Employee Related Expenditures	311,000	351,200	365,400	364,800
Professional and Outside Services	508,300	55,000	64,500	64,500
Travel - In State	137,200	154,300	159,800	159,800
Travel - Out of State	6,300	4,800	4,800	4,800
Other Operating Expenditures	178,900	163,600	216,700	214,000
Equipment	36,100	12,000	15,000	14,000
<b>Operating Subtotal</b>	<b>2,449,100</b>	<b>2,243,100</b>	<b>2,370,200</b>	<b>2,350,900</b>
Special Line Items	-0-	563,700	555,400	456,300
Additional Appropriations	-0-	-0-	(4,300)	-0-
<b>Total Appropriations</b>	<b>2,449,100</b>	<b>2,806,800</b>	<b>2,921,300</b> <sup>2/</sup>	<b>2,807,200</b> <sup>2/</sup>
<u>Fund Summary</u>				
General Fund	2,216,800	2,522,200	2,632,300	2,519,100
County Fair Racing Fund	232,300	284,600	289,000	288,100
<b>Total Appropriations</b>	<b>2,449,100</b>	<b>2,806,800</b>	<b>2,921,300</b>	<b>2,807,200</b>

*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 collects revenues for the Boxing Commission.

*Staffing* — The approved FY 1996 amount includes an increase of \$9,900 and 0.2 FTE Positions. The approved FY 1997 amount includes a decrease of \$99,100 and 1 FTE Position.

*Additional Legislation* — Department of Gaming; Establishment (Chapter 76) — Transfers the State Gaming Agency from within the Department of Racing to its own separate department. The bill stipulates that all materials of the State Gaming Agency and its FY 1996 appropriation are transferred to the Department of Gaming. For consistency, the FY 1997 appropriation is treated the same.

<sup>1/</sup> Includes 1.6 FTE Positions and 0.6 FTE Positions funded from Special Line Items in FY 1996 and FY 1997, respectively.

<sup>2/</sup> Appropriation format varies by program.

**ARIZONA DEPARTMENT OF RACING - COMMERCIAL RACING**

**A.R.S. § 5-101**

<b>General Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions <sup>1/</sup>	49.2	50.2	50.4	49.4
Personal Services	1,173,600	1,374,900	1,413,500	1,399,800
Employee Related Expenditures	290,800	317,500	330,400	329,900
Professional and Outside Services	466,300	7,100	16,600	16,600
Travel - In State	72,700	85,200	90,700	90,700
Travel - Out of State	6,300	4,800	4,800	4,800
Other Operating Expenditures	171,000	157,000	210,200	207,000
Equipment	36,100	12,000	15,000	14,000
<b>Operating Subtotal</b>	<b>2,216,800</b>	<b>1,958,500</b>	<b>2,081,200</b>	<b>2,062,800</b>
Drug Testing and Quality Assurance	-0-	439,500	431,000	431,000
Yuma/Holbrook Commercial Racing	-0-	124,200	124,400 <sup>2/</sup>	25,300 <sup>2/</sup>
<b>Total</b>	<b>2,216,800</b>	<b>2,522,200</b>	<b>2,636,600 <sup>3/</sup></b>	<b>2,519,100 <sup>3/</sup></b>
<b>Additional Appropriations - Regulatory Reform, Ch. 251</b>	<b>-0-</b>	<b>-0-</b>	<b>(4,300)</b>	<b>-0-</b>
<b>Total Appropriations</b>	<b>2,216,800</b>	<b>2,522,200</b>	<b>2,632,300</b>	<b>2,519,100</b>

*Program Description — Licenses, investigates, and regulates 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.*

**New Staff —** The approved amounts include an additional \$37,800 and 1 FTE Position to regulate "dark day simulcasting," the reception of simulcasted races at a track which is not running live races that day. Dark day simulcasting was legalized by Laws 1994, Chapter 370.

**Elimination of Staff —** The approved amounts include a decrease of \$27,900 and 0.8 FTE Positions no longer needed to regulate racing at Yuma Greyhound Park.

**Drug Testing and Quality Assurance —** The approved amounts include a decrease of \$8,500 which was shifted to Professional and Outside Services to fund hearing officer services. (Chapter 251 subsequently transferred \$4,300 to the new Office of Administrative Hearings for FY 1996 only.) The remaining monies will fund animal drug testing, human drug testing, and the Racing Commissioners' Quality Assurance Program.

**Yuma/Holbrook Commercial Racing —** The approved FY 1996 amount is available to fund the regulation of dog racing at Yuma Greyhound Park and/or commercial horse racing at the Navajo County Fair Grounds, located in Holbrook. Currently, Yuma Greyhound Park is closed but still has an active license. Commercial racing has not begun at Holbrook but it is being seriously considered. The FY 1997 amount includes decreases of \$99,100 and 1 FTE Position with the expectation that Yuma Greyhound Park's license will not be renewed.

<sup>1/</sup> Includes 1.6 FTE Positions in FY 1996 and 0.6 FTE Positions in FY 1997 funded in a Special Line Item.

<sup>2/</sup> If live Commercial Racing is not held at Yuma Greyhound Park and Navajo County fairgrounds, \$124,400 shall revert to the state General Fund and 1.6 FTE Positions are eliminated in FY 1996 and \$25,300 shall revert to the state General Fund and 0.6 FTE Positions are eliminated in FY 1997.

<sup>3/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

<b>ARIZONA DEPARTMENT OF RACING - COUNTY FAIR RACING</b>				<b>A.R.S. § 5-101</b>
<b>County Fair Racing Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>6.5</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>
Personal Services	97,700	127,300	130,500	129,200
Employee Related Expenditures	20,200	33,700	35,000	34,900
Professional and Outside Services	42,000	47,900	47,900	47,900
Travel - In State	64,500	69,100	69,100	69,100
Other Operating Expenditures	<u>7,900</u>	<u>6,600</u>	<u>6,500</u>	<u>7,000</u>
<b>Total Appropriations</b>	<b>232,300</b>	<b>284,600</b>	<b>289,000 <sup>1/</sup></b>	<b>288,100 <sup>1/</sup></b>

*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.*

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

**RADIATION REGULATORY AGENCY - SUMMARY**

A.R.S. § 30-652 and 32-2802

Aubrey V. Godwin, Director

JLBC Analyst: Gita Reddy

**General Fund and  
Other Appropriated Funds****FY 1994  
Actual****FY 1995  
Estimate****FY 1996  
Approved****FY 1997  
Approved**Program Summary

Radiation Evaluation and Compliance	1,361,400	1,415,200	1,078,400	1,096,700
Medical Radiologic Technology				
Board of Examiners	90,200	102,500	105,800	105,200
<b>Total Appropriations</b>	<b>1,451,600</b>	<b>1,517,700</b>	<b>1,184,200</b>	<b>1,201,900</b>

Expenditure Detail

FTE Positions	<u>22.0</u>	<u>22.0</u>	<u>23.0</u>	<u>24.0</u>
Personal Services	667,900	700,500	746,100	768,500
Employee Related Expenditures	147,400	158,500	170,700	177,500
Professional and Outside Services	6,600	4,100	3,600	3,600
Travel - In State	28,400	31,500	31,900	32,300
Travel - Out of State	4,200	4,000	4,600	3,400
Other Operating Expenditures	204,300	220,000	206,600	208,000
Equipment	-0-	-0-	20,700	8,600
<b>Operating Subtotal</b>	<b>1,058,800</b>	<b>1,118,600</b>	<b>1,184,200</b>	<b>1,201,900</b>
Special Line Items	392,800	-0-	-0-	-0-
Additional Appropriation	-0-	399,100	-0-	-0-
<b>Total Appropriations</b>	<b>1,451,600</b>	<b>1,517,700</b>	<b>1,184,200</b> <sup>1/</sup>	<b>1,201,900</b> <sup>1/</sup>

Fund Summary

General Fund	968,600	1,016,100	1,078,400	1,096,700
Nuclear Emergency Management Fund	392,800	399,100	-0-	-0-
State Radiologic Technologist Cert. Fund	90,200	102,500	105,800	105,200
<b>Total Appropriations</b>	<b>1,451,600</b>	<b>1,517,700</b>	<b>1,184,200</b>	<b>1,201,900</b>

*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.*

<sup>1/</sup> Appropriated as a Lump Sum by Program.

**RADIATION REGULATORY AGENCY -  
RADIATION EVALUATION AND COMPLIANCE**

A.R.S. § 30-652

General Fund and Nuclear Emergency Management Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	20.0	20.0	21.0	22.0
Personal Services	613,500	643,800	688,000	711,000
Employee Related Expenditures	135,000	144,900	156,900	163,700
Professional and Outside Services	6,000	3,600	3,100	3,100
Travel - In State	26,900	28,500	28,900	29,300
Travel - Out of State	4,100	2,300	2,900	1,700
Other Operating Expenditures	183,100	193,000	177,900	179,300
Equipment	-0-	-0-	20,700	8,600
<b>Operating Subtotal</b>	<b>968,600</b>	<b>1,016,100</b>	<b>1,078,400</b>	<b>1,096,700</b>
Nuclear Emergency Management Fund	392,800	-0-	-0-	-0-
<b>Total</b>	<b>1,361,400</b>	<b>1,016,100</b>	<b>1,078,400</b>	<b>1,096,700</b>
<b>Additional Appropriations - Nuclear Emergency Appropriation and Assessment, Ch. 28</b>	<b>-0-</b>	<b>399,100<sup>1/</sup></b>	<b>-0-</b>	<b>-0-</b>
<b>Total Appropriations</b>	<b>1,361,400</b>	<b>1,415,200</b>	<b>1,078,400<sup>2/</sup></b>	<b>1,096,700<sup>2/</sup></b>
<b>Fund Summary</b>				
General Fund	968,600	1,016,100	1,078,400	1,096,700
Nuclear Emergency Management Fund	392,800	399,100	-0-	-0-
<b>Total Appropriations</b>	<b>1,361,400</b>	<b>1,415,200</b>	<b>1,078,400</b>	<b>1,096,700</b>

**Program Description** — *The Radiation Evaluation and Compliance program responsibilities include administrative services, regulation, licensing, inspection, emergency response, and environmental monitoring.*

**Technical Issues** — The approved FY 1996 amount includes a one-time increase of \$12,100 to purchase a replacement copier. The approved FY 1996 amount also includes a one-time decrease of \$3,100 due to a decreased need for laboratory supplies.

**X-Ray Tube Backlog** — Of the approximately 8,000 x-ray tubes in the state, over 2,200 have not received their last regularly scheduled inspection. The agency needs 2 new inspectors, but since it can only train 1 new inspector per year, the Legislature provided funding for 1 inspector in FY 1996 and a second inspector in FY 1997. The approved FY 1996 amount includes an increase of \$46,100 and 1 FTE Position to reduce the backlog of x-ray tube inspections. The approved FY 1997 amount includes a further increase of \$46,100 and 1 FTE Position and a decrease of \$8,600 in one-time FY 1996 capitalized equipment costs. The FY 1997 approved amount also includes \$8,600 in one-time capitalized equipment costs.

**Additional Appropriations** — Nuclear Emergency Appropriation and Assessment (Chapter 28) — Appropriates \$858,000 from the General Fund to the Nuclear Emergency Management Fund (NEMF), of which \$399,100 is allocated for use by the Radiation Regulatory Agency as follows: Personal Services, \$162,400; Employee Related Expenditures, \$39,000; Travel - In State, \$4,400; Travel - Out of State, \$10,600; and Other Operating Expenditures, \$182,700. 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 \$858,000, plus any applicable interest, against a consortium of corporations which operate the Palo Verde Nuclear Generating Station.

<sup>1/</sup> Laws 1995, Chapter 28 appropriated \$399,100 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1996. The appropriation is shown in FY 1995 due to enactment with an emergency clause. The department has a July 1, 1994 carry-forward of \$404,800 that is also available for expenditures in FY 1995.

<sup>2/</sup> Appropriated as a Lump Sum by Program.



**RADIATION REGULATORY AGENCY -  
MEDICAL RADIOLOGIC TECHNOLOGY BOARD OF EXAMINERS**

A.R.S. § 32-2802

State Radiologic Technologist Certification Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	2.0	2.0	2.0	2.0
Personal Services	54,400	56,700	58,100	57,500
Employee Related Expenditures	12,400	13,600	13,800	13,800
Professional and Outside Services	600	500	500	500
Travel - In State	1,500	3,000	3,000	3,000
Travel - Out of State	100	1,700	1,700	1,700
Other Operating Expenditures	21,200	27,000	28,700	28,700
<b>Total Appropriations</b>	<b>90,200</b>	<b>102,500</b>	<b>105,800 <sup>1/</sup></b>	<b>105,200 <sup>1/</sup></b>

*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.*

**Technical Issues —** The approved FY 1996 amount includes an increase of \$1,600 for postage and no further increases for FY 1997.

<sup>1/</sup> Appropriated as a Lump Sum by Program.

**ARIZONA RANGERS' PENSIONS**

A.R.S. § 41-951

JLBC Analyst: Brad Beranek

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Other Operating Expenditures	<u>9,800</u>	<u>10,100</u>	<u>10,300</u>	<u>10,500</u>
<b>Total Appropriations</b>	<b>9,800</b>	<b>10,100</b>	<b>10,300 <sup>1/</sup></b>	<b>10,500 <sup>1/</sup></b>

*Agency Description* — Provides a monthly benefit for retired rangers and their surviving spouses.

**Technical Issues** — The approved amounts provide a \$200 adjustment for FY 1996 (an increase of approximately 2.0%) for inflation, as per the provisions of A.R.S. § 41-951B, and a further \$200 increase for FY 1997.

The pension for the remaining sole survivor will be approximately \$858 per month in FY 1996 and approximately \$875 per month in FY 1997.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**STATE REAL ESTATE DEPARTMENT**

A.R.S. § 32-2102

Jerry Holt, Commissioner

JLBC Analyst: Lynne Smith

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	67.5	68.0	67.8	68.5
Personal Services	1,673,000	1,762,200	1,821,200	1,803,300
Employee Related Expenditures	378,900	441,500	425,700	425,000
Professional and Outside Services	23,300	22,400	13,600	12,900
Travel - In State	50,400	57,000	57,000	57,000
Travel - Out of State	4,100	5,500	5,500	5,500
Other Operating Expenditures	351,500	630,800	585,100	582,400
Equipment	46,400	2,600	6,200	13,800
<b>Total</b>	<b>2,527,600</b>	<b>2,922,000</b>	<b>2,914,300</b>	<b>2,899,900</b>
Additional Appropriations - Regulatory Reform, Ch. 251	-0-	-0-	(44,300)	-0-
<b>Total Appropriations</b>	<b>2,527,600</b>	<b>2,922,000</b>	<b>2,870,000</b> <sup>1/</sup>	<b>2,899,900</b> <sup>1/</sup>

*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.

*Technical Issues* — The approved FY 1996 amount includes a reduction of \$1,300 for data processing services no longer required by the department, with a further reduction of \$700 for FY 1997, and increases of \$2,500 for postage, \$2,000 for printing, \$1,300 for training materials, and \$2,500 for repair and maintenance of office equipment, with no further increases for FY 1997. The approved amounts also include a total of \$6,200 for computer equipment in FY 1996 and \$13,800 for a copier and computer equipment in FY 1997.

The FY 1996 approved amount includes the following changes in payments for state-owned space in the Sun State Office Building, with no further reductions for FY 1997: a) a decrease of \$26,500 for the lease-purchase payment, and b) a decrease of \$15,200 for the operations and maintenance charge. The reductions reflect the correction of an estimated square footage figure used for FY 1995.

*Administrative Law Judge* — The approved amounts include an additional \$18,100 and 0.5 FTE Position for a half-time Hearing Officer II position to reduce delays of up to 7 months for the final disposition of cases. The approved amounts also include a reduction of \$7,500, since the department will be able to contract for fewer outside attorney services.

*Additional Appropriation — Regulatory Reform (Chapter 251)* — Please see the General Legislation section for a description of this legislation, which transfers out 0.8 FTE Position in FY 1996. This number will be annualized in FY 1997, for a revised FTE Positions total of 67.

*Additional Legislation — Real Estate Department (Chapter 160)* — This bill makes numerous revisions to the statutory requirements for the real estate industry. These include changing the requirements for filing certain public report exemptions and eliminating the associated \$100 filing fee. This will result in a loss to the General Fund of approximately \$25,000 in FY 1996 and \$20,000 in FY 1997.

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**RESIDENTIAL UTILITY CONSUMER OFFICE**

A.R.S. § 40-461

Greg Patterson, Director

JLBC Analyst: Jason Hall

Residential Utility Consumer Office Revolving Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>12.0</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>
Personal Services	392,400	433,100	443,900	439,500
Employee Related Expenditures	75,200	96,800	92,400	92,200
Professional and Outside Services	333,400	-0-	-0-	-0-
Travel - In State	6,400	10,000	10,000	10,000
Travel - Out of State	6,500	4,600	4,600	4,600
Other Operating Expenditures	103,900	106,900	107,000	107,000
Equipment	12,100	-0-	4,000	2,000
<b>Operating Subtotal</b>	<b>929,900</b>	<b>651,400</b>	<b>661,900</b>	<b>655,300</b>
Professional Witnesses	-0-	323,900	347,100 <sup>1/</sup>	347,100 <sup>2/</sup>
<b>Total Appropriations</b>	<b>929,900</b>	<b>975,300</b>	<b>1,009,000 <sup>2/</sup></b>	<b>1,002,400 <sup>2/</sup></b>

*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.

**Computer Upgrade** — The approved amount includes a one-time increase of \$4,000 for FY 1996 to replace 2 computers used by the staff attorneys and a one-time increase of \$2,000 for FY 1997 to replace 1 computer used by the utility audit staff.

**Professional Witnesses** — The approved amounts include an increase of \$23,200 to provide for the schedule of expected utility rate hearings. Monies in this Special Line Item are used to hire court reporters and witnesses who study the utilities and provide expert testimony at rate hearings. This appropriation is exempt from lapsing at the end of the year, since many rate cases continue beyond 1 fiscal year. The Corporation Commission also receives a non-lapsing appropriation to cover the services of professional consultants for rate cases.

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**BOARD OF RESPIRATORY CARE EXAMINERS**

A.R.S. § 32-3501

Ann Marie Berger, Executive Director

JLBC Analyst: Lynne Smith

Respiratory Care Examiners Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>2.0</u>	<u>2.0</u>	<u>3.0</u>	<u>4.0</u>
Personal Services	63,100	62,300	80,900	80,300
Employee Related Expenditures	11,800	12,100	17,300	17,300
Professional and Outside Services	2,800	17,000	17,000	17,000
Travel - In State	1,200	4,000	4,000	4,000
Travel - Out of State	1,700	3,000	3,000	3,000
Other Operating Expenditures	22,000	36,400	40,900	40,600
Equipment	4,800	3,000	2,900	2,800
<b>Total Appropriations</b>	<b>107,400</b>	<b>137,800</b>	<b>166,000</b> <sup>1/2</sup>	<b>165,000</b> <sup>2/</sup>

**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.

**Technical Issues** — The approved amounts include an increase of \$3,700 to fund an additional 320 square feet for space and an increase of \$200 to reflect a change in the rental rate for state-owned space from \$11.00 to \$11.50 per square foot. The additional space has been allocated to the board upon its move to 1400 West Washington and will relieve overcrowding in the current office. The approved FY 1997 amount includes a total of \$2,800 for a laser printer.

**Increased Workload** — The approved amounts include an additional \$24,900 and 1 FTE Position for an Administrative Secretary position to respond to an increase in the number of applications and complaints received by the board. The approved FY 1996 amount includes a total of \$3,400 in one-time expenditures.

The approved FY 1997 amount includes an additional 1 FTE Position for an Investigator position to respond to an increase in the number of complaints which require investigation. Due to current estimates that expenditures will exceed revenues to the Respiratory Care Examiners Fund, the approved amount does not include additional funding. The JLBC Staff recommends the following to provide funding for this positions: 1) continuation of the board's current underexpenditure of All Other Operating Expenditures, and 2) reallocation of \$4,000 in Professional and Outside Services for investigation services which will no longer be required if an investigator is hired.

**Other Issues** — FY 1995 Expenditure Authority — The board's FY 1995 expenditure authority includes the following:

FY 1995 Appropriation	\$137,800
Carry Forward from FY 1994	<u>26,700</u>
Total	\$164,500

Of this amount, the board plans to expend \$137,800 in FY 1995.

1/ The FY 1996 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, 1997. (General Appropriation Act footnote.)

2/ Appropriated as a Lump Sum by Agency.

**ARIZONA STATE RETIREMENT SYSTEM**

A.R.S. § 38-711

LeRoy Gilbertson, Director

JLBC Analyst: Rachelle Child

State Retirement System Administration Account	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	89.0	89.0	89.0	89.0
Personal Services	2,073,000	2,319,100	2,436,000	2,447,100
Employee Related Expenditures	464,500	524,700	561,300	565,200
Professional and Outside Services	98,500	100,500	100,500	100,500
Travel - In State	6,300	6,500	6,500	6,500
Travel - Out of State	6,800	8,000	8,000	8,000
Other Operating Expenditures	448,100	461,800	529,400	547,200
Equipment	18,600	30,600	30,000	28,500
<b>Operating Subtotal</b>	<b>3,115,800</b>	<b>3,451,200</b>	<b>3,671,700</b>	<b>3,703,000</b>
Automated Facilities Development	111,800	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>3,227,600</b>	<b>3,451,200</b>	<b>3,671,700</b> <sup>1/2/</sup>	<b>3,703,000</b> <sup>2/</sup>

*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, 1994, State Retirement System membership included approximately 154,900 active employees, 41,000 retired plan members, 1,800 long-term disability recipients, and approximately \$11 billion in assets (market value).*

**Elimination of Programmer Positions —** The approved amount includes a decrease of 1 FTE Position and \$36,600 in FY 1996 and a further decrease of 1 FTE Position and \$41,400 in FY 1997 associated with the agency's computer system, PERIS (Public Employees Retirement Information System). This system is scheduled to be operational in CY 1996. At that time, ASRS will no longer need as many programmers to keep the computer system running as it needed to develop the computer system.

**In-House Investment Staff —** The approved amount includes an increase of 1 FTE Position, \$90,200 in Personal Services, \$14,600 in Employee Related Expenditures, and \$1,000 in Other Operating Expenditures for the establishment of a senior investment professional position in FY 1996. One of the findings of the recent Auditor General's performance audit relates to the implementation of an internal investment management program for a portion of the retirement system's assets. At the present, the system does not manage any of its assets in-house. While there are some investment strategies which are more appropriate to be left to contract investment managers, there are some less complex strategies which the system could pursue in-house.

The above funding represents monies for implementation of "phase I" of the system's internal investment plan. Phase I involves the hiring of a senior investment professional who will assist the director with the development and implementation of internal investment policies and methodologies. The approved amount for FY 1997 includes a further increase of 1 FTE Position and \$70,300 in Personal Services, \$12,000 in Employee Related Expenditures, and \$1,000 in Other Operating Expenditures for the establishment of a Portfolio Manager position. This will implement "phase II" of the system's plan for internal investment management, including the pursuit of specific internal investment methodologies approved by the Investment Advisory Committee and reviewed by the Joint Legislative Budget Committee.

1/ By October 30, 1995 the Arizona State Retirement System shall present to the Joint Legislative Budget Committee a detailed outline of the policies, procedures, goals, objectives, and methodologies which the system has developed to guide internal investment strategies, and a plan for monitoring the return on internal investment strategies, in comparison to what return might have been achieved through the use of contract investment managers. (General Appropriation Act footnote.)

2/ Appropriated as a Lump Sum by Agency.

(Continued)

## ARIZONA STATE RETIREMENT SYSTEM (Cont'd)

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**Other Operating Expenditures** — The approved amount for FY 1996 includes an increase of \$9,000 for postage, \$16,000 for training, and a decrease of \$44,700 associated with the replacement of the department's old computer system with the PERIS system. This savings will be realized by a decrease in repair and maintenance costs and payment of the final lease-purchase installment for the old system, but partially offset by an increase of \$26,400 necessary for maintenance costs for the new system. The approved amount for FY 1997 includes a further increase of \$6,600 for contract costs for the new computer system (PERIS), and a further increase of \$10,200 for repair and maintenance costs for the network, database, and software.

**Replacement Equipment** — The approved amount for FY 1996 includes a total of \$24,000 for replacement computers, and \$6,000 for replacement printers. The approved amount for FY 1997 includes a total of \$24,000 for replacement computers, and \$4,500 for replacement printers.

**Additional Legislation** — ASRS; Omnibus (Chapter 134) — Makes several changes to the statutes governing ASRS, including: 1) Changes board member per diem from \$50 for each day the board meets to \$50 for performing board duties, but not more than \$1,000 in any given fiscal year; 2) Extends the Outreach Education Program indefinitely; 3) Requires all members with "old System rights" to make a final and irrevocable election by December 31, 1995, to accept the retirement benefit as provided by the ASRS Plan or opt for the retirement benefit which is equivalent of the benefit they would have received under the old System. If an employee, either active or inactive, elects old System benefits, the member and employer will be required to pay the difference between 7% of payroll and the actual contribution rate from July 1, 1984 through December 31, 1995, and in the future, such employers and employees with old System rights will both be required to make contributions of 7% of payroll; 4) Establishes a stand-alone Long Term Disability Program (LTD) which will continue to be administered by the board. Employee contributions will no longer be refundable and will not be pretaxed. A LTD Trust Fund is established for the purpose of paying benefits and the costs of administering the program. The costs of administering the program will no longer be paid out of the Administration Account. The cost of the program will be shared equally by employers and employees and all members are required to participate. Members who were eligible to receive long-term disability benefits on or before June 30, 1995 will continue to be eligible for the same cost of living increase (COLA) as ASRS members, but the cost will be paid out of the LTD Trust Fund. On October 1, 1996, all members of the old LTD Program will be transferred to the new stand-alone program; 5) Sets the employer and employee contribution rate for FY 1996 at 3.36% of payroll for both employers and members, and sets the LTD contribution rate at .49% of payroll for employers and members.

**Corrections Officers Retirement Plan (Chapter 205)** — Provides benefit changes for most state retirement plans, including: 1) Changes the calculation of the ASRS excess investment earnings COLA. Previously, the adjustment was limited to 1/2 of the increase in the "All Items" component for the previous calendar year of the Consumer Price Index (CPI) for all urban consumers, but is now altered to provide for the full change in the CPI. 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. In order for a COLA to be granted, the actuarial yield on Plan assets must be greater than 9% on those accounts associated with eligible individuals. It is estimated that the COLA to be paid January 1, 1996 retroactive to July 1, 1995 will now equal 2.4% rather than the 1.4% which would have otherwise been paid; 2) Transfers the investigators employed by the Department of Liquor Licenses and Control from ASRS to the Public Safety Personnel Retirement System (PSPRS); 3) Grants a 2% "tax equity" benefit increase to members of PSPRS who were employed prior to September 15, 1989 and who retire on or after October 31, 1992 but before November 1, 1995; 4) Allows a period of nonpaid or partially paid industrial leave to be included in the computation of the member's "average monthly salary" based on the salary the employee would have otherwise received for members of the Correctional Officers' Retirement Plan (CORP); 5) Allows for normal retirement from CORP when the sum of the member's age and years of credited service equals 80, allows shift differential pay and holiday pay to be included as salary for purposes of calculating retirement benefits, and allows any period during which an employee is on an employer sponsored long-term disability program to be counted as credited service for the same purpose; and 6) Establishes a Joint Legislative Study Committee on State Retirement Systems to study a wide range of retirement issues and report its findings to the Governor, the President of the Senate and the Speaker of the House of Representatives on or before October 31, 1995.

**DEPARTMENT OF REVENUE**

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Bob Hull

**General Fund and Tobacco Tax and Health Care Fund**

**FY 1994 Actual**

**FY 1995 Estimate**

**FY 1996 Approved**

**FY 1997 Approved**

Program Summary

Director's Office	892,300	887,300	914,200	907,700
Administrative Services	8,370,500	9,387,100	10,108,400	10,681,100
Property Valuation and Equalization	2,929,100	3,241,900	3,779,400	3,451,700
Special Support	1,741,100	1,876,200	2,025,900	1,985,000
Compliance	18,393,700	17,945,100	18,400,000	18,259,000
Taxpayer Support	3,887,500	3,818,900	3,908,700	3,878,600
Data Management	12,301,800	11,941,000	12,185,300	11,743,400
<b>Total Appropriations</b>	<b>48,516,000</b>	<b>49,097,500</b> <sup>1/</sup>	<b>51,321,900</b>	<b>50,906,500</b>

FTE Positions	<u>1,236.0</u>	<u>1,235.0</u>	<u>1,245.0</u>	<u>1,246.0</u>
Personal Services	28,368,500	28,691,800	29,571,400	29,278,600
Employee Related Expenditures	6,333,800	6,811,600	7,012,500	7,003,700
Professional and Outside Services	2,029,500	2,741,500	2,671,500	2,576,500
Travel - In State	338,700	385,000	405,700	405,700
Travel - Out of State	519,900	526,400	529,800	529,800
Other Operating Expenditures	9,254,200	9,887,000	10,249,600	10,797,100
Equipment	1,671,400	54,200	4,800	-0-
<b>Operating Subtotal</b>	<b>48,516,000</b>	<b>49,097,500</b>	<b>50,445,300</b>	<b>50,591,400</b>
Building Permits Database	-0-	-0-	360,000 <sup>1/</sup>	315,100
Voter Registration Act	-0-	-0-	275,200	-0-
<b>Total</b>	<b>48,516,000</b>	<b>49,097,500</b>	<b>51,080,500</b> <sup>2/</sup>	<b>50,906,500</b> <sup>2/</sup>

**Additional Appropriations - Property Tax; Valuation and Appeals, Ch. 249**

Regulatory Reform, Ch. 251	-0-	-0-	290,000	-0-
	-0-	-0-	(48,600)	-0-
<b>Total Appropriations</b>	<b>48,516,000</b>	<b>49,097,500</b> <sup>3/</sup>	<b>51,321,900</b>	<b>50,906,500</b>

Fund Summary

General Fund	48,516,000	48,717,000	50,895,100	50,581,600
Tobacco Tax and Health Care Fund	-0-	380,500	426,800	324,900
<b>Total Appropriations</b>	<b>48,516,000</b>	<b>49,097,500</b>	<b>51,321,900</b>	<b>50,906,500</b>

*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.*

<sup>1/</sup> Appropriated by Laws 1994, Chapter 347.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>3/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$380,500 from the Tobacco Tax and Health Care Fund and 3 FTE Positions to begin increased enforcement of the tobacco tax. This amount has been distributed over operating budget line items for Administrative Services, Special Support and Compliance.

(Continued)



**DEPARTMENT OF REVENUE (Cont'd)**

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**Tobacco Tax Enforcement** — The approved FY 1996 amount includes initial appropriations of \$424,700 from the Tobacco Tax and Health Care Fund and 7 FTE Positions to administer and enforce the increased luxury tax on cigarettes and other tobacco products, which was effective December 1, 1994. The approved FY 1997 amount includes a decrease of \$99,800 from the Tobacco Tax and Health Care Fund to reflect the completion of a study of tobacco consumption on Indian reservations and other one-time costs.

**Building Permits Database** — The approved FY 1996 amount includes increases of \$360,000 from the General Fund appropriated by Laws 1994, Chapter 347 including 7 FTE Positions for the department to develop a central electronic database of building permit information. The approved FY 1997 amount includes a decrease of \$44,900 to reflect the elimination of computer programming costs and one-time equipment funding.

**Voter Registration Act** — The approved FY 1996 amount includes a one-time increase of \$275,200 from the General Fund to mail voter registration forms to unregistered individual income taxpayers. Laws 1994, 2nd Regular Session, Chapter 378, requires the department to mail voter registration forms in each regularly scheduled general election year (even-numbered years) to individual income taxpayers who have not registered to vote. The forms are to be mailed no later than 180 days before the general election (by early May).

**Additional Appropriations — Property Tax; Valuation and Appeals (Chapter 249)** — Makes a FY 1996 General Fund appropriation of \$290,000 to the department to assist any county assessor who requests assistance from the Governor for tax year 1996, or the Maricopa County assessor if the department determines that a significant number of properties have escaped placement on the 1996 or 1997 tax roll.

**Regulatory Reform (Chapter 251)** — Please see the General Legislation section for a description of this legislation, which transfers out 1 FTE Position in FY 1996. This number will be annualized in FY 1997, for a revised FTE Positions total of 1,244.

**DEPARTMENT OF STATE - SECRETARY OF STATE**

A.R.S. § 41-121

The Honorable Jane Dee Hull, Secretary of State

JLBC Analyst: Gita Reddy

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>34.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>
Personal Services	617,200	725,700	880,700	872,500
Employee Related Expenditures	149,300	170,300	215,000	214,700
Professional and Outside Services	7,600	9,000	14,000	14,000
Travel - In State	11,800	-0-	-0-	-0-
Other Operating Expenditures	<u>486,100</u>	<u>463,000</u>	<u>976,500</u>	<u>949,700</u>
<b>Operating Subtotal</b>	<b>1,272,000</b>	<b>1,368,000</b>	<b>2,086,200</b>	<b>2,050,900</b>
Elections	80,600	1,767,100	3,429,400	1,962,000
Publications	142,400	435,900	-0-	-0-
Proposition 200	<u>159,000</u>	<u>170,900</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<b>1,654,000</b>	<b>3,741,900</b>	<b>5,515,600 <sup>1/</sup></b>	<b>4,012,900 <sup>1/</sup></b>
<b>Additional Appropriations -</b> Appropriation; Secretary of State; Election, Ch. 36	<u>-0-</u>	<u>106,700</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>1,654,000</b>	<b>3,848,600</b>	<b>5,515,600</b>	<b>4,012,900</b>

*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.*

**Technical Issues —** The approved amounts include an increase of \$18,000 to purchase statute sets for distribution and an increase of \$15,100 to adjust the agency's base. The approved amounts also include a decrease of \$12,600 to reflect the completion of payments for a microfiche reader.

**Elections —** Laws 1995, Chapter 248 require the state to hold a presidential preference primary election no later than the fourth Tuesday in February. The bill requires the counties to conduct the election using regional polling places and allows some precincts to offer mail-in voting only, provided that the Secretary of State determines that conducting an election in this manner does not violate federal or state regulations.

The approved amount includes \$3,335,100 in Professional and Outside Services to fund the one-time FY 1996 costs of the presidential preference primary election in February 1996. The approved amount also includes a decrease of \$1,673,200 for one-time FY 1995 costs associated with the September primary and the November general elections in 1994.

The FY 1997 approved amount provides \$1,867,700 in one-time funding for the September primary election and the November general election in 1996. The amount includes \$110,000 in Personal Services and \$14,500 in Employee Related Expenditures for overtime and temporary personnel; \$1,462,400 in Professional and Outside Services (including \$1,426,400 to reimburse the counties for the cost of printing and mailing approximately 1,346,800 sample primary election ballots and approximately 1,569,000 sample general election ballots); and \$280,800 in Other Operating Expenditures (including \$227,500 to cover the cost of printing publicity pamphlets for ballot proposals).

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

**DEPARTMENT OF STATE - SECRETARY OF STATE (Cont'd)**

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**Publications** — The approved amounts reflect the transfer of the funding associated with this Special Line Item to the operating budget. The approved amounts include an increase of \$135,000 to annualize printing and publishing costs associated with the publication of an expanded Administrative Code and a full-text Arizona Administrative Register and a decrease of \$126,700 for one-time start-up costs associated with the expansion. The approved amounts also include a reduction of \$10,000 to adjust for a reduction in the agency's need for training on its document publisher.

The approved amount includes a reduction of \$26,800 in FY 1997 to reflect a decrease in lease-purchase payments for the agency's document publisher.

**Proposition 200** — The approved amounts reflect the transfer of the funding and the 5 FTE Positions associated with this Special Line Item to the operating budget. The monies cover the costs of administering the requirements of the campaign finance laws.

**Additional Appropriations** — Appropriation; Secretary of State; Election (Chapter 36) — Appropriated \$106,700 in FY 1995 to the Secretary of State to offset 1990-1991 general and runoff election costs incurred by the counties.

**Capital Outlay** — Chapter 2, 1st Special Session — Appropriates \$200,000 from the General Fund in FY 1996 to the Secretary of State's Office for renovation costs.

**STATE BOARDS' OFFICE**

Delores DeBaca, Office Manager

JLBC Analyst: Jim Hillyard

Special Services Revolving Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Personal Services	40,700	43,200	51,000	51,000
Employee Related Expenditures	10,700	11,200	14,000	14,000
Professional and Outside Services	19,400	22,600	18,600	18,600
Other Operating Expenditures	58,800	71,200	90,200	90,200
Equipment	1,800	-0-	1,500	-0-
<b>Total Appropriations <sup>1/</sup></b>	<b>131,400</b>	<b>148,200</b>	<b>175,300</b>	<b>173,800</b>

*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 Arizona Department of Administration, but is supported entirely by appropriated funds of the participating boards.*

<sup>1/</sup> 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.

**STRUCTURAL PEST CONTROL COMMISSION**

A.R.S. § 32-2302

J. H. "Bud" Paulson, Executive Director

JLBC Analyst: Brad Beranek

**Structural Pest Control Commission Fund  
& Structural Pest Control Commission  
Inspection Support Fund**

	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	26.0	26.0	30.0	30.0
Personal Services	554,100	600,500	694,300	688,300
Employee Related Expenditures	133,600	161,400	177,100	177,000
Professional and Outside Services	86,600	106,200	111,200	116,200
Travel - In State	56,800	66,800	91,500	91,500
Travel - Out of State	2,500	2,600	11,900	11,900
Other Operating Expenditures	170,900	115,200	158,600	158,600
Equipment	-0-	-0-	29,600	8,000
<b>Total Appropriations</b>	<b>1,004,500</b>	<b>1,052,700</b>	<b>1,274,200</b> <sup>1/2</sup> / <sub>3</sub>	<b>1,251,500</b> <sup>2/3</sup>

*Agency Description — The commission licenses and regulates professional pest control companies and conducts examinations of applicators of structural pesticides.*

**Technical Issues** — The approved amounts provide \$5,000 in Personal Services for additional board member per diem.

**New Staff** — The approved amounts provide \$41,600 for 2 Clerk Typist III positions and related costs, one to assist an existing secretary in the Inspection/Compliance department, and the other to assist the Licensing/Certification department. The greater demands associated with increased inspector support, complaint processing, document preparation, mediation support, and certification and license renewals have strained the existing level of clerical help and have necessitated its expansion. In addition, the FY 1996 approved amount provides \$78,400 for 2 Inspector positions and related costs. The FY 1997 approved amount includes a decrease of \$21,600 for one-time inspector-related equipment. The new inspectors are necessary to conduct additional termite pretreatment testing due to rapid growth in new construction throughout the state. Increases in travel funding associated with commission inspectors, including the 2 new inspector positions, are described below.

**Travel** — The approved amounts provide increases of \$24,700 and \$9,300 for Travel - In State and Travel - Out of State, respectively. The approved Travel - In State amounts reflect expected increases in inspector mileage associated with additional termite pretreatment testing of new construction sites throughout the state, particularly in the Colorado River areas, and with the 2 new inspector positions. The approved Travel - Out of State amounts provide for increased management and inspector attendance of national conferences.

**Laboratory Expenses** — The approved FY 1996 amount provides \$5,000 for additional laboratory expenses associated with increases in termite pretreatment testing of new construction sites. The approved FY 1997 amount provides a further increase of \$5,000 for the same purpose. The commission has renegotiated its Interagency Service Agreement with the State Agricultural Laboratory for the additional testing, which it plans to increase by 50 analyses in FY 1996 and another 50 in FY 1997.

**Operations and Maintenance** — The approved amounts provide \$22,700 for operations and maintenance expenses associated with the commission's move to its current location, the lease-purchased Doubletree building. The commission's former office was privately-leased, and operations and maintenance services were included in its rent agreement. This O&M charge will be transferred to the Arizona Department of Administration (ADOA), which will be responsible for providing the service, either directly or under contract.

**Equipment** — The approved amounts provide \$8,000 for 4 replacement computers.

<sup>1/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as a Lump Sum by Agency.

<sup>3/</sup> It is the intent of the Legislature that not more than 25% of the appropriation for FY 1996 and for FY 1997 shall be expended from the Structural Pest Control Commission Fund. (General Appropriation Act footnote.)

**STATE BOARD OF TAX APPEALS**

A.R.S. § 42-171

Peter Kay, Chairman - Division I  
 Mark Bohn, Chairman - Division II

JLBC Analyst: Bob Hull

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
<u>Program Summary</u>				
BOTA - Division I	414,000	496,600	-0-	-0-
BOTA - Division II	202,700	248,700	269,000	259,400
<b>Total Appropriations</b>	<b>616,700</b>	<b>745,300</b>	<b>269,000</b>	<b>259,400</b>
FTE Positions	<u>9.5</u>	<u>10.5</u>	<u>4.0</u>	<u>4.0</u>
Personal Services	392,500	494,500	187,200	185,700
Employee Related Expenditures	71,000	80,800	34,400	34,400
Professional and Outside Services	16,000	17,000	-0-	-0-
Travel - In State	23,900	32,100	1,300	1,300
Travel - Out of State	2,300	3,200	900	900
Other Operating Expenditures	111,000	114,700	29,200	28,400
Equipment	-0-	3,000	6,000	-0-
<b>Total</b>	<b>616,700</b>	<b>745,300</b>	<b>259,000</b> <sup>1/</sup>	<b>250,700</b> <sup>1/</sup>
<b>Additional Appropriations - Property Tax; Valuation and Appeals, Ch. 249</b>	<b>-0-</b>	<b>-0-</b>	<b>10,000</b>	<b>8,700</b>
<b>Total Appropriations</b>	<b>616,700</b>	<b>745,300</b>	<b>269,000</b>	<b>259,400</b>

*Agency Description — Prior to July 31, 1995, the board consisted of 2 divisions. Division I had been responsible for property tax appeals, but Laws 1995, Chapter 249 will revise and transfer those duties to the State Board of Equalization on July 31, 1995. After that date, the board retains only its Division II duties and consists of 3 members appointed by the Governor. The board provides an independent appeals process for taxpayers with disputes relating to income, sales, use, estate, and luxury tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.*

**Additional Appropriations — Property Tax; Valuation and Appeals (Chapter 249) —** Adds \$10,000 from the state General Fund and 0.5 FTE Position in FY 1996, and adds \$8,700 (a decrease of \$1,300 from FY 1996) from the state General Fund and 0.5 FTE Position (no change from FY 1996) in FY 1997. These monies are appropriated to Division II of the State Board of Tax Appeals for Personal Services and Equipment. The General Appropriation Act originally appropriated \$507,900 and 6.5 FTE Positions in FY 1996 and \$749,000 and 11.5 FTE Positions in FY 1997 to the board for Division I. Chapter 249 transfers all board members, employees, records, furnishings, equipment, and unexpended and unencumbered monies of Division I to the State Board of Equalization, effective July 31, 1995.

<sup>1/</sup> Appropriated as a Lump Sum by Agency. This amount originally included a Division I appropriation. Laws 1995, Chapter 249 has transferred this amount to the State Board of Equalization on July 31, 1995. For display purposes, the entire Division I appropriation appears in the State Board of Equalization budget.

**STATE BOARD OF TECHNICAL REGISTRATION**

A.R.S. § 32-102

Ronald Dalrymple, Executive Director

JLBC Analyst: Brad Beranek

Technical Registration Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	15.0	15.0	15.0	15.0
Personal Services	321,700	332,300	340,600	337,300
Employee Related Expenditures	76,800	84,600	91,300	91,200
Professional and Outside Services	18,500	23,300	23,300	23,300
Travel - In State	7,300	9,000	10,000	10,000
Travel - Out of State	12,300	12,000	11,800	13,000
Other Operating Expenditures	187,700	228,100	232,100	232,100
Equipment	9,000	-0-	-0-	-0-
<b>Operating Subtotal</b>	<b>633,300</b>	<b>689,300</b>	<b>709,100</b>	<b>706,900</b>
Examinations	168,900	169,400	169,400	169,400
<b>Total Appropriations</b>	<b>802,200</b>	<b>858,700</b>	<b>878,500</b> <sup>1/2/</sup>	<b>876,300</b> <sup>2/</sup>

*Agency Description* — The agency licenses, investigates, and conducts examinations of architects, assayers (assessors of mineral value), engineers, geologists, land surveyors, and landscape architects.

**Travel** — The approved Travel - In State amounts provide \$1,000 for increased board member mileage, travel per diem, and lodging costs. The approved FY 1996 Travel - Out of State amount provides a \$200 decrease to reflect the board's estimate of lower travel costs. The approved FY 1997 Travel - Out of State amount provides an increase of \$1,200 for higher airfare expenses to national conferences.

**Examinations** — The approved amounts provide for the administration and adoption of qualifying examinations to determine whether minimum standards for registration have been satisfied.

<sup>1/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**OFFICE OF TOURISM**

A.R.S. § 41-2301

Greg Gilstrap, Director

JLBC Analyst: Phil Case

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions <sup>1/</sup>	18.0	19.0	21.0	21.0
Personal Services	422,900	584,300	589,900	584,300
Employee Related Expenditures	88,600	133,500	111,900	111,800
Professional and Outside Services	118,600	35,000	35,000	35,000
Travel - In State	12,900	18,000	13,000	13,000
Travel - Out of State	29,300	11,500	11,500	11,500
Other Operating Expenditures	814,500	604,700	414,000	414,000
Equipment	48,700	-0-	-0-	-0-
<b>Operating Subtotal</b>	<b>1,535,500</b>	<b>1,387,000</b>	<b>1,175,300</b>	<b>1,169,600</b>
Toll-Free Line Production and Placement	-0-	2,837,900	2,756,500 <sup>2/</sup>	3,004,000 <sup>3/</sup>
Toll-Free Line Response	-0-	1,121,700	1,121,700	1,121,700
International and Domestic Marketing	-0-	877,200	835,500	835,500
Other Marketing	-0-	1,202,000	-0-	-0-
Media Advertising	1,477,800	-0-	-0-	-0-
Tourism Fund	2,439,900	-0-	-0-	-0-
Research and Data Repository	-0-	-0-	194,000	194,000
Welcome Center Operations	-0-	-0-	310,300	309,600
Media and Public Relations	-0-	-0-	286,100	286,100
TIFS Program	-0-	-0-	740,000	740,000
<b>Total Appropriations</b>	<b>5,453,200</b>	<b>7,425,800</b>	<b>7,419,400 <sup>4/</sup></b>	<b>7,660,500 <sup>4/</sup></b>

*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.*

**New Staff** — The approved amounts include an additional \$30,400 and 1 new FTE Position in the Business Affairs section and no further increases for FY 1997. The new position will aid in financial management and contract oversight.

**Toll-Free Production and Placement** — The approved FY 1996 amount includes an increase of \$36,700 from the Tourism Fund and a decrease of \$118,100 which was shifted to Research and Data Repository. The approved FY 1997 amount includes an increase of \$247,500 from the Tourism Fund. The monies are to be used for media advertising to promote the toll-free information line.

**Toll-Free Line Response** — The approved amounts fund the operation of the toll-free line and the fulfillment of information requests. The office has an intergovernmental agreement to allow Arizona Highways Magazine of the Arizona Department of Transportation to operate the toll-free line.

**International and Domestic Trade Marketing** — The approved amounts include a decrease of \$42,300 which was shifted to Personal Services and Employee Related Expenditures along with 1 FTE Position. The monies fund the office's trade marketing efforts in this country and abroad, targeting industry professionals. Activities include press releases, familiarization tours, direct mailings, representation at trade shows, and targeted advertising.

- <sup>1/</sup> Includes 4 FTE Positions funded in a Special Line Item for FY 1996 and FY 1997.
- <sup>2/</sup> Of the \$2,756,500 appropriated to Toll-Free Line Production and Placement for FY 1996, an estimated \$2,429,300 shall be deposited in the Tourism Fund pursuant to A.R.S. § 42-1341C(4)c. (General Appropriation Act footnote.)
- <sup>3/</sup> Of the \$3,004,000 appropriated to Toll-Free Line Production and Placement for FY 1997, an estimated \$2,676,800 shall be deposited in the Tourism Fund pursuant to A.R.S. § 42-1341C(4)c. (General Appropriation Act footnote.)
- <sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)



## **OFFICE OF TOURISM (Cont'd)**

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**Other Marketing** — Beginning in FY 1996, these monies have been shifted to 3 other Special Line Items: Research and Data Repository, Media and Public Relations, and TIFS Program.

**Research and Data Repository** — The approved amounts include \$118,100 shifted from Toll-Free Line Production and Placement and \$75,900 from Other Marketing. These monies will enable the office to serve its statutory responsibility to act as the state's "clearing-house" for tourism data.

**Welcome Center Operations** — The approved amounts include \$288,000 shifted from other line items and an increase of \$21,600 and 1 FTE Position. The purpose of the Special Line Item is to isolate the costs of operating the Painted Cliffs Welcome Center.

**Media and Public Relations** — The approved amounts include \$286,100 shifted from Other Marketing. The monies are to be used to promote Arizona by leveraging media and public relations opportunities.

**TIFS Program** — The approved amounts include \$740,000 shifted from Other Marketing. The Tourism Investment Funds Sharing Program (TIFS) matches contributions from local groups who develop local tourism advertising campaigns.

**STATE TREASURER**

A.R.S. § 41-171

The Honorable Tony West, Treasurer

JLBC Analyst: Brad Beranek

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>
Personal Services	1,007,000	1,098,500	1,118,000	1,106,900
Employee Related Expenditures	212,300	246,000	253,100	252,800
Professional and Outside Services	153,500	135,500	135,500	135,500
Travel - In State	1,000	2,000	2,000	2,000
Travel - Out of State	8,900	13,800	13,800	13,800
Other Operating Expenditures	172,100	190,700	197,800	197,800
Equipment	13,200	7,700	16,000	14,000
<b>Operating Subtotal</b>	<b><u>1,568,000</u></b>	<b><u>1,694,200</u></b>	<b><u>1,736,200</u></b>	<b><u>1,722,800</u></b>
Justice of Peace Salaries	1,745,400	1,930,000	2,021,700	2,071,000
Distribution of Tax Protest Monies <sup>1/</sup>	3,629,700	-0-	-0-	-0-
<b>Total Appropriations <sup>2/</sup></b>	<b><u>6,943,100</u></b>	<b><u>3,624,200</u></b>	<b><u>3,757,900</u></b> <sup>3/</sup>	<b><u>3,793,800</u></b> <sup>3/</sup>

*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.*

**Equipment** — The approved FY 1996 amount provides one-time funding of \$16,000 for 8 replacement computers. The approved FY 1997 amount provides one-time funding of \$14,000 for 7 replacement computers.

**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.

The approved FY 1996 amount provides a \$91,700 increase to provide for a 5% raise granted to Superior Court Judges in January 1995 (Laws 1994, Chapter 220). The approved FY 1997 amount provides a \$49,300 increase for another 5% raise to be granted to Superior Court Judges in January 1996 (Laws 1994, Chapter 220).

<sup>1/</sup> 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.

<sup>2/</sup> 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. (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**COMMISSION ON UNIFORM STATE LAWS**

A.R.S. § 41-1306

James M. Bush, Commissioner

JLBC Analyst: Jason Hall

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	0.0	0.0	0.0	0.0
Personal Services	600	1,000	1,300	1,300
Travel - In State	-0-	500	500	500
Travel - Out of State	4,200	4,000	6,500	6,500
Other Operating Expenditures	17,400	18,800	19,900	20,900
<b>Total Appropriations</b>	<b>22,200</b>	<b>24,300</b>	<b>28,200 <sup>1/</sup></b>	<b>29,200 <sup>1/</sup></b>

**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.*

**National Conference** — The approved amounts include an increase of \$1,500 to fund the travel expenses incurred by the 4 commissioners who will attend the National Conference of Commissioners on Uniform State Laws in Kansas City, Kansas in FY 1996. The commissioners will also represent the state at a national conference on the West Coast in FY 1997.

**Membership Assessment** — The approved FY 1996 amount includes an increase of \$1,100 to fund the state's annual assessment for membership in the conference, as well as an increase in individual commissioner dues. The state's fee is based on population and increases by 5% annually. The approved FY 1997 amount includes a further increase of \$1,000 to fund this annual adjustment to the state's yearly assessment for membership and to fund a possible increase in individual commissioner dues:

<sup>1/</sup> Appropriated as a Lump Sum by Agency.

**ARIZONA VETERANS' SERVICE COMMISSION - SUMMARY**

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Phil Case

General Fund and Other Appropriated Funds	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
<u>Program Summary</u>			
Veterans' Affairs	792,600	841,800	906,400
Veterans' Conservatorship	338,300	441,100	517,800
Veterans' Home	-0-	1,164,000 <sup>1/</sup>	2,466,100
<b>Total Appropriations</b>	<b>1,130,900</b>	<b>2,446,900 <sup>1/</sup></b>	<b>3,890,300</b>
<u>Expenditure Detail</u>			
FTE Positions	36.0	40.8 <sup>1/</sup>	117.5
Personal Services	651,600	875,000 <sup>1/</sup>	2,380,500
Employee Related Expenditures	168,600	232,700 <sup>1/</sup>	636,700
Professional and Outside Services	-0-	-0-	23,400
Travel - In State	27,000	29,600	34,200
Travel - Out of State	4,100	4,800	9,200
Food	-0-	-0-	113,400
Other Operating Expenditures	229,100	344,100 <sup>1/</sup>	647,200
Equipment	10,500	920,700 <sup>1/</sup>	5,700
<b>Operating Subtotal</b>	<b>1,090,900</b>	<b>2,406,900 <sup>1/</sup></b>	<b>3,850,300</b>
Special Line Items	40,000	40,000	40,000
<b>Total Appropriations</b>	<b>1,130,900</b>	<b>2,446,900 <sup>1/</sup></b>	<b>3,890,300 <sup>2/</sup></b>
<u>Fund Summary</u>			
General Fund	792,300	2,005,800 <sup>1/</sup>	3,372,500
Other Appropriated Funds	338,300	441,100	517,800
<b>Total Appropriations</b>	<b>1,130,600</b>	<b>2,446,900 <sup>1/</sup></b>	<b>3,890,300</b>

*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 the opening estimated in early FY 1996.*

Due to uncertainty surrounding the first-year operations of the State Veterans' Nursing Home, the Commission, a biennial budget unit, was appropriated monies for FY 1996 only. It is anticipated that the Commission will again receive a single year appropriation for FY 1997 before receiving a two-year appropriation for FY 1998 and FY 1999.

<sup>1/</sup> The amounts shown reflect adjustments to the original FY 1995 appropriation by Laws 1995, Chapter 6, 1st Special Session.  
<sup>2/</sup> Appropriated as a Lump Sum by Program.

**ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' AFFAIRS**      **A.R.S. § 41-602**

<b>General Fund</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>
FTE Positions	<u>22.0</u>	<u>23.0</u>	<u>23.0</u>
Personal Services	453,900	510,800	521,100
Employee Related Expenditures	119,200	134,600	133,100
Travel - In State	23,200	23,900	23,900
Travel - Out of State	4,100	4,800	6,900
Other Operating Expenditures	141,700	122,400	175,700
Equipment	<u>10,500</u>	<u>5,300</u>	<u>5,700</u>
<b>Operating Subtotal</b>	<b><u>752,600</u></b>	<b><u>801,800</u></b>	<b><u>866,400</u></b>
Veterans' Organization Contracts	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
<b>Total Appropriations</b>	<b><u>792,600</u></b>	<b><u>841,800</u></b>	<b><u>906,400</u></b> <sup>1/</sup>

*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.*

**Technical Issues** — The approved FY 1996 amount includes a decrease of \$2,900 to reflect actual salaries. The approved FY 1996 amount also includes an increase of \$2,100 for Travel - Out of State to fund the commission's usual trips, whose locations have changed.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

**ARIZONA VETERANS' SERVICE COMMISSION -  
VETERANS' CONSERVATORSHIP**

A.R.S. § 41-602

State Veterans' Conservatorship Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	<u>14.0</u>	<u>14.0</u>	<u>15.0</u>
Personal Services	197,700	271,400	305,800
Employee Related Expenditures	49,400	76,700	82,100
Travel - In State	3,800	5,700	6,900
Travel - Out of State	-0-	-0-	1,100
Other Operating Expenditures	<u>87,400</u>	<u>87,300</u>	<u>121,900</u>
<b>Total Appropriations</b>	<b>338,300</b>	<b>441,100</b>	<b>517,800 <sup>1/</sup></b>

*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 the 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.*

**Technical Issues —** The approved FY 1996 amount includes increases of: 1) \$4,100 for overtime and premium overtime in the Financial Accounting Section; 2) \$1,100 in Travel - Out of State for an annual conference and a training conference; and 3) \$34,600 in Other Operating Expenditures for Risk Management.

**New Staff —** The approved FY 1996 amount includes an additional \$31,100 and 1 FTE Position for a new Human Services Specialist II. The new position will act as conservator of clients' assets and will assume responsibility for their financial obligations.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' HOME			A.R.S. § 41-602
General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved
FTE Positions	0.0	3.8 <sup>1/</sup>	79.5
Personal Services	-0-	92,800 <sup>1/</sup>	1,553,600
Employee Related Expenditures	-0-	21,400 <sup>1/</sup>	421,500
Professional and Outside Services	-0-	-0-	23,400
Travel - In State	-0-	-0-	3,400
Travel - Out of State	-0-	-0-	1,200
Food	-0-	-0-	113,400
Other Operating Expenditures	-0-	134,400 <sup>1/</sup>	349,600
Equipment	-0-	915,400 <sup>1/</sup>	-0-
<b>Total Appropriations</b>	<b>-0-</b>	<b>1,164,000 <sup>1/</sup></b>	<b>2,466,100 <sup>2/</sup></b>

*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 the opening estimated in early FY 1996.

The total FY 1996 cost of operating the State Veterans' Nursing Home is estimated to be \$4,453,300 and 141.4 FTE Positions. A portion of the cost will be funded through non-appropriated third party reimbursements such as Medicare, Veterans' Administration per diem, Arizona Long Term Care System, and resident income. The approved FY 1996 amount represents the remaining portion of the estimated cost.

**New Staff** — The approved amount includes an increase of \$1,860,900 and 75.7 FTE Positions. The amount represents partial year funding for positions which will be filled throughout the year. Positions to be filled include 43 FTE Positions in the medical and social services area, 15.1 FTE Positions in the maintenance area, 8.8 FTE Positions in the administration area, and 8.8 FTE Positions in the food preparation and service area. When the home is fully operational, the commission expects the home to require a total of 203 FTE Positions.

**Other Operating Expenditures** — The approved amount includes an increase of \$215,200 to operate the home in its first year. The amount will fund the provision of office supplies, telephone lines, computer software, medical supplies, utilities, and other items associated with operating a nursing home.

**Food** — The approved amount represents new funding of \$113,400. The amount will fund the operations of the food preparation and service area. Specific purchases will include preparation and service supplies, food products, and nutritional supplements.

**Travel** — The approved amount includes an increase of \$4,600 for travel. The amount is composed of \$3,400 for Travel - In State for staff and patients to receive training and medical care, respectively; and \$1,200 for Travel - Out of State for staff to attend training and networking conferences.

**Equipment** — The approved amount represents the elimination of one-time funding.

<sup>1/</sup> The amounts shown reflect adjustments to the original FY 1995 appropriation by Laws 1995, Chapter 6, 1st Special Session.

<sup>2/</sup> Appropriated as a Lump Sum for the Program.

**ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD**

A.R.S. § 32-2201

Louise Battaglia, Executive Director

JLBC Analyst: Jim Hillyard

Board of Veterinary Medical Examining Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
FTE Positions	3.0	3.0	3.0	3.0
Personal Services	93,400	92,400	101,100 <sup>1/</sup>	100,300 <sup>1/</sup>
Employee Related Expenditures	19,900	22,200	24,200	24,200
Professional and Outside Services	20,200	33,800	35,900	37,000
Travel - In State	8,300	12,100	11,100	11,100
Travel - Out of State	900	2,600	2,600	2,600
Other Operating Expenditures	10,100	11,700	11,800	11,800
Equipment	3,300	14,000	4,900	-0-
<b>Total Appropriations</b>	<b>156,100</b>	<b>188,800</b>	<b>191,600 <sup>2/3/</sup></b>	<b>187,000 <sup>2/</sup></b>

*Agency Description — The board licenses and regulates veterinarians, veterinary technicians, and veterinary premises. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

**Clerical Temporary** — The approved amounts include \$2,500 for a clerical temporary to improve the board's ability to respond to consumer information requests. The approved FY 1997 amount includes an additional \$1,300 for temporary services to assist with biennial licensing and a FY 1997 Sunset Review.

<sup>1/</sup> Of this amount appropriated, \$1,200 shall revert to the Veterinary Medical Examiners Fund if S.B. 1328, 42nd Legislature, 1st Regular Session, or similar legislation to add a board member is not enacted into law. (General Appropriation Act footnote.) Note: S.B. 1328 was enacted into law.  
<sup>2/</sup> Appropriated as a Lump Sum by Agency.  
<sup>3/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)



**DEPARTMENT OF WATER RESOURCES**

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Renée E. Bahl

General Fund	FY 1994 Actual	FY 1995 Estimate	FY 1996 Approved	FY 1997 Approved
<u>Program Summary</u>				
Administration	4,020,700	4,321,700	-0-	-0-
Water Management	3,214,500	7,426,100	-0-	-0-
Engineering	4,183,400	4,791,000	-0-	-0-
Administrative Support	-0-	-0-	5,072,000	5,067,200
Surface Water Management	-0-	-0-	9,841,400	8,821,300
Groundwater Management	-0-	-0-	3,027,400	1,869,100
Hydrology	-0-	-0-	1,981,300	3,008,800
<b>Total Appropriations</b>	<b>11,418,600</b>	<b>16,538,800</b>	<b>19,922,100</b>	<b>18,766,400</b>
FTE Positions	<u>210.7</u>	<u>218.2</u>	<u>217.7</u> <sup>1/</sup>	<u>218.2</u> <sup>1/</sup>
Personal Services	6,320,500	6,746,000	6,996,200	6,926,900
Employee Related Expenditures	1,330,400	1,500,200	1,567,500	1,565,000
Professional and Outside Services	146,900	306,000	326,000	306,000
Travel - In State	208,700	253,500	253,500	253,500
Travel - Out of State	33,700	37,700	37,700	37,700
Other Operating Expenditures	2,573,400	2,606,700	3,786,600	3,786,600
Equipment	177,200	91,000	57,800	57,800
<b>Operating Subtotal</b>	<b>10,790,800</b>	<b>11,541,100</b>	<b>13,025,300</b>	<b>12,933,500</b>
USGS Cooperative Agreement	272,300	272,900	352,900	352,900
Early Flood Warning System	89,100	90,000	90,000	90,000
Flood Control Development	-0-	50,000	50,000	50,000
Colorado River/CAP Study	49,600	50,000	50,000	50,000
Flood Warning System	-0-	150,000	196,400	195,800
Indian Water Rights	-0-	110,000	94,800	94,200
CAP AZ Water Protection Fund	-0-	4,000,000	6,000,000 <sup>2/</sup>	5,000,000 <sup>2/</sup>
Riparian Issues	186,400	-0-	-0-	-0-
Groundwater Replenishment	30,400	-0-	-0-	-0-
Hydrological Study	-0-	100,000	-0-	-0-
AMA Support	-0-	114,800	-0-	-0-
Phoenix/Tucson Groundwater Study	-0-	60,000	-0-	-0-
<b>Total</b>	<b>11,418,600</b>	<b>16,538,800</b>	<b>19,859,400</b> <sup>4/</sup>	<b>18,766,400</b> <sup>4/</sup>
<b>Additional Appropriations -</b>				
Appropriation; Hydrologic Study, Ch. 86	-0-	-0-	100,000	-0-
Regulatory Reform, Ch. 251	-0-	-0-	(37,300)	-0-
<b>Total Appropriations</b>	<b>11,418,600</b>	<b>16,538,800</b>	<b>19,922,100</b>	<b>18,766,400</b>

<sup>1/</sup> Includes 3.5 FTE Positions funded from Special Line Items in FY 1996 and FY 1997.

<sup>2/</sup> Appropriated by Laws 1994, Chapter 278.

<sup>3/</sup> As authorized by A.R.S. § 45-2112(B), any monies received from the lease or sale of Central Arizona Project water shall be deposited in the Arizona Water Protection Fund and an equal amount of the \$5,000,000 appropriated to the Water Protection Fund for FY 1997 shall revert to the General Fund. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

## DEPARTMENT OF WATER RESOURCES (Cont'd)

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**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.*

**Reorganization** — The department is reorganizing beginning in FY 1996. As the reorganization was proposed after passage of the General Appropriation Act, the FY 1996 and FY 1997 program expenditure estimates are from the department. The department is restructuring the 3 existing programs (Administration, Water Management, and Engineering) into 4 new programs (Administrative Support, Surface Water Management, Groundwater Management, and Hydrology). The Administrative Support Program will include the executive management team, information technology, financial management, general services, and overhead. The Surface Water Program will be comprised of adjudications, Colorado River programs, dam safety and flood control, and surface water permitting. The Groundwater Program will include assured and adequate water supply and the Active Management Areas. The Hydrology Program will provide technical support to both the Surface Water and Groundwater Programs.

**Technical Issues** — The approved amount includes: a) a total of \$57,800 for replacement equipment in FY 1996 and FY 1997, b) an additional \$38,400 for private rent at 500 N. 3rd Street for FY 1996, and c) a one-time increase of \$20,000 to hire an automation imaging consultant in FY 1996.

**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 (USGS) maintains and monitors surface water gauges. The data are shared and used in various water policy planning applications. Arizona monies are equally matched by the USGS. The approved amounts include an additional \$80,000 from the General Fund to add 8 stream gauge stations in both FY 1996 and FY 1997.

**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 with California and Nevada for Central Arizona Project (CAP) water.

**Flood Warning System** — Laws 1994, Chapter 224 created a Flood Warning System Fund for developing a flood warning system, purchasing flood warning equipment and providing historical data for water supply and management. The approved amounts include an additional \$125,400 to the fund to continue the program. The total increase includes \$50,400 appropriated from the General Fund and \$75,000 transferred from the non-appropriated Flood Control Loan Fund in each fiscal year.

**Indian Water Rights** — Laws 1994, Chapter 278 created this office to provide information to all parties regarding Indian Water Rights settlement issues and to monitor settlement discussions throughout the state. The approved amounts reflect a decrease of \$15,800, which was one-time start-up funding to begin the program. Total program funding for this Special Line Item includes 1 FTE Position.

**CAP Arizona Water Protection Fund** — Laws 1994, Chapter 278 established the Arizona Water Protection Fund and the Arizona Water Protection Fund Commission. The fund provides grants to develop and implement measures to protect, maintain, enhance, and restore rivers, streams, and associated riparian habitats in Arizona. Total program funding for both fiscal years includes 2.5 FTE Positions. Chapter 278 already appropriated \$6,000,000 in FY 1996 to the Water Protection Fund and up to \$5,000,000 every year thereafter. Beginning in FY 1997, the amount appropriated from the General Fund and deposited in the Water Protection Fund shall be offset by monies collected by the Central Arizona Water Conservation District from the sale and lease of Central Arizona Water to out-of-state customers. As potential FY 1997 deposits cannot currently be projected, the FY 1997 appropriation did not include any offset.

(Continued)

## DEPARTMENT OF WATER RESOURCES (Cont'd)

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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. The State Land Commissioner shall provide staff to the commission.

**Hydrological Study** — Laws 1994, Chapter 132 provided a one-time General Fund appropriation 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.

**AMA Support** — Laws 1994, Chapter 324 established the Santa Cruz Active Management Area (AMA) in the Upper Santa Cruz Valley sub-basin to be managed under the state Groundwater Management Act. The Groundwater Management Act, established by the Legislature in 1980, created 4 initial AMA's in Phoenix, Tucson, Pinal, and Prescott. The funding and 3 FTE Positions in this Special Line Item were transferred to the operating budget for FY 1996 and FY 1997.

**Phoenix and Tucson Groundwater Study** — Laws 1994, Chapter 282 provided a one-time General Fund appropriation to conduct a study of groundwater and surface water resources in the Phoenix and Tucson Active Management Areas.

**Additional Appropriation** — Appropriation; Hydrological Study (Chapter 86) — For FY 1996, the department is appropriated \$100,000 from the General Fund to conduct a hydrologic 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.

**Regulatory Reform (Chapter 251)** — Please see the General Legislation section for a description of this legislation, which transfers out 0.5 FTE Positions in FY 1996. This number will be annualized in FY 1997, for a revised FTE Positions total of 217.2.

**DEPARTMENT OF WEIGHTS AND MEASURES**

A.R.S. § 41-2065

John Hays, Director

JLBC Analyst: Lynne Smith

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1994 Actual</b>	<b>FY 1995 Estimate</b>	<b>FY 1996 Approved</b>	<b>FY 1997 Approved</b>
<u>Program Summary</u>				
General Services	1,794,600	1,429,300	1,511,800	1,414,200
Vapor Recovery	267,100	253,700	259,200	257,800
Oxygenated Fuel	384,400	324,600	324,200	322,900
Used Oil Testing	175,400	211,600	224,200	223,600
<b>Total Appropriations</b>	<b>2,621,500</b>	<b>2,219,200</b>	<b>2,319,400</b>	<b>2,218,500</b>
FTE Positions	65.0	42.0	42.0	42.0
Personal Services	1,210,400	1,071,500	1,094,500	1,083,600
Employee Related Expenditures	308,400	257,700	273,200	272,600
Professional & Outside Services	167,900	216,300	226,800	226,800
Travel - In State	185,200	154,000	154,000	154,000
Travel - Out of State	7,200	4,000	4,000	4,000
Other Operating Expenditures	631,300	483,300	492,300	477,500
Equipment	111,100	-0-	74,600	-0-
<b>Operating Subtotal</b>	<b>2,621,500</b>	<b>2,186,800</b>	<b>2,319,400</b>	<b>2,218,500</b>
Reduction in Force	-0-	32,400	-0-	-0-
<b>Total Appropriations</b>	<b>2,621,500</b>	<b>2,219,200</b>	<b>2,319,400</b> <sup>1/</sup>	<b>2,218,500</b> <sup>1/</sup>
<u>Fund Summary</u>				
General Fund	1,794,600	1,429,300	1,771,000	1,672,000
Air Quality Fund	651,500	578,300	324,200	322,900
Used Oil Fund	175,400	211,600	224,200	223,600
<b>Total Appropriations</b>	<b>2,621,500</b>	<b>2,219,200</b>	<b>2,319,400</b>	<b>2,218,500</b>

*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 Vapor Recovery program inspects gasoline dispensing devices to ensure that they meet established standards. 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. All programs investigate consumer complaints.

**Technical Issues** — The approved amounts include a reduction of \$7,400 to adjust funding to reflect the department's current Personal Services requirements, an increase of \$10,500 to reflect a 5% increase in the department's contract for testing of petroleum samples in the Used Oil and Oxygenated Fuel programs, and a decrease of \$2,600 to reflect a reduction in the use of operating supplies for the Vapor Recovery program. The approved amounts also include a total of \$25,000 in FY 1996 and \$10,200 in FY 1997 for the final lease-purchase payments on a diesel truck.

**Large-Scale Truck** — The approved amount includes a one-time FY 1996 total of \$74,600 to replace the department's large-scale testing truck.

<sup>1/</sup> Appropriated as a Lump Sum by Program.

(Continued)

**DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)**

**Reduction In Force** — This Special Line Item funded one-time FY 1995 costs associated with a personnel reduction in force, which was required due to the elimination of authorized positions.

**Vapor Recovery** — The Vapor Recovery program enforces a statutory requirement that "Stage II" gasoline vapor collection systems be installed at gasoline dispensing sites in Environmental Protection Agency ozone nonattainment areas (i.e., Maricopa County). Per statute, the fees collected by the program are deposited to the General Fund. For FY 1994 and FY 1995, the Legislature appropriated monies for the program from the Air Quality Fund, with a corresponding temporary provision in the Omnibus Reconciliation Bills to deposit the associated fees into the Air Quality Fund.

In order to simplify the process, the approved amounts for FY 1996 and FY 1997 reflect the discontinuation of the provision in the Omnibus Reconciliation Bill and a return to the original statute. Vapor Recovery revenues and expenditures will go through the General Fund. As a result, General Fund expenditures have increased by \$259,200 in FY 1996 and \$257,800 in FY 1997. Air Quality Fund expenditures have declined by corresponding amounts. Revenues are projected to exceed expenditures by \$16,700 in both FY 1996 and FY 1997.

**Fund Split** — The following chart provides further detail on the approved amount by program. The line items within each program are shown for information only.

<u>FY 1996</u>	<u>General Services (General Fund)</u>	<u>Vapor Recovery (General Fund)</u>	<u>Oxygenated Fuel (Air Quality Fund)</u>	<u>Used Oil Testing (Used Oil Fund)</u>
FTE Positions	28.0	6.0	6.0	2.0
Personal Services	793,500	131,900	122,000	47,100
Employee Related Expenditures	190,100	36,000	34,600	12,500
Professional and Outside Services	5,300	1,000	132,300	88,200
Travel - In State	85,000	33,100	7,200	28,700
Travel - Out of State	3,000	1,000	-0-	-0-
Other Operating Expenditures	360,300	56,200	28,100	-0-
Equipment	74,600	-0-	-0-	47,700
<b>Total Appropriations</b>	<b>1,511,800</b>	<b>259,200</b>	<b>324,200</b>	<b>224,200</b>

<u>FY 1997</u>	<u>General Services (General Fund)</u>	<u>Vapor Recovery (General Fund)</u>	<u>Oxygenated Fuel (Air Quality Fund)</u>	<u>Used Oil Testing (Used Oil Fund)</u>
FTE Positions	28.0	6.0	6.0	2.0
Personal Services	785,600	130,600	120,800	46,600
Employee Related Expenditures	189,800	35,900	34,500	12,400
Professional and Outside Services	5,300	1,000	132,300	88,200
Travel - In State	85,000	33,100	7,200	28,700
Travel - Out of State	3,000	1,000	-0-	-0-
Other Operating Expenditures	345,500	56,200	28,100	47,700
Equipment	-0-	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>1,414,200</b>	<b>257,800</b>	<b>322,900</b>	<b>223,600</b>

**OCCUPATIONAL AND LICENSING AGENCIES  
SUMMARY OF RECEIPTS, APPROPRIATIONS AND BALANCE FORWARD**

Agency/Board	Balance Forward FY 1996	90% of FY 1996 Receipts	FY 1996 Approved	Balance Forward FY 1997	90% of FY 1997 Receipts	FY 1997 Approved	Balance Forward FY 1998
Accountancy, State Board of	988,200	1,187,800	1,040,000	1,136,000	1,012,000	1,041,900	1,106,100
Appraisal, State Board of	961,000	177,300	258,900	879,400	565,600	249,600	1,195,400
Barbers, Board of	159,300	150,400	150,700	159,000	163,400	149,800	172,600
Behavioral Health Examiners, Board of	330,700	416,000	342,900	403,800	581,400	354,700	630,500
Chiropractic Examiners, State Board of	197,900	261,000	261,400	197,500	261,000	258,300	200,200
Cosmetology, Board of	613,800	674,800	810,500	478,100	708,500	636,500	550,100
Dental Examiners, State Board of	287,300	651,400	600,300	338,400	678,800	588,800	428,400
Funeral Directors and Embalmers, State Board of	117,700	187,100	172,400	132,400	187,100	171,400	148,100
Homeopathic Medical Examiners, Board of	14,800	33,800	29,400	19,200	36,200	29,200	26,200
Medical Examiners, Board of	1,909,400	2,631,800	2,916,400	1,624,800	2,647,500	2,898,200	1,374,100
Naturopathic Physician Bd. of Med. Examiners	61,700	68,100	71,300	58,500	78,000	71,000	65,500
Nursing, State Board of	1,737,900	1,289,000	1,564,000	1,462,900	1,295,000	1,537,000	1,220,900
Nursing Care Institution Administrators Bd	179,900	113,000	78,000	214,900	95,800	78,100	232,600
Occupational Therapy Examiners, Board of	114,500	106,300	96,100	124,700	106,300	95,300	135,700
Opticians, State Board of Dispensing	98,300	87,400	67,500	118,200	91,400	67,000	142,600
Optometry, State Board of	35,700	169,300	108,600	96,400	19,900	107,900	8,400
Osteopathic Examiners, AZ Board of	592,400	104,100	311,800	384,700	656,200	317,700	723,200
Pharmacy, AZ State Board of	1,170,000	797,300	743,900	1,223,400	797,300	689,400	1,331,300
Physical Therapy Examiners, Board of	299,600	77,500	91,400	285,700	184,900	91,000	379,600
Podiatry Examiners, State Board of	63,200	91,800	58,100	96,900	77,600	56,700	117,800
Private Postsecondary Education, AZ Board of	36,800	143,300	147,700	32,400	143,300	158,800	16,900
Psychologists Examiners, State Board of	506,600	48,000	224,900	329,700	369,600	227,600	471,700
Respiratory Care Examiners, Board of	221,700	128,200	166,000	183,900	162,000	165,000	180,900
Structural Pest Control Commission	433,400	1,334,100	1,274,200	493,300	1,338,700	1,251,500	580,500
Technical Registration, State Board of	640,500	1,041,600	878,500	803,600	1,051,300	876,300	978,600
Veterinary Medical Examining Board, AZ State	218,300	62,800	191,600	89,500	353,200	187,000	255,700
<b>TOTAL</b>	<b>11,990,600</b>	<b>12,033,200</b>	<b>12,656,500</b>	<b>11,367,300</b>	<b>13,662,000</b>	<b>12,355,700</b>	<b>12,673,600</b>

The 1985 budget is based on the assumption that the economy will continue to grow at a rate of 3.5 per cent over the next five years. This is based on the long-term trend of the economy over the past 20 years. The budget is based on the assumption that the economy will continue to grow at a rate of 3.5 per cent over the next five years.

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# ECONOMIC AND REVENUE FORECAST

The forecast for 1985 is based on the assumption that the economy will continue to grow at a rate of 3.5 per cent over the next five years.

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Year	1984	1985	1986	1987	1988	1989
GDP	100	103.5	107	110.5	114	117.5
Government Revenue	100	103.5	107	110.5	114	117.5
Government Expenditure	100	103.5	107	110.5	114	117.5
Government Surplus/Deficit	0	0	0	0	0	0

## THE U. S. ECONOMY

### Review of FY 1995 — Strong Growth

The U.S. economy has had 50 months of overall economic growth to date since the trough of the last recession in March 1991. Gross Domestic Product (GDP) grew at an annualized, real (inflation removed) rate of 4.1% in calendar year (CY) 1994, the best performance in 10 years. This growth should continue for the remainder of the fiscal year (FY) ending June 30, 1995, although we are witnessing some slowing in the rate of expansion.

While many economists expect quarterly GDP growth rates to slowly decline, starting in January 1995, to a 2.5% annual growth rate, we still expect that FY 1995 could show an overall 4.1% annual real growth rate for the national economy. The Consumer Price Index should increase by 2.8%. Economic strength in the U.S., improving conditions in Europe, and the continuing boom in most of Asia (except Japan) have pulled commodity prices up steadily, which will continue to increase the inflation rate. U.S. wage and salary employment growth should be 3.0% this year, and unemployment should be down to 5.6% nationally, the third year of decline. Corporate profits have been at record levels. The severe cost cutting in corporate America over the last decade has paid off in terms of the "bottom line" in this phase of the expansion.

### The Outlook for FY 1996 and FY 1997: Slowing Growth Leading to a Mild Recession

We tend to disagree with the consensus of economists about the future path of growth. Instead of drifting down from the 3% range to the low 2% range in the next two years, we see the growth rate slowing to 2.5% in FY 1996 and then only 0.4% in FY 1997. Despite the fact that inflation, as measured by the Consumer Price Index, has been increasing quarterly at annualized rates less than 3.0%, the Federal Reserve increased its discount rate and the Federal Funds interest rates seven times since February 1994. The latest increase in the discount rate was 0.5% to 5.5% on February 1, 1995. They are concerned that the steadily growing economy is building inflation pressures that should be nipped early in order to prolong this growth phase of the business cycle. They are hoping to mitigate a "boom-bust" cycle into a "soft landing" of slower growth without a recession. However, we believe that the interest rate increases that have already occurred, which usually take from three to nine months to work through the economy, are enough to have a negative effect on the interest rate sensitive areas of the economy, such as auto sales and housing. Expected declines in the growth of these sectors may push the economy gradually toward a very low growth path by the second half of FY 1996 and certainly by FY 1997. Many analysts believe further interest rate increases by the Fed could occur again this year if real GDP growth continues above its target of 2.5% annual growth. Critics argue that the Federal Reserve appears to be more preoccupied with forestalling any inflationary surge than sustaining higher growth rates in the economy, or that it is "making mountains out of molehills" in its reading of the leading-inflation-indicator data.

**POST KOREAN WAR RECESSION DATES AND LENGTHS**

Table 1

<u>Trough</u>	<u>Peak</u>	<u>Expansion Length</u>	<u>Recession Starts Months After Fed Tightened</u>
May 1954	August 1957	39	N/A
April 1958	April 1960	24	16
February 1961	December 1969	106	55
November 1970	November 1973	36	9
March 1975	January 1980	58	23
July 1980	July 1981	12	10
November 1982	July 1990	92	74
Average		52	31



Regardless of the view of Federal Reserve actions to date, the JLBC forecast of a slowdown in FY 1996 followed by a recession in FY 1997 is not an aggressive scenario. It is true that Table 1 reveals no regular pattern in terms of either the duration of expansions or the time lag between a Fed tightening and the start of a recession. For example, the table reveals that the Fed's tightening in May 1984 was followed by a recession—after a lag of six years, which was longer than five of the seven expansions listed! On the other hand some analysts have observed that recessions start 18 months after the third of a series of Fed rate increases, and there were six increases in 1994. Nevertheless, by the end of FY 1996 this recovery will be 62 months old, and 74 months old by the end of FY 1997 as compared to the historical average of 52 months. Based on historical patterns and some recent signs of hesitation on the part of consumers, some significant slowdown, if not a recession, is almost certain during this forecast period.

Table 2

**SOURCES OF REAL GROSS DOMESTIC PRODUCT GROWTH**<sup>1/</sup>  
(Billions of 1987 \$)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Consumption - Services	\$56.8	\$49.9	\$99.4	\$100.1	\$39.3
- Nondurables	21.2	24.4	40.3	32.3	5.7
- Durable Goods	33.3	42.0	31.4	9.2	(10.1)
Nonresidential Fixed Investment	40.2	78.3	61.1	51.5	15.2
Residential Fixed Investment	22.3	19.5	(3.6)	(27.7)	(26.5)
Change in Business Inventories	6.8	14.8	15.3	(35.4)	(6.0)
Federal Government Purchases	(6.5)	(22.5)	(10.9)	(28.4)	(18.0)
State/Local Government Purchases	4.1	13.8	18.4	17.4	13.5
Net Exports	<u>(27.1)</u>	<u>(45.0)</u>	<u>(38.9)</u>	<u>14.7</u>	<u>8.3</u>
Change in GDP (1987 \$)	<u>\$151.1</u>	<u>\$175.2</u>	<u>\$212.6</u>	<u>\$133.6</u>	<u>\$21.4</u>

Table 2 shows estimates of how the seven main categories that combine to form total GDP may perform through FY 1997. Residential fixed investment and consumer durables purchases could take the burden of the slowdown, but these outcomes are consistent with the increases in interest rates that started in early 1994.

### Major Issues

#### Inflation

The Federal Reserve has made clear its intention to hold the line on inflation by switching from a "neutral" stance to tightening or even "contractionary." Again, the Fed has hiked the federal discount rate seven times since February 1994 from 3.0% to 5.5%. Yet the markets still see momentum in the economy and potentially more inflation in the Republicans' plans to cut taxes.

We expect that the weak dollar, strong commodity prices, and possible expansionary fiscal policies by Congress will gradually increase the rate of inflation. The dollar has been falling to record lows against the Japanese yen and German mark. There is some pressure for the Fed to raise interest rates to make the dollar more attractive.

A rising inflation rate could destabilize growth in several ways. It makes planning more difficult in a more unpredictable environment compared to greater certainty of prices in times of low inflation. If inflation is rising at a rapid rate, people do not know how to allocate resources. Inflation increases wage demands which increases unit labor costs. Higher expected inflation can cause real interest rates (the difference between nominal interest rates and expected inflation) to rise. This raises

the real cost of capital for all borrowers. Higher inflation has often destabilized business cash flow and caused businesses to take a shorter planning horizon. During periods of high inflation and higher interest rates, businesses must invest in projects that bring a fast short-term return, since these returns are compared to the cost of putting the same investments into interest bearing deposits. Higher interest rates increase cash outflow to service borrowing and decrease the number of ventures which appear viable.

### Consumer Spending

Growth in consumer spending, which contributed heavily to FY 1994's strong GDP growth, is expected to slow a bit in FY 1995 and FY 1996 and then drop sharply in FY 1997. There has been a surge from pent-up demand in the car and housing markets for the past two years, and both of these markets are expected to stay fairly healthy. Yet, they do not have much room to go up further, especially in view of the recent rise in interest rates, and almost all analysts are looking for year over year declines in the rates of growth by FY 1996 and FY 1997.

### Employment Growth

Total employment growth is expected to accelerate to 2.5% in FY 1995 and drop slightly to 2.3% in FY 1996. It will remain to be seen whether employment will continue to increase sharply, although incomes should improve in the economy. Manufacturing employment, typically one of the highest paying sectors, is expected to show positive growth in FY 1995, the best performance in six years. Many large U.S. corporations will continue to reduce middle management though. It is often difficult for these employees, now numbering in the millions, to find comparable jobs. Many workers are now at smaller firms earning lower salaries, or they have started their own businesses.

### Health Care Reform

The Clinton Administration created fierce debate when it introduced its Health Security Act to Congress on October 27, 1993. However, the debate failed to produce a piece of legislation capable of mustering a majority in either House, and Congress adjourned without passing even a modest reform. With the Republican victories in the House and Senate it now looks as if health care reform may be dead for the rest of President Clinton's term. The good news for employers is that the uncertainty about how they would be impacted under the Clinton package will dissipate. However, there may be a resumption of the higher rates of medical cost inflation, which has been growing much more slowly for the past two years, (coincidental with discussions of a national health plan) if the threat of health care reform is removed.

### Foreign Trade

FY 1996 and FY 1997 should be fairly good years for exports, with rising demand in Europe and Asia offsetting dismal prospects for Mexico and Canada. The European and Japanese economies are finally humming after several years of sluggishness, and U.S. exports to Europe and Asia are running at record levels. The falling dollar and the recently signed General Agreement on Tariffs and Trade (GATT) will make these markets even more attractive for U.S. goods and services. Exports to Mexico have dropped sharply since the peso collapsed in December, and the harsh austerity measures which the Mexican government imposed to prevent a hyperinflation will stifle demand there for the rest of 1995. The peso has been inching back up recently due to these austerity measures and an international loan guarantee, but Mexico will remain a weak market for at least the rest of the year.

### Bank Lending

Commercial bank lending surged in the last twelve months. Banks had taken advantage of lower short-term interest rates to earn a large spread between the cost of their funds and rates available on investments in U.S. Treasury and mortgage bonds to rebuild their capital after the losses from excesses of the late 1980's and then the 1990 recession. As interest rate spreads narrow, and some banks are selling off parts of their bond portfolios to free up money for loans, banks will continue to be more aggressive in seeking quality new loans in a fiercely competitive market. There have been some opinions recently that banks have possibly been too aggressive in extending credit, in the same manner as they did in the 1980's but on a smaller scale.

## Summary

Overall, FY 1996 and FY 1997 should see declining rates of growth in a rising inflation environment, which should be followed by a mild recession in FY 1997. Since few economists are even predicting what 1996 will bring, we naturally note uncertainty about a forecast out to FY 1997. Accordingly, the timing and path of this medium term forecast are subject to more research and debate.

Table 3 shows the percentage increases in Key U.S. Economic Indicators expected for FY 1995 through FY 1997, as well as historical results starting with FY 1992.

## Risks to the Forecasts

The nation's economic performance for FY 1996 and FY 1997 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 have already been slowing in 1995, will be hurt even more. The fortunes of our major trading partners will also be important. The European and Japanese economies are expanding now, and if the expansion is stronger than expected, the export sector will give the U.S. a strong boost in FY 1996. Conversely, if Europe and Japan slip back into recession or experience only very weak recoveries, it will act as a drag on U.S. growth. If the Clinton Administration's trade frictions with Japan turn into a full-blown trade war, it 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 1% instead of in the 2.5% range for FY 1996. We estimate the upside risk to be perhaps a 30% chance of real growth of 3% or better that year.

## Positive Alternative — Stronger Growth Than Anticipated

Looking at FY 1995 and even out to FY 1997, the higher growth alternative would depend on a continued strong rebound in hiring caused by continued increases in investment and a sooner than anticipated turnaround in Europe and Japan, which would help U.S. exporters. There could be a sharp reduction in unemployment as employers see that the recovery is stronger than anticipated. Fixed business investments would be even higher than anticipated and manufacturing would also rebound. This higher growth alternative assumes that the Fed is successful in engineering a "soft landing" and does not tip the economy into recession.

## Negative Alternative - New Hiring Delayed and Weak Growth

The Clinton Administration loses credibility in some way, because of some domestic scandal (e.g., Whitewater) or a foreign crisis (e.g., Korea), reducing confidence. Inventory restocking and business fixed investment would not increase as expected because of reduced sales forecasts.

In agreement with our view, even Goldman, Sachs and Co. has raised the possibility that "recession risks are rising." They have said "the chance of a recession in the next year or two has risen and will continue to rise as long as growth (GDP) remains above its long-term 2.5% target limit. Above trend growth will aggravate upward pressures on short-term interest rates, causing any subsequent slowdown in domestic demand to be sharper than it otherwise would be."

Table 3

**KEY U.S. ECONOMIC INDICATORS**

	<u>Actual</u> <u>FY 1992</u>	<u>Actual</u> <u>FY 1993</u>	<u>Actual</u> <u>FY 1994</u>	<u>Forecast</u> <u>FY 1995</u>	<u>Forecast</u> <u>FY 1996</u>	<u>Forecast</u> <u>FY 1997</u>
Real Gross Domestic Product <sup>1/</sup>	\$4,906.7	\$5,058.0	\$5,233.2	\$5,445.8	\$5,579.4	\$5,600.8
Percent Change - %	0.7	3.1	3.5	4.1	2.5	0.4
GDP Deflator Index	119.4	122.3	124.7	127.7	131.8	136.1
Percent Change	3.3	2.5	1.9	2.4	3.2	3.3
Consumer Price Index	138.3	142.6	146.3	150.5	155.4	160.1
Percent Change	3.2	3.1	2.6	2.8	3.3	3.1
Industrial Production Index	105.3	110.1	114.7	121.6	125.9	125.8
Percent Change	0.7	3.2	4.2	6.0	3.6	(0.1)
Three Month T-Bill Rate	4.4	3.0	3.3	5.7	7.4	6.9
Aaa Corporate Bond Rate	8.4	7.8	7.2	8.7	9.4	8.9
Wage and Salary Employment <sup>1/</sup>	108.2	109.5	111.8	115.2	117.8	118.6
Percent Change	(0.6)	1.1	2.1	3.0	2.3	0.6
Manufacturing Employment <sup>1/</sup>	18.2	18.1	18.0	18.2	18.3	18.0
Percent Change	(2.6)	(0.9)	(0.6)	1.4	0.5	(1.9)
Unemployment Rate <sup>2/</sup>	7.1	7.2	6.5	5.6	5.5	6.6

<sup>1/</sup> Millions<sup>2/</sup> Percent

## THE ARIZONA ECONOMY

In January, we projected in our summary of budget recommendations that FY 1995 would be the peak year in the current economic cycle, with FY 1996 as the transition year into a mild recession or near-recession for FY 1997. We believe the key economic indicators for Arizona continue to bolster this outlook. The most important of these indicators is the employment data, which was recently rebenchmarked higher, based on the more accurate unemployment insurance information.

Though economists had expected the 1994 employment numbers to be revised upward, the jump to 6.2% growth from the initial 4.3% still surprised most economists. While the percentage gain may not seem that impressive compared to previous economic cycles, the absolute gain of 99,000 jobs is the second best growth year ever, reflecting the larger job base. This dramatic job revision places the current cycle more in line with previous ones, which have been characterized by two sizable peak or near-peak years (FY 1994 and FY 1995 in the current cycle), followed by a substantial slowdown leading to an eventual recession. Thus, it stands to reason that growth in FY 1996 will likely moderate significantly.

On a regional and national level, Arizona is one of the leaders. Comparing nonfarm job growth for February 1995 versus February 1994, Arizona tied with Utah for second place nationally with a 6.3% increase. Likewise, in March, Arizona placed fifth in job growth. Using a more comprehensive measurement called the "Index of State Economic Momentum," State Policy Reports found Arizona ranked third among all states in its March 1995 issue. This index examines growth in population, personal income, and jobs. This ranking implies that if there is a national recession, Arizona is in a healthy position, relative to other states, to weather the storm.

### FY 1995 Outlook: Continued Strong Growth

Recent evidence validating the strength of Arizona's economy:

- **Personal Income** jumped to an 8.5% annual growth in 1994, far higher than the 6.5% growth in 1993. On a per capita basis, Arizona grew 5.1% in 1994, higher than the national average of 4.9%.
- **The Unemployment Rate** plummeted from January's 5.2% to 4.7% in February, fueled by a 17,600 drop in the number of people unemployed and a 35,300 gain in the number employed. February's performance was the best since January 1984. However, in March the unemployment rate went back up to 4.9% and then in April continued upward to 5.4%; but this is still better than the U.S., which is at 5.8% for April. Most of the uptick is due to a substantial increase to the labor force, as employment growth remained strong.
- **Total Wage and Salary Employment (nonfarm)** in April grew 4.5% or 75,100 jobs over the same period last year. Construction led the way with 6.9% growth, followed by mining and services with growth of 5.8% and 5.5%, respectively. In absolute terms, services and trade created the most jobs, rising by 26,400 and 20,700 jobs from the previous April, respectively.
- **Manufacturing Employment** continues to recover from the defense cutbacks of the late 1980's and is benefiting from recent economic development efforts and the expansion of hi-tech firms. Manufacturing has garnered 10,800 new jobs since last March, which is the largest year-over-year gain in 10 years. In April, another 300 net new manufacturing jobs were added.
- **Consumer Confidence** in Maricopa County, as measured by the Behavior Research Center, remained high at the beginning of the year. Consumers' assessments of current conditions are the best since the early 1980s. However, consumers' expectations for the future have become somewhat cautious since the last survey in October.
- **Taxable Retail Sales** for February climbed a whopping 19.4%, for a FY 1995 year-to-date gain of 13.5%. April moderated to a 6% growth, bringing down the year-to-date gain to 12.6%. Overall taxable sales for the fiscal year are still a healthy 10.8% higher than last year.
- **A Housing Boom** still rages in Arizona, primarily in single family homes, but has shown recent signs of slowing. The state recorded over 55,000 housing permits in 1994—a 38.2% increase from the prior year. Housing permits are expected to taper off in 1995, but apartments will take up any slack as vacancy rates have dropped so low that renters are now experiencing double-digit increases, which will prompt more apartment developments.

- **Net Migration** into Arizona from California leap-frogged from a negative 6,800 in FY 1989 to a positive 18,600 in FY 1994, said a Salomon Brothers report based on driver license address changes. Anecdotal evidence seem to support that this trend is enduring, though at a somewhat slower pace.
- **Auto Sales**, which grew at a rate of 15.9% in 1994, have been slack for four of the past five months, actually declining in November and December when compared to the same period the prior year. In March, total sales increased by 2.5% over the previous March, further indicating that interest rates are slowing the economy.

A look at our table of Key Arizona Economic Indicators (Table 4) shows that the economy is forecasted to extend the strong growth which started in FY 1994. Every indicator for FY 1995 exceeds FY 1994 except for Wage & Salary employment, which is relatively flat, and Construction Employment, which is slowing due to the string of interest rate hikes started last year by the Federal Reserve. The two most surprising indicators for FY 1995 are Retail Sales and Manufacturing Job growth. Thus far, both indicators have continued to surpass last year's solid growth, despite the interest rate hikes.

Moreover, all counties seem to be participating in the growth, except for Santa Cruz county, which is relatively flat with some slight declines in its trade sector. However, the urban counties are benefiting the most from this economic rebound. Of the 99,000 new jobs in 1994, Maricopa County captured 65,000, up 6.3%, and Pima County had 18,600, up 6.8%. Overall, the Arizona economy is advancing strongly; and with only three months left in the fiscal year, our forecast seems within easy reach, even though the March results reveal a slight slowing. We discuss this further in the FY 1996 Outlook.

### KEY ARIZONA ECONOMIC INDICATORS

Table 4

	<u>Actual FY 1992</u>	<u>Actual FY 1993</u>	<u>Actual FY 1994</u>	<u>Forecast FY 1995</u>	<u>Forecast FY 1996</u>	<u>Forecast FY 1997</u>
Personal Income - Current Dollars <sup>1/</sup>	\$64,473	\$69,156	\$74,322	\$81,011	\$87,654	\$93,264
Percent Change %	5.0	7.3	7.5	9.0	8.2	6.4
Personal Income - Constant Dollars <sup>1/</sup>	53,997	56,546	59,601	63,488	66,556	68,526
Percent Change	1.6	4.7	5.4	6.5	4.8	3.0
Personal Income - Per Capita Constant Dollars <sup>1/</sup>	14,158	14,477	14,867	15,391	15,692	15,748
Percent Change	(0.7)	2.3	2.7	3.5	2.0	0.4
Retail Sales <sup>1/4/</sup>	934.7	1,008.6	1,120.8	1,249.2	1,322.4	1,385.8
Percent Change	5.0	7.9	11.1	11.5	5.9	4.8
Population <sup>2/</sup>	3,814.5	3,906.0	4,009.0	4,125.0	4,241.5	4,351.5
Percent Change	2.4	2.4	2.6	2.9	2.8	2.6
Wage and Salary Employment <sup>2/</sup>	1,499.7	1,544.3	1,635.6	1,730.9	1,797.8	1,846.2
Percent Change	0.8	3.0	5.9	5.8	3.9	2.7
Manufacturing Employment <sup>2/</sup>	173.3	174.1	184.0	196.9	199.2	201.3
Percent Change	(4.5)	0.5	5.7	7.0	1.2	1.1
Construction Employment <sup>2/</sup>	77.5	82.8	99.1	115.0	117.6	115.6
Percent Change	(3.0)	6.8	19.7	16.0	2.3	(1.7)
Unemployment Rate <sup>3/</sup>	6.9	7.1	5.7	5.4	5.5	5.8

<sup>1/</sup> Millions

<sup>2/</sup> Thousands

<sup>3/</sup> Percent

<sup>4/</sup> Collections, Distribution Base + Nonshared

## FY 1996 Outlook: Moderate Growth

It is almost certain that the recent interest rate hikes induced by the Federal Reserve will strike a telling blow on the state's economy in FY 1996. The March and April employment numbers released by the Department of Economic Security already show signs of a slowing. The unemployment rate rose to 5.4% for April after a revised 4.9% in March. In particular, construction jobs have declined or stayed flat in four of the last five months. Also, Services and FIRE (Finance, Insurance, and Real Estate), and Government lost jobs in March. Finally, inflation may be heating up in the Valley—yet another indication of a forthcoming slowdown. As measured by the Metro Phoenix CPI, inflation shot upward to 5.1% in the first quarter of 1995, after averaging 3.3% last year.

Nationwide, the housing and auto industry is starting to weaken from high interest rates. Since Arizona is tied closely to the U.S. economy, the state's economy will also decelerate. Furthermore, housing construction and auto sales have accounted for such a disproportionate share (about 20%) of Arizona's job growth during this expansion. Add to this the Mexican peso devaluation and Arizona looks especially vulnerable.

Looking at Table 4 again, we see that FY 1996 moderates from the torrid pace of the past two years. We view FY 1996 as a transition year before the start of possible recession. Personal income will increase by 8.2%, still strong growth, but not as much as in FY 1995. Also higher inflation will reduce real personal income to 4.8% from FY 1995's 6.5%. Growth estimates in all key economic indicators are projected lower for FY 1996 compared to FY 1995.

Examining Table 5, the big job slowdown is in the Goods Producing sector, which drops to 1.6% after extraordinary gains of 9.5% and 10% in the prior two years. Manufacturing and Construction growth decline substantially. Meanwhile, growth in the Service Producing sector will remain fairly stable, increasing 4.4% in FY 1996 compared to 4.9% in FY 1995. Overall, total Wage and Salary Employment is forecasted to rise by 3.9% in FY 1996.

## FY 1997 Outlook: Mild Recession

While an increasing number of economists seem confident that the Federal Reserve will successfully engineer a "soft landing," we remain skeptical. We are forecasting a possible recession in FY 1997. However, we expect any recession to be mild and of short duration. We are projecting a job decline only in the Construction sector. However, all key economic indicators will slow even further than in FY 1996, but not as severely as previously forecasted in January. Helping to moderate the recession will be 1) the construction of the new Intel plant, and 2) construction of a ballpark for the new Arizona Diamondbacks baseball team.

Table 5

**ARIZONA WAGE AND SALARY EMPLOYMENT  
EMPLOYMENT AND PERCENT GROWTH OVER PRIOR YEAR FORECAST**

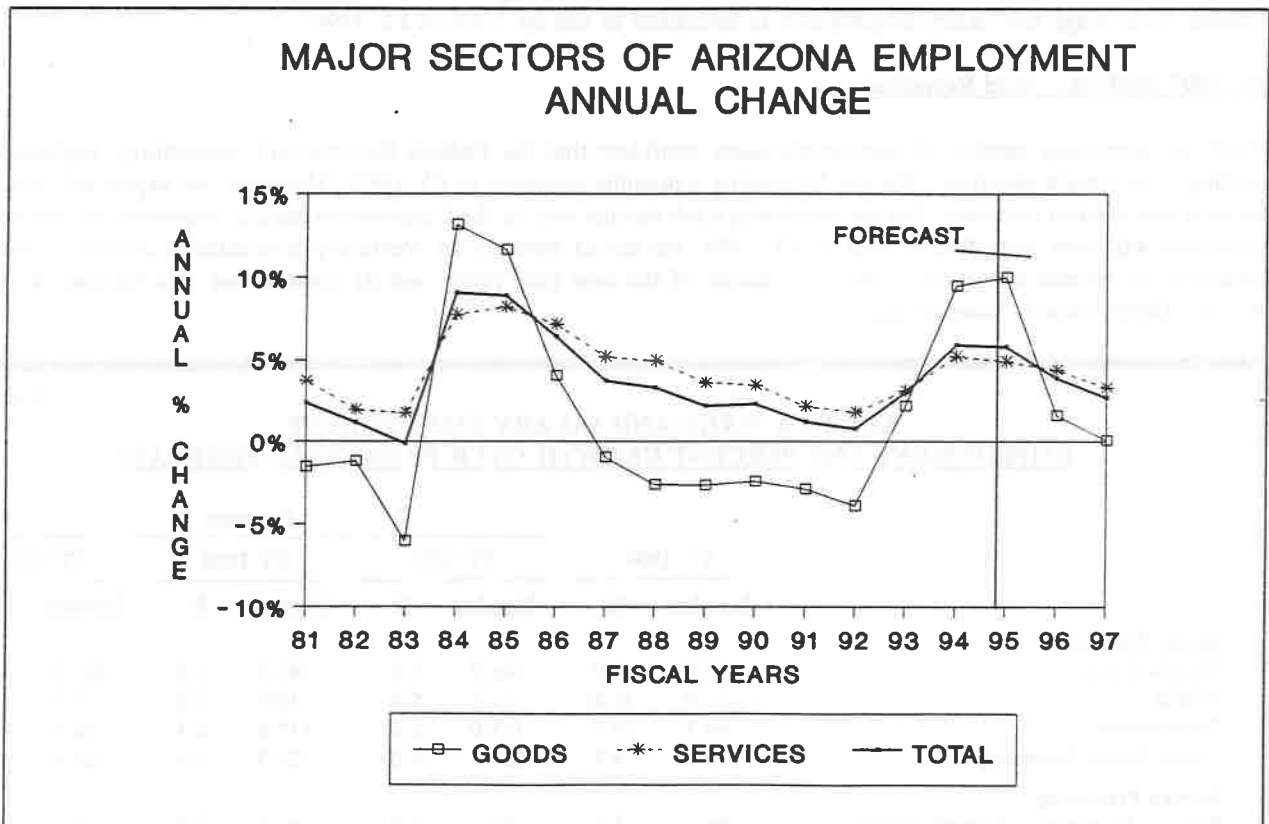
	FY 1994		Forecast					
			FY 1995		FY 1996		FY 1997	
	Number	%	Number	%	Number	%	Number	%
<b>Goods Producing</b>								
Manufacturing	184.0	5.7	196.9	7.0	199.2	1.2	201.3	1.1
Mining	11.9	(5.6)	12.5	5.0	12.7	1.6	13.0	2.4
Construction	99.1	19.7	115.0	16.0	117.6	2.3	115.6	(1.7)
<b>Total Goods Producing</b>	<b>295.0</b>	<b>9.5</b>	<b>324.4</b>	<b>10.0</b>	<b>329.5</b>	<b>1.6</b>	<b>329.9</b>	<b>0.1</b>
<b>Service Producing</b>								
Transp., Communic. & Public Utilities	86.6	5.9	92.2	6.5	94.9	2.9	97.4	2.6
Trade	400.0	5.6	423.8	6.0	446.0	5.2	462.2	3.6
Finance, Insurance, Real Estate	106.6	9.2	111.8	4.9	112.8	0.9	114.1	1.2
Services	463.9	6.0	497.0	7.1	523.8	5.4	543.5	3.8
Government	283.5	1.6	281.7	(0.6)	290.8	3.2	299.1	2.9
<b>Total Services Producing</b>	<b>1,340.6</b>	<b>5.2</b>	<b>1,406.5</b>	<b>4.9</b>	<b>1,468.3</b>	<b>4.4</b>	<b>1,516.3</b>	<b>3.3</b>
<b>Total Wage and Salary Employment</b>	<b>1,635.6</b>	<b>5.9</b>	<b>1,730.9</b>	<b>5.8</b>	<b>1,797.8</b>	<b>3.9</b>	<b>1,846.2</b>	<b>2.7</b>

## Risks to the Forecasts

The main risk to the forecast is the Federal Reserve's recent string of interest rate increases as previously mentioned. Most economists are uncertain about how these increases will affect the magnitude and timing of economic growth or inflation. Also, the Federal Reserve may raise rates even further, which would certainly compound the uncertainty surrounding Arizona's continued expansion.

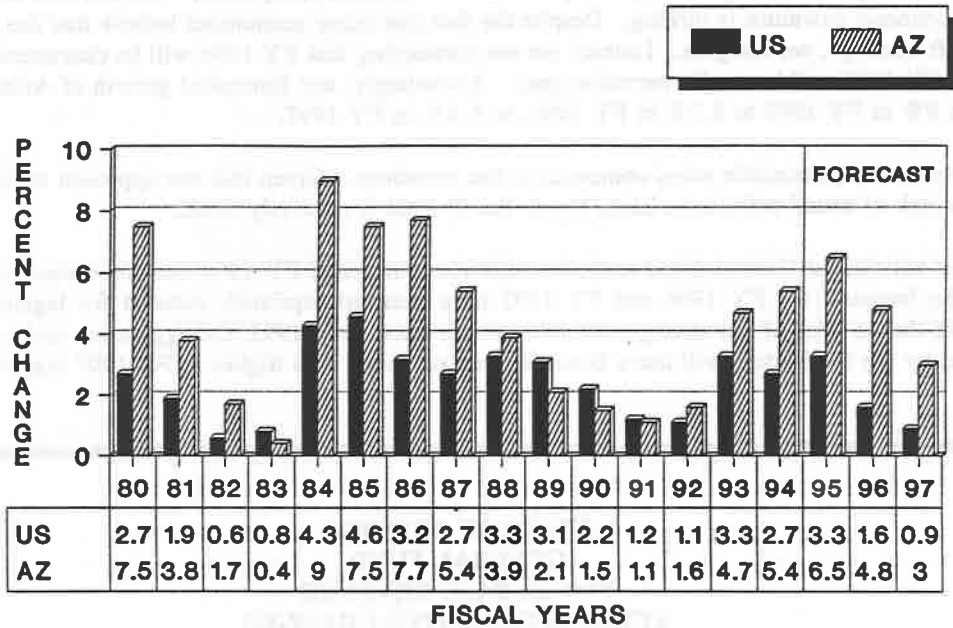
A new risk to the forecast is the stunning devaluation of the dollar and of the Mexican peso. Though the dollar devaluation will help U.S. exports, the steepness of the drop has raised inflation fears again, which could raise interest rates or prompt the Federal Reserve to do so. The peso devaluation will hinder trade with Mexico in the short term, but as growth resumes in Mexico so will trade with Arizona.

On a regional basis, Arizona's economy is significantly tied to California. Most economists in California are forecasting a rebound for the Golden State in 1995. In fact, according to the revised employment figures, California has been slowly recovering since April 1993, albeit at a tepid 1% annual rate. If their recovery gains momentum, then net migration into Arizona could slacken, which would then affect the housing market. However, trade in goods and services between the two states would improve, which may offset any loss due to the slower net migration; but there is some uncertainty as to which factor will have the greater effect.

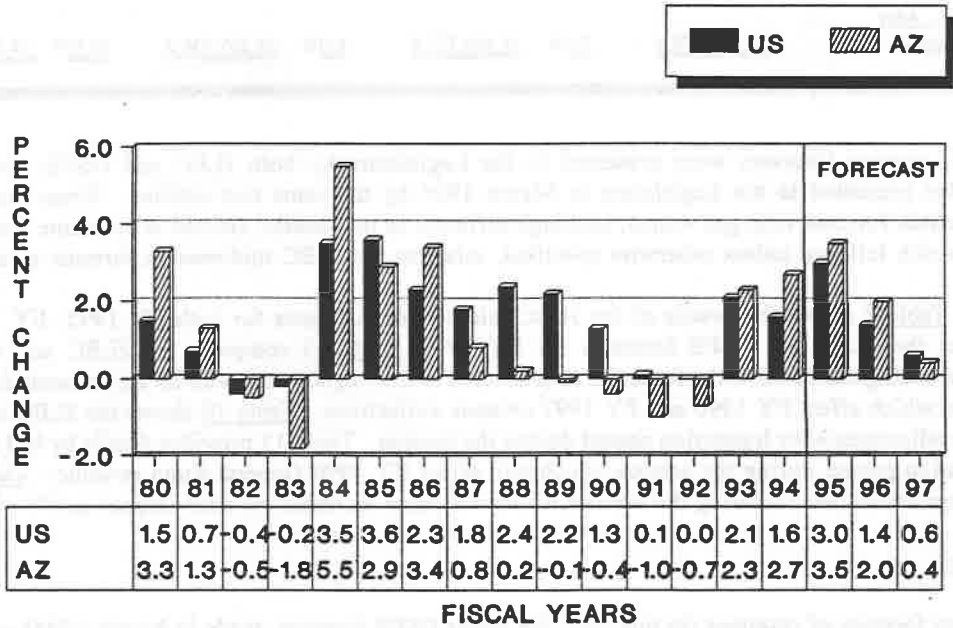




### U.S. and Arizona CONSTANT DOLLAR PERSONAL INCOME



### U.S. and ARIZONA REAL PER CAPITA INCOME



## GENERAL FUND REVENUE

The current JLBC Staff revenue forecast is summarized below on Table 6, with details shown on Table 7. During the First Regular Session - 1993, legislation was enacted (Chapter 252, Laws 93) which provided for biennial budgets for all agencies except "Major Budget Units". The requirement for separate budgets for each of two years into the future created a need for revenue forecasts one additional year into the future--in this case, for both FY 1996 and FY 1997.

Our revenue forecast is predicated upon the belief that the business cycle is alive and well, and that somewhere in the near future the next economic downturn is lurking. Despite the fact that many economists believe that the Fed has successfully engineered a "soft landing", we disagree. Instead, we are forecasting that FY 1996 will be characterized by much slower growth, and that FY 1997 will be a mild recession year. Accordingly, our forecasted growth of Arizona Personal income steps down from 9% in FY 1995 to 8.2% in FY 1996, to 6.4% in FY 1997.

This forecast is relatively pessimistic when compared to the consensus. Given that our approach to revenue forecasting is conservative, the risk of actual collections being below the forecast is relatively small.

Table 6 compares anticipated General Fund revenue collections for actual FY 1994 and forecasted revenues for the three fiscal years. The forecasts for FY 1996 and FY 1997 have been appropriately reduced for legislative changes. It is interesting to note that in spite of our strong economic growth since early 1993, the aggressive multi-year program of tax reduction enacted by the Legislature will leave General Fund revenues 10% higher in FY 1997 than 3 years earlier in FY 1994.

STATE OF ARIZONA GENERAL FUND TOTAL BASE REVENUE AFTER LEGISLATIVE CHANGES JLBC STAFF FORECASTS								
	Actual - FY 1994		Actual - FY 1995		Forecast - FY 1996		Forecast - FY 1997 <sup>11</sup>	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Total Base Revenue - Before Legislative Changes					\$4,562,000.0	3.7%	\$4,719,000.0	3.4%
Legislative Changes					(202,663.5)		(238,590.7)	
<u>Total Base Revenue - After Legislative Changes</u>	<u>\$4,073,278.9</u>	<u>7.6%</u>	<u>\$4,400,717.8</u>	<u>8.0%</u>	<u>\$4,359,336.5</u>	<u>(0.9)%</u>	<u>\$4,480,409.3</u>	<u>2.8%</u>

Table 6

In January 1995, revenue forecasts were presented to the Legislature by both JLBC and OSPB. Mid-session revenue forecasts were also presented to the Legislature in March 1995 by the same two entities. From these two mid-session forecasts, a consensus forecast emerged which, although different in the details, arrived at the same totals. The comments in the narrative which follows, unless otherwise specified, relate to the JLBC mid-session forecast as shown in Table 7.

As noted above, Table 7 shows the details of the JLBC mid-session forecasts for both FY 1995, FY 1996 and FY 1997. Table 8 compares the JLBC and OSPB forecasts for FY 1995. Table 9 compares the JLBC and OSPB forecasts for FY 1996. The preceding tables show the forecasts as presented to the Legislature, with no adjustments for legislation passed during the session which affect FY 1996 and FY 1997 revenue collections. Table 10 shows the JLBC mid-session forecast for FY 1996 with adjustments for legislation passed during the session. Table 11 provides details by bill number and chapter number of legislation passed during the session which will affect FY 1996 General Fund revenue. Table 12 provides the same detail for legislation passed during the session which will have an initial revenue impact in FY 1997.

### FY 1995 Forecast

The official budget forecast of revenues (in this case, the lower OSPB forecast, made in March 1994) provided for revenue collections, after adjustment for legislative revenue reductions, of 1.4% and \$55.6 million above actual FY 1994. Subsequently, the JLBC Staff forecast of July 1994 provided for revenue collections of 5.0% and \$205.1 million above actual

FY 1994. Our forecast presented in January 1995 with our budget recommendations (See Table 8) provided for an increase over FY 1994 of 7.0% and \$284.5 million. Our current forecast provides for an increase over FY 1994 of 8.0% and \$327.4 million. It should be noted that our current forecast includes \$15.7 million of Federal Funds unknown to us in January 1995.

*Sales Tax* collections have been strong all year long, led by Retail and Construction. Our forecast is for an increase over FY 1994 of 9.1% and it now appears that this forecast is somewhat conservative.

*Individual Income Tax* collections are forecast to increase by 4.4%. Legislative reductions aggregating \$103.2 million affected FY 1995 collections, without which, the forecasted increase would have been 11.5%. It now appears that this forecast is quite optimistic.

*Corporation Income Tax* collections are expected to increase by 8.5%, reflecting anticipated slower growth in corporation profits. However, based upon extremely strong growth to date, we expect to exceed this forecast by a wide margin.

*Property Tax* collections will increase by a minuscule 0.1%, reflecting little growth in assessed valuation together with depreciation of Utility properties involved in the Minimum Qualifying Tax Rate (QTR).

*Insurance Premium Taxes* are forecast to decline by 2.9%. This is 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.

*Vehicle License Tax* collections are expected to grow by 10.2%. This reflects a continued high level of new car sales, although at a slower rate of growth than in FY 1994.

The *Lottery* has not been performing up to expectations during FY 1995 and we have reduced the General Fund Lottery forecast to \$38.0 million. While this is a 17.1% improvement from last year it is less than expected given the advent of the "Powerball" game.

*Interest* collections are expected to increase by 83.6% largely because of higher Operating Fund cash balances, which are now routinely above \$700 million, and also because of higher interest rates. (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 1 shows dollars of General Fund Base Revenue as a bar chart, and percent change as a line graph for 19 fiscal years. 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 1997. Chart 2 shows the improved level of Retail Sales collected by the Department of Revenue in recent quarters. For the nine months year-to-date of FY 1995, the Retail Sales Tax collections are 12.0% ahead of the same period last year. Chart 3 shows Hotel/Motel Sales collected by the Department of Revenue. For the nine months year-to-date in FY 1995, Hotel/Motel tax collections are up 8.2%. Chart 4 shows the improved level of Contracting Sales (largely construction) collected by the Department of Revenue. For the nine months year-to-date of FY 1995, tax collections on Contracting are above the same period last year by 19.6%.

### FY 1996 Forecast

As was noted earlier, we expect FY 1996 to be a growth year but a year in which rates of growth begin to taper off. Our forecast has been reduced by \$84.2 million by legislation having an initial impact in FY 1996 passed by prior sessions. Table 10 shows the effect of legislative changes passed during the current session which further reduced revenue by \$202.7 million. Comments on specific items below relate to the forecast as it existed before adjustment for legislative changes passed during the current session.

*Sales and Use Tax* collections are expected to increase by 4.5%, down from the 9.1% increase in FY 1995. A significant factor in this reduced growth is the anticipated reduction in Contracting collections from 15.5% in FY 1995 to 0.6% in FY 1996.

*Individual Income Tax* collections will increase by 9.6% in FY 1996, essentially reflecting an 8.7% increase in Arizona personal income in CY 1995.

*Corporation Income Tax* collections are expected to decline by (9.7.)% . We expect collections to be negatively impacted by \$(23.6) million due to legislation passed in prior sessions, but having an initial impact in FY 1996. However, given that FY 1995 collections are running at a pace much higher than forecasted, it is probable that our FY 1996 estimate is too low.

*Property Tax* collections will decrease by (0.4)% . Assessed valuation will increase by 4.0% which includes reduction in assessment ratios for Property Class 1 (Mines) and Property Class 2 (Utilities). "Minimum QTR" collections will drop by \$4.8 million due to further depreciation of the properties involved.

*Insurance Premium Tax* collections will continue to be negatively impacted for the same reason noted under the FY 1995 forecast.

*Interest* collections will decrease by (3.2)% with lower levels of Operating Fund cash balances partially offset by higher interest rates.

*Vehicle License Tax* collections will rise by 8.2% reflecting modest growth in new car sales.

### FY 1997 Forecast

The major factor in this forecast will be the reduction of Arizona economic growth to near recession levels as previously noted, as well as further reductions in the assessment ratios for Property Classes 1 and 2. Chart 5 shows a line chart, General Fund Base Revenue collections for major tax sources for a period FY 1971 through FY 1997. Chart 6 shows, in graphic form, the percent and dollar growth in FY 1996 over FY 1995 for significant categories of General Fund Revenue based on JLBC Staff estimates. Chart 7 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 vs. 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 \$2,500 exemptions for federal and state retiree benefits. In June 1993, however, the Supreme Court ruled (in Harper vs. 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 qualified federal retirees are provided refunds for 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 could be used as an offset to their tax liability during the four-year period. It is expected that some cash payments will be made at the close of the four-year period to those who still have an unused balance. The cost of the program covers five fiscal years, largely due to taxpayers obtaining extensions, but also includes some cash payments at the end of the period.

The program is expected to cover 44,502 taxpayers, with a cost over the period as follows:

	Interest and Principal \$ Millions)
FY 1994	\$ 55.2
FY 1995	22.0
FY 1996	18.3
FY 1997	57.7
FY 1998	6.2
	<u>\$159.4</u>

Table 7

**STATE OF ARIZONA  
GENERAL FUND  
TOTAL BASE REVENUE  
ILBC STAFF FORECAST  
(000's)**

	Actual - FY 1994		Forecast - FY 1995 <sup>1/</sup>		Forecast - FY 1996 <sup>1/</sup>		Forecast - FY 1997 <sup>1/</sup>	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
<b>Taxes</b>								
Sales and Use	\$1,792,997.6	9.9%	\$1,957,000.0	9.1%	\$2,045,000.0	4.5%	\$2,121,000.0	3.7%
Income - Individual	1,460,031.7	6.8	1,525,000.0	4.4	1,671,000.0	9.6	1,825,000.0	9.2
- Federal Retiree Project	(55,186.7)	—	(22,000.0)	(60.1)	(18,300.0)	(16.8)	(57,700.0)	215.3
- Corporation	302,524.3	26.5	328,300.0	8.5	296,400.0	(9.7)	278,000.0	(6.2)
- Urban Revenue Sharing	(185,405.3)	0.9	(205,700.0)	10.9	(218,500.0)	6.2	(249,700.0)	14.3
Property	186,193.2	(8.4)	186,400.0	0.1	185,600.0	(0.4)	182,900.0	(1.5)
Luxury	73,333.4	0.4	72,200.0	(1.5)	65,600.0	(9.1)	65,000.0	(0.9)
Insurance	110,731.7	7.5	107,500.0	(2.9)	106,800.0	(0.7)	113,100.0	5.9
Motor Vehicle License	115,891.1	12.4	127,700.0	10.2	138,200.0	8.2	148,500.0	7.5
Pari-Mutuel	5,189.6	5.3	4,200.0	(19.1)	1,000.0	(76.2)	800.0	(20.0)
Estate	40,616.7	2.3	49,000.0	20.6	44,500.0	(9.2)	50,000.0	12.4
Other Taxes	1,981.7	8.1	2,200.0	11.0	2,300.0	4.5	2,300.0	0.0
Subtotal - Taxes	<u>3,848,899.0</u>	7.4	<u>4,131,800.0</u>	7.4	<u>4,319,600.0</u>	4.5	<u>4,479,200.0</u>	3.7
<b>Other Non-Tax Revenue</b>								
Lottery	32,444.8	(6.0)	38,000.0	17.1	42,500.0	11.8	34,500.0	(18.8)
Licenses, Fees, Permits	46,251.6	14.3	40,100.0	(13.3)	39,800.0	(0.7)	40,300.0	1.3
Interest	18,569.3	63.0	34,100.0	83.6	33,000.0	(3.2)	31,600.0	(4.2)
Sales and Services	3,491.8	(22.8)	3,700.0	6.0	3,800.0	2.7	3,900.0	2.6
Other Miscellaneous	43,293.7	9.0	35,300.0	(18.5)	33,300.0	(5.7)	36,500.0	9.6
Subtotal - Other Non-Tax Revenue	<u>144,051.2</u>	10.3	<u>151,200.0</u>	5.0	<u>152,400.0</u>	0.8	<u>146,800.0</u>	(3.7)
<b>Total Base Revenue</b>								
Before Other Revenue Sources	<u>3,992,950.2</u>	7.5	<u>4,283,000.0</u>	7.3	<u>4,472,000.0</u>	4.4	<u>4,626,000.0</u>	3.4
<b>Other Revenue Sources</b>								
Transfers and Reimbursements	22,109.0	188.7	26,000.0 <sup>2/</sup>	17.6	22,000.0 <sup>2/</sup>	(15.4)	25,000.0	13.6
Disproportionate Share	58,219.7	(8.6)	91,717.8	57.5	68,000.0	(25.9)	68,000.0	0.0
Subtotal - Other Revenue Source	<u>80,328.7</u>	12.6	<u>117,717.8</u>	46.5	<u>90,000.0</u>	(23.5)	<u>93,000.0</u>	3.3
<b>Total Base Revenue</b>	<u>\$4,073,278.9</u>	<u>7.6%</u>	<u>\$4,400,717.8</u>	<u>8.0%</u>	<u>\$4,562,000.0 <sup>2/</sup></u>	<u>3.7%</u>	<u>\$4,719,000.0 <sup>2/</sup></u>	<u>3.4%</u>

<sup>1/</sup> Mid Session revision.

<sup>2/</sup> Excludes transfers of \$5,648.0 in FY 1995 and \$14,171.0 in FY 1996 from Budget Stabilization Fund due to 5% cap.

<sup>3/</sup> Does not include the FY 1996 and FY 1997 revenue impact of bills passed during sessions of the 42nd Legislature. See Table 10, Table 11 and Table 12 for the revenue impact of these bills.

Table 8

**STATE OF ARIZONA  
GENERAL FUND  
FY 1995  
TOTAL BASE REVENUE  
JLBC & OSPB STAFF FORECASTS  
(000's)**

	Beginning of Session Forecasts FY 1995		Mid-Session Revisions FY 1995		Difference
	OSPB Forecast	JLBC Staff Forecast	OSPB Forecast	JLBC Staff Forecast	
<b>Taxes</b>					
Sales and Use	\$1,945,000.0	\$1,957,000.0	\$1,950,000.0	\$1,957,000.0	\$7,000.0
Income - Individual	1,520,000.0	1,520,000.0	1,531,000.0	1,525,000.0	(6,000.0)
- Federal Retiree Project	(22,000.0)	(22,000.0)	(22,000.0)	(22,000.0)	0.0
- Corporation	300,000.0	307,200.0	325,000.0	328,300.0	3,300.0
- Urban Revenue Sharing	(205,610.0)	(205,700.0)	(205,610.0)	(205,700.0)	(90.0)
Property	188,000.0	186,400.0	188,000.0	186,400.0	(1,600.0)
Luxury	74,470.0	72,200.0	74,470.0	72,200.0	(2,270.0)
Insurance Premium	108,500.0	107,500.0	108,500.0	107,500.0	(1,000.0)
Motor Vehicle License	127,400.0	127,200.0	127,400.0	127,700.0	300.0
Pari Mutuel	4,430.0	4,700.0	4,430.0	4,200.0	(230.0)
Estate	43,000.0	45,000.0	45,000.0	49,000.0	4,000.0
Other Taxes	2,000.0	2,200.0	2,270.0	2,200.0	(70.0)
<b>Subtotal - Taxes</b>	<b>4,085,190.0</b>	<b>4,101,700.0</b>	<b>4,128,460.0</b>	<b>4,131,800.0</b>	<b>3,340.0</b>
<b>Other Non-Tax Revenue</b>					
Lottery	35,900.0	39,000.0	35,900.0	38,000.0	2,100.0
Licenses, Fees and Permits	40,854.5	40,400.0	40,000.0	40,100.0	100.0
Interest	28,500.0	30,500.0	34,100.0	34,100.0	0.0
Sales and Services	5,527.9	3,700.0	5,540.0	3,700.0	(1,840.0)
Other Miscellaneous	35,000.0	36,500.0	35,000.0	35,300.0	300.0
<b>Subtotal - Other Non-Tax Revenue</b>	<b>145,782.4</b>	<b>150,100.0</b>	<b>150,540.0</b>	<b>151,200.0</b>	<b>660.0</b>
<b>Total Base Revenue Before Other Revenue Source</b>	<b>4,230,972.4</b>	<b>4,251,800.0</b>	<b>4,279,000.0</b>	<b>4,283,000.0</b>	<b>4,000.0</b>
<b>Other Revenue Sources</b>					
Transfers and Reimbursements	27,000.0	27,000.0	30,000.0 <sup>1/</sup>	26,000.0 <sup>1/</sup>	(4,000.0)
Disproportionate Share Revenue	79,020.0	79,000.0	91,717.8	91,717.8	0.0
<b>Subtotal - Other Revenue Source</b>	<b>106,020.0</b>	<b>106,000.0</b>	<b>121,717.8</b>	<b>117,717.8</b>	<b>(4,000.0)</b>
<b>Total Base Revenue</b>	<b>\$4,336,992.4</b>	<b>\$4,357,800.0</b>	<b>\$4,400,717.8</b>	<b>\$4,400,717.8</b>	<b>\$ 0.0</b>

<sup>1/</sup> Excludes transfer of \$5,648.0 in FY 1995 from Budget Stabilization Fund due to 5% cap.

Table 9

**STATE OF ARIZONA  
GENERAL FUND  
FY 1996  
TOTAL BASE REVENUE  
JLBC & OSPB STAFF FORECASTS  
(000'S)**

	Beginning of Session Forecasts FY 1996		Mid-Session Revisions FY 1996		
	OSPB Forecast	JLBC Staff Forecast	OSPB Forecast	JLBC Staff Forecast	Difference
<b>Taxes</b>					
Sales and Use	\$2,049,000.0	\$2,035,700.0	\$2,054,000.0	\$2,045,000.0	\$(9,000.0)
Income - Individual	1,648,300.0	1,656,000.0	1,670,300.0	1,671,000.0	700.0
- Federal Retiree Project	(18,300.0)	(18,300.0)	(18,300.0)	(18,300.0)	0.0
- Corporation	275,000.0	285,000.0	300,000.0	296,400.0	(3,600.0)
- Urban Revenue Sharing	(218,540.0)	(218,500.0)	(218,540.0)	(218,500.0)	40.0
Property	185,000.0	185,000.0	185,000.0	185,600.0	600.0
Luxury	67,000.0	64,000.0	67,000.0	65,600.0	(1,400.0)
Insurance Premium	99,000.0	106,800.0	99,000.0	106,800.0	7,800.0
Motor Vehicle License	131,800.0	137,100.0	131,800.0	138,200.0	6,400.0
Pari Mutuel	1,000.0	1,000.0	1,000.0	1,000.0	0.0
Estate	39,000.0	45,500.0	42,000.0	44,500.0	2,500.0
Other Taxes	1,900.0	2,300.0	1,900.0	2,300.0	400.0
Subtotal - Taxes	<u>4,260,160.0</u>	<u>4,281,600.0</u>	<u>4,315,160.0</u>	<u>4,319,600.0</u>	<u>4,440.0</u>
<b>Other Non-Tax Revenue</b>					
Lottery	34,000.0	37,000.0	34,000.0	42,500.0	8,500.0
Licenses, Fees and Permits	42,272.0	40,000.0	40,000.0	39,800.0	(200.0)
Interest	31,600.0	32,500.0	34,340.0	33,000.0	(1,340.0)
Sales and Services	5,575.6	3,800.0	6,000.0	3,800.0	(2,200.0)
Other Miscellaneous	37,500.0	35,000.0	37,500.0	33,300.0	(4,200.0)
Subtotal - Other Non-Tax Revenue	<u>150,947.6</u>	<u>148,300.0</u>	<u>151,840.0</u>	<u>152,400.0</u>	<u>560.0</u>
<b>Total Base Revenue Before Other Revenue Source</b>	<u>4,411,107.6</u>	<u>4,429,900.0</u>	<u>4,467,000.0</u>	<u>4,472,000.0</u>	<u>5,000.0</u>
<b>Other Revenue Sources</b>					
Transfers and Reimbursements	27,000.0	27,000.0	27,000.0 <sup>1/</sup>	22,000.0 <sup>1/</sup>	(5,000.0)
Disproportionate Share Revenue	68,000.0	68,000.0	68,000.0	68,000.0	0.0
Subtotal - Other Revenue Source	<u>95,000.0</u>	<u>95,000.0</u>	<u>95,000.0</u>	<u>90,000.0</u>	<u>(5,000.0)</u>
<b>Total Base Revenue</b>	<u>\$4,506,107.6<sup>2/</sup></u>	<u>\$4,524,900.0<sup>2/</sup></u>	<u>\$4,562,000.0<sup>2/</sup></u>	<u>\$4,562,000.0<sup>2/</sup></u>	<u>\$ 0.0</u>

<sup>1/</sup> Excludes transfer of \$14,171.0 in FY 1996 from Budget Stabilization Fund due to 5% cap.

<sup>2/</sup> Does not include the FY 1996 revenue impact of bills passed during sessions of the 42nd Legislature. See Table 10 and Table 11 for the revenue impact of these bills.

Table 10

**STATE OF ARIZONA  
GENERAL FUND  
FY 1996  
TOTAL BASE REVENUE  
AFTER LEGISLATIVE CHANGES  
ILBC STAFF FORECASTS  
(000's)**

	<u>Total Base Revenue</u>	<u>Legislative Changes</u>	<u>Total Base Revenue After Changes</u>
<b><u>Taxes</u></b>			
Sales and Use	\$2,045,000.0		\$2,044,200.0
Income - Individual	1,671,000.0	\$ (800.0)	1,470,662.5
- Federal Retiree Project	(18,300.0)	(200,337.5)	(18,300.0)
- Corporation	296,400.0	(400.0)	296,000.0
- Urban Revenue Sharing	(218,500.0)		(218,500.0)
Property	185,600.0	(1,100.0)	184,500.0
Luxury	65,600.0		65,600.0
Insurance Premium	106,800.0		106,800.0
Motor Vehicle License	138,200.0		138,200.0
Pari Mutuel	1,000.0		1,000.0
Estate	44,500.0		44,500.0
Other Taxes	2,300.0		2,300.0
Subtotal - Taxes	<u>4,319,600.0</u>	<u>(202,637.5)</u>	<u>4,116,962.5</u>
<b><u>Other Non-Tax Revenues</u></b>			
Lottery	42,500.0		42,500.0
Licenses, Fees and Permits	39,800.0	(26.0)	39,774.0
Interest	33,000.0		33,000.0
Sales and Services	3,800.0		3,800.0
Other Miscellaneous	33,300.0		33,300.0
Subtotal - Other Non-Tax Revenues	<u>152,400.0</u>	<u>(26.0)</u>	<u>152,374.0</u>
<b>Total Base Revenue</b>			
<b><u>Before Other Revenue Sources</u></b>	<u>4,472,000.0</u>	<u>(202,663.5)</u>	<u>4,269,336.5</u>
<b><u>Other Revenue Sources</u></b>			
Transfers and Reimbursements	22,000.0		22,000.0
Disproportionate Share Revenue	68,000.0		68,000.0
Subtotal - Other Revenue Sources	<u>90,000.0</u>		<u>90,000.0</u>
<b>Total Base Revenue</b>	<u>\$4,562,000.0</u>	<u>\$(202,663.5)</u>	<u>\$4,359,336.5</u>



**FORTY-SECOND LEGISLATURE  
FIRST REGULAR SESSION AND FIRST SPECIAL SESSION  
BILLS HAVING A SIGNIFICANT FY 1996 GENERAL FUND REVENUE IMPACT**

(000's)

[Effective Dates]

	Property	Sales & Use	Individual Income	Corporate Income	Insurance	Other	Total
<b>FIRST SPECIAL SESSION</b>							
Ch. 3 (H.B. 2003) Public Finances; BSF Cap Lowered to 5% of G.F. [6/15/95] <sup>1/</sup>						-0-	-0-
Ch. 5 (H.B. 2005) Health Dispro. Share; Raise Sales Tax Distribution Withheld [6/15/95] <sup>2/</sup>		-0-					-0-
Ch. 9 (S.B. 1009) Property and Income Tax Reductions [1/1/95] <sup>3/</sup>			(200,000.0)				(200,000.0)
<b>SUBTOTAL - SPECIAL SESSION</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$(200,000.0)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$(200,000.0)</u>
<b>FIRST REGULAR SESSION</b>							
Ch. 7 (H.B. 2073) IRS Conformity [1/1/95]			-0-				-0-
Ch. 31 (S.B. 1058) Consolidated Tax Returns; Affiliated Groups [7/13/95]				(400.0)			(400.0)
Ch. 98 (S.B. 1046) Motion Picture; Tax Refund [7/1/94]		(100.0)					(100.0)
Ch. 131 (S.B. 1084) Racing; Animal Drug Testing [7/13/95]						(1.0)	(1.0)
Ch. 160 (H.B. 2049) Real Estate Dept. [7/13/95]						(25.0)	(25.0)
Ch. 236 (H.B. 2227) Summer School & Jobs; Income Tax Credit [4/19/95]			(337.5)				(337.5)
Ch. 256 (S.B. 1287) Income Tax; Claim of Right [1/1/86]			Unknown Loss				
Ch. 263 (S.B. 1335) Insurance Tax Exemption; Accountable Health Plans [7/1/96]					-0-		-0-
Ch. 267 (S.B. 1344) Sales Tax Exemptions; Hotel Amenities [6/1/90]		(700.0)					(700.0)
Ch. 294 (H.B. 2337) Possessory Interests; Repeal Tax [1/1/95]	(1,100.0)						(1,100.0)
<b>SUBTOTAL—REGULAR SESSION</b>	<u>\$(1,100.0)</u>	<u>\$(800.0)</u>	<u>\$(337.5)</u>	<u>\$(400.0)</u>	<u>-0-</u>	<u>\$(26.0)</u>	<u>\$(2,663.5)</u>
<b>SUMMARY</b>							
<b>FIRST SPECIAL SESSION</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$(200,000.0)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$(200,000.0)</u>
<b>FIRST REGULAR SESSION</b>	<u>\$(1,100.0)</u>	<u>\$(800.0)</u>	<u>\$(337.5)</u>	<u>\$(400.0)</u>	<u>\$ -0-</u>	<u>\$(26.0)</u>	<u>\$(2,663.5)</u>
<b>TOTALS</b>	<u>\$(1,100.0)</u>	<u>\$(800.0)</u>	<u>\$(200,337.5)</u>	<u>\$(400.0)</u>	<u>\$ -0-</u>	<u>\$(26.0)</u>	<u>\$(202,663.5)</u>

<sup>1/</sup> The General Fund revenue gain of \$13.4 million from this provision is incorporated into the JLBC Staff base revenue estimate.

<sup>2/</sup> The revenue gain from this provision is incorporated into the JLBC Staff base revenue estimates.

<sup>3/</sup> In tax year 1996, the threshold under which class 3 & 4 personal property can be assessed at 1% is raised from \$6,000 to \$50,000—impact is \$17.3 million in FY 1997. Also, \$200 million is appropriated in FY 1997 to a property tax relief fund for reducing property taxes.

<sup>4/</sup> This is a two year phaseout of the insurance premium tax on accountable health plans to small employers. In FY 97, the tax rate reduces to one percent and is zero in FY 1998 and thereafter. The revenue loss is \$1.7 million in both years.

**FORTY-SECOND LEGISLATURE  
FIRST REGULAR SESSION AND FIRST SPECIAL SESSION  
BILLS HAVING A SIGNIFICANT FY 1997 GENERAL FUND REVENUE IMPACT**

(000's)  
[Effective Dates]

	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Individual Income</u>	<u>Corporate Income</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
<b><u>FIRST SPECIAL SESSION</u></b>							
Ch. 9 (S.B. 1009) Personal Property Tax Reductions <sup>1/</sup>	(17.3)						(17.3)
<b><u>FIRST REGULAR SESSION</u></b>							
Ch. 137 (S.B. 1211) Property Tax; Reducing Minimum Value for Property [1/1/96]	(78.0)						(78.0)
Ch. 236 (H.B. 2227) Income Tax Credit; Summer School and Jobs [4/19/95]		(112.5)					(112.5)
Ch. 263 (S.B. 1335) Insurance Premium Tax Exemption; Accountable Health Plans [7/1/96]					(17,300.0)		17,300.0
<b>TOTAL - FY 1997</b>	<b><u>\$(95.3)</u></b>	<b><u>\$(112.5)</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$(17,300.0)</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$(17,507.8)</u></b>

<sup>1/</sup> \$200 million is appropriated in FY 1997 to a Property Tax Relief Fund for reducing property taxes.

**GENERAL FUND  
BASE REVENUE COLLECTIONS**

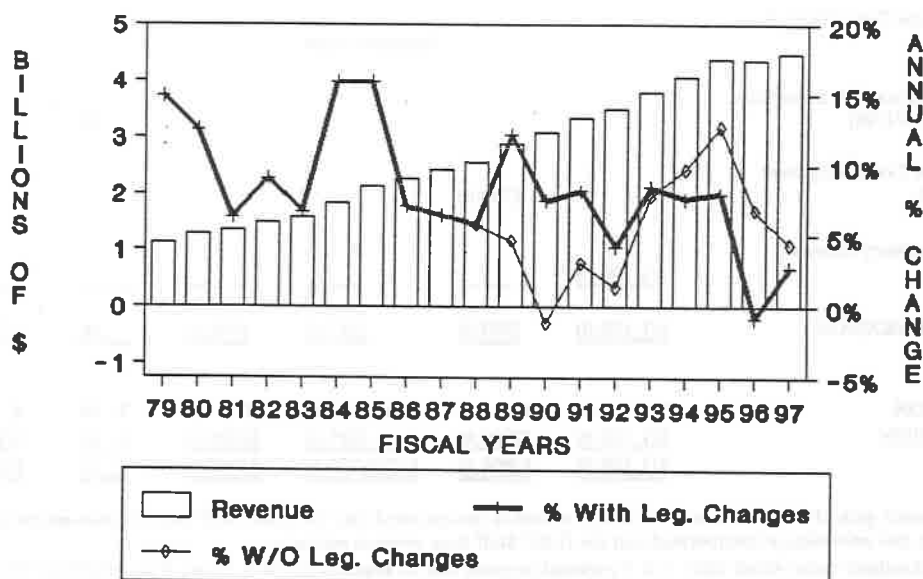
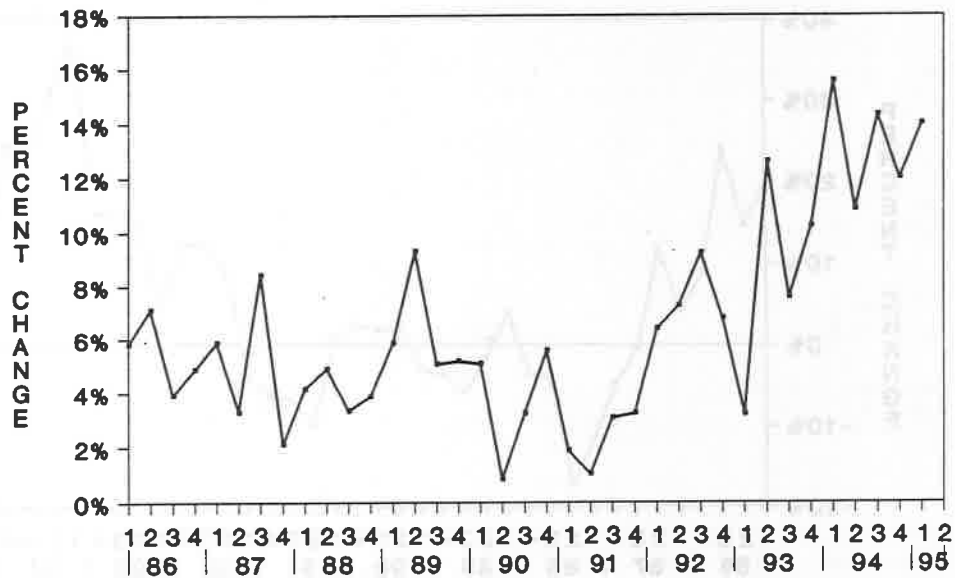


CHART 1

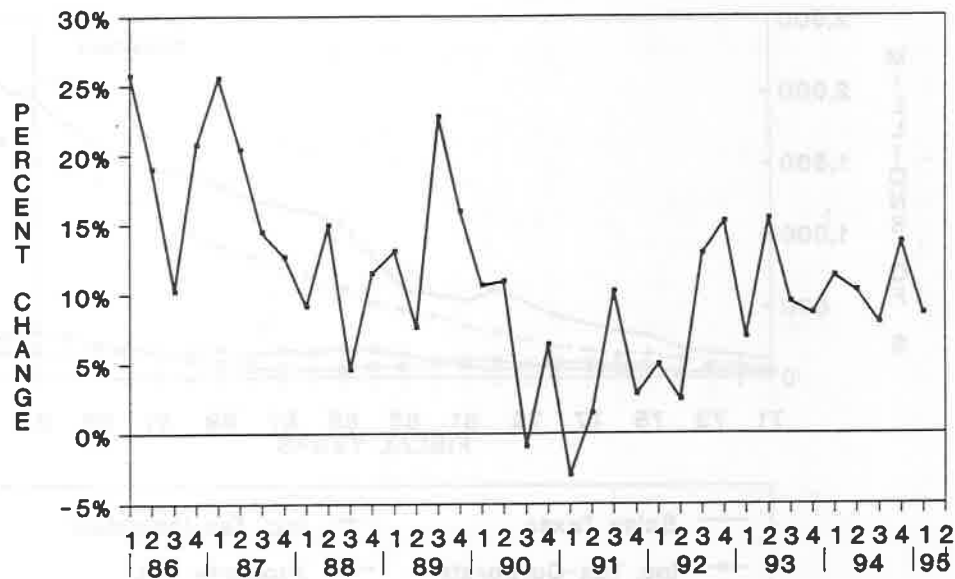
## RETAIL SALES GROWTH 1986-Q1 TO 1995-Q1



CHANGE FROM SAME QTR IN PRIOR YEAR

CHART 2

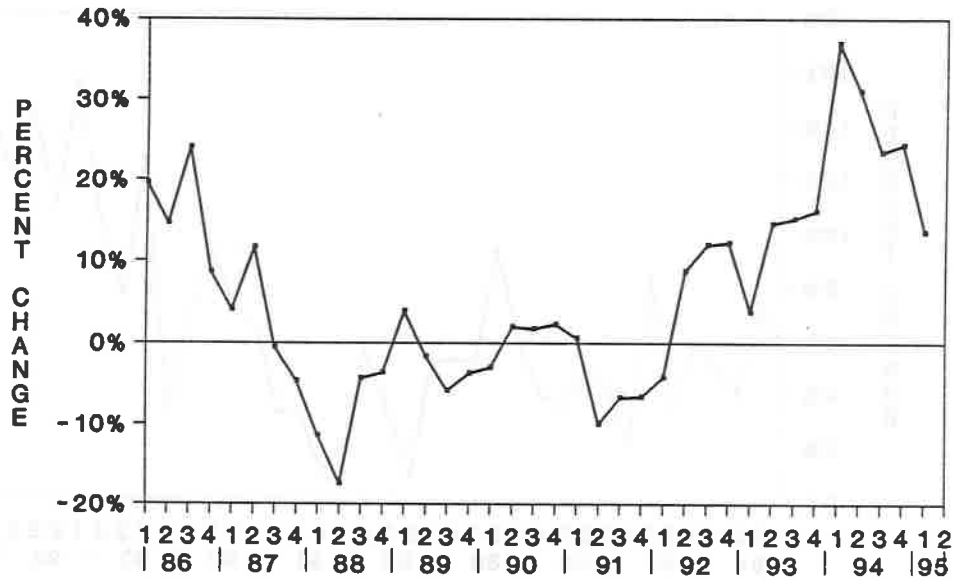
## HOTEL AND MOTEL SALES GROWTH 1986-Q1 TO 1995-Q1



CHANGE FROM SAME QTR IN THE PRIOR YEAR

CHART 3

## CONTRACTING INDUSTRY SALES GROWTH 1986-Q1 TO 1995-Q1



QUARTER VS. QUARTER IN THE PREVIOUS YEAR

CHART 4

## MAJOR GENERAL FUND TAX SOURCES COLLECTIONS

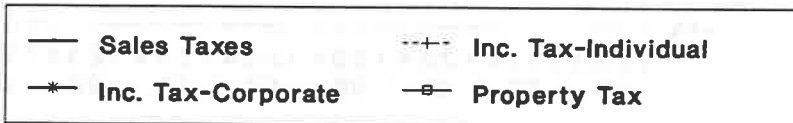
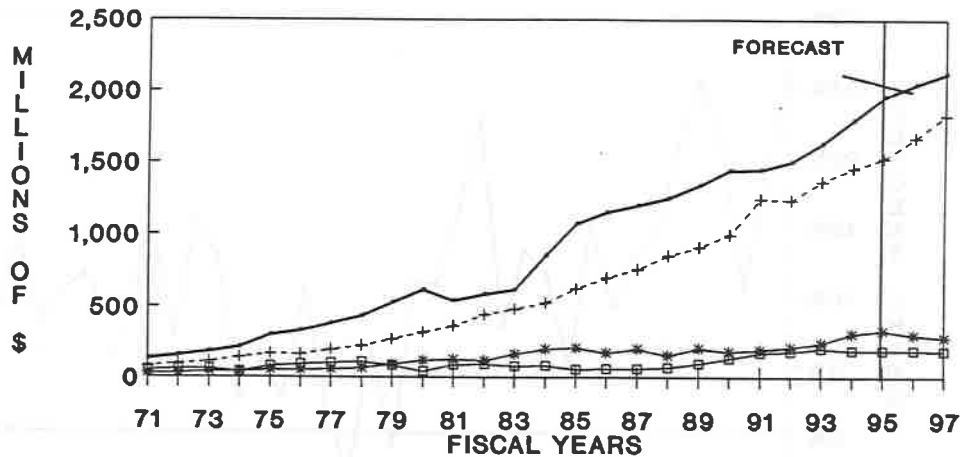


CHART 5

## FY 1996 MAJOR REVENUE SOURCES DOLLAR AND PERCENT CHANGE FROM FY 1995

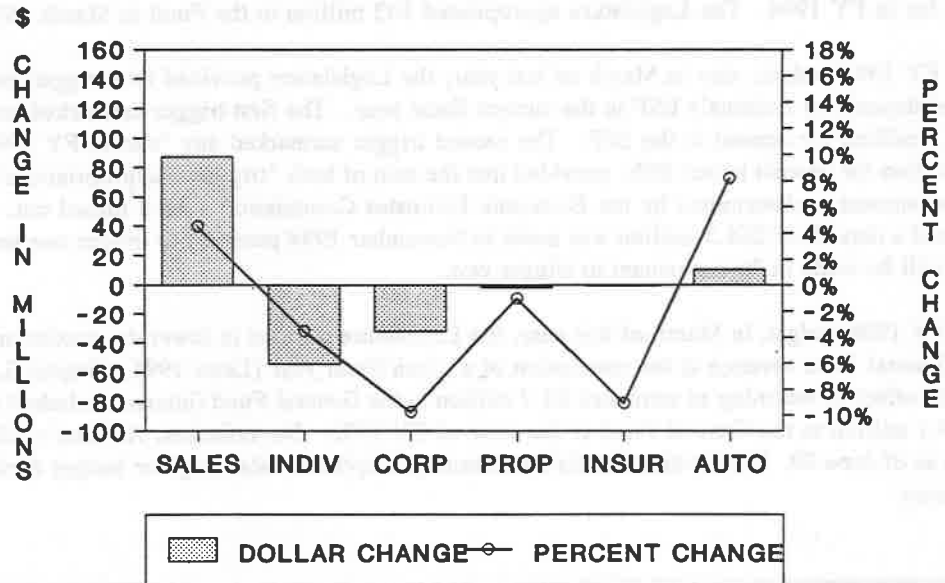


CHART 6

## MAJOR TAX SOURCES AS A % OF GENERAL FUND BASE REVENUE

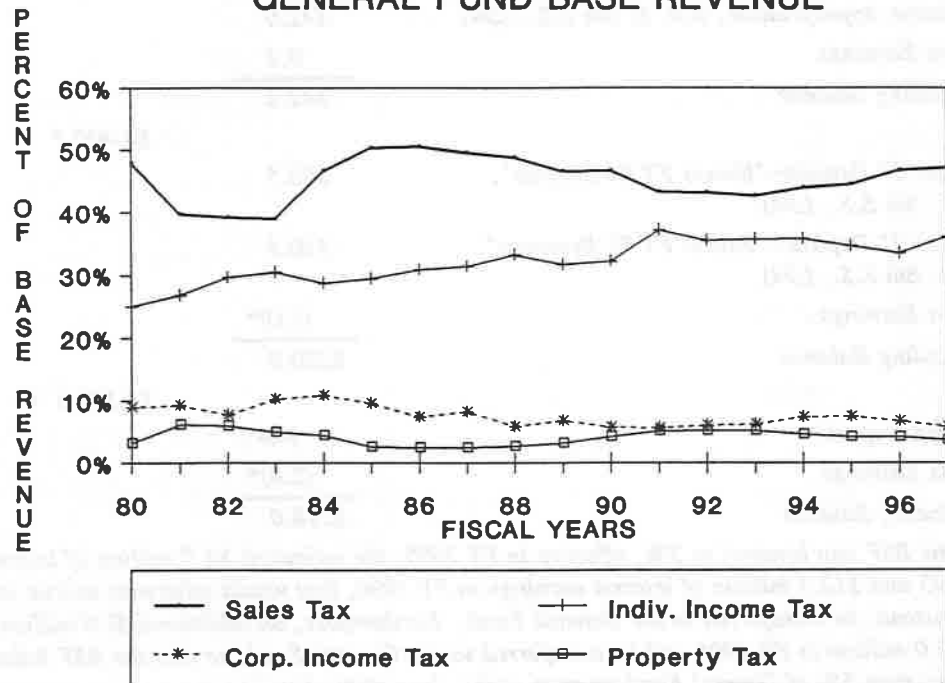


CHART 7

**ARIZONA'S BUDGET STABILIZATION FUND**  
**("Rainy Day Fund")**

Arizona enacted a Budget Stabilization Fund (BSF) in 1990, in the midst of a prolonged economic recession in the state (A.R.S. § 35-144). Unlike many other states with purely discretionary "rainy day funds," we enacted a formula-based fund, which calls for pay-ins from the General Fund to the Fund when economic growth is "above-trend" and pay-outs from the Fund to the General Fund when economic growth is "below-trend". With our recovering economy, a deposit to the Fund was first called for in FY 1994. The Legislature appropriated \$42 million to the Fund in March 1994.

In enacting the FY 1995 budget, also in March of last year, the Legislature provided two trigger mechanisms to meet the formula-required deposits to Arizona's BSF in the current fiscal year. The first trigger earmarked any FY 1994 surplus in excess of \$160.7 million for deposit in the BSF. The second trigger earmarked any "excess FY 1995 revenues" over and above \$4,237 million for deposit in our BSF, provided that the sum of both "triggered appropriations" could not exceed the formula-required amount as determined by the Economic Estimates Commission. As it turned out, both of these triggers were achieved and a deposit of \$68.5 million was made in November 1994 pursuant to trigger one and a further deposit of \$110.3 million will be made in June pursuant to trigger two.

In enacting the FY 1996 budget, in March of this year, the Legislature decided to lower the maximum balance in Arizona's BSF to 5% of General Fund revenue at the conclusion of a given fiscal year (Laws 1995, Chapter 3, 1st Special Session). This will have the effect of returning an estimated \$5.7 million to the General Fund (interest included) at the end of FY 1995 and another \$14.1 million to the General Fund at the close of FY 1996. Nevertheless, Arizona's BSF will have a balance of \$220 million as of June 30, 1995, which should be extremely helpful in balancing our budget during the next inevitable economic downturn.

<b>ARIZONA'S BUDGET STABILIZATION FUND</b>			
<i>(\$ Millions)</i>			
	<u>With a</u>	<u>GF</u>	<u>5% of GF</u>
	<u>5% Cap</u>	<u>Revenue</u>	<u>Revenue</u>
<b><u>FY 1994</u></b>			
• Legislative Appropriation, (Ch. 6, 8th S.S., L94)	\$42.0		
• Interest Earnings	0.2		
Ending Balance	\$42.2		
<b><u>FY 1995</u></b>			
• "Trigger 1" Deposit--"Excess FY 94 Surplus", (Ch. 1, 8th S.S., L94)	\$68.5		
• "Trigger 2" Deposit--"Excess FY 95 Revenues", (Ch. 1, 8th S.S., L94)	110.3		
• Interest Earnings	(1.0)*		
Ending Balance	\$220.0	\$4,400.7	\$220.0
<b><u>FY 1996</u></b>			
• Required Deposit	\$-0-		
• Interest Earnings	(2.0)*		
Ending Balance	\$218.0	\$4,359.3 **	\$218.0
* With the BSF cap lowered to 5%, effective in FY 1995, the estimated \$4.7 million of interest earnings in FY 1995 and \$12.1 million of interest earnings in FY 1996, that would otherwise accrue to the BSF, will, instead, be transferred to the General Fund. Furthermore, an additional \$1.0 million in FY 1995 and \$2.0 million in FY 1996 will be transferred to the General Fund, so that the BSF balance remains at no more than 5% of General Fund revenue at the close of the fiscal year.			
** Net of \$200 million of tax reduction and beginning balance.			



**FY 1995 GENERAL FUND ADJUSTMENTS 1/**

	<u>Original Forecast 2/</u>	<u>Change</u>	<u>Revised Estimate</u>
<b>REVENUES</b>			
-Balance Forward	\$106,051,400	\$123,153,000	\$229,204,400
-Base Revenue	4,128,834,200	271,883,600	4,400,717,800
-Transfer Due to 5% BSF Cap 3/	<u>0</u>	<u>5,648,000</u>	<u>5,648,000</u>
<b>TOTAL REVENUES</b>	<b>\$4,234,885,600</b>	<b>\$400,684,600</b>	<b>\$4,635,570,200</b>
<b>EXPENDITURES</b>			
-Original Operating Budget Appropriations	4,193,089,400	0	4,193,089,400
-9th Special Session Appropriations	0	22,209,400	22,209,400
-Reduction of K-12 Rollover - Trigger 1	0	53,500,000	53,500,000
-Budget Stabilization Fund Deposit			
-Trigger 1	0	68,504,000	68,504,000
-Trigger 2	0	110,312,900	110,312,900
-Supplementals - 1st Special Session	0	10,566,800	10,566,800
-Other Bills - 1st Regular Session	0	3,379,000 4/	3,379,000
-Tourism Fund Adjustment	<u>0</u>	<u>27,600</u>	<u>27,600</u>
<b>SUBTOTAL-REVISED OPERATING</b>	<b>4,193,089,400</b>	<b>268,499,700</b>	<b>4,461,589,100</b>
-Original Capital Appropriations	32,459,000	0	32,459,000
-Supplementals - 1st Special Session	<u>0</u>	<u>1,400,000</u>	<u>1,400,000</u>
<b>SUBTOTAL-REVISED CAPITAL</b>	<b>32,459,000</b>	<b>1,400,000</b>	<b>33,859,000</b>
-Administrative Adjustments and Emergencies	21,000,000	4,500,000 5/	25,500,000
-Change in Continuing Appropriations	4,956,000	22,401,500	27,357,500 6/
-Revertments	<u>(55,898,700)</u>	<u>(20,101,300)</u>	<u>(76,000,000) 7/</u>
<b>TOTAL EXPENDITURES</b>	<b>\$4,195,605,700</b>	<b>\$276,699,900</b>	<b>\$4,472,305,600</b>
<b>ENDING BALANCE</b>	<b><u>\$39,279,900</u></b>	<b><u>\$123,984,700</u></b>	<b><u>\$163,264,600</u></b>

1/ This General Fund "balance sheet" reflects the status of the FY 1995 budget as of the adjournment of the 1995 Regular Session on April 14, 1995.

2/ As appeared in the FY 1995 Appropriations Report, following adjournment of the 1994 Regular Session.

3/ See Economic and Revenue Forecast section for further details.

4/ See table of Additional Appropriations for individual amounts and agencies receiving appropriations. See Summary of Tables and Graphs section for further details.

5/ Includes an additional \$1,500,000 for wild land fire emergencies and \$3,000,000 for general emergencies.

6/ Eliminate use of continuing appropriations accounting technique. See following page for further details.

7/ Change above base level estimate due to higher-than-anticipated revertments for AHCCCS and the Department of Education.



## FY 1995 GENERAL FUND ADJUSTMENTS

For the third 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 1995 budget, however, did require certain supplemental appropriations:

- Subsequent to the adjournment of the 2nd Regular Session of the 41st Legislature (and the publication of the FY 1995 Appropriations Report), the Legislature approved \$22,209,400 in additional FY 1995 spending as part of the 9th Special Session in June 1995.

### *Chapter 1*

Auditor General - Programmatic Evaluations, \$100,000  
Department of Economic Security - Healthy Families Pilot, \$1,700,000  
Department of Education (ADE) - Family Literacy, \$975,000  
Department of Health Services (DHS) - Health Start Pilot, \$975,000

### *Chapter 2*

ADE - Preschool At-Risk, \$10,000,000  
ADE - Charter Schools Stimulus Fund, \$1,000,000  
ADE - Report Card Distribution, \$300,000  
ADE - Open School Enrollment Administration, \$200,000  
Joint Legislative Budget Committee - Capital Needs Assessment, \$1,000,000

### *Chapter 3*

Arizona Criminal Justice Commission - Anti-Gang Programs, \$5,670,000  
Department of Emergency and Military Affairs - Anti-Gang Support, \$250,000

### *Chapter 5*

DHS - Child Care Rules Evaluation, \$39,400

- \$122,004,000 of appropriations associated with the "triple trigger" provisions of the FY 1995 budget, which included the following:
  - Any excess FY 1994 surplus above \$107,200,000 was appropriated to eliminate the remaining \$53,500,000 of the K-12 Rollover and, thereafter, to make FY 1995's required deposit to the Budget Stabilization Fund (BSF). In November 1994, the actual FY 1994 surplus was determined to be \$229,204,000. As a result, the K-12 Rollover was eliminated and \$68,504,000 was appropriated to the BSF.
  - Any excess FY 1995 revenues above \$4,237,100,000 were appropriated to eliminate any remaining K-12 Rollover (if the first trigger had not already done so), and, thereafter, to make FY 1995's required deposit to the BSF. (The total projected FY 1995 BSF payment is \$178,816,900.) While the exact estimate of excess revenues has not been determined as of this writing, the amount will clearly be sufficient to fund the remaining \$110,312,900 of the required BSF deposit. (The total requirement of \$178,816,900 less the November deposit of \$68,504,000.)
  - Contingent FY 1996 appropriations if trigger 1 or 2 were insufficient.
- Adjustments of \$10,566,800 to the FY 1995 General Appropriation Act and of \$1,400,000 to the FY 1995 Capital Outlay Act. These adjustments were made by the 42nd Legislature, 1st Special Session. In addition, the Legislature approved a \$4,500,000 increase in emergency spending authorizations. These adjustments are outlined on the following page.
- Other bills of \$3,379,000 enacted during the 42nd Legislature, 1st Regular Session.

This additional FY 1995 spending was financed by higher-than-anticipated carry forward balances from FY 1994 and revenue growth throughout the fiscal year. This growth occurred mainly in individual income tax, sales and use tax, and corporate income tax.

## Other Policy Issues - The "Midnight Reversions" Accounting Technique

During the discussion of the FY 1996 budget, the Legislature decided to end the use of the "Midnight Reversion" accounting technique effective at the end of FY 1995. At the end of each fiscal year, certain unobligated General Fund appropriations ("continuing appropriations," including any unspent amounts appropriated to the Legislature and legislative agencies) do not lapse and are available in the next fiscal year. In FY 1983, pursuant to statute, the state began to count these nonlapsing appropriations at the end of the fiscal year as part of the General Fund ending balance in spite of the fact that the monies continue to be appropriated and available for expenditure as of the first day of the new fiscal year. (They revert at midnight on June 30 and become available again the next day) This technique is not in accordance with Generally Accepted Accounting Principles (GAAP). As shown on the "Change in Continuing Appropriations" line, ending this practice costs the General Fund \$27,357,500.

**FY 1995 SUPPLEMENTALS  
LAWS 1995, CHAPTER 6, FIRST SPECIAL SESSION**

**Administration, Department of**

- Risk Management Losses 4,400,000 OF  
Provides for payment of FY 1995 self-insured losses in excess of the budgeted level.

**AHCCCS**

- Disproportionate Share Payments 5,819,800 GF  
Provides supplemental General Fund match for a total of \$20,700,000 in new Disproportionate Share (DS) funding. Revises DS language to reflect increased program revenues. Provides additional funding of \$4,000,000 to Maricopa County, \$1,000,000 to Pima County, \$347,200 to other counties, \$2,600,000 to private hospitals, and net savings to the state of \$6,900,000 General Fund.

**Economic Security, Department of**

- Long Term Care 9,385,000 TF  
Increases total funds expenditure authority for caseload growth.

**Emergency Services and Military Affairs, Department of**

- Flood Relief 300,000 GF  
Reimburses political subdivisions for their 10% of flood relief expenses under the provisions of Laws 1994, Chapter 224.

**Health Services, Department of**

- Arizona State Hospital Cash Flow --  
Adds a footnote to allow the department to temporarily reallocate funds during the year for cash flow purposes while waiting for federal funds distribution.

**Judiciary**

**Supreme Court**

- Grand Jury Costs 223,500  
Provides for payment of outstanding unpaid claims for grand jury costs in FY 1993 and FY 1994.

- Foster Care Review Board 41,900  
Adds 2 FTE Positions and transfers in \$41,900 from the Adult Intensive Probation Program. This will allow 2 FTE Positions which have been approved for FY 1996 to be hired immediately. They will support the workload growth related to the increased number of foster children and boards.

**Superior Court** (41,900)

- Adult Intensive Probation  
Transfers out \$41,900 from this line to the Foster Care Review Board.

**Juvenile Corrections, Department of**

- FY 1995 Supplemental 1,707,000 GF  
Includes funding for unbudgeted expenses such as: direct-care staff overtime, salaries and travel of academy trainees, substitute teachers pay, 2 unbudgeted FTE Positions, and other costs undertaken in the name of the Johnson v. Upchurch consent decree. Also includes \$217,000 to fully fund the DJC teachers' pay scale.

- Education Division Funding 493,000 GF  
(493,000) OF  
DJC's Juvenile Education Fund will receive less pass-through funding from the Arizona Department of Education (ADE) than budgeted, but costs have not changed. This amount will be appropriated directly to DJC from the General Fund, while ADE will revert the same amount to the General Fund.

- **Boot Camp Legislation** --  
Expand use of FY 1995 boot camp appropriation. DJC will have a surplus of these monies, which can be used to offset other department supplemental costs.

**Land Department**

- **Delinquent CAP Assessments** 850,000 GF  
Provides for payment of delinquent irrigation district assessments. The state guarantees payment for the costs of Central Arizona Project (CAP) distribution systems on state lands.
- **Land 2000** 30,000 GF  
Begins preliminary work on consolidation of 5 major public resource management agencies.

**Revenue, Department of**

- **Tobacco Tax and Health Care Fund** 380,500 OF  
Adds 3 FTE Positions and related funding to administer and enforce Proposition 200, which increased the luxury tax on cigarettes and other tobacco products effective December 1, 1994.

**Secretary of State**

- **Campaign Finance Forms** --  
Deletes footnote requiring \$250,000 reversion if campaign forms are not computerized.

**Veterans' Service Commission**

- **Veterans' State Nursing Home** 1,143,500 GF  
Adds 2.8 FTE Positions and start-up funding for the new State Veterans' Nursing Home, which is to be opened in August 1995.

General Fund Subtotal	10,566,800
Other Funds Subtotal	4,287,500
Total Expenditure Authority Funds	9,385,000
Total Supplemental Funds	\$24,239,300

**Other Items**

- **Governor's Emergency Authority** 3,000,000 GF  
Allows the Governor to authorize an additional \$3,000,000 for emergencies. Current statutes allow \$2,500,000 for this purpose.
- **Wild Land Fires Expenditure Authority** 1,500,000 GF  
Allows the Governor to authorize expending an additional \$1,500,000 for wild land fires. Current statutes allow \$1,000,000 for this purpose.
- **Department of Corrections Minors' Beds** --  
Revises appropriation language for 100 minor prison beds, so the beds will be for males only. NOTE: Laws 1995, Chapter 224, 1st Regular Session subsequently returned the language to its original form to permit male and female beds.
- **Capital Budget** 1,400,000  
Appropriates \$1,400,000 for the Executive Tower Asbestos Abatement.

## 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**
- **Faculty Salary Comparison: Arizona Public Universities, June 1994**
- **Administrative Costs Study of Arizona's Public Universities and Community College Districts, July 1994**
- **1995 FISCAL FACTS, August 1994**
- **Non-Appropriated Funds Report: Recommendations to the Joint Legislative Budget Committee, November 1994**

- **State and Local Tax Support for Arizona Higher Education: A Comparative Analysis, December 1994**
- **An Analysis of the Size and Importance of the "Retirement Industry" in Arizona, December 1994**
- **JLBC Staff Report on State Government Information Technology, January 1995**
- **JLBC Staff Report on Arizona Per Capita Personal Income: Historical Observations, March 1995**

#### **Annual Reports**

- **Annual Budget, Analysis and Recommendations, January**
- **Appropriations Report, June**
- **Tax Handbook and Annual Updates, October**

#### **Periodic Reports**

- **Budget Status Report**

#### **Monthly/Bi-Monthly Reports**

- **Economic Review**
- **Monthly Revenue Highlights**