

PROPOSED BUDGET
FY 1996 AND FY 1997
ANALYSIS AND RECOMMENDATIONS

JLBC

Prepared By:
THE STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE
STATE OF ARIZONA
JANUARY 11, 1995

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

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

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*Appraisal, State Board of
Attorney General - Dept. of Law
Banking Department, State
Boxing Commission, AZ State
Building & Fire Safety, Dept. of
Commerce, Department of
Compensation Fund, State
Contractors, Registrar of
Corporation Commission
CORRECTIONS, DEPT. OF
Criminal Justice Commission, AZ
Executive Clemency, Board of
Insurance, Department of
JUDICIARY
Appellate/Trial Court Appts.
Court of Appeals
Judicial Conduct, Comm. on
Superior Courts
Supreme Court
Law Enforcement Merit Syst. Cncl.
Liquor Licenses & Control, Dept. of
Postsecondary Education, Comm. on
PUBLIC SAFETY, DEPT. OF
Racing, AZ Dept. of
Radiation Regulatory Agency
Real Estate Department, State
Residential Utility Consumer Office
*Structural Pest Control Comm.
*Technical Registration, St. Bd. of
Tourism, Office of
Uniform State Laws, Comm. on
UNIVERSITIES
Regents, Bd. of
ASU - Main Campus
ASU - East Campus
ASU - West Campus
NAU
U of A - Main Campus
U of A - Health Sciences Center
YOUTH TRTMNT & REHAB., DEPT OF

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*Barbers, Board of
*Behavioral Health Exam., Bd. of
*Chiropractic Examiners, St. Bd. of
Coliseum & Exposition Ctr. Bd., AZ
*Cosmetology, Board of
*Dental Examiners, St. Board of
ECONOMIC SECURITY, DEPT. OF
Emer. & Mil. Affairs, Dept. of
Equal Opportunity, Gov's Ofc. of
Equalization, St. Board of
Governor - Office of the
Gov's Ofc. of Strat. Plng & Budtg
HEALTH SERVICES, DEPT. OF
Hearing Impaired, AZ Council for the
House of Representatives
Indian Affairs, AZ Comm. of
Industrial Commission of Arizona
Joint Legislative Budget Cmte.
Legislative Council
Library, Archives & Pub. Rec, Dept. of
*Medical Examiners, Board of
*Nursing, State Board of
Occupational Sfty & Hlth Rev. Bd.
*Occupational Therapy Ex., Bd. of
*Osteopathic Exam., AZ Bd. of
*Pharmacy, AZ State Board of
Pioneers' Home, Arizona
Rangers' Pensions, Arizona
*Respiratory Care Exam., Bd. of
Retirement System, Arizona State
Revenue, Department of
Secretary of State - Dept. of State
Senate
Tax Appeals, State Board of
TRANSPORTATION, DEPT. OF
Treasurer, State
Veterans' Service Comm., Arizona
Weights & Measures, Dept. of

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Agriculture, AZ Dept. of
Arts, AZ Commission on the
COMMUNITY COLLEGES
Deaf & the Blind, Schools for the
EDUCATION, DEPT. OF (K-12)
Environment, Comm. on the AZ
ENVIRONMENTAL QUAL., DEPT OF
*Funeral Directors & Embalmers, Bd. of
Game & Fish Department, Arizona
Geological Survey, Arizona
Historical Society, Arizona
Historical Society, Prescott
*Homeopathic Medical Examiners, Bd. of
Land Department, State
LOTTERY COMMISSION, AZ STATE
Medical Student Loans, Bd. of
Mine Inspector, State
Mines & Mineral Res., Dept. of
*Naturopathic Phys. Bd. of Med. Exam.
Navigable Stream Adjudication Comm.
*Nursing Care Inst. Admin., Bd. of Exam.
*Opticians, State Board of Dispensing
*Optometry, State Board of
Parks Board, Arizona State
Personnel Board
*Physical Therapy Examiners, Bd. of
*Podiatry Examiners, State Board of
*Private Postsecondary Educ., St. Bd. of
*Psychologist Examiners, State Bd. of
*Veterinary Med. Examining Bd., AZ St.
Water Resources, Department of

Note: During the 1995 session, the Legislature will appropriate only one year of funding (FY 1996) for the agencies in capital letters. All other agencies will receive funding for both FY 1996 and FY 1997.

* 90/10 Agencies

12/28/94

HOUSE APPROPRIATIONS COMMITTEE
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Subcommittee Assignments - 42nd Legislature

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UNIVERSITIES**

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TRANSPORTATION**

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 *Appraisal, State Board of
 Attorney General - Dept. of Law
 Banking Department, State
 Boxing Commission, AZ State
 Building & Fire Safety, Dept. of
 Commerce, Department of
 Compensation Fund, State
 Contractors, Registrar of
 Corporation Commission
CORRECTIONS, DEPT. OF
 Criminal Justice Commission, AZ
 Executive Clemency, Board of
 Insurance, Department of
JUDICIARY
 Appellate/Trial Court Appts.
 Court of Appeals
 Judicial Conduct, Comm. on
 Superior Courts
 Supreme Court
 Law Enforcement Merit Syst. Cncl.
 Liquor Licenses & Control, Dept. of
 Postsecondary Education, Comm. on
PUBLIC SAFETY, DEPT. OF
 Racing, AZ Dept. of
 Radiation Regulatory Agency
 Real Estate Department, State
 Residential Utility Consumer Office
 *Structural Pest Control Comm.
 *Technical Registration, St. Bd. of
 Tourism, Office of
 Uniform State Laws, Comm. on
UNIVERSITIES
 Regents, Bd. of
 ASU - Main Campus
 ASU - East Campus
 ASU - West Campus
 NAU
 U of A - Main Campus
 U of A - Health Sciences Center
YOUTH TRTMNT & REHAB., DEPT OF

AHCCCS
 Auditor General
 *Barbers, Board of
 *Behavioral Health Exam., Bd. of
 *Chiropractic Examiners, St. Bd. of
 Coliseum & Exposition Ctr. Bd., AZ
 *Cosmetology, Board of
 *Dental Examiners, St. Board of
ECONOMIC SECURITY, DEPT. OF
 Emer. & Mil. Affairs, Dept. of
 Equal Opportunity, Gov's. Ofc. of
 Equalization, St. Board of
 Governor - Office of the
 Gov's Ofc. of Strat. Plng & Budtg
HEALTH SERVICES, DEPT. OF
 Hearing Impaired, AZ Council for the
 House of Representatives
 Indian Affairs, AZ Comm. of
 Industrial Commission of Arizona
 Joint Legislative Budget Cmte.
 Legislative Council
 Library, Archives & Pub. Rec, Dept. of
 *Medical Examiners, Board of
 *Nursing, State Board of
 Occupational Sfty & Hlth Rev. Bd.
 *Occupational Therapy Ex., Bd. of
 *Osteopathic Exam., AZ Bd. of
 *Pharmacy, AZ State Board of
 Pioneers' Home, Arizona
 Rangers' Pensions, Arizona
 *Respiratory Care Exam., Bd. of
 Retirement System, Arizona State
 Revenue, Department of
 Secretary of State - Dept. of State
 Senate
 Tax Appeals, State Board of
TRANSPORTATION, DEPT. OF
 Treasurer, State
 Veterans' Service Comm., Arizona
 Weights & Measures, Dept. of

ADMINISTRATION, DEPT. OF
 Agricultural Employment Relations Bd.
 Agriculture, AZ Dept. of
 Arts, AZ Commission on the
COMMUNITY COLLEGES
 Deaf & the Blind, Schools for the
EDUCATION, DEPT. OF (K-12)
 Environment, Comm. on the AZ.
ENVIRONMENTAL QUAL., DEPT OF
 *Funeral Directors & Embalmers, Bd. of
 Game & Fish Department, Arizona
 Geological Survey, Arizona
 Historical Society, Arizona
 Historical Society, Prescott
 *Homeopathic Medical Examiners, Bd. of
 Land Department, State
LOTTERY COMMISSION, AZ STATE
 Medical Student Loans, Bd. of
 Mine Inspector, State
 Mines & Mineral Res., Dept. of
 *Naturopathic Phys. Bd. of Med. Exam.
 Navigable Stream Adjudication Comm.
 *Nursing Care Inst. Admin., Bd. of Exam.
 *Opticians, State Board of Dispensing
 *Optometry, State Board of
 Parks Board, Arizona State
 Personnel Board
 *Physical Therapy Examiners, Bd. of
 *Podiatry Examiners, State Board of
 *Private Postsecondary Educ., St. Bd. of
 *Psychologist Examiners, State Bd. of
 *Veterinary Med. Examining Bd., AZ St.
 Water Resources, Department of

Note: During the 1995 session, the Legislature will appropriate only one year of funding (FY 1996) for the agencies in capital letters. All other agencies will receive funding for both FY 1996 and FY 1997.

* 90/10 Agencies

12/28/94

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

<u>AGENCY/DEPT./BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS</u>	<u>TELEPHONE NUMBER</u>
Accountancy, State Board of Administration, Department of	Brad Beranek Lynne Smith (1) Phil Case (2)	Ruth R. Lee Elliott Hibbs	255-3648 542-1500
Agricultural Employment Relations Board Agriculture, Arizona Department of Arizona Health Care Cost Containment System	Karen Bock Karen Bock Michael Bradley	Michele Gámez Keith Kelly Mabel Chen, M.D.	407-2845 407-2810 254-5522
Appellate & Trial Court Appointments, Comm. on	Marge Cawley (1) Brad Beranek (2)	Honorable Stanley G. Feldman	542-4532
Appraisal, State Board of Arizona State University	Jason Hall John Lee (1) Bruce Groll (2)	Shirley Berry Lattie F. Coor, Ph.D	542-1539 965-5606
Arts, Arizona Commission on the Attorney General - Department of Law	Jim Hillyard Dick Morris	Shelley Cohn Honorable Grant Woods	255-5882 542-4266
Auditor General Banking Department, State Barbers, Board of Behavioral Health Examiners, Board of Boxing Commission, Arizona State	Dick Morris Rachelle Child Jason Hall Lynne Smith Phil Case	Douglas R. Norton Richard Houseworth Mario Herrera David Oake John Montano	553-0333 255-4421 542-2701 542-1882 542-1417
Building & Fire Safety, Department of Chiropractic Examiners, State Board of Coliseum & Exposition Center Board, Arizona Commerce, Department of Community Colleges, State Board of Directors for	Jason Hall Jim Hillyard Phil Case Brad Beranek Bruce Groll	Eric Borg Elaine Le Tarte Gary D. Montgomery Sara Goertzen Don Puyear, Ph.D.	255-4072 255-1444 252-6771 280-1306 255-4037
Constitutional Defense Council Contractors, Registrar of Corporation Commission Corrections, State Department of	Dick Morris Gita Reddy Jason Hall Lorenzo Martinez (1) Karen Bock (2) Jason Hall	Michael P. Goldwater Honorable Renz Jennings Samuel A. Lewis	542-1525 542-4140 542-5497
Cosmetology, Board of	Jason Hall	Sue Sansom	542-5366
Court of Appeals, Division I	Marge Cawley (1) Brad Beranek (2)	Honorable Thomas Kleinschmidt	542-1478
Court of Appeals, Division II	Marge Cawley (1) Brad Beranek (2)	Honorable William Druke	628-6945
Criminal Justice Commission, Arizona Deaf and the Blind, Arizona State Schools for the Dental Examiners, State Board of	Lorenzo Martinez Rachelle Child Gita Reddy	Rex Holgerson Wilbur Lewis, Ph.D. Drew Langley	542-1928 770-3735 255-3696
Economic Security, Department of	Marge Cawley (1) Rachelle Child (2)	Linda Blessing, DPA	542-5678
Education, Department of	Steve Schimpp (1) Justin Garosi (2)	Honorable Lisa Graham	542-4361
Emergency and Military Affairs, Department of Environment, Commission on the Arizona Environmental Quality, Department of	Brad Beranek Karen Bock Renée Bahl	Glen W. Van Dyke Charlene Ledet Edward Z. Fox	267-2710 542-2102 207-2203
Equal Opportunity, Governor's Office of Equalization, State Board of Executive Clemency, Board of Funeral Directors & Embalmers, State Board of Game and Fish Department, Arizona	Jim Hillyard Bob Hull Lorenzo Martinez Jim Hillyard Bruce Groll	Michael R. Moreno Donald Joseph Duane Belcher, Sr. George Beard Duane L. Shroufe	542-3711 542-7070 542-5656 542-3095 789-3278
Geological Survey, Arizona Governor - Office of the Governor's Office of Strategic Planning & Budgeting Health Services, Department of	Renée Bahl Dick Morris Dick Morris Michael Bradley (1) Gita Reddy (2) Gita Reddy	Larry D. Fellows Honorable Fife Symington Peter Burns Jack Dillenberg	882-4795 542-4331 542-5381 542-1025
Hearing Impaired, Arizona Council for the	Gita Reddy	Stuart Brackney	542-3323

<u>AGENCY/DEPT./BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS</u>	<u>TELEPHONE NUMBER</u>
Historical Society, Arizona	Renée Bahl	Michael F. Weber	628-5774
Historical Society of Arizona, Prescott	Jason Hall	Sue Abbey	445-3122
Homeopathic Medical Examiners, Board of	Jim Hillyard	Tina Sotis	542-3095
House of Representatives	Dick Morris	Honorable Mark W. Killian	542-5729
Indian Affairs, Arizona Commission of	Rachelle Child	Tony Machukay	542-3123
Industrial Commission of Arizona	Gita Reddy	Larry Etchechury	542-4411
Insurance, Department of	Lynne Smith	Chris Herstam	912-8456
Joint Legislative Budget Committee	Dick Morris	Ted Ferris	542-5491
Judicial Conduct, Commission on	Marge Cawley (1)	Honorable Bernardo P. Velasco	542-5200
	Brad Beranek (2)		
Land Department, State	Gita Reddy	M. J. Hassell	542-4621
Law Enforcement Merit System Council	Jason Hall	Captain Coy Johnston	223-2286
Legislative Council	Dick Morris	Mike Braun	542-4236
Library, Archives and Public Records, Dept. of	Jason Hall	Arlene Bansal	542-4035
Liquor Licenses & Control, Department of	Rachelle Child	Howard Adams	542-5141
Lottery Commission, Arizona State	Phil Case	Ralph Decker	921-4514
Medical Examiners, Board of	Jim Hillyard	Mark Speicher	255-3751
Medical Student Loans, Board of	Bruce Groll	Christopher A. Leadem, Ph.D.	626-6216
Mine Inspector, State	Renée Bahl	Honorable Douglas K. Martin	542-5971
Mines & Mineral Resources, Department of	Renée Bahl	H. Mason Coggin	255-3791
Naturopathic Physicians Board of Medical Examiners	Jim Hillyard	John Brewer	542-3095
Navigable Stream Adjudication Commission, AZ	Gita Reddy	{Chairman}	
Northern Arizona University	John Lee (1)	Clara Lovett, Ph.D.	523-3232
	Bruce Groll (2)		
Nursing, State Board of	Gita Reddy	Fran Roberts	255-5092
Nursing Care Institution Administrators & Adult Care	Jim Hillyard	Christine Springer	542-3095
Home Managers, Bd. of Examiners of			
Occupational Safety & Health Review Board	Gita Reddy	Jim Weeks	542-4411
Occupational Therapy Exam., Board of	Brad Beranek	Kenneth D. Fink	542-6784
Opticians, State Board of Dispensing	Jim Hillyard	Careen J. Heinze	542-3095
Optometry, State Board of	Jim Hillyard	Florence Moore	542-3095
Osteopathic Examiners, Arizona Board of	Jim Hillyard	Robert J. Miller	255-1747
Parks Board, Arizona State	Renée Bahl	Ken Travous	542-4174
Personnel Board	Lynne Smith	Judy Henkel	542-3888
Pharmacy, Arizona State Board of	Jim Hillyard	Llyn Lloyd	255-5125
Physical Therapy Examiners, Board of	Jim Hillyard	Janice Stille	542-3095
Pioneers' Home, Arizona	Marge Cawley	Doris Marlowe	445-2181
Podiatry Examiners, State Board of	Jim Hillyard	Linda Wells	542-3095
Postsecondary Education, Commission for	Bruce Groll	Ed Johnson, Ph.D.	229-2592
Private Postsecondary Education, State Board of	Bruce Groll	Dona Markley	542-5709
Psychologist Examiners, State Board of	Jim Hillyard	Maxine McCarthy	542-3017
Public Safety, Department of	Jason Hall	Joe Albo	223-2359
Racing, Arizona Department of	Phil Case	James Higginbottom	542-5151
Radiation Regulatory Agency	Gita Reddy	Aubrey V. Godwin	255-4845
Rangers' Pensions, Arizona	Brad Beranek	See Governor's Office	542-4331
Real Estate Department, State	Lynne Smith	Jerry Holt	468-1414
Regents, Arizona Board of	Bruce Groll	Frank Besnette, Ph.D.	229-2505
Residential Utility Consumer Office	Jason Hall	Ron Mathis	542-3733
Respiratory Care Examiners, Board of	Lynne Smith	Ann Marie Berger	542-5995
Retirement System, Arizona State	Rachelle Child	LeRoy Gilbertson	240-2000
Revenue, Department of	Bob Hull	Harold Scott	542-3572
Secretary of State - Department of State	Gita Reddy	Honorable Jane Dee Hull	542-3012
Senate	Dick Morris	Honorable John Greene	542-4233

<u>AGENCY/DEPT./BUDGET AREA</u>	<u>JLBC ANALYST</u>	<u>AGENCY/DEPARTMENT HEADS</u>	<u>TELEPHONE NUMBER</u>
Structural Pest Control Commission Superior Court	Brad Beranek Marge Cawley (1) Brad Beranek (2)	J. H. Paulson Dave Byers	255-3664 542-9301
Supreme Court	Marge Cawley (1) Brad Beranek (2)	Honorable Stanley G. Feldman	542-4532
Tax Appeals, State Board of	Bob Hull	Donald Joseph (Division I) Stephen P. Linzer (Division II)	542-7070 542-3288
Technical Registration, State Board of	Brad Beranek	Ronald Dalrymple	255-4053
Tourism, Office of Transportation, Department of Treasurer, State Uniform State Laws, Commission on University of Arizona	Phil Case Bob Hull Brad Beranek Jason Hall John Lee (1) Bruce Groll (2)	Greg Gilstrap Larry S. Bonine Honorable Tony West James M. Bush Manuel Pacheco, Ph.D.	542-4764 255-7226 542-1463 257-5767 621-5511
Veterans' Service Commission, Arizona Veterinary Medical Examining Board, Arizona State Water Resources, Department of Weights & Measures, Department of Youth Treatment & Rehabilitation, Department of	Phil Case Jim Hillyard Renée Bahl Lynne Smith Karen Bock (1) Lorenzo Martinez(2)	Norman O. Gallion Louise Battaglia Rita Pearson John Hays Eugene R. Moore	255-3373 542-3095 417-2410 255-5211 542-3987
<u>OTHER ASSIGNMENTS</u>			
Capital Review Data Processing Economic & Revenue Forecast	Phil Case Bob Blosser Hank Reardon Kent Ennis Frank Chow Dennis Doby Justin Garosi Richard Stavneak Richard Stavneak		
Federal Funds Fiscal Note Manager			

- (1) Lead Assignment
(2) Secondary Assignment

1/09/95



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BUDGET COMMITTEE**

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**Executive Assistant
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**Deputy Director
RICHARD STAVNEAK**

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Advisory
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HANK REARDON**

**Senior Economist
KENT ENNIS**

**Senior Economist
FRANK CHOW**

**Economist
DENNIS DOBY**

**Economist
JUSTIN GAROSI**

**Economics
Intern**

**LAN Manager
BOB BLOSSER**

**Assistant Director
DICK MORRIS**

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**FISCAL ANALYSIS
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**Fiscal Analyst
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**Research
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MARGE CAWLEY**

**Senior Fiscal Analyst
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RACHELLE CHILD**

**Fiscal Analyst
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**Fiscal Analyst
JASON HALL**

**Fiscal Analyst
BRAD BERANEK**

**Fiscal Analyst
LORENZO MARTINEZ**

**Fiscal Analyst
PHIL CASE**

**Fiscal Analyst
GITA REDDY**

**Assistant Analyst
JIM HILLYARD**

**Fiscal Analyst
LYNNE SMITH**

**Fiscal
Intern**

**Secretary & JCCR Clerk
JAN BELISLE**

**Secretary
ADELE GARCIA**

**Admin. Assistant
LETTIE PHILLIPS**

**Secretary
SHARON SAVAGE**

Secretary

Approved 
Date: 1/9/95

FY 1996 JLBC STAFF RECOMMENDATION DESCRIPTION OF METHODOLOGY AND MAJOR TECHNICAL ISSUES

Biennial Budgeting

Laws 1993, Chapter 252 requires all but 14 major budget units to receive appropriations biennially with the dollar amounts itemized for each fiscal year. In this volume, the JLBC Staff is recommending FY 1996 funding for the 14 major budget units and FY 1996 and FY 1997 funding for all other budget units. The 14 major budget units are as follows:

- Department of Administration
- AHCCCS
- Community Colleges
- Department of Corrections
- Department of Economic Security
- Department of Education
- Department of Environmental Quality
- Department of Health Services
- Arizona Judiciary
- Lottery Commission
- Department of Public Safety
- Department of Transportation
- Universities
- Department of Youth Treatment & Rehabilitation

FY 1996 — JLBC Staff Recommended Changes from FY 1995

In developing its FY 1996 budget recommendation, the JLBC Staff has reviewed the current year's appropriation (FY 1995) as well as each agency's FY 1996 budget request, and has made adjustments for:

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

The individual agency descriptions in the Analysis and Recommendations book provide further narrative detail on these changes, which are explained in a section entitled, "FY 1996 — JLBC Staff Recommended Changes from FY 1995." In addition, the book provides the line item detail of the JLBC Staff's recommendations for each individual agency budget. The major technical issues with regard to each of these line items are described below.

FY 1995 Estimate - This dollar amount represents the FY 1995 appropriations from the General Appropriation Act as well as appropriations from other legislation. We have adjusted the General Appropriation Act estimates for the distribution of technical adjustments, which were not allocated to individual agencies at the time of the bill's passage.

Full Time Equivalent (FTE) Positions - The number of FTE positions reflects both personnel funded from Personal Services and from any special line items. The FY 1995 FTE position estimates have also been adjusted to include any new staff funded through separate appropriation bills.

Standard Changes - Each individual agency recommendation starts with a "Standard Changes" section which lists adjustments made to most budgets statewide. These include the following items, described below.

— Annualization of April 1995 Pay Adjustment

This amount represents an increase in Personal Services and Employee Related Expenditures (ERE) in order to annualize a 2% salary increase enacted by the Legislature effective April 1, 1995. The change adds 9 months of funding for FY 1996 to the 3 months of funding in each agency's FY 1995 base.

— Vacancy Savings

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

For FY 1996, the JLBC Staff has generally recommended the application of standard vacancy rates, which vary with the size of the agency. The standard vacancy rates are:

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

The vacancy savings amounts have been adjusted to reflect the April 1995 Pay Adjustment.

— ERE Rates

This category represents the state cost of employee benefits. The dollar amount resulting from any FY 1996 rate changes is listed in the Standard Changes section under "ERE Rates." The ERE calculations have been based upon the following assumptions. The Executive concurs with these assumptions unless otherwise noted.

Disability Insurance: 0.4% of Personal Services for non-State Retirement System employees. The cost of disability insurance for State Retirement System employees is incorporated in the overall retirement contribution rate (See Below).

Federal Insurance Contributions Act (FICA) - As required by federal law, a) Social Security taxes were applied at a rate of 6.2% up to \$61,500 of an employee's salary and b) Medicare taxes were applied at a rate of 1.45% on the full level of an employee's salary. The Executive recommendation applies the 7.65% rate only to salaries up to \$61,200.

Medical and Dental Insurance - Each individual agency budget includes funding for the employer share of health insurance costs. With the exception of the Universities, the Department of Administration subsequently transfers health insurance appropriations from the individual agencies to the Health Insurance Trust Fund. The JLBC Staff recommendation is based upon each individual agency's actual average cost per employee in FY 1995 for health and dental insurance. This average cost was typically higher than the FY 1995 budgeted amount, as one-time surpluses in the Health Insurance Trust Fund were used to finance health insurance in FY 1995. As a result, the FY 1996 recommendation restores funding to each individual agency budget to fully fund the current cost of health insurance.

Life Insurance - \$11 per employee per year.

Personnel Division - 0.9% of Personal Services. The Department of Administration's Personnel Division budget is funded from an assessment on the payroll of all state agencies. Laws 1991, Chapter 265, requires this pro rata share to increase from 0.70% in FY 1992 in increments of 0.05% each year until reaching 1.0% in FY 1998.

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

<u>Retirement System</u>	<u>JLBC Rate</u>
State Retirement	3.95
Correctional Officers - DOC	6.50
Correctional Officers - DYTR	8.51
Elected Officials	3.12
Dept. of Public Safety	3.57*
NAU Police	4.02
U of A Police	3.21
ASU Police	6.26
Game and Fish	18.38
DEMA Firefighters	4.91
Attorney General Investigators	9.17
Capitol Police	8.00

*Plus 5% member contributions paid by employer

Unemployment Insurance - 0.30% of Personal Services.

Workers' Compensation - The rates vary by individual agency.

— Risk Management

Individual agency budgets (Other Operating Expenditures) include the FY 1996 Risk Management rates billed by the Department of Administration (DOA) Risk Management Section. These rates are estimated to result in total revenues of \$49.6 million, of which \$30.5 million is from the General Fund and \$19.1 million is from Other Appropriated and Non-Appropriated funds. The premium level of \$49.6 million is based on an annual actuarial estimate conducted for the state. The amount represents a \$13.9 million increase from the prior year level, of which \$4.4 million reflects a one-time surplus in the Risk Management Revolving Fund used to reduce FY 1995 charges. Individual agency Risk Management charges, therefore, generally increase in each agency. Individual agency charges, however, also depend on the particular actuarial experience of that agency.

— Rent

The JLBC Staff recommendation includes rent for all agencies occupying space in buildings located on the Governmental Mall in Phoenix and in the 2 large state-owned buildings in Tucson. The funding will be transferred to the Capital Outlay Stabilization Fund and used to finance the Department of Administration Utilities appropriation, facilities management activities, and a portion of the DOA Building Renewal appropriation. In addition to providing a dedicated source of revenue for costs associated with operating these buildings, charging agencies for their office space is intended to increase legislative oversight of state-owned space by requiring them to be budgeted for this space prior to absorbing added square footage. The JLBC Staff recommends the following rent items:

State-owned Space: In both General Fund and non-General Fund agencies, the JLBC Staff recommends charging \$11.50 per square foot for office space and \$4.50 per square foot for storage space.

Lease-Purchase Buildings: Full funding is included in budgets for all agencies housed in buildings being acquired by lease-purchase, including buildings acquired as part of the state's RTC/Distressed Property program.

Operations and Maintenance (O&M) Charges: The JLBC Staff recommends funding an operations and maintenance charge of \$4.75 per square foot in each agency occupying an RTC/Distressed Property acquisition. (The Executive recommends \$5.19 per square foot.) This charge includes standard levels for utilities, janitorial, maintenance, landscaping, minor repairs and pest control. While the O&M charge is appropriated to individual agencies, the funding is transferred to the Department of Administration, which is responsible for providing the service, either directly or under contract.

— **Elimination of One-time Capital and Non-Capital Equipment**

This amount represents the elimination of any equipment funded in FY 1995 but not required for FY 1996. It includes both Equipment (valued at \$1,000 or more) and Non-Capital Equipment (valued at less than \$1,000). The addition of any new equipment appears as a separate policy issue.

— **Inflation**

The JLBC Staff recommends no adjustment for inflation other than for medical expenses in certain circumstances. The Executive also recommends no inflation adjustment.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

For those budget receiving FY 1997 appropriations, the JLBC Staff is not recommending funding for technical adjustments, such as ERE Rates, Risk Management and Rent. As part of our FY 1997 recommendation in January 1996, we will recommend government-wide lump sum amounts to be allocated to individual agencies for these adjustments. We do, however, include the following adjustment:

— **Elimination of One-Time Capital and Non-Capital Equipment.**

This amount represents the elimination of any equipment funded in FY 1996 but not required for FY 1997.

JLBC Staff Recommended Format

The Analysis and Recommendation book includes the JLBC Staff's recommendation for individual agency budget formats. Any changes from the prior year format are noted. The format governs how an agency's appropriation will appear in the General Appropriation Act. The most common budget formats are as follows:

- *Lump Sum*
- *Modified Lump Sum*
- *Detailed Line Item*

These formats can either be applied agencywide or to each particular budget program or fund source.

A less detailed format will provide an agency with more discretion in implementing the budget at the expense of legislative oversight for that agency. Conversely, a more detailed format may require an agency to use formal processes for redirecting appropriated funds to a purpose different from that originally intended by the Legislature.

For example:

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. In the General Appropriation Act, the agency's budget would appear as follows:

Agency X	
FTE Positions	2.0
Lump Sum appropriation	\$100,000

Within this format, the subcommittee and the committee will need to determine whether special line items (funds generally granted to entities or individuals outside of state government, or which merit special attention) will 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 and All Other Operating Expenditures. Any special line items would be listed separately. Under this format, 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 (A.R.S. § 35-173(c)). In the General Appropriation Act, the agency's budget would appear as follows:

Agency X	
FTE Positions	2.0
Personal Services	\$ 60,000
Employee Related Expenditures	15,000
All Other Operating Expenditures	<u>25,000</u>
Total - Agency X	\$100,000

Detailed Line Item - The appropriation consists of each line item listed in the Analysis and Recommendations book, including Professional and Outside Services, Travel, Other Operating Expenditures and Equipment. While the same rules govern Personal Services/ERE transfers as noted in the Modified Lump Sum description, the detailed line item appropriation requires the agency to seek Department of Administration approval before transferring monies between any other line items. This format is used in circumstances when the Legislature has particular concern over an agency's operation. In the General Appropriation Act, the agency's budget would appear as follows:

Agency X	
FTE Positions	2.0
Personal Services	\$ 60,000
Employee Related Expenditures	15,000
Professional and Outside Services	3,000
Travel - In State	7,500
Travel - Out of State	2,500
Other Operating Expenditures	10,000
Equipment	<u>2,000</u>
Total - Agency X	\$100,000

JLBC Staff Recommended Footnotes

The Analysis and Recommendation book also includes the JLBC Staff's recommendation for footnotes. These narrative statements in the General Appropriation Act establish conditions for expenditures, reporting requirements and legislative intent. A footnote, however, cannot be used to modify an existing program's authorizing law.

We have classified footnotes into one of the following categories:

- *Standard Footnotes (Footnotes that have appeared in at least 2 consecutive General Appropriation Acts)*
- *Continuation of New FY 1995 Footnotes*
- *Modification of Prior Year Footnotes*
- *New Footnotes*
- *Deletion of Prior Year Footnotes*

If being revised or deleted, the footnote language is typically followed by an italicized explanation of the change.

Other Issues for Legislative Consideration

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

We have highlighted in our analysis the differences between the JLBC Staff and the Executive recommendation for each agency. Any policy issues recommended by the Governor and not addressed under the "JLBC Staff Recommended Changes from FY 1995" section are addressed under the heading "Other Issues for Legislative Consideration."

Auditor General Performance Audit

The narrative section of the Analysis and Recommendations book also addresses recommendations from the Auditor General's Performance Audits published in calendar 1994 that have a fiscal impact. The calendar year 1994 audits include:

- Department of Environmental Quality - Agencywide Issues
- Board of Private Postsecondary Education
- Office of Tourism
- Department of Administration - General Services Division
- Public Safety Personnel Retirement System and Elected Official's Retirement Plan
- The Universities: The Student Experience
- Department of Health Services - Division of Behavioral Health
- Department of Economic Security, Children and Family Services

The narrative explains whether the Auditor General findings have been incorporated into the JLBC Staff recommendation.

**DEPARTMENT OF ADMINISTRATION
(DOA)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
Agency Summary

JLBC Analyst: Smith/Case
OSP Analyst: Thomas Betlach

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
Full Time Equivalent Positions	810.0	916.0	934.1	918.0	915.0
BY PROGRAM/ORGANIZATION					
Administration	1,804,100	2,205,500	2,744,200	2,766,500	2,499,700
Finance	11,390,000	13,825,700	15,064,600	14,319,600	14,435,500
General Services	14,191,400	13,476,800	13,938,600	13,617,300	13,688,200
Information Services	15,888,900	16,039,200	15,895,100	15,292,700	15,418,700
Capitol Police	1,153,500	1,327,400	1,850,500	1,581,500	1,594,300
Risk Management	54,584,100	43,127,200	51,294,000	51,295,100	51,307,300
Workers' Compensation	16,525,400	17,223,600	20,187,000	20,190,100	19,880,400
Personnel	5,512,000	6,260,200	6,313,700	6,422,300	6,216,500
AGENCY TOTAL	121,049,400	113,485,600	127,287,700	125,485,100	125,040,600
OPERATING BUDGET					
Personal Services	18,455,000	21,250,700	22,724,600	21,981,700	22,125,900
Employee Related Expenditures	4,119,300	5,131,300	5,943,300	5,404,700	5,449,700
Professional/Outside Services	2,424,700	1,921,200	1,262,100	1,190,800	1,990,200
Travel - In State	146,200	180,900	190,600	178,400	176,600
Travel - Out of State	85,500	39,600	45,000	42,300	45,000
Other Operating Expenditures	8,614,900	4,800,800	4,995,000	5,356,000	5,422,700
Equipment	2,692,200	159,100	716,800	362,100	394,000
All Other Operating Subtotal	13,963,500	7,101,600	7,209,500	7,129,600	8,028,500
OPERATING SUBTOTAL	36,537,800	33,483,600	35,877,400	34,516,000	35,604,100
SPECIAL LINE ITEMS					
ENSCO COP	4,852,600	4,582,900	4,586,900	4,586,900	4,586,900
Capital Center Lease - Purchase	0	352,800	0	0	0
Utilities	6,135,800	5,985,000	5,985,000	5,985,000	5,985,000
Workers' Compensation Losses	14,496,700	14,676,000	17,652,000	17,652,000	17,652,000
Claim Management Fees	561,000	0	0	0	0
Premium Tax	408,900	725,000	725,000	725,000	381,000
Liability and Property Losses	43,428,600	29,772,800	37,619,500	37,666,700	37,666,700
Hearing Office	15,100	35,700	35,700	35,700	35,700
Attorney General Defense-RM	4,646,100	4,873,700	4,939,100	4,944,900	4,943,800
Insurance Premiums	4,031,600	5,877,500	5,998,500	5,998,500	5,998,500

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
Agency Summary

JLBC Analyst: Smith/Case
OSPB Analyst: Thomas Betlach

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Loss Control Grants	344,200	400,000	400,000	400,000	400,000
University Student Health Work Program	37,300	159,500	159,500	159,500	159,500
Attorney General Defense-WC	54,600	117,500	119,100	119,300	119,300
SLIAG	193,200	107,500	0	0	0
Governor's Regulatory Review Council	104,200	290,500	350,400	332,900	332,200
Lease-Purchase Rent	427,000	429,100	432,900	525,500	525,500
COSF Rent	748,800	903,100	1,028,200	1,028,200	946,400
GAAP	495,800	640,900	0	0	0
Special Recruitment	45,100	43,500	43,500	43,500	43,500
Relocation	75,200	160,000	30,000	30,000	30,000
Personnel Automation Project	205,000	175,000	175,000	175,000	175,000
Telecommuting	0	0	46,600	0	0
Americans with Disabilities	0	0	275,000	265,700	0
Cost Recovery/Cash Management	120,000	132,800	0	0	0
Employee Bus Subsidy	24,200	539,000	718,700	546,200	539,000
Automation Equipment	0	2,335,500	2,685,500	2,335,500	2,335,500
Software License and Maintenance	0	2,226,300	2,226,300	2,226,300	2,226,300
Maintenance and Repair	0	1,147,100	1,147,100	1,147,100	1,147,100
Classification Pilot Program	29,900	702,600	586,300	582,900	574,700
Tucson State Office Building	107,900	131,800	92,600	0	0
HRMS	0	0	729,100	689,100	0
Automated Budget Development	0	0	0	50,000	0
Department of Corrections IGA	0	0	0	200,000	0
Unoccupied Lease - Purchase	0	0	0	0	57,200
Sun State Building	1,072,800	0	0	0	0
AFIS II	1,850,000	2,478,900	2,622,800	2,517,700	2,575,700
Special Item Subtotal	84,511,600	80,002,000	91,410,300	90,969,100	89,436,500
AGENCY TOTAL	121,049,400	113,485,600	127,287,700	125,485,100	125,040,600
BY FUND SOURCE					
General Fund	23,307,200	25,426,400	27,651,000	26,274,900	26,040,500
Other Appropriated Funds	97,639,200	88,059,200	99,636,700	99,210,200	99,000,100
Other Non-Appropriated Funds	211,674,200	234,554,200	250,256,600	--	250,256,600
TOTAL - ALL SOURCES	332,620,600	348,039,800	377,544,300	125,485,100	375,297,200

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Summary

Agency Description — *The Department of Administration 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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 614,100	2.4%
Other Appropriated Funds	<u>10,940,900</u>	<u>12.4%</u>
Total Appropriated Funds	\$11,555,000	10.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 257,000 OF	\$ 175,300 GF
— Vacancy Savings - Maintains a 2.5% Vacancy Rate	1,900 OF	(2,900) GF
— ERE Rates	72,100 OF	65,800 GF
— Risk Management	262,800 OF	184,800 GF
— Rent	85,300 OF	7,900 GF
— Elimination of One-time Capital and Non-Capital Equipment	(70,400) OF	(92,200) GF
— Other	63,200 OF	53,400 GF

Capitol Mall Security System

210,000 GF

FTE Position Changes

(175,400) OF 150,900 GF

Equipment

43,800 OF 117,100 GF

AFIS II

96,800 GF

Capital Center Lease-Purchase Payment

(352,800) GF

Risk Management Losses/Related Expenditures

7,893,900 OF

Workers' Compensation Losses/Related Expenditures

2,976,000 OF

Insurance Premiums

121,000 OF

Personnel Classification Project

(116,300) OF

Relocation

(130,000) OF

Insurance Premium Tax

(344,000) OF

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Certain Special Line Items by Fund

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Administration

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	39.5	43.0	50.0	49.0	44.0
OPERATING BUDGET					
Personal Services	1,064,600	1,177,800	1,221,200	1,212,400	1,210,300
Employee Related Expenditures	224,000	270,100	336,000	273,300	274,000
Professional/Outside Services	38,700	0	0	0	0
Travel - In State	500	2,600	2,500	2,500	2,500
Travel - Out of State	3,600	1,700	1,700	1,700	1,700
Other Operating Expenditures	334,400	427,100	423,900	605,700	605,100
Equipment	19,000	0	51,200	36,600	38,200
All Other Operating Subtotal	396,200	431,400	479,300	646,500	647,500
OPERATING SUBTOTAL	1,684,800	1,879,300	2,036,500	2,132,200	2,131,800
SPECIAL LINE ITEMS					
Hearing Office	15,100	35,700	35,700	35,700	35,700
Governor's Regulatory Review Council	104,200	290,500	350,400	332,900	332,200
Telecommuting	0	0	46,600	0	0
Americans with Disabilities	0	0	275,000	265,700	0
Special Item Subtotal	119,300	326,200	707,700	634,300	367,900
PROGRAM TOTAL	1,804,100	2,205,500	2,744,200	2,766,500	2,499,700
BY FUND SOURCE					
General Fund	1,804,100	2,205,500	2,699,800	2,766,500	2,499,700
Other Appropriated Funds	0	0	44,400	0	0
Other Non-Appropriated Funds	11,819,800	13,959,100	14,019,500	--	14,019,500
TOTAL - ALL SOURCES	13,623,900	16,164,600	16,763,700	2,766,500	16,519,200

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

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$294,200	13.3%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 24,300 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	300 GF
— ERE Rates	1,900 GF
— Risk Management	184,800 GF
— Elimination of One-time Capital and Non-Capital Equipment	(3,500) GF

(20,700) GF

FTE Positions

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 recommended 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. The Executive concurs.

Construction Contract Specialist

41,400 GF

Includes an additional 1 FTE position and \$41,400 for increased purchasing and contract management associated with construction conducted by the department. The Executive concurs.

Equipment

33,600 GF

Includes replacement of 12 computers, 2 printers, and 1 fax machine. The Executive recommends \$31,100.

Governor's Regulatory Review Council

32,100 GF

Includes the following changes: a) an increase of \$76,900 to annualize 5 FTE positions added with 7-months funding in FY 1995 by Laws 1994, Chapter 363; b) a decrease of \$(32,600) to remove one-time funding added with the new positions; and c) a decrease of \$(12,200) for reductions in operating costs made by the department. The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum by Fund

Other Issues for Legislative Consideration

— Americans With Disabilities Act

The Executive provides an increase of \$265,700 and 5 FTE positions to replace funding for the Arizona Office for Americans with Disabilities. The office, which was created by Executive Order 93-12, centrally coordinates the state's compliance with the federal Americans with Disabilities Act. Currently, funding is provided by the Social Services Block Grant through the Department of Economic Security (DES). The JLBC Staff recommends continuation of the current funding mechanism, while the Executive uses the federal monies to offset General Fund expenditures in DES.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Finance

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	97.2	110.2	114.0	106.2	109.2
OPERATING BUDGET					
Personal Services	1,708,100	2,377,900	3,187,600	2,992,300	3,022,700
Employee Related Expenditures	371,200	565,600	877,600	740,000	729,300
Professional/Outside Services	125,600	42,000	112,000	77,000	841,100
Travel - In State	1,800	4,800	5,800	5,800	5,800
Travel - Out of State	5,400	5,500	10,900	8,200	10,900
Other Operating Expenditures	344,400	475,400	560,700	512,700	542,500
Equipment	14,000	55,700	98,800	40,000	52,500
All Other Operating Subtotal	491,200	583,400	788,200	643,700	1,452,800
OPERATING SUBTOTAL	2,570,500	3,526,900	4,853,400	4,376,000	5,204,800
SPECIAL LINE ITEMS					
ENSCO COP	4,852,600	4,582,900	4,586,900	4,586,900	4,586,900
Capital Center Lease - Purchase	0	352,800	0	0	0
SLIAG	193,200	107,500	0	0	0
Lease-Purchase Rent	427,000	429,100	432,900	525,500	525,500
COSF Rent	748,800	903,100	1,028,200	1,028,200	946,400
GAAP	495,800	640,900	0	0	0
Cost Recovery/Cash Management	120,000	132,800	0	0	0
Employee Bus Subsidy	24,200	539,000	718,700	546,200	539,000
Tucson State Office Building	107,900	131,800	92,600	0	0
HRMS	0	0	729,100	689,100	0
Automated Budget Development	0	0	0	50,000	0
Unoccupied Lease - Purchase	0	0	0	0	57,200
AFIS II	1,850,000	2,478,900	2,622,800	2,517,700	2,575,700
Special Item Subtotal	8,819,500	10,298,800	10,211,200	9,943,600	9,230,700
PROGRAM TOTAL	11,390,000	13,825,700	15,064,600	14,319,600	14,435,500
BY FUND SOURCE					
General Fund	11,015,800	13,475,700	14,714,600	13,994,600	14,028,300
Other Appropriated Funds	374,200	350,000	350,000	325,000	407,200
Other Non-Appropriated Funds	86,100	77,300	57,300	--	57,300
TOTAL - ALL SOURCES	11,476,100	13,903,000	15,121,900	14,319,600	14,492,800

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Finance

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$552,600	4.1%
Other Appropriated Funds	<u>57,200</u>	<u>16.3%</u>
Total Appropriated Funds	\$609,800	4.4%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 49,400 GF
- Vacancy Savings - Maintains a 2% Vacancy Rate (700) GF
- ERE Rates 13,100 GF
- Rent 7,900 GF
- Elimination of One-time Capital and Non-Capital Equipment (55,700) GF

-0- GF

FTE Positions

Transfers 2 FTE positions from the Information Services Division (ISD) to the Finance Division to perform data entry for AFIS and HRMS. ISD will no longer offer data entry services to state agencies. No additional monies are required as the Finance Division has paid ISD for this service in the past. The Executive concurs.

92,800 GF

State Procurement Office Buyers

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 recommended amount includes \$14,400 in one-time expenditures. The Executive concurs.

37,300 GF

GAO Support Staff Position

Adds 1 FTE position and \$37,300 for clerical support in order to address the increased workload of the General Accounting Office. The recommended amount includes \$4,600 in one-time expenditures. The Executive does not include this increase.

729,100 GF

Professional and Outside Services

Transfers funding for Data Center charges associated with HRMS and BITS from the Information Services Division General Fund appropriation to the Finance Division 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 Executive recommends the funding transfer but reduces the amount by \$(40,000) and transfer it to a new special line item titled "HRMS."

38,900 GF

Equipment

Includes an additional \$4,500 in non-capitalized equipment for replacement calculators and chairs. The recommended amount also includes a total of \$34,400 in capital equipment for replacement computers.

-0- GF

Tucson State Office Building/Lease-Purchase Rent

The recommended amount consolidates these 2 similar special line items into the Lease-Purchase Rent Special Line Item. The Executive concurs.

4,000 GF

ENSCO COP

Reflects an updated lease-purchase payment requirement. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Unoccupied Lease-Purchase

57,200 OF

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. The Executive does not include this amount.

Capital Center Lease-Purchase

(352,800) GF

Eliminates one-time FY 1995 funding. A portion of the lease-purchase payment for the Capital Center was placed in the DOA budget while tenants for the building were identified. This appropriation is no longer required since funding is being transferred to the new tenants. The Executive concurs.

SLIAG

(107,500) GF

Includes a reduction of (6) FTE positions and an associated \$(107,500) to eliminate funding for this program, which ended in FY 1995. The Executive concurs.

GAAP and Cost Recovery/Cash Management Special Line Items

-0- GF

The recommended amount continues funding through the operating budget rather than through special line items as it is no longer necessary to highlight these functions. The JLBC Staff also recommends deleting the corresponding reporting requirement for the Indirect Cost Recovery and Cash Management program (see Deletion of Prior Year Footnotes below). The Executive concurs but reduces the Professional and Outside Services funding for Generally Accepted Accounting Principles (GAAP) program by \$(20,000).

AFIS II

96,800 GF

Includes a reduction of \$(316,700) for Data Center charges for AFIS II, based on current requirements. The recommended amount includes the following increases: a) \$176,500 for Data Center charges to operate the Fixed Asset System, b) \$156,000 in Data Center charges to operate a new set of on-line management reports, and c) \$50,000 to determine the feasibility and basic parameters of an automated budgeting component for AFIS II. The Executive concurs, but includes the \$50,000 under a new special line item titled "Automated Budget Development." The JLBC Staff also recommends 2 new reporting requirements, shown below under New Footnotes.

The recommended amount also includes an increase of \$31,000 for the implementation of the Arizona State Automated Procurement (ASAP) system. For FY 1995, \$302,000 was appropriated for the development of a purchasing component for AFIS II. The total of \$333,000 recommended for ASAP includes \$221,000 for a lease-purchase payment for a server, \$40,000 to train state personnel on the ASAP system, \$30,000 for vendor support, \$20,000 for operating supplies and tapes, \$12,000 for wide area network (WAN) connect fees, and \$10,000 for off-site storage of tapes. The Executive does not recommend this \$31,000 increase and reduces the \$350,000 appropriated from the Automation Fund by \$(25,000).

* * *

JLBC Staff Recommended Format — Operating Lump Sum by Fund with AFIS II, ENSCO COP, and Employee Bus Subsidy Special Line Items

JLBC Staff Recommended Footnotes

New Footnotes

- Prior to the expenditure of \$156,000 appropriated for Data Center charges to operate the Management Information System function in AFIS II, the Department of Administration shall submit the proposed screens and/or reports to the Director of the Joint Legislative Budget Committee for review.
- Prior to the expenditure of \$50,000 appropriated to study an automated budgeting component for AFIS II, the Department of Administration shall consult with the Director of the Joint Legislative Budget Committee and the Director of the Governor's Office for Strategic Planning and Budgeting regarding the expenditure plan and associated request for proposal, if any.
- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Continuation of New FY 1995 Footnotes

- The \$539,000 appropriated for the Employee Bus Subsidy shall be used only for a 50% subsidy of charges payable to a regional transit authority for public transportation expenses of non-university state employees in a vehicle emissions control area, as defined in A.R.S. § 49-541, of a county with a population of more than 1,500,000 persons according to the most recent federal decennial census.

Modification of Prior Year Footnotes

- ~~The department shall submit quarterly reports to the Director of the Joint Legislative Budget Committee regarding the cost and development of AFIS II, including the distribution of costs among funds. The department may collect an amount not to exceed \$762,600 from other funding sources, excluding federal funds, to recover pro rata costs of operating AFIS II. All AFIS II operating costs below \$2,725,300 shall be proportionately distributed among all contributing funding sources, including the state General Fund.~~
- 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. ~~The Department of Administration, with the AND, IN cooperation of WITH the Department of Economic Security, shall submit an annual report to the Director of the Joint Legislative Budget Committee SPECIFYING THESE DOLLAR AMOUNTS. regarding the amount of federal reimbursement received by the state General Fund for the costs of operating the DES West Building. (The change adds other lease-purchase buildings to the DES West Building footnote.)~~

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting a footnote regarding a one-time appropriation for the Capital Center lease-purchase payment.
- The JLBC Staff recommends deleting a reporting requirement for the Indirect Cost Recovery and Cash Management program as the phase of the project requiring reporting has ended.

Other Issues for Legislative Consideration

- COSF Rent
The Executive includes \$81,800 over the JLBC Staff amount from the General Fund for rent of state-owned space. Alternatively, the Staff includes funding in the General Services cost center from the Capital Outlay Stabilization Fund and the Corrections Fund.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: General Services

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	218.5	226.5	234.8	230.5	229.5
OPERATING BUDGET					
Personal Services	4,209,600	4,718,200	5,071,900	4,848,500	4,855,900
Employee Related Expenditures	1,135,800	1,260,700	1,355,400	1,328,800	1,327,400
Professional/Outside Services	128,900	25,100	25,100	18,100	18,100
Travel - In State	92,400	88,100	96,900	91,800	90,000
Travel - Out of State	4,800	1,000	1,000	1,000	1,000
Other Operating Expenditures	1,298,200	1,199,700	1,263,800	1,273,300	1,326,300
Equipment	37,900	39,000	109,500	40,800	54,500
All Other Operating Subtotal	1,562,200	1,352,900	1,496,300	1,425,000	1,489,900
OPERATING SUBTOTAL	6,907,600	7,331,800	7,923,600	7,602,300	7,673,200
SPECIAL LINE ITEMS					
Utilities	6,135,800	5,985,000	5,985,000	5,985,000	5,985,000
Relocation	75,200	160,000	30,000	30,000	30,000
Sun State Building	1,072,800	0	0	0	0
Special Item Subtotal	7,283,800	6,145,000	6,015,000	6,015,000	6,015,000
PROGRAM TOTAL	14,191,400	13,476,800	13,938,600	13,617,300	13,688,200
BY FUND SOURCE					
General Fund	7,086,100	5,978,800	6,514,300	6,201,500	6,179,900
Other Appropriated Funds	7,105,300	7,498,000	7,424,300	7,415,800	7,508,300
Other Non-Appropriated Funds	8,451,900	12,979,800	12,912,700	--	12,912,700
TOTAL - ALL SOURCES	22,643,300	26,456,600	26,851,300	13,617,300	26,600,900

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: General Services

Program Description — *General Services is comprised of Tenant Services, Building and Planning Services, Construction Services, and Special Services. Tenant Services manages Department of Administration (DOA) owned buildings and provides maintenance and janitorial services. 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. Special Services operates the state motor pool, surplus property yard, print shop, and interagency mail service using non-appropriated funds.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$201,100	3.4%
Other Appropriated Funds	10,300	0.1%
Total Appropriated Funds	\$211,400	1.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$12,200 OF \$ 62,900 GF
- Vacancy Savings - Maintains a 3.4% General Fund Vacancy Rate -0- OF (2,800) GF
- ERE Rates 13,900 OF 24,800 GF
- Risk Management 14,600 OF -0- GF
- Elimination of One-time Capital and Non-Capital Equipment (6,000) OF (33,000) GF

41,100 GF

Special Events Coordinator

Includes an increase of 1 FTE position and \$41,100 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 Executive concurs.

87,200 GF

Refrigeration Mechanics

Includes an increase of 2 FTE positions and \$87,200 for additional Heating/Ventilation/Air Conditioning (HVAC) mechanics. This would bring 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. In addition, the department must manage the elimination of chlorofluorocarbons (CFC's) as a refrigerant in state-owned air conditioning units. The state currently uses 25,000 pounds of CFC's in approximately 350 air conditioning units. The federal penalty for release of CFC's into the atmosphere is \$25,000 per day. The JLBC Staff recommends that the department explore privatization of this function prior to expenditure of this appropriation. See New Footnotes below. The Executive recommends 3 FTE positions and \$141,500, but also recommends a Personal Services and ERE adjustment of \$(26,500) for a total increase of \$115,000.

(7,000) GF

Professional and Outside Services

Includes a reduction of \$(7,000) to reflect the actual needs of the department. The Executive concurs.

91,000 OF

Rent

Includes a total of \$91,000 to implement a rent charge for the Other Funds portion of the General Services Division. The Executive does not include this increase but recommends an additional \$81,800 in General Fund rent over the JLBC Staff recommendation.

14,600 OF 27,900 GF

Equipment

Includes a total of \$14,600 for replacement of computer equipment and a total of \$27,900 for replacement of a carpet extractor, floor buffer, and gasoline powered cart. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Relocation

(130,000) OF

Includes a total of \$30,000 to relocate an estimated 10,000 square feet of office space at a cost of \$3 per square foot. The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum by Fund with Utilities and Relocation Special Line Items

JLBC Staff Recommended Footnotes

New Footnotes

- 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.

Continuation of New FY 1995 Footnotes

- 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.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting a one-time footnote concerning the reoccupancy of the State Office Building at 1688 West Adams in FY 1995.

Other Issues for Legislative Consideration

— Auditor General Recommendations

The Auditor General published "A Performance Audit of the Department Of Administration, General Services Division" in September 1994. The report examined property management and fleet management.

The Auditor General found that building preventative maintenance and custodial services are inadequate. The report recommends that DOA collect management information on its costs to operate and provide services to the buildings it manages. This will enable the department and the Legislature to make decisions based on cost effectiveness.

Fleet management is funded through the non-appropriated Motor Pool Fund. The Auditor General notes that the state vehicle fleet is fragmented among several agencies and recommends centralization and coordination of the statewide fleet, possibly in DOA or the Arizona Department of Transportation (ADOT). The Study Committee on State Assets recently recommended that the Governor's Office for Excellence in Government (OEG) continue its involvement with DOA and ADOT to pursue this and related issues, including the competitive bidding of all or portions of the state fleet. The JLBC Staff has recommended that the Motor Pool Fund be considered for transfer to appropriated status in FY 1997.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Information Services

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	213.3	194.3	192.3	192.3	192.3
OPERATING BUDGET					
Personal Services	5,666,200	6,407,000	6,456,100	6,308,200	6,414,200
Employee Related Expenditures	1,143,800	1,427,800	1,613,700	1,429,900	1,449,900
Professional/Outside Services	1,505,300	1,044,100	315,000	315,000	315,000
Travel - In State	14,200	11,400	11,400	11,400	11,400
Travel - Out of State	55,200	13,500	13,500	13,500	13,500
Other Operating Expenditures	5,138,100	1,426,500	1,426,500	1,505,800	1,505,800
Equipment	2,366,100	0	0	0	0
All Other Operating Subtotal	9,078,900	2,495,500	1,766,400	1,845,700	1,845,700
OPERATING SUBTOTAL	15,888,900	10,330,300	9,836,200	9,583,800	9,709,800
SPECIAL LINE ITEMS					
Automation Equipment	0	2,335,500	2,685,500	2,335,500	2,335,500
Software License and Maintenance	0	2,226,300	2,226,300	2,226,300	2,226,300
Maintenance and Repair	0	1,147,100	1,147,100	1,147,100	1,147,100
Special Item Subtotal	0	5,708,900	6,058,900	5,708,900	5,708,900
PROGRAM TOTAL	15,888,900	16,039,200	15,895,100	15,292,700	15,418,700
BY FUND SOURCE					
General Fund	2,247,700	2,439,000	1,871,800	1,730,800	1,738,300
Other Appropriated Funds	13,641,200	13,600,200	14,023,300	13,561,900	13,680,400
Other Non-Appropriated Funds	15,747,000	17,077,300	17,485,900	--	17,485,900
TOTAL - ALL SOURCES	31,635,900	33,116,500	33,381,000	15,292,700	32,904,600

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Information Services

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

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(700,700)	(28.7)%
Other Appropriated Funds	80,200	0.6%
Total Appropriated Funds	\$(620,500)	(3.9)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 86,500 OF	\$ 22,600 GF
— Vacancy Savings - Maintains a 3.5% GF and a 1.5% OF Vacancy Rate	1,000 OF	100 GF
— ERE Rates	21,200 OF	5,700 GF
— Risk Management	79,300 OF	-0- GF

Personal Services/ERE Adjustment

Reflects a reduction in the department's request due to turnover in Information Services Division positions. The Executive recommends a reduction of \$(150,100). (66,800) OF

Data Entry Positions

Transfers from the Information Services Division (ISD) to the Finance Division 2 FTE positions which perform data entry for AFIS and HRMS. ISD will no longer offer data entry services to state agencies. The Executive concurs. (41,000) OF

Professional and Outside Services

Transfers funding for Data Center charges associated with HRMS and BITS from the Information Services General Fund appropriation to the Finance Division 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 Executive concurs. (729,100) GF

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JLBC Staff Recommended Format — Lump Sum by Fund

Other Issues for Legislative Consideration

— Improved Legislative Oversight of Automation Purchases

The JLBC Staff has just completed a review of Arizona state government oversight mechanisms for information technology purchases. The Staff recommends the introduction of legislation to create a separate state agency responsible for statewide information technology planning, coordinating, and consulting. These functions would be removed from the Department of Administration, which would retain responsibility for centralized Data Center and telephone services to state agencies. The Staff also recommends creation of a combined legislative/executive/private sector oversight committee. The Information Technology Oversight Committee would approve centralized information technology standards and approve individual agency expenditures of over \$100,000.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Currently, information technology management decisions in Arizona state government are made on an individual or shared agency basis with insufficient communication with executive and legislative leadership. There is a lack of effective coordination or central authority. The recommended changes are intended to improve oversight and statewide coordination for over \$130 million spent annually on information technology for state government. Please refer to the January 1995, JLBC Staff report on information technology for more information.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Capitol Police

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	50.0	50.0	51.0	49.0	49.0
OPERATING BUDGET					
Personal Services	827,000	930,300	991,700	954,900	955,500
Employee Related Expenditures	206,800	288,600	291,500	308,800	310,100
Professional/Outside Services	1,800	9,900	9,900	5,600	9,900
Travel - In State	18,300	37,100	37,100	30,000	30,000
Travel - Out of State	2,200	0	0	0	0
Other Operating Expenditures	79,200	61,500	104,500	63,500	69,200
Equipment	18,200	0	415,800	218,700	219,600
All Other Operating Subtotal	119,700	108,500	567,300	317,800	328,700
PROGRAM TOTAL	1,153,500	1,327,400	1,850,500	1,581,500	1,594,300
BY FUND SOURCE					
General Fund	1,153,500	1,327,400	1,850,500	1,581,500	1,594,300
TOTAL - ALL SOURCES	1,153,500	1,327,400	1,850,500	1,581,500	1,594,300

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

Change in Funding Summary:	<u>FY 1995 to FY 1996 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$266,900	20.1%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$16,100 GF
- Vacancy Savings - Maintains a 1% Vacancy Rate 200 GF
- ERE Rates 20,300 GF

FTE Positions

Includes a decrease of (1) FTE position and \$(20,700) to transfer a vacant grade 10 position to the Administration cost center. (20,700) GF
 There is no net change to the department's funding or number of positions. The Executive concurs.

Travel - In State

Includes a decrease of \$(7,100) to reflect the actual travel of the department. The Executive concurs. (7,100) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Replacement Equipment

17,300 GF

The department requests \$51,700 to replace several items purchased in the 1970's and early 1980's. The recommended amount includes \$7,700 for non-capitalized equipment and \$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. The Executive recommends \$10,700 to replace the equipment over a 5-year period.

Capitol Mall Security System

210,000 GF

The department requests \$475,300 and 2 FTE positions to repair, upgrade, and maintain the Capitol Mall and Tucson Office Complex security systems. The systems provide fire, access, systems, and video monitoring to numerous buildings on the Mall and to all buildings on the Tucson Complex. Currently, the Capitol Mall utilizes 3 different manufacturers' systems, while the Tucson 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, the training, maintenance, and operation of the four systems creates cost and operational inefficiencies. The recommended amount includes \$180,000 in Equipment to purchase and install a new system for the Capitol Mall and \$30,000 in Equipment to transfer an existing Mall system to Tucson. The new Mall system will be expandable to accommodate growth. The Executive concurs.

Officer Position Reclassifications

30,800 GF

Includes an increase 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. The recommended amount would fund the reclassification of 19 FTE positions from grades 14 and 16 to grades 16, 17, and 18. The Executive concurs.

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JLBC Staff Recommended Format — Operating Lump Sum by Fund

Other Issues for Legislative Consideration

— Professional and Outside Services

The Executive reduces Professional and Outside Services by \$(4,300).

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Risk Management

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	56.0	152.0	153.0	152.0	152.0
OPERATING BUDGET					
Personal Services	1,495,400	1,683,900	1,775,200	1,714,900	1,709,100
Employee Related Expenditures	326,400	392,800	455,900	410,000	407,200
Professional/Outside Services	204,400	277,100	277,100	252,100	264,500
Travel - In State	7,400	21,600	21,600	21,600	21,600
Travel - Out of State	9,600	12,400	12,400	12,400	12,400
Other Operating Expenditures	368,000	407,600	412,600	506,000	513,700
Equipment	99,900	57,800	32,100	18,000	19,800
All Other Operating Subtotal	689,300	776,500	755,800	810,100	832,000
OPERATING SUBTOTAL	2,511,100	2,853,200	2,986,900	2,935,000	2,948,300
SPECIAL LINE ITEMS					
Liability and Property Losses	43,428,600	29,772,800	37,619,500	37,666,700	37,666,700
Attorney General Defense-RM	4,646,100	4,873,700	4,939,100	4,944,900	4,943,800
Insurance Premiums	3,754,100	5,377,500	5,498,500	5,498,500	5,498,500
Loss Control Grants	244,200	250,000	250,000	250,000	250,000
Special Item Subtotal	52,073,000	40,274,000	48,307,100	48,360,100	48,359,000
PROGRAM TOTAL	54,584,100	43,127,200	51,294,000	51,295,100	51,307,300
BY FUND SOURCE					
Other Appropriated Funds	54,584,100	43,127,200	51,294,000	51,295,100	51,307,300
TOTAL - ALL SOURCES	54,584,100	43,127,200	51,294,000	51,295,100	51,307,300

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$8,180,100	19.0%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 88,900 OF
— Vacancy Savings - Maintains a 2% Vacancy Rate	100 OF
— ERE Rates	20,700 OF
— Risk Management	98,400 OF
— Rent	7,700 OF
— Elimination of One-time Capital and Non-Capital Equipment	(57,800) OF

(12,600) OF

Data Center Charges

Includes a reduction of \$(12,600), which fully funds the operation of the Risk Management Information System. The Executive includes a \$(25,000) reduction.

19,800 OF

Equipment

Includes a total of \$19,800 for replacement of 9 computers. The Executive concurs.

Liability and Property Losses/Related Expenditures

Includes an increase of \$7,893,900 to reflect the expected costs for self-insured risk management losses and for expenditures related to settling these losses, based on an annual actuarial study conducted for the state. The Executive concurs.

7,893,900 OF

Insurance Premiums

Includes an increase of \$121,000 for the cost of 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. The Executive concurs.

121,000 OF

* * *

JLBC Staff Recommended Format — Lump Sum by Fund with a Special Line Item Lump Sum and with an Attorney General Defense-Risk Management Special Line Item

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

- Of the 152 FTE positions, 85 FTE positions are appropriated for the Attorney General Defense program and 8 FTE positions are appropriated for continuation of a pilot program between the Department of Administration and the Attorney General to determine whether outside counsel or Attorney General services are more cost effective. 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. (The footnote is changed to indicate the conclusion of the pilot program and call for presentation of the results.)

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Workers' Compensation

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	16.0	18.0	17.0	17.0	17.0
OPERATING BUDGET					
Personal Services	233,400	414,700	396,500	396,900	402,300
Employee Related Expenditures	46,100	102,900	106,000	96,500	105,800
Professional/Outside Services	174,600	256,000	256,000	256,000	274,600
Travel - In State	500	3,900	3,900	3,900	3,900
Travel - Out of State	0	1,000	1,000	1,000	1,000
Other Operating Expenditures	70,200	115,600	115,600	129,000	128,600
Equipment	64,600	1,500	2,400	1,000	2,400
All Other Operating Subtotal	309,900	378,000	378,900	390,900	410,500
OPERATING SUBTOTAL	589,400	895,600	881,400	884,300	918,600
SPECIAL LINE ITEMS					
Workers' Compensation Losses	14,496,700	14,676,000	17,652,000	17,652,000	17,652,000
Claim Management Fees	561,000	0	0	0	0
Premium Tax	408,900	725,000	725,000	725,000	381,000
Insurance Premiums	277,500	500,000	500,000	500,000	500,000
Loss Control Grants	100,000	150,000	150,000	150,000	150,000
University Student Health Work Program	37,300	159,500	159,500	159,500	159,500
Attorney General Defense-WC	54,600	117,500	119,100	119,300	119,300
Special Item Subtotal	15,936,000	16,328,000	19,305,600	19,305,800	18,961,800
PROGRAM TOTAL	16,525,400	17,223,600	20,187,000	20,190,100	19,880,400
BY FUND SOURCE					
Other Appropriated Funds	16,525,400	17,223,600	20,187,000	20,190,100	19,880,400
TOTAL - ALL SOURCES	16,525,400	17,223,600	20,187,000	20,190,100	19,880,400

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$2,656,800	15.4%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 8,000 OF
— ERE Rates	8,000 OF
— Risk Management	13,400 OF
— Rent	(400) OF
— Elimination of One-time Capital and Non-Capital Equipment	(1,500) OF

(23,700) OF

FTE Positions

Includes a reduction of (1) FTE position and associated funding due to agency reorganization. The Executive concurs.

Data Center Charges

Includes an additional \$18,600 to fully fund operation of the Risk Management Information System. The Executive does not include this change.

18,600 OF

Equipment

Includes a total of \$2,400 for replacement of a computer. The Executive includes \$1,000.

2,400 OF

Workers Compensation Losses/Related Expenditures

Includes an increase of \$2,976,000 to reflect expected costs for self-insured workers' compensation losses and for expenditures related to settling those losses, based on an annual actuarial study conducted for the state. The Executive concurs.

2,976,000 OF

Insurance Premium Taxes

The reduced amount reflects full funding of the FY 1996 requirement. The Executive does not include this change.

(344,000) OF

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JLBC Staff Recommended Format — Lump Sum by Fund with a Special Line Item Lump Sum and with an Attorney General Defense - Workers' Compensation Special Line Item

JLBC Staff Recommended Footnotes

Continuation of New FY 1995 Footnotes

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Administration
 PROG: Personnel

JLBC Analyst: Smith/Case
 OSPB Analyst: Thomas Betlach

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	119.5	122.0	122.0	122.0	122.0
OPERATING BUDGET					
Personal Services	3,250,700	3,540,900	3,624,400	3,553,600	3,555,900
Employee Related Expenditures	665,200	822,800	907,200	817,400	846,000
Professional/Outside Services	245,400	267,000	267,000	267,000	267,000
Travel - In State	11,100	11,400	11,400	11,400	11,400
Travel - Out of State	4,700	4,500	4,500	4,500	4,500
Other Operating Expenditures	982,400	687,400	687,400	760,000	731,500
Equipment	72,500	5,100	7,000	7,000	7,000
All Other Operating Subtotal	1,316,100	975,400	977,300	1,049,900	1,021,400
OPERATING SUBTOTAL	5,232,000	5,339,100	5,508,900	5,420,900	5,423,300
SPECIAL LINE ITEMS					
Special Recruitment	45,100	43,500	43,500	43,500	43,500
Personnel Automation Project	205,000	175,000	175,000	175,000	175,000
Classification Pilot Program	29,900	702,600	586,300	582,900	574,700
Department of Corrections IGA	0	0	0	200,000	0
Special Item Subtotal	280,000	921,100	804,800	1,001,400	793,200
PROGRAM TOTAL	5,512,000	6,260,200	6,313,700	6,422,300	6,216,500
BY FUND SOURCE					
Other Appropriated Funds	5,512,000	6,260,200	6,313,700	6,422,300	6,216,500
Other Non-Appropriated Funds	175,569,400	190,460,700	205,781,200	--	205,781,200
TOTAL - ALL SOURCES	181,081,400	196,720,900	212,094,900	6,422,300	211,997,700

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.

Change in Funding Summary:	<u>FY 1995 to FY 1996 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$(43,700)	(0.7)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 61,400 OF
- Vacancy Savings - Maintains a 2% Vacancy Rate 800 OF
- ERE Rates 8,300 OF
- Risk Management 57,100 OF
- Elimination of One-time Capital and Non-Capital Equipment (5,100) OF

Personal Services/ERE Adjustment

Reflects a reduction in the department's request due to the retirement of Personnel Division staff. The Executive concurs. (43,900) OF

Rent

Includes an increase of \$15,900 in rent and lease-purchase payments for state-owned space and a decrease of \$(28,900) due to elimination of lease-payments for a portable structure previously used by the department. The Executive recommends an increase of \$10,800. (13,000) OF

Equipment

Includes a total of \$7,000 for replacement of a copier machine. The Executive concurs. 7,000 OF

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. In FY 1995, \$702,600 and 2 FTE positions were appropriated. The recommended amount of \$574,700 for FY 1996 reflects an initial estimate for the final year of the project, which will need to be adjusted after award of the related consulting contract. The Executive concurs. (116,300) OF

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JLBC Staff Recommended Format — Lump Sum by Fund with a Classification Project Special Line Item

JLBC Staff Recommended Footnotes

Continuation of New FY 1995 Footnotes

- 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.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting one-time footnote which required submittal of a personnel comprehensive plan prior to expenditure of the FY 1995 Classification Project special line item appropriation.

Other Issues for Legislative Consideration

- Department of Corrections
The Executive recommends an additional \$200,000 from the Personnel Fund for an intergovernmental agreement with the Department of Corrections to analyze a turnover problem and make recommendations on new guidelines for the selection and promotion of employees.

**AHCCCS
(AHC)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System
Agency Summary

JLBC Analyst: Michael Bradley
OSPB Analyst: Shelli Silver

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	2,072.9	2,182.9	2,247.2	2,213.9	2,176.9
BY PROGRAM/ORGANIZATION					
Administration	49,965,000	59,906,000	67,999,000	64,815,800	61,759,700
DES-AHCCCS	33,029,600	39,430,400	41,213,500	38,354,700	38,684,100
DHS-AHCCCS	20,565,900	16,588,800	16,588,800	17,988,100	16,611,600
Long-Term Care	280,047,100	334,021,900	386,192,100	381,064,900	372,482,400
Acute Care	1,184,939,800	1,280,385,400	1,346,337,400	1,223,004,700	1,265,923,600
AGENCY TOTAL	1,568,547,400	1,730,332,500	1,858,330,800	1,735,228,200	1,755,461,400
OPERATING BUDGET					
Personal Services	42,352,200	47,594,700	52,632,200	49,523,400	48,216,700
Employee Related Expenditures	10,181,900	12,208,000	14,133,600	11,533,600	12,780,300
Professional/Outside Services	9,638,600	8,993,500	9,306,200	9,508,500	8,993,500
Travel - In State	477,800	742,800	1,086,500	805,400	765,200
Travel - Out of State	39,700	67,700	67,700	67,700	67,000
Other Operating Expenditures	16,478,000	17,853,500	18,626,300	19,339,000	18,163,500
Equipment	1,977,300	1,691,400	2,409,800	1,684,000	1,626,300
All Other Operating Subtotal	28,611,400	29,348,900	31,496,500	31,404,600	29,616,200
OPERATING SUBTOTAL	81,145,500	89,151,600	98,262,300	92,461,600	90,613,200
SPECIAL LINE ITEMS					
DOA Data Center	0	7,520,900	9,100,000	9,100,000	8,247,100
Fee For Service	162,063,500	171,429,700	250,769,100	203,612,600	188,914,800
Reinsurance	60,411,800	49,524,800	44,639,400	37,750,800	61,066,300
Deferred Liability	29,768,500	32,449,000	437,800	202,200	0
Medicare Premiums	13,365,700	10,149,900	16,893,300	16,172,500	12,332,200
Qualified Medical Beneficiaries	2,224,800	5,078,900	3,075,200	2,692,000	7,380,300
Capitation	747,188,900	831,035,900	845,317,800	784,852,500	784,025,200
Indian Advisory Council	180,100	190,100	406,400	186,500	190,100
DES DDSA	189,300	198,100	202,700	198,900	200,200
DES PASARR	179,700	207,800	216,600	211,800	204,400
Disproportionate Share Payments	107,392,900	110,717,200	115,204,800	109,053,000	115,204,800
MEDICS	1,945,900	2,894,200	1,850,800	1,831,200	1,836,100
Federal Funds Program	161,700	0	0	0	0
Children's Rehabilitative Services	19,000,000	15,000,000	15,000,000	16,398,400	15,000,000
Children's Title XIX Behavioral Health	33,447,000	40,000,000	40,000,000	40,035,200	45,000,000
Adult Title XIX Behavioral Health	29,076,700	30,000,000	30,000,000	32,905,900	45,000,000
General Mental Health Substance Abuse	0	0	0	5,728,000	7,000,000

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System
Agency Summary

JLBC Analyst: Michael Bradley
OSPB Analyst: Shelli Silver

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
ALTCS Lump Sum Appropriation	279,970,700	333,812,200	385,802,400	380,855,200	372,272,700
Board of Nursing	76,400	209,700	389,700	209,700	209,700
DHS PASARR	384,100	388,300	388,300	392,000	390,100
Indirect Cost - Licensure	374,200	374,200	374,200	378,200	374,200
Special Item Subtotal	1,487,401,900	1,641,180,900	1,760,068,500	1,637,038,600	1,664,848,200
AGENCY TOTAL	1,568,547,400	1,730,332,500	1,858,330,800	1,735,228,200	1,755,461,600

BY FUND SOURCE

General Fund	460,618,200	486,731,300	525,789,600	487,510,700	479,006,200
Federal Funds	931,525,000	1,052,328,300	1,129,002,600	1,053,374,300	1,071,176,800
County Funds	174,233,400	186,272,900	200,238,600	185,315,200	200,278,400
Third Party Collections	2,170,800	5,000,000	3,300,000	3,300,000	5,000,000
TOTAL - ALL SOURCES	1,568,547,400	1,730,332,500	1,858,330,800	1,729,500,200	1,755,461,400

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(7,725,100)	(1.6)%
Total Funds	\$25,128,900	1.5%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

ADMINISTRATION

New ALTCS Eligibility Workers (20 FTE Positions)	\$ 949,300 TF	\$455,600 GF
Eliminate Deferred Liability Admin. Positions (18 FTE Positions)	(583,200) TF	(280,000) GF
DOA Data Center Charges	726,200 TF	265,900 GF
Lease-Purchase Payment	468,800 TF	468,800 GF
Other Changes	292,600 TF	478,700 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DES-AHCCCS

Elimination of MEDICS Development Phase	(1,071,000) TF	(535,500) GF
Other Changes	324,700 TF	155,300 GF

DHS-AHCCCS

Technical Adjustments	22,800 TF	11,100 GF
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ACUTE CARE

FY 1995 Estimated Acute Care Surplus	(89,770,000) TF	(28,817,700) GF
Population Growth and Inflation	64,427,500 TF	30,269,200 GF
Elimination of Deferred Liability	(24,951,600) TF	(15,460,900) GF
Maintain \$10,000,000 Discount on State-Only Hospital Bills	-0- TF	-0- GF
Maintain County Acute Contribution at a Fixed Amount	-0- TF	-0- GF
Freeze Phase-Down of Quick Pay Discount on Categorical Bills	-0- TF	-0- GF
Change in the Federal Medical Assistance Percentage	-0- TF	3,355,600 GF
Disproportionate Share Payments (Preliminary Estimate)	4,487,600 TF	383,900 GF
Medicare Premiums/Qualified Medicare Beneficiaries	4,344,700 TF	1,524,900 GF
Higher Behavioral Health Federal Funds Estimate	27,000,000 TF	-0- GF

LONG TERM CARE

Population Growth and Inflation	38,460,500 TF	-0- GF
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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System
 PROG: Administration

JLBC Analyst: Michael Bradley
 OSPB Analyst: Shelli Silver

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	1,015.7	1,061.7	1,100.7	1,107.7	1,063.7
OPERATING BUDGET					
Personal Services	22,759,600	25,156,100	28,508,100	26,903,400	25,454,900
Employee Related Expenditures	5,204,500	6,243,000	7,945,400	5,468,900	6,508,900
Professional/Outside Services	9,334,800	8,901,300	9,194,200	9,416,300	8,901,300
Travel - In State	180,600	206,200	246,200	245,700	228,600
Travel - Out of State	35,100	65,500	65,500	65,500	65,500
Other Operating Expenditures	10,606,700	9,990,000	10,280,100	11,745,500	10,537,000
Equipment	1,663,600	1,632,900	2,253,100	1,684,000	1,626,300
All Other Operating Subtotal	21,820,800	20,795,900	22,039,100	23,157,000	21,358,700
OPERATING SUBTOTAL	49,784,900	52,195,000	58,492,600	55,529,300	53,322,500
SPECIAL LINE ITEMS					
DOA Data Center	0	7,520,900	9,100,000	9,100,000	8,247,100
Indian Advisory Council	180,100	190,100	406,400	186,500	190,100
Special Item Subtotal	180,100	7,711,000	9,506,400	9,286,500	8,437,200
PROGRAM TOTAL	49,965,000	59,906,000	67,999,000	64,815,800	61,759,700
BY FUND SOURCE					
General Fund	25,097,300	26,063,600	30,298,300	27,981,600	27,452,600
Federal Funds	24,867,700	33,842,400	37,700,700	36,834,200	34,307,100
TOTAL - ALL SOURCES	49,965,000	59,906,000	67,999,000	64,815,800	61,759,700

Program Description - The AHCCCS Administration manages Arizona's Medicaid Demonstration Project, a medical services delivery system built on the health maintenance organization model. The Administration contracts with providers, or health plans, who agree to accept a predetermined monthly payment for the cost of providing medical care to enrolled members. Administration responsibilities related to health plan contracting include rate negotiations, health plan auditing and financial oversight, and assisting with the formulation of new health plans. The Administration also manages a fee for service payment system that covers medical bills incurred by AHCCCS members prior to enrollment in a health plan or bills incurred by persons not eligible for health plan enrollment. Other major Administration responsibilities include the development and maintenance of the management information system, adjudicating provider or eligibility grievances, policy development and research, and agency finance and accounting. Additionally, the Administration performs eligibility determinations for the Arizona Long-Term Care System. Eligibility for the Acute Care program is conducted by the Department of Economic Security, counties, and the federal Social Security Administration.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$1,389,000	5.3%
Total Funds	\$1,853,700	3.1%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 427,100 TF	\$202,700 GF
— Vacancy Savings - Maintains a 6% Vacancy Rate	(110,600) TF	(39,200) GF
— ERE Rates	222,300 TF	203,000 GF
— Risk Management	(13,500) TF	(5,700) GF
— Elimination of One-time Capital and Non-Capital Equipment	(1,632,900) TF	(653,300) GF
— Other	200 TF	-0- GF

DOA Data Center Charges

The usage of data center services is estimated to increase by a total value of \$726,200 during FY 1996. The Executive recommends \$624,100 GF, \$1,579,100 TF for this issue.

726,200 TF 265,900 GF

New Equipment

Includes funding for upgrade and replacement of computers, peripherals, copiers and other replacement equipment. The Executive recommends \$537,000 GF, \$1,342,100 TF for new equipment.

1,400,000 TF 400,000 GF

Lease-Purchase Payment

AHCCCS has recently agreed to a purchase of 2 buildings at 701 and 801 E. Jefferson in Phoenix. Over the life-span of the buildings, this will result in substantial savings over continued leasing. In the near term, in order to purchase without sharing an equity interest with the federal government, an increase of \$468,800 is required to cover the costs of the first lease-purchase payment. The Executive concurs.

468,800 TF 468,800 GF

ALTCS Eligibility Workers

The JLBC Staff recommends an additional 20 FTE positions to perform financial and medical eligibility determinations for the Arizona Long-Term Care System (ALTCS). Although 27 FTE positions were added in FY 1995 and the rate of population increase has slowed, ALTCS continues to have client growth rates near 10% per annum. To manage this increase in population without increasing the error rate, and also cost of the ALTCS program, sufficient eligibility workers must be added. The Executive recommended 31 FTE positions and \$608,500 GF, \$1,448,800 TF for this issue.

949,300 TF 455,600 GF

Deferred Liability

AHCCCS eliminated Deferred Liability by including this risk in the new capitation agreements with healthplans. As a result, 18 FTE positions which formerly administered this program are no longer required. The JLBC Staff recommends that those 18 FTE positions and \$(583,700) be eliminated to reflect this reduced workload. The department has requested to retain these positions and their funding in order to reallocate them to unspecified areas. The Executive did not address this issue.

(583,200) TF (280,000) GF

Funding Shift

The General Fund portion of total expenditures increases or decreases as the mix of activities between state and federal programs changes, as the mix of various administrative functions with varying match rates changes, and as the service Federal Medical Assistance Percentage (FMAP) changes. All of these factors contribute to an overall average change of state percentage matching requirements. Each year an adjustment is made to raise or lower General Fund match to account for this percentage shift. For FY 1996, the average state match for administrative costs will be slightly higher, resulting in a shift to the General Fund of \$371,200 of administrative costs.

-0- TF 371,200 GF

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Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- Of the \$61,759,700 expenditure authority for Administration, \$27,452,600 is appropriated from the General Fund.

Other Issues for Legislative Consideration

- **Transfer of SSI Pickle Eligibility Staff**
The Executive recommends transferring 7 FTE positions and \$106,400 GF and \$212,800 TF from the DES-AHCCCS Program to the Administration Program.
- **Immunization Monitoring**
The Executive recommends adding 1 FTE position and \$20,100 GF, \$43,800 TF for monitoring immunizations distributed pursuant to the National Childhood Immunization Institute. The JLBC Staff does not recommend this funding because it is duplicative. The Department of Health Services already receives over \$1,900,000 for the management of this program.
- **Expand Nursing Care Institutional Audits**
The Executive recommends \$257,500 GF, \$515,000 TF to contract for financial audits of Title XIX Long-Term Care nursing homes. This would expand current audits from 6 per year to 37 per year.
- **Family Planning Claims Processing**
The Executive recommends 3 FTE positions and \$51,700 GF, \$120,200 TF for processing family planning claims.
- **Primary Care Provider Network**
The Executive recommends 4 FTE positions and \$85,300 GF, \$185,400 TF to provide additional monitoring and evaluation of the accessibility and availability of health care services to AHCCCS members.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System
 PROG: DES-AHCCCS

JLBC Analyst: Michael Bradley
 OSPB Analyst: Shelli Silver

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	1,030.5	1,094.5	1,146.5	1,079.5	1,086.5
OPERATING BUDGET					
Personal Services	19,026,600	21,852,700	23,538,200	22,025,300	22,167,200
Employee Related Expenditures	4,837,400	5,826,200	6,049,400	5,943,000	6,120,300
Professional/Outside Services	274,900	63,300	83,100	63,300	63,300
Travel - In State	274,900	514,300	818,000	535,900	514,300
Travel - Out of State	4,600	2,200	2,200	2,200	2,200
Other Operating Expenditures	5,820,900	7,813,100	8,295,800	7,543,100	7,576,100
Equipment	313,700	58,500	156,700	0	0
All Other Operating Subtotal	6,689,000	8,451,400	9,355,800	8,144,500	8,155,900
OPERATING SUBTOTAL	30,553,000	36,130,300	38,943,400	36,112,800	36,443,400
SPECIAL LINE ITEMS					
DES DDSA	189,300	198,100	202,700	198,900	200,200
DES PASARR	179,700	207,800	216,600	211,800	204,400
MEDICS	1,945,900	2,894,200	1,850,800	1,831,200	1,836,100
Federal Funds Program	161,700	0	0	0	0
Special Item Subtotal	2,476,600	3,300,100	2,270,100	2,241,900	2,240,700
PROGRAM TOTAL	33,029,600	39,430,400	41,213,500	38,354,700	38,684,100
BY FUND SOURCE					
General Fund	17,027,800	19,832,500	20,705,800	19,283,100	19,452,300
Federal Funds	16,001,800	19,597,900	20,507,700	19,071,600	19,231,800
TOTAL - ALL SOURCES	33,029,600	39,430,400	41,213,500	38,354,700	38,684,100

Program Description — The appropriation for DES - AHCCCS represents an allocation of costs incurred by the Department of Economic Security in its role of performing eligibility determinations for the AHCCCS program. DES staff, in addition to conducting eligibility determinations for cash assistance programs such as Aid to Families with Dependent Children (AFDC), also evaluate applications for AHCCCS eligibility. In general, persons eligible for AFDC are also eligible for AHCCCS. DES eligibility staff also take applications for "medical assistance only" in the federal SOBRA program for pregnant women and children.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(380,200)	(1.9)%
Total Appropriated Funds	\$(746,300)	(1.9)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 382,700 TF	\$ 191,000 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	(13,300) TF	(6,700) GF
— ERE Rates	250,800 TF	126,700 GF
— Elimination of One-time Capital and Non-Capital Equipment	(295,500) TF	(155,700) GF

Medicaid Eligibility Determination and Information Control System (MEDICS) (1,071,000) TF (535,500) GF
 MEDICS is an automated medical assistance eligibility system for determining AHCCCS eligibility in the federal SOBRA program for pregnant women and children and other MAO programs. The recommended reduction reflects the elimination of staff and costs associated with the development phase which will be completed by September 30, 1995. Also associated with the dollar reduction is the elimination of 8 FTE positions. The Executive concurs.

Transitional Medical Assistance

1,282,500 TF 430,900 GF

The amount reflects the funding provided in Laws 1994, Chapter 233 for this pilot, if the waiver request from the U.S. Department of Health and Human Services is approved. If the waiver is not approved, then the \$430,900 GF shall revert to the General Fund (see the footnote below). The pilot is a joint demonstration program which extends Transitional Child Care and AHCCCS benefits from 12 to 24 months to eligible families who leave the Aid to Families with Dependent Children (AFDC) program.

Prior Session Appropriation

(1,282,500) TF (430,900) GF

The funding for Transitional Medical Assistance as described above was already approved and does not need to be included in the FY 1996 General Appropriation Act.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- Of the \$38,684,100 expenditure authority for DES - AHCCCS, \$19,452,300 is appropriated from the state General Fund.
- 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.

New Footnotes

- If the waiver request from the U.S. Department of Health and Human Services regarding the extension of transitional benefits is not approved, \$430,900 shall revert to the General Fund.

Other Issues for Legislative Consideration

- Transfer of SSI Pickle Eligibility Staff
 The Executive recommends transferring 7 FTE positions and \$106,400 GF, \$212,800 TF from the DES-AHCCCS Program to the Administration Program.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System
 PROG: DHS-AHCCCS

JLBC Analyst: Michael Bradley
 OSPB Analyst: Shelli Silver

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	26.7	26.7	0.0	26.7	26.7
OPERATING BUDGET					
Personal Services	566,000	585,900	585,900	594,700	594,600
Employee Related Expenditures	140,000	138,800	138,800	121,700	151,100
Professional/Outside Services	28,900	28,900	28,900	28,900	28,900
Travel - In State	22,300	22,300	22,300	23,800	22,300
Other Operating Expenditures	50,400	50,400	50,400	50,400	50,400
All Other Operating Subtotal	101,600	101,600	101,600	103,100	101,600
OPERATING SUBTOTAL	807,600	826,300	826,300	819,500	847,300
SPECIAL LINE ITEMS					
Children's Rehabilitative Services	19,000,000	15,000,000	15,000,000	16,398,400	15,000,000
DHS PASARR	384,100	388,300	388,300	392,000	390,100
Indirect Cost - Licensure	374,200	374,200	374,200	378,200	374,200
Special Item Subtotal	19,758,300	15,762,500	15,762,500	17,168,600	15,764,300
PROGRAM TOTAL	20,565,900	16,588,800	16,588,800	17,988,100	16,611,600
BY FUND SOURCE					
General Fund	664,700	674,400	0	674,100	685,500
Federal Funds	19,901,200	15,914,400	16,588,800	17,314,000	15,926,100
TOTAL - ALL SOURCES	20,565,900	16,588,800	16,588,800	17,988,100	16,611,600

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$11,100	1.6%
Total Appropriated Funds	\$22,800	0.1%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$11,800 TF	\$5,600 GF
— ERE Rates	11,000 TF	5,500 GF

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- Of the \$16,611,600 expenditure authority for DHS - AHCCCS, \$685,500 is appropriated from the state General Fund.
- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System
 PROG: Long-Term Care

JLBC Analyst: Michael Bradley
 OSPB Analyst: Shelli Silver

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0
SPECIAL LINE ITEMS					
ALTCS Lump Sum Appropriation	279,970,700	333,812,200	385,802,400	380,855,200	372,272,700
Board of Nursing	76,400	209,700	389,700	209,700	209,700
Special Item Subtotal	280,047,100	334,021,900	386,192,100	381,064,900	372,482,400
PROGRAM TOTAL	280,047,100	334,021,900	386,192,100	381,064,900	372,482,400
BY FUND SOURCE					
General Fund	0	0	0	0	0
Federal Funds	185,543,100	221,848,400	256,151,700	251,423,600	246,303,400
County Funds	94,504,000	112,173,500	130,040,400	129,641,300	126,179,000
TOTAL - ALL SOURCES	280,047,100	334,021,900	386,192,100	381,064,900	372,482,400

Program Description — The Arizona Long-Term Care System (ALTCS) was established in 1989 to provide federal Medicaid long-term care services to persons meeting federally prescribed income and resources standards and at risk of being institutionalized. ALTCS program costs are funded entirely with county and federal dollars, while the administrative cost of ALTCS is borne by the state. The AHCCCS Administration conducts ALTCS eligibility and is also responsible for contracting with providers. As in the Acute program, providers receive a monthly capitation payment that covers the full range of ALTCS services, including acute medical services. Many of the ALTCS providers are county health departments.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ -0-	0.0%
Total Appropriated Funds	\$38,460,500	11.5%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

ALTCS Lump Sum Appropriation \$38,460,500 TF \$-0- GF
 The JLBC Staff recommendation is based on 13,642 average annual member years and 10% population growth over the staff's revised FY 1995 estimate. The estimate also reflects a 5% medical inflation for an average FY 1996 per member per month cost of \$2,264, which includes the cost of Capitation, Fee For Service, Reinsurance, Medicare Premiums and Nurse Aid Training costs.

The JLBC Staff recommendation would require a county Long Term Care contribution of \$126,179,000 for FY 1996 which is an increase of \$14,005,500, or 12.5% over the revised FY 1995 level. The cost increase is attributable to 10% population growth, 5% medical inflation and other factors. In accordance with Laws 1993, Chapter 184 (H.B. 2160), the county Long Term contribution shall be specified in the General Appropriation Act. The amount will be collected through the withholding of sales distributions by the county-by-county percentages set forth in Chapter 184.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

The Executive recommends an increase of \$47,043,000 TF. This would require a county Long-Term Care contribution of \$129,573,000 for FY 1996 which is an increase of \$17,467,800, or 15.6% over the original FY 1995 appropriation.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- Pursuant to A.R.S. § 11-292B, the FY 1995-1996 nonfederal portion of the costs of providing Long-Term Care system services is \$126,179,000.
- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Health Care Cost Containment System
 PROG: Acute Care

JLBC Analyst: Michael Bradley
 OSPB Analyst: Shelli Silver

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0

SPECIAL LINE ITEMS

Fee For Service	162,063,500	171,429,700	250,769,100	203,612,600	188,914,800
Reinsurance	60,411,800	49,524,800	44,639,400	37,750,800	61,066,300
Deferred Liability	29,768,500	32,449,000	437,800	202,200	0
Medicare Premiums	13,365,700	10,149,900	16,893,300	16,172,500	12,332,200
Qualified Medical Beneficiaries	2,224,800	5,078,900	3,075,200	2,692,000	7,380,300
Capitation	747,188,900	831,035,900	845,317,800	784,852,500	784,025,200
Disproportionate Share Payments	107,392,900	110,717,200	115,204,800	109,053,000	115,204,800
Children's Title XIX Behavioral Health	33,447,000	40,000,000	40,000,000	40,035,200	45,000,000
Adult Title XIX Behavioral Health	29,076,700	30,000,000	30,000,000	32,905,900	45,000,000
General Mental Health Substance Abuse	0	0	0	5,728,000	7,000,000
Special Item Subtotal	1,184,939,800	1,280,385,400	1,346,337,400	1,233,004,700	1,265,923,600
PROGRAM TOTAL	1,184,939,800	1,280,385,400	1,346,337,400	1,233,004,700	1,265,923,600

BY FUND SOURCE

General Fund	417,828,400	440,160,800	474,785,500	439,571,900	431,415,800
Federal Funds	685,211,200	761,125,200	298,053,700	734,458,900	755,408,400
County Funds	79,729,400	74,099,400	70,198,200	55,673,900	74,099,400
Third Party Collections	2,170,800	5,000,000	3,300,000	3,300,000	5,000,000
TOTAL - ALL SOURCES	1,184,939,800	1,280,385,400	1,346,337,400	1,233,004,700	1,265,923,600

Program Description - The AHCCCS Acute Care program is the medical services component of the Arizona's Medicaid Demonstration Project. The program is based on prepaid monthly capitation payments to contracted providers for the full range of authorized medical services available to enrolled members. The program follows a health maintenance organization model in which capitated providers accept a predetermined rate and are responsible for managing patient utilization and cost through a system of prior authorization and utilization review, coordinated by a primary care physician. As a federal demonstration project, the Acute Care program operates under a series of federal waivers that make the "managed care" concept possible. AHCCCS covers the mandatory federal eligibility groups, as well as certain optional state groups, such as the Medically Needy/Medically Indigent. In cases involving catastrophic medical expenses, or when the applicant is hospitalized at the time of enrollment, AHCCCS supplements capitation through Reinsurance, and formerly through Deferred Liability as well, to ensure health plan financial viability.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(8,745,000)	(2.0)%
Total Appropriated Funds	\$(14,461,800)	(1.1)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

FY 1995 Estimated Acute Care Surplus

\$(89,770,000) TF \$(28,817,700) GF

The JLBC Staff is estimating expenditures for the Acute Care program to be \$28,817,700 GF and \$89,770,000 TF less than the FY 1995 appropriation. This surplus is due to lower than projected population and capitation growth. The Executive estimates a surplus of approximately \$28.1 million GF for FY 1995.

Demographic Change

28,612,400 TF 13,527,900 GF

The JLBC Staff recommendation reflects overall FY 1996 population growth among enrolled members (member years) increasing by 2.7% over our revised FY 1995 estimate. This enrollment increase is the basis for a \$13,527,900 GF and \$28,612,400 TF increase in Acute Capitation and Fee-for-Service. These estimates reflect those AHCCCS members enrolled in capitated health plans, and other populations whose services are paid on a fee for service basis. Such populations would include Native Americans served in Indian Health Service facilities or referred off-reservation, and persons eligible for only emergency services coverage. The Executive does not calculate an "apples to apples" version of this number. The JLBC Staff estimates that the Executive recommendation contains approximately \$12.1 million GF increase for this and the following issue, compared to the JLBC Staff at \$30.3 million.

4% Medical Inflation Rate Increase

35,815,100 TF 16,741,000 GF

The JLBC Staff recommendation includes a Capitation rate increase of 4% for medical inflation at an estimated cost of \$16,741,000 GF and \$35,815,100 TF.

Elimination of Deferred Liability

(24,951,600) TF (15,460,900) GF

The JLBC Staff recommendation includes a reduction of \$(15,460,900) GF and \$(24,951,600) TF to reflect the agency's elimination of Deferred Liability payments. AHCCCS has incorporated the portion of health plan costs previously reimbursed as Deferred Liability into the monthly Capitation payment. AHCCCS ceased paying Deferred Liability claims with dates of service after October 1, 1994. The JLBC Staff estimates that funds for lagging Deferred Liability claims will no longer be needed by the beginning of FY 1996. The Executive concurs but leaves a small \$126,900 GF appropriation for FY 1996.

Maintain \$10 Million Reduction on State-Only Hospital Bills

-0- TF -0- GF

The JLBC Staff recommends maintaining the \$10 million reduction in private hospital reimbursement on state-only (Medically Needy/Medically Indigent) bills for FY 1996, which began in FY 1994 and FY 1995. These reductions occurred pursuant to Laws 1993, Chapter 6, 2nd Special Session which applied only to FY 1994 and FY 1995. The JLBC Staff recommends continuing this policy for FY 1996, which will require an extension of the Chapter 6 legislation. The Executive concurs.

County Acute Care Contribution

-0- TF -0- GF

The JLBC Staff recommendation maintains the county contribution to the Acute Care program at the current year level of \$74,099,400. The JLBC recommends an Omnibus Reconciliation Bill provision to permanently set the county contributions for Acute Care at a fixed amount equal to current year levels. The Executive recommends extending the use of a formula which calculates the County Acute Care Cost at 29.5% of the state share of AHCCCS less Long-Term Care costs. This would increase the General Fund by \$18,425,500 in their recommendation. Under the JLBC Staff recommendation, this policy saves the General Fund \$12,453,600. The difference is due to the various differences in recommended expenditures.

While the Executive recommendation to continue using the 29.5% formula would initially save the counties \$12,453,600, in the longer run, when AHCCCS Acute Care costs increase in the recession, the counties would pay less under the JLBC Staff recommendation.

Freeze the Phase-Down of Quick Pay Discount on Categorical Reimbursement

-0- TF -0- GF

The JLBC Staff recommends freezing the program change required by Laws 1993, Chapter 6, 2nd Special Session, which established a new phase-down schedule for the discount applied to AHCCCS reimbursement for federally-eligible members. Often referred to as the "quick pay discount," the 10% reduction is applied by AHCCCS to bills paid within 30 days of receipt. Under Laws 1992, Chapter 302, the quick pay discount for both federal and state-only reimbursement was to be lowered by 1% each year beginning March 1, 1996, until reaching 1% in 2004. The accelerated schedule prescribed by Chapter 6 lowers the discount to 6% effective October 1, 1994, then to 3% on October 1, 1995, and finally to 1% on October 1, 1996. Reimbursement for state-only members follows the original quick pay phase-down schedule. The JLBC Staff recommends maintaining the current 6% Quick Pay Discount for FY 1996 by revising the statutes to freeze current discount percentages. The Executive concurs.

Change in the Federal Medical Assistance Percentage (FMAP)

-0- TF 3,355,600 GF

The JLBC Staff recommends an increase of \$3,355,600 GF and \$-0- TF for a change in the federal matching rate known as the FMAP. This rate is based on a relationship between a 3-year "moving average" for Arizona per capita income and national

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average per capita income. For federal fiscal year 1996, Arizona's FMAP is estimated to decrease from 66.4% to 65.85%, producing a state match increase. This is the first time in several years that the FMAP has resulted in a cost to the General Fund. Although this change results in an increase in the AHCCCS General Fund budget, it is a positive development because it indicates Arizona's per capita income grew faster than the U.S. average. The Executive does not calculate this change separately.

Disproportionate Share Payments

4,487,600 TF 383,900 GF

The JLBC Staff recommendation includes increased funding of \$383,900 GF and \$4,487,600 TF for a change in the amount of disproportionate share money estimated by AHCCCS. Disproportionate Share is a federal Medicaid program for providing supplemental payments to hospitals that serve disproportionately large numbers of low income patients, many of whom may not be able to pay for their care, thus creating large amounts of uncompensated, or charity care, for such hospitals. Payments are based on a share of hospital patient days used by Medicaid-eligible patients, or by a hospital's "low income" utilization rate. States may also make payments to optional state-defined categories of hospitals. In Arizona, these include county and state-operated hospitals and hospitals affiliated with AHCCCS health plans. In addition to hospital payments, this appropriation also provides payments to counties not having county-operated hospitals. These are referred to as county in-lieu payments. The Executive recommends a reduction of \$(1,083,300) GF for Disproportionate Share Match.

It is important to note that the Disproportionate Share Payment figures are only preliminary and will change. On the following page is a table which shows a simplified depiction of the Disproportionate Share Program since its creation.

Medicare Premiums

1,957,600 TF 681,400 GF

The JLBC Staff recommendation includes increased funding of \$681,400 GF and \$1,957,600 TF for Medicare Premiums. This line item represents the purchase of Medicare Part B (supplemental medical insurance) on behalf of those eligible for Medicaid and Medicare 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. The recommended increase reflects both population growth and the increased cost of Part B premiums. The Executive recommends an increase of \$2,078,300 GF for this issue.

Qualified Medicare Beneficiaries (QMBs)

2,387,100 TF 843,500 GF

The JLBC Staff recommendation includes \$843,500 GF and \$2,387,100 TF for the QMBs line item. Federal law requires states to pay Medicare Part A and Part B premiums, deductibles and co-payments for eligible low income Medicare recipients. The recommended amount is based on 5,478 member years and \$51.48 per member per month. The Executive recommends a decrease of \$(797,300) GF for this issue.

Children's and Adult Title XIX Behavioral Health

20,000,000 TF -0- GF

The JLBC Staff recommendation includes an increase of \$20,000,000 TF for this line item. This amount reflects an increase in the JLBC Staff's estimate of federal funds to be passed through to the Department of Health Services in FY 1996 for behavioral health services received by Title XIX-eligible clients. State matching funds are appropriated in the DHS budget. The reason no additional match is required is due to a greater conversion of clients to Title XIX status, which in effect "refinances" existing clients. The Executive recommends increasing federal expenditure authority by only \$2,941,100 TF.

General Mental Health - Substance Abuse

7,000,000 TF -0- GF

The JLBC Staff recommendation includes an increase of \$7,000,000 TF for general mental health and substance abuse services. It is currently projected that just under \$5 million will be required, but the higher figure is used to allow flexibility since this is a new program. The federal waiver allowing AHCCCS to exclude these mental health services expires on October 1, 1995. The recommended amount reflects an increase in the JLBC Staff's estimate of federal funds to be passed through to the Department of Health Services in FY 1996. State matching funds are appropriated in the DHS budget. The Executive recommends \$5,728,000 TF for this issue.

Other

-0- TF 300 GF

* * *

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

<u>DISPROPORTIONATE SHARE BENEFITS</u>					
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996 ^{1/}</u>
Maricopa County					
Revenues	48,551,500	57,849,700	67,144,900	69,223,300	69,968,100
Costs	(43,145,900)	(48,661,400)	(56,480,200) ^{2/}	(58,228,500) ^{2/}	(58,228,500)
Net Benefit	5,405,600	9,188,300	10,664,700	10,994,800	11,739,700
Pima County					
Revenues	11,603,200	13,825,400	16,046,800	16,543,600	16,889,200
Costs	(8,448,700)	(9,558,300)	(11,094,100)	(11,437,600)	(11,437,600)
Net Benefit	3,154,500	4,267,100	4,952,700	5,106,000	5,451,600
Other Counties					
Revenues	911,200	1,414,600	1,641,900	1,692,700	1,800,500
Costs	0	0	0	0	0
Net Benefit	911,200	1,414,600	1,641,900	1,692,700	1,800,500
TOTAL BENEFITS-COUNTIES	<u>9,471,300</u>	<u>14,870,000</u>	<u>17,259,300</u>	<u>17,793,500</u>	<u>18,991,800</u>
Private Hospitals					
Revenues	6,826,900	10,598,000	12,300,900	12,681,600	13,535,200
Costs	0	0	0	0	0
Net Benefit	6,826,900	10,598,000	12,300,900	12,681,600	13,535,200
TOTAL BENEFITS - PRIVATE	<u>6,826,900</u>	<u>10,598,000</u>	<u>12,300,900</u>	<u>12,681,600</u>	<u>13,535,200</u>
State - General Fund					
Gross Dispro Payments	73,586,200	92,526,000	107,392,900	110,717,200	115,204,800
GF Match	(28,084,400)	(32,492,700)	(37,703,000)	(38,324,900)	(38,708,800)
Distributions	(20,036,300)	(34,306,300)	(39,818,600)	(41,051,100)	(43,103,000)
Net Benefit	25,465,500	25,727,000	29,871,300	31,341,200	33,393,000
State - ASH					
Revenues	5,693,400	8,838,300	10,258,400	10,576,000	10,576,000
Costs	(1,955,300)	0	0	0	0
Net Benefit	3,738,100	8,838,300	10,258,400	10,576,000	10,576,000
TOTAL BENEFITS - STATE	<u>29,203,600</u>	<u>34,565,300</u>	<u>40,129,700</u>	<u>41,917,200</u>	<u>43,969,000</u>
TOTAL BENEFITS - ALL BENEFITS	<u>45,501,800</u>	<u>60,033,300</u>	<u>69,689,900</u>	<u>72,392,300</u>	<u>76,496,000</u>

^{1/} The current estimate being used for FY 1996 is very preliminary and will be adjusted.

^{2/} The actual costs varies from that shown due to a deferred withholding of \$7,818,900. The deferral is adjusted out for accurate comparison.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- Of the appropriation for disproportionate share payments made pursuant to A.R.S. § 36-2903.01, R, the sum of \$ _____ is for qualifying county operated hospitals, \$ _____ is for deposit in the Arizona State Hospital Disproportionate Share Payment Fund and \$ _____ is for other qualifying disproportionate share hospitals. The remaining \$ _____ 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 \$ _____, if the disproportionate share payments are less than \$ _____. For each county that would receive less than \$ _____ 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 \$ _____.
(These numbers will be added later when the Disproportionate Share numbers are final.)
- Of the \$1,309,647,400 expenditure authority for Acute Care, \$460,675,600 is appropriated from the state General Fund.

Other Issues for Legislative Consideration

— Third Party Liability

The Executive recommends an additional \$1,700,000 GF and a \$0 TF to replace funds provided currently from recovering costs from third parties. This would drop this offset from \$5 million per year to only \$3.3 million per year. The JLBC Staff recommends maintaining the current Third Party Liability offset at \$5 million.

**COMMUNITY COLLEGES
(COM)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Board of Directors for Community Colleges

JLBC Analyst: Bruce Groll
OSPB Analyst: Jennifer Mabry

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	11.0	14.0	14.0	13.0	13.0
OPERATING BUDGET					
Personal Services	433,600	625,200	644,300	564,400	563,900
Employee Related Expenditures	78,300	107,300	119,000	103,800	104,900
Professional/Outside Services	23,700	6,000	6,000	26,000	6,000
Travel - In State	35,600	30,300	35,400	37,400	37,400
Travel - Out of State	2,300	0	0	0	0
Other Operating Expenditures	68,000	87,500	104,100	87,800	77,800
Equipment	0	0	9,000	2,700	3,300
All Other Operating Subtotal	129,600	123,800	154,500	153,900	124,500
OPERATING SUBTOTAL	641,500	856,300	917,800	822,100	793,300
SPECIAL LINE ITEMS					
Operating State Aid (M&O)	69,004,700	76,425,800	76,690,900	74,473,900	74,473,900
Capital Outlay State Aid	10,319,000	13,786,800	13,905,700	13,518,900	13,518,900
Equalization Aid	6,611,600	7,103,700	7,556,400	7,559,900	7,559,900
Economic Development Training	150,000	0	0	0	0
Indirect Costs	0	10,000	0	0	10,000
Special Item Subtotal	86,085,300	97,326,300	98,153,000	95,552,700	95,562,700
AGENCY TOTAL	86,726,800	98,182,600	99,070,800	96,374,800	96,356,000
BY FUND SOURCE					
General Fund	86,726,800	98,045,700	98,930,600	96,235,300	96,216,500
Other Appropriated Funds	0	136,900	140,200	139,500	139,500
Federal Funds	2,796,800	3,056,800	3,056,800	-	3,056,800
Other Non-Appropriated Funds	291,600	0	0	-	0
TOTAL - ALL SOURCES	89,815,200	101,239,400	102,127,600	96,374,800	99,412,800

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DEPT: State Board of Directors for Community Colleges

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(1,829,200)	(1.9)%
Other Appropriated Funds	2,600	1.9%
Total Appropriated Funds	\$(1,826,600)	(1.9)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$1,200 OF	\$ 9,100 GF
— ERE Rates	4,300 OF	3,400 GF
— Risk Management	(5,800) OF	(9,400) GF
— Rent	2,300 OF	3,200 GF

Position Vacancy

(81,700) GF

The JLBC Staff recommendation reduces by (1) FTE position the authorized General Fund positions to 10 FTE positions due to an extended position vacancy and agency reorganization. The recommended amount includes a Personal Services reduction of \$(70,500) based on the April 1, 1995 salary of the vacant Associate Director of Research position and a reduction for Employee Related Expenditures of \$(11,300). The Executive concurs.

Travel - In State

7,100 GF

The JLBC Staff recommended amount provides a \$2,100 increase for mileage due to a state reimbursement increase of \$.04 per mile from \$.25 to \$.29 per mile; and a \$5,000 increase for meetings and district visitations of staff and state board members, including \$500 per diem for the ex-officio board member from the Arizona Board of Regents. The Executive concurs.

Equipment

600 OF 2,700 GF

The JLBC Staff recommended amount provides a one-time increase of \$1,500 GF for a new laser printer, and \$1,200 GF and \$600 OF for replacement of a fax machine. The Executive recommends a \$2,100 GF increase.

Operating State Aid

(1,251,900) GF

The JLBC Staff recommends no inflation adjustment for FY 1996 (which is the same level that the JLBC Staff is recommending for the Department of Education and is consistent with our recommended policy of not providing inflation funding anywhere in the state budget other than for medical inflation); and funding enrollment change by community college district at an average rate of \$968/FTSE, resulting in a system wide General Fund decrease of \$(1,251,900), or (1.65)% from FY 1995. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

OPERATING AID RECOMMENDATION

<u>Districts</u>	<u>FY 1995 Operating Aid</u>	<u>FY 1996 Fully Fund Formula</u>	<u>FY 1996 JLBC Rec. 0% GDP Inflator</u>	<u>FY 1995-FY 1996 % Change</u>	<u>FY 1995-FY 1996 \$ Change</u>
Cochise	\$ 4,573,100	\$ 4,598,200	\$ 4,493,700	(1.74)%	\$ (79,400)
Coconino	1,584,600	1,780,300	1,742,400	9.96	157,800
Graham	4,144,400	3,907,500	3,815,200	(7.94)	(329,200)
Maricopa	32,368,400	32,888,500	31,452,500	(2.83)	(915,900)
Mohave	2,784,200	2,871,700	2,807,400	0.83	23,200
Navajo	3,262,400	3,550,400	3,473,500	6.47	211,100
Pima	14,609,800	14,468,000	14,136,400	(3.24)	(473,400)
Pinal	4,875,800	4,909,800	4,798,300	(1.59)	(77,500)
Yavapai	3,553,500	3,769,100	3,686,100	3.73	132,600
Yuma/La Paz	3,969,600	4,160,600	4,068,400	2.49	98,800
Total	\$75,725,800	\$76,904,100	\$74,473,900	(1.65)%	\$(1,251,900)

Laws 1992, Chapter 345, established a new formula for calculating and allocating operating state aid to community college districts. The formula allocates state aid on a two-step "base-plus" methodology (A.R.S. § 15-1466). First, each district's current year appropriation is adjusted for inflation per the GDP Price Deflator as provided in A.R.S. § 15-901. The cost to fully fund the inflation adjustment based upon a 2.3% GDP inflator is \$1,741,700.

Second, each district receives an adjustment for the growth or decline in actual Full-Time Student Equivalent (FTSE) enrollment. This enrollment adjustment is calculated by multiplying the change in the two most recent year's actual FTSE for each district by the average state aid per FTSE appropriated in the current fiscal year.

**FULL TIME STUDENT EQUIVALENT COUNT (FTSE)
Arizona Community Colleges**

<u>District</u>	<u>FY 1993 Actual Combined FTSE *</u>	<u>FY 1994 Actual Combined FTSE *</u>	<u>Change: FY 1993-FY 1994 Combined FTSE *</u>	<u>%</u>
Cochise	3,307	3,225	(82)	(2.48)%
Coconino	1,023	1,186	163	15.93
Graham	2,708	2,368	(340)	(12.56)
Maricopa	44,452	43,506	(946)	(2.13)
Mohave	2,030	2,054	24	1.18
Navajo	2,002	2,220	218	10.89
Pima	15,585	15,096	(489)	(3.14)
Pinal	3,244	3,164	(80)	(2.47)
Yavapai	2,364	2,501	137	5.80
Yuma/La Paz	2,793	2,895	102	3.65
Total	79,508	78,215	(1,293)	(1.63)%

* Combined FTSE includes basic actual (operational), additional short-term, operating/open exit and skill center classes.

The second component of the formula, enrollment change, provides reduced funding based on system-wide actual FTSE decline of (1,293), or (1.6)%, between FY 1993 and FY 1994, at an average rate of \$968/FTSE. The cost to fully fund enrollment change is \$(1,251,900). This is the first year that total system FTSE has declined since inception of the current formula. The overall change in FTSE formula encompasses wide differences in state aid change from (12.6)% for Graham to +15.9% for Coconino and is significantly influenced by the (946) FTSE decrease at Maricopa and (489) FTSE decrease at Pima.

This legislation also states that each district has the option of using up to 20% of its total Capital Outlay Aid appropriation for Operating Aid purposes. The law gives districts greater flexibility in spending, and any given reduction in Operating Aid below FY 1995 levels can be offset by a transfer from Capital Aid.

Maricopa Operating Aid for Williams AFB Campus Development (700,000) GF
Of the \$33,068,400 appropriated in FY 1995 for Maricopa operating state aid, the sum of \$700,000 was provided for the development of educational areas at Williams Air Force Base, and reverts to the General Fund if the Williams AFB property is not conveyed for this purpose (please see *Modification of Prior Year Footnotes* in the footnote section of this write-up.

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Maricopa's ability to spend these funds in FY 1995 is uncertain because of unresolved complications with other public interest groups who are also vying for the property, causing a delay in conveyance of the property to the State Board. Due to this uncertainty, the JLBC Staff recommends extending the availability of the \$700,000 to year-end FY 1996. This will require modifying the Community Colleges section of the FY 1995 General Appropriation Act. The JLBC Staff recommendation subtracts the \$700,000 from Maricopa's FY 1995 operating aid base prior to computing the operating aid changes. The Executive concurs.

Capital Outlay State Aid

(267,900) GF

The current statutory capital outlay formula provides inflation adjusted per capita funding to districts based on the district's size and most recent year's actual FTSE. Districts with 5,000 or less FTSE would receive \$215/FTSE, while districts with greater than 5,000 FTSE would receive \$164/FTSE for FY 1996 based upon the 2.3% estimated GDP Price Deflator adjustment. The cost of fully funding the Capital Outlay State Aid components is \$43,100: \$(267,900) for FTSE change and \$311,000 for inflation.

The JLBC Staff recommends a net decrease in Capital Outlay State Aid of \$(267,900), or (1.9)%, from the FY 1995 appropriation. This sum is derived by funding the statutory formula without the GDP inflator (which is the same level that the JLBC Staff is recommending for the Department of Education and is consistent with our recommended policy of not providing inflation funding anywhere in the state budget other than for medical inflation) using \$210/FTSE for districts with 5,000 or less FTSE, and \$160/FTSE for districts with greater than 5,000 FTSE.

The FY 1995 appropriation funded Capital Outlay at 99.4% of the total amount required by A.R.S. § 15-1464. The JLBC Staff recommendation funds 97.8% of the statutory formula requirement. The Executive concurs.

CAPITAL OUTLAY AID RECOMMENDATION

Districts	FY 1995	FY 1996 Fully Fund Formula	FY 1996 JLBC Recommendation	FY 1995-FY 1996	FY 1995-FY 1996
	Capital Outlay Aid			% Change	\$ Change
Cochise	\$ 698,300	\$ 693,200	\$ 677,600	(2.96)%	\$ (20,700)
Coconino	216,000	254,900	249,200	15.37	33,200
Graham	571,800	509,000	497,500	(12.99)	(74,300)
Maricopa	7,163,900	7,137,500	6,977,100	(2.61)	(186,800)
Mohave	428,600	441,500	431,600	0.70	3,000
Navajo	422,700	477,200	466,400	10.34	43,700
Pima	2,511,700	2,476,600	2,420,900	(3.62)	(90,800)
Pinal	685,000	680,100	664,800	(2.95)	(20,200)
Yavapai	499,100	537,600	525,500	5.29	26,400
Yuma/La Paz	589,700	622,300	608,300	3.15	18,600
Total	\$13,786,800	\$13,829,900	\$13,518,900	(1.94)%	\$(267,900)

Equalization Aid

456,200 GF

Laws 1992, Chapter 345, amended the previous statutes regarding Equalization Aid. The law established a new minimum assessed valuation (AV) required to establish a community college district (\$448,017,200) and provided that this amount would increase by an "equalization growth factor" defined as the average percentage increase in total assessed valuation for all rural districts for the two most recent years for which actual data is available in FY 1994 and beyond. For FY 1995, the minimum primary assessed valuation was \$484,888,500. This amount is adjusted by 4.5%—the average percent change in primary assessed valuation for tax years 1993 and 1994, as shown in the following table—to obtain the new FY 1996 minimum primary assessed valuation base amount of \$506,708,500. Equalization Aid is provided to districts with assessed valuations less than the statutory minimum, based on the difference between the district's prior year actual assessed valuation and the minimum assessed valuation at the lesser of \$1.37/\$100 AV or the district's levy.

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EQUALIZATION GROWTH FACTOR

<u>District</u>	<u>Tax Year 1993 Primary AV</u>	<u>Tax Year 1994 Primary AV</u>	<u>Percent Growth</u>
Cochise	\$ 390,561,309	\$ 404,496,637	3.57%
Coconino	681,860,051	713,464,908	4.64
Graham	60,702,570	62,780,975	3.42
Mohave	702,123,953	773,445,922	10.16
Navajo	501,157,650	504,185,270	0.60
Pinal	570,982,893	564,820,363	(1.08)
Yavapai	719,941,799	776,405,938	7.84
Yuma/La Paz	<u>490,007,303</u>	<u>502,902,287</u>	<u>2.63</u>
Total	\$4,117,337,528	\$4,302,502,300	4.50%

The JLBC Staff recommends fully funding the Equalization Aid component of the statutory formula for FY 1996. The net increase cost of full funding of Equalization Aid is \$456,200, or 6.4%, to the FY 1995 appropriation. Four districts are eligible to receive Equalization Aid in FY 1996: Cochise and Graham, who currently receive aid; and Navajo and Yuma/La Paz, who will receive aid for the first time. The Executive concurs.

EQUALIZATION AID RECOMMENDATION

<u>Districts</u>	<u>FY 1995 Equalization Aid</u>	<u>Fully Fund Equalization Aid</u>	<u>FY 1996 JLBC Rec.</u>	<u>FY 1995-FY 1996 % Change</u>	<u>FY 1995-FY 1996 \$ Change</u>
Cochise	\$1,292,300	\$1,400,300	\$1,400,300	7.71%	\$108,000
Graham	5,811,400	6,081,800	6,081,800	4.45	270,400
Navajo	0	25,700	25,700	100.00	25,700
Yuma/La Paz	<u>0</u>	<u>52,100</u>	<u>52,100</u>	<u>100.00</u>	<u>52,100</u>
Total	\$7,103,700	\$7,559,900	\$7,559,900	6.03%	\$456,200

The following table represents the Total JLBC Staff recommendation for Operating State Aid, Capital Outlay Aid and Equalization Aid:

TOTAL FY 1996 JLBC STAFF RECOMMENDATION

<u>Districts</u>	<u>FY 1995 Total</u>	<u>Operating State Aid</u>	<u>Capital Outlay</u>	<u>Equalization Aid</u>	<u>Total</u>	<u>FY 1995-1996 % Change</u>	<u>FY 1995-1996 \$ Change</u>
Cochise	\$ 6,563,700	\$ 4,493,700	\$ 677,600	\$1,400,300	\$ 6,571,600	0.12%	\$ 7,900
Coconino	1,800,600	1,742,400	249,200	0	1,991,600	10.61	191,000
Graham	10,527,600	3,815,200	497,500	6,081,800	10,394,500	(1.26)	(133,100)
Maricopa	40,232,300	31,452,500	6,977,100	0	38,429,600	(4.48)	(1,802,700)
Mohave	3,212,800	2,807,400	431,600	0	3,239,000	0.82	26,200
Navajo	3,685,100	3,473,500	466,400	25,700	3,965,600	7.61	280,500
Pima	17,121,500	14,136,400	2,420,900	0	16,557,300	(3.30)	(564,200)
Pinal	5,560,800	4,798,300	664,800	0	5,463,100	(1.76)	(97,700)
Yavapai	4,052,600	3,686,100	525,500	0	4,211,600	3.92	159,000
Yuma/La Paz	<u>4,559,300</u>	<u>4,068,100</u>	<u>608,300</u>	<u>52,100</u>	<u>4,728,500</u>	<u>3.71</u>	<u>169,200</u>
Total	\$97,316,300	\$74,473,600	\$13,518,900	\$7,559,900	\$95,552,400	(1.81)%	\$(1,763,900)

* * *

JLBC Staff Recommended Format — Operating Lump Sum with District-by-District Special Line Items

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JLBC Staff Recommended Footnotes

Continuation of New FY 1995 Footnotes

- The \$139,500 recommended for the Certification Fund is intended for the specific purpose of defraying teacher certification costs and includes \$129,500 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.

Modification of Prior Year Footnotes

- Of the \$33,068,400 appropriated for Maricopa's FY 1995 operating state aid, the sum of \$700,000 is for the development of educational areas at Williams Air Force Base and *IS EXEMPT FROM SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO LAPSING OF APPROPRIATIONS EXCEPT THAT ALL MONIES REMAINING UNEXPENDED AND UNENCUMBERED ON JUNE 30, 1996, SHALL REVERT TO THE GENERAL FUND.* (This change will require a modification of the FY 1995 General Appropriation Act.)

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote concerning the FY 1995 legislative mandate to the board to conduct a comprehensive review of community college teacher certification in Arizona. The study was completed and the findings presented in a report to the Joint Legislative Budget Committee by October 31, 1994.

Other Issues for Legislative Consideration

— Attorney General Legal Fees

The State Board continues to contract with the Attorney General for legal services. The annual cost is \$20,000. If the Attorney General is mandated to provide legal services to the board, but fails to do so without the \$20,000 retainer, this sum should be deducted from the Attorney General base for FY 1996 and added to the State Board's FY 1996 base for Professional and Outside Services.

The Executive is recommending fully funding the \$20,000 requested by the board for Attorney General legal fees.

— Certification Fund

The JLBC Staff recommends that the Legislature consider eliminating the Certification Fund and the teacher certification requirement for teaching in Arizona's community colleges. Evidence for eliminating teacher certification in Arizona is found in the recently completed Teacher Certification Study mandated by the Legislature (please see footnote 2 in the FY 1995 JLBC Appropriations Report, page 382), which states that "Of the 37 states responding, over 78% have no formal certification of community college faculty, nearly 46% have no standards for community college faculty qualifications, and 62% have vested the decision of setting standards for community college faculty qualifications in local community college jurisdictions." Considered part of the state's system of higher education (as opposed to K-12), eliminating certification also is consistent with faculty requirements at Arizona's universities.

The JLBC Staff further recommends that the FY 1995 estimated \$140,000 balance remaining in the Certification Fund be used to create an Endowment Fund to provide academic-based community college scholarships—one per district per year—for tuition to Arizona residents beginning in FY 1997. The net impact to the General Fund is \$0.

The Certification Fund was appropriated by the Legislature in FY 1995 to eliminate subsidization of various General Fund operating expenditures including salaries, travel, and other operating expenses. A.R.S. § 15-1425 (7) clearly states "the state board shall use [the certification fund] for the purpose of defraying the costs of certification." However, if certification is retained, the JLBC Staff recommends the State Board set the fee for teacher certification at an amount consistent with the actual costs of certification (estimated \$50 vs. the current \$100) and A.R.S. § 15-1425 (7).

**DEPARTMENT OF CORRECTIONS
(DOC)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
Agency Summary

JLBC Analyst: Martinez/Bock
OSPB Analyst: Tucker/Jones

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	6,814.4	7,313.4	8,131.9	7,856.4	7,818.4
BY PROGRAM/ORGANIZATION					
Adult Institutions	224,980,000	264,704,300	315,323,500	299,003,200	298,047,500
Health Services	39,284,600	47,049,500	52,188,900	50,951,800	51,024,400
Human Resources/Development	4,755,700	4,429,000	9,592,200	6,641,200	5,533,100
Administration	18,935,600	20,402,100	27,545,400	24,304,300	22,575,600
Community Corrections	7,336,900	16,994,100	26,056,200	24,015,100	23,044,700
AGENCY TOTAL	295,292,800	353,579,000	430,706,200	404,915,600	400,225,300
OPERATING BUDGET					
Personal Services	149,728,200	173,123,600	194,262,100	183,742,300	182,649,300
Employee Related Expenditures	44,866,300	53,080,800	61,889,100	58,518,400	57,570,300
Professional/Outside Services	23,692,600	25,164,400	30,898,700	28,769,900	27,781,400
Travel - In State	447,100	525,700	638,900	625,400	563,800
Travel - Out of State	53,800	84,800	93,400	90,900	93,600
Other Operating Expenditures	46,529,200	49,145,100	53,682,400	54,130,300	53,506,700
Equipment	5,066,700	3,473,100	18,960,500	10,985,400	9,694,200
All Other Operating Subtotal	75,789,400	78,393,100	104,273,900	94,601,900	91,639,700
OPERATING SUBTOTAL	270,383,900	304,597,500	360,425,100	336,862,600	331,859,300
SPECIAL LINE ITEMS					
Discharge Expense	176,600	386,100	405,500	412,900	290,800
Disproportionality Review	0	1,000	1,000	0	0
1993 Lease Purchase Payments	786,600	12,084,300	12,064,100	12,064,100	12,064,100
1994 Lease Purchase Payments	0	1,009,100	12,245,500	12,245,500	12,245,500
Apache Company Land Lease	0	700,000	1,090,200	1,090,200	1,090,200
Community Provider Beds	0	6,570,000	6,588,000	6,588,000	6,588,000
COTA Cadets	0	0	2,691,500	0	0
Return to Custody Beds	0	1,095,000	2,196,000	2,196,000	2,196,000
DWI Beds	0	1,849,300	5,563,200	5,563,200	6,195,900
Food	18,332,000	20,528,800	22,429,900	22,795,700	22,109,100

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
Agency Summary

JLBC Analyst: Martinez/Bock
OSPB Analyst: Tucker/Jones

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Work Incentive Pay Plan	4,224,800	4,757,900	5,006,200	5,097,400	5,097,400
Alternative Fuels	0	0	0	0	489,000
CSO Series Pay Plan	1,388,900	0	0	0	0
Special Item Subtotal	24,908,900	48,981,500	70,281,100	68,053,000	68,366,000
AGENCY TOTAL	295,292,800	353,579,000	430,706,200	404,915,600	400,225,300

BY FUND SOURCE

General Fund	275,543,300	338,779,800	405,306,400	378,515,800	373,825,500
Other Appropriated Funds	19,749,500	14,799,200	25,399,800	26,399,800	26,399,800
Federal Funds	128,700	113,800	103,800	--	103,800
Other Non-Appropriated Funds	19,827,600	22,405,200	23,354,700	--	23,354,700
TOTAL - ALL SOURCES	315,249,100	376,098,000	454,164,700	404,915,600	423,683,800

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$35,045,700	10.3%
Other Appropriated Funds	11,600,600	78.4%
Total Appropriated Funds	\$46,646,300	13.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 3,052,000 GF
- Vacancy Savings (61,300) GF
- Other vacancy savings not shown are \$17,200 from the annualization of Winchester and Apache; \$187,200 for the new positions recommended for Eyman, Globe, and Aspen; and \$28,300 for other policy issues.
- ERE Rates 1,820,500 GF
- Risk Management 653,900 GF
- Rent 26,400 GF
- Elimination of One-time Capital and Non-Capital Equipment (8,500) GF

Annualization of Prior Year Prison Openings

Start-up costs are eliminated and operating costs are annualized for the Winchester, Apache, and Aspen prison units that will be on-line in FY 1995. (731,800) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

New Prisons	17,208,500 GF
Provides 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. The opening of the prisons will increase the state prison capacity by 868 beds in FY 1996 and 400 beds in FY 1997.	
— <u>Eyman SMU II</u> : \$10,914,000 and 390.5 FTE positions for the 768-bed Level V (maximum security) prison to be located at the Eyman Complex in Florence and to be opened in February 1996. The Executive recommends \$11,471,100 and 391.5 FTE positions.	
— <u>Globe Expansion</u> : \$1,748,000 and 68.5 FTE positions for the 100-bed Level II (minimum security) expansion at ASP-Globe to be opened in May 1996. The Executive recommends \$1,768,000 and 68.5 FTE positions.	
— <u>Yuma Expansion</u> : \$3,049,000 for start-up and equipment costs of the first 400 beds and \$1,299,100 for the second 400 beds of the Level III (medium security) expansions at ASPC-Yuma to be opened in FY 1997. The Executive recommends \$3,127,200 for the first 400 beds and \$500,000 in partial year funding for the second 400 beds.	
— <u>Apache Expansion</u> : \$198,400 and 3 FTE positions for 84 additional Level III (medium security) beds at the Apache Unit, which was opened in FY 1995. The Executive recommends \$221,500 and 3 FTE positions.	
Private Beds Annualization	4,501,700 GF
Provides \$1,095,000 to annualize the cost of 200 privately operated Return to Custody (RTC) beds, and \$3,406,700 to annualize the cost of 400 privately operated DWI beds. The funding for the DWI beds reflects the actual contracted per diem of \$36 per bed instead of the originally appropriated \$38 per diem. The Executive concurs on the RTC bed annualization and maintains \$38 per diem for the DWI beds for a total annualization of \$4,793,700.	
New Private DUI Beds	924,700 GF
Provides funding for the department to contract for 400 privately operated DUI beds beginning May 1996. The funding reflects \$38 per diem for each bed. The Executive recommends a \$40 per diem per bed for a total of \$974,500.	
Population Growth	4,472,700 GF
It is estimated that the average daily population (ADP) in prison facilities will increase by 1,232 (of which 472 represents unanticipated FY 1995 growth) in FY 1996 and the overall ADP (prisons, correctional release centers, private beds) will increase by 1,666 inmates. The funding reflects the marginal costs the department will incur for each additional inmate that enters the prison system. The Executive concurs.	
Leap Year Adjustment	281,500 GF
The amount represents funding for on-going operating expenditures the department will incur for an additional day in the leap year. The Executive concurs.	
Lease/Lease-Purchase Payments	11,606,400 OF
The amount provides funding for the following:	
— \$(20,200) decrease for the 1993 Lease-Purchase Payment totalling \$12,064,100 in FY 1996	
— \$11,236,400 increase for the 1994 Lease-Purchase Payment totalling \$12,245,500 in FY 1996	
— \$390,200 increase for the Apache County lease payment totalling \$1,090,200 in FY 1996	
The Executive concurs.	
Detail for the following items can be found in the Adult Institutions section.	
Inmate Reception/Processing/Transportation	404,000 GF
Inmate Education	434,700 GF
Inmate Records Imaging System	50,000 GF
Landfill Closure	135,500 GF
Waste Water Treatment	(8,300) GF
Food Adjustment	61,500 GF
Discharge Expense	(122,100) GF
Disproportionality Review	(1,000) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Detail for the following items can be found in the Human Resources and Development section.

CSO Recruitment and Training
Occupational Health Program

355,700 GF
173,900 GF

Detail for the following items can be found in the Administration section.

Corrections Fund Shift
Inmate Legal Fees
Automation Support
Alternative Fuels

(5,800) OF 5,800 GF
200,000 GF
233,400 GF
489,000 GF

Detail for the following items can be found in the Community Corrections section.

Privatization Supervision
Privatization Evaluation
Parole Supervision

234,600 GF
100,000 GF
158,700 GF

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote relating to JLBC review of the Correctional Service Officer pay plan approved by the legislature in FY 1995.

Standard Footnotes

- 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.
- 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.

Other Issues for Legislative Consideration

- Uniform Allowance Increase

The department is requesting a total of \$582,500 to increase Uniform Allowance for Correctional Service Officer series employees from \$50 per month to \$60 per month. The Executive recommends \$582,500 to fund the department's increase in Uniform Allowance from \$40 per month to \$50 per month. The department implemented this increase in FY 1995.

- See individual sections for other issues.

Additional Prison Capacity

The following table provides a comparison of the projected month-end prison population, the number of beds (expressed as the Operational Capacity), and the Projected Bed Shortage. The Additional Prison Beds column indicates when previously authorized beds and new recommended beds (italicized) will come on-line. A total of 1,268 new beds will come on-line in FY 1996. The projections assume that the prison population will increase by 100 inmates each month, resulting in bed deficits ranging from a low of 876 to a high of 1,744 in FY 1996. An additional 900 beds are scheduled to come on-line in FY 1997.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

State of Arizona Projected Prison Population December 1994 to June 1997					
Month	Year	Population Projection ^{1/}	Additional Prison Beds	Operational Capacity	Bed Shortage
December	1994	19,511	+ 250 Apache County Beds Add 84 beds Apache ASPC-Winslow	18,496	(1,015)
January	1995	19,611		18,496	(1,115)
February	1995	19,711		18,496	(1,215)
March	1995	19,811	+ 400 Private DWI Beds + 200 Private RTC Beds - 29 Beds Aspen Conversion	19,067	(744)
April	1995	19,911		19,067	(844)
May	1995	20,011		19,067	(944)
June	1995	20,111		19,067	(1,044)
July	1995	20,211		19,067	(1,144)
August	1995	20,311		19,067	(1,244)
September	1995	20,411		19,067	(1,344)
October	1995	20,511		19,067	(1,444)
November	1995	20,611		19,067	(1,544)
December	1995	20,711		19,067	(1,644)
January	1996	20,811		19,067	(1,744)
February	1996	20,911	+ 768 Male Level V Florence	19,835	(1,076)
March	1996	21,011		19,835	(1,176)
April	1996	21,111		19,835	(1,276)
May	1996	21,211	+ 400 Private DUI Beds + 100 Level II Beds Globe	20,335	(876)
June	1996	21,311		20,335	(976)
July	1996	21,411		20,335	(1,076)
August	1996	21,511		20,335	(1,176)
September	1996	21,611	+ 400 Level III Beds Yuma + 100 Minors Beds	20,735	(876)
October	1996	21,711		20,835	(876)
November	1996	21,811		20,835	(976)
December	1996	21,911	+ 400 Level III Beds Yuma	21,235	(676)
January	1997	22,011		21,235	(776)
February	1997	22,111		21,235	(876)
March	1997	22,211		21,235	(976)
April	1997	22,311		21,235	(1,076)
May	1997	22,411		21,235	(1,176)
June	1997	22,511		21,235	(1,276)

^{1/} Based on 100 additional inmates per month.

Corrections Fund

The Corrections Fund is for the construction, major maintenance, and purchase or lease of correctional facilities or state operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities. Revenues deposited to the fund are from luxury taxes on alcohol and tobacco products.

Current commitments from the Corrections Fund include \$5 million from past construction projects, \$19 million for construction projects authorized in FY 1995 that would add 600 beds to the corrections system, and \$25 million in on-going commitments for lease and lease-purchase payments.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

A \$39.4 million transfer from the General Fund to the Corrections Fund is recommended in FY 1996 to 'repay' Corrections Fund monies that were used in the past for department operating expenditures. Without a General Fund transfer, the Corrections Fund would be in deficit by the end of FY 1996 and unable to fund on-going lease and lease-purchase commitments.

The JLBC Staff Capital Budget recommendation includes an additional \$23 million transfer from the General Fund to the Corrections Fund to fund 5 construction and conversion projects that would add 900 new beds to the corrections system and would master-plan a new complex. These projects are listed in the following chart under the FY 1996 Capital Budget Recommendation section. The Executive recommends a transfer of \$24 million.

State of Arizona Corrections Fund Estimated Revenue and Expenditure Projections					
	FY 1985-1993	FY 1994	FY 1995	FY 1996	FY 1997
Beginning Balance	\$ -0-	\$4,659.7	\$6,070.0	\$2,036.0	\$34,203.3
Add: Revenues					
General Fund & Other Deposits	225,546.9	21,999.2	21,602.7	21,676.6	21,759.5
Total Revenues	<u>3,956.2</u>	<u>-0-</u>	<u>9,438.5</u>	<u>62,350.0</u> ^{1/}	<u>5,000.0</u>
	<u>\$229,503.1</u>	<u>\$21,999.2</u>	<u>\$31,041.2</u>	<u>\$84,026.6</u>	<u>\$26,759.5</u>
Total Funds Available	<u>\$229,503.1</u>	<u>\$26,658.9</u>	<u>\$37,111.2</u>	<u>\$86,062.6</u>	<u>\$60,962.8</u>
Deduct Approved Expenditures:					
Prison Construction & Maintenance	\$192,336.8	\$1,491.9	\$5,265.9	\$ -0-	\$ -0-
Operating Budgets	20,825.7	17,962.8	5.8	-0-	-0-
DOA Corrections Facilities Staffing	1,269.4	347.5	317.1	359.5	359.5
Drug Enforcement Activities	10,411.5	-0-	38.5	-0-	-0-
FY 1993 Lease-Purchase Payments	-0-	786.7	12,084.2	12,064.1	12,037.8
FY 1994 Lease-Purchase Payments	-0-	-0-	1,009.0	12,245.5	12,422.2
Apacoe County Lease Payments	-0-	-0-	700.0	1,090.2	1,081.1
Youthful Offender Facility 100 Beds	-0-	-0-	350.0	3,150.0	-0-
Yuma 400 Level III Beds	-0-	-0-	12,240.8	-0-	-0-
Globe 100 Beds Addition	-0-	-0-	2,688.9	-0-	-0-
Convert Aspen to Mental Health Unit	-0-	-0-	375.0	-0-	-0-
Total Expenditures	<u>\$224,843.4</u>	<u>\$20,588.9</u>	<u>\$35,075.2</u>	<u>\$28,909.3</u>	<u>\$25,900.6</u>
Fund Balance	<u>\$ 4,659.7</u>	<u>\$ 6,070.0</u>	<u>\$2,036.0</u>	<u>\$57,153.3</u>	<u>\$35,062.2</u>
FY 1996 Capital Budget Recommendation					
Yuma 400 Level III Beds	-0-	-0-	-0-	9,000.0	-0-
Tucson 100 Minor's Beds	-0-	-0-	-0-	1,500.0	1,000.0
New Complex-Master Plan	-0-	-0-	-0-	2,000.0	-0-
New Complex-400 Level III Beds	-0-	-0-	-0-	10,000.0	4,000.0
Convert Level IV Beds to Level V	-0-	-0-	-0-	450.0	-0-
Projected Fund Balance-End of Period	<u>4,659.7</u>	<u>6,070.0</u>	<u>2,036.0</u>	<u>34,203.3</u>	<u>30,062.2</u>

^{1/} Includes General Fund transfers of \$39.4 million to repay the Corrections Fund and \$23 million to fund the recommended FY 1996 Capital projects.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
 PROG: Adult Institutions

JLBC Analyst: Martinez/Bock
 OSPB Analyst: Tucker/Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	5,853.9	6,298.9	6,987.4	6,741.4	6,739.4
OPERATING BUDGET					
Personal Services	121,055,900	140,078,600	156,515,700	148,106,700	147,914,000
Employee Related Expenditures	37,996,600	44,808,100	52,355,000	49,392,800	48,685,600
Professional/Outside Services	4,412,600	4,377,900	5,373,000	4,552,700	4,461,800
Travel - In State	298,900	341,400	374,200	365,000	356,400
Travel - Out of State	30,100	56,900	61,500	62,000	62,000
Other Operating Expenditures	32,175,000	34,335,900	36,951,800	36,674,100	36,688,400
Equipment	4,300,800	1,432,700	10,652,400	6,346,600	7,177,300
All Other Operating Subtotal	41,217,400	40,544,800	53,412,900	48,000,400	48,745,900
OPERATING SUBTOTAL	200,269,900	225,431,500	262,283,600	245,499,900	245,345,500
SPECIAL LINE ITEMS					
Discharge Expense	171,600	378,900	398,300	405,700	283,600
Disproportionality Review	0	1,000	1,000	0	0
1993 Lease Purchase Payments	786,600	12,084,300	12,064,100	12,064,100	12,064,100
1994 Lease Purchase Payments	0	1,009,100	12,245,500	12,245,500	12,245,500
Apache Company Land Lease	0	700,000	1,090,200	1,090,200	1,090,200
Food	18,188,400	20,379,300	22,272,600	22,638,400	21,959,200
Work Incentive Pay Plan	4,174,600	4,720,200	4,968,200	5,059,400	5,059,400
CSO Series Pay Plan	1,388,900	0	0	0	0
Special Item Subtotal	24,710,100	39,272,800	53,039,900	53,503,300	52,702,000
PROGRAM TOTAL	224,980,000	264,704,300	315,323,500	299,003,200	298,047,500
BY FUND SOURCE					
General Fund	205,236,300	249,910,900	289,923,700	272,603,400	271,647,700
Other Appropriated Funds	19,743,700	14,793,400	25,399,800	26,399,800	26,399,800
Federal Funds	128,700	113,800	103,800	--	103,800
Other Non-Appropriated Funds	17,433,700	19,892,300	21,128,900	--	21,128,900
TOTAL - ALL SOURCES	242,542,400	284,710,400	336,556,200	299,003,200	319,280,200

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
 PROG: Adult Institutions

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$21,736,800	8.7%
Other Appropriated Funds	<u>11,606,400</u>	<u>78.5%</u>
Total Appropriated Funds	\$33,343,200	12.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 2,475,800 GF
- Vacancy Savings - Maintains a 3.2% Vacancy Rate (65,000) GF
 Other vacancy savings not shown are \$10,900 from the annualization of Apache; \$150,000 for the new positions recommended for Eyman, Globe, and Aspen; and \$15,600 for other policy issues.
- ERE Rates 1,601,000 GF
- Rent (64,900) GF
 The amount represents a reduction in Land Lease payments.

Annualization of Prior Year Prison Openings

Start-up costs are eliminated and operating costs are annualized for the Winchester, Apache, and Aspen prison units that will be on-line in FY 1995. (773,000) GF

New Prisons

Provides 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. The opening of the prisons will increase the state prison capacity by 868 beds in FY 1996 and 400 beds in FY 1997. 14,934,600 GF

- Eyman SMU II: \$9,335,400 and 354 FTE positions for the 768-bed Level V (maximum security) prison to be located at the Eyman Complex in Florence to be opened in February 1996. The Executive recommends \$9,779,600 and 354 FTE positions.
- Globe Expansion: \$1,445,100 and 59.5 FTE positions for the 100-bed Level II (minimum security) expansion at ASP-Globe to be opened in May 1996. The Executive recommends \$1,465,400 and 59.5 FTE positions.
- Yuma Expansion: \$2,656,600 for start-up and equipment costs of the first 400 beds and \$1,299,100 for the second 400 beds of the Level III (medium security) expansions at ASPC-Yuma to be opened in FY 1997. The Executive recommends \$2,698,100 for the first 400 beds and \$500,000 in partial year funding for the second 400 beds.
- Apache Expansion: \$198,400 and 3 FTE positions for 84 additional Level III (medium security) beds at the Apache Unit which was opened in FY 1995. The Executive recommends \$221,500 and 3 FTE positions.

Population Growth

It is estimated that the average daily population (ADP) in prison facilities will increase by 1,232 (of which 472 represent unanticipated FY 1995 growth) in FY 1996 and the overall ADP (prisons, correctional release centers, private beds) will increase by 1,666 inmates. The funding reflects the marginal costs the department will incur for each additional inmate that enters the prison system. The Executive concurs. 2,504,100 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Inmate Reception/Processing/Transportation 404,000 GF
Provides 14 FTE positions and \$404,000 to improve turnaround time for inmate reception, processing, and transportation. As a result of providing these additional resources, the requested funding for ADP growth in county jails is not provided. The Executive recommends \$353,800 and 10 reception and processing FTE positions.

Inmate Education 434,700 GF
Provides 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, as outlined in Laws 1993, Chapter 250. The Executive recommends \$446,700 and 11 FTE positions.

Inmate Records Imaging System 50,000 GF
The amount provides funding for the department to hire consulting services to plan a computerized system for storage and retrieval of inmate records. The Executive recommends \$100,000.

Landfill Closure 135,500 GF
The amount provides funding for the department to purchase equipment and contract for hauling services to close the landfill at the Ft. Grant prison. The landfill no longer meets environmental quality standards. The Executive concurs.

Waste Water Treatment (8,300) GF
The amount represents savings resulting from eliminating management of the Eyman Complex waste water treatment plant by a private contractor and hiring 5 FTE positions to manage the plant. The Executive recommends the transfer without a reduction.

Leap Year Adjustment 169,900 GF
The amount represents funding for on-going operating expenditures, such as utilities and food, which the department will incur for an additional day in the leap year. The Executive concurs.

Food Adjustment 61,500 GF
Provides additional funding for the anticipated increase in the number of meals served. The Executive recommends the department's request of \$712,400 for an anticipated inflationary increase in the cost of meals.

Discharge Expense (122,100) GF
The amount reflects anticipated savings in discharge expenses resulting from Laws 1993, Chapter 242, which limited the provision of discharge monies to first time releasees only. The Executive did not address this issue.

Disproportionality Review (1,000) GF
Eliminates funding for inmate notification regarding disproportionality review. The Executive concurs.

Lease/Lease-Purchase Payments 11,606,400 OF
The amount provides funding for the following:
— \$(20,200) decrease for the 1993 Lease-Purchase Payment totalling \$12,064,100 in FY 1996
— \$11,236,400 increase for the 1994 Lease-Purchase Payment totalling \$12,245,500 in FY 1996
— \$390,200 increase for the Apache County lease payment totalling \$1,090,200 in FY 1996
The Executive concurs.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
 PROG: Health Services

JLBC Analyst: Martinez/Bock
 OSPB Analyst: Tucker/Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	546.5	587.5	641.5	627.0	627.0
OPERATING BUDGET					
Personal Services	16,249,600	20,969,300	23,062,000	21,868,200	21,916,700
Employee Related Expenditures	3,907,300	5,053,900	5,599,500	5,363,100	5,399,700
Professional/Outside Services	15,847,200	17,535,900	18,958,500	19,224,800	19,224,800
Travel - In State	42,700	48,200	50,800	50,200	49,400
Travel - Out of State	1,300	2,000	2,000	2,000	2,000
Other Operating Expenditures	3,046,200	3,357,600	3,959,000	4,008,300	3,996,600
Equipment	190,300	82,600	557,100	435,200	435,200
All Other Operating Subtotal	19,127,700	21,026,300	23,527,400	23,720,500	23,708,000
PROGRAM TOTAL	39,284,600	47,049,500	52,188,900	50,951,800	51,024,400
BY FUND SOURCE					
General Fund	39,284,600	47,049,500	52,188,900	50,951,800	51,024,400
TOTAL - ALL SOURCES	39,284,600	47,049,500	52,188,900	50,951,800	51,024,400

Program Description — *This 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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$3,974,900	8.4%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 365,700 GF
- Vacancy Savings - Adjusts to a 6% Vacancy Rate 3,200 GF
- Other vacancy savings not shown are \$6,100 from the annualization of Winchester and Apache and \$35,400 for the new positions recommended for Eyman and Globe.
- ERE Rates 137,100 GF

Annualization of Prior Year Prison Openings 49,800 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

New Prisons

1,643,300 GF

Provides partial year funding for the Health Services costs associated with the opening of 3 new prisons.

- Eyman SMU II: \$1,160,400 and 30.5 FTE positions. The Executive recommends \$1,132,500 and 30.5 FTE positions.
- Globe 100-Bed Expansion: \$256,000 and 9 FTE positions. The Executive recommends \$250,600 and 9 FTE positions.
- Yuma 400-Bed Addition: \$226,900 for start-up costs. The Executive recommends \$226,500.

Population Growth

1,719,100 GF

It is estimated that the average daily population (ADP) in prison facilities will increase by 1,232 (of which 472 represents unanticipated FY 1995 growth) in FY 1996 and the overall ADP (prisons, correctional release centers, private beds) will increase by 1,666 inmates. The funding reflects the marginal costs the department will incur for each additional inmate that enters the prison system and also funds high health care costs for a FY 1995 ADP of 683 inmates housed in private facilities. These costs were not funded in FY 1995. The Executive concurs.

Leap Year

56,700 GF

Because FY 1996 is a leap year, DOC will have to pay an extra day for hospitalization and emergency care. The Executive concurs.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
 PROG: Human Resources/Development

JLBC Analyst: Martinez/Bock
 OSPB Analyst: Tucker/Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	71.0	73.0	96.0	93.0	78.0
OPERATING BUDGET					
Personal Services	2,161,400	2,097,700	2,748,200	2,584,300	2,286,900
Employee Related Expenditures	506,500	520,100	695,400	697,300	604,000
Professional/Outside Services	795,700	675,600	1,136,000	1,136,100	964,800
Travel - In State	38,600	60,300	89,700	88,300	78,000
Travel - Out of State	8,300	3,000	3,000	3,000	5,700
Other Operating Expenditures	1,082,600	1,072,300	2,024,400	2,076,700	1,588,700
Equipment	162,600	0	204,000	55,500	5,000
All Other Operating Subtotal	2,087,800	1,811,200	3,457,100	3,359,600	2,642,200
OPERATING SUBTOTAL	4,755,700	4,429,000	6,900,700	6,641,200	5,533,100
SPECIAL LINE ITEMS					
COTA Cadets	0	0	2,691,500	0	0
Special Item Subtotal	0	0	2,691,500	0	0
PROGRAM TOTAL	4,755,700	4,429,000	9,592,200	6,641,200	5,533,100
BY FUND SOURCE					
General Fund	4,755,700	4,429,000	9,592,200	6,641,200	5,533,100
TOTAL - ALL SOURCES	4,755,700	4,429,000	9,592,200	6,641,200	5,533,100

Program Description — *The division provides organizational planning, personnel administration, staff development and training. Prior to FY 1995, the Health Services Division was combined with the Human Resources and Development Division.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$1,104,100	24.9%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 36,300 GF
- Vacancy Savings - Maintains a 2.3% Vacancy Rate -0- GF
- Other vacancy savings not shown are \$600 for the training position recommended for new prisons and \$3,300 for the FTE positions in the Occupational Health Program.
- ERE Rates 39,800 GF
- Rent (22,900) GF

Annualization of Prior Year Prison Openings

7,600 GF

New Prisons

510,800 GF

Provides funding for training and recruitment costs associated with the opening of 3 new prisons.

- Eyman SMU II: \$320,800 and 1 Training Officer I position. The Executive recommends \$445,300 and the same FTE position.
- Globe Expansion: \$46,900. The Executive recommends \$52,000.
- Yuma Expansion: \$143,100 for start-up costs. The Executive recommends \$176,700.

CSO Recruiting and Training

355,700 GF

The amount provides funding for recruiting and training costs associated with filling vacant Correctional Service Officer (CSO) positions. The department estimates that \$1,108 is required for each vacant position to be filled. At that rate, the JLBC Staff recommendation provides funding for filling 341 additional vacancies. The Executive recommends the department's request of \$711,300 to fill 642 additional vacancies.

Occupational Health Program

173,900 GF

The amount provides funding for 4 Occupational Health Nurse positions for the department to expand its Occupational Health Program to include the Airborne Pathogens Standards. The program was implemented in FY 1994 with Bloodborne Pathogen Standards funding. The Executive recommends \$378,400 and 8 FTE positions.

Leap Year Adjustment

2,900 GF

The amount represents funding for on-going operating expenditures the department will incur for an additional day in the leap year. The Executive concurs.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

Other Issues for Legislative Consideration

— Personnel Operations

The Executive recommends \$328,100 and 10 FTE positions for the department to fully implement a pilot program established in FY 1993 that allowed the department to fill all vacant department positions (except CSO positions), and return borrowed resources to DOA.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
 PROG: Administration

JLBC Analyst: Martinez/Bock
 OSPB Analyst: Tucker/Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	190.0	197.0	224.0	216.0	207.0
OPERATING BUDGET					
Personal Services	5,966,200	5,626,400	6,623,000	6,241,500	5,926,500
Employee Related Expenditures	1,322,000	1,482,500	1,740,400	1,652,300	1,578,500
Professional/Outside Services	2,156,600	2,064,900	2,503,800	2,318,400	2,518,500
Travel - In State	42,000	53,300	91,200	90,300	54,300
Travel - Out of State	11,200	17,900	17,900	16,100	17,900
Other Operating Expenditures	9,060,100	9,219,800	9,434,500	10,074,300	10,020,300
Equipment	377,500	1,937,300	7,134,600	3,911,400	1,970,600
All Other Operating Subtotal	11,647,400	13,293,200	19,182,000	16,410,500	14,581,600
OPERATING SUBTOTAL	18,935,600	20,402,100	27,545,400	24,304,300	22,086,600
SPECIAL LINE ITEMS					
Alternative Fuels	0	0	0	0	489,000
Special Item Subtotal	0	0	0	0	489,000
PROGRAM TOTAL	18,935,600	20,402,100	27,545,400	24,304,300	22,575,600
BY FUND SOURCE					
General Fund	18,929,800	20,396,300	27,545,400	24,304,300	22,575,600
Other Appropriated Funds	5,800	5,800	0	0	0
Other Non-Appropriated Funds	2,393,900	2,512,900	2,225,800	-	2,225,800
TOTAL - ALL SOURCES	21,329,500	22,915,000	29,771,200	24,304,300	24,801,400

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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$2,179,300	10.7%
Other Appropriated Funds	(5,800)	(100.0)
Total Appropriated Funds	\$2,173,500	10.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 97,800 GF
- Vacancy Savings - Maintains to a 2.3% Vacancy Rate 300 GF
- Other vacancy savings not shown are \$200 for the annualization of Apache, \$1,200 for the new positions recommended for Eyman, Globe, and Yuma, and \$3,800 for the recommended Automation FTE positions. 24,300 GF
- ERE Rates 653,900 GF
- Risk Management 113,300 GF
- Rent

Corrections Fund Shift

Eliminates Corrections Fund as the source for partial payment of data services charges. The Executive concurs. \$(5,800) OF 5,800 GF

Annualization of Prior Year Prison Openings

(16,200) GF

New Prisons

- Provides partial year funding for administrative and investigative costs associated with the opening of 2 new prisons. 119,800 GF
- Eyman SMU II: \$97,400 and 5 FTE positions. The Executive recommends \$113,700 and 6 FTE positions.
- Yuma Expansion: \$22,400 for start-up and equipment costs. The Executive recommends \$25,900.

Population Growth

It is estimated that the average daily population (ADP) in prison facilities will increase by 1,232 (of which 472 represents unanticipated FY 1995 growth) in FY 1996 and the overall ADP (prisons, correctional release centers, private beds) will increase by 1,666 inmates. The funding reflects the marginal costs the department will incur for each additional inmate that enters the prison system. The amount provides \$193,000 for the additional services required from the Department of Administration's Data Center for document processing and inmate record maintenance. An additional \$56,500 is required for additional legal services associated with inmate litigation. The Executive recommends \$249,400. 249,500 GF

Inmate Legal Fees

The department is experiencing significant growth in legal expenses. After administrative adjustments, actual FY 1993 expenditures exceeded the appropriation by over \$300,000. Similar expenses are expected for FY 1994 and FY 1995. The Executive did not recommend this issue. 200,000 GF

Automation Support

The amount provides funding for 5 computer FTE positions to upgrade and expand the current computer system (developed in 1984) to meet the department's data collection and information retrieval needs. The Executive recommends \$358,900 and 8 FTE positions. 233,400 GF

Leap Year Adjustment

The amount represents funding for on-going operating expenditures the department will incur for an additional day in the leap year. The Executive concurs. 8,400 GF

Alternative Fuels

Laws 1993, Chapter 1, 6th Special Session requires state agencies to convert their motor pool fleet to alternative fuels. By January 1, 1996, 40% of the state fleet must be alternatively fueled. The amount provides \$249,600 for the conversion of 104 vehicles (40% of Maricopa fleet) and \$239,400 for 21 replacement vehicles to be converted. The recommendation includes a statutory change to delay the alternative fuel requirement for non-Maricopa counties. The Executive anticipates that the department will be exempt from the statute. 489,000 GF

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Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Modified Lump Sum by Agency

Other Issues for Legislative Consideration

— Communications Support Services

The Executive recommends \$542,000 and 4 FTE positions to expand in-house maintenance and support of communications equipment and eliminate private contracting services.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
 PROG: Community Corrections

JLBC Analyst: Martinez/Bock
 OSPB Analyst: Tucker/Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	153.0	157.0	183.0	179.0	167.0
OPERATING BUDGET					
Personal Services	4,295,100	4,351,600	5,313,200	4,941,600	4,605,200
Employee Related Expenditures	1,133,900	1,216,200	1,498,800	1,412,900	1,302,500
Professional/Outside Services	480,500	510,100	2,927,400	1,537,900	611,500
Travel - In State	24,900	22,500	33,000	31,600	25,700
Travel - Out of State	2,900	5,000	9,000	7,800	6,000
Other Operating Expenditures	1,165,300	1,159,500	1,312,700	1,296,900	1,212,700
Equipment	35,500	20,500	412,400	236,700	106,100
All Other Operating Subtotal	1,709,100	1,717,600	4,694,500	3,110,900	1,962,000
OPERATING SUBTOTAL	7,138,100	7,285,400	11,506,500	9,465,400	7,869,700
SPECIAL LINE ITEMS					
Discharge Expense	5,000	7,200	7,200	7,200	7,200
Community Provider Beds	0	6,570,000	6,588,000	6,588,000	6,588,000
Return to Custody Beds	0	1,095,000	2,196,000	2,196,000	2,196,000
DWI Beds	0	1,849,300	5,563,200	5,563,200	6,195,900
Food	143,600	149,500	157,300	157,300	149,900
Work Incentive Pay Plan	50,200	37,700	38,000	38,000	38,000
Special Item Subtotal	198,800	9,708,700	14,549,700	14,549,700	15,175,000
PROGRAM TOTAL	7,336,900	16,994,100	26,056,200	24,015,100	23,044,700
BY FUND SOURCE					
General Fund	7,336,900	16,994,100	26,056,200	24,015,100	23,044,700
TOTAL - ALL SOURCES	7,336,900	16,994,100	26,056,200	24,015,100	23,044,700

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: State Department of Corrections
 PROG: Community Corrections

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$6,050,600	35.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 76,400 GF
- Vacancy Savings - Maintains a 2.9% Vacancy Rate 200 GF
 Other vacancy savings not shown are \$5,600 related to privatized DUI beds and additional parole supervision FTE positions.
- ERE Rates 18,300 GF
- Rent 900 GF
- Elimination of One-time Capital and Non-Capital Equipment (8,500) GF

Private Beds Annualization

Provides \$1,095,000 to annualize the cost of 200 privately operated Return to Custody (RTC) beds and \$3,406,700 to annualize the cost of 400 privately operated DWI beds. The funding for the DWI beds reflects the actual contracted per diem of \$36 per bed instead of the originally appropriated \$38 per diem. The Executive concurs on the RTC bed annualization and maintains \$38 per diem for the DWI beds, for a total annualization of \$4,793,700. 4,501,700 GF

New Private DUI Beds

Provides funding for the department to contract for 400 privately operated DUI beds beginning May 1996. The funding reflects \$38 per diem for each bed. The Executive recommends a \$40 per diem per bed for a total of \$974,500. 924,700 GF

Privatization Supervision

Provides \$179,200 for full-year funding for 4 FTE positions and \$55,400 for partial year funding for 3 FTE positions. These 7 FTE positions, along with the 5 FTE positions authorized in FY 1995, will allow the department to have 1 Correctional Classification Specialist I and 1 (Discipline) CSO Lieutenant per 500 private beds, and 1 administrative level position per 1,000 private beds. Including the private beds recommended for FY 1996 by JLBC Staff and the Executive, the department will have a total of 1,450 private beds, requiring 8 FTE positions to cover the functions noted above. The remaining 4 FTE positions (including FY 1995 positions) are for ancillary services. The Executive recommends \$419,600 for full-year funding for 5 FTE positions and \$66,000 for partial year funding for 7 FTE positions. 234,600 GF

Privatization Evaluation

The amount represents funding to contract for a private evaluation of the Marana treatment facility and the DWI and RTC facilities that are scheduled to be on-line in FY 1995. A.R.S. § 41-1609 requires that an evaluation of private facilities be conducted before any private contract is renewed in order to ensure that the state is generating a savings or greater service by contracting for private beds. The director of DOC and the JLBC are responsible for the comparison of quality of services. The Executive concurs. 100,000 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Parole Supervision

158,700 GF

Provides 3 additional Parole Officer III positions to maintain a 96:1 parolee to officer ratio. The Executive recommends \$589,300 and 10 FTE positions to lower the ratio to 91:1.

Leap Year Adjustment

43,600 GF

The amount represents funding for on-going operating expenditures, such as per diem for privately contracted beds the department will incur for an additional day in the leap year. The Executive concurs.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

**DEPARTMENT OF
ECONOMIC SECURITY
(DES)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
Agency Summary

JLBC Analyst: Cawley/Child
OSPB Analyst: Richard Zelznak

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	2,528.0	2,682.6	3,067.7	2,841.8	2,687.1
BY PROGRAM/ORGANIZATION					
Administration	25,774,200	25,203,100	38,641,800	33,136,500	31,410,900
Developmental Disabilities	33,248,500	37,620,600	38,328,100	37,999,000	37,816,400
Long Term Care	42,842,600	41,539,300	58,902,000	44,641,600	44,632,600
Benefits and Medical Eligibility	128,288,500	135,035,300	148,639,900	129,029,500	130,240,000
Child Support Enforcement	2,812,400	3,739,900	4,562,900	3,054,200	2,956,500
Aging and Community Services	12,612,400	15,108,800	15,549,900	17,373,200	15,023,800
Children and Family Services	97,394,800	104,130,900	114,783,200	111,586,300	105,119,700
Child Protective Services Training Program	228,600	790,600	714,800	505,900	513,300
Employment and Rehabilitation Services	8,462,500	16,842,800	22,257,900	18,935,900	18,173,400
AGENCY TOTAL	351,664,500	380,011,300	442,380,500	396,262,100	385,886,600
OPERATING BUDGET					
Personal Services	61,522,900	67,095,100	78,917,100	71,955,900	68,427,800
Employee Related Expenditures	13,998,500	16,224,300	20,281,200	17,518,000	16,654,500
Professional/Outside Services	1,949,600	2,858,000	4,019,600	3,091,200	2,837,500
Travel - In State	1,560,200	1,984,100	2,696,100	2,379,300	2,110,500
Travel - Out of State	52,300	66,900	73,100	71,200	62,500
Food	556,100	446,900	494,600	448,200	447,400
Other Operating Expenditures	17,121,300	18,389,400	25,467,900	22,779,000	21,350,500
Equipment	1,053,500	1,554,500	3,126,200	2,225,800	1,812,800
All Other Operating Subtotal	22,293,000	25,299,800	35,877,500	30,994,700	28,621,200
OPERATING SUBTOTAL	97,814,400	108,619,200	135,075,800	120,468,600	113,703,500
SPECIAL LINE ITEMS					
AZTECS Modifications	447,700	338,800	7,900	7,900	7,900
ASH Community Placement	6,800	43,700	43,800	43,800	33,700
Assistance to Families	445,400	463,200	463,200	463,200	648,800
DD Foster Care	1,644,500	2,019,900	2,025,400	2,136,500	1,919,900
Housekeeping Payments	148,800	172,600	172,600	172,600	142,600
Out-Of-District Placement	82,400	109,300	109,800	109,800	63,700

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
Agency Summary

JLBC Analyst: Cawley/Child
OSP Analyst: Richard Zelznak

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
DD Purchase of Care	17,603,700	19,886,300	20,186,900	20,186,900	20,125,900
Stipends and Allowances	206,900	215,800	215,800	215,800	215,800
Acute Care	7,278,800	6,736,000	9,218,200	7,139,100	7,900,800
Fee For Service	1,346,300	1,748,200	2,700,600	2,084,200	2,141,500
LTC Foster Care	2,232,400	2,766,700	3,211,400	3,053,600	2,463,500
LTC Purchase of Care	23,452,000	21,185,800	30,635,400	22,978,000	22,843,800
AFDC	86,638,500	92,278,700	102,630,300	87,642,400	88,171,400
Emergency Assistance	754,800	857,700	857,700	857,700	857,700
General Assistance	16,981,900	15,362,600	15,948,000	13,761,500	14,321,800
Tuberculosis Control	15,000	19,400	19,400	19,400	19,400
Food Distribution Information	22,700	24,200	24,200	24,200	24,200
Homeless Shelter	983,600	1,236,100	1,236,100	1,078,100	1,236,100
Information and Referral	111,000	112,100	112,100	112,100	112,100
Rural Food Bank Project	195,200	253,400	253,400	253,400	253,400
Veterans' Housing	15,900	0	0	0	0
Adoption Services	14,538,300	16,378,200	16,872,800	16,135,800	16,440,900
Adult Services	7,579,400	8,808,000	8,865,500	10,096,400	8,830,500
Children Services	40,685,100	38,163,800	41,138,400	41,149,700	39,199,800
High Risk Infant Services	515,500	666,200	666,200	666,200	666,200
Intensive Family Services	1,065,400	2,364,800	2,364,800	2,364,800	2,364,800
Child Severance Project	189,200	191,100	463,200	463,200	463,200
CMDP	3,354,900	2,794,900	2,934,600	2,794,900	2,794,900
Day Care	12,890,300	12,635,100	14,718,100	14,233,200	13,692,300
JOBS Child Care	1,478,100	2,235,100	2,725,200	2,625,900	2,268,700
Senate Bill 1460 Pilot Programs	0	1,018,800	122,800	122,700	145,200
Independent Living Rehabilitation Services	488,300	558,200	558,200	558,200	558,200
Vocational Rehabilitation Services	3,925,100	2,384,400	3,105,300	3,092,000	3,189,400
Job Search Stipends	173,900	173,900	173,900	173,900	173,900
Other Receipts	-1,406,500	-500,000	-500,000	-500,000	-500,000
Automation Equipment	189,100	12,200	0	0	0
Full Employment Project	0	200,000	852,900	245,200	443,900
Navajo Senior Centers	211,600	0	0	0	0
Respite Care Pilot Program	0	75,000	0	0	0
Child Welfare Information System	0	200,000	1,349,500	1,347,600	1,348,300
AFDC Time Limits	0	1,400,000	0	0	0
Transitional Child Care	1,940,400	1,764,000	2,671,900	2,671,900	2,776,300
JOBS	2,101,500	3,018,200	5,422,500	4,303,300	4,257,300
Healthy Families Pilot	0	1,700,000	3,000,000	3,000,000	3,000,000
FMCS Modification	131,300	132,300	132,300	132,300	132,300
Transitional Extension Pilot	0	0	246,800	64,800	64,800
Prior Session Appropriation	0	0	-3,064,800	-3,064,800	-3,064,800
Lease-Purchase Equipment	1,452,500	1,381,700	1,348,300	1,348,300	1,348,300
Institutional Support Payments	420,900	478,400	478,400	478,400	478,400
LTC Ombudsman	114,800	117,600	118,100	117,800	117,800
MEDICS	481,600	0	0	0	0
Videotaping	192,600	205,300	209,700	207,100	207,100
Youth Support Research	0	10,000	10,000	10,000	10,000
Public Assistance Collection Fund	211,500	255,400	261,600	258,700	258,700
Domestic Violence Prevention	0	0	0	1,158,000	0

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
Agency Summary

JLBC Analyst: Cawley/Child
OSPB Analyst: Richard Zelznak

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Phase II Conversion	311,000	311,000	311,000	311,000	311,000
Expert System	0	204,300	2,394,700	185,100	0
Employment Support Services	0	6,223,700	7,280,600	6,701,700	6,701,700
Special Item Subtotal	253,850,100	271,392,100	307,304,700	275,793,500	272,183,100
AGENCY TOTAL	351,664,500	380,011,300	442,380,500	396,262,100	385,886,600

BY FUND SOURCE

General Fund	351,224,400	379,312,600	444,838,000	395,847,400	385,471,900
Other Appropriated Funds	440,100	698,700	617,300	414,700	414,700
Federal Funds	615,599,700	690,466,600	742,798,200	--	733,227,200
Other Non-Appropriated Funds	301,877,500	307,896,900	310,461,300	--	310,461,300
TOTAL - ALL SOURCES	1,269,141,700	1,378,374,800	1,498,714,800	396,262,100	1,429,575,100

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$6,159,300	1.6%
Other Appropriated Funds	(284,000)	(40.6)%
Total Appropriated Funds	\$5,875,300	1.5%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$2,800 OF	\$1,141,000 GF
— Vacancy Savings - Adjusts to a 2.3% Average Vacancy Rate	-0 OF	(21,800) GF
— ERE Rates	500 OF	217,000 GF
— Risk Management	-0 OF	1,480,200 GF
— Rent	-0 OF	807,100 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0 OF	(1,742,000) GF
— Other	-0 OF	333,400 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FTE Positions

Adds 4.5 new FTE positions as follows:	264,400	GF
-- Adds 3.4 Long Term Care Case managers		
-- Adds 1.0 Developmental Disabilities Program contract monitor		
-- Adds 1.0 Employment and Rehabilitative Services case manager		
-- Adds 1.7 Child Welfare Automation analysts		
-- Subtracts (2.6) Job Opportunities and Basic Skills support staff		

Automation Upgrade

3,682,100 GF

Alternative Fuels Compliance

132,600 GF

Welfare Reform

293,900 GF

Decreased Child Protective Services Training Fund Revenue

(287,300) OF -0- GF

Special Line Items

Major changes include:

- Long Term Care - 4% Caseload Growth (Except Acute Care), FY 1995 Shortfall, Aging Out	2,912,900	GF
- AFDC - 2.7% Caseload Growth, FY 1995 Surplus, Decrease in Federal Participation	(4,107,300)	GF
- General Assistance - 3.4% Caseload Growth, Savings for 12-Month Rule, SSI Reimbursements	(1,040,800)	GF
- Child Support Enforcement (Senate Bill 1460) One-Time Costs	(873,600)	GF
- Children Services	1,036,000	GF
- Child Care	2,103,100	GF
- Vocational Rehabilitation and Employment Support Services	1,280,700	GF
- Lease-Purchase and Equipment Payments	(597,900)	GF
- Prior Year Appropriation	(1,700,000)	GF
- Other Increases	558,300	GF

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee by the 25th of the following month. The report shall include an estimate of a) potential shortfalls in entitlement programs, b) potential federal and other funds, such as the statewide assessment for indirect costs, and any projected surplus in state-supported programs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, c) shortfalls resulting from new leases or renegotiation of current leases and associated costs, and d) total expenditure authority of the Child Support Enforcement program for the month and year-to-date as compared to prior year totals.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Administration

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	274.7	273.3	322.8	297.8	275.0
OPERATING BUDGET					
Personal Services	8,673,800	8,739,800	10,635,900	9,584,200	8,933,900
Employee Related Expenditures	1,766,300	1,895,900	2,733,300	2,086,000	1,938,100
Professional/Outside Services	439,100	433,600	1,002,400	784,100	636,100
Travel - In State	172,400	182,700	329,800	245,400	190,400
Travel - Out of State	52,300	54,000	65,200	63,700	55,400
Other Operating Expenditures	11,171,700	10,598,700	16,076,900	15,059,600	14,774,700
Equipment	774,000	785,900	2,304,000	2,033,600	1,786,800
All Other Operating Subtotal	12,609,500	12,054,900	19,778,300	18,186,400	17,443,400
OPERATING SUBTOTAL	23,049,600	22,690,600	33,147,500	29,856,600	28,315,400
SPECIAL LINE ITEMS					
AZTECS Modifications	447,700	338,800	7,900	7,900	7,900
Child Welfare Information System	0	200,000	1,349,500	1,347,600	1,348,300
FMCS Modification	131,300	132,300	132,300	132,300	132,300
Lease-Purchase Equipment	1,452,500	1,381,700	1,348,300	1,348,300	1,348,300
MEDICS	481,600	0	0	0	0
Public Assistance Collection Fund	211,500	255,400	261,600	258,700	258,700
Expert System	0	204,300	2,394,700	185,100	0
Special Item Subtotal	2,724,600	2,512,500	5,494,300	3,279,900	3,095,500
PROGRAM TOTAL	25,774,200	25,203,100	38,641,800	33,136,500	31,410,900
BY FUND SOURCE					
General Fund	25,562,700	24,947,700	38,380,200	32,877,800	31,152,200
Other Appropriated Funds	211,500	255,400	261,600	258,700	258,700
Federal Funds	46,534,100	49,468,300	59,920,800	--	59,920,800
Other Non-Appropriated Funds	13,810,600	11,314,100	12,388,400	--	12,388,400
TOTAL - ALL SOURCES	86,118,900	85,985,500	110,951,000	33,136,500	103,720,100

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Administration

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$6,204,500	24.9%
Other Appropriated Funds	3,300	1.3%
Total Appropriated Funds	\$6,207,800	24.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$2,800 OF \$ 148,200 GF
- Vacancy Savings - Adjusts to a 3% Vacancy Rate -0- OF (6,600) GF
- ERE Rates 500 OF 9,600 GF
- Risk Management -0- OF 1,480,200 GF
- Rent -0- OF 807,100 GF
- Elimination of One-time Capital and Non-Capital Equipment -0- OF (40,500) GF
- Other -0- OF 436,100 GF

2,416,700 GF

Central Processing Unit (CPU) Upgrade
 The JLBC Staff recommends that the department shall submit its central processing unit automation upgrade plan to the Joint Legislative Budget Committee (JLBC) for review. (See the new footnote below.) 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. The Executive recommends \$2,466,600 and 2.5 FTE positions.

Child Welfare Automation 1,148,300 GF
 The JLBC Staff recommends that the department shall submit its child welfare automation plan to the JLBC for review. (See the new footnote below.) Adds \$1,148,300 GF (\$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 recommendation 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. The Executive recommends the dollar amount to proceed with development of the automation system.

Aid to Families with Dependent Children (AFDC) Time Limits Transfer In 271,400 GF
 The JLBC Staff recommends that the department shall submit its AFDC Time Limits automation upgrade to the JLBC for review. (See the new footnote below.) Transfers in \$50,000 for outside computer consulting services and \$221,400 for the lease-purchase payment 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. Implementation of this program requires federal approval of a waiver. If approved, the federal government would match the state's share dollar for dollar, except for the interest on the lease-purchase. The state fully covers the interest charges. If the waiver is not approved, this dollar amount will revert to the General Fund. (See the new footnote below.) The Executive recommends the transfer in of \$365,900 General Fund (\$629,800 total) and 0.5 FTE position (1 FTE position total) from the Division of Employment and Rehabilitation Services.

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Developmental Disabilities Automation Upgrade

50,000 GF

Adds money for 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 current system is outdated and inadequate in providing useful, accurate data on the number of clients or services provided. Moreover, case managers find the current system burdensome and of little use in programmatic activities. The recommended 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. The Executive does not recommend monies for this purpose.

Alternative Fuel Compliance

132,600 GF

Laws 1993, Chapter 1, 6th Special Session requires state agencies to convert their motor pool fleet to alternative fuels. By January 1, 1996, 40% of the state fleet 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. The Executive concurs.

Voice Telephone Savings Transfer In

91,400 GF

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. The Executive concurs.

Welfare Reform Evaluation

50,000 GF

Contingent upon federal government approval of waiver exemptions, the JLBC Staff recommends \$50,000 for outside evaluation consulting services. If the waivers are not approved by the federal government, this dollar amount will revert to the General Fund. (See the new footnote below.) During the 1994 legislative session, the Legislature passed 6 welfare reform measures. Each of these measures contains an exemption to the rules governing the Aid to Families with Dependent Children (AFDC) program. To implement these exceptions, DES must receive waivers from the U.S. Department of Health and Human Services (DHHS). To receive a waiver, DHHS requires an outside organization to evaluate the change(s) to the AFDC program. The evaluation contract will be a multiple year cost. The Arizona welfare reform demonstration will last a minimum of 5 years. The evaluation will be required to be completed within a minimum of 8 years. The Executive recommends the dollar amount also.

Expert System

(204,300) GF

Eliminates funding and 2.5 FTE positions for this project until the department submits to the JLBC its project plan and projected savings. Upon review, funding may be recommended in future fiscal years. The Executive recommends \$185,100 for the continued development of the system. For FY 1996, the agency requested \$2,192,300 General Fund (\$4,375,500 Total Funds) and 6 state FTE positions (12 total positions) to fund this pilot project in 2 urban offices. The projected total state funding costs starting in FY 1995 through FY 2002 is \$5,918,000 (\$11,621,100 Total Funds). 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. However, since the overall cost of this pilot for just 2 urban offices is substantial, the agency plans should be subjected to outside review before proceeding.

Lease-Purchase Equipment

(254,800) GF

Reflects changes in the yearly lease-purchase payments for 3 different automation projects. The FY 1995 payment for the first Mainframe Expansion will be the final payment. The second Mainframe Expansion FY 1996 payment reflects a decrease. The FY 1996 CPU Growth lease-purchase payment level will not change. The CPU Growth lease-purchase schedule has been revised from the one originally approved, due to delays in the acquisition of the equipment. The Executive concurs.

AZTECS Modifications

(330,900) GF

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 Executive concurs.

* * *

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items for the Program

JLBC Staff Recommended Footnotes

New Footnotes

- Prior to expending \$2,416,700 for the central processing unit upgrade, \$1,148,300 for the child welfare automation system, \$271,400 for the AFDC Time Limits automation upgrade, and before proceeding with the expert system, the DES shall submit a project plan to the Joint Legislative Budget Committee for review.
- 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.
- If the waiver requests from the appropriate federal agencies regarding the cash out of Food Stamps and AFDC grants are not approved, \$271,400 for the AFDC Time Limits automation upgrade and \$50,000 for welfare reform evaluation shall revert to the General Fund.

Deletion of Prior Year Footnote

- The JLBC Staff recommends the deletion of the one-time footnote requiring the department to submit a report evaluating the effect of adding additional FTE positions on fraud prevention and fraud investigation and detection in the Food Stamp and Aid to Families with Dependent Children programs.

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive recommends an additional \$1,479,600 and 23.3 FTE positions. For protective services, the Executive recommends 14.5 FTE positions and \$1,021,200 for legal staff to meet a demand by several Juvenile Court judges and a DES program redesign study recommendation that an attorney be present throughout all dependency hearings. In addition, the Executive recommends 1.2 FTE positions, state (3 total) and \$70,700 from the General Fund (\$176,500 Total Funds) to add 1 Attorney and 2 support staff for assignment to southern Arizona. Currently, 4 prosecutors based in Phoenix cover all cases statewide. Because of the difficulty of handling court appearances in the southern counties, 60% of the southern cases are not prosecuted timely. Before making any recommendation to add Attorney General staff in DES's budget, the JLBC Staff recommends an assessment of a cost/benefit analysis of adding state employees versus exempting DES from A.R.S. § 41-192E, which would allow the department to contract with outside legal agencies, as a way to cut state costs.

The Executive recommends adding \$36,000 and 0.4 FTE positions to meet a federal conciliatory agreement with the Office of Federal Contract Compliance Programs (OFCCP) requirements including the investigation of complaints, conducting compliance reviews, statewide training, monitoring and preparing reports. As long as DES holds federal contracts, the federal government is requiring DES to develop, maintain and implement an affirmative action program that is in compliance with 41 CFR 60-250. The JLBC Staff recommends that DES work in conjunction with State Personnel and the Governor's Office of Affirmative Action in meeting the compliance agreement's proposed remedies.

The Executive recommends the transferring of 1.5 FTE positions and \$107,000 for the Full Employment Demonstration Program created through Laws 1994, Chapter 301. The JLBC Staff does not recommend the transferring of any dollars or money from the Full Employment Demonstration Special Line Item in order to better track the pilot's outcomes.

The Executive recommends the adding of 3 FTE positions and \$132,400 to enhance the Research Administration's population characteristics section. In addition, the Executive recommends adding 2.2 FTE positions and \$97,700 for enhancing the department's evaluation staff. The JLBC Staff recommends that the department consider re-organizing and assessing the value of all of the tasks it currently undertakes. The Research Administration activities are not only of interest to the state, but to other governmental entities and private industry. The department could consider partnerships with those groups who would receive some benefit from these enhanced activities, or possibly the selling of its products. The evaluation group may be better helped by using some of the department's professional and outside consulting dollars to hire outside consultants to perform more of its evaluations.

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The Executive recommends the adding of 0.5 FTE positions and \$15,300 to the Governor's Advisory Council on Aging to meet the increasing demands on the agency to advise the Governor, the Legislature and all state agencies, in addition to the increasing conferences, seminars, and focus groups that the council is participating in. Although the JLBC Staff recognizes the growing number of aged in the state, the JLBC Staff recommends that the council assess each year's obligations and prioritize those activities. Possibly as a way to find additional resources for the upcoming 1996 Governor's Conference on Aging, the council could build business partnerships with private or non-profit organizations having a special interest in the aged in meeting the increased demand on its resources.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Developmental Disabilities

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	474.3	446.3	447.3	447.3	447.3
OPERATING BUDGET					
Personal Services	9,045,600	10,104,300	10,598,800	10,270,400	10,280,800
Employee Related Expenditures	2,290,300	2,558,700	2,723,900	2,612,100	2,619,300
Professional/Outside Services	644,400	878,400	878,400	878,400	878,400
Travel - In State	180,000	254,300	270,300	270,300	270,300
Food	251,900	204,200	204,800	204,800	204,200
Other Operating Expenditures	891,900	831,800	629,500	629,500	618,400
Equipment	3,700	83,500	10,300	10,300	0
All Other Operating Subtotal	1,971,900	2,252,200	1,993,300	1,993,300	1,971,300
OPERATING SUBTOTAL	13,307,800	14,915,200	15,316,000	14,875,800	14,871,400
SPECIAL LINE ITEMS					
ASH Community Placement	6,800	43,700	43,800	43,800	33,700
Assistance to Families	445,400	463,200	463,200	463,200	648,800
DD Foster Care	1,644,500	2,019,900	2,025,400	2,136,500	1,919,900
Housekeeping Payments	148,800	172,600	172,600	172,600	142,600
Out-Of-District Placement	82,400	109,300	109,800	109,800	63,700
DD Purchase of Care	17,603,700	19,886,300	20,186,900	20,186,900	20,125,900
Stipends and Allowances	9,100	10,400	10,400	10,400	10,400
Special Item Subtotal	19,940,700	22,705,400	23,012,100	23,123,200	22,945,000
PROGRAM TOTAL	33,248,500	37,620,600	38,328,100	37,999,000	37,816,400
BY FUND SOURCE					
General Fund	33,248,500	37,620,600	38,328,100	37,999,000	37,816,400
Federal Funds	1,104,800	1,034,100	1,035,100	--	1,035,100
Other Non-Appropriated Funds	245,300	380,200	325,100	--	325,100
TOTAL - ALL SOURCES	34,598,600	39,034,900	39,688,300	37,999,000	39,176,600

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Developmental Disabilities

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$195,800	0.5%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 171,400 GF
- Vacancy Savings - Maintains a 3% Vacancy Rate (2,200) GF
- ERE Rates 35,000 GF
- Elimination of One-time Capital and Non-Capital Equipment (215,100) GF
- Other (75,700) GF

42,800 GF

Program Contract Monitoring

Laws 1994, Chapter 214 (H.B. 2135) defines and establishes the "adult developmental home" and "child developmental foster home," directs the department to issue one-year licenses for these homes, and to conduct an annual home visit as part of the licensure renewal process. The department is further directed to monitor each of these homes at least 2 times a year to ensure its compliance with the department's licensure rules. In response to this increase in the licensing and monitoring workload, the JLBC Staff recommends an increase of 1 FTE position and \$42,800 for this position, which includes \$2,400 in occupancy costs and \$6,400 in one-time non-capitalized equipment costs. The Executive concurs, but recommends \$58,400 in funding for this position.

185,600 GF

Assistance to Families

The JLBC Staff recommends an increase of \$185,600, which represents the transfer of the estimated FY 1995 surplus from the following special line items: ASH Community Placement, DD Foster Care, Housekeeping Payments, and Out-of-District Placement. At a maximum monthly subsidy of \$400 per family, this amount would provide payments to approximately 39 additional families or guardians to purchase services needed to keep developmentally disabled persons in their own homes or in a semi-independent environment. The Executive does not recommend this transfer between special line items.

(10,000) GF

ASH Community Placement

The JLBC Staff recommends a decrease of \$(10,000), representing the estimated FY 1995 surplus. The FY 1995 appropriation provided funding for up to 8 clients. The department estimates only 3 clients requiring this service in FY 1995 and FY 1996. This amount is recommended to be transferred to the Assistance to Families Special Line Item.

(100,000) GF

DD Foster Care

The JLBC Staff recommends a decrease of \$(100,000) due to lower than anticipated client counts in the DD Foster Care program. This amount is recommended to be transferred to the Assistance to Families Special Line item. The Executive recommends no transfer from this special line item and an increase of \$116,600 in order to give a 13% increase to the average \$774 monthly rate paid to foster parents of developmentally disabled children. The JLBC Staff does not recommend this increase.

(30,000) GF

Housekeeping Payments

The JLBC Staff recommends a decrease of \$(30,000) due to lower than anticipated client counts receiving housekeeping payments. The FY 1994 appropriation provided for an average client count of 236; however, the actual client count was only 203. The average client count to date in FY 1995 is 153. The recommended amount would fund an average client count of

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170 in FY 1996, or 17 additional clients over the estimated FY 1995 average. This amount is recommended to be transferred to the Assistance to Families Special Line Item.

Out-of-District Placement

(45,600) GF

The JLBC Staff recommends a decrease of \$(45,600) due to lower than anticipated client counts requiring out-of-district placement. The FY 1995 appropriation was to provide services for 4 clients. The department is now estimating 3 clients requiring this service in FY 1995 and FY 1996. This amount is recommended to be transferred to the Assistance to Families Special Line Item.

Purchase of Care

239,600 GF

The recommended amount includes the following "aging out" increases:

- \$115,100 to annualize residential and support services for 7 clients who will attain 18 years of age in FY 1995 and no longer qualify for Foster Care;
- \$28,200 to annualize non-federally reimbursable adult day services for 6 clients and support services for 9 clients who will turn 22 years of age in FY 1995 and will no longer receive a public education. Non-federally reimbursable adult day services include rehabilitation instruction services and basic education;
- \$90,400 for residential and support services for 5 clients who will attain 18 years of age in FY 1996 and will no longer qualify for Foster Care;
- \$5,900 for support services for 5 clients who will turn 22 years of age in FY 1996 and will no longer receive a public education.

The Executive recommends an increase of \$300,600.

The division shows a FY 1995 surplus of \$1,200,000 in the Purchase of Care Special Line Item as of December 1994. The JLBC Staff does not recommend the transfer of these monies, as the JLBC Staff recommends the division use these monies in FY 1996 to address any children's waiting list. See below for more information.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items for the Program

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

- 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, ~~upon completion of contract negotiations for the first quarter, the difference between appropriated and contracted rates and the impact any difference may have upon the division~~ 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. *(The first clause in capitalized letters is added in order to standardize the reporting requirements. The second clause in capitalized letters is added in order to clarify the stricken clause. Because the rates are not appropriated, per se, there has been some confusion as to the meaning of this footnote.)*
- 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. *(The first clause in capitalized letters is to clarify and formalize the policy the department currently has in place. The second clause in capitalized letters is in response to the department's question as to which waiting list the legislature intends to have first priority. The JLBC Staff recommends the Legislature review this clause and decide whether it is their intent that any children's waiting list have first funding priority. Alternately, the Legislature could decide to fund the waiting list on a first-come, first-serve basis, or to give priority to the adult waiting list.)*

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— No Children's Waiting List

The children's waiting list which was funded for FY 1995 was compiled in November, 1993, and represented a "snap-shot" view of the waiting list on a particular day. On any given day, children are awaiting interviews for Medicaid eligibility. These children will appear on the waiting list until the determination is made whether they are Medicaid eligible or require 100% state funded services. In FY 1995, \$1,751,400 was funded for 473 children on the waiting list on a particular day in November, 1993. As eligibility determinations were subsequently made, many of these 473 children were found to be Medicaid eligible and moved into the Long Term Care System. Thus, monies are still available from the FY 1995 appropriation to fund services for new children as they are identified and determined eligible for 100% state funding only. It is the purpose of the footnote described under "Modification of Prior Year Footnote" above to direct the department to use those existing resources in FY 1996 to fund services for new children as they are identified, rather than reverting the extra money or using it for another purpose, such as applying it towards the adult waiting list. Therefore, there is not currently a children's waiting list which the department's resources can not accommodate. There may be children for which no provider of services is immediately available, so on any given day, there may be a waiting list for this reason; however, this is not due to a lack of funds. The Executive concurs.

— Proposed Coolidge Special Line Item

Other than temporary respite placements, no new developmentally disabled client has been placed at the Arizona Training Program at Coolidge (ATPC) since 1986. The department is planning further downsizing of the facility as the number of clients at Coolidge gradually decreases, primarily through residential placement of clients. The JLBC Staff recommends that the Legislature consider Coolidge-specific costs which are currently "above-the-line" be identified "below-the-line" in a Coolidge Special Line Item. This will enable the Legislature to identify more clearly the costs associated with this facility, and as the facility is gradually downsized, identify possible savings and movement of costs associated with the movement of clients. The Executive does not address this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Long Term Care ^{1/}

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	944.9	1,050.4	1,078.4	1,070.9	1,060.4
OPERATING BUDGET					
Personal Services	18,899,100	23,729,500	25,424,300	24,396,000	24,349,900
Employee Related Expenditures	4,664,700	6,011,200	6,534,000	6,218,100	6,201,400
Professional/Outside Services	1,141,400	2,254,400	2,254,400	2,254,400	2,254,400
Travel - In State	396,400	554,200	647,400	622,400	600,100
Food	540,100	582,800	584,400	584,900	584,400
Other Operating Expenditures	1,786,900	2,349,400	2,335,800	2,255,400	2,161,900
Equipment	6,700	146,900	179,900	132,800	68,400
All Other Operating Subtotal	3,871,500	5,887,700	6,001,900	5,849,900	5,669,200
OPERATING SUBTOTAL	27,435,300	35,628,400	37,960,200	36,464,000	36,220,500
SPECIAL LINE ITEMS					
Stipends and Allowances	197,800	205,400	205,400	205,400	205,400
Acute Care	21,759,100	24,572,600	27,104,300	25,757,800	27,997,300
Fee For Service	5,699,200	6,601,900	7,940,500	7,589,800	7,758,400
LTC Foster Care	6,182,300	8,907,700	8,463,500	8,818,500	8,016,000
LTC Purchase of Care	79,740,800	82,511,300	88,359,100	87,489,000	87,391,700
Special Item Subtotal	113,579,200	122,798,900	132,072,800	129,860,500	131,368,800
PROGRAM TOTAL	141,014,500	158,427,300	170,033,000	166,324,500	167,589,300
BY FUND SOURCE					
General Fund	42,842,600	41,539,300	58,912,000	44,641,600	44,632,600
Federal Funds	98,171,900	116,888,000	111,121,000	121,682,900	122,956,700
TOTAL - ALL SOURCES	141,014,500	158,427,300	170,033,000	166,324,500	167,589,300

^{1/} Numbers represent Total Funds (TF).

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Long Term Care

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Funds	\$3,093,300	7.4%
Federal Funds	6,068,700	5.2%
Total Funds	\$9,162,000	5.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 299,700 TF	\$ 99,000 GF
— Vacancy Savings - Maintains a 3% Vacancy Rate	(19,000) TF	(5,300) GF
— ERE Rates	87,200 TF	19,500 GF
— Elimination of One-time Capital and Non-Capital Equipment	(337,200) TF	(114,800) GF
— Other	(90,200) TF	(39,600) GF

New FTE Positions for Caseload Growth

651,600 TF 221,600 GF

The recommended amount provides for an increase of 3.4 GF and 10 TF FTE positions, in response to the estimated 4% increase in caseload growth in most areas. The Executive estimates 5% caseload growth, recommends 7 FTE GF positions, and \$331,700 in GF funding.

The department's ability to supply timely and accurate information on caseload data is somewhat limited. The Division of Developmental Disabilities Statistical Abstract and Overview was "temporarily cancelled" after the April 1994 edition in order to deal with data problems and has not been reissued since that time. The division does, however, compile a monthly "Client County Information" spreadsheet, which is based on attendance records kept by district staff, member month information obtained from the AHCCCS CATS system, and ASSISTS payment data. The ASSISTS payment data is usually not useful until retroactively adjusted. For instance, according to ASSISTS payment data before the retroactive adjustment, the FY 1995 decrease, from July to October 1994, in clients receiving support services was (17.7)%.

Acute Care

3,424,700 TF 1,164,800 GF

The JLBC Staff recommendation incorporates the following changes:

- An increase of \$617,100 GF and \$1,814,400 TF for 7.2% client growth. Caseload growth would add 491 clients to the estimated FY 1995 count, for a total caseload of 7,306. According to AHCCCS CATS system data, the client count for this special line item has already reached a caseload of 6,954 in FY 1995, compared to the FY 1995 appropriated caseload of 6,256;
- An increase of \$213,400 GF and \$627,400 TF to compensate for the FY 1995 estimated shortfall;
- An increase of \$334,300 GF and \$982,900 TF for 4% medical inflation.

The Executive recommends an increase of \$403,100 in GF funding, which includes a 5% caseload growth estimate but does not provide for medical inflation.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Fee for Service

1,156,500 TF 393,300 GF

The recommended amount includes an increase of \$101,500 GF and \$298,400 TF for 4% client growth and an increase of \$291,800 GF and \$858,100 TF to compensate for the FY 1995 estimated shortfall. Caseload growth would provide services to 2 additional medically fragile children, for a total caseload of 41. In FY 1995, services were budgeted for 34 medically fragile children. However, this number has been revised upward to compensate for the estimated FY 1995 shortfall. The recommended amount will also provide services to an additional 15 on-reservation American Indian clients, for a total FY 1996 caseload of 377. The Executive recommends an increase of \$336,000 in GF funding, which incorporates a 5% caseload growth estimate, but makes a smaller adjustment for the estimated FY 1995 shortfall.

Foster Care

(891,700) TF (303,200) GF

The JLBC Staff recommends a decrease of \$(408,100) GF and \$(1,200,000) TF to compensate for the estimated FY 1995 surplus and an increase of \$109,600 GF and \$322,300 TF for FY 1996 estimated 4% caseload growth. The Executive recommends an increase of \$286,900, largely associated with the Executive's recommendation for a 13% foster care rate increase, and a smaller adjustment for the estimated FY 1995 surplus.

Purchase of Care

4,880,400 TF 1,658,000 GF

— Residential Services

FY 1995 annualization of 10 new clients from foster care
 FY 1996 aging out of 22 new clients from foster care
 Caseload Growth of 4%
 TOTAL

151,100 TF 51,500 GF
 399,800 TF 117,600 GF
1,773,700 TF 603,200 GF
 2,324,600 TF 772,300 GF

The JLBC Staff recommendation provides 4% caseload growth or an additional 65 clients for a total of 1,690 clients in FY 1996.

— Room and Board

FY 1995 annualization of 31 clients aging out from public school
 Caseload Growth of 4%
 TOTAL

24,800 TF 24,800 GF
252,500 TF 69,400 GF
 277,300 TF 94,200 GF

The JLBC Staff recommendation provides 4% caseload growth or an additional 65 clients for a total of 1,690 clients in FY 1996.

— Adult Day (100% State)

Caseload Growth of 4%

4,200 TF 4,200 GF

The JLBC Staff recommendation provides 4% caseload growth or an additional 4 clients for a total of 93 clients in FY 1995. In FY 1995, the Division of Employment and Rehabilitation Services, Rehabilitation Services Administration assumed the responsibility for all Employment Related Programs (ERP). The remaining funding is for non-Title XIX reimbursable basic education.

— Adult Day (Title XIX)

FY 1995 annualization of 50 clients aging out from public school
 FY 1996 aging out of 42 new clients from public school
 Caseload Growth of 4%
 TOTAL

149,900 TF 51,100 GF
 128,600 TF 43,700 GF
524,000 TF 178,200 GF
 802,500 TF 273,000 GF

— Children's Services (100% State)

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

48,000 TF 48,000 GF

— Children's Services (Title XIX)

The JLBC Staff recommendation provides for caseload growth of 4%, or an additional 40 clients, for a total of 1,044 clients in FY 1996. These programs, including day treatment and training, and summer programs, provide continuity of training for DD clients when schools are not in session and are Title XIX reimbursable.

73,300 TF 24,900 GF

— Support Services (100% State)

Maintains caseload of 31 clients from the Arizona State Hospital.

-0- TF -0- GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

- Support Services (Title XIX) 500,500 TF 170,200 GF
Represents a 4% increase in total funds available over FY 1995.

- FY 1995 Shortfall 850,000 TF 289,100 GF
The JLBC Staff also recommends an increase of \$289,100 GF and \$850,000 TF to adjust for the FY 1995 shortfall. Since the original calculation for the 100% state-funded children's waiting list was made in November 1993, many of the children on the waiting list were subsequently found to be Title XIX eligible. A surplus now exists in the 100% state-funded Purchase of Care Special Line Item, but a shortfall exists in the Title XIX Purchase of Care Special Line Item.

The Executive recommends a General Fund increase of \$1,792,200, which incorporates a 5% caseload growth estimate but does not adjust for the estimated FY 1995 shortfall.

* * *

JLBC Staff Recommended Format — Operating Lump Sum for the Program with Special Line Items

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnote

- 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, ~~upon completion of contract negotiations for the first quarter, the difference between appropriated and contracted rates and the impact any difference may have upon the division~~ 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. *(The first clause in capitalized letters is added in order to standardize the reporting requirements. The second clause in capitalized letters is added in order to clarify the stricken clause. Because the rates are not appropriated, per se, there has been some confusion as to the meaning of this footnote.)*

Other Issues for Legislative Consideration

- Proposed Coolidge Special Line Item
Other than temporary respite placements, no new developmentally disabled client has been placed at the Arizona Training Program at Coolidge (ATPC) since 1986. The department is planning further downsizing of the facility as the number of clients at Coolidge gradually decreases, primarily through residential placement of clients. The JLBC Staff recommends that the Legislature consider Coolidge-specific costs, which are currently in the operating budget, be identified "below-the-line" in a Coolidge Special Line Item. This will enable the Legislature to identify more clearly the costs associated with this facility, and as the facility is gradually downsized, identify possible savings and movement of costs associated with the movement of clients. The Executive does not address this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Benefits and Medical Eligibility

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	758.2	806.2	840.2	799.7	806.2
OPERATING BUDGET					
Personal Services	16,167,000	17,601,500	18,789,400	17,895,500	17,864,300
Employee Related Expenditures	3,953,500	4,568,900	4,828,900	4,656,800	4,660,600
Professional/Outside Services	156,700	300,100	317,600	300,100	300,100
Travel - In State	337,600	439,900	602,800	461,400	458,300
Other Operating Expenditures	3,088,700	3,726,800	4,032,500	3,558,800	3,511,800
Equipment	194,800	49,000	129,700	0	0
All Other Operating Subtotal	3,777,800	4,515,800	5,082,600	4,320,300	4,270,200
OPERATING SUBTOTAL	23,898,300	26,686,200	28,700,900	26,872,600	26,795,100
SPECIAL LINE ITEMS					
AFDC	86,638,500	92,278,700	102,630,300	87,642,400	88,171,400
Emergency Assistance	754,800	0	0	0	0
General Assistance	16,981,900	15,362,600	15,948,000	13,761,500	14,321,800
Tuberculosis Control	15,000	19,400	19,400	19,400	19,400
Full Employment Project	0	200,000	852,900	245,200	443,900
Institutional Support Payments	0	478,400	478,400	478,400	478,400
Youth Support Research	0	10,000	10,000	10,000	10,000
Special Item Subtotal	104,390,200	108,349,100	119,939,000	102,156,900	103,444,900
PROGRAM TOTAL	128,288,500	135,035,300	148,639,900	129,029,500	130,240,000
BY FUND SOURCE					
General Fund	128,288,500	135,035,300	148,639,900	129,029,500	130,240,000
Federal Funds	216,442,700	237,928,900	261,601,300	--	252,059,900
Other Non-Appropriated Funds	24,984,700	28,403,700	28,648,400	--	28,648,400
TOTAL - ALL SOURCES	369,715,900	401,367,900	438,889,600	129,029,500	410,948,300

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Benefits and Medical Eligibility

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$(4,795,300)	(3.6)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 298,600 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	100 GF
— ERE Rates	55,800 GF
— Elimination of One-time Capital and Non-Capital Equipment	(291,800) GF
— Other	46,200 GF

(4,107,300) GF

AFDC Caseload Growth

The JLBC Staff recommendation incorporates the following changes:

- An estimated FY 1995 surplus of \$(7,086,300). The FY 1995 budget assumed caseload growth of 5%. Actual caseload growth in FY 1995 to date is approximately 0.5%;
- An increase of \$1,116,700 due to decreased federal participation. The federal medical assistance percentage (FMAP) is based on the relationship between each state's per capita personal income and that of the nation as a whole for the 3 most recent years. For FY 1996, because of an improved local economy, the federal government's share of AFDC payments for Arizona will fall 0.55%, from 66.4% to 65.85%;
- An increase of \$1,862,300 for 5,258 new recipients in the single-parent population, and 148 new recipients in the 2-parent program. These increases represent 2.7% caseload growth over the estimated FY 1995 population in both programs. The adjustment would provide for an average population of 197,528 recipients in the single parent program and 5,545 recipients in the 2-parent program. The 2.7% estimated caseload growth represents estimated statewide population growth for FY 1996. It is assumed that the AFDC recipient population will increase at the same rate as the general population.

The recommended increase does not include \$8,376,600 to provide for a 9.3% benefit increase in the average payment level, as provided by law. A.R.S. § 46-207.01 ties the AFDC benefit level to 36% of the federal poverty level (FPL). As the FPL is adjusted annually for inflation, the AFDC benefit level is automatically adjusted for inflation. The statute also requires any foregone benefit increases to be recouped in the following year. Since Laws 1994, Chapter 4, 8th Special Session suspended the adjustment for FY 1995, and this provision was also suspended in FY 1994, the 9.3% benefit increase would represent the amount necessary to fund the FY 1994, FY 1995, and FY 1996 adjustment. The maximum payment for a family of 3 is projected to remain at \$347 per month rather than increase to an estimated \$379 per month. The Executive concurs.

The JLBC Staff also recommends restoration of the FY 1993 footnote requiring any transfer from the AFDC Special Line Item to require approval of the Joint Legislative Budget Committee. (See the new footnote below.) Due to the sheer magnitude of the dollars in this line, the difficulty in forecasting welfare caseloads, and the significant number of transfers that the Department of Economic Security (DES) has made in the last 2 years from this line, the JLBC Staff believes the Legislature should exercise increased oversight of transfers from this special line item. To date in FY 1995, \$782,700 has already been transferred from this special line item to Vocational Rehabilitation Services.

Overall, the Executive estimates a total decrease in required AFDC funding of \$(4,636,300).

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

General Assistance Caseload Growth

(1,040,800) GF

The JLBC Staff recommendation incorporates the following changes:

- An increase of \$497,900 for an average of 270 new recipients, or 3.4% caseload growth over the estimated FY 1995 population, and an average caseload of 8,193 recipients. The estimated 3.4% caseload growth estimate represents the department's forecast and has been agreed upon by both JLBC Staff and the Executive;
- An estimated FY 1995 surplus of \$(767,100). Laws 1993, Chapter 5, 2nd Special Session limited General Assistance eligibility to 12 months out of every 36-month period. It was estimated that 1,170, or 13%, of the FY 1994 recipients would be disenrolled from the program in FY 1995. Through December 1, 1994, a total of 2,370 recipients were disenrolled due to the time limit. The \$(767,100) decrease will adjust for the higher number of cases closed due to the time limits than expected;
- An increase of \$65,000 for contract costs for the Advocate for the Disabled application assistance program. Application assistance should increase the likelihood that the recipients served by the program will be accepted into the SSI program. It is estimated that 291 cases will be closed through the Advocate for the Disabled application assistance program, the same as FY 1995 and FY 1994. The increase in costs was actually realized in FY 1994, when the number of cases estimated to be closed through the program was estimated to increase from 262 to 528. The actual increase was from 262 to 291. Total contract costs for FY 1996 is expected to be \$277,900. The new 12-month rule may, however, have implications for the costs and benefits of this program;
- A decrease of \$(836,600) associated with retroactive Supplemental Security Income (SSI), in addition to the FY 1995 savings of \$(613,000). A requirement of the General Assistance program is that applicants with long term disabilities apply for the SSI program and that retroactive payments be sent to DES for offsetting the General Assistance benefits received while waiting for SSI approval. In FY 1996, an average of 10,440 member months is estimated to be reimbursed by the Social Security Administration.

The Executive estimates a decrease in required General Assistance funding of \$(1,601,100).

Full Employment Demonstration Program

243,900 GF

Laws 1994, Chapter 301, (S.B. 1456) 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 the 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. If "specific" waiver requests determined by the Director of the DES are not approved, the Governor, by Executive order, after consultation with the President of the Senate, the Speaker of the House of Representatives, and the Minority Leaders of the Senate and House of Representatives, may delay the project's implementation indefinitely. The location of the project is left up to the department. In the department's waiver request to the federal government, the department indicated they had chosen Pinal County as their test site. The JLBC Staff is assuming that "specific" waivers required for implementation include the ability to "cash-out" both the AFDC grant and the Food Stamp grant.

S.B. 1456 indicated that the state's responsibility to the employer involves reimbursement for the wage earnings paid to a project participant up to an amount equal to the total benefits that would have accrued to the employee through the AFDC and Food Stamp grant. If this amount is not equal to the minimum wage, the employer is responsible for the remainder. The state will also reimburse employers for the employer share of social security, unemployment insurance, and workers' compensation premiums paid on behalf of a program participant. Total reimbursement may not exceed the federal minimum wage (\$4.25) times 40 hours per week. S.B. 1456 directs the department to accept eligible volunteers from among mandatory JOBS (Job Opportunities and Basic Skills) program participants before mandating project participation. The department is estimating that approximately 300 participants in Pinal County will take part in the actual demonstration, and 300 will take part in a control group, following the normal JOBS procedures currently in place. In FY 1994, the total number of cases in Pinal county receiving AFDC was 3,580. Of this amount, approximately 1,000 were mandatory JOBS participants. Of this amount, the department estimates approximately 600 participants are on the direct employment track, which will be divided evenly into a control group and a participant group.

The JLBC Staff recommended amount of \$243,900 includes sufficient monies 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 for FY 1996. The department received an appropriation of \$200,000 in FY 1995 for the implementation costs of the program, which will not be spent until the waivers are approved. If the waivers are approved, both the FY 1996 and FY 1995 appropriation will be deposited into the Arizona Full Employment Demonstration Project Fund, which will be used to administer the project. Due to the uncertain nature of federal waiver approval, the JLBC Staff recommends the FY 1996 appropriation revert to the General Fund unless the waivers to "cash-out" both the AFDC grant and the Food Stamp grant are approved (see footnote below). The Executive recommends an increase of \$245,300.

* * *

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items for the Program

JLBC Staff Recommended Footnotes

Standard Footnote

- The operating lump sum appropriation may be expended on AHCCCS eligibility determinations based upon the results of the Arizona random moment sampling survey.

Modification of Prior Year Footnote

- The \$10,000 appropriated for youth support research is to be used for a K-12 pilot program ~~designed in conjunction with the College of Education of Arizona State University~~ to increase school performance and reduce gang activity. The legislative oversight committee of performance-based employee incentive pilot projects will oversee the design and implementation of this research program 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. *(The JLBC Staff recommends the clause referring to the design of the program be stricken as the program has already been designed and further modifications may not require assistance from the Arizona State University. The reporting requirement is standard of most pilot programs.)*

New Footnotes

- If the waiver requests from the appropriate federal agencies regarding the cash out of Food Stamps and AFDC grants are not approved, \$243,900 shall revert to the General Fund.
- Notwithstanding A.R.S. § 35-173(C), any transfer to or from the \$88,171,400 appropriated for Aid to Families with Dependent Children shall require approval of the Joint Legislative Budget Committee.

Other Issues for Legislative Consideration

- AFDC Benefits for Additional Children (Laws 1994, Chapter 319, S.B. 1211)
Laws 1994, Chapter 319 eliminates AFDC benefit increases for families which result from the birth of an additional child, during the period a family is receiving AFDC benefits or during any period within 60 months of AFDC eligibility. A family may, however, earn an income equal to the disallowed benefit, without affecting their eligibility. Since the federal waiver necessary to implement this new law has not been approved, the JLBC Staff's FY 1996 AFDC recommendation does not include any decrease associated with this new requirement. If the waiver is approved by July 1, 1995, the first month in which the provisions of this bill would impact the AFDC appropriation is May 1, 1996. The department estimates that each month 210 AFDC families would be affected by the provisions of S.B. 1211.
- Performance Measurements
One of the goals identified by the division is to assist recipients to gain economic independence by referring mandatory recipients to the JOBS program to obtain educational training and job skills. One important outcome measurement of this goal is the percentage of AFDC JOBS participants who entered employment and did not return to AFDC within 6 months of JOBS placement. The division has not collected this information in the past, but the JLBC Staff recommends this be one outcome measurement that the division, in cooperation with the Division of Employment and Rehabilitation Services, starts to collect in FY 1996.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Child Support Enforcement

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	87.3	88.0	118.9	88.0	88.0
OPERATING BUDGET					
Personal Services	1,700,700	1,736,300	2,440,200	1,767,900	1,770,100
Employee Related Expenditures	422,900	472,600	627,200	483,300	482,700
Professional/Outside Services	77,000	75,200	378,300	131,400	121,200
Travel - In State	9,300	9,100	13,600	11,700	11,100
Other Operating Expenditures	102,400	104,700	522,300	226,200	115,200
Equipment	0	0	147,500	0	0
All Other Operating Subtotal	188,700	189,000	1,061,700	369,300	247,500
OPERATING SUBTOTAL	2,312,300	2,397,900	4,129,100	2,620,500	2,500,300
SPECIAL LINE ITEMS					
Senate Bill 1460 Pilot Programs	0	1,018,800	122,800	122,700	145,200
Automation Equipment	189,100	12,200	0	0	0
Phase II Conversion	311,000	311,000	311,000	311,000	311,000
Special Item Subtotal	500,100	1,342,000	433,800	433,700	456,200
PROGRAM TOTAL	2,812,400	3,739,900	4,562,900	3,054,200	2,956,500
BY FUND SOURCE					
General Fund	2,812,400	3,739,900	4,562,900	3,054,200	2,956,500
Federal Funds	22,931,000	34,110,300	30,066,500	--	30,066,500
Other Non-Appropriated Funds	6,091,900	10,192,700	11,226,200	--	11,226,200
TOTAL - ALL SOURCES	31,835,300	48,042,900	45,855,600	3,054,200	44,249,200

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ (783,400)	(20.9)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 29,400 GF
- Vacancy Savings - Maintains a 1% Vacancy Rate (100) GF
- ERE Rates 5,500 GF
- Other 67,600 GF

(12,200) GF

Automation Equipment Special Line Item

The final lease-purchase payment for the upgrade of the central processing unit (CPU) and for the acquisition of terminals, printers, and other hardware to automate child support operations was made in FY 1995. The payment was spread over 7 years, beginning in 1989. The Executive concurs.

Senate Bill 1460 Pilot Programs Special Line Item

(873,600) GF

Laws 1994, Chapter 374 (S.B. 1460) implemented the recommendations of the Joint Select Committee on Child Support Enforcement concerning paternity establishment, employer reporting, enforcement, and collections. This legislation appropriated \$1,018,800 to the Department of Economic Security as follows:

<u>Funding</u>	<u>Purpose</u>
\$606,600	For a year of additional court commissioners and related staff and to offset the additional workload within county clerks of the court offices.
\$200,000	For intake interview training.
\$ 67,000	For the development and provision of an annual statement of child support payments and outstanding balances.
\$ 77,700	For a one-stop pilot program which will include the co-location of Title IV-D and court services.
\$ 67,500	For a pilot program to determine the effectiveness of allowing the hearing or mediation of custody, visitation, and child support issues at one time.

The JLBC Staff recommends a) a decrease of \$(606,600) for the one-time court commissioners funding; b) a decrease of \$(129,900) associated with one-time costs for the interview training, and movement of the remaining \$70,100 to the operating budget; and c) a decrease of \$(67,000) for one-time funding to develop an annual child support collections statement. The \$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, will remain in the special line item until the pilot programs are all in place and the department has had an opportunity to review the success of these pilots.

The Executive provides "annualization" for the one-time hearings and co-location pilot programs and transfers funding for the co-location pilot program into the division's operating budget. Otherwise, the Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum for the Program with Special Line Items

Other Issues for Legislative Consideration

— Other Revenue Sources

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 Aid to Families with Dependent Children (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 pass-through dollars to contracting counties, pass-through of child support payments to families, or any amount used to offset the General Fund's AFDC requirement.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

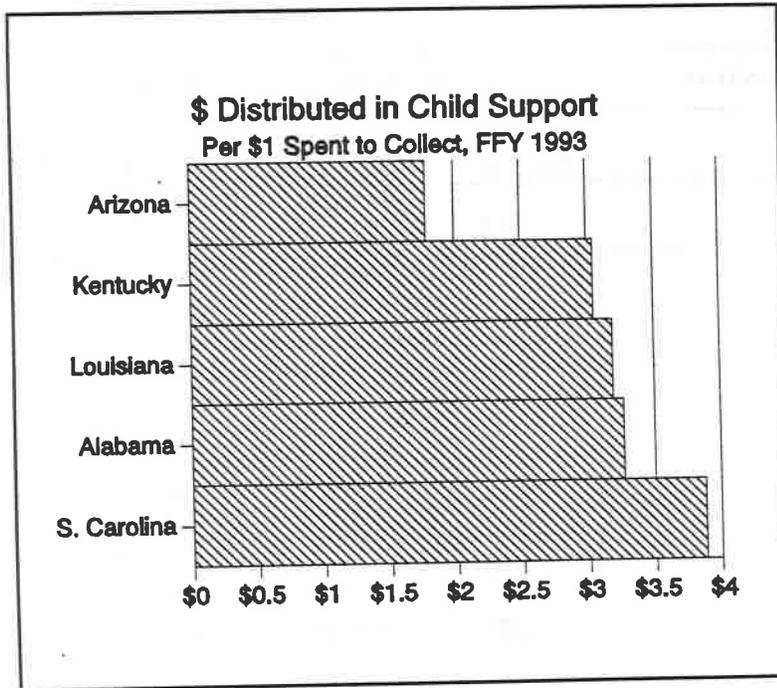
	FY 1993 <u>Actual</u>	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>
FTE Positions	<u>622.5</u>	<u>749.5</u>	<u>831.0</u>	<u>848.6</u>
Personal Services	\$11,039,500	\$13,377,800	\$ 17,970,600	\$ 19,750,300
Employee Related Expenditures	2,688,900	3,192,500	4,891,600	4,773,200
All Other Operating	<u>6,889,500</u>	<u>6,277,400</u>	<u>11,792,700</u>	<u>15,350,900</u>
Operating Subtotal	20,618,300	22,807,700	34,654,900	39,874,400
Special Line Items	7,009,700	9,027,600	13,388,000	4,374,800
Total Expenditures	<u>\$27,628,000</u>	<u>\$31,835,300</u>	<u>\$ 48,042,900</u>	<u>\$ 44,249,200</u>
State Appropriations	\$ 2,636,400	\$ 2,812,400	\$ 3,739,900	\$ 2,956,500
SSRE and Incentive Payments	5,531,600	6,091,900	10,192,700	11,226,200
Federal Funds	<u>19,460,000</u>	<u>22,931,000</u>	<u>34,110,300</u>	<u>30,066,500</u>
Total Revenues	<u>\$27,628,000</u>	<u>\$31,835,300</u>	<u>\$ 48,042,900</u>	<u>\$ 44,249,200</u>
Total Collections	<u>\$75,027,900</u>	<u>\$90,500,700</u>	<u>\$125,549,600</u>	<u>\$138,230,100</u>

— Performance Measurement

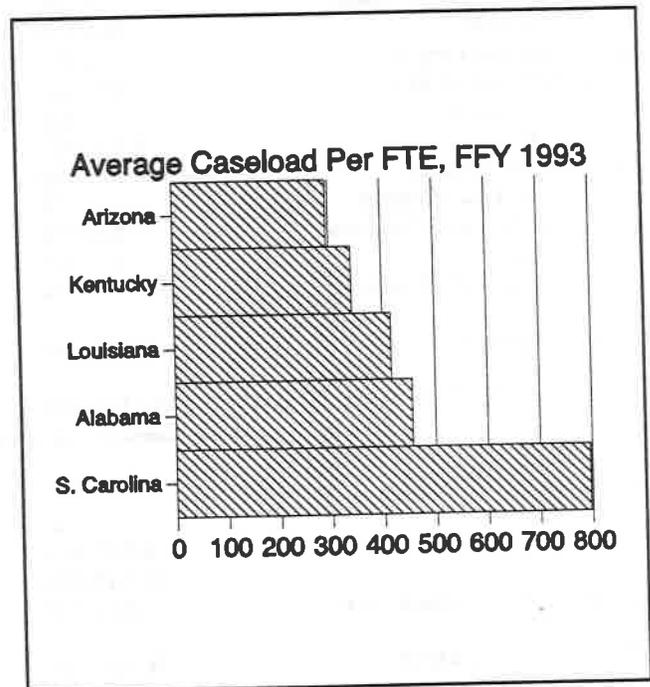
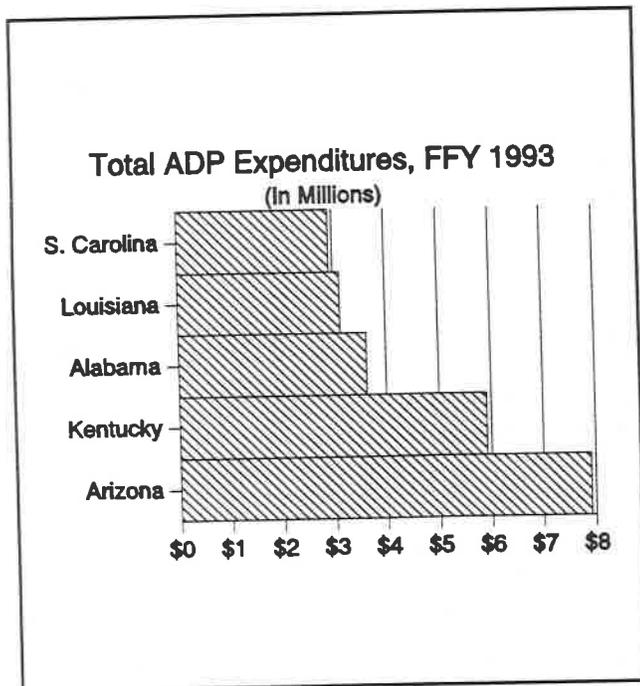
According to the Child Support Enforcement 18th Annual Report to Congress (draft), approximately 1,492 families were removed from the AFDC program in Arizona through the collection of child support in federal fiscal year (FFY) 1993. This number reflects all AFDC case closures with a child support collection during the month the case was terminated. Although this measurement was not included among the division's performance measurements, possibly because of the current lack of what they may consider to be reliable data, the JLBC Staff recommends the division begin to explore ways to accurately measure the number of AFDC recipients who leave the program through child support enforcement activities and report this as a performance measurement in FY 1996.

— Child Support Enforcement 18th Annual Report to Congress (draft)

The Department of Health and Human Services (DHHS), Administration for Children and Families, Office of Child Support annually compiles data for all states and territories on their various child support enforcement programs. Historically, Arizona has ranked very low nationwide on several measures, most notably its collections distributed to expenditures ratio (C/E). This ratio represents child support collections distributed per administrative dollar spent. In FFY 1993, according to DHHS, Arizona collected \$1.79 for each \$1.00 in administrative expenditures, which ranked Arizona 54th out all states and included territories. In FFY 1994, this ratio will likely fall to \$1.78 collected for each \$1.00 in administrative expenditures. The chart below compares Arizona's distribution/expenditure ratios with 4 other states whose total population is nearest to Arizona's.



As can be seen below, the poor ranking may be partially explained by higher automation expenditures. Arizona is one of few states who is expected to have their computer system certified by the federal government by the October 1995 deadline.



However, as indicated above, this poor ranking in FFY 1993 may not be attributed to heavier caseload per FTE in Arizona than states with a similar population.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Aging and Community Services

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	70.8	85.8	87.8	87.8	85.8
OPERATING BUDGET					
Personal Services	2,176,600	2,571,900	2,698,500	2,656,600	2,610,000
Employee Related Expenditures	470,700	579,200	693,500	603,100	593,200
Professional/Outside Services	14,700	17,300	17,300	17,300	17,300
Travel - In State	115,500	139,000	154,300	154,300	150,900
Other Operating Expenditures	179,800	287,200	512,800	237,800	220,600
Equipment	0	30,100	6,400	6,400	0
All Other Operating Subtotal	310,000	473,600	690,800	415,800	388,800
OPERATING SUBTOTAL	2,957,300	3,624,700	4,082,800	3,675,500	3,592,000
SPECIAL LINE ITEMS					
Emergency Assistance	0	857,700	857,700	857,700	857,700
Food Distribution Information	22,700	24,200	24,200	24,200	24,200
Homeless Shelter	983,600	1,236,100	1,236,100	1,078,100	1,236,100
Information and Referral	111,000	112,100	112,100	112,100	112,100
Rural Food Bank Project	195,200	253,400	253,400	253,400	253,400
Veterans' Housing	15,900	0	0	0	0
Adult Services	7,579,400	8,808,000	8,865,500	10,096,400	8,830,500
Navajo Senior Centers	211,600	0	0	0	0
Respite Care Pilot Program	0	75,000	0	0	0
Institutional Support Payments	420,900	0	0	0	0
LTC Ombudsman	114,800	117,600	118,100	117,800	117,800
Domestic Violence Prevention	0	0	0	1,158,000	0
Special Item Subtotal	9,655,100	11,484,100	11,467,100	13,697,700	11,431,800
PROGRAM TOTAL	12,612,400	15,108,800	15,549,900	17,373,200	15,023,800
BY FUND SOURCE					
General Fund	12,612,400	15,108,800	15,549,900	17,373,200	15,023,800
Federal Funds	40,782,800	48,504,200	48,067,500	--	48,067,500
Other Non-Appropriated Funds	2,614,700	3,410,600	3,368,200	--	3,368,200
TOTAL - ALL SOURCES	56,009,900	67,023,600	66,985,600	17,373,200	66,459,500

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Aging and Community Services

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ (85,000)	(0.6) %

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 43,800 GF
- Vacancy Savings - Adjusts to a 1.5% Vacancy Rate (600) GF
- ERE Rates 9,100 GF
- Elimination of One-time Capital and Non-Capital Equipment (61,700) GF
- Transfer occupancy costs to Division of Administration (33,700) GF
- Other 15,800 GF

Older Americans Act Match

Adds \$22,500 for the state match share to draw down an additional \$263,800 of federal Older American Act dollars. These dollars provide services to the elderly in need of non-medical home and community based services. The Executive concurs. 22,500 GF

Voice Telephone Savings Transfer to Administration

These savings were realized as part of the agency's voice telephone services improvement as recommended by Project SLIM. The savings are being transferred to the Division of Administration. The Executive concurs. (5,200) GF

Respite Care Pilot Program

Funding for this one-year pilot project ends. The pilot 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 Executive concurs. (75,000) GF

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items for the Program

JLBC Staff Recommended Footnotes

Standard Footnote

- 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.

Continuation of New FY 1995 Footnote

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— Adult Protective Services Staff

The Executive recommends the agency's request of adding 2 Human Service Specialist III positions which requires \$88,100, and adds \$35,000 for contracted services in the Adult Services Special Line Item. With adding these staff, the Executive projects a FY 1996 investigation rate of 77.8%. In FY 1995, 14 FTE positions were added. The agency's budget request projects a FY 1995 investigation rate of 77.8%. Based on 4 months of Department of Economic Security (DES) data, the most recent projected FY 1995 statewide investigation rate is 71.6%. The investigation rates for the 6 districts vary from 65.8% to 83.7%. DES's budget request projects a 15.4% increase in reports and that the department would increase investigations by 27.4%. The 4-month data show a 4.3% increase in reports and a 9% increase in the number of investigations. Before providing more money, the JLBC Staff recommends that the department focus on why there is such a variation in its projections from the actual growth and investigation rates, particularly in light of the agency projecting a higher investigation rate with a higher increase in the number of reports received than what the most recent data indicate. Furthermore, the agency should focus on the variation of the investigation rates among its districts.

— Domestic Violence Prevention

The Executive recommends a \$1,000,000 increase for domestic violence prevention, as recommended by the Governor's Office on Women's Task Force. In addition, the Executive recommends transferring \$158,000 from the Homeless Shelter Special Line Item to this new line. The \$158,000 is money that is for domestic violence victims needing shelter assistance. Monies are currently available through the non-appropriated Domestic Violence Shelter Fund. For FY 1996, the department plans to expend \$800,000 from this fund to qualified shelters for victims of domestic violence.

— Non-Medical Home Care Based Services

The Executive recommends adding \$1,230,900 to the Adult Services Special Line Item for non-medical home care services that are provided to assist 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. In addition, DES will move a surplus of \$140,000 from the Supplemental Payments program to the non-medical home care services. The Executive projects these additional dollars will serve approximately 866 non-SSI aged clients who are on the department's waiting list. The waiting list is determined through client assessments conducted by the Area Agencies on Aging. The Executive projects that its funding recommendation will eliminate the waiting list. DES currently serves 4,960 clients in this program. In addition to this 100% state-funded program, Arizona elderly and physically disabled residents who are financially eligible and are at-risk of institutionalization may qualify for the federal Medicaid ALTCS. The state has negotiated an eligible-population percentage cap of 35%. Based on December 1994 data, 30%, 3,249 of 10,984 ALTCS-eligible elderly and physically disabled clients are receiving ALTCS home and community based services.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Children and Family Services

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	532.9	605.9	721.1	716.8	605.9
OPERATING BUDGET					
Personal Services	15,596,300	17,840,700	21,324,900	20,580,300	18,105,200
Employee Related Expenditures	3,279,600	4,014,900	5,480,600	4,744,300	4,118,400
Professional/Outside Services	208,700	26,300	26,300	26,300	26,300
Travel - In State	577,500	743,500	975,800	970,400	792,800
Travel - Out of State	0	7,000	0	0	0
Other Operating Expenditures	839,900	1,862,400	1,958,700	1,903,400	1,202,800
Equipment	43,000	537,600	70,000	48,900	0
All Other Operating Subtotal	1,669,100	3,176,800	3,030,800	2,949,000	2,021,900
OPERATING SUBTOTAL	20,545,000	25,032,400	29,836,300	28,273,600	24,245,500
SPECIAL LINE ITEMS					
Adoption Services	14,538,300	16,378,200	16,872,800	16,135,800	16,440,900
Children Services	40,685,100	38,163,800	41,138,400	41,149,700	39,199,800
High Risk Infant Services	515,500	666,200	666,200	666,200	666,200
Intensive Family Services	1,065,400	2,364,800	2,364,800	2,364,800	2,364,800
Child Severance Project	189,200	191,100	463,200	463,200	463,200
CMDP	3,354,900	2,794,900	2,934,600	2,794,900	2,794,900
Day Care	12,890,300	12,635,100	14,718,100	14,233,200	13,692,300
JOBS Child Care	1,478,100	2,235,100	2,725,200	2,625,900	2,268,700
Transitional Child Care	1,940,400	1,764,000	2,671,900	2,671,900	2,776,300
Healthy Families Pilot	0	1,700,000	3,000,000	3,000,000	3,000,000
Transitional Extension Pilot	0	0	246,800	64,800	64,800
Prior Session Appropriation	0	0	-3,064,800	-3,064,800	-3,064,800
Videotaping	192,600	205,300	209,700	207,100	207,100
Special Item Subtotal	76,849,800	79,098,500	84,946,900	83,312,700	80,874,200
PROGRAM TOTAL	97,394,800	104,130,900	114,783,200	111,586,300	105,119,700
BY FUND SOURCE					
General Fund	97,394,800	104,130,900	117,848,000	111,586,300	105,119,700
Federal Funds	73,054,100	78,159,600	85,251,300	--	85,251,300
Other Non-Appropriated Funds	5,032,600	6,221,000	6,485,700	--	6,485,700
TOTAL - ALL SOURCES	175,481,500	188,511,500	209,585,000	111,586,300	196,856,700

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Children and Family Services

Program Description — *The program provides staff resources, such as Child Protective Service workers, and an array of services for abused, neglected or abandoned children; child care subsidy and contracted programs; and medical and dental care for foster children.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$988,800	0.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment
 - Vacancy Savings - Adjusts to a 3% Vacancy Rate
 - ERE Rates
 - Elimination of One-time Capital and Non-Capital Equipment
 - Other
- \$ 304,200 GF
 (3,800) GF
 69,400 GF
 (1,002,800) GF
 (113,600) GF

Adoption Services

Funding in this special line item 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 JLBC Staff recommendation reflects a transfer in of \$62,700 from foster care in the Children Services line for those children moving from foster care to adoption status. The JLBC Staff recommendation assumes an average number of subsidized children of 2,535, which is 222 new children, a 9.6% projected increase. The estimated average annual cost is \$7,579 per child, which is about \$247 lower than the FY 1995 department estimate. The recommendation assumes at least \$2,712,600 in Title IV-E federal funds. The Executive recommends the \$62,700 transfer in from Children Services and a \$305,100 reduction based on lower caseload growth. The Executive assumes a monthly average of 2,495 children, which is 182 new children, a 7.9% increase and an average annual cost of \$7,579.

62,700 GF

Children Services

Moneys in this special line item funds a range of contracted services—in-home, out-of-home, and Child Protective Services—to ensure the well-being of children who are abused or neglected. The JLBC Staff recommendation reflects the transfer out of the \$62,700 to Adoption Services, the adding of \$3,761,400 for the current year shortfall and an offset to this line of \$(2,662,700), which represents funding that the agency is using for various outside consultants. According to a follow-up Auditor General study on its 1991 Workload Study of Child Protective Services (CPS), these consultants are aiding the Department of Economic Security (DES) in improving its quality of service, streamlining its process and maximizing its ability to draw down more federal dollars. Many of these projects will be completed during FY 1995, thereby making most of the \$2,662,700 available for other use. In addition, several of these projects anticipate drawing down considerably more federal dollars which should offset the increasing costs to the General Fund.

1,036,000 GF

Traditionally, increases in this line item have been based on estimated growth in the number of CPS reports appropriate for investigation. The JLBC Staff projects no growth in these reports for FY 1996. Based on FY 1995 3-month data, the number of CPS reports appropriate for investigation are estimated to decline 5.1% from the FY 1994 number. The FY 1994 number of reports appropriate for investigation decreased 4.6% from the FY 1993 number. The JLBC Staff recommendation is based on the lower number of reports, which should decrease the demand for services, and the agency's anticipation of drawing down more federal dollars, which should offset the demand on the General Fund.

The Executive recommends \$5,529,700 for the \$3,761,400 anticipated FY 1995 shortfall and \$1,768,300 for an Executive projected 2% caseload increase. The Executive recommends funding the \$5,529,700 by adding \$5,264,000 General Fund dollars and \$265,700 of federal Social Services Block Grant (SSBG) dollars that had previously been used for funding the

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

state's American for Disabilities (ADA) Office. The JLBC Staff recommends the continued funding of the ADA Office with the SSBG funds. The Executive recommendation also includes the \$62,700 transfer of dollars to Adoption Services.

The Executive also recommends adding \$1,905,600 to family foster care payment rates. The Executive recommendation would add on average \$100, or 32%, to the average basic \$313 monthly rate paid to foster parents of CPS children. This average \$100 per month increase for each child in a family foster home would raise Arizona's ranking from 34th to 11th nationally based on 1993 comparison data. The added \$100 dollars would raise the basic foster care payment closer to \$450, which is the 1993 United States Department of Agriculture's cost-of-living average monthly cost of raising a child in the urban west. These payments are reimbursement for housing, food, clothing, transportation, and other necessary incidentals associated with caring for a child. Comparisons of foster care payments and the average monthly child raising costs must be viewed with caution. The direct foster care payments, for example, do not reflect the full dollar value of state subsidies. Foster children receive subsidized medical and day care from the state as well.

In addition, the Executive recommends the agency request of moving \$3,603,900 to this division's operating budget for the creation of 98.9 FTE positions. The creation of these new positions would convert contracted case managers, parent aides, home recruitment and study staff to state employees doing the same tasks. The Executive recommends this conversion as a mechanism by which to clearly define fiscal and legal liability issues between DES and contract providers. This recommendation also assumes that the proposed program delivery process for Children Services will enable the department to maximize federal revenue, thereby saving the state \$517,100. In FY 1993, the agency had a similar request which was approved by the Legislature. In FY 1993, \$1,254,900 was transferred to the division's operating budget for the hiring of 40 FTE positions, which previously had been contracted staff. At that time, the agency argued that the hiring of these 40 Human Service Worker II positions would allow case managers to be more productive and effective in providing therapeutic services to enable quicker decisions on family reunification. With the current year projected shortfall, it is unclear if the transfer of dollars out of contracted services to the operating budget aided in a more efficient or effective system of providing services.

Child Severance Project

272,100 GF

This line item's funding provides for expediting procedures to terminate parent-child relationships for the purpose of placing children for adoption. 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 JLBC Staff recommendation will provide for an additional 104 severance cases filed and 104 additional social study cases to be completed, which is a 31.8% increase over the FY 1995 estimated 327 cases filed and studied. The Executive concurs.

Day Care

1,057,200 GF

DES provides services for a total of 6 child care programs. This special line item includes funding for 4 programs which provide day care subsidies for eligible families: State Day Care subsidy, 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 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 footnote change is recommended which limits services to the funds that are available. (See the modified footnote below.) 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 JLBC Staff recommendation assumes an average monthly subsidy of \$99.63, which is \$8.42, or 9.2%, higher than the FY 1995 budgeted amount. At this average monthly subsidy level, 12,328 children will be served, which is 1,138, or 8.5%, less than budgeted in FY 1995.

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. The state share should not exceed the required amount needed to match the federal share. For FY 1996, \$1,030,900 is added for projected caseload growth in this program. The JLBC Staff recommendation assumes an average monthly subsidy of \$193.15, which is \$9.92, or 5.4%, higher than the FY 1995 budgeted amount. At this average monthly subsidy level, 4,290 children will be served, which is 1,119, or 35.3%, higher than budgeted in FY 1995.

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, which is 2% higher than the FY 1995 budgeted amount. 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. The JLBC Staff recommendation assumes an average

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monthly subsidy of \$192.00, which is \$4.11, or 2.2%, higher than the FY 1995 budgeted amount. At this average monthly subsidy level, 2,630 children will be served, which is 47, or 1.8%, less than budgeted in FY 1995.

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, which is 3.2% higher than the FY 1995 budgeted amount. The JLBC Staff recommendation assumes an average monthly subsidy of \$188.07, which is \$10.00, or 5.5%, higher than the FY 1995 budgeted amount. Based on this monthly subsidy average and no increase in federal dollars, 4,411 children will be served. This number of children is 248, or 5.3%, lower than projected for FY 1995.

For each of these programs, the FY 1996 average monthly subsidy is based on FY 1995 5-month data. In all cases as noted, the average monthly subsidy has increased. The agency has not noted what has caused the increase in these monthly averages.

The Executive recommends \$1,098,100, which funds a 5% increase in the state subsidy program and a 10.9% increase in the AFDC Employed program. In addition, the Executive adds another \$500,000 to raise the subsidy provided to foster care parents of Child Protective Services children to market rate levels required in the federal child care programs rather than at the state day care subsidy level. The Executive recommendation would raise the foster parent subsidy from an average \$148 to \$183 per month. The Executive estimates that there are 1,200 CPS foster children. The Executive argues that this increase will eliminate the foster parents having to pay a co-payment, which is a financial burden on these foster parents.

State Day Care is not a statutory entitlement and gets its legislative authority from the annual General Appropriation Act. However, with the initiation of the federal CCDBG, states are required to maintain a certain funding level and are not allowed to supplant state funds with the new federal CCDBG dollars.

JOBS Child Care

33,600 GF

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. For FY 1995, those AFDC-UP households with children under 1 year of age are exempt from the program. Prior to July 1, 1994, AFDC-UP households with children under 2 years of age were exempt from the program.

The increase is based on a 34.01%/65.99% state/federal match rate. The recommendation assumes a FY 1996 average monthly caseload of 3,303, an increase of 639 children, or a 24% increase over the FY 1995 5-month data estimated projection, and an average monthly subsidy of \$168.30, which adds \$4.10, or a 2.5% increase over the for FY 1995 5-month data estimated monthly cost.

The Executive recommends \$483,900. Within the \$483,900, the sum of \$390,800 provides for a 35% caseload increase, or 1,038 new children. In addition, the Executive adds \$93,100 for 2 new FTE positions. The JLBC Staff and Executive recommendation vary due to the JLBC Staff's utilization of FY 1995 5-month data.

Transitional Child Care

1,012,300 GF

Funds transitional child care assistance. 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. Assumes a FY 1996 average monthly caseload of 3,502, an increase of 534 new children, or an 18% increase over the FY 1995 estimate, and an average monthly subsidy of \$194.25, which adds \$3.81, or a 2% increase over the for FY 1995 estimated monthly cost. Assumes an average monthly family co-payment of \$18.95, or a 5% increase over the FY 1995 estimated co-payment. All families are required to make co-payments based upon a sliding fee schedule.

The Executive recommends \$1,001,000. Within the \$1,001,000, \$907,900 provides for an 18% caseload increase, or 534 new children. In addition, the Executive adds \$93,100 for 2 new FTE positions. The JLBC Staff and Executive recommendation vary due to the JLBC Staff's utilization of actual data for the first 5 months of FY 1995.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Healthy Families Pilot

1,300,000 GF

The recommendation 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 that are designed to prevent child abuse or neglect and to promote child development and wellness.

Prior Session Appropriation

(3,000,000) GF

The \$3,000,000 was already appropriated for the Healthy Family Pilot program and does not need to be included in the FY 1996 General Appropriation Act.

Transitional Extension Pilot

64,800 GF

The amount reflects the funding allotted in Laws 1994, Chapter 233 for this pilot, if the waiver request from the U. S. Department of Health and Human Services is approved. If the waiver is not approved, then the \$64,800 shall revert to the General Fund. (See the new footnote below.) The pilot is a joint demonstration program which extends Transitional Child Care and Arizona Health Care Cost Containment System (AHCCCS) benefits from 12 to 24 months for eligible families who leave the AFDC program.

Prior Session Appropriation

(64,800) GF

The \$64,800 was already appropriated and does not need to be included in the FY 1996 General Appropriation Act. Of the \$64,800 appropriated to DES, \$52,300 was for the extension of transitional child care benefits and \$12,500 for evaluating the extension of these benefits.

Voice Telephone Savings Transfer Out

(38,500) GF

Transfers to the Division of Administration \$38,500 in savings attained in the application of a Project SLIM recommendation associated with voice telephone services.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items for the Program

JLBC Staff Recommended Footnotes

Modified Footnote

- 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 THIS 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. (The change is made to limit the amount of department spending for this state-funded program.)

New Footnote

- If the waiver request from the U. S. Department of Health and Human Services regarding the extension of transitional benefits is not approved, \$64,800 shall revert to the General Fund.

Other Issues for Legislative Consideration

— Other Special Line Items - No Change

High Risk Infant Services, Intensive Family Services, and Comprehensive Medical and Dental Program (CMDP) reflect no changes from their FY 1995 appropriation. High Risk Infants will serve 308 families at the average cost per family of \$2,163. Intensive Family Services reflects the \$980,000 appropriation from Laws 1994, Chapter 325. The FY 1996 appropriation will serve 432 families at an estimated cost of \$3,204, which is the same as the FY 1995 estimate. CMDP funding assumes an average of 6,262 children at an annual average cost of \$1,116.08 per child. Assumes a total other funds contribution of \$4,194,000. According to A.R.S. § 8-512, the state shall provide comprehensive medical and dental care to the extent that funds are available.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

— Unwed Minor Parents CPS Investigations

Laws 1994, Chapter 368, requires an unwed minor parent to reside with his or her parent to be eligible to receive AFDC benefits. The law, however, allows for an exemption if it is determined that the health or safety of either the parent or the child would be jeopardized if the unwed minor were to live with his or her parent. The Executive assumes that at least 50% of the unwed minor parents will allege abuse or neglect and will have to be investigated. The Executive argues that these anticipated allegations will place a burden on the CPS system. The Executive recommends an increase to the CPS staff by adding 8 FTE positions and \$369,200. Based on FY 1995 3-month CPS data, CPS reports appropriate for investigation are estimated to decline 5.1%. Based on this data and the uncertainty of the number of unwed minor parents who might file abuse allegations, the JLBC Staff does not recommend adding additional staff. This program is contingent upon a waiver approval from the U. S. Department of Health and Human Services.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Child Protective Services Training

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	7.0	7.0	7.0	7.0	7.0

OPERATING BUDGET

Personal Services	117,200	152,100	159,800	154,400	155,400
Employee Related Expenditures	24,400	34,200	38,300	34,500	40,900
Professional/Outside Services	31,200	518,400	430,800	231,100	231,100
Travel - In State	2,100	20,700	20,700	20,700	20,700
Travel - Out of State	0	5,200	5,200	5,200	5,200
Other Operating Expenditures	53,500	60,000	60,000	60,000	60,000
Equipment	200	0	0	0	0
All Other Operating Subtotal	87,000	604,300	516,700	317,000	317,000
PROGRAM TOTAL	228,600	790,600	714,800	505,900	513,300

BY FUND SOURCE

General Fund	0	347,300	359,100	349,900	357,300
Other Appropriated Funds	228,600	443,300	355,700	156,000	156,000
Federal Funds	107,600	326,100	330,800	--	330,800
TOTAL - ALL SOURCES	336,200	1,116,700	1,045,600	505,900	844,100

Program Description — This program funds training for 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 (CPST) Fund. A.R.S. § 8-503.01 established a CPST 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 CPST 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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ 10,000	2.9%
Other Appropriated Funds	(287,300)	(64.8)%
Total Appropriated Funds	\$(277,300)	(35.1)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 3,800 GF
- ERE Rates 6,200 GF

Transfer FTE Positions to General Fund

-0- GF
Laws 1994, Chapter 325 provided General Fund dollars to cover expenses associated with the 7 FTE positions who provide training. However, Chapter 325 did not move the 7 FTE positions from the CPST Fund to the General Fund. The JLBC Staff recommends moving these positions to the appropriate funding source. The Executive concurs.

Decrease in CPST Fund Available Revenues

(287,300) OF
The JLBC Staff recommends lowering the estimated expenditure from the CPST Fund to more accurately reflect the available CPST Fund revenues. Over the past several years, the CPST program expenditures have increased, but the fund's revenues have remained stagnant. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum for the Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Employment and Rehabilitation Services

JLBC Analyst: Cawley/Child
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	98.4	110.3	156.9	130.6	108.7
OPERATING BUDGET					
Personal Services	2,280,000	2,509,900	3,655,200	2,981,300	2,662,100
Employee Related Expenditures	525,800	617,100	939,500	744,800	662,200
Professional/Outside Services	31,800	92,900	223,700	206,700	111,200
Travel - In State	51,100	59,300	110,800	86,300	64,800
Travel - Out of State	0	700	2,700	2,300	1,900
Other Operating Expenditures	255,500	286,200	888,400	504,100	288,000
Equipment	36,000	18,300	397,100	81,300	2,700
All Other Operating Subtotal	374,400	457,400	1,622,700	880,700	468,600
OPERATING SUBTOTAL	3,180,200	3,584,400	6,217,400	4,606,800	3,792,900
SPECIAL LINE ITEMS					
Independent Living Rehabilitation Services	488,300	558,200	558,200	558,200	558,200
Vocational Rehabilitation Services	3,925,100	2,384,400	3,105,300	3,092,000	3,189,400
Job Search Stipends	173,900	173,900	173,900	173,900	173,900
Other Receipts	-1,406,500	-500,000	-500,000	-500,000	-500,000
AFDC Time Limits	0	1,400,000	0	0	0
JOBS	2,101,500	3,018,200	5,422,500	4,303,300	4,257,300
Employment Support Services	0	6,223,700	7,280,600	6,701,700	6,701,700
Special Item Subtotal	5,282,300	13,258,400	16,040,500	14,329,100	14,380,500
PROGRAM TOTAL	8,462,500	16,842,800	22,257,900	18,935,900	18,173,400
BY FUND SOURCE					
General Fund	8,462,500	16,842,800	22,257,900	18,935,900	18,173,400
Federal Funds	102,051,000	124,047,100	133,538,600	--	133,538,600
Other Non-Appropriated Funds	249,097,700	247,974,600	248,019,300	--	248,019,300
TOTAL - ALL SOURCES	359,611,200	388,864,500	403,815,800	18,935,900	399,731,300

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Economic Security
 PROG: Employment and Rehabilitation Services

Program Description — *This program provides: rehabilitative services to individuals with disabilities; job training opportunities to economically disadvantaged adults and youth; and employability services to Aid to Families with Dependent Children (AFDC) recipients through the Job Opportunity and Basic Skills Training (JOBS) program. Several 100% federally funded programs are located in this division such as the unemployment benefit program and the Job Training Partnership Act (JTPA) program.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$1,330,600	7.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 42,600 GF
- Vacancy Savings - Adjusts to a 2% Vacancy Rate (3,200) GF
- ERE Rates 9,200 GF
- Elimination of One-time Capital and Non-Capital Equipment (43,300) GF
- Other (2,900) GF

Federal Match and Mandates

815,500 GF
 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. The Executive recommends an additional \$318,400 for 7.9 FTE positions and only \$687,600 to the Vocational Rehabilitation Services Special Line for drawing down federal dollars.

Aging Out

520,000 GF
 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 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 recommendation also funds a 0.4 FTE position (1 total) and \$22,000 (\$55,300 Total Funds) to provide case management. The Executive concurs.

Voice Telephone Savings Transfer Out

(7,300) GF
 Transfers to the Division of Administration savings attained in the application of a Project SLIM recommendation associated with voice telephone services. The Executive concurs.

Aid to Families with Dependent Children (AFDC) Time Limits

-0- GF
 Laws 1994, Chapter 166 appropriated \$1,400,000 for the JOBS program. Chapter 166 also established the AFDC Time Limits program which would limit adult AFDC benefits to 24 months during any 60 consecutive month period for any person between the ages of 18 and 62 unless the person is disabled, incapacitated, a caretaker of a disabled dependent, or participating in the department's Full Employment Demonstration program. Implementation of the AFDC Time Limits program and the Full Employment Demonstration program require federal approval of waivers. From the appropriation in Chapter 166, the agency established 7.1 FTE positions. Based on legislative intent, the JLBC Staff recommends decreasing 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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Of the \$1,400,000 appropriated in FY 1995, the JLBC Staff transfers \$1,239,100 to the JOBS Special Line and transfers \$160,900 to this division's operating budget for 4.5 FTE positions. In the Administration Division, the JLBC Staff also adds \$271,400 for full-year funding for computer consultants and the lease-purchase of hardware and software needed to modify DES's automated eligibility determination system. The agency's Administration Division handles computer consultants and lease-purchase equipment funding.

The Executive recommends the transfer of 7.1 FTE positions and \$35,300 to this division's operating budget, adds 0.5 FTE position, and transfers this 0.5 FTE position and \$365,900 to the agency's administration division, and moves \$998,800 into the JOBS Special Line.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items for the Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- It is the intent of the Legislature that the Special Administration Fund serve as the source for the \$500,000 of Other Receipts.

Deletion of Prior Footnote

- The JLBC Staff recommends deleting the footnote concerning the Department of Economic Security's \$200,000 intergovernmental agreement with the Industrial Commission regarding the assistance of injured workers as it is an ongoing program.

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive recommends an additional \$873,500 and 10.4 FTE positions in this division. The Executive recommends adding \$590,500 and 9.1 FTE positions for serving the anticipated increase of 1.1% caseload growth in the AFDC program and the increased number of mandatory participants resulting from the legislative change in Laws 1994, Chapter 227 requiring a parent with a child above age 1 (formerly age 2) be considered for program participation. The JLBC Staff does not recommend additional staff nor dollars into the JOBS Special Line Item for caseload growth. Since the beginning of the JOBS program, the agency has not fully expended the dollars appropriated to it for this program. For example, in FY 1994 DES was appropriated \$2,988,500 for contracted services in the JOBS line item. Agency data indicate that \$2,101,500 was expended. Until the agency is capable of showing it can fully expend its appropriation and is accomplishing the goal of moving participants off of AFDC (see performance measurement below), the JLBC Staff does not recommend more dollars for the JOBS program.

The Executive also recommends adding 1.3 FTE positions and \$283,000 for the Full Employment Demonstration Program. The JLBC Staff recommends maintaining all funding and staff in the special line item in the Division of Benefits and Medical Eligibility (DBME) in order to better track the program's outcomes. See DBME for the detailed explanation of the JLBC Staff recommendation for this program.

— Performance Measurements

One of the goals identified by the agency's DBME is to assist recipients in gaining economic independence by referring mandatory recipients to the JOBS program to obtain educational training and job skills. One important outcome measurement of this goal is the percentage of AFDC JOBS participants who entered employment and did not return to AFDC within 6 months of JOBS placement. The agency has not collected this information in the past, but the JLBC Staff recommends this be one outcome measurement that the agency starts to collect in FY 1996.

**DEPARTMENT OF EDUCATION
(ADE)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
Agency Summary

JLBC Analyst: Schimpp/Garosi
OSPB Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	221.7	221.9	243.9	225.9	224.9
BY PROGRAM/ORGANIZATION					
State Board of Education	136,900	142,500	199,100	180,100	160,100
General Services Administration	8,422,800	8,965,100	11,460,600	9,084,400	9,186,000
Assistance to Schools	1,530,406,800	1,645,330,900	1,937,696,200	1,725,047,900	1,721,166,500
Vocational Education	1,249,500	1,315,400	1,333,500	1,315,400	1,315,400
AGENCY TOTAL	1,540,216,000	1,655,753,900	1,950,689,400	1,735,627,800	1,731,828,000
OPERATING BUDGET					
Personal Services	5,112,300	5,424,000	6,050,300	5,526,100	5,505,500
Employee Related Expenditures	1,079,600	1,241,500	1,453,800	1,217,900	1,222,500
Professional/Outside Services	150,000	159,500	219,000	160,400	164,900
Travel - In State	57,000	111,700	139,300	122,500	114,700
Travel - Out of State	19,000	29,500	40,600	30,200	29,500
Other Operating Expenditures	1,734,300	1,659,000	1,813,600	1,655,900	1,644,000
Equipment	46,800	211,900	82,700	2,100	0
All Other Operating Subtotal	2,007,100	2,171,600	2,295,200	1,971,100	1,953,100
OPERATING SUBTOTAL	8,199,000	8,837,100	9,799,300	8,715,100	8,681,100
SPECIAL LINE ITEMS					
Achievement Testing	1,279,900	1,308,700	1,659,000	1,390,100	1,549,200
Education Commission of the States	45,000	49,300	54,400	54,400	54,400
SLIAG Administration	3,000	0	0	0	0
Special Education Audit	189,600	227,900	232,400	230,700	229,100
School Restructuring	92,700	0	0	0	0
Charter Schools Stimulus Fund	0	1,000,000	1,000,000	1,000,000	1,000,000
Family Literacy Pilot	0	975,000	1,000,000	1,000,000	1,000,000
Juvenile Crime Omnibus	0	2,500,000	2,500,000	2,500,000	2,500,000
School Report Cards	0	300,000	300,000	300,000	300,000
Basic State Aid	1,372,352,100	1,458,946,700	1,601,769,000	1,520,827,500	1,518,122,700
Additional State Aid	118,315,000	128,849,900	128,849,900	148,334,600	148,250,300
Assistance to School Districts	446,400	602,900	500,000	486,800	487,800
Certificates of Educational Convenience	8,128,600	8,669,200	7,200,000	6,998,900	7,012,500
Permanent Education Vouchers	2,021,400	2,681,200	2,204,000	2,158,700	2,103,800
Permanent Spec. Ed. Inst. Vouchers	5,301,700	6,450,500	6,848,100	6,719,700	6,727,100
Academic Contest Fund	26,600	50,000	50,000	50,000	50,000
Academic Decathlon	76,500	83,200	83,500	83,400	84,100
Adult Education Assistance	3,040,300	3,554,600	3,558,500	3,557,400	3,554,600

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
Agency Summary

JLBC Analyst: Schimpp/Garosi
OSP Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
Arizona Humanities Council	40,000	40,000	40,000	90,000	40,000
Arizona Principals' Academy	25,200	25,200	25,200	25,200	25,200
Arizona Teacher Evaluation	395,100	303,700	317,000	306,400	303,500
ASSET	234,000	234,000	234,000	234,000	234,000
Chemical Abuse	835,600	847,000	851,900	850,600	846,900
Dropout Prevention	2,285,000	2,183,900	2,185,100	2,184,800	2,183,800
Extended School Year	499,800	500,000	1,025,400	1,000,000	500,000
Full-Day Kindergarten	1,313,000	1,405,300	1,406,300	1,406,000	1,406,200
Gifted Support	993,700	954,500	1,252,800	1,152,400	1,251,900
K-3 Support	5,285,800	5,459,400	5,461,200	5,461,300	5,461,100
Preschool At-Risk Program	2,517,500	12,605,000	12,606,000	12,605,700	12,605,400
Residential Placement	44,600	100,000	100,000	100,000	100,000
School Breakfast Program	2,800	0	0	0	0
SLIAG Adult Education	347,700	0	0	0	0
Tuition Fund	100,000	100,000	100,000	100,000	100,000
Vocational Education Assistance	2,827,400	2,835,000	2,835,000	2,835,000	2,835,000
Vocational Education Program Support	974,800	1,024,700	1,031,100	1,029,500	1,030,600
Vocational and Technological Education	1,976,200	2,000,000	2,000,000	2,000,000	2,000,000
Open Enrollment/Special Education	0	0	1,200,000	600,000	0
Charter Schools	0	0	189,600	189,600	147,700
School Finance Re-Engineering	0	0	1,058,500	0	0
Arizona Geographic Alliance	0	50,000	50,000	50,000	50,000
Prior Session Appropriation	0	0	-1,000,000	-1,000,000	-1,000,000
Capital Assistance	0	0	150,112,200	0	0
Special Item Subtotal	1,532,017,000	1,646,916,800	1,940,890,100	1,726,912,700	1,723,146,900
AGENCY TOTAL	1,540,216,000	1,655,753,900	1,950,689,400	1,735,627,800	1,731,828,000
BY FUND SOURCE					
General Fund	1,540,216,000	1,655,753,900	1,950,689,400	1,735,627,800	1,731,828,000
Federal Funds	339,721,500	376,118,000	388,139,100	388,139,100	388,139,100
Other Non-Appropriated Funds	54,497,100	59,279,300	59,953,700	60,270,000	59,953,700
TOTAL - ALL SOURCES	1,934,434,600	2,091,151,200	2,398,782,200	2,184,036,900	2,179,920,800

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
 PROG: Agency Summary

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.*

Change in Funding Summary:	<u>FY 1995 to FY 1996 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$76,074,100	4.6 %

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Basic State Aid		\$59,176,000 GF
Base Adjustment from FY 1995 Appropriation	(14,461,800) GF	
Student Growth (8.6% growth for preschool disabled students; 3.5% growth for K-8 students; and 4.8% growth for 9-12 students)	91,968,300 GF	
Sudden Growth (full funding)	7,681,200 GF	
Career Ladder Step Increases	3,132,400 GF	
Retirement Recapture	(512,200) GF	
State Juvenile Educational System	(874,000) GF	
Other Adjustments	1,143,800 GF	
Assessed Valuation Growth at 3.0%	(27,687,700) GF	
Endowment Earnings	<u>(1,214,000) GF</u>	
Total	\$59,176,000 GF	
Additional State Aid ("Homeowners' Rebate")		19,400,400 GF
Other Changes		570,300 GF
Other Formula Programs		(2,072,600) GF
Prior Session Appropriations		(1,000,000) GF

* * *

JLBC Staff Recommended Format — Varies by Program

JLBC Staff Recommended Footnotes — See Individual Program Pages

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
 PROG: State Board of Education

JLBC Analyst: Schimpp/Garosi
 OSPB Analyst: Monica Seymour

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	2.0	2.0	3.0	3.0	2.5
OPERATING BUDGET					
Personal Services	49,000	55,200	75,000	75,000	65,500
Employee Related Expenditures	11,100	13,300	18,000	18,600	15,900
Professional/Outside Services	20,000	23,800	41,500	24,700	24,300
Travel - In State	0	700	3,600	3,600	3,700
Travel - Out of State	1,000	2,000	4,500	2,700	2,000
Other Operating Expenditures	55,800	47,500	54,400	53,400	48,700
Equipment	0	0	2,100	2,100	0
All Other Operating Subtotal	76,800	74,000	106,100	86,500	78,700
PROGRAM TOTAL	136,900	142,500	199,100	180,100	160,100
BY FUND SOURCE					
General Fund	136,900	142,500	199,100	180,100	160,100
TOTAL - ALL SOURCES	136,900	142,500	199,100	180,100	160,100

Program Description — The 9-member State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The 13-member State Board for Vocational and Technological Education exercises general supervision over the conduct of vocational and technological education in the public school system. The board members (other than the Superintendent of Public Instruction) are appointed by the Governor for 4-year terms.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$17,600	12.4%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment
- Vacancy Savings - Maintains a 0% Vacancy Rate
- ERE Rates

\$ 900 GF
 -0- GF
 (200) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Charter Schools Administration Costs

16,900 GF

The JLBC Staff recommends a 0.5 FTE position for the administration costs of operating the State Board for Charter Schools. Laws 1994, Chapter 2 (H.B. 2002), 9th Special Session established the State Board for Charter Schools which will be responsible for exercising general supervision over charter schools and granting charter status to qualifying applicants. Chapter 2 provided no funding to the department for the costs of administering the program. The Executive recommends \$36,900 for 1 FTE position.

JLBC Staff Recommended Format — Lump Sum for the Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
 PROG: General Services Administration

JLBC Analyst: Schimpp/Garosi
 OSPB Analyst: Monica Seymour

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	153.3	154.8	173.3	157.8	157.8
OPERATING BUDGET					
Personal Services	4,160,200	4,465,500	5,058,500	4,530,200	4,522,400
Employee Related Expenditures	877,500	1,011,100	1,215,500	1,001,400	1,008,700
Professional/Outside Services	42,700	56,000	97,800	56,000	56,000
Travel - In State	53,500	89,600	112,900	95,900	89,600
Travel - Out of State	18,000	27,500	36,100	27,500	27,500
Other Operating Expenditures	1,613,900	1,517,600	1,665,300	1,508,600	1,501,400
Equipment	46,800	211,900	80,600	0	0
All Other Operating Subtotal	1,774,900	1,902,600	1,992,700	1,688,000	1,674,500
OPERATING SUBTOTAL	6,812,600	7,379,200	8,266,700	7,219,600	7,205,600
SPECIAL LINE ITEMS					
Achievement Testing	1,279,900	1,308,700	1,659,000	1,390,100	1,549,200
Education Commission of the States	45,000	49,300	54,400	54,400	54,400
SLIAG Administration	3,000	0	0	0	0
Special Education Audit	189,600	227,900	232,400	230,700	229,100
School Restructuring	92,700	0	0	0	0
Charter Schools	0	0	189,600	189,600	147,700
School Finance Re-Engineering	0	0	1,058,500	0	0
Special Item Subtotal	1,610,200	1,585,900	3,193,900	1,864,800	1,980,400
PROGRAM TOTAL	8,422,800	8,965,100	11,460,600	9,084,400	9,186,000
BY FUND SOURCE					
General Fund	8,422,800	8,965,100	11,460,600	9,084,400	9,186,000
Other Non-Appropriated Funds	2,130,200	2,720,400	2,735,200	2,735,200	2,735,200
TOTAL - ALL SOURCES	10,553,000	11,685,500	14,195,800	11,819,600	11,921,200

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
 PROG: General Services Administration

Program Description — *The General Services Administration program is divided into a number of units, including School Finance, Data Processing, Career Ladders, Teacher Certification, and Special Education, which provide for the ongoing operation of the Department of Education. The State Superintendent for Public Instruction is funded through this cost center.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$220,900	2.5%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 74,500 GF
— Vacancy Savings - Maintains a 2% Vacancy Rate	(1,300) GF
— ERE Rates	(10,900) GF
— Risk Management	(25,000) GF
— Rent	8,800 GF
— Elimination of One-time Capital and Non-Capital Equipment	(211,900) GF
— Other - Standard adjustments for Education Commission of the States and Special Education Audit	6,300 GF
	(7,800) GF

Gifted Transfer

The JLBC Staff recommends transferring a 0.5 Program Specialist from General Services Administration (GSA) to the Gifted Support line item which is located in the Assistance to Schools cost center. At the same time, the JLBC Staff recommends transferring a 0.8 Secretary and a 0.2 Administrative Assistant III position from Gifted Support to GSA. These transfers will better reflect the work obligations of each cost center. There is no overall change to the budget as GSA will decrease by \$(7,800) while the Gifted Support line item will increase by \$7,800.

240,500 GF

Achievement Testing

The JLBC Staff recommends the following for achievement testing:

- A total of \$38,900 for Norm Referenced Testing (NRT) based on full testing of grades 4, 7, and 10. There is no change in the NRT estimate because the department is in the second year of a three year contract with the Riverside Publishing Company.
- A total of \$1,510,300 (an increase of \$240,500) for the Arizona Student Assessment Plan (ASAP) essential skills testing, with full testing for grades 3, 8, and 12. The increase includes \$151,500 to pay royalty fees to the Riverside Publishing Company for ASAP forms A, B, and C in both English and Spanish; \$38,200 for contract costs; \$19,200 for clerical support; \$13,500 for storage; \$10,600 for printing; and \$7,500 for shipping costs.

The Executive recommends an increase of \$81,400 for achievement testing.

147,700 GF

Charter Schools Administration

The JLBC Staff recommends a new special line item titled Charter Schools with 2.5 FTE positions for administration of the Charter Schools program. Laws 1994, Chapter 2 (H.B. 2002), 9th Special Session established the State Board for Charter Schools and appropriated \$1,000,000 to be deposited into the Charter Schools Stimulus Fund. The department will produce informational documents related to Charter Schools; provide technical assistance to both the State Board for Charter Schools and applicants; and oversee the distribution of state funding. Chapter 2 provided no funding to the department for costs of administering the program.

The Executive recommends \$189,600 and 3 FTE positions for charter schools administration.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Modified Lump Sum for the Program

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnote concerning teacher certification fees.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
 PROG: Assistance to Schools

JLBC Analyst: Schimpp/Garosi
 OSPB Analyst: Monica Seymour

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	40.1	38.8	41.3	38.8	38.3
SPECIAL LINE ITEMS					
Charter Schools Stimulus Fund	0	1,000,000	1,000,000	1,000,000	1,000,000
Family Literacy Pilot	0	975,000	1,000,000	1,000,000	1,000,000
Juvenile Crime Omnibus	0	2,500,000	2,500,000	2,500,000	2,500,000
School Report Cards	0	300,000	300,000	300,000	300,000
Basic State Aid	1,372,352,100	1,458,946,700	1,601,769,000	1,520,827,500	1,518,122,700
Additional State Aid	118,315,000	128,849,900	128,849,900	148,334,600	148,250,300
Assistance to School Districts	446,400	602,900	500,000	486,800	487,800
Certificates of Educational Convenience	8,128,600	8,669,200	7,200,000	6,998,900	7,012,500
Permanent Education Vouchers	2,021,400	2,681,200	2,204,000	2,158,700	2,103,800
Permanent Spec. Ed. Inst. Vouchers	5,301,700	6,450,500	6,848,100	6,719,700	6,727,100
Academic Contest Fund	26,600	50,000	50,000	50,000	50,000
Academic Decathlon	76,500	83,200	83,500	83,400	84,100
Adult Education Assistance	3,040,300	3,554,600	3,558,500	3,557,400	3,554,600
Arizona Humanities Council	40,000	40,000	40,000	90,000	40,000
Arizona Principals' Academy	25,200	25,200	25,200	25,200	25,200
Arizona Teacher Evaluation	395,100	303,700	317,000	306,400	303,500
ASSET	234,000	234,000	234,000	234,000	234,000
Chemical Abuse	835,600	847,000	851,900	850,600	846,900
Dropout Prevention	2,285,000	2,183,900	2,185,100	2,184,800	2,183,800
Extended School Year	499,800	500,000	1,025,400	1,000,000	500,000
Full-Day Kindergarten	1,313,000	1,405,300	1,406,300	1,406,000	1,406,200
Gifted Support	993,700	954,500	1,252,800	1,152,400	1,251,900
K-3 Support	5,285,800	5,459,400	5,461,200	5,461,300	5,461,100
Preschool At-Risk Program	2,517,500	12,605,000	12,606,000	12,605,700	12,605,400
Residential Placement	44,600	100,000	100,000	100,000	100,000
School Breakfast Program	2,800	0	0	0	0
SLIAG Adult Education	347,700	0	0	0	0
Tuition Fund	100,000	100,000	100,000	100,000	100,000
Vocational Education Assistance	2,827,400	2,835,000	2,835,000	2,835,000	2,835,000
Vocational Education Program Support	974,800	1,024,700	1,031,100	1,029,500	1,030,600
Vocational and Technological Education	1,976,200	2,000,000	2,000,000	2,000,000	2,000,000
Open Enrollment/Special Education	0	0	1,200,000	600,000	0
Arizona Geographic Alliance	0	50,000	50,000	50,000	50,000
Prior Session Appropriation	0	0	-1,000,000	-1,000,000	-1,000,000
Capital Assistance	0	0	150,112,200	0	0
Special Item Subtotal	1,530,406,800	1,645,330,900	1,937,696,200	1,725,047,900	1,721,166,500
PROGRAM TOTAL	1,530,406,800	1,645,330,900	1,937,696,200	1,725,047,900	1,721,166,500

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Education
 PROG: Assistance to Schools

JLBC Analyst: Schimpp/Garosi House Sub: Wong
 OSPB Analyst: Monica Seymour Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
BY FUND SOURCE					
General Fund	1,530,406,800	1,645,330,900	1,937,696,200	1,725,047,900	1,721,166,500
Federal Funds	339,721,500	376,118,000	388,139,100	388,139,100	388,139,100
Other Non-Appropriated Funds	52,366,900	56,558,900	57,218,500	57,534,800	57,218,500
TOTAL - ALL SOURCES	1,922,495,200	2,078,007,800	2,383,053,800	2,170,721,800	2,166,524,100

Program Description — Assistance to Schools includes 7 formula programs and 26 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.

Change in Funding Summary:	<u>FY 1995 to FY 1996 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$75,835,600	4.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

BASIC STATE AID

Base Adjustment

(\$14,461,800) GF

The FY 1995 appropriation was based on ADE estimates of 3.3% growth in the elementary student count and 5.5% growth in the high school student count, and the JLBC Staff estimate of 1% growth in net assessed valuation. Actual student growth for the FY 1995 requirement was 3.5% for elementary and 3.6% for high school, resulting in an estimated savings of (\$10,567,400), and net assessed valuation growth was 1.4%, resulting in an estimated savings of (\$3,894,400).

Student Growth

\$91,968,300 GF

The JLBC Staff recommendation provides funding for an 8.6% increase in the Preschool Disabilities (PSD) student count, a 3.5% increase in the elementary student count, a 4.8% increase in the high school student count, and a 4.0% increase in the Group B student count. FY 1996 Basic State Aid will be based on the 100th day student count for school year 1994-95.

<u>State Aid Student Counts For Past 6 Years</u>										
<u>Fiscal Year</u>	<u>PSD</u>	<u>Percent Change</u>	<u>K-\$</u>	<u>Percent Change</u>	<u>9-12</u>	<u>Percent Change</u>	<u>Total</u>	<u>Percent Change</u>	<u>Total Weighted Count</u>	<u>Percent Change</u>
1990	464	N/A	419,084	4.1%	160,215	(1.1)%	579,763	2.7%	715,037	NA
1991	637	37.3%	430,531	2.7	158,334	(1.2)	589,502	1.7	727,529	1.7%
1992	848	33.1	444,474	3.2	159,842	1.0	605,164	2.7	747,981	2.8
1993	1,224	44.3	458,761	3.2	166,056	3.9	626,039	3.4	771,810	3.2
1994	1,610	31.5	474,768	3.5	170,527	2.7	646,895	3.3	798,443	3.5
1995	1,824	13.3	491,226	3.5	176,648	3.6	669,698	3.5	825,818	3.4
1996 Est.	1,981	8.6	508,420	3.5	185,127	4.8	695,525	3.9	857,428	3.8

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

The Executive recommends an increase of \$88,321,500 based on 8.6% growth in preschool disabilities, 3.3% growth in elementary, 3.8% in high school, and 4.0% growth for Group B students.

Statutory Inflation Adjustment

-0- GF

A.R.S. § 15-901 provides that, "if the Legislature fails to prescribe the growth rate for the budget year by March 1, the growth rate which shall be utilized to adjust the Base Level for the budget shall be the percentage growth in the GDP Price Deflator from the second preceding calendar year to the calendar year immediately preceding the budget year." The GDP Price Deflator adjustment affects the Base Level, transportation, and capital outlay amounts in the State Aid formula. The adjustment also affects the Permanent Education Vouchers and the Permanent Special Education Institutional Vouchers.

The JLBC Staff recommends no inflation funding for FY 1996. This is consistent with the recommendation of no general inflation increase throughout state agencies except for medical inflation.

The Executive also recommends no inflation funding.

3% Growth in School District Net Assessed Valuation

(24,096,800) GF

Growth in school district assessed valuation increases the "local share" of total formula funding, and thus offsets increases in state funding. The JLBC Staff recommendation for Basic State Aid assumes a 3% increase in school district assessed valuation for FY 1996, up from 1.4% growth in FY 95. The higher projected growth rate is due to expected robust growth in class 5 (single-family housing).

A trend decline in net assessed valuation growth from 1986 to 1993 can be seen below. This decline and its impact on state financing of K-12 education continues to be one of the most critical budgetary problems facing the Legislature today. Fortunately, assessed valuation growth was positive in 1994, and is projected to be positive in 1995. However, the estimate for 1995 is still well below the combined rates of inflation and student growth. Each additional 1% of growth saves the state \$9,229,200 (including County Equalization).

<u>Percent Growth/Decline by Class</u>									
Tax Years (NAVs from tax year 1986 were used in FY 1987, etc.)									
Property Class	1986	1987	1988	1989	1990	1991	1992	1993	1994
1-mines	(9.3)%	(10.0)%	25.1%	29.7%	10.5%	26.8%	22.7%	7.2%	(2.2)%
2-utility	4.8	22.7	0.7	8.4	(4.1)	(0.3)	(2.9)	(1.1)	(0.4)
3-commercial	29.8	12.6	9.7	10.6	9.6	(1.1)	0.1	(1.0)	(0.6)
4-ag/vacant	18.2	21.3	12.2	12.7	4.8	(1.5)	(5.9)	(5.8)	(2.5)
5-homeowners	15.5	11.4	8.6	7.6	3.7	2.4	2.6	3.0	7.2
6-rental	12.5	0.3	4.5	1.6	(8.0)	(10.7)	(7.7)	(9.4)	(6.9)
7-railroad	11.7	(28.2)	2.2	20.0	17.0	3.5	13.9	(22.7)	8.2
8-historic	38.2	45.7	59.5	24.6	8.9	66.3	5.6	17.4	21.7
9-livestock	--	--	--	--	--	--	6.0	6.7	14.5
C-oil/gas	(21.5)	(51.8)	3.3	(28.5)	43.1	4.3	(9.3)	(22.5)	(27.6)
TOTAL	16.3%	13.2%	7.3%	8.9%	3.1%	(0.2)%	(0.4)%	(0.7)%	1.4%

The Executive recommendation also assumes 3% growth in assessed valuation but a savings of (\$25,236,000).

County Equalization

(3,590,900) GF

A.R.S. § 15-994 provides that the County Board of Supervisors shall levy a county equalization tax. The rate is 53¢ per \$100 of assessed value and is assessed against all property. County Equalization monies are deducted from the total equalization requirement, and this lowers the General Fund requirement. The JLBC Staff projects an additional offset of (\$3,590,900) above the FY 1995 offset as a result of the projected 3% growth in assessed valuation, for an overall offset of (\$121,190,800) after deductions for county detention centers and small school service programs (see Other Adjustments below). The Executive

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recommendation projects an offset of \$(3,882,800) above the FY 1995 offset for County Equalization, which also assumes a 3% increase in assessed value for FY 1996.

Increase in Endowment Revenue

(1,214,000) GF

Endowment earnings of the Permanent State School Fund offset the cost of Basic State Aid. Endowment earnings consist of interest on securities held in the Fund and receipts from leases of state lands. Proceeds from sales of state lands are used to increase the size of the Fund. The FY 1996 JLBC Staff recommendation includes an offset of \$(57,200,000) for Endowment Earnings, compared to an offset of \$(55,986,000) in FY 1995. This higher offset will decrease the General Fund cost of Basic State Aid by \$(1,214,000). The Executive recommendation includes an offset of \$(57,516,300) for Endowment Earnings.

The JLBC Staff is currently reviewing projected endowment earnings for FY 1996 as higher interest rates and other recent developments may generate additional revenue.

Retirement Recapture

(512,200) GF

Laws 1990, Chapter 310, provides that if the employer contribution rate to the State Retirement Plan is less than 5.09% for the current year, school district expenditures and State Aid would be reduced to reflect the savings. The JLBC Staff recommendation for Basic State Aid includes an offset of \$(19,612,800) for this "retirement recapture." The original FY 1995 estimate of the retirement recapture was \$(19,100,600), but our current FY 1995 estimate is \$(22,027,300). This higher savings is not reflected in the current year appropriation. The retirement recapture offset is based on the retirement contribution rate being raised from 3.75% in FY 1995 to 3.95% in FY 1996.

The increased contribution rate results in a lower recapture of \$(19,612,800). Relative to the original FY 1995 estimate of \$(19,100,600), however, we are estimating savings of \$(512,200). The JLBC Staff recommendation for Additional State Aid includes an offset of \$(519,300) for retirement savings from districts which do not receive Basic State Aid. The JLBC Staff total estimated savings from the retirement recapture is \$(20,132,100). The Executive recommendation includes an offset of \$(18,368,700).

State Juvenile Educational System

(874,000) GF

Laws 1989, Chapter 266, established the State Juvenile Educational System and provided for the calculation and apportionment of equalization assistance for the system beginning in FY 1992. The JLBC Staff recommends \$1,317,500 for the State Juvenile Education System based on a student count of 377.1 under the control of the Department of Youth Treatment and Rehabilitation (DYTR). The 40th day student count for school year 1994-1995 is 377.1, while the 1993-1994 100th day student count was 488.7. The estimate for DYTR is lower in part due to a loss in Group B funding. DYTR was budgeted in FY 1995 for the Severely Emotionally Handicapped (SEH) Group B weight for 25% of its student count. However, DYTR no longer has an emotionally handicapped juvenile facility and is, therefore, not eligible for this additional funding.

The Executive recommends \$3,065,400 based on a student count of 470.4 and changes to the funding formula so that the formula would fund all of DYTR's educational costs. JLBC Staff, however, believes that DYTR should receive the same formula funding as any other school, and that any additional costs over and above the formula amount should be reflected as a non-formula line item in the DYTR budget. This approach would better reflect the fact that DYTR schools' costs are substantially higher and less predictable from year to year than average schools' costs. JLBC Staff recommends an additional \$2,277,900 in the DYTR budget recommendation.

Sudden Growth

7,681,200 GF

A.R.S. § 15-948 provides that school districts, after the first 40 days or 100 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 is calculated on either student growth above 5% (at the full Base Level) or above 3% (at one-third the Base Level). The JLBC Staff recommends \$25,942,200 for Sudden Growth, fully funding the actual requirement.

This is a \$7,681,200 increase over the FY 1995 appropriation of \$18,261,000. However, \$6,379,900 of this represents the change from the FY 1995 appropriation to the current JLBC Staff estimate of the FY 1995 requirement. The remaining \$1,301,300 estimated increase assumes that the 40th day counts, which are typically higher than 100th day counts, show 6% growth in preschool disabilities, 3.5% in elementary, 5.5% in high school, and 4% in group B for the 1995-1996 school year.

The Executive recommends an increase of \$6,969,000 for an overall amount of \$25,230,000.

Career Ladder Step Increase

3,185,700 GF

Career Ladder is a teacher performance compensation program, which allows participating districts to increase their Base Level by percentages stated in statute (A.R.S. § 15-918), depending on the implementation phase the district is in. There are 4 phases with corresponding percentage increases as follows: the Development Phase: 0.5% increase; the Evaluation Phase:

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1% increase; the Placement Phase: not greater than a 2.5% increase in the first year or not greater than 4% in the second year; and the Effective Career Ladder Phase: not greater than a 5.5% increase. The Career Ladder program is an optional program and 29 districts currently participate. No new districts will be participating in FY 1996.

The Career Ladder recommendation includes an increase of \$3,132,400 to cover step increases as districts move to higher phases of the program. The total cost of the program is estimated to be \$37,729,200 in FY 1996: \$26,143,000 in state funding and \$11,586,000 in funding received from the Qualifying Tax Rate.

The Executive recommendation assumes that the state share of the program will be \$26,191,900.

Other Adjustments

The recommendation includes an increase of \$1,200,000 for transportation and other costs associated with special education students participating in open enrollment. Laws 1994, Chapter 2 (H.B. 2002), 9th Special Session, provides for open enrollment in districts other than those of the residence of the student. For students with disabilities, the attending districts may charge the department for excess costs above the amount received from the school funding formula for educating these children. The Executive recommends an increase of \$600,000 for this issue.

1,143,800 GF

Laws 1994, Chapter 266 (S.B. 1182) appropriated \$526,000 to ADE in FY 1995 for costs of administering education programs in county juvenile detention centers, and specified that from then on these programs would receive formula funding through a mechanism in the County Equalization (see above) payments. The current estimated costs of the program are \$921,700. JLBC Staff projects that the FY 1996 costs of these programs will be \$949,400, for an increase of \$423,400 above the FY 1995 appropriation. The recommendation also includes a decrease of (\$42,000) for small school service programs, which are likewise administered by counties but partially funded by the state through County Equalization. The Executive recommends an increase of \$374,000 for county juvenile detention centers.

The recommendation also assumes a reduction of \$(500,000) for student loss; a decrease of \$(154,800) for tuition loss; an increase of \$265,000 for Rapid Decline; and a decrease of \$(47,800) for financial and compliance audits. The changes reflect actual requirements for Basic State Aid. The Executive concurs on student loss and tuition loss but assumes a decrease of (\$67,800) for financial and compliance audits.

TOTAL BASIC STATE AID **\$59,176,000**

The Executive recommendation assumes an overall increase of \$61,880,800.

ADDITIONAL STATE AID ("HOMEOWNERS' REBATE PROGRAM")

The FY 1995 appropriation of \$128,849,900 and the FY 1996 recommendation of \$148,250,300 are based upon the following assumptions:

<u>Additional State Aid Budget Assumptions</u>			
	<u>Estimated FY 1995</u>	<u>JLBC Recommendation FY 1996</u>	<u>OSPB Recommendation FY 1996</u>
Class 5 Property Growth	7.2%	9.0%	9.0%
Growth in Average School District Tax Rates	3.8%	1.0%	2.0%
"Buydown" Rate	35.0%	35.0%	35.0%

Laws 1990, Chapter 3, 3rd Special Session, provided that the reduction rate shall be 50% in tax year 1990 and shall decline by 5% every year until it reaches 0% in tax year 2000. Laws 1994, Chapter 41 freezes the rebate percentage rate at 35% for tax year 1994 and thereafter. Laws 1988, Chapter 271 amended A.R.S. § 15-972 to provide that the maximum state reduction in property taxes for any residential parcel shall not exceed \$500. The Additional State Aid adjustments are as follows:

**9% Increase in Class 5 Property and 1% Increase in Average School District Tax Rates
for Class 5 Properties**

16,915,300 GF

Unlike Basic State Aid, Additional State Aid expenditures rise as Class 5 property values rise. Class 5 property is expected to grow much faster than other classes in FY 1996. The Executive recommendation assumes 9% growth in Class 5 property and a 2% increase in local tax rates.

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Homeowners' Rebate Under Constitutional 1% Cap 2,404,600 GF
The Constitution requires that residential (class 5) primary property taxes not exceed 1% of a property's full cash value. In effect, the state pays school districts for any portion of a school district's primary levy that would leave a homeowner's property tax bill at more than 1% of the house's full cash value.

Retirement Recapture 106,100 GF
Includes an estimate of \$(519,300) for non-state aid districts. The FY 1995 budget included \$(625,400) for the Retirement Recapture. This reflects reduced retirement contribution requirements for those districts which do not receive state aid.

TOTAL ADDITIONAL STATE AID INCREASE **\$19,400,400**

The Executive recommendation includes an increase of \$19,484,700.

OTHER STATUTORY FORMULA PROGRAMS

Statutory Inflation Adjustment -0- GF
The JLBC Staff recommends no adjustment for the GDP Price Deflator for the following programs: Certificates of Educational Convenience (funding for reimbursements to school districts providing services for students in unorganized districts, as well as students placed in foster care or correctional institutions); Permanent Education Vouchers (educational vouchers for students placed in private residential institutions); Permanent Special Education Institutional Vouchers (educational vouchers for students attending the Arizona State Schools for the Deaf and Blind); and Assistance to School Districts (tuition for districts educating children whose parents are employed or domiciled at a state institution).

Student Growth and Other Changes (2,072,000) GF
Includes a reduction of \$(1,060,100) for Certificates of Educational Convenience, a reduction of \$(577,400) for Permanent Education Vouchers, an increase of \$276,600 for Permanent Special Education Institutional Vouchers and a reduction of \$(115,100) for Assistance to School Districts. Although the JLBC Staff recommendation assumes 3.5% growth for these programs, the FY 1996 estimates are lower than the FY 1995 appropriations primarily because the FY 1995 appropriations overestimated participation in the programs. The Executive recommendation assumes a decrease of \$(2,039,700) for these programs.

NON-FORMULA PROGRAMS

Standard Changes

- Annualization of April 1995 Pay Adjustment 18,900 GF
- ERE (7,200) GF

Gifted Support 287,300 GF
The JLBC Staff recommends an increase of \$287,300 to fully fund the Gifted Support program. A.R.S. § 15-772 provides that school districts complying with the statutory provisions relating to programs for gifted students may apply to the State Board of Education for additional funding equal to \$55 per student for 3% of their student count, or \$1,000, whichever is greater. Due to the increase in the state's student count, districts have received less than \$55 per pupil. In FY 1994, districts received \$42.75 per pupil, and in FY 1995 districts are estimated to receive \$41.10 per pupil. The Executive recommends an increase of \$197,200.

Gifted Transfer 7,800 GF
The JLBC Staff recommends transferring a 0.8 Secretary and a 0.2 Administrative Assistant III position from Gifted Support to the General Services Administration (GSA) cost center. At the same time, the JLBC Staff recommends transferring a 0.5 Program Specialist from GSA to Gifted Support. These transfers will better reflect the work obligations of each cost center. There is no overall change to the budget as Gifted Support will increase by \$7,800 while GSA will decrease by \$7,800.

Family Literacy 25,000 GF
Laws 1994, Chapter 1 (H.B. 2001), 9th Special Session, appropriated \$975,000 to ADE for a Family Literacy pilot program in FY 1995 and \$1,000,000 in FY 1996.

Prior Session Appropriation (1,000,000) GF
The \$1,000,000 was already appropriated to the Family Literacy program and does not need to be included in the FY 1996 General Appropriation Act.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Lump Sum for the Program with Special Line Items

JLBC Staff Recommended Footnotes

Standard Footnotes

- Basic State Aid - The above state General Fund appropriation, when combined with all other monies in the state school fund, provides basic state support to school districts for maintenance and operations funding as provided by A.R.S. § 15-973.
The state General Fund appropriation, when combined with other appropriations, reflects the major portion of the estimated \$1,575,322,700 total requirement for Basic State Aid support. The difference between the estimated total amount required and the state General Fund amount appropriated will be funded by expendable income derived from the Permanent State Common School Fund together with receipts derived from any source and will be expended, whenever possible, prior to expenditure of state General Fund monies.
All monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, the income from the investment of permanent funds as prescribed by the Enabling Act and the Constitution and all monies received by the Superintendent of Public Instruction from whatever source, except that monies received pursuant to A.R.S. § 15-237, when paid into the state treasury are hereby appropriated for apportionment to the various counties in accordance with law. No expenditures shall be made except as specifically authorized above.
- Additional State Aid - This appropriation is made to enable the state to carry out the requirements of A.R.S. § 15-972.
- Assistance to School Districts - The appropriated amount is for assistance to school districts in educating the children of certain state employees as prescribed in A.R.S. § 15-976.
- Certificates of Educational Convenience - The appropriated amount is for reimbursement to school districts that have students enrolled under certificates of educational convenience as provided by A.R.S. § 15-825.
- Permanent Education Voucher Fund - The appropriated amount is for education costs of students placed in private institutions by the Department of Economic Security, Department of Health Services, Department of Corrections or the Juvenile Courts, as provided by A.R.S. § 15-1182.
- Permanent Special Education Institutional Voucher Fund - The appropriated amount is for special education costs of students attending the Arizona State Schools for the Deaf and the Blind and developmentally disabled programs operated by the Department of Economic Security in accordance with A.R.S. § 15-1202.
- Academic Contest Fund - The appropriated amount is for assistance in sending state level winners of academic contests to the national levels of the contests.
- Academic Decathlon - The appropriated amount shall be used solely for the purpose of paying administrative and material costs incurred in support of the academic decathlon and other academic events.
- Adult Education - The appropriated amount is for classes in adult basic education, general education development and citizenship on a statewide basis.
It is the intent of the Legislature that no more than ten per cent 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.
- Arizona Humanities Council - The appropriated amount is for assistance to the Arizona Humanities Council for educational outreach services to Arizona school districts.
- Arizona Principals' Academy - The appropriated amount is for the costs of administering the principals' academy and for the instructional or program costs of the academy.
- Arizona Teacher Evaluation - The appropriated amount is for funding the Arizona Teacher Proficiency Examination, the administration and evaluation of the examination in state and United States Constitutions and assisting with the alternative secondary certification program.
- Arizona School Services through Educational Technology (ASSET) - The appropriated amount is for funding to assist school districts in enhancing educational instruction through television course work.
- Chemical Abuse - The appropriated amount is for assistance to school districts for programs designed to prevent chemical abuse by pupils in kindergarten programs and grades 1 through 12.
- Dropout Prevention - The appropriated amount is for assistance to school districts providing programs for pupils in grades 7 through 12 who are at-risk of dropping out of school prior to completing high school graduation requirements.
- Extended School Year - The appropriated amount is for assistance to school districts providing extended school year programs to handicapped pupils.
- Full-Day Kindergarten - The appropriated amount is for assistance to school districts providing kindergarten programs serving large numbers of at-risk pupils.
- Gifted Support - The appropriated amount is for assistance to school districts for special programs to meet the needs of gifted pupils.

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- K-3 Support - The appropriated amount is for assistance to school districts for programs in kindergarten and grades 1 through 3 for pupils who are at-risk of not succeeding in the educational system.
- Preschool At-Risk - The appropriation for preschool at-risk includes \$12,500,000 for preschool programs and \$105,500 for technical assistance, training, monitoring and evaluation of at-risk preschool pilot projects. The appropriated amount is for assistance to school districts serving at-risk preschool children.
- Residential Placement - The appropriated amount is for residential placement and shall be used to identify students needing residential placement and to establish a Residential Emergency Fund for the timely placement of students.
- Tuition Fund - The appropriated amount is for tuition assistance to facilitate the appropriate placement of sensory impaired pupils.
- Vocational Education Assistance - The appropriated amount is for assistance to school districts offering vocational education as provided by A.R.S. § 15-787.
- Vocational Education Program Support - The appropriated amount is for assistance to school districts offering vocational education programs emphasizing entry-level skill preparation.
- Vocational Technological Education - The appropriated amount is for assistance to school districts for vocational education pilot programs and for teacher training in vocational and technological education.
- Arizona Geographic Alliance - The appropriate amount is to enable the department to participate in the National Geographic Society's Geography Alliance program, which is designed to increase the geographic and social studies literacy of students in grades K-12.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnotes concerning the homeowner's rebate and dropout prevention.

Other Issues for Legislative Consideration

- Extended School Year for Special Education Students
The Executive recommends an increase of \$500,000 for the Extended School Year non-formula program (see Standard Footnotes above).
- Arizona Humanities Council
The Executive recommends an additional appropriation of \$50,000 to the Arizona Humanities Council to support a clearinghouse to provide materials to schools for classroom activities and to develop a teacher training program. The National Endowment for the Humanities matches the state's contribution.

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DEPT: Department of Education
 PROG: Vocational Education

JLBC Analyst: Schimpp/Garosi
 OSPB Analyst: Monica Seymour

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	26.3	26.3	26.3	26.3	26.3
OPERATING BUDGET					
Personal Services	903,100	903,300	916,800	920,900	917,600
Employee Related Expenditures	191,000	217,100	220,300	197,900	197,900
Professional/Outside Services	87,300	79,700	79,700	79,700	84,600
Travel - In State	3,500	21,400	22,800	23,000	21,400
Other Operating Expenditures	64,600	93,900	93,900	93,900	93,900
All Other Operating Subtotal	155,400	195,000	196,400	196,600	199,900
PROGRAM TOTAL	1,249,500	1,315,400	1,333,500	1,315,400	1,315,400
BY FUND SOURCE					
General Fund	1,249,500	1,315,400	1,333,500	1,315,400	1,315,400
TOTAL - ALL SOURCES	1,249,500	1,315,400	1,333,500	1,315,400	1,315,400

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.*

Change in Funding Summary:	<u>FY 1995 to FY 1996 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 15,900 GF
- Vacancy Savings - Maintains a 1% Vacancy Rate 300 GF
- ERE Rates (21,100) GF
- Other - To maintain spending at the FY 1995 level to meet federal "maintenance of effort" requirements. 4,900 GF

The Executive concurs.

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JLBC Staff Recommended Format — Lump Sum for the Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

**DEPARTMENT OF
ENVIRONMENTAL QUALITY
(DEQ)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Environmental Quality
Agency Summary

JLBC Analyst: Renée Bahl
OSPB Analyst: Marcel Benberou

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	305.3	377.5	382.9	382.3	379.9
OPERATING BUDGET					
Personal Services	6,043,400	6,509,400	7,270,100	6,761,000	7,011,200
Employee Related Expenditures	1,125,300	1,482,600	1,779,500	1,538,800	1,599,700
Professional/Outside Services	390,200	140,000	167,100	120,000	175,000
Travel - In State	146,800	165,700	169,100	142,000	167,400
Travel - Out of State	18,400	26,100	35,100	25,700	35,100
Other Operating Expenditures	1,436,600	1,520,500	1,991,800	1,455,400	1,589,700
Equipment	180,300	91,300	393,100	37,000	315,400
All Other Operating Subtotal	2,172,300	1,943,600	2,756,200	1,780,100	2,282,600
OPERATING SUBTOTAL	9,341,000	9,935,600	11,805,800	10,079,900	10,893,500
SPECIAL LINE ITEMS					
Special Waste	35,200	186,100	85,000	84,900	90,000
Hazardous Waste Program	595,300	996,900	281,000	281,000	281,200
Used Oil	78,000	137,900	152,400	144,500	152,000
Air Quality Fee Fund	400	122,300	125,700	124,300	124,300
WQARF Priority Site Remediation	0	1,550,000	2,900,000	1,850,000	1,550,000
Environmental Health Reserve	0	250,000	250,000	250,000	250,000
Emissions Control	1,179,000	6,216,900	8,912,500	8,929,000	8,964,100
Aquifer Protection Permits	987,800	1,128,000	1,318,100	1,242,900	1,300,600
Air Permits Administration	831,100	3,443,600	4,714,800	4,686,800	4,655,400
Safe Drinking Water	0	1/	1/	460,400	1/
Information Systems & Operation	0	0	2/	584,000	2/
Special Item Subtotal	3,706,800	14,031,700	18,739,500	18,637,800	17,367,600
AGENCY TOTAL	13,047,800	23,967,300	30,545,300	28,717,700	28,261,100
BY FUND SOURCE					
General Fund	9,665,100	12,377,400	15,622,300	13,876,000	13,352,300
Other Appropriated Funds	3,382,700	11,589,900	14,923,000	14,841,700	14,908,800
Federal Funds	8,542,600	19,821,700	9,951,900	--	9,951,900
Other Non-Appropriated Funds	29,332,700	60,536,400	49,656,800	--	49,656,800
TOTAL - ALL SOURCES	50,923,100	104,325,400	90,154,000	28,717,700	87,869,800

1/ The estimated expenditures and the amount requested along with the JLBC Staff recommendation for Safe Drinking Water are reported in the line items that make up the operating budget. The Safe Drinking Water Special Line Item did not exist prior to the Executive's FY 1996 recommendation.

2/ The agency's request and the JLBC Staff recommendation for Information Systems and Operations are reported in the line items that make up the operating budget.

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DEPT: Department of Environmental Quality

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ 974,900	7.9%
Other Appropriated Funds	<u>3,318,900</u>	<u>28.6%</u>
Total Appropriated Funds	\$4,293,800	17.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 70,000 OF	\$ 119,200 GF
— Vacancy Savings - Maintains a 3% Vacancy Rate	(16,200) OF	(11,400) GF
— ERE Rates	26,500 OF	6,400 GF
— Risk Management	-0- OF	(49,000) GF
— Rent	-0- OF	(2,200) GF
— Elimination of One-time Capital and Non-Capital Equipment	(259,100) OF	(91,300) GF

Replacement Equipment

The JLBC Staff recommends a net increase of \$264,200 for replacement equipment. The Executive recommends an additional \$37,000 from the General Fund and \$198,600 from Other Funds for replacement equipment.

Information Technology

The JLBC Staff recommends an additional 3 FTE positions and \$522,000 from the General Fund to develop the Office of Information Technology. This expansion will be phased in through FY 1997. In the 1994 Auditor General's report, ADEQ was severely criticized for its lack of integrated data. Currently, the different environmental programs have separate data processing units and often data is not sharable. The increase would enable the department to expand its fiber optic network to function as an enterprise-wide network. The current setup is designed to support smaller, program work groups. The recommended amount includes funding for hardware, software, ORACLE software licenses, and maintenance charges. Prior to expending these funds, ADEQ shall submit a project plan to the Joint Legislative Budget Committee for review prior to expenditure. (See new footnote.) The Executive recommends an increase of 5 new FTE positions and \$584,000 in a new Information Systems and Operation Special Line Item for this expansion.

522,000 GF

Travel

The JLBC Staff recommends a decrease of \$(16,800) in travel monies to reflect the agency's FY 1996 estimated expenditures. The Executive concurs.

(16,800) GF

Air Permit Administration Program

The JLBC Staff recommends 8.5 new FTE positions and \$1,091,200 from the Air Permit Administration Fund to expand the Air Permit program. The Air Permit Administration Fund was designed to meet the requirements of the Federal Clean Air Act of 1991 by regulating stationary air pollution sources. The additional FTE positions include 3 new permit writers, 4 new compliance inspectors, 1 environmental health specialist, and 0.5 FTE position for administrative support. Also included in this increase is a one-time expenditure of \$200,000 for database programming. The JLBC Staff recommends a 1% vacancy rate for this fund. The Executive recommends an increase of 8.5 new FTE positions and \$1,102,200, as well as appropriating 100% of the fund's receipts.

1,091,200 OF

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Aquifer Protection Permits

114,200 OF

The JLBC Staff recommends an additional 0.6 FTE position and \$86,100 from the Water Quality Assurance Revolving Fund to research and write Best Available Demonstrated Control Technology documents and work with the department to develop rules packages. Laws 1994, Chapter 237 allows the director to contract with a private consultant to streamline the Aquifer Protection Permit (APP) process for facilities that use specific control technologies. Specific technical expertise is needed to research and write the rules with ADEQ's rule development staff. The 1994 Auditor General report stated that the APP program staff appear to lack the technical knowledge and experience needed to insure timely and effective permit processing. Streamlining the APP process will reduce the need for protracted negotiation processes and will reduce the time for permits to be processed. In FY 1996, rules packages will be developed for mining, impoundments, and injection wells. A.R.S. § 49-241 requires ADEQ to permit all facilities by the year 2001. The Executive recommends an increase of \$99,700. Also included in the JLBC Staff recommendation is an additional \$28,100 in Personal Services, Employee Related Expenditures, and Indirect Costs due to new employees filling vacancies with salaries higher than the entry level.

Pollution Prevention Program

(551,200) OF 434,400 GF

The JLBC Staff recommends shifting the Pollution Prevention Program from the Hazardous Waste Management Fund to the General Fund. Current Hazardous Waste Fund revenues are declining and can no longer support the fund's 2 programs: pollution prevention and enforcement. Beginning in FY 1994, a 50% reduction in the hazardous waste generation fee for those facilities with an approved pollution prevention plan left the fund with a loss of approximately \$200,000 annually. Without additional funding, the agency cannot support the Pollution Prevention Program and would establish a command-and-control approach, or monitor hazardous waste releases with end-of-pipe controls and levy fines for non-compliance.

The JLBC Staff recommendation includes both an increase of \$434,400 and 10.5 FTE positions to the General Fund, and a decrease of \$(551,200) and (11.2) FTE positions from the Hazardous Waste Management Fund. The Executive also recommends this shift, but recommends increasing General Fund expenditures by \$523,200 and decreasing Hazardous Waste Fund expenditures by \$(558,400) to continue this program.

The Pollution Prevention Program 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 Hazardous Waste Management Fund will continue to support the Enforcement Program, which is responsible for enforcing state hazardous waste laws and rules and compliance monitoring, as well as for conducting investigative and enforcement activities pertaining to generating, transporting, treating, storing and disposing hazardous waste.

Used Oil Program

7,400 OF

The JLBC Staff recommends an increase of \$5,600 from the Used Oil Fund to fund Personal Services, Employee Related Expenses, and Indirect Costs for a state employee hired above entry level, and an increase of \$1,800 to fund travel expenses to 2 conferences dealing with oil spills and enforcement negotiation settlements. The Executive does not recommend this increase.

Special Waste Program

(85,300) OF

The JLBC Staff recommends a decrease of \$(85,300) from the Special Waste Fund due to unrealized revenues. Currently, asbestos and auto-shredder fluff are the only 2 types of special waste regulated by this program. Rules for petroleum contaminated soil (PCS) are expected to be certified in March 1995. Revenues are expected to increase after implementing PCS rules. The Executive recommends a decrease of \$(89,300).

Emissions Control Program

2,643,600 OF

The JLBC Staff recommends an additional \$2,643,600 from the Emissions Inspection Fund for the annualization of the Emissions Control Program. This program was not fully implemented until January 1995. ADEQ has eliminated (13) FTE positions from the original FY 1995 estimate in favor of hiring a contractor to perform remote sensing. Monies were shifted within the fund to accommodate this change. The JLBC Staff and the Executive concur with the net decrease of (13) FTE positions. The Executive recommends an increase of \$2,594,400 for this program and recommends appropriating 100% of the fund's receipts.

Of the recommended increase, \$1,519,300 annualizes the I/M 240 Subsidies Program. The I/M Subsidies Program funds the difference between the price charged and the actual cost of the biennial emissions inspection test. The current charge to consumers is \$20 per test, while the actual cost is \$24.30.

The recommended increase also includes an additional \$946,900 to annualize the Remote Sensing Program. The Remote Sensing Program supports remote sensing devices which monitor carbon monoxide emissions from moving vehicles and read vehicle license plates to notify owners of emissions violations. This program is estimated to identify 32,000 vehicles annually

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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.

Also included in this increase is an additional \$177,400 for operating expenditures and other annualizations associated with these expanded testing and enforcement activities. The JLBC Staff maintains a 1.5% vacancy rate for this fund.

Indirect Costs

77,200 OF

Every ADEQ fund excluding the General Fund transfers an amount to the non-appropriated Indirect Cost Fund to cover overhead expenses including administrative staff support, telephones, rent, postage, copy services, Risk Management and the Arizona Department of Administration data center costs. The indirect rate approved for FY 1996 by the U.S. Environmental Protection Agency under the OMB Circular A-87 is 45.54% of Personal Services and Employee Related Expenditures. As the rate increased from the FY 1995 approved rate of 39.39%, the total amount to shift from all other appropriated funds to the Indirect Cost Fund will increase by \$77,200. This amount does not include any indirect costs associated with the new FTE positions. The Executive recommends an increase of \$90,100.

4 FTE Positions

-0- GF

In FY 1995, 4 FTE positions in the General Fund inadvertently were not included in the FTE Position total and are added back for FY 1996. The Personal Services and Employee Related Expenditures funding already exists for these FTE positions. The Executive concurs.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- Before the expenditure of receipts from the Air Permit Administration program in excess of the \$4,655,400, the director shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

Continuation of New FY 1995 Footnotes

- 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.

Modification of Prior Year Footnotes

- When expenditures from the hazardous waste or environmental health reserves are authorized, the director shall report the nature of the emergency and the authorized expenditure amount to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees, and the Director of the Joint Legislative Budget Committee Staff. THE \$250,000 APPROPRIATED FOR THE ENVIRONMENTAL HEALTH RESERVE SHALL ONLY BE USED FOR UNFORESEEN EMERGENCY SITUATIONS, AND NOT FOR ON-GOING PROJECTS.

New Footnotes

- Monies appropriated for Water Quality Assurance Revolving Fund (WQARF) priority site remediation shall be placed in the Water Quality Assurance Revolving Fund as authorized by section 49-282(A)(1), Arizona Revised Statutes. (This new footnote gives further clarification on WQARF monies and does not change current practice.)
- Prior to expending \$522,000 for information technology, the Department of Environmental Quality shall submit a project plan to the Joint Legislative Budget Committee for review.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnote concerning the use of Environmental Health Reserve monies for the Arizona Comparative Environmental Risk Project.

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Other Issues for Legislative Consideration

— WQARF Priority Site Remediation

The Executive recommends an increase of \$300,000 from the General Fund for Water Quality Assurance Revolving Fund (WQARF) priority site remediation. The JLBC Staff does not recommend this increase, but recommends the total funding remain at \$1,550,000. The agency currently has 26 sites listed on its WQARF priority site list. WQARF monies fund the following: remediation when the responsible parties for the contamination are unknown or unwilling to conduct a clean-up; the costs of overseeing voluntary remediation by private parties; the response to emergency situations that pose an imminent threat to public health and safety or the environment; and the continued monitoring of groundwater contamination.

The intent of the initial legislation was for WQARF to receive \$5,000,000 in revenue. It is estimated that the WQARF will receive approximately \$5,000,000 with the current \$1,550,000 General Fund appropriation in conjunction with the other WQARF revenue sources. However, without any additional funding above the current General Fund appropriation, ADEQ will not add any new sites to the priority list for remediation. ADEQ estimates that \$12,800,000 is needed for all 26 priority sites to be actively remediated. There are approximately 400 sites in Arizona which are contaminated with hazardous substances. The 1994 Auditor General report stated that WQARF does not have sufficient funds to support an effective remediation program. In FY 1994, ADEQ cleaned up 9 WQARF sites, and expects to clean up 8 in FY 1995, 9 in FY 1996, and 10 in FY 1997. These remediated sites include WQARF emergency response sites. Site clean-up can range from 1 day (i.e., emergency response or soil removal) to 50 years (i.e., contaminated groundwater treatment).

Beginning in FY 1996, the federal Environmental Protection Agency is requiring a 10% state match for all federal site clean-up expenditures. For FY 1996, the state share will be \$95,500. The JLBC Staff is not recommending additional monies for this matching requirement, but supports the department's use of the WQARF Priority Site General Fund appropriation to meet this federal match. The Executive also does not recommend additional monies specifically for the federal matching requirement.

— Safe Drinking Water

The Executive recommends an increase of 1 FTE position and \$39,000 from the General Fund to annualize 2 half-time FTE positions in the Safe Drinking Water Program. The Executive also recommends creating a new Safe Drinking Water Special Line Item in FY 1996 that contains only the FY 1995 and FY 1996 Safe Drinking Water Program increases. In FY 1995, the department received an additional 8 FTE positions and \$519,500 from the General Fund to enhance this program. The JLBC Staff did not budget for any part-time Safe Drinking Water FTE positions in FY 1995; therefore, the JLBC Staff does not recommend this increase in FY 1996.

— Auditor General Recommendations

The 1994 Auditor General Report stated that the Water Quality Assurance Revolving Fund (WQARF) does not have sufficient funds to support an effective remediation program. Please see WQARF priority site remediation under "Other Issues for Legislative Consideration" for further discussion. The same report also criticized the lack of integrated data throughout the agency. Please see Information Technology for the JLBC Staff recommendation. Lastly, the Auditor General also reported that the department has not adequately developed and communicated its Aquifer Protection Permit guidelines to permit applicants, which has severely impacted the permitting process and the overall effectiveness of the program. Please see Aquifer Protection Permits for the JLBC Staff recommendation.

— Executive Recommended Format

The Executive recommends a lump sum appropriation with special line items for the agency.

**DEPARTMENT OF
HEALTH SERVICES
(DHS)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
Agency Summary

JLBC Analyst: Bradley/Reddy
OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	1,708.2	1,678.5	1,761.5	1,689.9	1,614.2

BY PROGRAM/ORGANIZATION

Director's Office/Intergovt Affairs	6,186,900	6,311,500	9,180,300	7,099,800	7,416,900
Support Services	10,611,700	11,415,100	13,068,200	12,342,100	11,838,300
Public Health	9,196,800	11,255,000	13,557,100	12,392,800	11,571,900
Disease Control Research Commission	0	2,604,300	2,611,400	2,595,700	1,572,400
Family Health	24,210,900	27,110,900	26,657,400	27,860,100	24,706,500
Behavioral Health	124,796,000	142,360,900	188,218,300	150,443,700	139,153,100
Arizona State Hospital	30,881,300	30,525,200	33,122,800	31,324,400	34,565,800
Laboratory Services	2,630,600	2,565,700	4,405,400	3,243,400	2,621,900
AGENCY TOTAL	208,514,200	234,148,600	290,820,900	247,302,000	233,446,800

OPERATING BUDGET

Personal Services	35,576,000	37,089,100	42,800,500	39,116,100	36,955,900
Employee Related Expenditures	8,342,000	8,910,600	10,388,000	9,758,600	9,219,700
Professional/Outside Services	3,060,100	5,120,400	5,884,400	5,360,500	5,016,700
Travel - In State	368,400	497,700	650,800	588,400	525,800
Travel - Out of State	68,700	60,500	102,500	70,800	68,500
Food	747,200	764,000	764,000	764,000	702,200
Other Operating Expenditures	7,978,800	8,125,900	9,383,700	8,623,500	8,185,200
Equipment	482,200	499,000	2,625,600	1,120,700	978,900
All Other Operating Subtotal	12,705,400	15,067,500	19,411,000	16,527,900	15,477,300
OPERATING SUBTOTAL	56,623,400	61,067,200	72,599,500	65,402,600	61,652,900

SPECIAL LINE ITEMS

AHCCCS-CRS	8,338,000	8,451,400	8,451,400	8,451,400	8,451,400
Morton/Black Canyon Building Management	0	457,400	442,200	477,900	379,400
Child Care Standards Review Committee	0	39,400	0	0	0

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DEPT: Department of Health Services
Agency Summary

JLBC Analyst: Bradley/Reddy
OSP Analyst: Leslie Schwalbe

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
Emergency Medical Services Operating Fund	1,204,100	1,271,500	1,749,300	1,638,600	1,521,800
U of A Poison Information Center	221,000	750,000	725,000	0	0
Poison Control Center	0	500,000	500,000	1,250,000	998,700
Region Residential/Psychiatric Beds	5,713,500	5,770,300	5,770,300	5,770,300	5,770,300
Childrens' Behavioral Health Services	11,941,500	12,954,900	16,417,200	12,954,900	12,954,900
Seriously Mentally Ill Services	54,763,700	58,790,700	0	61,898,400	59,610,200
Mental Health Services	8,979,100	9,537,800	11,087,600	9,537,800	8,107,100
Substance Abuse	12,045,200	12,201,000	16,041,600	12,945,300	10,578,500
Direct Grants	578,000	578,000	578,000	578,000	578,000
Reimbursement to Counties	396,300	396,300	396,300	396,300	396,300
Tuberculosis Provider Hospital Care	777,700	882,000	1,082,000	1,082,000	1,082,000
Sexually Transmitted Disease Control	69,000	52,500	52,500	52,500	52,500
AIDS Report/Surveillance	125,000	125,000	325,000	125,000	125,000
Vaccines	2,061,600	1,915,100	1,915,100	1,915,100	1,915,100
Emergency Medical Services Provider Grants	297,500	331,200	350,000	331,200	331,200
Kidney Program	91,700	101,000	101,000	101,000	101,000
Adult Cystic Fibrosis	221,400	223,600	223,600	223,600	223,600
Adult Sickle Cell Anemia	69,400	70,100	70,100	70,100	70,100
Childrens' Rehabilitative Services	6,275,000	6,491,800	6,491,800	6,491,800	6,491,800
Newborn Intensive Care	3,822,400	4,429,500	4,429,500	0	4,429,500
Perinatal Care Services	155,700	257,000	257,000	4,686,500	1,338,100
Teen Prenatal Express	839,700	1,081,100	1,081,100	1,081,100	0
Seriously Mentally Ill Services Title 19	0	0	22,109,400	0	0
Medical Malpractice/Obstetric	163,200	395,000	395,000	280,000	255,000
Nutrition Services	289,400	330,100	330,100	330,100	330,100
Seriously Mentally Ill Services Non-Title 19	0	0	62,821,100	0	0
Prenatal Outreach	148,600	530,000	1,600,000	1,600,000	1,420,000
EMS Regional Coordinating Systems	92,100	98,200	400,000	98,200	98,200
Emergency Medical Services Special Projects	104,400	170,000	75,000	170,000	170,000
Geriatric Residential Beds	2,190,000	2,211,800	2,211,800	2,211,800	2,211,800
Trichlorethelene Contamination	0	250,000	250,000	250,000	250,000
Loan Repayment Services	0	100,000	132,000	100,000	100,000
Ambulance Replacement	111,900	300,000	150,000	150,000	150,000
EMSCOM Development	77,600	90,000	300,000	300,000	0
Seriously Mentally Ill Clozaril Program	487,100	487,100	1,257,100	1,257,100	1,257,100
EPSDT-DES	588,600	0	0	0	0
Seriously Emotionally Handicapped Children	4,332,200	4,375,300	4,375,300	4,375,300	4,375,300
WIC Supplemental	999,500	1,000,000	1,000,000	1,000,000	0
Children's Match Title 19	13,043,300	20,826,300	26,492,000	20,633,400	20,826,300
Third Party Payor Costs	0	2,248,900	2,248,900	1,848,900	1,848,900
Community Placement Treatment	0	0	0	581,300	1,299,100
Community Placement Development	0	0	0	0	100,000
Child Fatality Review Team	73,200	100,000	0	0	0
Trauma System Development	0	0	257,300	177,000	0

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
Agency Summary

JLBC Analyst: Bradley/Reddy
OSP Analyst: Leslie Schwalbe

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
Prior Session Appropriation	0	0	(1,400,000)	(1,400,000)	(1,400,000)
Data Processing Debt Retirement	0	1,500,000	1,500,000	1,500,000	1,500,000
Computer Hardware Lease	0	996,000	996,000	996,000	996,000
Managed Care and Actuarial Service	0	1,695,000	1,695,000	1,695,000	1,695,000
Case Management and Curriculum Development	0	180,000	180,000	0	0
Behavioral Health Task Force	0	160,000	160,000	0	0
HUD Grants Compliance	0	70,000	70,000	70,000	70,000
Childrens' Respite Care	0	252,500	252,500	252,500	252,500
FY 1994 RBHA Payments	2,750,000	0	0	0	0
Community Therapeutic Substance Abuse	0	0	0	0	1,000,000
Mental Health/Substance Abuse Title 19	0	0	0	0	2,252,200
Mental Health Services Title 19	0	0	1,020,800	1,263,500	0
Court Monitoring	441,400	441,400	441,400	441,400	0
Substance Abuse Services Title 19	0	0	1,499,100	1,688,600	0
Prior Year Children's Behavioral Hlth Claims	249,000	0	0	0	0
Data Processing	3,239,400	0	0	0	0
Client Satisfaction Incentive Program	0	100,000	100,000	100,000	100,000
Teen Pregnancy Prevention	0	0	0	1,616,200	0
Child Fatality Review Team	0	0	100,000	0	100,000
Cancer/Birth Defect Registry	0	251,800	254,000	0	0
Southern Arizona Mental Health Center	3,523,400	3,781,300	3,868,900	3,773,700	3,416,800
PASARR	0	0	58,100	0	0
Disease Control Research Grants	0	2,400,000	2,400,000	2,400,000	1,532,400
Psychiatric Review Board	0	82,100	83,000	80,600	80,700
Special Item Subtotal	151,890,800	173,081,400	218,221,400	181,899,400	171,793,900
AGENCY TOTAL	208,514,200	234,148,600	290,820,900	247,302,000	233,446,800
BY FUND SOURCE					
General Fund	193,305,500	218,018,800	273,695,400	229,593,100	216,583,000
Other Appropriated Funds	15,208,700	16,129,800	17,125,500	17,708,900	16,863,800
Federal Funds	79,771,200	94,930,100	92,458,900	--	92,458,900
Other Non-Appropriated Funds	7,181,300	6,369,600	6,115,000	--	6,115,000
TOTAL - ALL SOURCES	295,466,700	335,448,300	389,394,800	247,302,000	332,020,700

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Agency Summary

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(1,435,800)	(0.7)%
Other Appropriated Funds	734,000	4.6%
Total Appropriated Funds	\$(701,800)	(0.3)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$12,700 OF	\$ 649,800 GF
— Vacancy Savings	(1,500) OF	6,000 GF
— ERE Rates	(3,900) OF	395,600 GF
— Risk Management	17,600 OF	(141,500) GF
— Rent	5,800 OF	53,600 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(468,200) GF

Implementation of Title XIX Substance Abuse and General Mental Health Program (1,045,300) GF

Moratorium on Disease Control Research Commission Grants (1,031,900) GF

Elimination of WIC Supplemental Funding (1,000,000) GF

Information Technology Services (ITS) Support 920,300 GF

Expansion of Clozaril Program 770,000 GF

Annualization of Substance Abuse Transfers 744,300 GF

Poison Control Center Funding 723,700 OF (975,000) GF

Community Therapeutic Substance Abuse Treatment 500,000 GF

Other Changes (20,400) OF (813,500) GF

Agency Reorganization

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency dollar impact is zero. The Executive concurs.

-0- GF

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JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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. *(This footnote allows the agency to use its endowment land expendable revenues.)*

Modification of Prior Year Footnotes

- A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives and the Director of the Joint Legislative Budget Committee by the 25th of the following month. The report shall include an estimate of (a) potential shortfalls in programs, (b) potential federal and other funds, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, and (c) total expenditure authority of the month and year-to-date for SMI Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health, Substance Abuse, Children's Respite Care, Geriatric Residential Beds, SMI Clozaril Program, Seriously Emotionally Handicapped Children, and Children's Rehabilitative Services. ~~In addition, all positions eliminated or other reductions made as a result of Project SLIM recommendations shall be detailed on a monthly and year-to-date basis.~~ *(This footnote is intended to give the Legislature "early warning" of potential shortfalls and to have the agency provide alternatives.)*
- Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for SMI Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health, Substance Abuse, COMMUNITY THERAPEUTIC SUBSTANCE ABUSE TREATMENT, TITLE 19 GENERAL MENTAL HEALTH AND SUBSTANCE ABUSE STATE MATCH, Seriously Emotionally Handicapped Children, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, EMS Provider Contracts, State EMS Special Projects, TB Provider Hospital Care, Kidney Program, Adult Cystic Fibrosis, Adult Sickle Cell Anemia, Newborn Intensive Care, ~~Perinatal Care Services, Teen Prenatal Express, WIC Supplemental, Perinatal Services, Prenatal Outreach, Nutrition Services, Geriatric Residential Beds, SMI Clozaril Program, Children's Respite Care, University of Arizona Poison Information Center,~~ and the Poison Control Center Funding shall require approval of the Joint Legislative Budget Committee. The amounts appropriated for these items shall be used exclusively for the contracts for the provision of services to clients. No monies shall be used from these appropriated amounts for any other expenses of the state Department of Health Services. *(This footnote was created to restrict the agency from using monies appropriated for services for administrative costs.)*

Other Issues for Legislative Consideration

- Restoration of Personal Services/Employee Related Expenditures Base
The Executive recommendation includes increases of \$708,300 GF and \$50,500 OF to the agency's Personal Services and Employee Related Expenditures line items to lower vacancy rates throughout the agency. The JLBC Staff does not recommend funding for this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Director's Office/Intergovernmental Affairs

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	167.6	171.2	239.3	190.2	189.2
OPERATING BUDGET					
Personal Services	4,307,700	4,234,400	5,783,800	4,710,300	4,832,400
Employee Related Expenditures	978,800	1,004,200	1,392,800	1,160,500	1,186,600
Professional/Outside Services	62,000	52,100	135,600	69,100	155,600
Travel - In State	152,700	165,000	216,700	187,300	181,700
Travel - Out of State	25,300	9,700	18,100	9,700	15,800
Other Operating Expenditures	644,300	790,700	1,179,200	866,700	872,400
Equipment	16,100	16,000	454,100	96,200	172,400
All Other Operating Subtotal	900,400	1,033,500	2,003,700	1,229,000	1,397,900
OPERATING SUBTOTAL	6,186,900	6,272,100	9,180,300	7,099,800	7,416,900
SPECIAL LINE ITEMS					
Child Care Standards Review Committee	0	39,400	0	0	0
Special Item Subtotal	0	39,400	0	0	0
PROGRAM TOTAL	6,186,900	6,311,500	9,180,300	7,099,800	7,416,900
BY FUND SOURCE					
General Fund	6,186,900	6,311,500	9,180,300	7,099,800	7,416,900
Federal Funds	79,771,200	94,930,100	92,458,900	--	92,458,900
Other Non-Appropriated Funds	3,678,400	3,809,500	3,495,300	--	3,495,300
TOTAL - ALL SOURCES	89,636,500	105,051,100	105,134,500	7,099,800	103,371,100

Program Description — *The Office of the Director/Intergovernmental Affairs includes the director's immediate staff, vital records services for birth and death certificates, oversight of federal fund expenditures, and acts as a liaison to county health departments, the Legislature, other political subdivisions, and the public.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$1,105,400	17.5%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 72,500 GF
- Vacancy Savings - Adjusts to a 2.4% Vacancy Rate (5,900) GF
- ERE Rates 44,900 GF
- Elimination of One-time Capital Equipment (16,000) GF

143,900 GF

Equipment

The recommended amount includes \$143,900 for replacement computer equipment and copiers.

571,000 GF

Agency Reorganization

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency impact is zero. A total of 12 FTE positions and 571,000 are transferred to the program. The Executive did not include the transfer, but concurs with the approach.

(39,400) GF

Child Care Standards Review Committee

Laws 1994, Chapter 5 (S.B. 1005), 8th Special Session established a Child Care Standards Review Committee to evaluate the regulations concerning child care to ensure that they adequately protect the health and safety of children in those settings and to create a regulatory system that applies to both public and private providers. The bill also provided a one-time appropriation of \$39,400 to the agency to conduct an evaluation of rules concerning child care. The agency requests eliminating funding for this line item as the agency is scheduled to present its findings to the committee on or before December 31, 1994. The Executive concurs.

294,100 GF

Home and Community Based Licensure

Home and Community Based Licensure licenses adult care homes, supervisory care homes, residential care institutions, respite care programs, and supportive residential living centers. Legislation was passed requiring the agency to regulate and license adult care homes in 1990 and rules detailing those requirements were approved in 1992. However, given the growth in both the number of complaints (up from approximately 500 in FY 1993 to approximately 800 in FY 1994) and the seriousness of the complaints (the agency reports that 467 of the approximately 800 complaints it has received over the last 12 months involve either abuse/neglect or deficiencies related to care and service) and given the section's limited staffing (9 inspectors), the agency has chosen to focus its resources on handling only the most serious complaints. The combination of an increased workload and limited staff has resulted in delays in responding to less serious complaints and delays in processing license applications. In fact, the agency has only processed approximately 200 of the approximately 500 license applications it has received.

The recommended amount includes \$206,600 (\$139,800 in Personal Services, \$33,200 in Employee Related Expenditures, \$13,600 for Travel - In State, \$2,500 for Other Operating Expenditures, and \$17,500 in Equipment) to fund and equip 4 Health Care Facilities Inspection 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 recommended amount for temporary help includes 6-months funding for 3 nurse consultants and a clerical position because the JLBC Staff anticipates that the agency will need time to phase-in the additional staff. The JLBC Staff believes that this increase in funding will provide the resources to eliminate the licensing backlog by mid-FY 1997. The recommended amount also includes \$7,500 in funding for 3 computers for current inspectors in order to reduce processing time. The Executive recommends 16 FTE positions and \$369,000. The JLBC Staff believes that the agency can handle the backlog and the growth in complaints with the 5 permanent FTE positions and temporary help recommended. The JLBC Staff suggests that once the backlog is eliminated, the Legislature eliminate funding for the temporary help and review the issue again to determine if the workload is sufficient to necessitate adding more permanent positions.

40,300 GF

Putative Fathers' Registry

Laws 1994, Chapter 116 (H.B. 2462), required the agency to develop and maintain a putative fathers' registry. 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. The recommended amount includes \$40,300 (\$16,300 in Personal Services, \$5,000 in Employee Related Expenditures, \$10,000 in Professional and Outside Services, \$5,500 in Other Operating Expenditures, and \$3,500 in Equipment) to fund an Examiner Tech II FTE position to implement the program and to cover operating costs. The Executive recommends 1 FTE position and \$42,000.

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Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Modified Lump Sum by Program

Other Issues for Legislative Consideration

— **Administrative Rules**

The Executive recommends \$91,000 and 2 3-year limited positions to reduce the administrative rules backlog. The JLBC Staff does not recommend funding for this issue.

— **Skilled Nursing Facilities**

The Executive recommends \$6,000 to fund a hearing officer for non-Medicare/Medicaid residents who appeal a notice of discharge from recently regulated nursing facilities. The JLBC Staff does not recommend funding for this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Support Services

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	201.8	218.1	216.1	216.1	203.1
OPERATING BUDGET					
Personal Services	3,388,600	5,618,000	5,999,400	5,814,000	5,306,200
Employee Related Expenditures	739,400	1,319,400	1,444,600	1,391,700	1,284,600
Professional/Outside Services	184,300	451,600	712,300	712,300	631,300
Travel - In State	11,500	25,500	44,800	39,700	37,800
Travel - Out of State	4,200	11,500	16,000	11,500	10,000
Other Operating Expenditures	2,886,600	3,520,200	3,952,200	3,637,000	3,781,300
Equipment	157,700	11,500	456,700	258,000	407,700
All Other Operating Subtotal	3,244,300	4,020,300	5,182,000	4,658,500	4,868,100
OPERATING SUBTOTAL	7,372,300	10,957,700	12,626,000	11,864,200	11,458,900
SPECIAL LINE ITEMS					
Morton/Black Canyon Building Management	0	457,400	442,200	477,900	379,400
Data Processing	3,239,400	0	0	0	0
Special Item Subtotal	3,239,400	457,400	442,200	477,900	379,400
PROGRAM TOTAL	10,611,700	11,415,100	13,068,200	12,342,100	11,838,300
BY FUND SOURCE					
General Fund	10,611,700	11,415,100	13,068,200	12,342,100	11,838,300
TOTAL - ALL SOURCES	10,611,700	11,415,100	13,068,200	12,342,100	11,838,300

Program Description — *The Support Services program encompasses most centralized functions including business, finance, accounting, personnel and information technology services.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$423,200	3.7%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 97,300 GF
- Vacancy Savings - Adjusts to a 2.4% Vacancy Rate (11,600) GF
- ERE Rates 49,700 GF
- Rent 106,000 GF
- Elimination of One-time Capital and Non-Capital Equipment (11,500) GF

Agency Reorganization

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency dollar impact is zero. A total of 14 FTE positions and \$(516,600) are transferred from the program. The Executive concurs. (516,600) GF

Transfer to Public Health

The JLBC Staff recommends transferring 5 FTEs and \$(181,600) associated with ambulance certification and rate review from the Support Services program to the Public Health program. The Executive concurs. (181,600) GF

Equipment

The recommended amount includes funding for replacement computer equipment and a copier. 107,100 GF

Information Technology Services Support

In the past, the JLBC Staff has been hesitant to recommend data processing resource increases for the department due to a perceived lack of adequate planning. The agency has now developed a well thought-out plan which appears to meet many of the department's on-going information needs. Therefore, we are essentially recommending full funding of the agency request, adjusted for cost calculations and the availability of federal funds. 920,300 GF

The agency has already converted a number of its old applications over to a new system platform. The recommended amount will allow the agency to convert its remaining applications to the new open systems environment, which will allow the department to modify applications more quickly and economically. The amount also includes monies for an increase in the agency's Uninterruptable Power Supply (UPS), additional training for the agency's in-house programmers on the new system architecture, and funding for 3 FTEs to help maintain the agency's 14 Local Area Networks. These networks are being linked by a wide-area network (WAN) system to allow sharing of information. The JLBC Staff anticipates that the costs associated with these automation improvements will be allocated between the General Fund and Federal Funds received by the agency based on the FTE allocation, resulting in a General Fund contribution of \$920,300. All automation expenditures are subject to JLBC review (see footnote). The Executive recommends 3 FTEs and an increase of \$891,600 for this issue.

Geographic Information Systems

The recommended amount includes \$29,500 in Personal Services and \$6,900 in Employee Related Expenditures for a GIS Systems Analyst and \$47,200 for 1 work station, 2 PCs, software, and training for agency staff. The agency plans initially to develop databases related to birth/death records and disease tracking (i.e., AIDS, tuberculosis, cancer clusters). Ultimately, this technology will help the agency to integrate various data layers. In the case of a measles outbreak, for instance, the agency could show the immunization status of the population affected by the outbreak, the demographics of that population, and the number and location of primary health care clinics serving that population. 83,600 GF

Risk Management

Total Risk Management charges for the agency totaled \$1,157,200 in FY 1996, an increase of \$81,400. The JLBC Staff recommends that risk management charges be cost-allocated among Federal, Non-Appropriated and Other Appropriated Funds as well as the General Fund, which will reduce the General Fund share of Risk Management by \$(141,500). (141,500) GF

Centre Pointe Black Canyon Building

The amount includes a reduction of \$(78,000) for Operations and Maintenance (O&M) charges for the Centre Pointe/Black Canyon buildings. The remaining O&M funding of \$379,400 for these buildings will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract. (78,000) GF

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JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

New Footnote

- Prior to expending any monies for the purchase of the agency's ITS support package, the Department of Health Services shall submit a project plan to the Joint Legislative Budget Committee for review.

Deletion of Prior Year Footnote

- The JLBC Staff recommends deleting the footnote concerning the transfer of the appropriation for automation equipment to the Arizona Health Care Cost Containment System (AHCCCS) if Behavioral Health Services was moved from the Department of Health Services to AHCCCS as that move did not take place.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Public Health

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	114.2	108.0	120.0	116.0	121.0
OPERATING BUDGET					
Personal Services	1,931,500	2,064,900	2,353,600	2,326,400	2,475,800
Employee Related Expenditures	410,200	444,800	566,800	535,300	579,000
Professional/Outside Services	56,700	106,200	163,800	148,200	142,200
Travel - In State	67,700	89,600	117,800	116,300	97,100
Travel - Out of State	6,900	11,000	18,300	21,900	16,700
Other Operating Expenditures	415,400	369,100	474,000	471,400	354,100
Equipment	27,300	6,800	270,300	58,400	37,200
All Other Operating Subtotal	574,000	582,700	1,044,200	816,200	647,300
OPERATING SUBTOTAL	2,915,700	3,092,400	3,964,600	3,677,900	3,702,100
SPECIAL LINE ITEMS					
Emergency Medical Services Operating Fund	1,204,100	1,271,500	1,749,300	1,638,600	1,521,800
U of A Poison Information Center	221,000	750,000	725,000	0	0
Poison Control Center	0	500,000	500,000	1,250,000	998,700
Direct Grants	578,000	578,000	578,000	578,000	578,000
Reimbursement to Counties	396,300	396,300	396,300	396,300	396,300
Tuberculosis Provider Hospital Care	777,700	882,000	1,082,000	1,082,000	1,082,000
Sexually Transmitted Disease Control	69,000	52,500	52,500	52,500	52,500
AIDS Report/Surveillance	125,000	125,000	325,000	125,000	125,000
Vaccines	2,061,600	1,915,100	1,915,100	1,915,100	1,915,100
Emergency Medical Services Provider Grants	297,500	331,200	350,000	331,200	331,200
Kidney Program	91,700	101,000	101,000	101,000	101,000
EMS Regional Coordinating Systems	92,100	98,200	400,000	98,200	98,200
Emergency Medical Services Special Projects	104,400	170,000	75,000	170,000	170,000
Trichlorethelene Contamination	0	250,000	250,000	250,000	250,000
Loan Repayment Services	0	0	132,000	100,000	100,000
Ambulance Replacement	111,900	300,000	150,000	150,000	150,000
EMSCOM Development	77,600	90,000	300,000	300,000	0
Child Fatality Review Team	73,200	100,000	0	0	0
Trauma System Development	0	0	257,300	177,000	0
Cancer/Birth Defect Registry	0	251,800	254,000	0	0
Special Item Subtotal	6,281,100	8,162,600	9,592,500	8,714,900	7,869,800
PROGRAM TOTAL	9,196,800	11,255,000	13,557,100	12,392,800	11,571,900

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Public Health

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
BY FUND SOURCE					
General Fund	7,103,400	8,619,100	10,025,500	8,277,800	8,302,000
Other Appropriated Funds	2,093,400	2,635,900	3,531,600	4,115,000	3,269,900
TOTAL - ALL SOURCES	9,196,800	11,255,000	13,557,100	12,392,800	11,571,900

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(317,100)	(3.7)%
Other Appropriated Funds	634,000	24.1%
Total Appropriated Funds	\$316,900	2.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 12,700 OF	\$ 39,200 GF
— Vacancy Savings - Adjusts to a 1.9% Vacancy Rate	(1,500) OF	(1,700) GF
— ERE Rates	(3,900) OF	38,900 GF
— Risk Management	17,600 OF	-0- GF
— Rent	5,800 OF	(68,500) GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(20,000) GF

Agency Reorganization

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency dollar impact is zero. A total of 7 FTE positions and \$300,800 are transferred to the program. The Executive did not recommend this issue, but concurs with the approach.

Loan Repayment Program

The JLBC Staff recommends transferring the Loan Repayment Program from the Family Health program to the Public Health program as requested by the agency. The Executive concurs.

Support Services Transfer

The recommended amount includes a transfer of 5 FTE positions and \$181,600 associated with ambulance certification and rate review from the Support Services program to the Public Health program. The Executive concurs but recommends a transfer of \$181,700.

Cancer Birth Defects Registry

The JLBC Staff recommends moving funding for the Cancer Birth Defects Registry Special Line Item to the operating budget (Personal Services, etc.). The Executive concurs.

Equipment

The recommended amount includes funding for replacement computer equipment.

38,000 OF 37,200 GF

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Tuberculosis Treatment

200,000 GF

Because of the length of time required to cure a case of active tuberculosis (6 months, on average), some patients choose not complete treatment. These patients can later develop drug-resistant tuberculosis, which is much more expensive to treat. (It costs \$3,000 to treat a patient with active tuberculosis; it costs \$200,000 to treat a person with drug-resistant tuberculosis.) The recommended amount will provide additional funding to provide outpatient directly-observed therapy to tuberculosis patients deemed most at-risk not to complete treatment, and therefore, possibly to develop drug-resistant tuberculosis. Directly-observed therapy involves providers regularly observing patients as they take their medications. The Executive recommends \$150,000 for treatment and \$50,000 for tuberculosis data collection and analysis.

Ambulance Development

(150,000) OF

The recommended amount includes a reduction of \$(150,000) in funding for the purchase of new ambulances, as requested by the agency. The Executive concurs.

EMSCOM Development

(90,000) OF

The monies in this special line item are 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. Until those guidelines are released, the JLBC Staff recommends delaying the purchase of any new communications equipment. The Executive recommends increasing EMSCOM Development funding by \$210,000 and replacing 20 communication repeaters (10 mountain-type and 10 hospital-based). For reasons stated above, purchase of the equipment now may result in buying the wrong types of repeaters.

Child Fatality Review Team

(100,000) OF

The JLBC Staff recommends transferring the Child Fatality Review Team Special Line Item from the Public Health program to the Family Health program as requested by the agency.

Poison Control Center Funding

723,700 OF (975,000) GF

Currently, the agency is partially funding the operation of 2 poison control centers. Given that there are currently only 87 poison control centers serving the entire nation, it is clear that with its current population, the state does not need 2 poison control centers. Therefore, the JLBC Staff recommends that the University of Arizona Poison Control Center (UAPCC) Special Line Item be combined with the Poison Control Center (PCC) Special Line Item and that prospective contractors participate in an RFP process to determine who will be the sole provider of poison control services in the entire state. The Executive recommends continued funding of 2 centers.

The JLBC Staff recommends that the RFP stipulate that the center that is awarded the contract must attempt to seek reimbursement for AHCCCS patients. The current total fund cost of the 2 poison center subsidies is \$1,250,000. (The centers receive \$975,000 from the General Fund and \$275,000 from the Emergency Medical Services Operating (EMSOP) Fund.) The JLBC Staff recommends total FY 1996 funding of \$998,700 for the single center, a total fund savings of \$(251,300). The savings estimate consists of the following 2 components. First, the JLBC Staff estimates that consolidating the two poison centers will result in savings of \$(75,000). Second, the JLBC Staff also estimates that at least 15% of the callers to the centers are AHCCCS-eligible and that the centers should be able to collect reimbursement on those callers, which would further reduce the state share of funding by 15%, or \$(176,300).

Given the increase in the Emergency Medical Services Operating (EMSOP) Fund revenues in FY 1994, the JLBC Staff recommends that the EMSOP Fund provide additional funding for the center. This would increase EMSOP funding from \$275,000 to \$998,700, an increase of \$723,700. As a result, the General Fund subsidy can be eliminated, for a savings of \$975,000. The total JLBC Staff recommendation including third party resources, is \$1,175,000. The Executive also increases the EMSOP Fund share of the UAPCC and PCC line items to cover all expenses by a total of \$975,000; thereby decreasing the General Fund share of those line items.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

a county under this appropriation which are not used for the prescribed purposes shall revert to the state General Fund. (The footnote provides direction for the use and distribution of these funds.)

- 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. (The footnote provides direction for the distribution of these funds.)

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnotes concerning the \$750,000 appropriation to the UAPCC and the \$500,000 appropriated to the poison control center in a county with a population of more than 1,500,000 because starting in FY 1996, these monies will be combined and offered as part of a RFP process.
- The JLBC Staff recommends deleting the footnote concerning the Legislature's intent that the agency develop a uniform cost accounting plan for the poison control centers and that the agency submit a comprehensive list of alternative funding sources for the centers because the agency complied with both of these requirements.

Other Issues for Legislative Consideration

- Trauma Systems Development
The Executive recommends \$260,400 and 1.5 FTE positions to continue development of a statewide trauma system. The JLBC Staff does not recommend this issue.
- Border Health
The Executive recommends \$172,400 and 2.5 FTE positions to create a Border Health Unit within the agency's Center for Prevention and Health Promotion. The JLBC Staff does not recommend this issue.
- Loan Repayment Non-Lapsing Appropriation
The Executive requests a non-lapsing appropriation for the Loan Repayment monies for FY 1996. The JLBC Staff does not recommend a non-lapsing appropriation.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Disease Control Research Commission

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	0.0	4.0	4.0	4.0	0.0
OPERATING BUDGET					
Personal Services	0	112,200	113,800	113,800	0
Employee Related Expenditures	0	25,700	27,400	26,700	0
Professional/Outside Services	0	0	15,200	0	0
Travel - In State	0	6,100	6,300	6,300	0
Travel - Out of State	0	2,000	1,400	1,400	0
Other Operating Expenditures	0	43,300	47,300	47,500	0
Equipment	0	15,000	0	0	0
All Other Operating Subtotal	0	66,400	70,200	55,200	0
OPERATING SUBTOTAL	0	204,300	211,400	195,700	0
SPECIAL LINE ITEMS					
Grant Administration	0	0	0	0	40,000
Disease Control Research Grants	0	2,400,000	2,400,000	2,400,000	1,532,400
Special Item Subtotal	0	2,400,000	2,400,000	2,400,000	1,532,400
PROGRAM TOTAL	0	2,604,300	2,611,400	2,595,700	1,572,400
BY FUND SOURCE					
General Fund	0	2,604,300	2,611,400	2,595,700	1,572,400
TOTAL - ALL SOURCES	0	2,604,300	2,611,400	2,595,700	1,572,400

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
PROG: Disease Control Research Commission

Program Description — *The Disease Control Research Commission (DCRC) awards grants to medical researchers investigating the causes, incidence, and treatment of different diseases. The commission prioritizes proposals that focus on diseases particular to Arizona, involve collaborative efforts between institutions, or that are submitted by researchers without a long research track record or by established researchers changing their field of emphasis. The largest share of the research grants are awarded for cancer research and treatment and are awarded primarily to researchers affiliated with local universities.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(1,031,900)	(39.6)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Moratorium on New Disease Control Research Commission Grants **\$(1,031,900) GF**
The JLBC Staff recommends that the Legislature not fund new disease control research grants. The JLBC Staff recommendation would fund all existing research grants to their conclusion. Since many of the grants are awarded for multiple years, some funding is required to be maintained to cover these expenditures for 2 more years. For FY 1996, there are \$1,532,400 of on-going obligations, and for FY 1997 there are \$1,383,300 of on-going obligations. In FY 1998, and beyond, no funding would be required.

The DCRC reviews grant request submissions and awards grants to various researchers throughout Arizona. Many of these projects have had questionable value to the immediate promotion of health in Arizona. In addition, the majority of funding is awarded each year to the same researchers and has become more of a permanent funding source for several programs than a competitive grant. The university system, the private sector, and the federal government all spend many times this level of funding on medical research and this effort is duplicative in many ways.

The JLBC Staff recommendation would eliminate all administrative costs and 4 FTE positions. An amount of \$40,000 is recommended to allow the department resources to monitor on-going contracts to their conclusion.

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JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Family Health

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	85.7	76.4	76.4	77.4	70.4
OPERATING BUDGET					
Personal Services	1,899,300	2,133,500	2,370,500	2,250,100	1,910,300
Employee Related Expenditures	438,600	491,300	570,900	507,500	446,100
Professional/Outside Services	130,200	501,200			
Travel - In State	53,400	84,600	163,600	171,600	161,600
Travel - Out of State	2,600	2,700	79,700	84,600	84,600
Other Operating Expenditures	361,600	509,000	5,000	2,700	2,700
Equipment	2,900	29,000	431,100	412,800	391,600
			7,000	0	0
All Other Operating Subtotal	550,700	1,126,500	686,400	671,700	640,500
OPERATING SUBTOTAL	2,888,600	3,751,300	3,627,800	3,429,300	2,996,900
SPECIAL LINE ITEMS					
AHCCCS-CRS	8,338,000	8,451,400	8,451,400	8,451,400	8,451,400
Adult Cystic Fibrosis	221,400	223,600	223,600	223,600	223,600
Adult Sickle Cell Anemia	69,400	70,100	70,100	70,100	70,100
Childrens' Rehabilitative Services	6,275,000	6,491,800	6,491,800	6,491,800	6,491,800
Newborn Intensive Care	3,822,400	4,429,500	4,429,500	0	4,429,500
Perinatal Care Services	155,700	257,000	257,000	4,686,500	0
Teen Prenatal Express	839,700	1,081,100	1,081,100	1,081,100	0
Medical Malpractice/Obstetrics	163,200	395,000	395,000	280,000	255,000
Nutrition Services	289,400	330,100	330,100	330,100	330,100
Prenatal Outreach	148,600	530,000	1,600,000	1,600,000	1,420,000
WIC Supplemental	999,500	1,000,000	1,000,000	1,000,000	0
Prior Session Appropriation	0	0	-1,400,000	-1,400,000	-1,400,000
Loan Repayment Services	0	100,000	0	0	0
Perinatal Services	0	0	0	0	1,338,100
Teen Pregnancy Prevention	0	0	0	1,616,200	0
Child Fatality Review Team	0	0	100,000	0	100,000
Special Item Subtotal	21,322,300	23,359,600	23,029,600	24,430,800	21,709,600
PROGRAM TOTAL	24,210,900	27,110,900	26,657,400	27,860,100	24,706,500
BY FUND SOURCE					
General Fund	24,210,900	27,110,900	26,557,400	27,760,100	24,606,500
Other Appropriated Funds	0	0	100,000	100,000	100,000
TOTAL - ALL SOURCES	24,210,900	27,110,900	26,657,400	27,860,100	24,706,500

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Family Health

Program Description — *The Division of Family Health Services provides non-mental public health programs. The largest program is Children's Rehabilitative Services (CRS) which provides treatment for seriously physically impaired children that would benefit from a team surgical approach. CRS includes children with severe congenital defects, spina bifida, cleft palate, and other serious, yet correctable or improvable conditions. Non-CRS programs include prenatal programs, nutrition, dental care and targeted care for specific diseases.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(2,504,400)	(9.2)%
Other Appropriated Funds	100,000	N/A
Total Appropriated Funds	\$(2,404,400)	(8.9)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 35,200 GF
- Vacancy Savings - Adjusts to a 1.9% Vacancy Rate 12,300 GF
- Rent 15,900 GF
- ERE Rates 11,300 GF

Agency Reorganization (332,100) GF

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency dollar impact is zero. A total of (5.0) FTE positions and \$(332,100) are transferred from the program. The Executive did not recommend this issue, but concurs with the approach.

Loan Repayment Program (132,000) GF

The JLBC Staff recommends moving funding for the Loan Repayment Program from the Family Health program to the Public Health program as requested by the agency. The Executive concurs.

Child Fatality Review Team 100,000 OF

The JLBC Staff recommends transferring the Child Fatality Review Team Special Line Item from the Public Health program to the Family Health program, as requested by the agency.

Medical Malpractice/Obstetrical (140,000) GF

The Medical Malpractice/Obstetrical Special Line Item contains \$140,000 to offset the cost of medical malpractice premiums for rural providers and \$115,000 to provide a similar subsidy to community health centers. Laws 1994, Chapter 341 (H.B. 2391) appropriated an additional \$140,000 one-time subsidy for medical malpractice insurance premiums for rural providers, bringing the total appropriated for malpractice insurance relief to \$280,000. The recommended amount includes a reduction of \$(140,000) to eliminate what appears to be duplicative funding. The Executive recommendation includes the reduction of \$(140,000), but also includes an increase of \$25,000 to offset malpractice premiums for mid-level providers.

Elimination of WIC Supplemental (1,000,000) GF

The Food Program for Women, Infants, and Children (WIC) is primarily a federally-funded program which the state has supplemented with an additional \$1,000,000 per year from the General Fund. Federal funding for the state is expected to be over \$61,900,000 for FY 1995, (the tribal nations in Arizona will receive, in addition, over \$21,800,000 in FY 1995) including manufacturer formula rebates. The WIC program, currently serves approximately 98,000 clients per month in Arizona. Clients are prioritized into 7 different categories based on assumed levels of nutritional risk. Currently, the state program is serving all priority levels in 13 of the 18 WIC clinics and is serving through Level 4 in 4 other WIC clinics, while 1 clinic serves only higher levels. The JLBC Staff recommends eliminating the state subsidy for this program, which represents well less than 2% of the total WIC expenditures.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

When the state General Fund WIC Supplemental was created, the federal dollars and manufacturer rebates were about a third of the current level, and only the highest 2 levels of need were covered. As you progress through the 7 levels of need, the marginal benefits are highest to those at higher levels of need (actual malnutrition) and are less at lower levels of need.

Since the WIC program does not require any state match, the recommendation will not affect other funding sources. The Executive did not address this issue.

Prenatal Outreach

Through a separate bill in the 9th Special Session, the Legislature appropriated \$975,000 in FY 1995 and **425,000 GF** in FY 1996 for the Prenatal Outreach Special Line Item, in addition to the \$200,000 already appropriated for the program. As part of the Family Stabilization Act, this program contracts with county health departments that establish neighborhood outreach programs staffed with lay health workers. These lay health workers assist pregnant women access prenatal care and continue to work with the family after the birth of the child to ensure that the child receives proper health care, including immunizations.

The recommendation also moves \$465,000 in FY 1995 start-up expenditures for the program from the operating budget to a special line item to provide services. When combined with the additional \$425,000 appropriated for FY 1996, the recommended amount would enable the program to serve at least an additional 1,300 families. The Executive concurs, but does not address the recommendation concerning moving the start-up expenditures below-the-line.

Prior Session Appropriation

The \$1,400,000 was already appropriated to the Prenatal Outreach Special Line Item and does not need to be included in the FY 1996 General Appropriation Act. **(1,400,000) GF**

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JLBC Staff Recommended Format — Modified Lump Sum by Program

JLBC Staff Recommended Footnotes

Standard Footnote

- 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. *(This footnote was added to clarify that CRS contracts and all other related expenses were not to exceed the amount appropriated.)*

Other Issues for Legislative Consideration

- **Teen Pregnancy Prevention**
The Executive recommends \$1,616,200 and 1 FTE position to start a new program designed to reduce teen pregnancy. The JLBC Staff does not recommend funding for this issue.
- **Consolidation of Special Line Items**
The Executive recommends consolidating the following special line items: Prenatal Outreach with Health Start, Medically Underserved Areas with Medical Malpractice, and Newborn Intensive Care with Perinatal Care. The JLBC Staff incorporates the first two proposed consolidations in the FY 1995 Estimate column. It does not recommend the consolidation of Newborn Intensive Care and Perinatal Care, because it does not believe that the programs provide the same type of services.

Funding for Newborn Intensive Care is intended to provide emergency transportation and intensive care services to newborns who do not qualify for AHCCCS and who do not have private insurance. The Perinatal Care Services program, however, primarily provides case management and outreach services to pregnant women. The JLBC Staff recommends consolidating the Perinatal Care Services and Teen Prenatal Express line items into a single Perinatal Services line item because the Teen Prenatal Express Program also primarily provides case management and outreach services.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Behavioral Health

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	173.9	170.4	166.3	154.8	138.6

OPERATING BUDGET

Personal Services	1,856,600	1,768,200	2,499,800	2,156,700	1,795,900
Employee Related Expenditures	377,300	471,300	601,900	488,300	466,800
Professional/Outside Services	854,200	1,047,500	1,552,700	1,297,500	1,047,500
Travel - In State	42,600	54,300	100,700	74,000	54,300
Travel - Out of State	9,200	7,100	20,000	7,100	7,100
Other Operating Expenditures	599,700	350,100	530,400	468,300	346,800
Equipment	8,400	0	155,700	76,000	0
All Other Operating Subtotal	1,514,100	1,459,000	2,359,500	1,922,900	1,455,700
OPERATING SUBTOTAL	3,748,000	3,698,500	5,461,200	4,567,900	3,718,400

SPECIAL LINE ITEMS

Region Residential/Psychiatric Beds	5,713,500	5,770,300	5,770,300	5,770,300	5,770,300
Childrens' Behavioral Health Services	11,941,500	12,954,900	16,417,200	12,954,900	12,954,900
Seriously Mentally Ill Services	54,763,700	58,790,700	0	61,898,400	59,610,200
Mental Health Services	8,979,100	9,537,800	11,087,600	9,537,800	8,107,100
Substance Abuse	12,045,200	12,201,000	16,041,600	12,945,300	10,578,500
Seriously Mentally Ill Services Title 19	0	0	22,109,400	0	0
Seriously Mentally Ill Services Non-Title 19	0	0	62,821,100	0	0
Geriatric Residential Beds	2,190,000	2,211,800	2,211,800	2,211,800	0
Seriously Mentally Ill Clozaril Program	487,100	487,100	1,257,100	1,257,100	0
EPSDT-DES	588,600	0	0	0	0
Seriously Emotionally Handicapped Children	4,332,200	4,375,300	4,375,300	4,375,300	4,375,300
Children's Match Title 19	13,043,300	20,826,300	26,492,000	20,633,400	20,826,300
Third Party Payor Costs	0	2,248,900	2,248,900	1,848,900	1,848,900
Data Processing Debt Retirement	0	1,500,000	1,500,000	1,500,000	1,500,000
Computer Hardware Lease	0	996,000	996,000	996,000	996,000
Managed Care and Actuarial Service	0	1,695,000	1,695,000	1,695,000	1,695,000
Case Management & Curriculum Development	0	180,000	180,000	0	0
Behavioral Health Task Force	0	160,000	160,000	0	0
HUD Grants Compliance	0	70,000	70,000	70,000	70,000
Childrens' Respite Care	0	252,500	252,500	252,500	252,500
FY 1994 RBHA Payments	2,750,000	0	0	0	0
Community Therapeutic Substance Abuse	0	0	0	0	1,000,000
Mental Health/Substance Abuse Title 19	0	0	0	0	2,252,200
Mental Health Services Title 19	0	0	1,020,800	1,263,500	0
Court Monitoring	441,400	441,400	441,400	441,400	0
Substance Abuse Services Title 19	0	0	1,499,100	1,688,600	0
Prior Year CBH Claims	249,000	0	0	0	0
Client Satisfaction Incentive Program	0	100,000	100,000	100,000	100,000
Community Treatment Development	0	0	0	581,300	0

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Behavioral Health

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Southern AZ Mental Health Center	3,523,400	3,781,300	3,868,900	3,773,700	3,416,800
PASARR	0	0	58,100	0	0
Psychiatric Review Board	0	82,100	83,000	80,600	80,700
Special Item Subtotal	121,048,000	138,662,400	182,757,100	145,875,800	135,434,700
PROGRAM TOTAL	124,796,000	142,360,900	188,218,300	150,443,700	139,153,100
BY FUND SOURCE					
General Fund	111,680,700	142,360,900	188,218,300	150,443,700	139,153,100
Other Appropriated Funds	13,115,300	0	0	0	0
Other Non-Appropriated Funds	2,445,800	1,696,200	1,670,500	--	1,670,500
TOTAL - ALL SOURCES	127,241,800	144,057,100	189,888,800	150,443,700	140,823,600

Program Description — The Behavioral Health program administers most mental health services for the state including both adult and children's behavioral health, substance abuse and seriously emotionally handicapped children. The division operates the Southern Arizona Mental Health Center (SAMHC) which provides primarily outpatient treatment services. Most services are provided through contracts with 6 Regional Behavioral Health Authorities (RBHAs) which then subcontract for provision of services with a provider network.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(3,207,800)	(2.3)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$73,400 GF
- Vacancy Savings - Adjusts to a 3.4% Vacancy Rate 4,900 GF
- ERE Rates (42,900) GF

Agency Reorganization

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency dollar impact is zero. A total of \$(3,300) is transferred from this program. The Executive did not recommend this issue but concurs with the approach. (3,300) GF

Elimination of Unfunded FTE Positions

The JLBC Staff recommends elimination of 23.6 unfunded FTE positions. These positions were retained although the funding was permanently removed in prior fiscal years. The elimination of these positions will more accurately reflect the level of staffing for this program. -0- GF

Annualization of Substance Abuse Funding Transfers

The Joint Legislative Budget Committee has approved a transfer of \$380,000 for the Substance Abuse Services Special Line Item for FY 1995 which effectively raised contracted expenditures for these services by \$744,300 on an annualized basis. The 744,300 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

transfer was based on revised program estimates which made the FY 1995 appropriation appear to be lower than FY 1994 expenditures. Since the transfer used one-time funding sources, in order to maintain current contract levels for an entire year, an additional \$744,300 is needed. The Executive concurs.

Adult SMI Services Title XIX and Children's Behavioral Health Title XIX

- Population and Capitation Increases

-0- GF

The JLBC Staff recommends maintaining level funding for population and capitation costs for the Title XIX entitled SMI population. For FY 1996, capitation payments will reflect the average cost of services for all of the entitled population, not just the clients actually receiving services. This will stabilize the ability to project future expenditures and should encourage the use of more preventive therapies. The department is also changing the recoupment of overpayments to a prospective methodology versus a retrospective collection. Based on a revised methodology for the calculation of state matching requirements, the Executive is recommending a decrease of \$(1,701,600) for state match for SMI Adult Services and a decrease of \$(1,689,700) for Children's Behavioral Health Services. The JLBC Staff has reviewed this new methodology and is not comfortable with building any savings into the budget recommendation at this time. The methodology is not necessarily flawed, but rather relies on broad assumptions in several critical areas for which we have no historical data to make accurate predictions. Since the new capitation system is so difficult to predict at this time, the JLBC Staff recommends a cautious approach and therefore recommends maintaining level funding at this time.

Move the Geriatric Residential Treatment Line Item to the ASH Program
Please refer to the Arizona State Hospital Program for a full description of this program.

(2,211,800) GF

Move the SMI Clozaril Program Special Line Item to the Arizona State Hospital Program
Please refer to the Arizona State Hospital Program for a full description of this program.

(487,100) GF

Creation of a Title XIX Substance Abuse and General Mental Health Program

(1,045,300) GF

The state has operated under a federal waiver from the requirement to provide Title XIX 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 XIX clients receiving covered services). Therefore, the JLBC Staff recommends that a portion of these savings be used to pay the state match costs of new Title XIX clients. The implementation of the Title 19 program and other JLBC Staff recommended changes will increase overall funding for these programs by an estimated \$4,541,800. The sums of \$1,430,700 and \$1,866,800, (for a total of \$3,297,500), will be reduced from the Mental Health Services and Substance Abuse Services Special Line Items, respectively, and used to create the new Title 19 General Mental Health and Substance Abuse State Match Special Line Item. Due to the "refinancing" of existing state only clients by the federal government only \$2,252,200 is projected to be needed for the state match. The difference between the reduction of \$(3,297,500) and the match requirement of \$2,252,200 results in savings to the General Fund of \$(1,045,300). The Executive recommends an increase of \$2,952,100 for the state match but has not reflected any savings from conversion of existing clients to Title XIX eligibility.

Savings are based on a 20% conversion rate of existing clients to Title XIX and a doubling of this population as Title XIX is implemented. Savings shown reflect 9 months of program operation in FY 1996. The table below illustrates the recommended changes to current year funding and their impact on Total and General Fund funding levels.

		Title XIX - General Mental Health and Substance Abuse Impact on the General Fund				
	FY 1995	Non-T19 Changes	Pre-T19 FY 1996	Title-T19 Changes	JLBC Rec FY 1996	Change FY96-FY95
Substance Abuse	\$12,201,000	\$244,300 ^{1/}	\$12,445,300	\$(1,866,800)	\$10,578,500	\$(1,622,500)
General Mental Health	9,537,800	-0-	9,537,800	(1,430,700)	8,107,100	(1,430,700)
Comm Therapeutic Sub Abuse	-0-	1,000,000 ^{1/}	1,000,000	-0-	1,000,000	1,000,000
T19-Gen Mental Health/Sub Abuse Match	-0-	-0-	-0-	2,252,200	2,252,200	2,252,200
Subtotal - General Fund Impact	\$ -0-	\$1,244,300	\$ 1,244,300	\$(1,045,300)	\$ 199,000	\$ 199,000
Federal-Gen Mental Health/Sub Abuse	-0-	-0-	-0-	4,342,800	4,342,800	4,342,800
Total Funding	<u>\$21,738,800</u>	<u>\$1,244,300</u>	<u>\$22,983,100</u>	<u>\$3,297,500</u>	<u>\$26,280,600</u>	<u>\$4,541,800</u>

^{1/} These figures reflect increases of \$744,300 and \$500,000 respectively. They also reflect a transfer of \$500,000 from Substance Abuse to Community Therapeutic Substance Abuse.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Community Therapeutic Substance Abuse Treatment

500,000 GF

The JLBC Staff recommends an increase of \$500,000 and a transfer of \$500,000 from the Substance Abuse Services Special Line Item, to be used for Community Therapeutic Substance Abuse Treatment. Community therapeutic treatment is a long term substance abuse treatment model used for the most chronic, or "hardcore", substance abusers. Since substance abuse funding has flowed through the RBHA system, the RBHA's have increasingly directed funding toward lower cost, short term substance abuse treatment providers. While this has allowed more individuals to receive treatment, it has also begun to create a shortage of placements for the most chronic substance abusers. These chronic abusers are also the ones that cost the state the most in criminal justice and health care expenditures. Creation of this special line item will insure that resources are committed to continuing the use of these long-term treatment facilities where it is appropriate. The Executive did not address this issue.

Third Party Payor Cost Reduction

(400,000) GF

The \$2,248,900 appropriated in FY 1995 for Third Party Payor Costs was based on approximately \$1.5 million of transaction costs and around \$550,000 of programming to make changes to the system of payments. These changes were necessary to eliminate errors between the RBHA's, the agency and the third party payor due to data entry or organization problems. These problems have, for the most part, been resolved. Therefore, the JLBC Staff recommends that funding for the programming changes be reduced by \$(400,000). The Executive concurs.

Remove One-time Case Management and Curriculum Development Funding

(180,000) GF

For FY 1995, the Legislature provided one-time funding for case management and curriculum development costs. These funds were used for consultants that completed the preliminary design and implementation. Future development can be accomplished with existing agency resources. The Executive concurs.

Eliminate Behavioral Health Task Force Funding

(160,000) GF

The Governor's Behavioral Health Task Force completed its task in FY 1994. The Legislature appropriated one-time funding for FY 1995 for the department to complete implementation of their recommendations. Since this task force is no longer operating, this funding should be removed. The Executive concurs.

Begin Privatization of SAMHC

-0- GF

The JLBC Staff recommends moving \$378,100 from the Southern Arizona Mental Health Center (SAMHC) Special Line Item to SMI Services Non-Title XIX. For FY 1995, the Legislature adopted a budget for the agency which included the privatization of SAMHC by FY 1996. Due to delays, this privatization will not occur until late in FY 1996. The JLBC Staff recommends that this portion be transferred to insure that the process of privatizing SAMHC is started, and preferably completed, during FY 1996. The JLBC Staff also recommends some statutory changes to clarify SAMHC's status. The Executive did not address this issue.

Subject Arnold vs. Sarn Statutes to Availability of Appropriations

-0- GF

The State of Arizona was sued over a portion of the Arizona Revised Statutes regarding the delivery of mental health services to the seriously mentally ill (SMI). This lawsuit, known as Arnold vs. Sarn has resulted in substantial legal costs to both the state and to Maricopa County (co-defendants in the case). The court-imposed monitor has exerted substantial influence and control over operations of the behavioral health system. In a recently released report, the State Auditor General's Office recommended the elimination of this intrusion into the ability of the Legislature to control expenditures and scope of the behavioral health system in Arizona. The JLBC Staff agrees with the Auditor General on this issue and recommends that the statutes be amended to subject the sections pertaining to SMI treatment to legislative appropriation. The JLBC Staff further recommends that the \$441,400 currently appropriated to pay for costs of the Office of the Court Monitor be reduced to zero, and the resulting \$441,400 of savings be placed into the SMI Services Special Line Item for the benefit of SMI clients. The Executive did not address this issue.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

Other Issues for Legislative Consideration

— The Behavioral Health System Organization

The current behavioral health system continues to consume a large portion of total resources for administrative and overhead costs and is characterized by several layers of administration. While reporting of clients and expenditures has improved, it is unclear how much progress has been made in reducing administrative overhead. The JLBC Staff recommends that the Legislature explore and consider alternative methods for the delivery of behavioral health services to the mentally ill in Arizona. One such alternative may include a small pilot program to test the ability

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

of AHCCCS health plans to provide both physical and behavioral health services or to move the entire behavioral health system to AHCCCS. Another consideration would be to place the new General Mental Health and Substance Abuse Program in the AHCCCS budget rather than the Department of Health Services. Still another alternative would be to eliminate the Regional Behavioral Health Authorities (RBHA) and have the department contract for services directly with providers.

— Maricopa County Crisis System Development Enhancement

The Executive recommends an increase of \$4,259,100 for expansion of the crisis system. The Executive would develop two 24-hour Urgent Care Centers and Crisis Respite Services for 300 persons per year in Maricopa County. The JLBC Staff does not recommend this increase.

— Behavioral Health Services on Reservations

The Executive recommends an increase of \$2,443,900 to provide additional behavioral health services to the Navajo Nation, the Salt River Pima-Maricopa Indian Community, the Gila River Indian Community, and the Pasqua Yaqui Tribe of Arizona. The funding includes an additional 3 FTE positions and \$396,900 for department administrative costs. The JLBC Staff does not recommend this increase. The department has not adequately explained the necessity for the agency to assume this additional responsibility on the Indian reservations or what is the continuing role of the Indian Health Services (IHS) in providing medical and behavioral health services.

— Behavioral Health Infrastructure

The Executive recommends an additional 5 FTE positions and \$306,900 for additional administrative staff for the division. These staff would be assigned to interfacing and providing oversight of the Regional Behavioral Health Authority (RBHA) System. The JLBC Staff does not recommend this increase. The Sunset Committee for the Behavioral Health Division has recommended only a 1 year extension for the program due to on-going concerns. The JLBC Staff does not recommend further increasing the administrative positions of this division until overall organizational structure issues are resolved.

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DEPT: Department of Health Services
 PROG: Arizona State Hospital

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	909.5	875.5	875.5	875.5	838.0
OPERATING BUDGET					
Personal Services	20,680,600	19,760,300	21,865,600	20,156,500	19,203,300
Employee Related Expenditures	5,057,600	4,830,600	5,346,800	5,275,900	4,905,700
Professional/Outside Services	1,757,800	2,958,800	2,958,800	2,958,800	2,835,500
Travel - In State	28,700	50,400	50,500	50,500	48,100
Travel - Out of State	4,700	5,100	5,100	5,100	4,800
Food	747,200	764,000	764,000	764,000	702,200
Other Operating Expenditures	2,597,800	2,036,500	2,043,000	2,043,000	1,937,800
Equipment	6,900	119,500	89,000	70,600	60,400
All Other Operating Subtotal	5,143,100	5,934,300	5,910,400	5,892,000	5,588,800
OPERATING SUBTOTAL	30,881,300	30,525,200	33,122,800	31,324,400	29,697,800
SPECIAL LINE ITEMS					
Geriatric Residential Beds	0	0	0	0	2,211,800
Community Placement Treatment	0	0	0	0	1,299,100
Community Placement Development	0	0	0	0	100,000
Clozapine Program	0	0	0	0	1,257,100
Special Item Subtotal	0	0	0	0	4,868,000
PROGRAM TOTAL	30,881,300	30,525,200	33,122,800	31,324,400	34,565,800
BY FUND SOURCE					
General Fund	30,881,300	17,031,300	19,628,900	17,830,500	21,071,900
Other Appropriated Funds	0	13,493,900	13,493,900	13,493,900	13,493,900
TOTAL - ALL SOURCES	30,881,300	30,525,200	33,122,800	31,324,400	34,565,800

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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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$4,040,600	23.7%
Other Appropriated Funds	-0-	0.0
Total Appropriated Funds	\$4,040,600	13.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$349,400 GF
- Vacancy Savings - Adjusts to a 3.4% Vacancy Rate 6,100 GF
- ERE Rates 240,600 GF
- Elimination of One-time Capital and Non-Capital Equipment (119,500) GF

New Equipment

Funds various equipment for the ASH laboratory and other replacement equipment. 65,000 GF

Agency Reorganization

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency dollar impact is zero. A total of 1 FTE position and \$(40,000) are transferred from this program. The Executive did not recommend this issue, but concurs with the approach. (40,000) GF

Food Adjustment

The JLBC Staff recommends full funding of meals and nutrient equivalents for an estimated 450 ASH patients at \$1.25 per meal. This yields a savings of \$(29,900) compared with current year funding levels, due to an expected decrease in patient census. (29,900) GF

Arizona State Hospital (ASH) Census Reduction and Shifting of Community Placement Funding Control

The JLBC Staff recommends several adjustments be made to allow for a census reduction at the Arizona State Hospital (ASH). There is a growing consensus that many of the current patients at ASH would benefit and be more appropriately placed in lower cost, yet treatment effective, community placements. The department has estimated a need for 300 beds at ASH, while the Governor's Office of Strategic Planning and Budgeting estimates a need for around 350 beds. Both of these estimates are compared to a current census of around 480. The problems associated with reducing the census have been: 1) a lack of appropriate community providers; 2) the need for some additional funding; 3) the lack of ASH control over funding for alternatives; and 4) the need for a mechanism to have funding "follow the patient" and to transfer the funding from ASH to community placements. The JLBC Staff recommendations below address each of these issues. The Executive has also recommended a few changes which in some ways are similar and are also discussed below.

Move the Geriatric Residential Treatment Line Item to the Arizona State Hospital Program 2,211,800 GF

The Geriatric Residential Treatment Special Line Item was created in order to move geriatric patients out of the Arizona State Hospital (ASH) and into community nursing home settings. Currently, the department estimates that 42 individuals are in community placements through this program. However, since this line item is in the Behavioral Health division budget, it is distributed through the Regional Behavioral Health Authority (RBHA) system, instead of being under the control of ASH. As a result, when patients are identified for placement in the community, ASH must attempt to get a RBHA to "take the patient" and put them into a setting. This has grown increasingly problematic because it slows down transfers and has added unnecessary administrative costs. The solution is to appropriate this funding directly to ASH where all of the resources can be used quickly and efficiently for the purpose they were created. The JLBC Staff is recommending that the administration of ASH be given direct control of these funds and that they no longer be sent through the RBHA system. The Executive did not address this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Move and Expand the SMI Clozaril Program Special Line Item to the Arizona State Hospital Program

1,257,100 GF

The SMI Clozaril Program Special Line Item was created in order to provide new drug treatment to chronically ill patients that had already had unsuccessful treatment with other medications. The drug clozapine, (brand name is "Clozaril"), is a new psychotropic medication which can have dramatic results on some patients that have not responded to other therapies, but requires extensive monitoring and is very expensive. When used on certain patients at the Arizona State Hospital (ASH) it has the dual benefit of patient improvement and of moving successfully treated patients into community settings which are much less costly. However, since this line item is in the Behavioral Health division budget, it is not under the direct control of ASH. As a result, when ASH patients are identified as candidates for treatment, the hospital is usually not able to provide them services. The department has requested additional resources for this line item in order to reduce the census at ASH and create savings. The JLBC Staff has recommended this increase contingent upon the monies being appropriated directly to ASH to ensure that the new funds are used for patients currently residing at ASH. The JLBC Staff is recommending that the administration of ASH be given direct control of these \$487,100 of current funds and that they no longer be sent through the RBHA system. The Executive does not address this issue.

The JLBC Staff recommends increasing SMI Clozaril Program funding by \$770,000. This additional funding will serve an estimated 77 additional clients on waiting lists, and the agency estimates this will result in the release of 26 ASH patients to less costly alternatives. However, the JLBC Staff has taken a much more conservative view of potential savings and estimates that a total of 10 ASH patients could be placed into appropriate community settings for 6 months in FY 1996. The calculation of this estimate yields savings of 9.1 FTE positions and \$(345,100). Along with the savings described in "ASH Census Reduction" below, these savings are placed into a new special line item called "Community Placement Treatment." These funds are discussed under "Community Placement Treatment." The JLBC Staff recommends that all of the funds in the Community Placement Treatment Special Line Item be placed under the direct control of the administration of ASH, and not sent through the RBHA system. The Executive concurs with increasing funding by \$770,000 but has left these funds in the Behavioral Health Program and does not reflect any census reduction.

ASH Census Reduction

100,000 GF

In addition to the Geriatric Residential Treatment Beds and the Clozaril program, the JLBC Staff recommends that during FY 1996, ASH identify and place 30 patients into appropriate community settings. To facilitate this move, the JLBC Staff recommends one-time funding of \$100,000 to develop community providers, including small grants for facility conversion and other provider start-up costs. To generate funds for community placement, the JLBC Staff recommends that ASH reduce its operating costs and FTE Positions by 6.25%, or an amount equal to the 6.25% reduction in population. In recognition of the fact that this will take some initial time to plan, savings are shown for only 6 months in FY 1996. This results in operating cost reductions of 27.4 FTE positions and \$(954,000). These savings are then placed into a new special line item called Community Placement Treatment to pay for placement of the 30 patients in appropriate community treatment settings. This issue is also discussed under "Community Placement Treatment." This constitutes a daily per patient funding of \$174, or \$63,600 per year. The JLBC Staff recommends that all of the funds in the Community Placement Treatment Special Line Item be placed under the direct control of the administration of ASH, and not sent through the RBHA system. The Executive recommends funding of \$581,300 for this issue.

Community Placement

-0- GF

The JLBC Staff recommendation would reduce the ASH census from 480 to approximately 440, which is a reduction of institutionalized patients of 40, or 8.3%. This is accomplished by granting ASH direct control over Clozaril and Community Geriatric Treatment funding, increasing Clozaril funding by \$770,000, and providing \$100,000 of start-up Community Placement Provider Development funding. Each of these issues is described in detail above. For FY 1996, the budget shows a zero change for this issue and is based upon placing 40 patients into appropriate community placement for an average of 6 months. A total of 36.5 FTE positions and \$1,299,100 are transferred out of the ASH operating budget and the funding is placed into a new Community Placement Treatment Special Line Item. For FY 1997 and beyond, the JLBC Staff predicts savings through expansion of the program, annualization of savings from FY 1995, and the lower costs of community placements relative to ASH annual per patient costs. No savings have been projected for the first year to allow ample time for development of appropriate community providers and to ensure sufficient funds exist to place all 40 patients in the community without disrupting their continuum of care. The Executive recommends transferring \$3,014,200 from ASH operating at an unspecified later date after a community treatment infrastructure has been established. The Executive recommendation is much higher due to estimating more patients, forecasting more than 6 months of savings, and a higher variable operating cost for ASH.

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JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— Assets Committee Recommendation

The Joint Ad Hoc Legislative Committee on State Assets recommended that the Arizona State Hospital's (ASH) current buildings be replaced over time with a new smaller facility on the Northwest section of the existing hospital grounds. This recommendation was based primarily on the age and inefficiency of the current ASH facilities infrastructure. The recommendation would also recognize the need for some degree of census reduction and placement of appropriate candidates into community settings. The JLBC Staff Capital Outlay budget recommendation includes \$2,000,000 to begin this effort. See Capital Outlay section of the Analysis and Recommendations book.

— Need for Clear Definitions in Statute of Commitment and Release Criteria

Currently, ASH has little control over who is committed to their care, and often faces restrictions on who is released as well. It is very difficult for ASH to perform their treatment functions and manage their budget effectively when the census fluctuates beyond their control. There has been some anecdotal evidence that commitments can vary for a number of reasons which do not necessarily coincide to the relative mental health needs of those being committed. The JLBC Staff recommends that the Legislature consider revising current statutes to provide clearer guidelines on who should and should not be committed to ASH, and clarify ASH's ultimate role in the behavioral health system.

— Disproportionate Share

The JLBC Staff recommendation reflects the same level of Disproportionate share funding as in FY 1995. The numbers will be revised when more information is known about what will be approved by the Health Care Financing Administration (HCFA). Any changes from this revision are expected to be relatively small. However, if the Legislature considers revising Disproportionate Share revenue distribution, the impact could be much more significant.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Health Services
 PROG: Laboratory Services

JLBC Analyst: Bradley/Reddy
 OSPB Analyst: Leslie Schwalbe

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	55.5	54.9	63.9	55.9	53.9
OPERATING BUDGET					
Personal Services	1,511,700	1,397,600	1,814,000	1,588,300	1,432,000
Employee Related Expenditures	340,100	323,300	436,800	372,700	350,900
Professional/Outside Services	14,900	3,000	182,400	3,000	3,000
Travel - In State	11,800	22,200	34,300	29,700	22,200
Travel - Out of State	15,800	11,400	18,600	11,400	11,400
Other Operating Expenditures	473,400	507,000	726,500	676,800	501,200
Equipment	262,900	301,200	1,192,800	561,500	301,200
All Other Operating Subtotal	778,800	844,800	2,154,600	1,282,400	839,000
PROGRAM TOTAL	2,630,600	2,565,700	4,405,400	3,243,400	2,621,900
BY FUND SOURCE					
General Fund	2,630,600	2,565,700	4,405,400	3,243,400	2,621,900
Other Non-Appropriated Funds	540,800	627,100	627,100	--	627,100
TOTAL - ALL SOURCES	3,171,400	3,192,800	5,032,500	3,243,400	3,249,000

Program Description — *The Division of Laboratory Services provides laboratory testing for other state agencies in addition to water testing, public health tests, and other health related testing. The division also monitors and evaluates the quality of laboratory testing statewide.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$56,200	2.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes	
— Annualization of April 1995 Pay Adjustment	\$ 24,700 GF
— Vacancy Savings - Adjusts to a 1.9% Vacancy Rate	5,900 GF
— ERE Rates	19,400 GF
— Rent	200 GF
— Elimination of One-time Capital Equipment	(301,200) GF
Equipment	301,200 GF

The recommended amount includes funding for replacement equipment.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Agency Reorganization

20,200 GF

The agency has requested a realignment of expenditures to reflect a reorganization of staff resources. The JLBC Staff recommends this realignment since the net agency dollar impact is zero. A total of 1 FTE position and \$20,200 are transferred to the program. The Executive concurs.

Clinical Laboratory Improvement Act (CLIA) Reduction

(14,200) GF

The recommended amount includes an agency-requested reduction of (2.0) FTEs, \$(8,900) in Personal Services and \$(5,300) in Employee Related Expenditures 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. The Executive concurs, but recommends reducing the appropriation by \$(15,500).

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

Other Issues for Legislative Consideration

— Safe Drinking Water

The Environmental Protection Agency (EPA) recently increased the number of contaminants it regulates in drinking water. The Executive is recommending 3 FTE positions and \$458,500 to certify labs that perform these tests and to test samples it receives from public entities.

The department is required by statute to provide free testing services to counties, cities, and school systems and to perform certification tests on private labs. Since the agency does not have the staff or the equipment necessary to provide these services, however, these entities are contracting with private labs for testing services in order to comply with the new EPA requirements. The JLBC Staff recommends that the Legislature eliminate this requirement for free testing services from the law because it believes that these entities should continue to contract with the private sector for testing services. Furthermore, given the small number of labs equipped and staffed to carry out the necessary certification tests, we recommend that the agency use the safe drinking water testing monies freed up by the elimination of the testing requirement to contract with a private facility to perform the necessary certification tests.

JUDICIARY
(JUD)

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Commissions on Appellate and Trial Court Appointments

JLBC Analyst: Cawley/Beranek
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0
OPERATING BUDGET					
Other Operating Expenditures	8,700	10,000	10,000	10,000	10,000
All Other Operating Subtotal	8,700	10,000	10,000	10,000	10,000
AGENCY TOTAL	8,700	10,000	10,000	10,000	10,000
BY FUND SOURCE					
General Fund	8,700	10,000	10,000	10,000	10,000
TOTAL - ALL SOURCES	8,700	10,000	10,000	10,000	10,000

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

No Change \$-0- GF

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JLBC Staff Recommended Format — Lump Sum by Agency

Other Issues for Legislative Consideration

- Executive Recommendation
 The Executive did not provide a recommendation or estimate, but only displays the commissions' FY 1995 appropriation in the recommendation column. Pursuant to A.R.S. § 35-116 B, the Judiciary and the Legislature are not subject to the control of the Governor in the preparation and submission of their budgets.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Court of Appeals
 PROG: Division I

JLBC Analyst: Cawley/Beranek
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	98.0	98.0	104.0	98.0	100.0
OPERATING BUDGET					
Personal Services	4,342,500	4,540,700	4,954,400	4,540,700	4,770,300
Employee Related Expenditures	641,300	774,400	847,100	774,400	714,500
Professional/Outside Services	600	800	1,000	800	800
Travel	74,800	63,900	99,300	63,900	80,900
Other Operating Expenditures	325,900	277,900	310,500	277,900	304,200
Equipment	37,800	10,000	67,900	10,000	42,500
All Other Operating Subtotal	439,100	352,600	478,700	352,600	428,400
PROGRAM TOTAL	5,422,900	5,667,700	6,280,200	5,667,700	5,913,200
BY FUND SOURCE					
General Fund	5,422,900	5,667,700	6,280,200	5,667,700	5,913,200
TOTAL - ALL SOURCES	5,422,900	5,667,700	6,280,200	5,667,700	5,913,200

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$245,500	4.3%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 51,400 GF
- Annualization of January 1995 Judges Salary Increase 35,900 GF
- Vacancy Savings - Adjusts to a 1.5% Vacancy Rate (6,200) GF
- ERE Rates (85,500) GF
- Risk Management 7,900 GF

Judges Salary Increase

- Laws 1994, Chapter 220 increases judges' salaries January 1, 1996. 38,400 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Sixteenth Judge 252,800 GF
Laws 1994, Chapter 245 adds a 16th judge to Division I. Included in the costs are 1 law clerk and 1 secretary and all associated costs (\$172,700, Personal Services; \$24,200, Employee Related Expenditures; and \$55,900, All Other Operating Expenditures.)

Transfer of 1 FTE Position to the Supreme Court (61,200) GF
The programmer analyst transfer will aid in the development of the Appellate Automation Project.

Traveling Judges 12,000 GF
The increase more accurately reflects actual costs for the 5 traveling judges.

* * *

JLBC Staff Recommended Format — Lump Sum for the Division

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive did not provide a recommendation or estimate, but only displays the division's FY 1995 appropriation in the recommendation column. Pursuant to A.R.S. § 35-116 B, the Judiciary and the Legislature are not subject to the control of the Governor in the preparation and submission of their budgets.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Court of Appeals
 PROG: Division II

JLBC Analyst: Cawley/Beranek House Sub: Hart
 OSPB Analyst: Monica Seymour Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	36.0	36.0	37.0	36.0	36.0
OPERATING BUDGET					
Personal Services	1,689,100	1,766,700	1,872,400	1,766,700	1,812,100
Employee Related Expenditures	248,400	301,400	320,200	301,400	271,200
Professional/Outside Services	0	1,000	1,000	1,000	1,000
Travel	30,200	36,400	36,400	36,400	36,400
Other Operating Expenditures	698,200	718,500	756,900	718,500	754,500
Equipment	72,800	0	120,600	0	112,000
All Other Operating Subtotal	801,200	755,900	914,900	755,900	903,900
PROGRAM TOTAL	2,738,700	2,824,000	3,107,500	2,824,000	2,987,200
BY FUND SOURCE					
General Fund	2,738,700	2,824,000	3,107,500	2,824,000	2,987,200
TOTAL - ALL SOURCES	2,738,700	2,824,000	3,107,500	2,824,000	2,987,200

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$163,200	5.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 19,800 GF
- Annualization of January 1994 Judges Salary Increase 14,600 GF
- Vacancy Savings - Maintains a 1% Vacancy Rate (200) GF
- ERE Rates (34,400) GF
- Risk Management 2,900 GF
- Rent/Lease Purchase 300 GF

Judges Salary Increase

Laws 1994, Chapter 220 increases judges' salaries January 1, 1996. 15,400 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Telecommunication Charges

32,800 GF

The increase will provide \$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, \$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 will fund 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

112,000 GF

The JLBC Staff recommends that the division shall submit its imaging system project plan to the Joint Legislative Budget Committee (JLBC) for review. (See the new footnote below.) The recommendation 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 three 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. It is anticipated that this system will eliminate duplicate handling of files and result in savings of staff time for the various court systems in Pima County and the State Department of Library, Archives, and Public Records (DLAPR). Court documents are archived at DLAPR. This expenditure is a one-time equipment cost.

* * *

JLBC Staff Recommended Format — Lump Sum for the Division

JLBC Staff Recommended Footnotes

New Footnote

- Prior to expending \$112,000 for the imaging system, Division II of the Court of Appeals shall submit a project plan to the Joint Legislative Budget Committee for review.

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive did not provide a recommendation or estimate, but only displays the division's FY 1995 appropriation in the recommendation column. Pursuant to A.R.S. § 35-116 B, the Judiciary and the Legislature are not subject to the control of the Governor in the preparation and submission of their budgets.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Commission on Judicial Conduct

JLBC Analyst: Cawley/Beranek
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	2.0	3.0	5.0	3.0	3.0
OPERATING BUDGET					
Personal Services	92,500	115,500	189,500	115,500	117,100
Employee Related Expenditures	14,200	21,900	37,000	21,900	21,400
Professional/Outside Services	17,400	38,500	109,400	38,500	38,500
Travel	6,500	12,900	20,900	12,900	15,900
Other Operating Expenditures	13,000	16,300	23,300	16,300	17,300
Equipment	6,800	3,600	28,100	3,600	0
All Other Operating Subtotal	43,700	71,300	181,700	71,300	71,700
AGENCY TOTAL	150,400	208,700	408,200	208,700	210,200
BY FUND SOURCE					
General Fund	150,400	208,700	408,200	208,700	210,200
TOTAL - ALL SOURCES	150,400	208,700	408,200	208,700	210,200

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$1,500	0.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes	
— Annualization of April 1995 Pay Adjustment	\$ 1,800 GF
— ERE Rates	(700) GF
— Risk Management	1,000 GF
— Elimination of One-time Capital and Non-Capital Equipment	(3,600) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Travel

3,000 GF

Reflects the increase in the number of meetings and related commission activities the 11 members must attend due to the increasing number of inquiries, complaints and cases.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency (This is a change from the FY 1995 Lump Sum appropriation. Given the Commission's expenditure plan for its FY 1995 appropriation, the JLBC Staff recommends greater legislative oversight. The FY 1995 appropriation was based upon the Commission's request of \$11,600 for Equipment associated with a new position. Instead of utilizing the \$11,600 for Equipment, the Commission moved \$8,000 out as follows: \$6,000 in Personal Services, \$500 in ERE and \$1,500 in Travel. The \$6,000 in Personal Services is being used to increase salaries.)

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive did not provide a recommendation or estimate, but only displays the commission's FY 1995 appropriation in the recommendation column. Pursuant to A.R.S. § 35-116 B, the Judiciary and the Legislature are not subject to the control of the Governor in the preparation and submission of their budgets.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Superior Court

JLBC Analyst: Cawley/Beranek
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	169.0	170.0	178.0	170.0	171.0
OPERATING BUDGET					
Personal Services	5,470,300	5,616,300	6,301,800	5,616,300	5,943,000
Employee Related Expenditures	622,400	740,800	839,400	740,800	665,800
Other Operating Expenditures	650,100	532,100	532,100	532,100	874,800
All Other Operating Subtotal	650,100	532,100	532,100	532,100	874,800
OPERATING SUBTOTAL	6,742,800	6,889,200	7,673,300	6,889,200	7,483,600
SPECIAL LINE ITEMS					
Family Counseling	462,100	490,500	514,100	490,500	514,100
Juvenile Probation State Aid	1,694,000	2,665,000	3,968,800	2,665,000	3,056,300
Adult Probation Enhancement	13,648,600	15,888,000	21,405,100	15,888,000	17,475,700
Intensive Probation - Adult	13,095,400	14,781,800	16,868,300	14,781,800	16,223,700
Intensive Probation - Juvenile	5,351,900	6,443,200	7,943,000	6,443,200	7,860,000
Juvenile Probation Service	21,327,700	24,777,500	26,766,900	24,777,500	26,114,200
Court Appointed Special Advocate	750,000	0	0	0	0
Community Punishment	2,527,400	3,335,000	4,946,200	3,335,000	3,460,300
Child Support Enforcement	50,200	736,100	743,500	736,100	593,500
Community Supervision	0	0	2,016,000	0	0
Special Item Subtotal	58,907,300	69,117,100	85,171,900	69,117,100	75,297,800
AGENCY TOTAL	65,650,100	76,006,300	92,845,200	76,006,300	82,781,400
BY FUND SOURCE					
General Fund	64,900,100	76,006,300	92,845,200	76,006,300	82,781,400
Other Appropriated Funds	750,000	0	0	0	0
TOTAL - ALL SOURCES	65,650,100	76,006,300	92,845,200	76,006,300	82,781,400

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Superior Court

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$6,775,100	8.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 555,300 GF
- Annualization of January 1995 Judges Salary Increase 145,700 GF
- Vacancy Savings - Maintains a 0.5% Vacancy Rate (2,500) GF
- ERE Rates (96,800) GF
- Risk Management 342,700 GF

153,000 GF

Judges Salary Increase

Laws 1994, Chapter 220 increases judges' salaries January 1, 1996.

52,300 GF

New Judge

Funds the state's 50% share for 1 judgeship established in FY 1995 in Pima County, pursuant to A.R.S. § 12-128.

23,600 GF

Family Counseling

Funds a caseload increase of 5.7% for a total of 3,700 children. The funding provides for prevention of delinquency and incorrigibility and to strengthen family relationships of juvenile offenders.

362,600 GF

Juvenile Probation State Aid

Laws 1994, Chapter 201 mandated an average caseload ratio of 1 probation officer to 35 juvenile probationers. The JLBC Staff recommends \$362,600, which is 46.6% of the total cost of the \$777,800 needed for 6-month funding of 30 additional probation officers, 3 supervisors and 5 support staff to meet this new requirement. In recent years, the state has predominantly covered the full cost of all additional probation officers costs with the counties statewide share showing a decline. For example, the counties' FY 1994 share of all juvenile probation programs was 58.1%. The FY 1995 estimated counties' share is 53.4%. The JLBC Staff recommendation assumes the statewide county share will remain at the FY 1995 estimated level. The officers will be allocated among the counties as needed. Legislation requires that the funds be primarily used for the salaries of supervising probation officers.

This recommendation will provide probation services to nearly 8,155 juveniles annually: 3,155 through state funds and 5,000 through county funds. The number of juvenile probationer slots will increase by 1,050, or 14.8%. The FY 1996 estimated cost per probationer slot is \$1,338. Current year funding provides for 1 state FTE position and 60 county positions.

1,382,900 GF

Adult Probation Enhancement

Adds \$1,082,300 for the annualization of FY 1995 6-month funding of 26 officers and 18.5 related staff. Since 1983 when this program was established, the state has provided funds to counties for probation officers in order to maintain a 1:60 statutory average of probation officers to probationers. The JLBC Staff recommends \$300,600, which is 69.9% of the total cost of \$430,000 needed for 6-month funding of 21.5 probation officers in order to maintain the 1:60 statutory average of probation officers to probationers. In recent years, the state has predominantly covered the full cost of all additional probation officers costs. The FY 1995 estimated counties' share is 30.1%. The JLBC Staff recommendation assumes the statewide county share will remain at the FY 1995 estimated level.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

The number of adult probationer slots will increase by 1,290, or 4.4%. With this recommendation, a total of 30,790 probationer slots will be available by the end of FY 1996. The FY 1996 estimated cost per probationer slot is \$570. Current year funding provides for 6 state FTE positions and 436.5 county positions.

Adult Intensive Probation

The JLBC Staff recommends \$687,400 for annualization of FY 1995 6-month funding of 8 teams (16 probation and surveillance officers). This program was created to divert serious, non-violent adult offenders from prison. In order to help contain the growth of our prison population, the JLBC Staff is recommending \$464,800 for 6-month funding for 7 additional teams (14 probation and surveillance officers, and 9 support staff) for this 100% state-funded probation program. In addition, \$121,200 is added for 7 new alternatively fueled vehicles. As part of the statutory mandate to move to alternative fuel vehicles, all new vehicles for the Superior Court will use alternative fuels. 1,273,400 GF

The number of adult intensive probationer slots will increase by 175, or 5.7%. With this recommendation, a total of 3,225 probationer slots will be available by the end of FY 1996. The FY 1996 estimated cost per probationer slot is \$5,759. Current year funding provides for 8 state FTE positions and 365.5 county positions.

Juvenile Intensive Probation

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 JLBC Staff recommends \$937,500 for the annualization of FY 1995 6-month funding of 30 officers. The JLBC Staff recommends \$327,900 for 6-month funding of 10 probation and surveillance officers (5 teams), 1 supervisor and 2 support staff for this 100% state-funded probation program. In addition, \$86,600 is added for 5 new alternatively fueled vehicles. As part of the statutory mandate to move to alternative fuel vehicles, all new vehicles for the Superior Court will use alternative fuels. 1,352,000 GF

The number of juvenile intensive probationer slots will increase by 125, or 9.4%. With this recommendation, a total of 1,450 probationer slots will be available by the end of FY 1996. The FY 1996 estimated cost per probationer slot is \$5,707. Current year funding provides for 7 state FTE positions and 94 county positions.

Juvenile Probation Services

The JLBC Staff recommends \$1,286,800, a 5.2% increase for additional treatment dollars. Funding in this special line allows the 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 use and other programs. Current year funding provides for 12 state FTE positions and 91 county positions. 1,286,800 GF

Community Punishment

Adds \$100,000 for the annualization of partial funded officers in FY 1995. This program was established to provide probation departments with behavioral treatment and 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. Current year funding provides for 3 state FTE positions and 53.5 county positions. 100,000 GF

Child Support Enforcement

The decrease reflects the reduction in one-time expenditures of \$190,900 for the Maricopa County one-stop shop pilot program funded through Laws 1994, Chapter 374. The JLBC Staff recommends \$35,000 to support a statewide public information and education campaign through public service messages on television and radio. The total appropriation also reflects \$684,400 and the addition of 5 new FTE positions appropriated through Laws 1994, Chapter 374. Current year funding provides for 7 state FTE positions. (155,900) GF

* * *

JLBC Staff Recommended Format -- Lump Sum for the Agency with Special Line Items

JLBC Staff Recommended Footnotes

Standard Footnotes:

- 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.
- The Juvenile Probation Services appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations pursuant to Laws 1991, Chapter 133 (S.B. 1035).

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

- 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 Line Item shall be deposited to the Juvenile Probation Fund established by A.R.S. § 8-230.02.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends the deletion of the one-time footnote that established a committee to submit a report and recommendations on the issue of state and county financial responsibility for probation services in the State of Arizona.

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive did not provide a recommendation or estimate, but only displays the Superior Court's FY 1995 appropriation in the recommendation column. Pursuant to A.R.S. § 35-116 B, the Judiciary and the Legislature are not subject to the control of the Governor in the preparation and submission of budgets.

— Clerk of Courts Additional Child Support Enforcement Funding

Laws 1994, Chapter 374 provided \$606,600 in the Department of Economic Security (DES) for intergovernmental funding of additional Court Commissioners and related staff and to offset the additional workload within County Clerks of the Court Offices. The DES has not requested continuation funding for these items. Since discovering the lack of continuation funding, the Courts have provided information indicating that continuation funding of approximately \$300,000 is desired. The Clerk of the Courts have experienced an increased number of wage assignments, paternity referrals, and voluntary paternities. These items are very labor intensive and time consuming activities for the Clerks' Offices. As the counties child support enforcement collections increase, their incentives and state share retained earnings also rise. These dollars can be applied toward costs associated with child support enforcement.

— Juvenile Probation Services New Program Requests

For a new Graffiti Abatement Program in the PIC-Act program, the Superior Court requests \$343,200 and 12 officers. In addition, \$296,500 is requested to establish a process for new referrals under the triage system recommended by the Commission on Juvenile Justice.

— County Salary Increase

Pima County has raised their probation staff salaries by 2.5% and requests that the state provide \$155,900 to cover the increase needed to cover the county pay increase for the state paid probation staff. Apache County requests \$7,800 for salary increases for its adult intensive probation personnel.

— Community Supervision

The Superior Court requests \$2,016,000 for 6-month funding for the phasing in of the implementation of the transitioning of all community supervision services from the Department of Corrections (DOC) into the Courts as required in Laws 1993, Chapter 255. This legislation requires all offenders committing offenses on or after January 1, 1994 to serve 85% of their sentence in prison and 15% in a community supervision program. Community supervision offenders will represent every category of offender from drug dealer to molester to murderer. DOC estimates indicate there will be 763 offenders on community supervision on January 1, 1996; 2,801 on January 1, 1998; and 4,527 on January 1, 2001. The request assumes that all releasees will serve 90 days at a maximum supervision level modeling intensive probation. Minimum and medium supervision levels will be monitored following a regular probation (60:1) model. It is estimated that after the initial 90 days of community supervision that 60% of all offenders will be supervised at a minimum or medium level. Also included in the \$2,016,000 is \$691,900 for the Interstate Compact Agreement for interstate supervision of probationers from other states. Currently, DOC is the signatory to this agreement and the agency's parole officers supervise these probationers. It is estimated that there are 1,000 probationers in Arizona from other states. In its FY 1996 budget request, the DOC has maintained the funding for community supervision. JLBC Staff understands that legislation may be introduced that will retain community supervision in DOC. Once community supervision placement and the type of supervisory model are settled, the JLBC Staff will be able to make a recommendation of the FY 1996 cost for this new program.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Supreme Court
 PROG: Judicial and Administrative

JLBC Analyst: Cawley/Beranek
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	129.3	121.3	136.3	121.3	122.3
OPERATING BUDGET					
Personal Services	4,043,900	4,352,300	5,001,400	4,352,300	4,485,800
Employee Related Expenditures	679,700	793,200	912,200	793,200	787,500
Professional/Outside Services	53,200	86,000	303,000	86,000	86,000
Travel	57,800	71,000	113,500	71,000	71,000
Other Operating Expenditures	3,715,500	3,611,000	3,799,200	3,611,000	3,856,200
Equipment	101,400	253,500	216,200	253,500	180,700
All Other Operating Subtotal	3,927,900	4,021,500	4,431,900	4,021,500	4,193,900
OPERATING SUBTOTAL	8,651,500	9,167,000	10,345,500	9,167,000	9,467,200
SPECIAL LINE ITEMS					
Building Tenant Improvement	49,500	0	540,900	0	0
Judicial Assistance	87,200	87,400	87,400	87,400	87,400
Judicial Education	207,700	242,700	272,700	242,700	242,700
Law Related Education	0	0	165,000	0	0
Alternative Dispute Resolution	0	0	1,000,000	0	0
Jury Reform	0	0	300,000	0	0
Law Library	306,200	0	0	0	0
Grand Jury	148,800	148,800	300,000	148,800	300,000
Judicial Performance Review	236,700	349,400	253,300	349,400	255,200
Special Item Subtotal	1,036,100	828,300	2,919,300	828,300	885,300
PROGRAM TOTAL	9,687,600	9,995,300	13,264,800	9,995,300	10,352,500
BY FUND SOURCE					
General Fund	9,638,100	9,995,300	12,723,900	9,995,300	10,352,500
Other Appropriated Funds	49,500	0	540,900	0	0
Other Non-Appropriated Funds	15,173,400	10,672,900	10,085,000	--	10,085,000
TOTAL - ALL SOURCES	24,861,000	20,668,200	23,349,800	9,995,300	20,437,500

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Supreme Court
 PROG: Judicial and Administrative

Program 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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$357,200	3.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 66,200 GF
— Annualization of January 1995 Judges Salary Increase	12,800 GF
— Vacancy Savings - Adjusts to a 1.5% Vacancy Rate	(2,000) GF
— ERE Rates	(22,600) GF
— Risk Management	128,600 GF
— Rent	116,600 GF
— Elimination of One-time Capital and Non-Capital Equipment	(72,800) GF
	13,400 GF

Judges Salary Increase

Laws 1994, Chapter 220, increases judges' salaries January 1, 1996.

151,200 GF

State Grand Jury

The increase will provide for the full level of funding required to fully reimburse counties for state grand jury expenses pursuant to A.R.S. § 21-428.B. Due to lack of funds in FY 1994, claims of in excess of \$90,000 have been unpaid. A supplemental request is being submitted.

61,900 GF

Transfer In of 1 FTE Position from the Court of Appeals, Division I

The programmer analyst transfer will aid in the development of the Appellate Automation Project.

(96,100) GF

Judicial Performance Review

The amount reflects a \$96,100 reduction of the funding needed in years of elections for the dissemination of relevant election information on judges standing for retention.

* * *

JLBC Staff Recommended Format — Operating Lump Sum for the Program with Special Line Items

JLBC Staff Recommended Footnotes

Standard Footnotes

- Included in the lump sum appropriation is \$1,000 for the purchase of mementos and items for visiting officials.

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive did not provide a recommendation or estimate, but only displays the Supreme Court's FY 1995 appropriation in the recommendation column. Pursuant to A.R.S. § 35-116 B, the Judiciary and the Legislature are not subject to the control of the Governor in the preparation and submission of budgets.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

— Jury Reform

The Supreme Court has accepted and approved 55 recommendations from the Arizona Judicial Council's Committee on More Effective Use of Juries. Eight of these recommendations have budgetary implications estimated at \$300,000: \$200,000 is recommended for the Court to engage in a statewide campaign of public awareness; \$75,000 for judicial education; and \$25,000 for a study on implementing a regional summoning system for potential jurors in order to minimize jurors travel.

The public awareness campaign will focus on extensive marketing through print and broadcast media, handout literature, audio/video presentations, and teaching materials to school systems. This campaign will focus on informing citizens about: the role and responsibilities of a jury in a democratic process; jury reporting and selection; and the promotion of a jurors' bill of rights which establishes a minimum standard of treatment toward jurors.

Through the \$75,000 for judicial education, judges will receive training in managing juror service. Particular issues to be addressed are: the selection of proportional representation of the population on jury panels; the needs of disabled jurors; and training in (voir die) the preliminary examination regarding the competence of a prospective juror.

The \$25,000 for the regional summoning system will examine the implementation of such a system. The intent of such a system would be to minimize the travel time and mileage imposed upon jurors in geographically large counties such as Maricopa.

— Private Fiduciary and Arizona/Sonora Project

The Supreme Court requests \$156,900 and 1.5 FTE positions (1 Court Specialist and 1/2 Executive Secretary) to provide support for the Private Fiduciary Program, established Laws 1994, Chapter 68, and the Arizona/Sonora Project. The Court Specialist will review all private fiduciary applications for registration, maintain the registry, investigate complaints, and provide training. In addition, this position will provide support necessary for the developing smooth international relations relating to commercial contracts, foreign judgements, and cross-border disputes arising from NAFTA and closer relations with Mexico.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Supreme Court
 PROG: Foster Care Review Board

JLBC Analyst: Cawley/Beranek
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	29.0	36.0	46.0	36.0	44.5
OPERATING BUDGET					
Personal Services	815,200	827,000	932,900	827,000	893,700
Employee Related Expenditures	152,200	176,100	200,100	176,100	186,500
Professional/Outside Services	11,300	88,500	325,200	88,500	215,200
Travel	32,600	57,200	68,500	57,200	62,000
Other Operating Expenditures	188,100	207,400	242,600	207,400	226,300
Equipment	8,100	5,000	103,200	5,000	29,000
All Other Operating Subtotal	240,100	358,100	739,500	358,100	532,500
OPERATING SUBTOTAL	1,207,500	1,361,200	1,872,500	1,361,200	1,612,700
SPECIAL LINE ITEMS					
Court Appointed Special Advocate	0	1,038,100	1,365,000	1,038,100	1,445,300
Special Item Subtotal	0	1,038,100	1,365,000	1,038,100	1,445,300
PROGRAM TOTAL	1,207,500	2,399,300	3,237,500	2,399,300	3,058,000
BY FUND SOURCE					
General Fund	1,207,500	1,274,300	1,693,300	1,274,300	1,433,500
Other Appropriated Funds	0	1,125,000	1,544,200	1,125,000	1,624,500
TOTAL - ALL SOURCES	1,207,500	2,399,300	3,237,500	2,399,300	3,058,000

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Judiciary - Supreme Court
 PROG: Foster Care Review Board

Program Description — This division of the Supreme Court includes the Foster Care Review Board (FCRB), the Court Appointed Special Advocate (CASA) and the Parent Assistance Hotline programs. The FCRB boards review 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. The CASA program consists of volunteers who are recruited, screened, trained, and supervised as advocates for foster care children. The CASA volunteers provide information to the Court to aid it in making its decision regarding what is best for the child. The Parent Assistance Hotline is an information source on juvenile court procedures, Child Protective Services and related issues, and for helping parents and guardians understand the process of removal of a child from the home.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$159,200	12.5%
Other Appropriated Funds	499,500	44.4%
Total Appropriated Funds	\$658,700	27.5%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$10,900 OF \$13,800 GF
- Vacancy Savings - Maintains a 1% Vacancy Rate -0- OF (700) GF
- ERE Rates -0- OF (2,800) GF
- Rent - Lease-Purchase -0- OF 17,300 GF

Court Appointed Special Advocate

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 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 Legislature may want to define if these dollars can be used to supplant county dollars. The recommendation also reflects the decrease of \$(50,000) of one-time equipment costs. Another \$52,500 is recommended from the CASA Fund's carry-forward balance for one-time funding of the update of the CASA statewide database. 396,300 OF

Staff Needed for New Boards

The JLBC Staff recommends \$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 participate in the training and improvement undertaken in the conducting of reviews and the time needed to provide comprehensive 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. 97,200 GF

Foster Care Review Board (FCRB) Database Update

Adds \$111,700 from the carry-forward balance of the CASA Fund for extensive updating of the FCRB database. 111,700 OF

General Fund Replacement of CASA Fund

As one-time offsets to the General Fund, CASA Fund monies were appropriated in FY 1995. The \$19,400 General Fund dollars will be distributed as follows: \$4,500 in Professional and Outside Services, \$11,400 for board members' travel, and \$3,500 for printing. (19,400) OF 19,400 GF

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Interpreting Services 15,000 GF
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. The recommendation assumes 100 cases at \$30/hour/case for interpreting services, and a 6-page report average for translation costs at \$20/page.

* * *

JLBC Staff Recommended Format — Lump Sum for the Program with a Special Line Item

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

Other Issues for Legislative Consideration

- Executive Recommendation
The Executive did not provide a recommendation or estimate, but only displays the Foster Care Review Board's FY 1995 appropriation in the recommendation column. Pursuant to A.R.S. § 35-116 B, the Judiciary and the Legislature are not subject to the control of the Governor in the preparation and submission of budgets.

**LOTTERY COMMISSION
(LOT)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona State Lottery Commission

JLBC Analyst: Phil Case
 OSPB Analyst: Norm Selover

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	131.3	129.3	122.0	121.0	122.0
OPERATING BUDGET					
Personal Services	3,332,300	3,571,000	3,580,000	3,425,400	3,469,000
Employee Related Expenditures	735,900	921,900	921,900	785,800	795,500
Professional/Outside Services	122,800	120,600	83,700	133,900	83,700
Travel - In State	187,400	177,600	216,400	216,400	216,400
Travel - Out of State	14,300	13,000	7,500	7,500	7,500
Other Operating Expenditures	2,583,900	909,300	1,132,200	1,532,700	1,403,000
Equipment	432,900	175,100	0	15,500	24,800
All Other Operating Subtotal	3,341,300	1,395,600	1,439,800	1,906,000	1,735,400
OPERATING SUBTOTAL	7,409,500	5,888,500	5,941,700	6,117,200	5,999,900
SPECIAL LINE ITEMS					
Instant Tickets	2,014,500	1,985,500	1,985,500	2,134,000	1,985,500
Advertising	9,392,700	11,660,400	12,432,000	12,240,000	12,380,000
On-Line Vendor Fees	5,706,100	7,043,200	6,736,300	15,675,000	7,424,500
Retailer Commissions	14,923,400	17,712,000	18,648,000	18,360,000	18,570,000
Multi-State Lottery Expenses	3,974,600	0	0	0	0
Sales Incentive Program	0	0	0	0	50,000
Multi-State Lottery Operations	0	124,300	124,300	0	0
Telecommunications	0	1,936,900	1,789,300	1,789,300	1,926,300
Special Item Subtotal	36,011,300	40,462,300	41,715,400	50,198,300	42,336,300
AGENCY TOTAL	43,420,800	46,350,800	47,657,100	56,315,500	48,336,200
BY FUND SOURCE					
Other Appropriated Funds	43,420,800	46,350,800	47,657,100	56,315,500	48,336,200
Other Non-Appropriated Funds	115,432,000	147,600,000	155,400,000	--	154,750,000
TOTAL - ALL SOURCES	158,852,800	193,950,800	47,657,100	56,315,500	203,086,200

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona State Lottery Commission

Agency Description — *The Arizona Lottery is currently responsible for the administration of 4 state-sanctioned games of chance:*

- **Lotto** — *players attempt to match 6 of 42 balls in a bi-weekly drawing for a minimum jackpot of \$1 million and lower tier prizes.*
- **Fantasy Five** — *players attempt to match 5 of 35 balls in a bi-weekly drawing for a jackpot of \$50,000 and lower tier prizes.*
- **Powerball** — *a multi-state game played in 16 states and the District of Columbia; players attempt to match 5 of 45 balls plus 1 of 45 balls in a bi-weekly drawing for a minimum jackpot of \$2 million and lower tier prizes.*
- **Instant Tickets** — *players attempt to win immediate cash and retail prizes of up to \$30,000.*

Lottery sales generate revenues for the Economic Development Commission, the Local Transportation Assistance Fund, the County Assistance Fund, the Heritage Fund, the General Fund and, most recently, the Local Transportation Assistance Fund - Mass Transit. A portion of the unclaimed prizes support the Court Appointed Special Advocate (CASA) program.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$1,985,400	4.3%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 60,700 OF
- Vacancy Savings - Maintains a 2% Vacancy Rate 4,500 OF
- ERE Rates (93,500) OF
- Travel - Out of State (1,100) OF
- Risk Management 4,600 OF
- Rent 5,400 OF
- Elimination of One-time Capital and Non-Capital Equipment (175,100) OF

Eliminate 7.3 FTE Positions

(200,100) OF

The Lottery requested the elimination of 7.3 FTE positions as part of its restructuring effort. The recommended amount includes reductions of \$(158,900) in Personal Services and \$(41,200) in Employee Related Expenditures. The positions eliminated include 3 FTE Investigator positions in the Security Department, 1.3 FTE Technical Support positions in the Management Information Systems Department, 1 Storekeeper FTE position for the Tucson office, 1 FTE Mail Clerk position, and 1 Internal Auditor FTE position in the Administration Department. The Executive concurs.

Eliminate Multi-State Lottery Operations Special Line Item

(124,300) OF

The Multi-State Lottery Operations Special Line Item is no longer required. The Lottery must pay annual fees of approximately \$124,300 to participate in the Multi-State Powerball game; however, interest earned from a prize guarantee deposit of \$3,900,000 made last year will pay for the fees. The Executive concurs.

Telecommunications Special Line Item

(10,600) OF

The Lottery's FY 1995 Telecommunications Special Line Item appropriation was \$1,789,300 (plus \$62.25 per month for each terminal above 2,350). The scope of the special line item includes basic phone service (\$96,300) and on-line gaming terminal line fees (\$1,693,000). Currently, the cost of on-line terminal service is \$65 per month but the agency was appropriated at \$62.25 per month under the assumption that it would be able to achieve 5% savings as a result of a consultant's study. In fact, the Lottery will be able to achieve 3% savings by signing a 5-year contract with the phone company in the Spring of 1995. To achieve the savings, the Lottery will have to invest \$52,000 in equipment. The JLBC Staff recommends an increase of \$85,000 for line charges and a one-time increase of \$52,000 for telecommunications equipment, for a total increase of \$137,000. However, because the FY 1995 estimate reflects a JLBC approved one-time transfer of \$147,600 to the Telecommunications Special Line Item from the Advertising Special Line Item, the net result of the recommendation is a

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

decrease of \$(10,600). The JLBC Staff further recommends a General Appropriations Act footnote to permit the Lottery to expand its retailer base beyond the current 2,350 terminals and expend \$63.05 per month per terminal (see JLBC Staff Recommended Footnotes). The Executive does not address this issue.

Instant Ticket Vending Machines **328,600 OF**
For part of FY 1994, the Lottery leased 174 instant ticket vending machines and operated them in supermarkets and other high-volume retail stores. Monies for the vending machines had been placed in the Equipment line item but were shifted to Other Operating Expenditures for FY 1995, where equipment leases properly belong. In its FY 1995 recommendation, the JLBC Staff eliminated the Equipment monies but neglected to fully annualize the cost of the machines, leaving the Lottery \$215,000 short (the Lottery and the Executive made the same error). The JLBC Staff recommends the additional \$215,000 to annualize the leasing of the existing 174 vending machines as intended by the Legislature. Furthermore, the JLBC Staff recommends an additional \$113,600 to lease 46 more machines (bringing the total to 220 machines). Over a 6 month period (December 1993 through May 1994), instant ticket sales in stores with vending machines increased 38%, while overall instant ticket sales declined by (2.8)%. The net revenue to the state from the machines during that period was \$434,700 (approximately \$2,500 per machine or \$5,000 on an annualized basis.) The additional machines will be placed in supermarkets with instant ticket sales bases of \$26,100 or more, which will allow the machines to pay for themselves. The Executive concurs.

Phone System **152,600 OF**
Beginning in July of 1995, the phone company will implement changes to the North American area code scheme which will render the Lottery's system inadequate. With the existing system, the Lottery would be incapable of calling area codes with middle digits other than 0 or 1 (this includes all of Arizona outside metropolitan Phoenix and other parts of the country.) In addition, the eight-year-old system is incapable of providing voice messaging. The Lottery estimates that it would cost \$61,400 to replace the existing system with a modern one and an additional \$91,200 for messaging services. The Executive is recommending \$119,200 for upgrades to the existing system.

Add Sales Incentive Program Special Line Item **50,000 OF**
In order to stimulate the sale of Lottery games, the JLBC Staff recommends \$50,000 in a special line item for a sales incentive program. The program would provide incentive pay opportunities to the 30 FTE positions in the Marketing Department. These personnel actively sell and promote the Lottery's products to retailers or manage those who do. The JLBC Staff recommends that a General Appropriations Act footnote require the agency to present an incentive program plan to the Joint Legislative Budget Committee for its review and advice before the release of any monies (see JLBC Staff Recommended Footnotes). This type of incentive program is authorized by A.R.S. § 5-505 A(3). The Executive recommends \$100,000 in Other Operating Expenditures for the program.

Lottery Ticket Trolleys **24,800 OF**
The Lottery currently operates two 10-foot long mobile trolleys for promotional events. The trolleys are in need of repair and are under-sized for busy events. The JLBC Staff recommends \$9,300 to repair the existing trolleys and \$15,500 to purchase a new, 14-foot long trolley. The Executive concurs.

Sales Related Adjustments
Recommended changes to the following special line items are based upon the JLBC Staff's FY 1996 Lottery sales estimates:

Lotto	\$ 125,000,000
Fantasy Five	19,500,000
Powerball	<u>95,000,000</u>
Subtotal - On-line Games	239,500,000
Instant Tickets	<u>70,000,000</u>
TOTAL	<u>\$ 309,500,000</u>

Instant Tickets Special Line Item **-0- OF**
Appropriated at the rate of \$22 per 1,000 tickets purchased. The recommended amount funds the purchase of 90,250,000 tickets. Traditionally, the recommended amount accounted for tickets given away as prizes and those left unsold; however, the Lottery has stopped awarding tickets as prizes. Therefore, despite the JLBC Staff's forecast that instant ticket sales will increase by 2,000,000 (from 68,000,000 to 70,000,000), the JLBC Staff recommends no increase — this still assumes approximately 22.5% of the tickets go unsold. The Executive recommends an increase of \$148,500.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Advertising Special Line Item

The recommended amount reflects an appropriation of 4% of sales, which is the maximum allowed by statute. This maintains the 4% level that the Lottery was appropriated in the current fiscal year. The recommended amount is based on the JLBC Staff's projected sales increase of \$14,300,000 for all Lottery games. The recommended increase reflects a one-time JLBC approved transfer of \$147,600 from the Advertising Special Line Item to the Telecommunications Special Line Item. The Executive recommends an increase of \$579,600. 719,600 OF

On-Line Vendor Fees Special Line Item

On-line vendor fees are paid to contractors that provide terminals for Lotto, Powerball, and Fantasy Five. These contract costs average 3.1% of gross on-line sales. The recommended amount is based on the JLBC Staff's projected sales increase of \$12,300,000 for on-line games. The Executive recommends an increase of \$8,631,800, which assumes a change in the contract costs to 7.5% of gross on-line sales. The on-line contract is currently up for renewal and the Lottery is awaiting bids. The JLBC Staff recommends waiting for the outcome of the contract process before making an estimate of the appropriation. The 7.5% anticipated by the Executive appears to JLBC Staff to be a significant increase. Should the bids require such an increase, the JLBC Staff would recommend that the Legislature consider taking the entire on-line activity "in-house", with the potential for great savings. 381,300 OF

Retailer Commissions

Retailers who sell Lottery chances are paid 6% of their gross ticket sales. The recommended amount is based on the JLBC Staff's projected sales increase of \$14,300,000. The Executive recommends an increase of \$648,000 based on a projected total sales increase of \$10,800,000. 858,000 OF

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- If instant ticket sales exceed \$70,000,000, amounts above \$1,985,500 may be expended at the rate of \$22.00 per 1000 tickets purchased.
- In addition to the amounts shown above for the operating budget, an amount equal to 4% of net Lottery game sales is appropriated for advertising in accordance with A.R.S. § 5-505, which states that not more than 4% of the annual gross revenue shall be expended for advertising. This amount is currently estimated to be \$12,380,000.
- In addition to the amounts shown above for the operating budget, an amount equal to 3.1% of net on-line Lottery game sales is appropriated for payment of on-line vendor fees, in accordance with the matrix of percentages set forth in contract. This amount is currently estimated to be \$7,424,500.
- In addition to the amounts shown above for the operating budget, an amount equal to 6% of net Lottery game sales is appropriated for payment of sales commissions to ticket retailers. This amount is currently estimated to be \$18,570,000.
- Nothing in this subdivision is intended to require that all monies appropriated to the Arizona State Lottery Commission be expended.
- Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for Instant Tickets, Telecommunications, Multi-state Lottery Operations, Advertising, Retailer Commissions, On-Line Vendor Fees, and Sales Incentive Program shall require approval of the Joint Legislative Budget Committee.

Continuation of New FY 1995 Footnotes

- 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.

New Footnotes

- 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.

**DEPARTMENT OF PUBLIC SAFETY
(DPS)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Public Safety
Agency Summary

JLBC Analyst: Jason Hall
OSPB Analyst: Thomas Betlach

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	1,515.0	1,582.0 ^{1/}	1,705.5	1,577.0	1,582.0
BY PROGRAM/ORGANIZATION					
Service Bureau	33,607,600	35,190,600	42,484,300	37,163,900	36,770,500
Criminal Investigation Bureau	14,985,800	16,443,500	18,759,300	16,596,800	20,591,300
Highway Patrol Bureau	32,707,300	34,819,400	45,583,900	38,168,100	34,576,800
AGENCY TOTAL	81,300,700	86,453,500	106,827,500	91,928,800	91,938,600
OPERATING BUDGET					
Personal Services	52,123,200	55,959,000	62,746,700	58,870,800	57,343,400
Employee Related Expenditures	10,775,700	12,304,700	15,654,000	12,796,400	12,481,000
Professional/Outside Services	325,200	383,800	449,500	395,800	383,800
Travel - In State	493,400	508,600	621,600	565,800	508,600
Travel - Out of State	153,400	144,700	152,200	152,200	144,700
Other Operating Expenditures	13,214,600	11,410,300	12,690,400	13,655,600	13,494,100
Equipment	3,765,600	2,850,400	13,151,100	4,130,200	1,309,200
All Other Operating Subtotal	17,952,200	15,297,800	27,064,800	18,899,600	15,840,400
OPERATING SUBTOTAL	80,851,100	83,561,500	105,465,500	90,566,800	85,664,800
SPECIAL LINE ITEMS					
ACJIS	449,600	0	0	0	0
AFIN	0	2,000,000	1,362,000	1,362,000	1,362,000
Project GITEM	0	892,000	0	0	4,911,800
Special Item Subtotal	449,600	2,892,000	1,362,000	1,362,000	6,273,800
AGENCY TOTAL	81,300,700	86,453,500	106,827,500	91,928,800	91,938,600
BY FUND SOURCE					
General Fund	33,605,300	37,653,500	64,015,500	43,347,700	43,776,600
Other Appropriated Funds	47,967,200	48,800,000	42,812,000	48,581,100	48,162,000
Federal Funds	6,802,200	9,144,000	10,385,000	--	10,385,000
Other Non-Appropriated Funds	14,161,500	20,631,600	14,273,600	--	14,273,600
TOTAL - ALL SOURCES	102,536,200	116,229,100	131,486,100	91,928,800	116,597,200

^{1/} The FY 1995 estimate of FTE positions has been adjusted upward to reflect the 49 additional employees working in anti-gang enforcement. These FTE positions were funded by ACJC monies in FY 1995, and are included here for comparability.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Public Safety
 PROG: Agency Summary

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$6,123,100	16.3%
Other Appropriated Funds	(638,000)	(1.3)%
Total Appropriated Funds	\$5,485,100	6.3%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 935,600 GF
— Vacancy Savings - Maintains a 2% Vacancy Rate	(9,300) GF
— ERE Rates	15,100 GF
— Risk Management	2,028,100 GF
— Rent	55,700 GF
— Elimination of One-time Capital and Non-Capital Equipment	(2,850,400) GF

New Equipment

1,309,200 GF

DPS Pay Plan Promotion Costs

619,300 GF

AFIN Reduced Costs

(638,000) OF

Transfer of Anti-Gang Funding from Arizona Criminal Justice Commission

4,019,800 GF

Operating Budget Offsets

-0- OF

The JLBC Staff recommends continuing the current level of non-General Fund monies to offset the department's operating costs. Laws 1993, Chapter 249, limited the amount of Highway User Revenue Fund (HURF) and Highway Fund monies allowed as offsets to department operations beginning in FY 1995. This legislation reduces the amount available to pay operating costs by \$2,500,000, per fund, in FY 1996 and each of the next 3 years, at which point the amount available to offset operating costs is contained at \$10,000,000 per fund. The effect of this legislation is to create a total General Fund increase of \$5,000,000 in FY 1996 and in each of the next 3 years. However, the JLBC Staff recommends freezing funding at the FY 1995 level and not making the scheduled decrease in available offsets for FY 1996. This recommendation would maintain current usage of HURF and Highway Fund monies at \$20,000,000 each. The use of these funds is constitutionally permissible as these monies are intended to fund expenses associated with state enforcement of traffic laws. Forgoing this \$5,000,000 loss in available funds is preferable in light of the \$2,028,100 increase in Risk Management charges, which resulted largely from a lawsuit brought against the department under the Fair Labor Standards Act (FLSA). Also, maintaining the current level of funding for DPS operating costs will not create a hardship for the Arizona Department of Transportation (ADOT). Reductions in the operating budget for ADOT have raised statewide highway construction funds to a level well above the amount available for construction in FY 1995.

The JLBC Staff also recommends the continued use of \$6,800,000 in Highway Patrol Fund monies, primarily to fund Employee Related Expenditures. The Executive concurs with both recommendations.

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Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- In addition to the amount appropriated above, any balance and receipts received under A.R.S. § 28-1891 are appropriated to the Department of Public Safety. *(This allows the department to expend additional revenues from the sales of goods and services deposited into the Highway Patrol Fund.)*

- Any monies remaining in the Department of Public Safety Joint Account on June 30, 1995 shall revert to the funds from which they were appropriated. The reverted monies shall be returned in direct proportion to the amounts appropriated. *(All appropriated DPS monies are deposited in a joint account, but there is no other statutory language clarifying that unspent monies should return to their original fund.)*

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Public Safety
 PROG: Service Bureau

JLBC Analyst: Jason Hall
 OSPB Analyst: Thomas Betlach

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	527.0	527.0	547.5	541.0	527.0
OPERATING BUDGET					
Personal Services	16,499,000	17,387,800	18,579,700	17,886,100	17,617,100
Employee Related Expenditures	3,496,500	4,122,200	4,512,800	4,250,700	4,188,100
Professional/Outside Services	307,300	350,100	380,100	350,100	350,100
Travel - In State	144,000	167,000	171,800	169,500	167,000
Travel - Out of State	100,400	84,900	87,400	87,400	84,900
Other Operating Expenditures	11,900,600	10,719,300	11,257,400	12,698,800	12,803,100
Equipment	710,200	359,300	6,133,100	359,300	198,200
All Other Operating Subtotal	13,162,500	11,680,600	18,029,800	13,665,100	13,603,300
OPERATING SUBTOTAL	33,158,000	33,190,600	41,122,300	35,801,900	35,408,500
SPECIAL LINE ITEMS					
ACJIS	449,600	0	0	0	0
AFIN	0	2,000,000	1,362,000	1,362,000	1,362,000
Special Item Subtotal	449,600	2,000,000	1,362,000	1,362,000	1,362,000
PROGRAM TOTAL	33,607,600	35,190,600	42,484,300	37,163,900	36,770,500
BY FUND SOURCE					
General Fund	20,763,400	21,974,600	38,622,300	24,166,800	24,192,500
Other Appropriated Funds	13,116,000	13,216,000	3,862,000	12,997,100	12,578,000
Federal Funds	6,802,200	9,144,000	10,385,000	--	10,385,000
Other Non-Appropriated Funds	7,509,000	7,809,200	7,011,900	--	7,011,900
TOTAL - ALL SOURCES	48,190,600	52,143,800	59,881,200	37,163,900	54,167,400

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$2,217,900	10.1%
Other Appropriated Funds	(638,000)	(4.8)%
Total Appropriated Funds	\$1,579,900	4.5%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 294,500 GF
— Vacancy Savings - Maintains a 2% Vacancy Rate	2,600 GF
— ERE Rates	35,000 GF
— Risk Management	2,028,100 GF
— Elimination of One-time Capital and Non-Capital Equipment	(359,300) GF

198,200 GF

New Equipment

The JLBC Staff recommends a total appropriation of \$198,200 to purchase capital equipment. This amount consists of \$80,000 to replace a helicopter engine, \$62,000 for auto fleet equipment, \$20,000 to replace a 30-year old forklift, \$19,200 to purchase an armory cargo van, \$10,000 to purchase vehicle lifts in compliance with OSHA standards, and \$7,000 to replace an 8-year old office copier. The Executive recommends funding for capital equipment at the FY 1995 level of \$359,300.

Increased Rent and Operation and Maintenance Costs

55,700 GF

The recommended increase includes \$50,500 of increased private lease costs, \$4,000 associated with the District 19 lease-purchase property, and \$1,200 of additional operation and maintenance funding for the District 19 office. The Executive concurs.

DPS Pay Plan Promotion Costs

(36,900) GF

The DPS Pay Plan approved in FY 1993 has built-in step promotions for staff based on longevity and testing. The recommended decrease in Personal Services and Employee Related Expenditures is the estimated promotion costs, less a lieutenant payroll increase which was not included in the Pay Plan as approved. The Executive concurs, with a slightly greater decrease due to different methods of calculation.

AFIN Reduced Costs

(638,000) OF

The Automated Fingerprint Identification Network (AFIN) was purchased and installed in FY 1995. The recommendation would decrease funding by \$(638,000) to a level of \$1,362,000. That amount includes a deferred payment of \$322,900 required to purchase the system, \$246,700 in recurring operating expenses, and \$752,300 in system upgrades. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— 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. At the time the legislation was enacted, the intent was that in subsequent fiscal years, this program would be appropriated. However, the JLBC Staff has not recommended the appropriation of \$419,000 in General Fund monies necessary to fund the 13.5 FTE positions and operating costs of the center. The JLBC Staff recommends that DPS fund this program through the use of the discretionary portion of the non-appropriated CJEF Pass-Through Fund. The Executive concurs by directly appropriating this amount from the CJEF Pass-Through Fund.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Public Safety
 PROG: Criminal Investigation Bureau

JLBC Analyst: Jason Hall
 OSPB Analyst: Thomas Betlach

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	293.0	358.0	371.0	309.0	358.0
OPERATING BUDGET					
Personal Services	10,877,800	12,230,100	13,981,800	13,134,500	12,515,200
Employee Related Expenditures	2,154,700	2,471,900	3,401,400	2,566,300	2,507,900
Professional/Outside Services	14,400	10,000	10,000	10,000	10,000
Travel - In State	132,100	113,400	129,100	129,100	113,400
Travel - Out of State	40,100	37,600	42,600	42,600	37,600
Other Operating Expenditures	900,100	495,400	521,200	521,200	495,400
Equipment	866,600	193,100	673,200	193,100	0
All Other Operating Subtotal	1,953,300	849,500	1,376,100	896,000	656,400
OPERATING SUBTOTAL	14,985,800	15,551,500	18,759,300	16,596,800	15,679,500
SPECIAL LINE ITEMS					
Project GITEM	0	892,000	0	0	4,911,800
Special Item Subtotal	0	892,000	0	0	4,911,800
PROGRAM TOTAL	14,985,800	16,443,500	18,759,300	16,596,800	20,591,300
BY FUND SOURCE					
General Fund	12,841,900	14,843,500	17,509,300	14,996,800	18,991,300
Other Appropriated Funds	2,143,900	1,600,000	1,250,000	1,600,000	1,600,000
Other Non-Appropriated Funds	3,495,100	8,283,900	2,745,700	--	2,745,700
TOTAL - ALL SOURCES	18,480,900	24,727,400	21,505,000	16,596,800	23,337,000

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$4,147,800	27.9%
Other Appropriated Funds	-0-	0.0%
Total Appropriated Funds	\$4,147,800	25.2%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$204,100 GF
— Vacancy Savings - Maintains a 2% Vacancy Rate	(1,200) GF
— ERE Rates	2,200 GF
— Elimination of One-time Capital and Non-Capital Equipment	(193,100) GF

116,000 GF

DPS Pay Plan Promotion Costs

The DPS Pay Plan approved in FY 1993 has built-in step promotions for staff, based on longevity and testing. The promotions approved under this plan, which have not yet been funded, total \$116,000 for Personal Services and Employee Related Expenditures. The Executive concurs.

4,019,800 GF

Transfer of Anti-Gang Funding

In FY 1995, the Gang Intelligence and Team Enforcement Mission (G.I.T.E.M.) Program, created by Laws 1994, Chapter 200, received \$892,000 in direct appropriations to DPS from the General Fund and \$4,960,000 in a grant from the Arizona Criminal Justice Commission (ACJC), also consisting of General Fund monies. The increase in funding reflects the JLBC Staff recommendation that all anti-gang enforcement monies be directly appropriated to DPS. The ACJC budget recommendation reflects a decrease of a similar amount. The total amount recommended for the program is less than the FY 1995 appropriation from ACJC due to the removal of \$940,200 in one-time equipment purchases.

The recommended amount funds all Personal Services costs and Employee Related Expenditures for 65 FTE positions, and operating expenses. The total of 65 FTEs consists of 34 permanent DPS officers, 18 officers transferred from local law enforcement agencies for 1 year positions, 8 intelligence analysts and research technicians, and 5 support staff. The FY 1995 budget reflected only the 16 FTEs listed in the G.I.T.E.M. Special Line Item, although the other 49 FTEs were hired in FY 1995 and operated with ACJC grant monies. The JLBC Staff has adjusted the FY 1995 Estimate of FTE Positions in our recommendation to accurately reflect the existence of all anti-gang enforcement employees and to provide for comparability between the 2 years.

The Executive concurs with a portion of the reduction in funds, but does not transfer all funding to the DPS budget.

* * *

JLBC Staff Recommended Format — Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— New Equipment

The JLBC Staff finds merit in the DPS request that funds be provided for the purchase of replacement crime lab equipment at a cost of \$314,000. However, the JLBC Staff recommends that DPS purchase the equipment with monies from the non-appropriated Anti-Racketeering Fund. This fund was originally intended, in part, to support gang prevention programs. The G.I.T.E.M. program now provides all such support, freeing dollars for the purchase of crime lab equipment. The Executive concurs, but also recommends continuing FY 1995 funding for other capital equipment purchases of \$193,100.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Public Safety
 PROG: Highway Patrol Bureau

JLBC Analyst: Jason Hall
 OSPB Analyst: Thomas Betlach

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	695.0	697.0	787.0	727.0	697.0
OPERATING BUDGET					
Personal Services	24,746,400	26,341,100	30,185,200	27,850,200	27,211,100
Employee Related Expenditures	5,124,500	5,710,600	7,739,800	5,979,400	5,785,000
Professional/Outside Services	3,500	23,700	59,400	35,700	23,700
Travel - In State	217,300	228,200	320,700	267,200	228,200
Travel - Out of State	12,900	22,200	22,200	22,200	22,200
Other Operating Expenditures	413,900	195,600	911,800	435,600	195,600
Equipment	2,188,800	2,298,000	6,344,800	3,577,800	1,111,000
All Other Operating Subtotal	2,836,400	2,767,700	7,658,900	4,338,500	1,580,700
PROGRAM TOTAL	32,707,300	34,819,400	45,583,900	38,168,100	39,092,800
BY FUND SOURCE					
General Fund	0	835,400	7,883,900	4,184,100	592,800
Other Appropriated Funds	32,707,300	33,984,000	37,700,000	33,984,000	33,984,000
Other Non-Appropriated Funds	3,157,400	4,538,500	4,516,000	--	4,516,000
TOTAL - ALL SOURCES	35,864,700	39,357,900	50,099,900	38,168,100	34,576,800

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(242,600)	(29.0)%
Other Appropriated Funds	-0-	0.0%
Total Appropriated Funds	\$(242,600)	(0.7)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment
 - Vacancy Savings - Maintains a 2% Vacancy Rate
 - ERE Rates
 - Elimination of One-time Capital and Non-Capital Equipment
- \$ 437,000 GF
 (10,700) GF
 (22,100) GF
 (2,298,000) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

New Equipment

1,111,000 GF

The JLBC Staff recommends a total appropriation of \$1,111,000 to purchase capital equipment. The amount provides \$1,022,000 to replace 50 patrol vehicles with extended warranties and police vehicle equipment, \$80,000 to purchase a Hazardous Materials and Bomb Response Special Purpose Vehicle, and \$9,000 to replace 3 personal computers and 3 laser printers. The recommendation would create a fleet with an average model year of mid-1993 and an average odometer reading of 50,800 miles. The Executive recommends a total appropriation of \$3,577,800 for capital equipment; funding various equipment purchases and the replacement of 137 highway patrol vehicles.

DPS Pay Plan Promotion Costs

540,200 GF

The DPS Pay Plan approved in FY 1993 has built-in step promotions for staff, based on longevity and testing. The promotions approved under this plan, which have not yet been funded, total \$540,200 for Personal Services and Employee Related Expenditures. The JLBC Staff, however, expects to study this issue further before recommending any future salary increases as other state agencies do not receive funding for these type of promotions. The Executive concurs in the amount of \$520,500.

* * *

JLBC Staff Recommended Format — Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— Highway Patrol Officer Allocation and Jurisdiction

The Executive recommends appropriating monies sufficient to fund the salaries, equipment, and patrol vehicles for 30 additional officers. The recommendation is based on the results of a computer model, developed at Northwestern University, for determining police manpower needs.

The JLBC Staff is not prepared to recommend funding for additional patrol officers until DPS provides the Legislature with a detailed statement of its mission and identifies those areas of current operation which are not the jurisdiction of other law enforcement agencies. A recent survey of law enforcement in 11 states noted that among the respondents, only Arizona and California assume sole responsibility for patrolling freeways in metropolitan areas. While the JLBC Staff recognizes the potential need for officers in rural Arizona, we are reluctant to recommend additional funding until the issue of urban patrolling is resolved.

It is also important to note that the Federal Crime Bill provides funding for additional police officers for the next three years in several communities throughout the state. The substantial increase in municipal police force size further calls into question the necessity of DPS patrols on urban freeways.

The JLBC Staff recommends that DPS describe and justify its current allocation of officers throughout the state. This statement should provide the Legislature with the tools necessary to evaluate current operations and allow for an informed decision concerning the direction of the department and the need for additional highway patrolmen.

**DEPARTMENT OF TRANSPORTATION
(DOT)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
Agency Summary

JLBC Analyst: Bob Hull
OSPB Analyst: Thomas Betlach

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	3,183.5	3,153.0	3,262.0	3,289.0	2,993.0
BY PROGRAM/ORGANIZATION					
Director's Staff	551,500	580,800	537,400	493,900	481,300
Transportation Planning	3,293,300	4,002,900	3,604,500	3,096,000	3,041,600
Administrative Services	45,351,000	37,789,600	46,179,900	37,846,900	37,437,400
Special Support Group	6,179,800	4,145,200	6,181,500	4,750,800	4,709,600
Highways	104,332,000	43,072,300	44,653,400	38,810,400	38,721,700
Highway Maintenance	0	70,963,800	75,907,400	68,409,900	68,329,900
Aeronautics	1,328,200	1,605,700	1,774,400	1,621,900	1,613,500
Motor Vehicle Division	27,306,300	34,662,900	37,857,300	42,122,100	28,506,000
Public Transit	95,800	75,500	74,100	73,500	74,300
AGENCY TOTAL	188,437,900	196,898,700	216,769,900	197,225,400	182,915,300
OPERATING BUDGET					
Personal Services	59,281,400	83,389,100	89,650,000	85,647,200	79,360,500
Employee Related Expenditures	13,495,700	22,112,200	24,892,100	23,332,600	21,663,500
Professional/Outside Services	2,338,900	1,432,100	2,392,100	2,128,100	2,657,500
Travel - In State	1,111,000	1,742,300	2,106,900	1,804,400	1,562,500
Travel - Out of State	168,300	152,400	161,600	153,200	135,900
Other Operating Expenditures	21,743,500	24,968,300	28,687,000	25,368,900	22,864,300
Equipment	1,949,400	1,307,700	5,237,600	1,385,900	1,062,400
All Other Operating Subtotal	27,311,100	29,602,800	38,585,200	30,840,500	28,282,600
OPERATING SUBTOTAL	100,088,200	135,104,100	153,127,300	139,820,300	129,306,600
SPECIAL LINE ITEMS					
Risk Management Premium	15,889,300	7,000,900	7,000,900	8,281,200	8,231,600
Education and Training	15,300	0	0	0	0
License Plates & Tabs	1,261,500	1,275,300	1,275,300	1,275,300	1,275,300
Medical Advisory Board	72,900	79,700	80,800	80,900	78,200
Enterprise (Drivers License/Title)	1,752,000	10,000,000	9,320,000	7,200,000	3,500,000
Reimbursement to Highway Fund	9,100	30,000	30,000	30,000	30,000
Highway Maintenance	65,224,500	0	0	0	0
Radio Communications	403,700	417,100	417,100	417,100	405,900
Other Transit Planning	8,300	16,800	16,800	16,800	16,800

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
Agency Summary

JLBC Analyst: Bob Hull
OSPB Analyst: Thomas Betlach

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Reorganization	2,493,300	0	0	0	0
Regional Area Road Fund Rent	652,200	676,500	899,600	676,500	646,700
Mandatory Insurance Enforcement	525,100	0	0	0	0
Abandoned Vehicle Fund	42,500	45,800	45,800	45,800	45,800
Traffic Control Warning Device	0	50,000	0	0	0
Mobile Home Administration	0	115,200	113,900	117,300	117,600
Central Maintenance	0	1,740,900	1,740,900	1,264,000	1,264,000
Contract Maintenance	0	11,321,400	12,836,100	9,535,200	9,531,800
Materials	0	12,936,900	13,520,200	12,526,900	12,526,900
Equipment Rentals	0	16,088,100	16,345,200	15,938,100	15,938,100
Special Item Subtotal	88,349,700	61,794,600	63,642,600	57,405,100	53,608,700
AGENCY TOTAL	188,437,900	196,898,700	216,769,900	197,225,400	182,915,300
BY FUND SOURCE					
General Fund	56,500	75,500	74,100	73,500	74,300
Other Appropriated Funds	188,381,400	196,823,200	216,695,800	197,151,900	182,841,000
Federal Funds	265,139,800	224,375,200	212,298,700	--	212,298,700
Other Non-Appropriated Funds	208,654,200	202,990,800	222,400,900	--	222,400,900
TOTAL - ALL SOURCES	662,231,900	624,264,700	651,469,500	197,225,400	617,614,900

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ (1,200)	(1.6)%
Other Appropriated Funds	(13,982,200)	(7.1)%
Total Appropriated Funds	\$(13,983,400)	(7.1)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes			
— Annualization of April 1995 Pay Adjustment	\$ 1,434,700	OF \$	800 GF
— Vacancy Savings - Maintains a 2.1% Vacancy Rate	117,300	OF	-0 GF
— ERE Rates	669,700	OF	300 GF
— Risk Management	1,233,900	OF	100 GF
— Rent	(26,400)	OF	-0 GF
— Elimination of One-time Capital and Non-Capital Equipment	(1,626,700)	OF	-0 GF
— Other	(11,000)	OF	-0 GF
Travel - In State			(18,000) OF
Travel - Out of State			(16,500) OF
New Equipment			795,400 OF
Privatization			(107,800) OF
Enterprise Project (Drivers License/Titles)			(6,500,000) OF
Executive Downsizing			(11,107,400) OF
Project SLIM			(717,800) OF
Digital Drivers License			600,000 OF
Network Support			1,400,500 OF
Traffic Control Warning Device			(50,000) OF
Base Adjustment		(52,100) OF	(2,400) GF
	* * *		

JLBC Staff Recommended Format — Modified Lump Sum by Program (Three cost centers were Lump Sum by Program. The recommended format will allow better tracking of expenditures.)

JLBC Staff Recommended Footnotes

New Footnotes

- Prior to making any large scale organizational change for FY 1996 beyond the decreases referred to as Executive Downsizing in the JLBC Staff budget recommendation, the department shall submit its planned change to the Joint Legislative Budget Committee for review. (The department has spoken of possibly making large scale organizational changes to implement its budget reductions for FY 1996. The JLBC Staff recommends a new footnote for FY 1996 to better monitor these possible changes.)

Other Issues for Legislative Consideration

— Overview of Departmental Budget

The Motor Vehicle Division has not attained the full reduction previously incorporated into its budget due to Project SLIM projected savings, and reports that it has 23 more FTE positions than authorized for FY 1995. At its current rate of expenditure, it will exceed its Personal Services appropriation for FY 1995 by about \$1,100,000. More information is provided under the Motor Vehicle Division.

The department's original budget request for FY 1996 included 40 policy issues with increases totaling 109 new FTE positions and \$15,123,200. The department subsequently offered up budget decreases of (135) FTE positions and \$(11,459,400), excluding Project Enterprise considerations. These reductions are included under the heading of Executive Downsizing in each division. The JLBC Staff endorses most of these reductions, although some are shown under normal budgetary categories.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

The department has 2 data processing requests which, due to their dollar amount, technical nature and potential for significant cost overruns, should be well planned. The JLBC Staff recommends that prior to expending additional monies for these projects, ADOT shall submit a project plan for each project to the Joint Legislative Budget Committee for review. More information is provided on the specific requests in the sections for the Administrative Services Division and Motor Vehicle Division.

The Executive recommends eliminating the County Auto License Non-Appropriated Fund, depositing its revenues into the State Highway Fund, and appropriating 251 FTE positions and over \$10,000,000 from the State Highway Fund as part of the Motor Vehicle Division's appropriated budget for FY 1996. The JLBC Staff recommends appropriating the County Auto License Fund in its Non-Appropriated Funds Report: Recommendations to the JLBC, but starting in FY 1997.

— Organizational Realignment

Transfers 50 FTE positions and related expenditures from one division to another in order to consolidate certain like functions across divisions, as a result of both Project SLIM recommendations and department initiatives. The net agencywide effect of transferring these FTE positions and related expenditures is zero change in the total number of FTE positions and an increase of \$200 in Employee Related Expenditures due to slight differences in Employee Related Expenditure rates among different divisions. The following table summarizes the movement of FTE positions. Additional detail can be found in the individual divisions.

Table 1

MOVEMENT OF FTE POSITIONS WITHIN ADOT			
	To: Administrative Services	To: Special Support Group	Change
Director's Staff	--	2	-2
Transportation Planning	4	3	-7
Administrative Services	--	23	-23
Special Support Group	1	--	-1
Highways	12	--	-12
Highway Maintenance	--	4	-4
Motor Vehicle Division	<u>1</u>	<u>--</u>	<u>-1</u>
CHANGE	+18	+32	0

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

— Summary of Project SLIM appropriated budget decreases in ADOT.

Project SLIM began working in the department in the Motor Vehicle Division November, 1991 and issued its first report June, 1992. Since then SLIM has reviewed and recommended decreases in 5 other divisions. TABLE 2 reflects a total decrease in the department's appropriated budget for FY 1993 through FY 1996 of (154) FTE positions and \$(5,182,600), and shows the decreases by division and by fiscal year.

Table 2

APPROPRIATED BUDGET DECREASES IN ADOT AS A RESULT OF PROJECT SLIM

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u> <u>Rec.</u>	<u>Totals</u>
<u>Motor Vehicle Division</u>					
FTE Positions	—	(97.0)			(97.0)
Dollars	\$ (3,123,100)	\$ (283,800)			\$ (3,406,900)
<u>Public Transit Division</u>					
FTE Positions	—		(1.0)		(1.0)
Dollars	\$ (1,200)		\$ (42,300)		\$ (43,500)
<u>Aeronautics Division</u>					
FTE Positions	—				—
Dollars	\$ (44,500)				\$ (44,500)
<u>Highways Division</u>					
FTE Positions			(32.0)	—	(32.0)
Dollars			\$ (879,700)	\$ (258,000)	\$ (1,137,700)
<u>Highway Maintenance</u>					
FTE Positions			(5.0)		(5.0)
Dollars			\$ (90,200)		\$ (90,200)
<u>Transportation Planning Division</u>					
FTE Positions				(19.0)	(19.0)
Dollars				\$ (459,800)	\$ (459,800)
<u>TOTALS</u>					
FTE Positions	(0.0)	(97.0)	(38.0)	(19.0)	(154.0)
Dollars	\$ (3,168,800)	\$ (283,800)	\$ (1,012,200)	\$ (717,800)	\$ (5,182,600)

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

— Highway User Revenue Fund Analysis

The Highway User Revenue Fund (HURF) consists of monies received in the state from transportation related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax, vehicle registration, driver's license, and others. HURF is the primary source of monies for the department's operating budget. The last line of TABLE 3 which shows net State Highway Fund monies available for statewide highway construction does not include Maricopa County and Pima County 15% funds, bond funds, federal funds, carryover funds and miscellaneous funds available for construction.

The JLBC Staff recommendation provides a bottom line of \$106,957,000 for statewide highway construction for FY 1996, which is slightly above the Executive recommendation and substantially above both the FY 1995 estimate and the FY 1996 department request. The JLBC Staff recommended State Highway Fund operating budget is \$13,991,000 below FY 1995 and \$33,697,000 below the department request.

Table 3

HIGHWAY USER REVENUE FUND ANALYSIS					
(In Thousands)					
	FY 1994	FY 1995	FY 1996	FY 1996	FY 1996
	<u>Actual</u>	<u>Estimate</u>	<u>Request</u>	<u>Exec Rec</u>	<u>JLBC Rec</u>
Estimated Total HURF Collections	\$776,063	\$772,900	\$799,400	\$799,400	\$799,400
Less: Economic Strength Fund	1,000	1,000	1,000	1,000	1,000
DPS Transfer from HURF	24,925	20,000	17,500	20,000	20,000
Mandatory Insurance	525	-0-	-0-	-0-	-0-
Border Projects - Transfer to Highway Fund	-0-	1,000	-0-	-0-	-0-
Net HURF Collections	749,613	750,900	780,900	778,400	778,400
Less: Cities	228,606	229,477	239,218	238,381	238,381
Counties	135,137	135,711	141,507	141,007	141,007
Controlled Access, 15% Funds	57,693	57,760	60,033	59,845	59,845
Net State Highway Fund (Discretionary)	328,177	327,952	340,142	339,167	339,167
Plus: Interest Income (State Highway Fund)	2,093	3,000	3,000	3,000	3,000
Border Projects - Transfer from HURF	-0-	1,000	-0-	-0-	-0-
JCCR Ordered Reversions	-0-	478	1,184	1,184	1,184
County Auto License - Transfer to Highway Fund	-0-	-0-	-0-	11,785	-0-
Less: Operating Budget	186,240	194,953	214,659	195,259	180,962
Capital Outlay & Building Renewal	6,171	7,729	17,714	2,750	3,800
DPS Transfer from Highway Fund	18,846	20,000	17,500	20,000	20,000
Debt Service	32,076	31,361	31,632	31,632	31,632
Border Area Transportation Projects	500	1,000	-0-	-0-	-0-
Net Highway Fund Available for Statewide Highway Construction (5-Year Plan)	<u>\$86,437</u>	<u>\$77,387</u>	<u>\$62,821</u>	<u>\$105,495</u>	<u>\$106,957</u>

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Director's Staff

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	8.0	8.0	6.0	6.0	6.0
OPERATING BUDGET					
Personal Services	417,800	441,400	377,100	369,300	364,300
Employee Related Expenditures	71,300	83,100	104,000	68,300	69,100
Travel - In State	9,500	19,200	19,200	19,200	11,400
Travel - Out of State	22,000	9,600	9,600	9,600	9,600
Other Operating Expenditures	30,900	27,500	27,500	27,500	26,900
All Other Operating Subtotal	62,400	56,300	56,300	56,300	47,900
OPERATING SUBTOTAL	551,500	580,800	537,400	493,900	481,300
SPECIAL LINE ITEMS					
Special Item Subtotal	0	0	0	0	0
PROGRAM TOTAL	551,500	580,800	537,400	493,900	481,300
BY FUND SOURCE					
Other Appropriated Funds	551,500	580,800	537,400	493,900	481,300
Federal Funds	265,032,300	221,565,200	210,338,700	-	210,338,700
TOTAL - ALL SOURCES	265,583,800	222,146,000	210,876,100	493,900	210,820,000

Program Description — *The Director's Staff establishes and provides policy, guidance and overall direction to the department.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$(99,500)	(17.1)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

- Standard Changes**
- Annualization of April 1995 Pay Adjustment \$ 6,900 OF
 - ERE Rates 2,200 OF
 - Elimination of One-time Capital and Non-Capital Equipment (600) OF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Travel - In State

(7,800) OF

Reflects a decrease of \$(7,800) to adjust to average actual expenditures for the last 3 fiscal years. The Executive does not address this issue.

Organizational Realignment

(95,200) OF

Reflects decreases of (2) FTE positions and \$(95,200), which includes decreases of \$(78,200) for Personal Services and \$(17,000) for Employee Related Expenditures. The 2 FTE planner positions and their salaries are transferred to the Special Support Group to consolidate like functions. The Executive recommends decreases of (2) FTE positions and \$(95,000).

Base Adjustment

(5,000) OF

Reflects a decrease of \$(5,000) to adjust to actual per diem expenditures for the transportation board over the last 3 fiscal years. The Executive does not address this issue.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program *(The recommended format will allow better tracking of expenditures.)*

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Transportation Planning

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	89.0	89.0	63.0	58.0	58.0

OPERATING BUDGET

Personal Services	2,397,400	2,841,600	2,086,900	1,848,700	1,847,200
Employee Related Expenditures	499,100	694,200	575,800	465,400	465,500
Professional/Outside Services	12,700	0	450,000	400,000	350,000
Travel - In State	51,100	72,000	58,000	48,000	48,000
Travel - Out of State	16,800	14,900	14,900	14,900	14,900
Other Operating Expenditures	313,400	350,200	322,400	289,000	293,400
Equipment	2,800	30,000	96,500	30,000	22,600
All Other Operating Subtotal	396,800	467,100	941,800	781,900	728,900
PROGRAM TOTAL	3,293,300	4,002,900	3,604,500	3,096,000	3,041,600

BY FUND SOURCE

Other Appropriated Funds	3,293,300	4,002,900	3,604,500	3,096,000	3,041,600
Other Non-Appropriated Funds	1,527,500	1,527,500	1,527,500	--	1,527,500
TOTAL - ALL SOURCES	4,820,800	5,530,400	5,132,000	3,096,000	4,569,100

Program Description — *The Transportation Planning Division plans the statewide transportation system, including highways and airports.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$(961,300)	(24.0)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 48,800 OF
- Vacancy Savings - Maintains a 1.5% Vacancy Rate 12,100 OF
- ERE Rates 21,100 OF
- Elimination of One-time Capital and Non-Capital Equipment (30,000) OF

23,000 OF

New Equipment

Reflects an increase of \$23,000 for replacement computer equipment including personal computers, plotters, a printer and a monitor, including \$22,600 for capitalized equipment and \$400 for non-capitalized equipment. The Executive recommends \$30,000 for capitalized equipment.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Project SLIM (459,800) OF
Reflects decreases of (19) FTE positions and \$(459,800), which includes decreases of \$(580,900) for Personal Services, \$(149,700) for Employee Related Expenditures, \$(24,000) for Travel - In State, and \$(55,200) for Other Operating Expenditures, and an increase of \$350,000 for Professional and Outside Services to contract out the data collection previously done by state employees. The Executive recommends decreases of (19) FTE positions and \$(454,100).

Organizational Realignment (268,600) OF
Reflects decreases of (7) FTE positions and \$(268,600), which includes decreases of \$(213,500) for Personal Services and \$(55,100) for Employee Related Expenditures. Four FTE positions (2 transportation engineers and 2 graphic designers) and their salaries are transferred to the Administrative Services Division and 3 FTE planner positions and their salaries are transferred to the Special Support Group to consolidate like functions. The Executive concurs.

Base Adjustment (44,300) OF
Reflects a decrease \$(44,300), which includes decreases of \$(38,500) for Personal Services and \$(5,800) for Employee Related Expenditures. The excess Personal Services money resulted from personnel position changes. The Executive recommends transferring \$44,300 to Motor Vehicle Division.

Executive Downsizing (263,600) OF
Reflects decreases of (5) FTE positions and \$(263,600), which includes decreases of \$(213,100) for Personal Services, \$(48,500) for Employee Related Expenditures, and \$(2,000) for Other Operating Expenditures. This results from moving Pima Association of Government staffing to federal funds. The Executive recommends decreases of (5) FTE positions and \$(264,100).

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JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Administrative Services

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	460.0	461.0	520.0	436.0	437.0
OPERATING BUDGET					
Personal Services	12,180,800	13,043,900	15,426,600	12,656,700	12,701,000
Employee Related Expenditures	2,720,300	3,344,500	4,256,200	3,233,400	3,302,400
Professional/Outside Services	1,655,600	635,800	1,120,400	744,600	620,400
Travel - In State	101,800	93,000	455,600	89,400	126,800
Travel - Out of State	37,000	20,900	19,600	19,600	19,600
Other Operating Expenditures	11,080,900	12,716,700	14,502,600	11,444,800	11,277,300
Equipment	1,033,100	257,400	2,498,400	700,700	511,600
All Other Operating Subtotal	13,908,400	13,723,800	18,596,600	12,999,100	12,555,700
OPERATING SUBTOTAL	28,809,500	30,112,200	38,279,400	28,889,200	28,559,100
SPECIAL LINE ITEMS					
Risk Management Premium	15,889,300	7,000,900	7,000,900	8,281,200	8,231,600
Regional Area Road Fund Rent	652,200	676,500	899,600	676,500	646,700
Special Item Subtotal	16,541,500	7,677,400	7,900,500	8,957,700	8,878,300
PROGRAM TOTAL	45,351,000	37,789,600	46,179,900	37,846,900	37,437,400
BY FUND SOURCE					
Other Appropriated Funds	45,351,000	37,789,600	46,179,900	37,846,900	37,437,400
Other Non-Appropriated Funds	118,400	147,200	150,400	--	150,400
TOTAL - ALL SOURCES	45,469,400	37,936,800	46,330,300	37,846,900	37,587,800

Program Description — *The Administrative Services Division provides financial, data processing and administrative support for the department.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$(352,200)	(0.9)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 224,300 OF
— Vacancy Savings - Maintains a 3% Vacancy Rate	(20,500) OF
— ERE Rates	85,400 OF
— Risk Management	1,230,800 OF
— Rent	(29,800) OF
— Elimination of One-time Capital and Non-Capital Equipment	(478,000) OF

New Equipment

196,400 OF

Reflects an increase of \$196,400 for replacement of office and personal computer equipment, including \$68,300 for capitalized equipment and \$128,100 for non-capitalized equipment. The Executive recommends \$700,700 for capitalized equipment.

Organizational Realignment

(33,600) OF

Reflects decreases of (5) FTE positions and \$(33,600), which includes decreases of \$(21,200) for Personal Services, \$(19,400) for Employee Related Expenditures, \$(15,400) for Professional and Outside Services, \$(3,600) for Travel - In State, \$(1,300) for Travel - Out of State, and an increase of \$27,300 for Other Operating Expenditures. Twenty-three FTE positions (11 for the Quality Consulting Office and 12 for the Personnel Office) and related funding are transferred from the Administrative Services Division to the Special Support Group. FTE positions and related funding transferred to the Administrative Services Division includes 1 FTE attorney position from Special Support Group, 12 FTE positions (10 for the computer network and 2 graphic designers) from the Highways Division, 4 FTE positions (2 transportation engineers and 2 graphic designers) from the Transportation Planning Division, and 1 FTE data processing position from the Motor Vehicle Division to consolidate like functions. The sum of \$17,300 for Other Operating Expenditures is transferred from Highway Maintenance for service contracts for maintenance of district offices. The Executive recommends decreases of (6) FTE positions and \$(109,400), due to also eliminating the 1 FTE attorney position which was transferred from Special Support Group.

Executive Downsizing

(2,927,700) OF

Reflects decreases of (37) FTE positions and \$(2,927,700), including decreases of \$(1,027,500) for Personal Services, \$(275,900) for Employee Related expenditures and \$(1,624,300) for Other Operating Expenditures. This includes eliminating (17) administrative and supervisory FTE positions from general operations, (9) FTE positions from the warehouse, (5) FTE positions from finance, (4) FTE positions from management services, (2) FTE positions to be identified through realignment, and \$(1,609,500) from Other Operating Expenditures in Information Services Group. The Executive recommends decreases of (37) FTE positions and \$(2,910,400).

Network Support

1,400,500 OF

Reflects an increase of 18 FTE positions and \$1,400,500, including increases of \$530,900 for Personal Services, \$138,900 for Employee Related Expenditures, \$37,400 for Travel - In State, \$250,000 for Other Operating Expenditures and \$443,300 for Capitalized Equipment. The 18 FTE positions are to replace 18 limited positions currently paid for from vacancy savings. The Other Operating Expenditures amount includes \$100,000 for replacement computer parts, \$14,400 for operating supplies, and \$135,600 for vehicle rental charges. The JLBC Staff recommends a new footnote requiring that prior to expending the \$1,400,500 for network support, ADOT shall submit a comprehensive multi-year project plan for its network, including issues such as capacity, demand, hardware, software and costs, to the Joint Legislative Budget Committee for review. The Executive recommends increases of 18 FTE positions and \$1,550,400.

The department originally requested \$5,049,000 and 38 FTE positions for computer network support, including over \$3,000,000 for computer equipment with over \$2,000,000 for hardware and over \$1,000,000 for software. This subsequently became a request for 18 FTE positions and \$1,556,600. The department reports having 100 local area networks as part of its wide area network and originally estimated having 177 local area networks by FY 1997. The department is currently evaluating the capacity of and demands on the network as additional local area networks and applications such as Enterprise begin to come on line. Network support represents an open-ended request for future funding, since as the department states in its original request, "the requirements are not fully finalized and as a result could lead to a considerable increase in scope and cost" (underlining added for emphasis).

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Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Modified Lump Sum Program

JLBC Staff Recommended Footnotes

New Footnote

- Prior to expending the \$1,400,500 for network support, ADOT shall submit a comprehensive multi-year project plan for its network, including issues such as capacity, demand, hardware, software and costs, to the Joint Legislative Budget Committee for review.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Special Support Group

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	72.0	72.0	107.0	89.0	90.0
OPERATING BUDGET					
Personal Services	2,531,300	2,791,400	3,851,400	3,260,800	3,255,600
Employee Related Expenditures	480,900	628,400	1,062,500	773,200	774,200
Professional/Outside Services	128,200	320,900	385,300	292,800	292,800
Travel - In State	23,000	35,200	40,800	38,800	28,600
Travel - Out of State	18,300	33,100	38,600	34,400	21,300
Other Operating Expenditures	462,800	294,500	725,200	309,100	313,000
Equipment	26,700	41,700	77,700	41,700	24,100
All Other Operating Subtotal	659,000	725,400	1,267,600	716,800	679,800
OPERATING SUBTOTAL	3,671,200	4,145,200	6,181,500	4,750,800	4,709,600
SPECIAL LINE ITEMS					
Education and Training	15,300	0	0	0	0
Reorganization	2,493,300	0	0	0	0
Special Item Subtotal	2,508,600	0	0	0	0
PROGRAM TOTAL	6,179,800	4,145,200	6,181,500	4,750,800	4,709,600
BY FUND SOURCE					
Other Appropriated Funds	6,179,800	4,145,200	6,181,500	4,750,800	4,709,600
Other Non-Appropriated Funds	10,593,400	10,701,100	11,759,500	--	11,759,500
TOTAL - ALL SOURCES	16,773,200	14,846,300	17,941,000	4,750,800	16,469,100

Program Description — *The Special Support Group includes the following functions: audit and analysis, community relations, affirmative action, and legal assistance.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$564,400	13.6%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 48,000 OF
— Vacancy Savings - Maintains a 1.5% Vacancy Rate	(15,600) OF
— ERE Rates	21,700 OF
— Rent	3,400 OF
— Elimination of One-time Capital and Non-Capital Equipment	(44,000) OF

Travel - In State

Reflects a decrease of \$(10,200) to adjust to actual expenditures. The Executive does not address this issue. (10,200) OF

Travel - Out of State

Reflects a decrease of \$(13,100) to adjust to actual expenditures. The Executive does not address this issue. (13,100) OF

New Equipment

Reflects an increase of \$26,900 for one-time office equipment and personal computers, including \$24,100 for capitalized equipment and \$2,800 for non-capitalized equipment. The Executive recommends \$41,700 for capitalized equipment. 26,900 OF

Organizational Realignment

Reflects increases of 31 FTE positions and \$1,242,500, which includes increases of \$906,100 for Personal Services, \$236,900 for Employee Related Expenditures, \$64,400 for Professional and Outside Services, \$3,600 for Travel - In State, \$1,300 for Travel - Out of State, and \$30,200 for Other Operating Expenditures. Two FTE planner positions, salaries and other expenditures are transferred to the Special Support Group from the Director's Staff, 3 FTE planner positions from Transportation Planning Division, 4 FTE trainer positions from Highway Maintenance, 23 FTE positions (11 for the quality consulting office and 12 for the personnel office) from Administrative Services Division. One FTE attorney position and salary is transferred from Special Support Group to Administrative Services Division to consolidate like functions. The Executive recommends increases of 31 FTE positions and \$1,314,400, which excludes the transfer of 1 FTE position to the Special Support Group where it is eliminated. 1,242,500 OF

Executive Downsizing

Reflects decreases of (13) FTE positions and \$(695,200), which includes decreases of \$(470,800) for Personal Services, \$(116,300) for Employee Related Expenditures, \$(92,500) for Professional and Outside Services and \$(15,600) for Other Operating Expenditures. This includes eliminating (8) FTE positions in the quality consulting office, (4) FTE trainer positions, and \$(35,000) for the quarterly publication of the public relations document entitled Valley Freeways. It also transfers (1) Maricopa Association of Governments Lifecycle FTE position to the Maricopa Regional Area Road Fund. The Executive recommends decreases of (14) FTE positions and \$(759,400), which includes the transfer of 1 FTE position to the Special Support Group where it is eliminated. (695,200) OF

JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Highways

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	1,834.0	875.0	863.0	801.0	776.0
OPERATING BUDGET					
Personal Services	25,537,100	28,046,700	28,681,800	25,950,200	25,153,200
Employee Related Expenditures	5,458,000	6,831,500	7,913,400	6,461,200	6,260,000
Professional/Outside Services	24,100	3,500	3,500	3,500	973,500
Travel - In State	642,000	849,900	849,900	700,400	676,100
Travel - Out of State	50,300	49,500	49,500	49,500	49,500
Other Operating Expenditures	6,168,700	6,000,500	5,914,600	4,828,500	4,803,500
Equipment	823,600	823,600	823,600	400,000	400,000
All Other Operating Subtotal	7,708,700	7,727,000	7,641,100	5,981,900	6,902,600
OPERATING SUBTOTAL	38,703,800	42,605,200	44,236,300	38,393,300	38,315,800
SPECIAL LINE ITEMS					
Highway Maintenance	65,224,500	0	0	0	0
Radio Communications	403,700	417,100	417,100	417,100	405,900
Traffic Control Warning Device	0	50,000	0	0	0
Special Item Subtotal	65,628,200	467,100	417,100	417,100	405,900
PROGRAM TOTAL	104,332,000	43,072,300	44,653,400	38,810,400	38,721,700
BY FUND SOURCE					
Other Appropriated Funds	104,332,000	43,072,300	44,653,400	38,810,400	38,721,700
Other Non-Appropriated Funds	182,956,500	176,871,400	194,947,100	-	194,947,100
TOTAL - ALL SOURCES	287,288,500	219,943,700	239,600,500	38,810,400	233,668,800

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$(4,350,600)	(10.1)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 482,200 OF
- Vacancy Savings - Maintains a 3% Vacancy Rate 146,500 OF
- ERE Rates 179,200 OF
- Elimination of One-time Capital and Non-Capital Equipment (916,800) OF

(107,800) OF

Privatization

Reflects decreases of (25) FTE positions and \$(107,800), which includes decreases of \$(822,500) for Personal Services, \$(206,000) for Employee Related Expenditures, \$(24,300) for Travel-In State, \$(25,000) for Other Operating Expenditures, and an increase of \$970,000 for Professional and Outside Services. This decreases the number of FTE positions in the right-of-way, roadway engineering, and bridge groups by 10% and transfers 90% of the reduction to Professional and Outside Services to privatize these functions. The Executive does not address this issue.

(11,200) OF

Radio Communications

Reflects a decrease of \$(11,200) to adjust the special line item to the average actual expenditures for the last 3 fiscal years. The Executive does not address this issue.

435,500 OF

New Equipment

Reflects an increase of \$435,500 for office equipment, personal computers, copiers, and various shop and test equipment, including \$400,000 for capitalized equipment and \$35,500 for non-capitalized equipment. The Executive concurs.

(258,000) OF

Project SLIM

Reflects a decrease of \$(258,000), which includes decreases of \$(224,000) for Personal Services and \$(34,000) for Employee Related Expenditures. This represents the amount of Project SLIM decrease deferred from FY 1995 to FY 1996 to allow the Highways Division to continue to pay the salaries of employees until being placed in other jobs. Appropriated Project SLIM decreases in the Highways Division in FY 1995 were \$(879,700) and (32) FTE positions, making total appropriated Highways Division decreases of \$(1,137,700) and (32) FTE positions. The Executive concurs.

(558,400) OF

Organizational Realignment

Reflects decreases of (12) FTE positions and \$(558,400), which includes decreases of \$(426,500) for Personal Services; \$(103,700) for Employee Related Expenditures and \$(28,200) for Other Operating Expenditures. Twelve FTE positions (10 for the computer network and 2 graphic designers), their salaries and other expenditures are transferred to the Administrative Services Division to consolidate like functions. The Executive concurs.

(3,691,800) OF

Executive Downsizing

Reflects decreases of (62) FTE positions and \$(3,691,800), which includes decreases of \$(1,957,900) for Personal Services, \$(498,300) for Employee Related Expenditures, \$(149,500) for Travel - In State, and \$(1,086,100) for Other Operating Expenditures. This includes eliminating (8) FTE positions for county mapping, (6) FTE positions for roadside development, (6) FTE positions for blue stake, (9) FTE positions for engineers in training, (4) FTE positions for property management, (1) FTE position for appraisals, (2) FTE positions for construction partnering, (2) FTE positions for bridge engineers, (5) FTE positions for materials, (5) FTE positions for local government, (1) FTE position for public relations, (6) FTE positions for the construction engineering manpower management system, (1) FTE position for engineering consultant services, (2) FTE positions for special program section, (3) FTE positions for state engineer's office, and (1) FTE position for a welder. The Executive recommends decreases of (62) FTE positions and \$(4,086,800), which includes a decrease of \$(423,600) for Capitalized Equipment that the JLBC Staff includes under Standard Changes.

(50,000) OF

Traffic Control Warning Device

Reflects a decrease of \$(50,000) for this one-time special line item which was to fund a non-traffic controlled test by the department. The Executive concurs.

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Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Modified Lump Sum by Program

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnote requiring the department to conduct and report on a test of a traffic control warning device for intersection lights that flash amber with a green light for a few seconds before the light changes to amber.
- The JLBC Staff recommends deleting the one-time footnote requiring the department to report on its highways division organization chart and personnel.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Highway Maintenance

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	0.0	937.0	984.0	933.0	933.0
OPERATING BUDGET					
Personal Services	0	20,664,900	21,973,400	20,829,600	20,829,600
Employee Related Expenditures	0	5,994,900	6,062,400	6,177,700	6,191,100
Professional/Outside Services	0	68,000	29,000	19,000	19,000
Travel - In State	0	339,100	340,100	339,100	339,100
Travel - Out of State	0	0	5,000	0	0
Other Operating Expenditures	0	1,719,600	2,465,500	1,690,300	1,690,300
Equipment	0	90,000	589,600	90,000	0
All Other Operating Subtotal	0	2,216,700	3,429,200	2,138,400	2,048,400
OPERATING SUBTOTAL	0	28,876,500	31,465,000	29,145,700	29,069,100
SPECIAL LINE ITEMS					
Central Maintenance	0	1,740,900	1,740,900	1,264,000	1,264,000
Contract Maintenance	0	11,321,400	12,836,100	9,535,200	9,531,800
Materials	0	12,936,900	13,520,200	12,526,900	12,526,900
Equipment Rentals	0	16,088,100	16,345,200	15,938,100	15,938,100
Special Item Subtotal	0	42,087,300	44,442,400	39,264,200	39,260,800
PROGRAM TOTAL	0	70,963,800	75,907,400	68,409,900	68,329,900
BY FUND SOURCE					
Other Appropriated Funds	0	70,963,800	75,907,400	68,409,900	68,329,900
TOTAL - ALL SOURCES	0	70,963,800	75,907,400	68,409,900	68,329,900

Program Description — Highway Maintenance is responsible for the management and maintenance of the state highway system.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$(2,633,900)	(3.7)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 355,300 OF
- ERE Rates 184,100 OF
- Elimination of One-time Capital and Non-Capital Equipment (90,000) OF

Organizational Realignment

(256,800) OF

Reflects decreases of (4) FTE positions and \$(256,800), which includes decreases of \$(143,700) for Personal Services, \$(34,800) for Employee Related Expenditures, \$(49,000) for Professional and Outside Services and \$(29,300) for Other Operating Expenditures. Four FTE trainer positions, their salaries and other operating expenditures are transferred to the Special Support Group to consolidate like functions, and \$(17,300) of Other Operating Expenditures is transferred to the Administrative Services Division for service contracts for maintenance of district offices. The Executive concurs.

Executive Downsizing

(2,826,500) OF

Reflects a decrease of \$(2,826,500), which includes decreases of \$(476,900) for central maintenance, \$(1,789,600) for contract maintenance, \$(410,000) for materials, and \$(150,000) for equipment rentals. The Highway Maintenance appropriation has been non-reverting beginning with FY 1994. Highway Maintenance has \$2,451,400 of carry forward monies from FY 1994, which can be used for its programs. The average year-end unexpended amount for Highway Maintenance for FY 1992 and FY 1993 was \$631,400. The Executive concurs.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program *(The recommended format will allow better tracking of expenditures.)*

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote exempting the appropriation for Highway Maintenance from lapsing. *(For FY 1994, Highway Maintenance was appropriated as a special line item in the Highways Division and was exempted from A.R.S. § 35-190 relating to lapsing of appropriations. For FY 1995 Highway Maintenance was appropriated as a separate program, given a lump sum budget for the program, and the exemption from lapsing of appropriations was continued. To enhance legislative oversight of these expenditures, the JLBC Staff recommends deleting this footnote for FY 1996.)*

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Aeronautics

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	33.0	33.0	33.0	33.0	33.0
OPERATING BUDGET					
Personal Services	718,300	814,800	868,400	825,900	826,200
Employee Related Expenditures	184,800	224,000	254,000	231,600	231,600
Professional/Outside Services	12,900	58,600	58,600	45,000	58,600
Travel - In State	24,400	29,900	29,900	29,900	29,900
Travel - Out of State	9,700	14,400	14,400	14,400	11,000
Other Operating Expenditures	355,100	419,000	480,600	421,600	423,200
Equipment	13,900	15,000	38,500	23,500	3,000
All Other Operating Subtotal	416,000	536,900	622,000	534,400	525,700
OPERATING SUBTOTAL	1,319,100	1,575,700	1,744,400	1,591,900	1,583,500
SPECIAL LINE ITEMS					
Reimbursement to Highway Fund	9,100	30,000	30,000	30,000	30,000
Special Item Subtotal	9,100	30,000	30,000	30,000	30,000
PROGRAM TOTAL	1,328,200	1,605,700	1,774,400	1,621,900	1,613,500
BY FUND SOURCE					
Other Appropriated Funds	1,328,200	1,605,700	1,774,400	1,621,900	1,613,500
Federal Funds	107,500	2,810,000	1,960,000	-	1,960,000
TOTAL - ALL SOURCES	1,435,700	4,415,700	3,734,400	1,621,900	3,573,500

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$7,800	0.5%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 14,100 OF
— Vacancy Savings - Maintains a 1% Vacancy Rate	(900) OF
— ERE Rates	5,800 OF
— Risk Management	2,600 OF
— Elimination of One-time Capital and Non-Capital Equipment	(15,000) OF

Travel - Out of State

Reflects a decrease of \$(3,400) to adjust to actual expenditures. The Executive does not address this issue. (3,400) OF

New Equipment

Reflects an increase of \$4,600 for replacement of computer printers and typewriters, including \$3,000 for capitalized equipment and \$1,600 for non-capitalized equipment. The Executive recommends \$23,500, including funding for 1 vehicle. 4,600 OF

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Motor Vehicle Division

JLBC Analyst: Bob Hull
 OSPB Analyst: Thomas Betlach

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	684.5	676.0	684.0	931.0	658.0
OPERATING BUDGET					
Personal Services	15,429,400	14,700,600	16,342,700	19,864,300	14,341,000
Employee Related Expenditures	4,065,300	4,298,800	4,650,300	5,909,000	4,356,700
Professional/Outside Services	505,400	345,300	345,300	623,200	343,200
Travel - In State	259,000	303,400	312,800	539,000	302,000
Travel - Out of State	14,200	10,000	10,000	10,800	10,000
Other Operating Expenditures	3,329,700	3,438,800	4,247,100	6,356,500	4,035,100
Equipment	49,300	50,000	1,113,300	100,000	101,100
All Other Operating Subtotal	4,157,600	4,147,500	6,028,500	7,629,500	4,791,400
OPERATING SUBTOTAL	23,652,300	23,146,900	27,021,500	33,402,800	23,489,100
SPECIAL LINE ITEMS					
License Plates and Tabs	1,261,500	1,275,300	1,275,300	1,275,300	1,275,300
Medical Advisory Board	72,900	79,700	80,800	80,900	78,200
Enterprise (Drivers License/Title)	1,752,000	10,000,000	9,320,000	7,200,000	3,500,000
Mandatory Insurance Enforcemen	525,100	0	0	0	0
Abandoned Vehicle Fund	42,500	45,800	45,800	45,800	45,800
Mobile Home Administration	0	115,200	113,900	117,300	117,600
Special Item Subtotal	3,654,000	11,516,000	10,835,800	8,719,300	5,016,900
PROGRAM TOTAL	27,306,300	34,662,900	37,857,300	42,122,100	28,506,000
BY FUND SOURCE					
Other Appropriated Funds	27,306,300	34,662,900	37,857,300	42,122,100	28,506,000
Other Non-Appropriated Funds	13,458,400	13,743,600	14,016,400	-	14,016,400
TOTAL - ALL SOURCES	40,764,700	48,406,500	51,873,700	42,122,100	42,522,400

Program Description — *The Motor Vehicle Division regulates vehicular operations within the state through the issuance and control of various permits, registrations and licenses.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
Other Appropriated Funds	\$(6,156,900)	(17.8)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 255,100 OF
— Vacancy Savings - Maintains a 3% Vacancy Rate	(4,300) OF
— ERE Rates	170,200 OF
— Risk Management	500 OF
— Elimination of One-time Capital and Non-Capital Equipment	(52,300) OF

New Equipment

109,000 OF

Reflects an increase of \$109,000 for personal computers, printers, modems, copying machines, and typewriters, including \$101,100 for capitalized equipment and \$7,900 for non-capitalized equipment. The Executive recommends \$100,000 for capitalized equipment.

Enterprise Project (Drivers License/Title)

(6,500,000) OF

Reflects a decrease of \$(6,500,000) for a FY 1996 total of \$3,500,000 (\$10,000,000 was appropriated in FY 1995). Last year the department estimated the total cost of the Enterprise Project to be \$26,000,000 with completion by the end of FY 1996. So far \$22,500,000 has been appropriated for Enterprise. The \$3,500,000 is to be the final installment. The JLBC Staff recommends a new footnote requiring that prior to expending the \$3,500,000 for Enterprise, ADOT shall submit a project plan for completing the enterprise project to the Joint Legislative Budget Committee for review. The JLBC Staff also recommends that the existing footnote exempting the Enterprise Project from A.R.S. § 35-190, relating to lapsing of appropriations be deleted for FY 1996, since it has outlived the purpose it served during the early years of Enterprise.

The purpose of the Enterprise Project is to replace 3 separate computer systems in the Motor Vehicle Division (Title and Registration, Drivers License, and Motor Carrier Revenue) with a single integrated computer system. Benefits promised by the department include better service to the public (dual function drivers license and vehicle registration offices), better enforcement of motor vehicle laws (integrated computer system with a single database) and business system improvements.

Enterprise is behind schedule. Last year the department projected that title and registration would be implemented in April 1994, drivers license in September 1994, and motor carrier revenue in September 1995. During the summer of 1994 the department audited Enterprise. One of the many problems documented in the August 5, 1994 report was that, "Management reporting on project status is very subjective and little reliance can be placed on ... the projected completion dates."

Enterprise is also over budget. Last year the department estimated a total cost of \$26,000,000 to complete Enterprise. The scope of the Enterprise Project has evolved and expanded over time, and even now is in flux. From FY 1990 through FY 1993, Enterprise was to be a project costing a total of \$8,800,000 designed to automate the drivers license and title functions at a cost of \$2,200,000 per year for 4 years. For FY 1994 an additional fifth year of \$2,200,000 was appropriated since Enterprise had been expanded to include the Motor Vehicle Division's revenue system. With the inclusion of \$1,500,000 of a prior appropriation for improvement of the Motor Vehicle Division's revenue system the cost of Enterprise then totaled \$12,500,000. Last year, the department estimated the total cost to complete all 3 portions of Enterprise (title and registration, drivers license and motor carrier revenue) at \$26,000,000, leaving a balance of \$13,500,000 of which \$10 million was appropriated for FY 1995. The final installment was to be \$3,500,000 for FY 1996.

It is against this background that the department has now increased its total estimated cost of Enterprise from \$26,000,000 to \$31,800,000. The department is projecting that if funding for Enterprise ceases after the current FY 1995 appropriation that we would have a new title and registration system, but the old drivers license system. The department further projects that for the recommended \$3,500,000 installment in FY 1996, we would also get a new drivers license issuance system with an electronic link to the existing driver corrective action system. This would be completed by October 1, 1995 after which the Enterprise Project would be shut down. Even without completion of the new Enterprise computer system, the business process improvements portion of the Enterprise Project produced over \$16,700,000 of increased revenue in FY 1994, including \$10.1 million for extended drivers license and \$6,600,000 for allocated rental cars. The department estimates that this will continue for FY 1995 through FY 1997 with \$17,600,000 of increased annual revenue being estimated for these 2 items. In FY 1998 the increase due to extended drivers license is projected to decrease from \$11,000,000 to \$2,900,000, while allocated rental car remains at \$6,600,000. Note that the cost of the department acquiring, assimilating, integrating and running the Maricopa County title and registration function, if that were to occur, it is not included in any of the above figures.

The Executive recommends an increase of 22 FTE positions and a decrease of \$(2,800,000) for a FY 1996 total of \$7,200,000 and a cumulative project total of \$29,700,000. Under this funding option the department projects that Enterprise will complete new integrated title and registration, drivers license, and driver corrective action systems by the end of FY 1996. As an additional benefit, once these 3 integrated systems are fully operational, the department projects a possible \$22,000,000

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

increase in annual revenue due to better enforcement of both registration renewals and registration for out-of-state residents. Under the Executive recommendation the Enterprise staff would be in place throughout FY 1996. This is an advantage from the department's standpoint if they want to request additional funding for Enterprise for FY 1997 due to either additional cost overruns or to fund more enhancements for Enterprise. The increase of 22 FTE positions for FY 1996 is reportedly to replace 22 limited FTE positions currently working on Enterprise. The 22 FTE positions would then reportedly be eliminated for FY 1997. It is not clear why 22 limited FTE positions should be replaced by 22 regular FTE positions for 1 fiscal year.

Digital Drivers License

600,000 OF

Reflects an increase of \$600,000 to contract for a system of instant issue drivers licenses with digital images to replace the current system which involves taking a photo and later mailing the drivers license to the customer. Current equipment is old and the contract expires June 30, 1995. The storing and handling of digital images is already part of the Enterprise drivers license design. There is a postage savings of \$(218,000) in the Administrative Services Division associated with instant issue drivers licenses. The Executive recommends \$680,000.

Organization Realignment

(29,700) OF

Reflects decreases of (1) FTE position and \$(29,700), which includes decreases of \$(23,000) for Personal Services and \$(6,700) for Employee Related Expenditures. The 1 FTE data processing position and its salary are transferred to the Administrative Services Division to consolidate like functions. The Executive concurs.

Executive Downsizing

(702,600) OF

Reflects a decrease of (17) FTE positions and \$(702,600), which includes decreases of (17) FTE positions and \$(505,600) for driver improvement and \$(197,000) for Saturday overtime. Driver improvement personnel investigate the character and habits of individuals whose drivers license has been revoked, before the department can issue a new license. A.R.S. § 28-448 establishes the general requirement for such investigations. The department believes that it can meet the statutory requirement by training and using front-line field personnel rather than a dedicated staff. The Executive recommends decreases of (17) FTE positions and \$(693,300).

Base Adjustment

(2,800) OF

Reflects a decrease of \$(2,800) in the Medical Advisory Board Special Line Item, which includes decreases of \$(800) for Travel - Out of State and \$(2,000) for Other Operating Expenditures to adjust to actual expenditures. The Executive does not address this issue.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

- 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 (EG., TITLE AND REGISTRATION, 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. *(The purpose of the new language is to have the department provide more complete status reports on Enterprise than has occurred thus far.)*

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnote reverting monies and eliminating FTE positions if legislation subjecting Mobile Home Administration expenditures to appropriation had not been enacted.
- The JLBC Staff recommends deleting the footnote exempting the appropriation for the Enterprise Project from lapsing.

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- The JLBC Staff recommends deleting the footnote requiring future appropriations for the Enterprise Project to be clearly offset by savings or increased revenue attributable to Enterprise. (*Increased revenue attributed to the business process improvements portion of Enterprise exceeded \$16,700,000 in FY 1994 and are estimated to exceed \$17,600,000 in each of FY 1995, FY 1996 and FY 1997.*)

New Footnotes

- Prior to expending \$3,500,000 for Enterprise, ADOT shall submit a project plan for completing the enterprise project to the Joint Legislative Budget Committee for review.

Other Issues for Legislative Consideration

— Project SLIM

The division has not attained the full reduction projected by Project SLIM and previously incorporated into the appropriated budget, due largely to not moving from the 50% level to the projected 80% level of renewal by-mail vehicle registration. The division reports that it has 23 more FTE positions than authorized for FY 1995. At its current rate of expenditure, it will exceed its Personal Services appropriation for FY 1995 by about \$1,100,000. The department has requested that \$552,800 of Personal Services monies be transferred from the Highways Division and Transportation Planning Division to the Motor Vehicle Division for FY 1996. This includes \$514,300 of Project SLIM decreases and \$38,500 of excess Personal Services in the Transportation Planning Division resulting from personnel position changes. This would only address about half of the Motor Vehicle Division's projected shortfall in Personal Services, and does not address at all the issue of the division exceeding its authorized number of FTE positions. The JLBC Staff recommends that the department seek to address both the division's overage of FTE positions and its shortfall of Personal Services money simultaneously.

— County Auto License Non-Appropriated Fund

The Executive recommends eliminating the County Auto License Non-Appropriated Fund, depositing its revenues into the State Highway Fund, and appropriating 251 FTE positions and over \$10,000,000 from the State Highway Fund as part of the Motor Vehicle Division's appropriated budget for FY 1996. The JLBC Staff recommends appropriating the County Auto License Fund in its Non-Appropriated Funds Report: Recommendations to the JLBC, but starting in FY 1997.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Transportation
 PROG: Public Transit

JLBC Analyst: Bob Hull House Sub: Weiers
 OSPB Analyst: Thomas Betlach Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	3.0	2.0	2.0	2.0	2.0
OPERATING BUDGET					
Personal Services	69,300	43,800	41,700	41,700	42,400
Employee Related Expenditures	16,000	12,800	13,500	12,800	12,900
Travel - In State	200	600	600	600	600
Other Operating Expenditures	2,000	1,500	1,500	1,600	1,600
All Other Operating Subtotal	2,200	2,100	2,100	2,200	2,200
OPERATING SUBTOTAL	87,500	58,700	57,300	56,700	57,500
SPECIAL LINE ITEMS					
Other Transit Planning	8,300	16,800	16,800	16,800	16,800
Special Item Subtotal	8,300	16,800	16,800	16,800	16,800
PROGRAM TOTAL	95,800	75,500	74,100	73,500	74,300
BY FUND SOURCE					
General Fund	56,500	75,500	74,100	73,500	74,300
Other Appropriated Funds	39,300	0	0	0	0
TOTAL - ALL SOURCES	95,800	75,500	74,100	73,500	74,300

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(1,200)	(1.6)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes	
— Annualization of April 1995 Pay Adjustment	\$ 800 GF
— ERE Rates	300 GF
— Risk Management	100 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Base Adjustment

(2,400) GF

Reflects a \$(2,400) decrease to adjust to actual salaries, which includes decreases of \$(2,100) for Personal Services and \$(300) for Employee Related Expenditures. The Executive recommends a decrease of \$(3,200).

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program *(The recommended format will allow better tracking of expenditures.)*

JLBC Staff Recommended Footnotes

Standard Footnotes

- Excluding matching fund requirements, any reimbursement for expenditure of the state General Fund monies shall be deposited in the state General Fund.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnote eliminating 1 FTE position and reverting \$41,100 to the Air Quality Fund.

UNIVERSITIES
(UNV)

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona Board of Regents

JLBC Analyst: Bruce Groll
 OSPB Analyst: Anne Barton

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	28.1	28.1	28.1	28.1	28.1

OPERATING BUDGET

Personal Services	1,152,800	1,201,800	1,292,200	1,219,700	1,207,500
Employee Related Expenditures	222,300	244,800	274,000	251,700	259,300
Professional/Outside Services	33,500	45,900	45,900	45,900	45,900
Travel - In State	2,500	8,600	14,300	8,600	8,600
Other Operating Expenditures	289,200	191,100	201,000	202,600	196,300
Equipment	4,000	0	0	0	0
All Other Operating Subtotal	329,200	245,600	261,200	257,100	250,800
OPERATING SUBTOTAL	1,704,300	1,692,200	1,827,400	1,728,500	1,717,600

SPECIAL LINE ITEMS

Wiche Interstate Office	75,000	79,000	79,000	79,000	79,000
Wiche Student Subsidy	1,968,300	2,008,400	2,210,900	2,494,300	2,210,900
Course Equivalency Guide	13,200	13,200	0	0	0
Student Fin. Aid Trust Fund	1,166,800	1,204,600	1,526,100	1,526,100	1,526,100
State Student Incentive Grants	1,220,800	1,220,800	0	0	0
Area Health Education Centers	887,700	1,150,200	2,706,500	1,850,200	0
Arizona Teachers Incentive Program	95,000	95,000	95,000	95,000	95,000
Special Item Subtotal	5,426,800	5,771,200	6,617,500	6,044,600	3,911,000

AGENCY TOTAL

	7,131,100	7,463,400	8,444,900	7,773,100	5,628,600
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BY FUND SOURCE

General Fund	7,131,100	7,463,400	8,444,900	7,773,100	5,628,600
Federal Funds	2,382,400	2,361,100	894,600	--	894,600
Other Non-Appropriated Funds	2,135,000	2,418,700	659,800	--	659,800
TOTAL - ALL SOURCES	11,648,500	12,243,200	9,999,300	7,773,100	7,183,000

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DEPT: Arizona Board of Regents
 PROG: Regents Staff and WICHE

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ (1,834,800)	(24.6)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 20,400 GF
- Vacancy Savings - Adjusts to a 1% Vacancy Rate (14,800) GF
- ERE Rates 14,600 GF
- Risk Management 2,500 GF
- Rent 2,700 GF

WICHE Student Subsidy

The JLBC Staff recommends a \$202,500 increase for 140 student subsidies (\$25,300 for fee adjustment for 105 continuing students and \$177,200 for 35 new students) to provide partial financial support and preferential access for Arizona residents at universities outside of Arizona. These students choose careers in certain health professions for which education is not offered in the state universities in Arizona. All WICHE participants are required to practice in Arizona one year for each year of support, or repay the state one-half of all funds expended on their behalf plus interest. The following table shows the geographic distribution of WICHE students by field of study.

**WICHE Professional Student Exchange Program
 Projected Student Participation by State
 Academic Year 1995-96**

Field of Study	California		Colorado		Missouri		Oregon		Washington		Total
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	
Dentistry	3	16	8				5		4		36
Occupational Therapy		2	2					2	2	1	9
Optometry		5						6			11
Osteopathy		8				8					16
Veterinary Medicine	1		56				2		9		68
Total	<u>4</u>	<u>31</u>	<u>66</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>7</u>	<u>8</u>	<u>15</u>	<u>1</u>	<u>140</u>

The Executive concurs with the JLBC Staff's recommendation for a \$202,500 increase to fully fund 140 student subsidies, but further recommends an additional \$283,400 above the amount requested by the board for WICHE Student Financial Aid to accommodate an additional 31 slots in the current exchange program and 10 new student subsidies for Physician's Assistants program.

Student Financial Aid Trust Fund

The JLBC Staff recommends a \$321,500 increase over the FY 1995 funding level of \$1,204,600 for state appropriated matching funds based upon actual student surcharge fees collected during FY 1994 in accordance with the provisions of A.R.S. § 15-1642. The fund is used to provide immediate aid to students with verifiable financial need or unique need due to their special circumstances and to create an endowment for future financial aid. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Course Equivalency Guide (CEG)

(13,200) GF

The JLBC Staff recommends a \$(13,200) reduction to facilitate the transfer of responsibility and funding for CEG to the Commission for Postsecondary Education, which became a separate agency after July 15, 1995; funds for CEG were initially appropriated to the Arizona Board of Regents (ABOR). The Executive concurs.

State Student Incentive Grant (SSIG)

(1,220,800) GF

The JLBC Staff recommends a \$(1,220,000) reduction to facilitate the transfer of responsibility and state appropriated matching funds for SSIG to the Commission for Postsecondary Education, which became a separate agency after July 15, 1995; funds for SSIG were initially appropriated to ABOR. The Executive concurs.

Area Health Education Centers (AHEC)

(1,150,200) GF

The JLBC Staff recommends no General Fund monies for AHEC. The AHEC system is a federally created program that provided initial funding to the states to establish regional health education centers throughout the U.S., including Arizona. Subsequently, operating costs for continuation of AHEC programs have been transferred to the states. Arizona's AHEC system comprises 5 centers and a project office which, in conjunction with health science schools, link rural and medically underserved communities with health professions.

The JLBC Staff further recommends that, since the federal government created the AHEC program, the federal government provide the necessary funding for continuance of AHEC program operations.

Also, it should be noted that some of the activities of the Arizona Health Education Centers— particularly those pertaining to rural rotations—will be carried out under the Rural Rotation legislation, Laws 1994, Chapter 257 (H.B. 2392), beginning in fiscal year 1997. The new law mandates clinical rural rotations for UA-Health Sciences Center medical and pharmacy students, residents in primary care disciplines and nurse practitioners. The number of mandated rotations in the first year is estimated to be 200 students and residents.

The Executive recommends a \$700,000 increase for Arizona Health Education Centers.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote concerning the \$1,220,800 appropriated for the State Student Incentive Grants (SSIG) program. The SSIG program is administered by the Arizona Commission for Postsecondary Education, which became a separate agency after July 15, 1995.

Other Issues for Legislative Consideration

— Auditor General Recommendations

The Auditor General concluded in the recently completed performance audit, The Universities: The Student Experience, "Arizona's universities need to do more to raise graduation rates and lower the time it takes to graduate. Currently, one-half of the students who enroll in Arizona's universities do not graduate from the university where they first enroll. Of particular concern is the fact that, compared to other universities, too few of Arizona's top students graduate. In addition, those students who do graduate often need more than the traditional 4 years to do so. Only about 17% of students starting as full-time freshmen graduate in 4 years."

Specifically, the study found that only 16.7% of students entering Arizona's public universities in 1985 as first-time, full-time freshmen graduated in 4 years or less and, cumulatively, 44.9% graduated in 6 years or less:

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

	<u>Starting Number of Students</u>	<u>Percent Graduating In 4 Years or Less</u>	<u>Cumulative Percent Graduating In 6 Years or Less</u>
ASU	3,762	14.3	45.9
NAU	1,662	22.5	37.1
U of A	<u>3,699</u>	<u>16.7</u>	<u>47.4</u>
Statewide	9,123	16.7	44.9

Moreover, the Auditor General recommended that, "to increase the graduation rates and decrease the time to graduation, the universities must continue to increase course availability and improve academic advising. Perhaps even more important, the universities need to become more student centered in their decision-making. With some notable exceptions, many administrators and faculty simply do not view students as customers of the universities and, as a result, may not give student needs the priority that is warranted."

SUMMARY OF RECOMMENDED ADJUSTMENT FOR UNIVERSITY SYSTEM		
	<u>FY 1996 OSP</u>	<u>FY 1996 JLBC</u>
FY 1995 General Fund Appropriation	<u>\$581,065,600</u>	<u>\$581,065,600</u>
Adjustment:		
Annualization of April 1995 Pay Adjustment	\$ 8,462,000	\$ 8,207,500
ERE Rate Adjustment	1,624,300	2,671,800
Vacancy Savings @ 3% Vacancy Rate	(2,465,800)	(1,365,400)
Risk Management Charges	2,859,900	2,859,900
Enrollment Growth (1,572 Student FTE's)	5,562,800	5,531,600
UA Transfer of Exercise Sciences	-0-	(4,000)
Americans with Disabilities Act	1,107,900	1,133,100
Alternative Fuels - Maricopa County Only	378,000	259,200
Library Acquisitions	1,007,000	1,295,000
Postage and Utility Inflation	922,500	-0-
One-time Development Cost - ASU-East	(580,000)	(580,000)
Enrollment Management - ASU-East	579,800	-0-
Decision Package for HSC Library/Learning	499,800	-0-
Regents - SSIG/CEG Transfer	(1,235,100)	(1,234,000)
- WICHE Subsidies	485,900	202,500
- Financial Aid Trust Fund	321,500	321,500
- Rent	9,000	2,700
- Area Health Education Centers	<u>700,000</u>	<u>(1,150,200)</u>
Total Adjustment	<u>\$ 20,239,500</u>	<u>\$ 18,151,200</u>
Collections Fund Adjustment	<u>(6,077,700)</u>	<u>(1,562,400)</u>
General Fund Adjustment	<u>\$ 14,161,800</u>	<u>\$ 16,588,800</u>
FY 1996 General Fund Total	\$595,227,400	\$597,654,400

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona State University - Main Campus

JLBC Analyst: Lee/Groll
 OSPB Analyst: Anne Barton

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	4,898.0	5,110.0	5,401.8	5,110.5	5,180.6

OPERATING BUDGET

Personal Services	155,535,200	176,976,000	201,353,000	181,631,300	184,630,700
Employee Related Expenditures	29,346,100	34,333,300	40,214,700	36,113,900	36,570,900
Professional/Outside Services	3,674,300	1,210,700	1,674,700	1,543,600	1,543,700
Travel - In State	92,000	343,100	390,600	388,000	356,600
Travel - Out of State	1,406,500	745,100	870,100	745,100	776,600
Library Acquisitions	4,816,300	5,242,000	5,792,800	5,568,800	5,692,800
Other Operating Expenditures	36,566,100	33,875,600	34,859,400	35,411,000	35,436,500
Equipment	8,902,800	8,778,300	11,933,000	9,369,600	9,262,400
All Other Operating Subtotal	55,458,000	50,194,800	55,520,600	53,026,100	53,068,600
OPERATING SUBTOTAL	240,339,300	261,504,100	297,088,300	270,771,300	274,270,200

SPECIAL LINE ITEMS

Enrollment Growth Management	0	0	2,803,300	0	0
Collections Fund	0	3,208,600	3,208,600	0	0
Special Item Subtotal	0	3,208,600	6,011,900	0	0

AGENCY TOTAL

240,339,300	264,712,700	303,100,200	270,771,300	274,270,200
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BY FUND SOURCE

General Fund	184,324,700	198,293,900	235,215,400	202,886,500	206,385,400
Other Appropriated Funds	56,014,600	66,418,800	67,884,800	67,884,800	67,884,800
Federal Funds	33,838,000	35,192,000	36,602,000	--	36,602,000
Other Non-Appropriated Funds	116,146,000	132,568,000	139,227,000	--	139,227,000
TOTAL - ALL SOURCES	390,323,300	432,472,700	478,929,200	270,771,300	450,099,200

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona State University - Main Campus

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$8,091,500	4.1%
Other Appropriated Funds	1,466,000	2.2%
Total Appropriated Funds	\$9,557,500	3.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$	-0-	OF	\$2,947,500	GF
— Vacancy Savings - Maintains a 3% Vacancy Rate		-0-	OF	(741,300)	GF
— ERE Rates		-0-	OF	1,292,300	GF
— Risk Management		-0-	OF	1,364,000	GF
— University Collections Fund		1,466,000	OF	(1,466,000)	GF

Enrollment Growth

The JLBC Staff recommendation provides an increase of \$3,477,700 and 67.6 FTE positions for student enrollment growth of 990 FTE students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions). The 67.6 FTE positions recommended include 45 faculty positions and 22.6 secretary and support staff positions. The JLBC Staff recommendation further provides that the additional secretary and staff positions be maintained as recommended to support the enrollment formula. The Executive recommends \$3,509,600 and 67.5 FTE positions for student enrollment growth.

3,477,700 GF

Americans with Disabilities Act

The Americans with Disabilities Act requires the university to provide students with disabilities programmatic access for undergraduate and graduate education programs. Arizona State University serves one of the largest disabled student populations in the country. The JLBC Staff recommendation provides \$531,300 and 3 FTE positions for accommodation expenses for disabled students in compliance with the federal requirement. The Executive recommends \$528,900 and 3 FTE positions for the same purpose.

531,300 GF

Alternative Fuels

Laws 1993, Chapter 1 (H.B. 2001), 6th Special Session requires the state agencies and universities to convert their motor pool fleet to alternative fuels. By January 1, 1996, 40% of the state fleet must be alternatively fueled. The JLBC Staff recommendation provides \$235,200 to convert 98 vehicles for Liquid Petroleum Gas (LPG) use. The JLBC Staff recommendation provides for LPG conversion at a cost of \$2,400 per unit instead of Compressed Natural Gas (CNG) conversion at a cost of \$3,500 per unit and a statutory change to delay the alternative fuel requirement for non-Maricopa counties. The Executive recommends \$343,000 for conversion of 98 vehicles to operate on CNG at a cost of \$3,500 per vehicle.

235,200 GF

Library Acquisitions

The JLBC Staff recommendation provides a \$450,800 increase for an 8.6% adjustment. In the past 4 years, from 1990 through 1993, the average annual rate of inflation has been 8.6%. Including the estimated inflation for 1994 and 1995, the university may have lost a cumulative purchasing power of approximately 50% for books, periodicals and manuscripts between 1990 and 1995. The Executive recommends \$326,800 for library acquisition inflation.

450,800 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Instruction Enhancement

-0- GF

The university revised its FY 1995 state operating budget (expenditure authority) for an increase of \$3,208,600 and 70 FTE faculty positions, with an additional tuition and fee revenues of \$3,208,600. The JLBC Staff recommendation provides the line item adjustments to reflect the FY 1995 revised budget. The Executive recommendation does not provide the revised line item amounts for both FY 1995 and FY 1996.

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JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- The appropriated monies are not to be used for scholarships.

Other Issues for Legislative Consideration

- Collections Fund
With the Arizona Board of Regents' approval, the university submitted its revised budget request to reflect a \$3,208,600 Collections Fund increase and the increased expenditure authority with 70 new faculty FTE positions for the current fiscal year as well as for FY 1996. The Executive recommendation provides no changes for the revised budget request for FY 1995 and for the increased expenditure authority for FY 1996. The JLBC Staff recommendation reflects the revised budget request with an additional Collections Fund increase of \$1,466,000 from the revised FY 1995 total of \$66,418,800 to FY 1996 total of \$67,884,800. However, the Executive recommendation reflects a \$4,674,600 Collections Fund increase from the original FY 1995 total of \$63,210,200 to FY 1996 total of \$67,884,800. This difference means that the Executive recommendation does not include the \$3,208,600 and 70 FTE positions for the increased expenditure authority for both FY 1995 and FY 1996.
- Postage Inflation
The Executive recommends an \$82,800 increase for postage inflation. The JLBC Staff recommendation provides no inflationary increases.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona State University - East Campus

JLBC Analyst: Lee/Groll
OSP Analyst: Anne Barton

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
Full Time Equivalent Positions	0.0	14.0	40.5	24.5	14.0
OPERATING BUDGET					
Personal Services	0	586,900	1,751,500	992,400	595,700
Employee Related Expenditures	0	122,500	389,500	216,600	115,800
Professional/Outside Services	0	902,600	529,800	502,600	502,600
Travel - In State	0	6,600	11,700	9,100	6,600
Travel - Out of State	0	18,000	35,000	18,000	18,000
Other Operating Expenditures	0	363,300	231,000	225,400	183,300
Equipment	0	122,700	263,100	172,700	122,700
All Other Operating Subtotal	0	1,413,200	1,070,600	927,800	833,200
AGENCY TOTAL	0	2,122,600	3,211,600	2,136,800	1,544,700
BY FUND SOURCE					
General Fund	0	2,122,600	3,101,800	2,027,000	1,434,900
Other Appropriated Funds	0	0	109,800	109,800	109,800
TOTAL - ALL SOURCES	0	2,122,600	3,211,600	2,136,800	1,544,700

Agency Description — Laws 1994, Chapter 218 (H.B. 2366), authorized the Arizona Board of Regents to maintain an Arizona State University campus in eastern Maricopa County. It is the intent of the Legislature that the Arizona State University-East Campus be located at the site of the closed Williams Air Force Base upon conveyance from the federal government. The facilities include approximately 600 acres, 83 buildings, 656 single family residences and related personal property, and may accommodate 10,000 students by the year 2010 in order to meet Arizona's future enrollment demand.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$(687,700)	(32.4)%
Other Appropriated Funds	109,800	0.0
Total Appropriated Funds	\$(577,900)	(27.2)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes			
— Annualization of April 1995 Pay Adjustment		\$ -0 OF	\$ 10,000 GF
— Vacancy Savings - Maintains a 0% Vacancy Rate		-0 OF	-0 GF
— ERE Rates		-0 OF	(7,900) GF
— University Collections Fund		109,800 OF	(109,800) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

One-Time Facility Transition Cost

(580,000) GF

The JLBC Staff recommendation provides a decrease of \$(580,000) for one-time facility transition costs associated with planning and renovating of existing structures at Williams Air Force Base for educational uses. The recommended reduction amount includes \$(150,000) for the completion of the ASU-East master plan, \$(80,000) for initial requirement of facility adaptation to comply with the local and federal building codes, \$(100,000) for initial installation of telecommunications, and \$(250,000) for completion of architecture and engineering studies. The Executive recommends a decrease of \$(580,000) for the same purposes.

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JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- The appropriated monies are not to be used for scholarships.

Other Issues for Legislative Consideration

— Enrollment Growth

The Executive recommends \$579,800 for 5 FTE faculty positions and 5.5 FTE support positions and related expenses to serve approximately 200 students. The JLBC Staff recommends a delay in enrollment funding until the conveyance of the former Williams Air Force Base is clearly determined by the federal government.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Arizona State University - West Campus

JLBC Analyst: Lee/Groll
OSP Analyst: Anne Barton

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
Full Time Equivalent Positions	595.8	620.4	635.4	621.4	621.4

OPERATING BUDGET

Personal Services	16,478,300	20,993,100	22,684,000	21,337,800	21,258,700
Employee Related Expenditures	3,265,800	4,256,500	4,610,500	4,512,300	4,504,700
Professional/Outside Services	1,043,500	446,600	494,200	476,600	476,600
Travel - In State	32,400	97,700	101,000	97,700	97,700
Travel - Out of State	204,300	211,600	222,600	211,600	211,600
Library Acquisitions	1,188,900	1,116,000	1,212,000	1,116,000	1,212,000
Other Operating Expenditures	9,487,300	8,346,900	8,385,400	8,457,600	8,349,700
Equipment	1,792,800	2,071,800	2,194,100	2,114,400	2,106,000
All Other Operating Subtotal	13,749,200	12,290,600	12,609,300	12,473,900	12,453,600
AGENCY TOTAL	33,493,300	37,540,200	39,903,800	38,324,000	38,217,000

BY FUND SOURCE

General Fund	29,602,800	32,235,700	34,434,400	32,854,600	32,747,600
Other Appropriated Funds	3,890,500	5,304,500	5,469,400	5,469,400	5,469,400
Federal Funds	300,000	315,000	328,000	-	328,000
Other Non-Appropriated Funds	1,823,000	1,901,000	1,996,000	-	1,996,000
TOTAL - ALL SOURCES	35,616,300	39,756,200	42,227,800	38,324,000	40,541,000

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$511,900	1.6%
Other Appropriated Funds	164,900	3.1%
Total Appropriated Funds	\$676,800	1.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$	-0 OF	\$352,800 GF
— Vacancy Savings - Maintains a 3% Vacancy Rate		-0 OF	(87,400) GF
— ERE Rates		-0 OF	208,400 GF
— University Collections Fund		164,900 OF	(164,900) GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Americans with Disabilities Act

83,000 GF

The Americans with Disabilities Act requires the university to provide students with disabilities programmatic access for undergraduate and graduate education programs. The JLBC Staff recommendation provides \$83,000 and 1 FTE position for accommodation expenses for disabled students in compliance with the federal requirement. The Executive recommends \$82,500 and 1 FTE position for the same purpose.

Alternative Fuels

24,000 GF

Laws 1993, Chapter 1 (H.B. 2001), 6th Special Session requires conversion of the university motor vehicle fleet to alternative fuels. By January 1, 1996, 40% of the state fleet must be alternatively fueled. The JLBC Staff recommendation provides \$24,000 to meet the conversion requirement of 10 vehicles for Liquid Petroleum Gas (LPG) use and a statutory change to delay the alternative fuel requirement for non-Maricopa counties. The Executive recommends \$35,000 for conversion of 10 vehicles to operate on CNG at a cost of \$3,500 per vehicle.

Library Acquisitions

96,000 GF

The JLBC Staff recommendation provides a \$96,000 increase for an 8.6% adjustment. In the past 4 years, from 1990 through 1993, the average annual rate of inflation has been 8.6%. Including the estimated inflation for 1994 and 1995, the university may have lost a cumulative purchasing power of approximately 50% for books, periodicals and manuscripts between 1990 and 1995. The Executive recommends no funding increase for library acquisitions.

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JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- The appropriated monies are not to be used for scholarships.

Other Issues for Legislative Consideration

- Risk Management
The JLBC Staff recommendation provides the Risk Management coverage for ASU-West under ASU-Main. The increase amount of \$105,700 recommended for ASU-West by the Executive is included in the ASU-Main budget recommended by the JLBC Staff. The DOA Risk Management Division has established the risk management coverage for both campuses as a one budget unit under ASU-Main.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Northern Arizona University

JLBC Analyst: Lee/Groll
 OSPB Analyst: Anne Barton

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	1,851.0	2,092.5	2,216.6	2,094.1	2,126.7
OPERATING BUDGET					
Personal Services	59,297,600	66,982,000	74,839,800	69,141,400	69,016,800
Employee Related Expenditures	13,278,400	14,628,800	17,622,800	15,051,700	15,510,200
Professional/Outside Services	734,400	563,000	625,600	584,100	582,100
Travel - In State	400,600	519,900	554,100	531,400	527,600
Travel - Out of State	511,400	382,700	412,300	382,700	400,100
Library Acquisitions	2,417,300	2,275,100	2,475,100	2,450,000	2,475,100
Other Operating Expenditures	13,757,900	13,877,100	14,331,300	14,815,600	14,625,900
Equipment	6,105,900	2,976,800	5,656,100	2,981,800	3,067,900
All Other Operating Subtotal	23,927,500	20,594,600	24,054,500	21,745,600	21,678,700
OPERATING SUBTOTAL	96,503,500	102,205,400	116,517,100	105,938,700	106,205,700
SPECIAL LINE ITEMS					
Enrollment Growth Management	0	0	3,100,000	0	0
NAU - YUMA	1,564,400	1,823,900	1,948,500	1,865,700	1,834,200
Special Item Subtotal	1,564,400	1,823,900	5,048,500	1,865,700	1,834,200
AGENCY TOTAL	98,067,900	104,029,300	121,565,600	107,804,400	108,039,900
BY FUND SOURCE					
General Fund	75,531,200	81,583,400	98,301,400	84,540,200	84,775,700
Other Appropriated Funds	22,536,700	22,445,900	23,264,200	23,264,200	23,264,200
Federal Funds	18,317,000	19,204,700	18,929,600	--	18,929,600
Other Non-Appropriated Funds	44,376,100	59,880,400	64,660,500	--	64,660,500
TOTAL - ALL SOURCES	160,761,000	183,114,400	205,155,700	107,804,400	191,630,000

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Northern Arizona University

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 an off-campus center in Yuma that operates in conjunction with Arizona Western College (NAU-Yuma).

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$3,192,300	3.9%
Other Appropriated Funds	813,300	3.6%
Total Appropriated Funds	\$4,010,600	3.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$	-0 OF	\$1,139,300 GF
— Vacancy Savings - Maintains a 3% Vacancy Rate		-0 OF	(192,800) GF
— ERE Rates		-0 OF	484,600 GF
— Risk Management		-0 OF	695,800 GF
— University Collections Fund		818,300 OF	(818,300) GF

Enrollment Growth

The JLBC Staff recommendation provides an increase of \$1,497,100 and 28.7 FTE positions for student enrollment growth of 419 FTE students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions). The 28.7 FTE positions recommended include 19.1 faculty positions and 9.6 secretary and support staff positions. The JLBC Staff further recommends that the additional secretary and support staff positions be maintained as recommended. The Executive recommends \$1,485,600 and 28.6 FTE positions to fund the enrollment growth.

1,497,100 GF

Americans with Disabilities Act

The Americans with Disabilities Act requires the university to provide students with disabilities programmatic access for undergraduate and graduate education programs. The JLBC Staff recommendation provides \$186,600 and 5.5 FTE positions for accommodation expenses for disabled students in compliance with the federal requirement. The recommended amount represents on-going operating costs including salaries for specialist positions for interpretive services. The Executive recommends \$180,500 and 5.5 FTE positions for the same purpose.

186,600 GF

Library Acquisitions

The JLBC Staff recommendation provides a \$200,000 increase for an 8.6% adjustment. In the past 4 years, from 1990 through 1993, the average annual rate of inflation has been 8.6%. Including the estimated inflation for 1994 and 1995, the university may have lost a cumulative purchasing power of approximately 50% for books, periodicals and manuscripts between 1990 and 1995. The Executive recommendation provides \$132,000 for library acquisition inflation.

200,000 GF

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JLBC Staff Recommended Format — Lump Sum with Special Line Items by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- The appropriated monies are not to be used for scholarships.

Other Issues for Legislative Consideration

- **Physical Therapy Program Expansion**
Northern Arizona University is requesting \$477,600 to expand the Physical Therapy Program from the current enrollment of 120 students to a higher enrollment of 150 students. Nationally, the demand for physical therapists is extremely high. Over 400 qualified individuals apply for the program at NAU each year. Although the request addresses the state's educational and health care needs, the program requires a very high cost of operation per student. The request represents an average cost of over \$15,000 per student.
- **Postage and Utilities Inflation**
The Executive recommendation provides inflationary increases of \$17,300 for postage and \$130,600 for utilities. The JLBC Staff recommendation provides no inflationary increases.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: University of Arizona - Main Campus

JLBC Analyst: Lee/Groll
 OSPB Analyst: Anne Barton

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	5,332.7	5,342.3	5,602.2	5,331.8	5,336.2
BY PROGRAM/ORGANIZATION					
All Standard Programs	224,687,400	238,217,300	267,332,000	242,167,800	242,275,900
Agriculture	37,441,500	38,937,800	41,930,800	39,015,200	39,351,600
AGENCY TOTAL	262,128,900	277,155,100	309,262,800	281,183,000	281,627,500
OPERATING BUDGET					
Personal Services	176,713,700	189,620,700	201,170,900	190,995,900	191,753,400
Employee Related Expenditures	33,619,700	34,865,900	39,937,300	35,397,100	35,772,300
Professional/Outside Services	1,392,700	1,349,500	1,396,700	1,379,300	1,376,100
Travel - In State	571,300	950,500	1,033,400	953,800	951,400
Travel - Out of State	765,200	530,300	577,300	527,400	529,600
Library Acquisitions	5,728,900	5,742,300	6,236,100	6,236,100	6,236,100
Other Operating Expenditures	38,797,300	36,281,000	41,224,900	39,838,600	39,161,800
Equipment	4,540,100	4,235,700	8,146,000	4,333,900	4,335,400
All Other Operating Subtotal	51,795,500	49,089,300	58,614,400	53,269,100	52,590,400
OPERATING SUBTOTAL	262,128,900	273,575,900	299,722,600	279,662,100	280,116,100
SPECIAL LINE ITEMS					
Enrollment Growth Management	0	0	2,442,400	0	0
Pima County Campus	0	1,520,900	5,039,500	1,520,900	1,511,400
Collections Fund	0	2,058,300	2,058,300	0	0
Special Item Subtotal	0	3,579,200	9,540,200	1,520,900	1,511,400
AGENCY TOTAL	262,128,900	277,155,100	309,262,800	281,183,000	281,627,500
BY FUND SOURCE					
General Fund	198,968,000	214,823,400	249,585,200	219,517,400	221,268,600
Other Appropriated Funds	63,160,900	62,331,700	59,677,600	61,665,600	60,358,900
Federal Funds	135,488,800	140,908,300	146,544,700	--	146,544,700
Other Non-Appropriated Funds	205,743,800	217,347,800	224,712,100	--	224,712,100
TOTAL - ALL SOURCES	603,361,500	635,411,200	680,519,600	281,183,000	652,884,300

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: University of Arizona - Main Campus

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 36,000 students in 15 colleges, schools and divisions, and provides academic programs at the Sierra Vista Off-Campus Center.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$6,445,200	3.0%
Other Appropriated Funds	(1,972,800)	(3.2)%
Total Appropriated Funds	\$4,472,400	1.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ -0- OF \$ 3,146,400 GF
- Vacancy Savings - Maintains a 3% Vacancy Rate -0- OF (244,700) GF
- ERE Rates -0- OF 6647,40 GF
- Risk Management -0- OF 797,600 GF
- University Collections Fund (1,972,800) OF 1,972,800 GF

Transfer of Exercise Sciences to Health Sciences Center

The JLBC Staff recommendation 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. The transfer will consolidate physiological science for better program coordination. The Executive recommends a transfer of \$(936,400) for the same purpose. (938,500) GF

Enrollment Growth

The JLBC Staff recommendation provides an increase of \$238,200 and 4.7 FTE positions for student enrollment growth of 69 FTE students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions). The JLBC Staff recommendation includes 1.6 secretary and support staff positions to support the enrollment funding formula. The Executive recommends \$490,400 and 9.6 FTE positions for student enrollment growth of 141 FTE students. The JLBC Staff recommends funding for the difference of 72 FTE students to the Health Sciences Center for enrollment growth. 238,200 GF

Americans with Disabilities Act

The Americans with Disabilities Act requires the university to provide students with disabilities programmatic access for undergraduate and graduate education programs. The JLBC Staff recommendation provides \$332,200 and 10 FTE positions for over 1,000 disabled students at the university in compliance with the federal requirement. The recommended amount represents on-going operating costs including salaries for interpreters and professional services for contract specialists. The Executive recommends \$316,000 and 10 FTE positions for the same purpose. 332,200 GF

Library Acquisitions

The JLBC Staff recommendation provides a \$493,800 increase for an 8.6% adjustment. In the past 4 years, from 1990 through 1993, the average annual rate of inflation has been 8.6%. Including the estimated inflation for 1994 and 1995, the university may have lost a cumulative purchasing power of approximately 50% for books, periodicals and manuscripts between 1990 and 1995. The Executive recommendation provides \$493,800 for library acquisition inflation. 493,800 GF

Collections Fund Allocation for Other Operating Expenditures

The university estimated additional collections fund revenues of \$2,058,300 for FY 1995. The JLBC Staff recommendation provides allocation of the additional revenues to the Other Operating Expenditure line item. The Executive recommendation provides the same allocation for both FY 1995 and FY 1996. -0- GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

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JLBC Staff Recommended Format — Lump Sum with Special Line Items by Agency and with Agriculture as a Separate Line Item in the General Appropriation Act.

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- The appropriated monies are not to be used for scholarships.

Other Issues for Legislative Consideration

- Collections Fund
The JLBC Staff recommendation includes a debt service setaside of \$1,962,000 for the Aerospace and Mechanical Engineering Building, and the Executive recommends no debt service setaside for the new building. Thus, the JLBC Staff recommendation provides a net decrease of \$(1,972,800) for the Collections Fund or a net increase of \$1,972,800 for the General Fund requirement, which includes increases of \$1,962,000 for the debt service setaside and \$976,200 for a Collections Fund transfer to Health Sciences Center and a decrease of \$(965,400) for tuition and fee revenue adjustment. The Executive recommends a net decrease of \$(666,100) for the Collections Fund or a net increase of \$666,100 for the General Fund requirement.
- Postage and Utilities Inflation
The Executive recommendation provides inflationary increases of \$75,100 for postage and \$599,000 for utilities. The JLBC Staff recommendation provides no inflationary increases.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: University of Arizona - Health Sciences Center

JLBC Analyst: Bruce Groll
OSP Analyst: Anne Barton

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSP	JLBC
Full Time Equivalent Positions	664.3	664.3	738.6	689.4	691.6
OPERATING BUDGET					
Personal Services	28,830,800	30,890,400	34,456,800	32,246,400	32,258,100
Employee Related Expenditures	4,850,300	5,270,800	6,032,300	5,445,300	5,535,600
Professional/Outside Services	121,800	169,500	171,100	170,500	173,800
Travel - In State	21,600	72,100	142,500	72,600	73,400
Travel - Out of State	32,500	23,700	64,600	26,600	29,600
Library Acquisitions	723,500	632,100	686,500	686,500	686,500
Other Operating Expenditures	2,046,300	1,985,400	2,881,100	2,204,900	2,036,000
Equipment	465,900	608,300	946,900	1,006,900	621,200
All Other Operating Subtotal	3,411,600	3,491,100	4,892,700	4,168,000	3,620,500
OPERATING SUBTOTAL	37,092,700	39,652,300	45,381,800	41,859,700	41,414,200
SPECIAL LINE ITEMS					
Clinical Teaching Support	8,413,000	8,751,200	8,751,200	8,605,400	8,835,900
Special Item Subtotal	8,413,000	8,751,200	8,751,200	8,605,400	8,835,900
AGENCY TOTAL	45,505,700	48,403,500	54,133,000	50,465,100	50,250,100
BY FUND SOURCE					
General Fund	44,738,200	44,543,200	49,296,500	45,628,600	45,413,600
Other Appropriated Funds	767,500	3,860,300	4,836,500	4,836,500	4,836,500
Federal Funds	52,496,700	54,596,500	56,780,400	--	56,780,400
Other Non-Appropriated Funds	32,304,200	34,093,800	35,291,300	--	35,291,300
TOTAL - ALL SOURCES	130,306,600	137,093,800	146,204,700	50,465,100	142,321,800

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: University of Arizona - Health Sciences Center

Agency Description — Beginning in FY 1994, Arizona Health Sciences Center consists of the University of Arizona Colleges of Medicine, Nursing and Pharmacy, and the School of Health Related Professions. Authorized in 1961 by the Arizona Board of Regents, the College of Medicine offers a professional program leading to the M.D. degree for 362 medical students and graduate programs leading to the Ph.D. degree in certain medical sciences for 392 graduate students. As a separate budget unit of the University of Arizona, the Arizona Health Sciences Center is governed by the Arizona Board of Regents.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$ 870,400	2.0%
Other Appropriated Funds	976,200	25.3%
Total Appropriated Funds	\$1,846,600	3.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$	-0- OF	\$ 591,100 GF
— Vacancy Savings - Maintains a 3% Vacancy Rate		-0- OF	(84,400) GF
— ERE Rates		-0- OF	32,400 GF
— Collections Fund Transfer from UA-Main Campus for the Exercise Sciences Program		976,200 OF	(976,200) GF

934,500 GF

UA Transfer of Exercise Sciences

The JLBC Staff recommendation provides a \$934,900 and 20.8 FTE positions transfer from the UA-Main Campus to the Arizona Health Sciences Center to facilitate the program merger of Exercise Sciences into the UA-Health Science Center Department of Physiology effective July 1, 1995. The merger will allow better program coordination, minimize course overlap, and create a more broadly based major encompassing physiological science. The Executive recommends \$935,300.

318,600 GF

Enrollment Growth

The JLBC Staff recommendation provides a \$318,700 General Fund and 6.5 FTE positions increase for enrollment growth of 94 FTE students using the 22:1:0.5 ratio primarily from Nursing, Exercise Sciences and other health related programs. The Executive recommends a \$77,200 increase for 1 faculty and 0.5 support FTE positions for enrollment growth of 22 FTE students. The difference of 72 FTE students reflects a transfer from the UA-Main Campus.

54,400 GF

Library Acquisitions

The JLBC Staff recommendation provides a \$54,400 increase for an 8.6% adjustment. Over the past 6 years, from 1990 through 1995, the Health Sciences Library may have lost a cumulative purchasing power of approximately 50% for books, periodicals and manuscripts. These additional funds provide the resources needed to maintain the collection and keep pace with the expansion of published materials. The Executive concurs.

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JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.
- The appropriated monies are not to be used for scholarships.

Other Issues for Legislative Consideration

- **Nursing and Pharmacy Enhancement**
The requested amount of \$768,000 is primarily for an additional 15.5 FTE faculty positions and the related incidental expenses.

For the College of Nursing, the requested amount will provide additional nursing education faculty and support staff to sustain undergraduate retention rates and expand the master's level nurse practitioner offerings. A 1990 study by the U.S. Department of Health and Human Resources predicts a shortfall of approximately 400,000 baccalaureate-prepared nurses and another 200,000 graduate and doctoral-prepared nurses by 2,005.

For the College of Pharmacy, the requested amount will provide additional resources needed to make important changes to the UA doctor of pharmacy curriculum that emphasize primary ambulatory and geriatric care, to help meet the primary care shortages in rural areas, and to re-educate and update the skills of approximately 2,600 existing pharmacists.
- **Library/Learning Resource Center**
The Health Science Center is requesting an additional \$1,196,100 for: 19 FTE additional staff positions to maintain student services and security at the greatly expanded facility which has experienced a two-fold increase in users since its completion in 1993; replacement of the library's on-line catalog circulation system which is being withdrawn from the market by its vendor; and General Fund support of the Microcomputer Learning Center that assists students and faculty in designing and producing new computer-assisted instructional materials and providing network services. The Executive recommends a \$499,800 increase that includes \$394,000 for license fees and \$105,800 for 1 FTE Librarian and 2 FTE support positions.
- **Postage Inflation**
The Executive recommends a \$17,700 increase for postage inflation. The JLBC Staff recommendation provides no inflationary increases.

**DEPARTMENT OF YOUTH
TREATMENT AND REHABILITATION
(YTR)**

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Youth Treatment & Rehabilitation
Agency Summary

JLBC Analyst: Bock/Martinez
OSPB Analyst: Melodie Jones

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	673.5	706.0	820.5	723.0	724.0
BY PROGRAM/ORGANIZATION					
Administration	4,139,600	4,544,500	5,762,100	4,805,800	4,524,400
Secure Care	18,622,200	19,563,200	25,032,200	22,647,700	22,845,000
Community Care	10,363,800	10,645,300	16,426,500	12,340,800	13,551,900
Education	3,076,400	3,395,100	4,323,000	3,468,200	3,372,900
AGENCY TOTAL	36,202,000	38,148,100	51,543,800	43,262,500	44,294,200
OPERATING BUDGET					
Personal Services	16,417,400	17,386,100	20,939,600	17,842,900	17,912,100
Employee Related Expenditures	4,992,700	4,690,000	6,083,000	5,298,800	5,295,200
Professional/Outside Services	713,300	564,400	609,400	607,400	554,900
Travel - In State	249,700	358,100	402,800	344,700	344,700
Travel - Out of State	24,900	15,400	15,400	15,400	15,400
Other Operating Expenditures	4,680,300	4,773,800	5,271,500	4,582,000	4,655,300
Equipment	418,100	37,700	356,300	101,700	86,800
All Other Operating Subtotal	6,086,300	5,749,400	6,655,400	5,651,200	5,657,100
OPERATING SUBTOTAL	27,496,400	27,825,500	33,678,000	28,792,900	28,864,400
SPECIAL LINE ITEMS					
Purchase of Care	7,541,300	7,588,500	11,851,700	9,023,400	10,144,000
Food	373,500	385,900	385,900	385,900	385,900
Work Incentive Pay Plan	41,900	60,800	150,600	121,200	121,200
100 - Bed Facility	0	0	114,200		0
Boot Camp	0	714,600	3,129,500	2,875,200	2,875,200
Community Work	0	186,600	192,200	194,400	188,000
Youth Rights	35,900	151,700	301,500	295,400	272,400
Court Monitors	34,000	90,000	90,000	90,000	90,000
Due Process	11,700	39,700	339,600	311,100	299,300
MIS Youth Tracking System	442,300	310,000	310,000	260,000	260,000
Classification/Risk Assessment	15,000	77,000	77,000	77,000	77,000
Staff Training & Certification	64,000	102,400	102,400	102,400	102,300
Special Treatment Programs	67,500	397,300	522,700	397,300	397,300
Program Evaluation	40,500	62,700	62,700	62,700	62,700
Family Transition	38,000	65,400	145,800	183,600	114,500
Vocation & Transition Svcs	0	90,000	90,000	90,000	40,000
Special Item Subtotal	8,705,600	10,322,600	17,865,800	14,469,600	15,429,800
AGENCY TOTAL	36,202,000	38,148,100	51,543,800	43,262,500	44,294,200

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Youth Treatment & Rehabilitation
Agency Summary

JLBC Analyst: Bock/Martinez
OSPB Analyst: Melodie Jones

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
BY FUND SOURCE					
General Fund	33,069,400	35,195,800	48,610,700	39,609,700	42,315,900
Other Appropriated Funds	3,132,600	2,952,300	2,933,100	3,652,800	1,978,300
Federal Funds	1,891,400	1,730,200	1,730,200	-	1,730,200
Other Non-Appropriated Funds	254,500	130,400	128,200	-	142,300
TOTAL - ALL SOURCES	38,347,900	40,008,700	53,402,200	43,262,500	46,166,700

Agency Description — The Department of Youth Treatment and Rehabilitation (DYTR) is responsible for the care and treatment of youth offenders adjudicated by the Courts to be delinquent and remanded to the custody of the department. DYTR has jurisdiction of youths until they are released from custody or reach age 18.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$7,120,100	20.2%
Other Appropriated Funds	(974,000)	(33.0)%
Total Appropriated Funds	\$6,146,100	16.1%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 305,400 GF
— Vacancy Savings - Maintains a 2% Vacancy Rate	(5,800) GF
— ERE Rates	476,000 GF
— Risk Management	(165,700) GF
— Rent	49,800 GF
— Other	600 GF

Management Information Systems

(50,000) GF

Staff Ratios - 12 FTE Positions

307,100 GF

Boot Camp

2,160,600 GF

Teachers Salary Upgrades

224,000 GF

Special Treatment Staff Upgrades

32,400 GF

WIPP - Youth Stipend

60,400 GF

Community Services Monitoring & Evaluation - 3 FTE Positions

112,300 GF

Purchase of Care

\$(100,000) OF 2,655,500 GF

Female High Impact Program - 3 FTE Positions

133,500 GF

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Vocational Education		(50,000) GF
Education Funding Shifts	(874,000) OF	874,000 GF

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

Other Issues for Legislative Consideration

— Johnson vs. Upchurch Status

DYTR has progressed significantly toward meeting the *Johnson vs. Upchurch (J v. U)* consent decree requirements. The court-appointed committee of consultants (compliance monitors) released its third semi-annual report in early December. In that report, the committee indicated that DYTR was "in compliance" regarding institutional population caps, health programs, and orientation.

The committee further indicated that DYTR was making acceptable progress toward ongoing goals in physical facilities (except regarding asbestos removal), special institutional programs, most of the education program, protection from unacceptable punishment, and parole-revocation proceedings. Areas of concern to the committee were "continuum of care" (including community services), asbestos abatement, parts of the education program, institutional work program, and staffing ratios. The committee has identified specific areas that may require either administrative attention or additional fiscal resources. Items related to *J v. U* in the JLBC Staff recommendation are so identified in the program detail that follows this summary.

— Population

The table below illustrates the average daily population (ADP) for secure institutions, the new boot camp, community residential placements, and other paroled youth. The FY 1994 Actual figures were reported by DYTR. The FY 1995 Original Budget are the estimates upon which the FY 1995 appropriation was based. The FY 1996 JLBC Estimate is based on a projection that the National Council on Crime and Delinquency (NCCD) produced under contract with the state. NCCD published this projection in September 1994. It assumes that recent commitment rates, length of stay, and other factors will follow recent trends.

DYTR AVERAGE DAILY POPULATION

	FY 1994 <u>Actual</u>	FY 1995 <u>Original Budget</u>	FY 1996 <u>JLBC Estimate</u>
Adobe Mountain School	256	240	240
Black Canyon School	78	100	100
Catalina Mountain School	<u>138</u>	<u>110</u>	<u>110</u>
Total Institutions ADP ^{1/}	472	450	450
Boot Camp	0	48 ^{2/}	96
Girls Secure Care	35	28	32
Residential Treatment	89	101	117
All Other Case Management ^{3/}	<u>1,059</u>	<u>993</u>	<u>1,043</u>
Non-Institution ADP	1,183	1,170	1,288
TOTAL DYTR YOUTH	<u>1,655</u>	<u>1,620</u>	<u>1,738</u> ^{4/}

^{1/} The *J v. U* consent decree limits existing institutions to 450 ADP.

^{2/} Original estimated ADP for January 1995 to June 1995. Boot Camp was added by Laws 1994, Chapter 201.

^{3/} Includes paroled youth and interstate youth not in residential placements.

^{4/} Estimate of "Total DYTR Youth" derived from National Council on Crime and Delinquency projection.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

The ADP for existing state juvenile institutions is limited by the consent decree to 450. The NCCD projection, however, estimated that the institutional ADP for FY 1996 would be 555, if institutional capacity was not limited. See the JLBC Staff's Capital Outlay recommendation for additional secure beds. See the JLBC Staff's Purchase of Care recommendation in the Community Care program for a discussion of additional residential beds and non-residential support slots. Note that the Executive's recommendation assumes total FY 1996 ADP of 1,700.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Youth Treatment & Rehabilitation
 PROG: Administration

JLBC Analyst: Bock/Martinez
 OSPB Analyst: Melodie Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	73.5	72.5	92.0	74.5	72.5
OPERATING BUDGET					
Personal Services	2,200,400	2,339,900	2,519,900	2,083,200	2,093,100
Employee Related Expenditures	508,900	587,300	736,300	513,600	511,500
Professional/Outside Services	176,400	43,500	93,100	91,100	38,600
Travel - In State	40,700	63,800	108,500	50,400	50,400
Travel - Out of State	16,900	15,400	15,400	15,400	15,400
Other Operating Expenditures	575,400	712,700	990,400	888,100	703,300
Equipment	18,000	11,100	78,000	28,100	11,100
All Other Operating Subtotal	827,400	846,500	1,285,400	1,073,100	818,800
OPERATING SUBTOTAL	3,536,700	3,773,700	4,541,600	3,669,900	3,423,400
SPECIAL LINE ITEMS					
MIS Youth Tracking System	442,300	310,000	310,000	260,000	260,000
Court Monitors	34,000	90,000	90,000	90,000	90,000
Due Process	11,700	39,700	339,600	311,100	299,300
Youth Rights	35,900	151,700	301,500	295,400	272,400
Classification/Risk Assessment	15,000	77,000	77,000	77,000	77,000
Staff Training & Certification	64,000	102,400	102,400	102,400	102,300
Special Item Subtotal	602,900	770,800	1,220,500	1,135,900	1,101,000
PROGRAM TOTAL	4,139,600	4,544,500	5,762,100	4,805,800	4,524,400
BY FUND SOURCE					
General Fund	4,139,600	4,544,500	5,762,100	4,805,800	4,524,400
Federal Funds	1,891,400	1,730,200	1,730,200	--	1,730,200
Other Non-Appropriated Funds	71,300	116,300	114,100	--	128,200
TOTAL - ALL SOURCES	6,102,300	6,391,000	7,606,400	4,805,800	6,382,800

Program Description — *This Administration program encompasses the Director's Office, all business functions, data processing, training and all other centralized operations of the department.*

Change in Funding Summary:	<u>FY 1995 to FY 1996 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$(20,100)	(0.4)%

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 42,600 GF
- Vacancy Savings - Maintains a 1% Vacancy Rate 5,300 GF
- ERE Rates (13,900) GF
- Risk Management (19,300) GF
- Rent 13,600 GF

Management Information Systems

(50,000) GF

Of the \$310,000 appropriated for FY 1995, the JLBC Staff recommends a net reduction of \$(50,000). The \$260,000 for FY 1996 includes \$100,000 for continued development of the "Youthbase" database, \$100,000 for additional cabling in buildings, and \$60,000 for network hardware. This will complete the Department of Youth Treatment and Rehabilitation's (DYTR) new MIS system. The Executive concurs.

Special Line Item Consolidations

1,600 GF

The FY 1995 appropriation included the new Youth Rights and Due Process Special Line Items with funding related to the *J v. U* consent decree. Prior to FY 1995, the base operating budget included limited funding for similar functions. For FY 1996, this funding has been moved to the special line items. This is why the Youth Rights and Due Process Special Line Items appear to have increased. The net increase is related to ERE. The Executive concurs.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

New Footnote

- Prior to expending the \$260,000 for the Youth Base database and for facility cabling and network equipment, the Department of Youth Treatment and Rehabilitation shall submit a project plan to the Joint Legislative Budget Committee for review.

Other Issues for Legislative Consideration

— Rent

The recommended budget includes a total of \$368,600 for rent, an increase of \$13,600 over FY 1995. The increase is to cover the new rates on DOA-owned office space. The base budget now includes \$318,400 for state-owned space (central offices) and \$50,200 for private space. During FY 1995, DYTR initiated a \$50,200 lease for its new training academy and will add 5,100 square feet of office space at its central office. DYTR budgeted these increases within its FY 1995 modified lump sum appropriation. Therefore, the JLBC Staff does not recommend a funding increase for these items. The Executive recommends adding a total of \$69,400 for central office rent.

— Executive Recommendation

The Executive recommends the department's request for 1 additional FTE position and \$33,000 for the Youth Rights Special Line Item. This position was requested last year for FY 1995, but was not approved by the Legislature. The department currently has 3 FTE positions and \$151,700 that were added in FY 1995 for this program.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Youth Treatment & Rehabilitation
 PROG: Secure Care

JLBC Analyst: Bock/Martinez
 OSPB Analyst: Melodie Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	469.0	490.5	536.5	502.5	502.5
OPERATING BUDGET					
Personal Services	10,354,300	10,890,500	12,786,000	11,487,000	11,483,200
Employee Related Expenditures	3,406,100	3,028,400	3,731,000	3,600,600	3,581,300
Professional/Outside Services	419,900	441,800	441,800	441,800	441,800
Travel - In State	115,000	149,100	149,100	149,100	149,100
Travel - Out of State	2,900	0	0	0	0
Other Operating Expenditures	3,440,900	3,405,500	3,477,800	3,060,300	3,320,700
Equipment	359,700	26,600	80,900	66,600	26,600
All Other Operating Subtotal	4,338,400	4,023,000	4,149,600	3,717,800	3,938,200
OPERATING SUBTOTAL	18,098,800	17,941,900	20,666,600	18,805,400	19,002,700
SPECIAL LINE ITEMS					
Food	373,500	385,900	385,900	385,900	385,900
Work Incentive Pay Plan	41,900	60,800	150,600	121,200	121,200
100 - Bed Facility	0	0	114,200		0
Boot Camp	0	714,600	3,129,500	2,875,200	2,875,200
Special Treatment Programs	67,500	397,300	522,700	397,300	397,300
Program Evaluation	40,500	62,700	62,700	62,700	62,700
Special Item Subtotal	523,400	1,621,300	4,365,600	3,842,300	3,842,300
PROGRAM TOTAL	18,622,200	19,563,200	25,032,200	22,647,700	22,845,000
BY FUND SOURCE					
General Fund	18,291,100	19,202,400	24,672,200	22,286,900	22,484,200
Other Appropriated Funds	331,100	360,800	360,000	360,800	360,800
Other Non-Appropriated Funds	183,200	14,100	14,100		14,100
TOTAL - ALL SOURCES	18,805,400	19,577,300	25,046,300	22,647,700	22,859,100

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.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$3,281,800	17.1%
Other Appropriated Funds	-0-	0.0%
Total Appropriated Funds	\$3,281,800	16.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 188,100 GF
- Vacancy Savings - Maintains a 3% Vacancy Rate (11,600) GF
- ERE Rates 405,600 GF
- Risk Management (112,000) GF
- Rent - State Land Leases of Institutions 27,200 GF

307,100 GF

Staff Ratios - Direct Care

The JLBC Staff recommends \$229,400 in Personal Services and \$77,700 in related costs for 12 FTE positions. The relief factor used for FY 1995 to determine appropriate staffing levels did not make sufficient allowance for supervisory staff, and the court monitors have found the Department of Youth Treatment and Rehabilitation (DYTR) to be out of compliance regarding staffing ratios. With these added positions, and given the relief factor budgeted for FY 1995, DYTR will be able to meet required staffing ratios for an institution population of 450 youth. The Executive concurs.

2,160,600 GF

Boot Camp

S.B. 1356 required DYTR to establish a boot-camp program and provided \$714,600 for the boot camp to operate the last half of FY 1995. (DYTR currently estimates that the boot camp will open by the end of FY 1995.) The FY 1996 amount will annualize the boot camp program, which will include 3 months of secure camp and 9 months of community "aftercare" for each participating youth. When fully operational, this program will serve 24 youth at a time in the secure boot camp phase and 72 youth at a time in the aftercare phase. The Executive concurs.

60,400 GF

Work Incentive Pay Program

State law and the consent decree stipulate certain work requirements for committed youth who are not in school. The recommended increase will supplement the Parental Assessment and Restitution Fund appropriation to provide sufficient stipend monies for all youth for the required number of work hours. The Executive concurs.

32,400 GF

Special Treatment Staff

The JLBC Staff recommends this increase to upgrade staff positions of the Triumph Cottage Special Treatment Program, which serves youth with mental illness. During FY 1995, the Joint Legislative Budget Committee approved the transfer of some Special Treatment Program Special Line Item monies to upgrade the staff of DYTR's other 3 special treatment programs. Funding to upgrade the Triumph program staff was not included in the transferred amount, however. Therefore, we recommend the additional \$32,400 to achieve parity among all the special treatment staff. The Executive concurs.

224,000 GF

Teachers' Salary Upgrades

For FY 1995, the Legislature approved funding for a special DYTR teacher pay scale. Due to an error in the calculations, however, the added funding was insufficient for the approved pay scale. DYTR has allocated its FY 1995 appropriation to make up the error in Education, but this results in a Secure Care Personal Services/ERE shortfall. The JLBC Staff recommends adding \$224,000 to correct the situation. The amount is equivalent to pay upgrades for 17 teacher positions. The Executive concurs.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Continuation of Prior Year Footnotes

- Twenty-five per cent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Youth Treatment and Rehabilitation, in compliance with Section 25 of the Enabling Act and with the Constitution, to be used for the support of state juvenile institutions and reformatories.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Youth Treatment & Rehabilitation
 PROG: Community Care

JLBC Analyst: Bock/Martinez
 OSPB Analyst: Melodie Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	68.0	75.0	106.0	78.0	81.0
OPERATING BUDGET					
Personal Services	1,777,100	1,835,000	2,663,000	1,884,300	1,983,200
Employee Related Expenditures	521,100	460,600	778,000	549,200	576,400
Professional/Outside Services	14,900	17,800	13,200	13,200	13,200
Travel - In State	86,100	139,200	139,200	139,200	139,200
Travel - Out of State	1,000	0	0	0	0
Other Operating Expenditures	379,400	352,200	456,700	346,500	344,300
Equipment	4,900	0	186,700	7,000	49,100
All Other Operating Subtotal	486,300	509,200	795,800	505,900	545,800
OPERATING SUBTOTAL	2,784,500	2,804,800	4,236,800	2,939,400	3,105,400
SPECIAL LINE ITEMS					
Purchase of Care	7,541,300	7,588,500	11,851,700	9,023,400	10,144,000
Community Work Program	0	186,600	192,200	194,400	188,000
Family Transition	38,000	65,400	145,800	183,600	114,500
Special Item Subtotal	7,579,300	7,840,500	12,189,700	9,401,400	10,446,500
PROGRAM TOTAL	10,363,800	10,645,300	16,426,500	12,340,800	13,551,900
BY FUND SOURCE					
General Fund	9,963,800	10,245,300	16,126,500	12,040,800	13,251,900
Other Appropriated Funds	400,000	400,000	300,000	300,000	300,000
TOTAL - ALL SOURCES	10,363,800	10,645,300	16,426,500	12,340,800	13,551,900

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Youth Treatment & Rehabilitation
 PROG: Community Care

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$3,006,600	29.3%
Other Appropriated Funds	(100,000)	(25.0)%
Total Appropriated Funds	\$2,906,600	27.3%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 33,600 GF
- Vacancy Savings - Maintains a 1.5% Vacancy Rate 4,100 GF
- ERE Rates 77,600 GF
- Risk Management (18,000) GF
- Rent 9,000 GF

112,300 GF

Community Services Monitoring & Evaluation

The amount provides funding for Personal Services and related costs for 2 Program Compliance Auditor II positions and 1 Fiscal Services Specialist V position. These positions will have two purposes. First, they are to monitor contract and program compliance to ensure fiscal accountability. Second, they will analyze data for research and outcome measurements to evaluate program effectiveness. The Executive recommends a total of \$97,000 and 3 FTE positions for this issue.

\$(100,000) OF 2,655,500 GF

Purchase of Care

The amount provides funding to maintain the *Johnson vs. Upchurch (J v. U)* population limits in secure care facilities by adding 51 residential placements at a cost of \$2,265,700 and 83 non-residential service slots at a cost of \$289,800. During the latter part of FY 1994, the department's institutions had an average daily population (ADP) of 41 youths above the *J v. U* limits, as well as 50 additional youths who had violated parole and were awaiting appropriate community support placement. Along with the 24 new boot-camp secure beds (see Secure Care), the 51 residential placements and 16 of the non-residential support slots will meet the needs of these 91 youths. The remaining 67 non-residential slots are to provide services for paroled youth who currently have inadequate community support. Note that the additional beds and slots are increases over DYTR's Purchase of Care allocation plan as of November 1994 and not the original FY 1995 budget. The Executive recommends a total net increase of \$1,534,900 for 21 residential placements and 83 non-residential service slots.

DYTR uses Criminal Justice Enhancement Fund (CJEF) monies for substance abuse programs in Community Care. The JLBC Staff anticipates that less CJEF revenue will be available in FY 1996 than FY 1995. Therefore, we recommend shifting \$100,000 from CJEF to the General Fund. The Executive concurs.

133,500 GF

Female High Impact Program

The amount provides funding for 3 Youth Program Officer II positions to implement the High Impact program for females. The department has experienced a high runaway rate with females placed in community settings. The additional staff and resources will provide more intense supervision over this population. Also, the high-impact program reduces the length of secure-care stay. As a result, the equivalent of 4.4 bed-years will be made available in the girls' secure program. These beds will be able to serve about 13 girls in a year. The Executive does not recommend this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

Special Line Item Consolidations

(1,000) GF

The FY 1995 appropriation included the new Family Transition Special Line Item with funding related to the *J v. U* consent decree. Prior to FY 1995, the base operating budget included limited funding for similar functions. For FY 1996, this funding has been moved to the special line item. This is why the Family Transition Special Line Item appears to have increased. The net reduction of relates to ERE. The Executive concurs.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

- The \$10,144,000 appropriated for Purchase of Care is to be used for treatment programs for juvenile offenders COMMITTED TO under the jurisdiction of the Department of Youth Treatment & Rehabilitation. SUCH SERVICES SHALL ~~and shall~~ be provided by community contractors. *(These are clarifying editorial changes.)*

Other Issues for Legislative Consideration

— Family Transition

The Executive recommends the department's request for 1 additional Youth Program Officer III position and \$31,500 to comply with the court approved *J v. U* consent decree implementation plan. This position was requested last year for FY 1995, but was not approved by the Legislature. The department currently has 3 FTE positions and \$114,500 that were added in FY 1995 for the Family Transition program.

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

DEPT: Department of Youth Treatment & Rehabilitation
 PROG: Education

JLBC Analyst: Bock/Martinez
 OSPB Analyst: Melodie Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		
			REQUEST	OSPB	JLBC
Full Time Equivalent Positions	63.0	68.0	86.0	68.0	68.0
OPERATING BUDGET					
Personal Services	2,085,600	2,320,700	2,970,700	2,388,400	2,352,600
Employee Related Expenditures	556,600	613,700	837,700	635,400	626,000
Professional/Outside Services	102,100	61,300	61,300	61,300	61,300
Travel - In State	7,900	6,000	6,000	6,000	6,000
Travel - Out of State	4,100	0	0	0	0
Other Operating Expenditures	284,600	303,400	346,600	287,100	287,000
Equipment	35,500	0	10,700	0	0
All Other Operating Subtotal	434,200	370,700	424,600	354,400	354,300
OPERATING SUBTOTAL	3,076,400	3,305,100	4,233,000	3,378,200	3,332,900
SPECIAL LINE ITEMS					
Vocation & Transition Services	0	90,000	90,000	90,000	40,000
Special Item Subtotal	0	90,000	90,000	90,000	40,000
PROGRAM TOTAL	3,076,400	3,395,100	4,323,000	3,468,200	3,372,900
BY FUND SOURCE					
General Fund	674,900	1,203,600	2,049,900	476,200	2,055,400
Other Appropriated Funds	2,401,500	2,191,500	2,273,100	2,992,000	1,317,500
TOTAL - ALL SOURCES	3,076,400	3,395,100	4,323,000	3,468,200	3,372,900

Program Description — *The Education program is responsible for providing general education, special education, and other educational programs for youth in secure care and for youth in state-operated community educational programs. As a result of legislation that organized this program into a special school system, the program receives equalization assistance from the Arizona Department of Education and is overseen by a special school board.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$851,800	70.8%
Other Appropriated Funds	<u>(874,000)</u>	<u>(39.9)%</u>
Total Appropriated Funds	<u>\$(22,200)</u>	<u>(0.7)%</u>

Joint Legislative Budget Committee - Fiscal Year 1996 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 41,100 GF
- Vacancy Savings - Maintains a 1.5% Vacancy Rate (3,600) GF
- ERE Rates 6,700 GF
- Risk Management (16,400) GF

Vocational Education

(50,000) GF

The FY 1995 appropriation included a one-time special line item of \$90,000 for vocational education computer programs. DYTR purchased these programs for 2 of its 3 transitional schools. The JLBC Staff recommends continuing \$40,000 on a one-time basis for FY 1996, to equip the third school with this item. The net reduction is \$(50,000). The Executive recommends no reduction for this item.

Equalization Assistance Funding

\$(874,000) OF 874,000 GF

The equalization assistance amount has declined for two reasons. First, DYTR no longer qualifies for extra funding for severely emotionally handicapped students (SEH-P). Since DYTR's facility for emotionally handicapped youth was closed, DYTR has counted 25% of its average daily attendance as SEH-P, but this will no longer be allowed. Because of this change, the amount of Equalization Assistance monies from the Arizona Department of Education is reduced. Second, DYTR has reduced institutional populations to meet consent decree requirements, so overall school average daily attendance has fallen. (This qualifies DYTR for "rapid decline" funding, without which the equalization amount would have been even less. We expect that DYTR's Equalization Assistance amount will fall again in FY 1997.) The JLBC Staff recommendation shifts these equalization reductions to the General Fund to maintain program funding.

The Executive recommends changing the funding formula for the DYTR school system. It recommends that a special "committed youth" weight be used, rather than the regular weights in the Equalization Assistance formula, to determine funding for DYTR. Such a method would provide higher funding per student than regular high schools receive, and the amount that the Executive recommends for FY 1996 would fund all of DYTR's education costs. However, the JLBC Staff believes that DYTR should receive the same formula funding as any other school, and that any additional costs over and above the formula amount should be reflected as a non-formula amount in the DYTR budget. This approach would better reflect the fact that DYTR schools' education costs are substantially higher and less predictable from year to year than an average school's costs.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Continuation of New FY 1995 Footnotes

- Prior to the expenditure of any Juvenile Education Fund receipts in excess of the appropriated amount shown above, the Department of Youth Treatment and Rehabilitation shall report the intended use of the monies to the Joint Legislative Budget Committee.

Other Issues for Legislative Consideration

- Vacancy Savings
The Executive recommends a vacancy factor of zero for this cost center, because vacant teacher positions are constantly filled by substitutes. The Executive recommendation includes \$45,200 in Personal Services and ERE over the JLBC Staff recommendation as a result.

BIENNIAL BUDGET

AGENCIES

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Accountancy

JLBC Analyst: Brad Beranek
 OSPB Analyst: Stacy Sheard

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	10.0	10.0	10.0	10.0	10.0	10.0
OPERATING BUDGET						
Personal Services	208,700	232,000	235,300	235,300	235,300	235,300
Employee Related Expenditures	42,000	48,300	48,900	48,700	48,900	48,700
Professional/Outside Services	266,600	298,400	352,000	352,000	352,000	353,500
Travel - In State	9,100	6,000	10,000	6,000	10,000	6,000
Travel - Out of State	5,300	6,300	6,300	6,300	6,300	6,300
Other Operating Expenditures	127,900	160,700	169,300	167,000	174,400	167,000
Equipment	12,000	0	6,800	4,000	4,000	7,000
All Other Operating Subtotal	420,900	471,400	544,400	535,300	546,700	539,800
OPERATING SUBTOTAL	671,600	751,700	828,600	819,300	830,900	823,800
SPECIAL LINE ITEMS						
Special Investigations	88,700	311,300	117,500	110,000	117,500	110,000
Legal Services	0	0	82,500	90,000	82,500	90,000
Special Item Subtotal	88,700	311,300	200,000	200,000	200,000	200,000
AGENCY TOTAL	760,300	1,063,000	1,028,600	1,019,300	1,030,900	1,023,800
BY FUND SOURCE						
Other Appropriated Funds	760,300	1,063,000	1,028,600	1,019,300	1,030,900	1,023,800
TOTAL - ALL SOURCES	760,300	1,063,000	1,028,600	1,019,300	1,030,900	1,023,800

Agency Description — *The board licenses, investigates, and conducts examinations of certified public accountants and public accountants.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(43,700)	(4.1)%	\$4,500	0.4%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 3,700 OF
- Risk Management 700 OF
- Rent 100 OF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Carry Forward Base Adjustment

(111,300) OF

The JLBC Staff recommends a one-time FY 1995 reduction of \$(111,300) of special investigations monies. Although appropriated \$200,000 for special investigations in FY 1994, the board only spent \$88,700 due to delays in the legal process. The remaining \$111,300 has been carried forward to FY 1995, where it will continue to be spent on cases of the previous year. The reduction will leave \$110,000 for special investigations.

Professional and Outside Services

53,600 OF

The JLBC Staff recommends \$30,600 for CPA investigator costs associated with increases in hourly wages and hours worked. The amount also includes \$23,000 for increases in CPA examination booklet costs. Since January 1994, CPA candidates are required to take all 4 parts of the CPA examination in one sitting. In the past, the candidates themselves decided how many sections at a time they would take, but it was usually less than 4. As a result of the new requirement, the board must now order 4 test booklets per candidate. The Executive concurs.

Legal Services

-0- OF

The JLBC Staff recommends the addition of \$90,000 for a new line item called Legal Services to pay for full-time legal support of the board. The \$90,000 could cover the salary and ERE related expenses of the Attorney General, as well as related staff support (one half of the salary of a legal secretary, an administrative/legal assistant, and supervisory support). The board currently receives part-time legal assistance from the AG for everyday legal matters, but this service has been insufficient to handle increases in workload complexity and volume due to more specialized accounting law, and the greater litigiousness of those investigated by the board. Therefore, the board predicts full-time legal support will be necessary. Since FY 1994, the board has been allowed to transfer up to \$25,000 from its Special Investigations Special Line Item for extra legal assistance, but this amount has still not provided adequate legal coverage. The JLBC Staff recommends that a) the board no longer be allowed to transfer these monies, in light of the additional \$90,000, and b) a footnote be added to clarify the intent of these expenditures (see below). The Executive recommends an \$82,500 transfer to the new line item.

Other Operating Expenditures

5,500 OF

The JLBC Staff recommendation includes \$3,300 for increased examination room rental fees, and \$2,200 for printing costs associated with the distribution of revised rules resulting from statutory amendments to be presented to the Legislature in FY 96 and FY 97. The Executive recommends a total increase of \$7,800 (\$4,100 for exam space and \$3,700 for additional Other Operating Expenditures).

New Equipment

4,000 OF

The JLBC Staff recommendation provides \$4,000 for 2 personal computers capable of networking. Currently, the board owns 5 computers which are only used to link with a central computer at the Department of Administration's Data Center. Many boards are opting to set up their own inner-office networks. Since the 5 computers are approximately 7 years old and technologically incapable of networking, the board plans a gradual phase-in of replacement computers at a rate of 2 per year. The Executive recommends \$6,800 for 2 personal computers and 1 laser printer.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

(4,000) OF

— Elimination of One-Time Capital and Non-Capital Equipment

Professional and Outside Services

1,500 OF

The JLBC Staff recommendation provides for a 3% increase in CPA proctor service costs. The contract awarded to the CPA proctor service by the State Procurement Office allows the vendor a 3% increase each year the contract is renewable. The contract is renewable in each of the next 4 years. The Executive recommendation does not provide for this.

New Equipment

7,000 OF

The JLBC Staff recommendation provides \$4,000 for 2 personal computers in accordance with the board's phase-in plan, and \$3,000 for 1 laser printer to replace 1 obsolete dot-matrix printer. The Executive recommends \$4,000 for 2 personal computers only.

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JLBC Staff Recommended Format — Operating Lump Sum with a Special Line Item by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— Travel - In State

The Executive recommends a restoration of \$4,000 to the board's Travel - In State for a total of \$10,000 to approximate the FY 1993 \$11,000 funded amount. In FY 1994, the board's Travel - In State was reduced from \$11,000 to \$6,000 to reflect actual expenditures.

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

New Footnotes

- It is the intent of the Legislature that the \$90,000 for legal services is to procure additional legal assistance and is not intended to supplant existing Attorney General funded support for the board (*see Legal Services explanation above*).

Deletion of Prior Year Footnotes

- The JLBC staff recommends deleting the General Appropriation Act footnote authorizing the board to spend up to \$25,000 of its special investigations monies in each fiscal year for legal services related to routine or ongoing matters if such monies were not required for special investigations. Since one purpose of utilizing a full-time Attorney General would be to handle such legal demands (*see above FY 1996 - JLBC Staff Recommended Changes from FY 1995*), it would no longer be necessary for the board to earmark its special investigations monies for this purpose.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Agricultural Employment Relations Board

JLBC Analyst: Karen Bock
OSPB Analyst: Lisa Marsio

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	1.0
OPERATING BUDGET						
Personal Services	24,500	33,600	35,100	35,100	35,100	35,100
Employee Related Expenditures	5,400	6,900	5,200	5,400	5,200	5,400
Professional/Outside Services	3,900	10,000	6,700	10,000	6,700	10,000
Travel - In State	100	2,500	2,500	3,300	2,500	3,300
Other Operating Expenditures	8,100	5,800	10,100	7,000	10,100	7,000
Equipment	11,600	0	0	0	0	0
All Other Operating Subtotal	23,700	18,300	19,300	20,300	19,300	20,300
OPERATING SUBTOTAL	53,600	58,800	59,600	60,800	59,600	60,800
SPECIAL LINE ITEMS						
Board Member Per Diem	0	0	1,300	0	1,300	0
Special Item Subtotal	0	0	1,300	0	1,300	0
AGENCY TOTAL	53,600	58,800	60,900	60,800	60,900	60,800
BY FUND SOURCE						
General Fund	53,600	58,800	60,900	60,800	60,900	60,800
TOTAL - ALL SOURCES	53,600	58,800	60,900	60,800	60,900	60,800

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$2,000	3.4%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 600 GF
— ERE Rates	(1,700) GF
— Risk Management	1,000 GF
— Rent	200 GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Staff Compensation

1,100 GF

The Executive Director's starting salary was \$900 more than the budgeted salary. The recommended increase will fund the actual salary, with the general salary adjustment approved in 1994, and related Employee Related Expenditures. The Executive concurs.

Board Member Subsistence Allowance

800 GF

The Agricultural Relations Board base budget did not include an allowance for meals (subsistence per diem) for board members who travel to meetings. State statute currently does not allow per diem for Agricultural Employment Relations Board members, but the board is seeking legislation to change this. If such legislation does not pass, the amount should revert. The increase of \$800 will support subsistence for 5 board members (the average number who live outside of Phoenix) for 6 meetings. The Executive adds \$1,300 for this issue in a special line item.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Other Issues for Legislative Consideration

— Rent

The Executive shifts \$3,300 for rent from Professional and Outside Services to Other Operating Expenditures. The Agricultural Employment Relations Board has been paying certain office support services from Professional and Outside Services. This package included rent. The JLBC Staff, however, did not shift the amount because the base Other Operating Expenditures included funding for rent.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Department of Agriculture

JLBC Analyst: Karen Bock
OSP Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	270.8	287.5	277.3	275.3	277.3	275.3

BY PROGRAM/ORGANIZATION

Administration	1,316,000	1,579,700	1,500,100	1,540,500	1,490,600	1,506,400
Animal Services	3,710,400	3,536,000	3,646,400	3,648,400	3,646,400	3,642,600
Plant Industries	4,038,800	4,558,800	4,219,300	4,278,700	4,203,300	4,253,000
Chemicals/Environmental	1,101,900	1,140,000	1,130,100	1,069,400	1,130,100	1,062,300
Agricultural Lab	928,400	1,200,500	1,324,700	1,289,200	1,324,200	1,289,200
AGENCY TOTAL	11,095,500	12,015,000	11,820,600	11,826,200	11,794,600	11,753,500

OPERATING BUDGET

Personal Services	5,613,100	5,933,800	6,106,800	6,048,100	6,106,800	6,048,400
Employee Related Expenditures	1,483,900	1,667,600	1,594,200	1,581,700	1,594,200	1,582,500
Professional/Outside Services	215,100	216,300	216,300	216,300	216,300	216,300
Travel - In State	451,400	582,400	523,500	586,300	523,500	586,300
Travel - Out of State	31,900	30,600	30,600	32,500	30,600	32,500
Other Operating Expenditures	1,670,500	1,064,100	1,474,000	1,378,400	1,468,500	1,378,400
Equipment	32,400	183,800	193,300	296,600	172,800	239,900
All Other Operating Subtotal	2,401,300	2,077,200	2,437,700	2,510,100	2,411,700	2,453,400
OPERATING SUBTOTAL	9,498,300	9,678,600	10,138,700	10,139,900	10,112,700	10,084,300

SPECIAL LINE ITEMS

Wine Commission	59,300	0	0	0	0	0
Rent/Relocation	0	289,600	0	0	0	0
Africanized Honey Bee	0	307,900	0	0	0	0
Aquaculture	13,400	13,600	14,500	14,200	14,500	14,200
Egg Inspection	223,000	236,400	238,600	238,100	238,600	232,300
Fruit/Vegetable Standardization	738,300	914,300	851,800	858,400	851,800	854,200
Commercial Feed	182,100	180,800	172,500	178,000	172,500	170,900
Fertilizer	182,000	186,200	194,800	187,100	194,800	187,100
Pesticide	199,100	207,600	209,700	210,500	209,700	210,500
Special Item Subtotal	1,597,200	2,336,400	1,681,900	1,686,300	1,681,900	1,669,200
AGENCY TOTAL	11,095,500	12,015,000	11,820,600	11,826,200	11,794,600	11,753,500

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Department of Agriculture

JLBC Analyst: Karen Bock
OSPB Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
BY FUND SOURCE						
General Fund	9,498,300	10,276,100	10,089,900	10,091,200	10,073,400	10,045,100
Other Appropriated Funds	1,597,200	1,738,900	1,730,700	1,735,000	1,721,200	1,708,400
Federal Funds	162,400	148,400	--	175,900	--	175,900
Other Non-Appropriated Funds	3,066,100	3,412,100	--	3,291,100	--	3,232,700
TOTAL - ALL SOURCES	14,324,000	15,575,500	11,820,600	15,293,200	11,794,600	15,162,100

Agency Description — *The Department of Agriculture (ADA) administers and enforces agriculture-related statutes, which regulate, protect, and promote Arizona's agricultural industries. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to protect public health and to ensure product quality. The department administers programs to protect livestock and crops from diseases and to protect farm-workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, and provides administrative support to several product-promotion groups.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(184,900)	(1.8)%	\$(46,100)	(0.5)%
Other Appropriated Funds	(3,900)	(0.2)%	(26,600)	(1.5)%
Total Appropriated Funds	\$(188,800)	(1.6)%	\$(72,700)	(0.6)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 15,800 OF	\$ 101,500 GF
— Vacancy Savings - Adjusts to a 1.4% Vacancy Rate Agencywide	-0- OF	(2,600) GF
— ERE Rates	(30,700) OF	(105,000) GF
— Risk Management	(6,000) OF	(9,600) GF
— Rent	5,500 OF	33,300 GF
— Elimination of One-time Capital and Non-Capital Equipment	(24,800) OF	(190,800) GF

Africanized Honey Bees

(307,900) GF

This one-time special line item is eliminated along with 11 related FTE positions. The Executive concurs.

Consultation and Training Program

48,700 OF -0- GF

The JLBC Staff recommends 1 additional compliance consultation FTE position, operating expenses, and a vehicle from the Consultation and Training Fund. The JLBC Staff also recommends continuing the 1 FTE position that was added to the General Fund for FY 1995. Laws 1994, Chapter 370 (S.B. 1373), created the new Compliance Consultation program to help the agriculture industry understand and meet various regulations. The act created a new Consultation and Training Fund, which is subject to annual legislative appropriation, to support this new program. The fund's revenue consists of a portion of pari-mutuel (racing) taxes. The Executive recommends \$48,800 for the new staff position and related expenses.

Replacement Equipment

29,500 OF 294,100 GF

The recommended amounts were based on the following: 14 personal computer workstations, 1 laser printer, 1 regular printer, local area network and security hardware, 2 photocopiers, pest-trapping equipment, 1 FAX machine, 1 pick-up truck, and a wide array of laboratory equipment according to the lab's equipment replacement schedule. Of the amount, \$200,000 is for

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

lab equipment. The laboratory's equipment inventory is valued at \$2,160,000; therefore, the appropriation will allow for about an 11-year equipment replacement cycle for major analytic items. The laboratory's dairy division was temporarily de-certified in 1994 by the USDA due to equipment breakdowns. For some equipment, replacement parts are no longer available so lab staff use parts from defunct items to fix remaining items. The Executive recommends a total of \$183,300 from the General Fund, which includes a total of \$172,800 for the laboratory, and \$1,700 from Other Funds. The Executive also recommends \$20,000 for expendable laboratory supplies.

Positions Adjustments

2,100 GF

In FY 1995, 0.2 FTE position was inadvertently dropped from the FTE position count. These are part of "split-funded" positions, and the error was due to rounding. The recommended FTE position count restores this 0.2 FTE position. In addition, the department moved the new Consultation and Training program and its 1 FTE position from the Chemicals/Environmental division to the Administration division which resulted in a slight ERE adjustment. The Administration division also gained 1 FTE position from Plant Industries and switched another position with the Chemicals/Environmental division. The Executive concurs.

Citrus, Fruit, and Vegetable Standardization

(41,900) OF

Standard changes are reflected above. A 0% vacancy factor applies to this program. In FY 1994, 1 FTE position was shifted from the Citrus, Fruit, and Vegetable Fund (CFV) to the Administrative Support Fund, a non-appropriated fund used for the share of departmental overhead attributable to each specially funded program. Beginning in FY 1995, another 1.5 FTE positions have been transferred to the Administrative Support Fund. At the same time, the CFV program has begun paying an assessment to the Administrative Support Fund for the transferred staff. The transferred staff are in accounting, data input, and administration. A net reduction to the CFV Fund of \$(22,400) and (2.5) FTE positions result from these changes. In addition, the JLBC Staff recommends a reduction of \$(19,500) for Travel - In State, as requested, which brings the budget in line with actual expenditures.

The Executive concurs with these changes but also reduces Other Operating Expenditures by \$(13,900).

Egg Inspection; Aquaculture; Fertilizer; Pesticide; Feed

-0- OF

Standard changes are reflected above. A 0% vacancy factor applies to these programs. There are no other changes.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	(39,000) OF	(294,100) GF
— Other	-0- OF	1,100 GF

Replacement Equipment

12,400 OF 246,900 GF

The recommended amount is for the following: 8 personal computer workstations, 1 FAX machine, and a wide array of laboratory equipment according to the lab's equipment replacement schedule. (Of the amount, \$200,000 is for laboratory equipment.) The Executive recommends a total of \$172,800 from the General Fund and \$1,700 from Other Funds for equipment.

All Special-Funded Subprograms

-0- OF

Standard changes are reflected above. There are no other changes.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote concerning the Africanized Honey Bees program. The program was approved for FY 1995 only and will not be continued for FY 1996.
- The JLBC Staff recommends deleting the footnote concerning the renovation of 1688 W. Adams. The project will be complete within FY 1995.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— 90-10 Statutes; Overhead Costs

Of the department's 7 appropriated special funds, 4 are still "90/10" funds, which transfer 10% of receipts to the General Fund. Also, 2 non-appropriated funds are 90/10s. The Legislature may wish to consider whether to eliminate the 90/10 provisions from these funds' enabling statutes. This could serve as a first step in achieving a more consistent system for administrative cost sharing.

— Special Fund Balances

The Pesticide Fund's balance has been declining steadily and is expected to continue declining. At current expenditure rates, the fund would be in deficit by FY 1998, at which time the program will require a General Fund subsidy to continue at current levels, unless other steps are taken meanwhile.

— Executive Recommendation

The Executive recommends 2 FTE positions and \$61,000 to enhance the Survey and Detection program. This program traps for pests that are on federal quarantine status, such as medfly and gypsy moth. The JLBC Staff and the Executive both have recommended \$10,000 for equipment that will enhance this program's effectiveness.

The Executive also recommends \$7,500 from the General Fund for operating supplies for the Commodities Promotion Office and \$5,800 to change the highway signs at the interstate ports of entry.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Appraisal

JLBC Analyst: Jason Hall
 OSPB Analyst: Marcel Benberou

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	4.0	4.0	4.0	4.0	4.0	4.0

OPERATING BUDGET

Personal Services	106,500	125,700	133,400	132,700	133,400	132,700
Employee Related Expenditures	19,700	27,100	26,800	26,600	26,800	26,600
Professional/Outside Services	6,300	31,500	20,800	21,500	20,800	21,500
Travel - In State	4,600	31,500	19,000	21,500	19,000	21,500
Travel - Out of State	6,700	2,000	3,500	2,000	3,500	2,000
Other Operating Expenditures	38,000	38,800	44,200	45,300	47,300	45,300
Equipment	0	0	3,000	0	0	0
All Other Operating Subtotal	55,600	103,800	90,500	90,300	90,600	90,300
AGENCY TOTAL	181,800	256,600	250,700	249,600	250,800	249,600

BY FUND SOURCE

Other Appropriated Funds	181,800	256,600	250,700	249,600	250,800	249,600
TOTAL - ALL SOURCES	181,800	256,600	250,700	249,600	250,800	249,600

Agency Description — *The board licenses, certifies and regulates real estate appraisers. The board also registers property tax agents.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$(7,000)	(2.7)%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 1,900 OF
— ERE Rates	(700) OF
— Risk Management	100 OF
— Rent	1,000 OF

Personal Services

The JLBC Staff recommends an increase in Personal Services of \$5,300, bringing the total per diem compensation of board members to \$9,200. This reflects the cost of compensating a full nine-member board for 34 meetings annually. In FY 1995, the board's membership was in transition and required a lesser amount of funds. The Executive does not recommend this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Professional and Outside Services (10,000) OF
This recommended decrease of \$(10,000) eliminates funds allowed as a carry forward from FY 1994 to FY 1995. The Executive concurs in the amount of \$(10,700).

Travel - In State (10,000) OF
This recommended decrease of \$(10,000) eliminates funds allowed as a carry forward from FY 1994 to FY 1995. The Executive recommends this issue for a decrease of \$(2,800).

Other Operating Expenditures 5,400 OF
Includes a \$1,900 increase to upgrade the software for the office's 4 computer workstations and \$3,500 to cover the cost of mailing and printing the board's newsletter, prepared on a quarterly basis. The recommended software will provide for the multiple use of databases and reports, and the newsletter funds will keep state appraisers aware of board decisions. The Executive recommends an increase of \$1,600 for operating expenses.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes -0- OF

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JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- The FY 1996 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Commission on the Arts

JLBC Analyst: Jim Hillyard
OSP Analyst: Shelli Silver

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	11.5	12.5	12.5	12.5	12.5	12.5
OPERATING BUDGET						
Personal Services	316,800	341,900	347,000	347,000	347,000	347,000
Employee Related Expenditures	62,700	74,500	79,500	79,500	79,500	79,500
Professional/Outside Services	900	0	0	0	0	0
Travel - In State	12,300	13,100	13,100	13,100	13,100	13,100
Travel - Out of State	700	800	800	800	800	800
Other Operating Expenditures	90,200	87,300	89,900	89,900	93,400	89,900
Equipment	0	0	2,000	2,000	2,000	2,000
All Other Operating Subtotal	104,100	101,200	105,800	105,800	109,300	105,800
OPERATING SUBTOTAL	483,600	517,600	532,300	532,300	535,800	532,300
SPECIAL LINE ITEMS						
Community Service Project	775,000	975,000	1,375,000	975,000	1,375,000	975,000
Special Item Subtotal	775,000	975,000	1,375,000	975,000	1,375,000	975,000
AGENCY TOTAL	1,258,600	1,492,600	1,907,300	1,507,300	1,910,800	1,507,300
BY FUND SOURCE						
General Fund	1,258,600	1,492,600	1,907,300	1,507,300	1,910,800	1,507,300
Federal Funds	976,200	877,900	--	759,200	--	750,000
Other Non-Appropriated Funds	1,140,200	1,161,800	--	1,082,000	--	1,067,000
TOTAL - ALL SOURCES	3,375,000	3,532,300	1,907,300	3,348,500	1,910,800	3,324,300

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$14,700	1.0%	\$-0-	0.0%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 5,800 GF
— ERE Rates	4,300 GF
— Risk Management	2,300 GF
— Rent	300 GF

New Equipment

2,000 GF

Includes a one-time expenditure of \$2,000 for a replacement computer. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	(2,000) GF
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New Equipment

2,000 GF

Includes a one-time expenditure of \$2,000 for a replacement computer. The Executive concurs.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive recommends an additional \$400,000 for Community Service Projects. These funds are awarded on a matching basis to artists, arts organizations and communities for art projects throughout the state. In FY 1995, Community Service Project funding was increased by \$200,000. The JLBC Staff does not recommend an FY 1996 increase.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Attorney General - Department of Law
Agency Summary

JLBC Analyst: Dick Morris
OSPB Analyst: Lisa Marsio

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	365.0	377.0	377.0	377.0	377.0	377.0

BY PROGRAM/ORGANIZATION

Administration	3,839,200	5,479,800	5,227,100	5,609,500	5,235,500	5,609,500
Human Services	1,316,300	1,701,900	1,691,900	1,726,000	1,691,900	1,726,000
Civil	6,439,500	8,664,800	8,778,800	7,258,500	8,778,800	7,258,500
Criminal	8,825,100	9,428,700	9,589,900	9,798,600	9,589,900	9,998,600
AGENCY TOTAL	20,420,100	25,275,200	25,287,700	24,392,600	25,296,100	24,592,600

OPERATING BUDGET

Personal Services	12,562,600	14,209,900	14,387,100	14,426,000	14,387,100	14,426,000
Employee Related Expenditures	2,545,400	2,789,700	2,950,300	2,974,400	2,950,300	2,974,400
Professional/Outside Services	94,500	169,000	169,000	169,000	169,000	169,000
Travel - In State	167,600	148,600	148,600	148,600	148,600	148,600
Travel - Out of State	23,800	25,000	25,000	25,000	25,000	25,000
Other Operating Expenditures	2,839,000	2,945,500	2,918,500	2,886,400	2,918,500	2,886,400
Equipment	221,100	210,600	0	400,000	0	400,000
All Other Operating Subtotal	3,346,000	3,498,700	3,261,100	3,629,000	3,261,100	3,629,000
OPERATING SUBTOTAL	18,454,000	20,498,300	20,598,500	21,029,400	20,598,500	21,029,400

SPECIAL LINE ITEMS

Capital Lease Purchase	0	910,300	828,700	828,700	837,100	828,700
Grand Jury	150,000	150,000	150,000	150,000	150,000	150,000
Victims Rights Implementation	1,391,600	1,502,500	1,502,300	1,702,500	1,502,300	1,902,500
Collection Enforcement	376,100	2,214,100	2,208,200	682,000	2,208,200	682,000
Rent - 1400 W. Washington	48,400	0	0	0	0	0
Special Item Subtotal	1,966,100	4,776,900	4,689,200	3,363,200	4,697,600	3,563,200
AGENCY TOTAL	20,420,100	25,275,200	25,287,700	24,392,600	25,296,100	24,592,600

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Attorney General - Department of Law
Agency Summary

JLBC Analyst: Dick Morris
OSPB Analyst: Lisa Marsio

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
BY FUND SOURCE						
General Fund	18,652,400	21,558,600	21,577,200	22,008,100	21,585,600	22,008,100
Other Appropriated Funds	1,767,700	3,716,600	3,710,500	2,384,500	3,710,500	2,584,500
Federal Funds	3,347,500	4,000,700	--	38,864,100	--	35,164,100
Other Non-Appropriated Funds	22,782,300	28,016,300	--	32,682,600	--	28,982,600
TOTAL - ALL SOURCES	46,549,900	57,292,200	25,287,700	95,939,300	25,296,100	88,739,300

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$ 449,500	2.1%	\$ -0-	(0.0)%
Other Appropriated Funds	(1,332,100)	(35.8)%	200,000	8.4%
Total Appropriated Funds	\$ (882,600)	(3.5)%	\$200,000	0.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$8,700 OF	\$241,400 GF
— Vacancy Savings - Maintains a General Fund Vacancy Rate of 5%	-0- OF	4,300 GF
— ERE Rates	(15,300) OF	155,100 GF
— Risk Management	-0- OF	(53,300) GF
— Rent	-0- OF	39,700 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(207,900) GF

Computer System Replacement

400,000 GF

Funding for Local Area computer networks to replace a technologically obsolete computer system which cannot provide appropriate support for a legal practice. The Executive does not recommend funding for Equipment.

Capital Center Lease Payment

(81,400) GF

A net decrease resulting from the transfer of space in the Capital Center Building to the Department of Economic Security for their legal section. This reduction is also reflected in the Executive's recommendation.

Rent Change - Private Lease

(48,400) GF

This is a lease in Tucson for space occupied by the Risk Management legal section and which should be paid from Risk Management Funds. This is not included in the Executive recommendation.

Victims Rights Implementation

200,000 OF

The anticipated increase in revenues to the Victims Rights Implementation Fund which is recommended for distribution to Victims Rights organization pursuant to A.R.S. § 41-191.06. The Executive recommendation does not include this increase.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Collections Enforcement Revolving Fund

(1,525,500) OF

Represents the estimated collections which statutorily must be deposited to the state General Fund or other state funds and is not available for expenditure by the Attorney General - Department of Law. The Executive recommendation does not address this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Victims Rights Implementation

200,000 OF

The anticipated increase in revenues to the Victims Rights Implementation Fund, in FY 1997, which is recommended for distribution to Victims Rights organization pursuant to A.R.S. § 41-191.06. The Executive recommendation does not include this increase.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

New Footnote

- The Attorney General shall notify the President of the Senate, the Speaker of the House of Representatives and the Joint Legislative Budget Committee before proposing or entering into a settlement which results in the receipt of monies by the Attorney General or any other person on behalf of the state. The Attorney General shall not allocate or expend such funds until the proposed allocation or expenditure has been reviewed by the Joint Legislative Budget Committee.

Other Issues for Legislative Consideration

— **Personal Services Adjustment**

The agency is requesting \$555,400 for Personal Services and \$118,700 for Employee Related Expenditures to restore the vacancy factor. There are 3 programs where a vacancy factor of 5.5% was assessed last year. The agency has given priority to the restoration of the vacancy factor in lieu of requesting additional General Fund positions for either FY 1996 or FY 1997. In addition, \$158,900 is requested for Personal Services and \$33,900 for Employee Related Expenditures to fully fund all authorized positions. Neither the JLBC Staff nor the Executive have recommended funding for these 2 items.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Attorney General - Department of Law
 PROG: Administration

JLBC Analyst: Dick Morris
 OSPB Analyst: Lisa Marsio

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	58.0	58.0	58.0	58.0	58.0	58.0

OPERATING BUDGET

Personal Services	1,752,500	1,952,400	1,977,400	1,981,200	1,977,400	1,981,200
Employee Related Expenditures	334,000	415,400	417,300	423,600	417,300	423,600
Professional/Outside Services	28,100	84,800	84,800	84,800	84,800	84,800
Travel - In State	14,700	11,800	11,800	11,800	11,800	11,800
Travel - Out of State	8,200	10,000	10,000	10,000	10,000	10,000
Other Operating Expenditures	1,497,000	1,884,500	1,897,100	1,869,400	1,897,100	1,869,400
Equipment	156,300	210,600	0	400,000	0	400,000
All Other Operating Subtotal	1,704,300	2,201,700	2,003,700	2,376,000	2,003,700	2,376,000
OPERATING SUBTOTAL	3,790,800	4,569,500	4,398,400	4,780,800	4,398,400	4,780,800

SPECIAL LINE ITEMS

Capital Lease Purchase	0	910,300	828,700	828,700	837,100	828,700
Rent - 1400 W. Washington	48,400	0	0	0	0	0
Special Item Subtotal	48,400	910,300	828,700	828,700	837,100	828,700

PROGRAM TOTAL align="right">**3,839,200** align="right">**5,479,800** align="right">**5,227,100** align="right">**5,609,500** align="right">**5,235,500** align="right">**5,609,500**

BY FUND SOURCE

General Fund	3,839,200	5,479,800	5,227,100	5,609,500	5,235,500	5,609,500
Other Non-Appropriated Funds	2,117,100	2,237,900	--	2,177,900	--	2,177,900
TOTAL - ALL SOURCES	5,956,300	7,717,700	5,227,100	7,787,400	5,235,500	7,787,400

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$129,700	2.4%	\$-0-	0.0%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$32,000 GF
— Vacancy Savings - Maintains a 5.5% Vacancy Rate	600 GF
— ERE Rates	4,400 GF
— Risk Management	(8,400) GF
— Rent	39,700 GF
— Elimination of One-time Capital and Non-Capital Equipment	(208,600) GF

Computer System Replacement

400,000 GF

There is an agencywide policy issue requesting \$1,619,600 to replace computer equipment in the 1996-1997 biennium. The amount requested is divided equally between the 2 years. The agency request is for funding to replace the existing Wang VS computer system with a modern system of personal computers linked together through Local Area Networks (LANs). The LANs will in turn be linked again to form a Wide Area computer Network (WAN) for the Department of Law. The existing Wang computer system, which was purchased in the mid 1980's, is technologically obsolete and the manufacturer no longer supports the hardware or the operating software. As a result, all necessary support must now be obtained from third party vendors.

The JLBC Staff recommends a total appropriation of \$400,000 for each year of the biennium, which includes \$135,000 for the purchase of three high-performance computer file servers, with multiprocessing capability, and the operating system software. The recommended amount also includes \$200,000 in each fiscal year to develop, acquire and install officewide operating software systems for litigation support, attorney time keeping, and other business and personnel functions. These new and enhanced software systems will replace similar functions now housed on the Wang Computer System. For many reasons it is neither possible nor practical to transport the existing software to the new LANs. In addition, there is \$37,500 recommended by the JLBC Staff, in each of the two fiscal years for the equipment required so that individual personal computers can communicate with file servers. In FY 1996 there is \$27,500 to train the information system staff on the development and maintenance of the new equipment and operating software. The JLBC Staff also recommends a footnote be added to the appropriation requiring that the Office of the Attorney General submit a data processing expenditure plan to the Joint Legislative Budget Committee for their review before the appropriation comes available for expenditure. Please see the JLBC Staff Recommended Footnotes section which is shown below.

After the LAN file servers and the new software are in place, which is expected to be the third quarter of FY 1996, the Attorney General's office will then be in a position to begin acquiring additional personal computers for positions that are funded from General Funds appropriations. There is approximately \$162,500 included in the JLBC Staff recommendation in FY 1997 for this purpose. The Executive does not recommend funding for Equipment in either fiscal year of the biennium.

Capital Center Lease Purchase

(81,600) GF

The Attorney General has been assigned 93,366 square feet of space in the Capital Center Building. By footnote to the FY 1995 General Appropriation Act, the Department of Administration, the Department of Economic Security (DES) and the Department of Law were directed to submit a space allocation plan for the entire Capital Center Building to the Joint Committee on Capital Review. That plan was to present a detail of the square footage to be occupied by the Department of Law and other tenants. The plan was to include the fund sources which could be billed for the lease-purchase space. As of this time, that plan has only been partially completed. It has been agreed that the DES Legal Section will occupy the second floor. It is recommended that \$353,600 be appropriated to DES for the lease-purchase payment associated with this space. This would be a General Fund appropriation, with a footnote requiring that the General Fund be reimbursed from federal funds as appropriate. The DES appropriation is \$101,900 more than the \$251,700 DES was assessed in FY 1995. The decrease in the Attorney General's appropriation resulting from the DES transfer is offset by a \$20,300 increase in the Attorney General's share of the FY 1996 lease-purchase payment. The Executive recommendation provides for a like reduction in FY 1996 and provides an increase of \$8,400 in FY 1997 to fund the FY 1997 lease-purchase payment increase. The JLBC Staff will review the FY 1997 lease-purchase payment increase next year.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

In FY 1996, the total lease-purchase payment for the Capital Center Building, of \$1,698,400, is to be paid from the sources listed below:

Attorney General - Department of Law	
General Fund Appropriations	\$828,700
Non-Appropriated Sources	43,300
Department of Economic Security	353,600
Department of Administration	
Risk Management	130,400
Personnel Division	74,300
Department of Racing	210,900
Residential Utility Consumer Office	57,200

Rent Change - Private Lease (48,400) GF
This is a lease in Tucson for space occupied by Risk Management's Legal Section and which should be paid from Risk Management funds. Previously, the lease had been a General Fund appropriation to the Attorney General - Department of Law.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes -0- GF

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

New Footnotes

- Prior to expending \$400,000 to replace the computer system, the Attorney General - Department of Law shall submit a project plan to the Joint Legislative Budget Committee for review.

Deletion of Prior Year Footnote

- The JLBC Staff recommends that the one-time footnote concerning the space allocation and funding for the Capital Center lease-purchase payment, be deleted.

Other Issues for Legislative Consideration

- Restoration of the Vacancy Factor

The Attorney General has requested the restoration of the 5.5% vacancy factor deduction. The restoration cost is \$107,400 for Personal Services and \$23,000 for Employee Related Expenditures. Neither the JLBC Staff nor the Executive recommended funding the request.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Attorney General - Department of Law
 PROG: Human Services

JLBC Analyst: Dick Morris
 OSPB Analyst: Lisa Marsio

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	30.4	42.4	42.4	42.4	42.4	42.4

OPERATING BUDGET

Personal Services	921,900	1,250,700	1,269,400	1,269,500	1,269,400	1,269,500
Employee Related Expenditures	206,000	283,000	293,900	294,300	293,900	294,300
Professional/Outside Services	6,000	24,800	24,800	24,800	24,800	24,800
Travel - In State	16,500	8,000	8,000	8,000	8,000	8,000
Travel - Out of State	2,800	900	900	900	900	900
Other Operating Expenditures	152,300	134,500	94,900	128,500	94,900	128,500
Equipment	10,800	0	0	0	0	0
All Other Operating Subtotal	188,400	168,200	128,600	162,200	128,600	162,200
PROGRAM TOTAL	1,316,300	1,701,900	1,691,900	1,726,000	1,691,900	1,726,000

BY FUND SOURCE

General Fund	1,316,300	1,701,900	1,691,900	1,726,000	1,691,900	1,726,000
Federal Funds	336,800	567,100	--	35,590,300	--	31,890,300
Other Non-Appropriated Funds	1,036,100	1,093,400	--	469,500	--	469,500
TOTAL - ALL SOURCES	2,689,200	3,362,400	1,691,900	37,785,800	1,691,900	34,085,800

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$24,100	1.4%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$21,400 GF
— ERE Rates	8,700 GF
— Risk Management	(6,200) GF
— Private Lease	200 GF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

Other Issues for Legislative Consideration

— Full Funding For Personal Services

The agency has requested \$82,000 for Personal services and \$17,500 for Employee Related Expenditures (ERE), which is not recommended. The FY 1995 Appropriations Report listed Personal Services for this program at \$1,445,600. In the FY 1996/97 Budget Request, the agency has estimated Personal Services for FY 1995 at \$1,250,700. Our records show there was no vacancy savings assessed against this program in FY 1995. The JLBC Staff finds that there is no justification to support the additional amount requested for Personal Services and the associated ERE. The Executive has not recommended funding to restore the vacancy factor.

— Replacement Equipment

There is \$184,000 requested for office automation equipment in this program. As this is an agencywide request, total funding for this issue is addressed in the Administration Program.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Attorney General - Department of Law
 PROG: Civil

JLBC Analyst: Dick Morris
 OSPB Analyst: Lisa Marsio

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	135.1	135.1	135.1	135.1	135.1	135.1
OPERATING BUDGET						
Personal Services	4,469,000	5,047,000	5,112,100	5,128,200	5,112,100	5,128,200
Employee Related Expenditures	848,800	958,900	1,013,700	1,021,400	1,013,700	1,021,400
Professional/Outside Services	18,200	36,700	36,700	36,700	36,700	36,700
Travel - In State	5,700	3,000	3,000	3,000	3,000	3,000
Travel - Out of State	400	5,000	5,000	5,000	5,000	5,000
Other Operating Expenditures	675,500	400,100	400,100	382,200	400,100	382,200
Equipment	45,800	0	0	0	0	0
All Other Operating Subtotal	745,600	444,800	444,800	426,900	444,800	426,900
OPERATING SUBTOTAL	6,063,400	6,450,700	6,570,600	6,576,500	6,570,600	6,576,500
SPECIAL LINE ITEMS						
Collection Enforcement	376,100	2,214,100	2,208,200	682,000	2,208,200	682,000
Special Item Subtotal	376,100	2,214,100	2,208,200	682,000	2,208,200	682,000
PROGRAM TOTAL	6,439,500	8,664,800	8,778,800	7,258,500	8,778,800	7,258,500
BY FUND SOURCE						
General Fund	6,063,400	6,450,700	6,570,600	6,576,500	6,570,600	6,576,500
Other Appropriated Funds	376,100	2,214,100	2,208,200	682,000	2,208,200	682,000
Other Non-Appropriated Funds	16,659,400	22,470,700	--	26,761,400	--	23,061,400
TOTAL - ALL SOURCES	23,098,900	31,135,500	8,778,800	34,019,900	8,778,800	30,319,900

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$ 125,800	2.0%	\$-0-	0.0%
Other Appropriated Funds	<u>(1,532,100)</u>	<u>(69.2)%</u>	<u>-0-</u>	<u>0.0%</u>
Total Appropriated Funds	<u>\$(1,406,300)</u>	<u>(16.2)%</u>	<u>\$-0-</u>	<u>0.0%</u>

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 7,700 OF	\$ 85,900 GF
— Vacancy Savings - Maintains a General Fund Vacancy Rate of 5.5%; Other Fund 0.0%	-0- OF	6,100 GF
— ERE Rates	(14,300) OF	51,700 GF
— Risk Management	-0- OF	(18,200) GF
— Other	-0- OF	300 GF

Collection Enforcement Revolving Fund

(1,525,500) OF

The \$682,000 recommended by the JLBC Staff represents the administrative costs of collecting debts owed to the state. The amount recommended provides funding for 10 FTE positions and includes \$7,700 for annualization of the April 1995 Pay Adjustment. A.R.S. § 41-191.03, provides that 35% of all monies recovered by the Attorney General shall be placed in the Collections Enforcement Revolving Fund. The remaining 65% is to be returned to the General Fund or to the fund which held the debt. Inasmuch as 65% of monies collected are not deposited in the Collection Revolving Fund, these monies can not be included in the appropriation. The decrease shown above, \$(1,525,500), represents an estimate of monies to be collected and returned to the General Fund or other state funds, and which have been excluded from the amount recommended. The Executive recommendation does not address this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

Other Issues for Legislative Consideration

— Restoration of Vacancy Savings

The agency is requesting \$346,100 to restore the 5.5% vacancy factor and \$82,800 to fully fund the estimated salaries for all authorized FTE Positions. Neither the Executive nor the JLBC Staff have recommended funding for these purposes.

— Replacement Equipment

Included in the amount requested for FY 1996 and FY 1997 is \$476,000 for data processing equipment. This is part of the agency's plan to move from the Wang VS system to a system based on networked personal computers. As this is part of an agencywide request, total funding for this issue is included in the Administration program. The Executive recommends no funding for Equipment.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Attorney General - Department of Law
 PROG: Criminal

JLBC Analyst: Dick Morris
 OSPB Analyst: Lisa Marsio

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	141.5	141.5	141.5	141.5	141.5	141.5
OPERATING BUDGET						
Personal Services	5,419,200	5,959,800	6,028,200	6,047,100	6,028,200	6,047,100
Employee Related Expenditures	1,156,600	1,132,400	1,225,400	1,235,100	1,225,400	1,235,100
Professional/Outside Services	42,200	22,700	22,700	22,700	22,700	22,700
Travel - In State	130,700	125,800	125,800	125,800	125,800	125,800
Travel - Out of State	12,400	9,100	9,100	9,100	9,100	9,100
Other Operating Expenditures	514,200	526,400	526,400	506,300	526,400	506,300
Equipment	8,200	0	0	0	0	0
All Other Operating Subtotal	707,700	684,000	684,000	663,900	684,000	663,900
OPERATING SUBTOTAL	7,283,500	7,776,200	7,937,600	7,946,100	7,937,600	7,946,100
SPECIAL LINE ITEMS						
Grand Jury	150,000	150,000	150,000	150,000	150,000	150,000
Victims Rights Implementation	1,391,600	1,502,500	1,502,300	1,702,500	1,502,300	1,902,500
Special Item Subtotal	1,541,600	1,652,500	1,652,300	1,852,500	1,652,300	2,052,500
PROGRAM TOTAL	8,825,100	9,428,700	9,589,900	9,798,600	9,589,900	9,998,600
BY FUND SOURCE						
General Fund	7,433,500	7,926,200	8,087,600	8,096,100	8,087,600	8,096,100
Other Appropriated Funds	1,391,600	1,502,500	1,502,300	1,702,500	1,502,300	1,902,500
Federal Funds	3,010,700	3,433,600	--	3,273,800	--	3,273,800
Other Non-Appropriated Funds	2,969,700	2,214,300	--	3,273,800	--	3,273,800
TOTAL - ALL SOURCES	14,805,500	15,076,600	9,589,900	16,346,200	9,589,900	16,546,200

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Attorney General - Department of Law
 PROG: Criminal

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$169,900	2.1%	\$ -0-	0.0%
Other Appropriated Funds	200,000	13.3%	200,000	11.7%
Total Appropriated Funds	\$369,900	3.9%	\$200,000	2.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 1,000 OF \$102,100 GF
- Vacancy Savings - Maintains a General Fund Vacancy Rate of 5.5%;
Other Funds 0.0% -0- OF (2,400) GF
- ERE Rates (1,000) OF 90,300 GF
- Risk Management -0- OF (20,500) GF
- Non-Capital Equipment Change -0- OF 400 GF

Victims Rights Implementation

200,000 OF

Revenues in this fund are from a penalty on fines and forfeitures imposed by the courts for violations of criminal, civil, and motor vehicle statutes. The amount recommended includes 1 FTE Position and \$94,000 for administration of the fund and \$1,608,300 to provide financial aid to organizations impacted by the implementation of the Victims Rights Act and who make application to the Attorney General. The increase recommended represents the additional revenues estimated to be collected in FY 1996 and are to fund assistance to the organization impacted by the Act. An increase of \$52,200 and 1 FTE position is requested to improve site-monitoring and to provide technical assistance to those organizations who are eligible for financial assistance. The requested enhancement is not recommended by the JLBC Staff. The Auditor General is currently conducting a performance audit of the Victims Rights and Victims Compensation Programs. The Executive recommends no increase for this activity.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Victims Rights Implementation

200,000 OF

The increase recommended by the JLBC Staff is to provide additional financial assistance to eligible Victims Rights organizations. The total amount available for financial assistance to organizations will be \$1,808,300 in FY 1997 and \$94,000 is recommended for administration of the program. The Executive recommends no increase for this activity.

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JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- The \$150,000 appropriated for state grand jury expenses is for costs incurred pursuant to A.R.S. § 21-428, Subsection C. 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— Restoration of the Vacancy Factor

It is requested that the 5.5% vacancy factor be restored in FY 1996. The cost to restore the vacancy factor would add \$158,400 to Personal Services and \$33,900 to Employee Related Expenditures. Using the funds added as a result of the vacancy factor restoration, the agency plans to hire additional authorized employees. This would be in lieu of requesting additional positions in FY 1996 or FY 1997. Neither the amount recommended by the Executive nor the JLBC Staff includes restoration of the vacancy factor. The higher than normal vacancy rate reflects the fact that the Attorney General has overspent their Personal Services base. It has been the policy of the JLBC Staff, that overexpenditure of Personal Services is not a valid reason to restore the vacancy factor.

— Replacement Equipment

There is \$98,800 requested for Data Processing equipment in FY 1996 and FY 1997. This equipment would replace the existing Wang VS Computer System, which was acquired in the mid-1980's. As this is part of an agencywide request, total funding is included in the Administration program.

— Auditor General Recommendations

The Auditor General is scheduled to release a performance audit of Victims Rights and Victims Compensation Programs December 30, 1994.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Banking Department

JLBC Analyst: Rachelle Child
OSP Analyst: Marcel Benberou

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	54.2	57.0	57.0	52.0	57.0	52.0
OPERATING BUDGET						
Personal Services	1,369,700	1,595,300	1,575,600	1,617,700	1,575,600	1,617,700
Employee Related Expenditures	291,500	355,900	337,200	342,900	337,200	342,900
Professional/Outside Services	46,500	21,400	9,700	15,400	4,600	15,400
Travel - In State	59,600	55,000	55,000	55,000	55,000	55,000
Travel - Out of State	15,500	16,000	16,000	16,000	16,000	16,000
Other Operating Expenditures	135,600	329,900	589,100	564,900	589,500	564,900
Equipment	15,200	4,000	0	0	8,700	52,000
All Other Operating Subtotal	272,400	426,300	669,800	651,300	673,800	703,300
OPERATING SUBTOTAL	1,933,600	2,377,500	2,582,600	2,611,900	2,586,600	2,663,900
SPECIAL LINE ITEMS						
Receiverships	141,100	181,200	181,300	0	181,300	0
Local Area Network	0	0	193,500	212,500	0	0
Special Item Subtotal	141,100	181,200	374,800	212,500	181,300	0
AGENCY TOTAL	2,074,700	2,558,700	2,957,400	2,824,400	2,767,900	2,663,900
BY FUND SOURCE						
General Fund	2,074,700	2,558,700	2,957,400	2,824,400	2,767,900	2,663,900
Other Non-Appropriated Funds	1,319,300	3,187,500	--	308,300	--	341,300
TOTAL - ALL SOURCES	3,394,000	5,746,200	2,957,400	3,132,700	2,767,900	3,005,200

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$265,700	10.4%	\$(160,500)	(5.7)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$26,900 GF
— Vacancy Savings - Maintains a 1.5% Vacancy Rate	(1,800) GF
— ERE Rates	(15,700) GF
— Risk Management	173,000 GF
— Rent	4,500 GF
— Operations & Maintenance	5,100 GF
— Elimination of One-time Capital and Non-Capital Equipment	(4,000) GF

Fund Source Allocations for Overhead Expenses

52,400 GF

The JLBC Staff recommends an increase of \$52,500 to reallocate the Risk Management, lease-purchase, and Operations and Maintenance overhead charges between the department's General Fund appropriation and non-appropriated funds. For the current fiscal year, non-appropriated funds are charged 20% of these overhead costs. For FY 1996 and FY 1997, the JLBC Staff recommends these funds be charged 10% of these overhead costs. This allocation will more accurately reflect actual overhead usage by fund source.

Professional and Outside Services

(6,000) GF

The JLBC Staff recommends a decrease of \$(6,000), representing 1/2 year funding of the contract with the Department of Administration Information Services Division, who currently provides backup and maintenance assistance for the department's System 36 minicomputer. This system is recommended for replacement; see below for more information. The decrease will be annualized in the FY 1997 recommendation, but offset by the annualization for the new maintenance agreement, which will be moved above-the-line.

Local Area Network Special Line Item

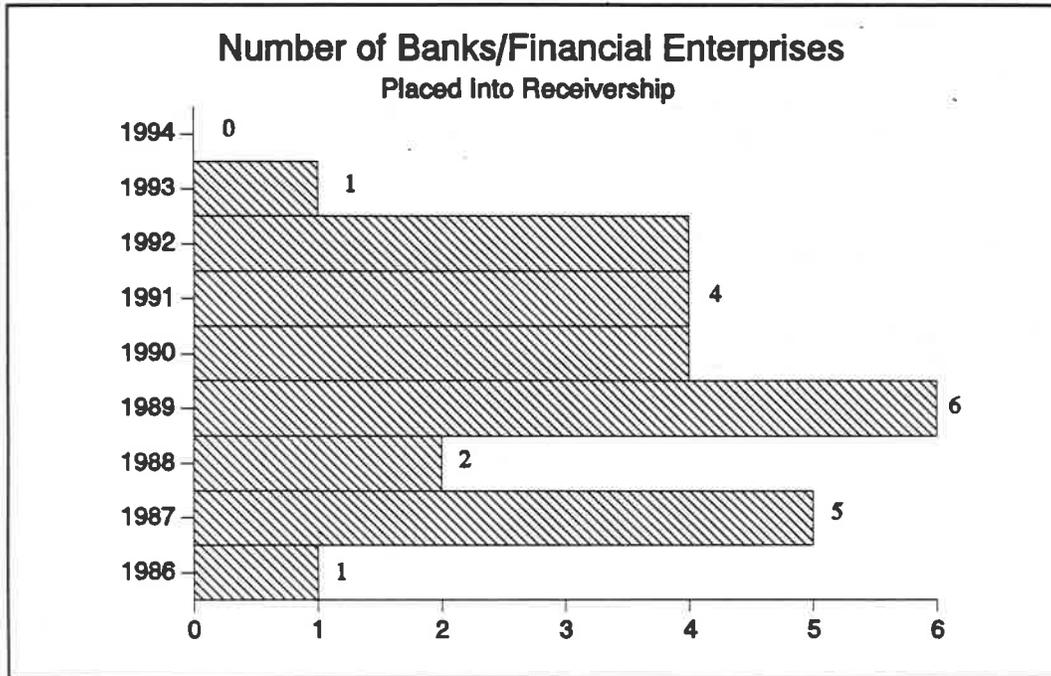
212,500 GF

The JLBC Staff recommends an increase of \$212,500 for a new Local Area Network (LAN) to replace the department's System 36 minicomputer. The department's old computer system is no longer cost-effective to maintain and update and no longer meets the needs of the department. This 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 maintenance agreements. The sum of \$7,000 represents 1/2 year funding for the maintenance agreement, since the new LAN will not be operational immediately. The JLBC Staff further recommends the department submit a project plan to the Joint Legislative Budget Committee for review prior to expenditure of any monies for this purpose. (See recommended footnote.) The Executive recommends \$193,500 for the Local Area Network.

Receiverships Special Line Item

(181,200) GF

The JLBC Staff recommends a decrease of \$(181,200) and the elimination of 5 FTE positions from the Receiverships Special Line Item. Of these positions, 3 are currently vacant, and the remainder will be funded from the non-appropriated Receivership Revolving Fund. Four banks and/or financial enterprises were placed into receivership in each CY between 1990 and 1993. Because of an improving local economy, the department was named receiver for only 1 new receivership in CY 1993 and no new receiverships in CY 1994. The department has 5 receiverships for which it is responsible open at this time. However, the majority of these receiverships, and perhaps all, are expected to close by the end of FY 1996.



All remaining receivership funding will be through the non-appropriated Receivership Revolving Fund, which is expected to have a FY 1996 beginning balance of \$484,400. This non-appropriated fund was designed to cover the department's costs of administering receiverships, supplemented only when necessary through General Fund appropriations. Detailed below is an analysis of the effect this recommendation will have on the Receivership Revolving Fund's balances.

	Receivership Revolving Fund Balances When Division Receives a General Fund <u>Appropriation</u>	Receivership Revolving Fund Balances When Division Receives No General Fund <u>Appropriation</u>
FY 1996 (est.)	\$484,400	\$484,400
FY 1997 (est.)	\$373,000	\$281,500

Total division expenditures on receiverships would be unaffected, only the source of funds would differ. The Executive recommends no change in receivership funding.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Telephone System

52,000 GF

The JLBC Staff recommends an increase of \$52,000 in one-time capitalized equipment for the purchase of a new telephone system. The department's current system was purchased in 1988, but has been discontinued, making it difficult and expensive for the department to replace parts. Additionally, the vendor no longer provides contract maintenance service on some components. The Executive does not recommend funding for a new telephone system.

Local Area Network Special Line Item

(212,500) GF

The FY 1996 appropriation represented one-time funding for the department's new local area network (LAN). The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum by Agency with Special Line Items, FY 1996
Lump Sum by Agency, FY 1997. *(The special line item for the department's LAN is for 1 year only.)*

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Standard Footnotes

- The Banking Department shall assess and set fees to ensure that funds deposited to the General Fund will equal or exceed its expenditure from the General Fund for FY 1996 and FY 1997.

New Footnotes

- Prior to expending any monies for the purchase and development of the agency's new LAN system, the Banking Department shall submit a project plan to the Joint Legislative Budget Committee for review.

Deletion of Prior Year Footnote

- The JLBC Staff recommends deleting the footnote concerning the General Fund appropriation for the Receivership Division. The JLBC Staff recommends that all funding for the Receivership Division come from the non-appropriated Receivership Revolving Fund, which was created for this purpose.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Barbers

JLBC Analyst: Jason Hall
 OSPB Analyst: Stacy Sheard

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	3.0

OPERATING BUDGET

Personal Services	82,900	88,000	89,300	89,300	89,300	89,300
Employee Related Expenditures	17,300	19,000	19,800	19,900	19,800	19,900
Professional/Outside Services	1,200	800	800	800	800	800
Travel - In State	9,400	14,100	15,600	15,100	15,600	15,100
Travel - Out of State	600	1,300	1,300	1,300	1,300	1,300
Other Operating Expenditures	17,000	22,100	23,000	23,000	23,000	23,000
All Other Operating Subtotal	28,200	38,300	40,700	40,200	40,700	40,200
AGENCY TOTAL	128,400	145,300	149,800	149,400	149,800	149,400

BY FUND SOURCE

Other Appropriated Funds	128,400	145,300	149,800	149,400	149,800	149,400
TOTAL - ALL SOURCES	128,400	145,300	149,800	149,400	149,800	149,400

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$4,100	2.7%	\$ -0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$1,500 OF
- ERE Rates 700 OF
- Risk Management 100 OF
- Rent 800 OF

Travel

1,000 OF

The JLBC Staff recommends a \$1,000 increase for board member mileage reimbursement. The board has begun a new policy of holding 3 of the 12 annual meetings outside Phoenix. As a result, overall mileage and travel costs will increase by \$1,000. The Executive also recommends this issue, in the amount of \$1,500.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- OF

*** * ***

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- The FY 1996 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Behavioral Health Examiners

JLBC Analyst: Lynne Smith
OSP Analyst: Leslie Schwalbe

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	6.0	6.0	7.0	7.0	8.0	7.0

OPERATING BUDGET

Personal Services	131,100	179,600	190,800	191,100	211,300	191,100
Employee Related Expenditures	26,500	46,900	47,300	46,300	53,200	46,300
Professional/Outside Services	5,600	23,700	14,500	14,500	14,500	14,500
Travel - In State	6,000	13,600	7,500	7,500	8,900	7,500
Travel - Out of State	2,200	6,300	6,300	5,800	6,300	5,800
Other Operating Expenditures	63,400	79,500	72,600	73,300	78,400	72,600
Equipment	6,300	10,000	2,000	2,900	4,000	16,900
All Other Operating Subtotal	83,500	133,100	102,900	104,000	112,100	117,300
AGENCY TOTAL	241,100	359,600	341,000	341,400	376,600	354,700

BY FUND SOURCE

Other Appropriated Funds	241,100	359,600	341,000	341,400	376,600	354,700
TOTAL - ALL SOURCES	241,100	359,600	341,000	341,400	376,600	354,700

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(18,200)	(5.1)%	\$13,300	3.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 2,500 OF
— ERE Rates	(5,400) OF
— Risk Management	100 OF
— Rent	(200) OF
— Elimination of One-time Capital and Non-Capital Equipment	(10,900) OF

Administrative Secretary

19,600 OF

Includes an additional 1 FTE position and \$27,400 to respond to an increase in the number of applications and complaints received by the board. The recommended amount also includes a decrease of \$(7,800) in Personal Services and ERE for overtime and clerical pool services which will no longer be required and a total of \$3,600 in one-time expenditures. The Executive concurs and recommends a net increase of \$17,800 and 1 FTE position.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Professional and Outside Services (9,200) OF
Includes a reduction of \$(9,200) for data processing services no longer needed by the board. The Executive concurs.

Travel - In State (6,100) OF
Includes a reduction of \$(6,100) to reflect the actual requirements of the board. The Executive concurs.

Travel - Out of State (500) OF
Includes a reduction of \$(500). The recommended amount provides full funding for attendance at 6 conferences. The Executive does not include this change.

Other Operating Expenditures (8,100) OF
Includes reductions of \$(1,000) in postage, \$(4,800) in printing, and \$(2,300) in training costs to reflect the actual requirements of the board. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital and Non-Capital Equipment (3,600) OF

Equipment 16,900 OF
Includes a total of \$4,800 for replacement of 2 computers and \$12,100 for replacement of a copier. The Executive recommends a total of \$2,200 for computer equipment and an additional \$2,000 for repair and maintenance of the board's copier and paper folder.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

— The FY 1996 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.

Other Issues for Legislative Consideration

— **Complaint Investigations**

The Executive recommends an additional 1 FTE position and \$34,100 in FY 1997 to investigate increased complaints received by the board. The JLBC Staff recommends that the board reallocate existing resources to use the Investigator II position appropriated in FY 1994 for investigations rather than administrative support. This reallocation would be possible after the addition of an Administrative Secretary position in FY 1996, as recommended above.

— **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	<u>\$382,000</u>

Of this amount, the board plans to expend \$359,600 in FY 1995.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Boxing Commission

JLBC Analyst: Phil Case
OSPB Analyst: Stacy Sheard

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1.5	1.5	1.5	1.5	1.5	1.5

OPERATING BUDGET

Personal Services	37,500	37,900	39,700	39,900	39,700	39,900
Employee Related Expenditures	8,700	10,800	10,100	9,900	10,100	9,900
Professional/Outside Services	0	500	500	500	500	500
Travel - In State	1,800	3,400	3,900	3,900	3,900	3,900
Travel - Out of State	600	700	700	700	700	700
Other Operating Expenditures	8,000	10,100	12,100	12,100	12,100	12,100
All Other Operating Subtotal	10,400	14,700	17,200	17,200	17,200	17,200
AGENCY TOTAL	56,600	63,400	67,000	67,000	67,000	67,000

BY FUND SOURCE

General Fund	56,600	63,400	67,000	67,000	67,000	67,000
TOTAL - ALL SOURCES	56,600	63,400	67,000	67,000	67,000	67,000

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$3,600	5.7%	\$0	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$700 GF
— ERE Rates	(1,000) GF
— Risk Management	100 GF
— Rent	1,000 GF

Commission Member Per Diem

1,400 GF

The Boxing Commission is not fully funded for its commission member per diem costs. Pursuant to A.R.S. § 38-611 D, commission members are entitled to compensation of \$30 for each day of commission service. The three commissioners are required to attend each boxing event (estimated to be 25 for FY 1996); therefore, full funding of the per diem would require \$2,300. The commission currently is funded \$900, leaving a deficit of \$1,400. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Demographic Increase

1,400 GF

From FY 1993 to FY 1994, the number of boxing events in the state increased from 20 to 25 (with an average of 5 to 6 fights per event). The JLBC Staff believes that this number will be sustained through FY 1997. While the increase in the number of events represents a small absolute increase, it is a relatively large increase (25%) for a small agency to absorb in its budget. The recommend amount is for the agency request of \$500 for Travel - In State and \$900 for Other Operating Expenditures (a total of \$1,400) to accommodate the increased workload. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote requiring the commission to make reports on boxing activity to the Legislature. Instead, the JLBC Staff recommends that language be introduced in the Omnibus Reconciliation Bill to make these reports a permanent requirement.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Building & Fire Safety

JLBC Analyst: Jason Hall
OSP Analyst: Monica Seymour

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	69.2	69.2	69.2	69.2	69.2	69.2
OPERATING BUDGET						
Personal Services	1,739,700	1,879,300	1,852,700	1,852,700	1,852,700	1,852,700
Employee Related Expenditures	511,300	480,800	502,800	502,500	502,800	502,500
Travel - In State	182,100	196,700	194,800	195,100	194,800	195,100
Travel - Out of State	3,700	6,000	6,000	6,000	6,000	6,000
Other Operating Expenditures	287,800	378,300	524,200	526,200	524,200	526,200
Equipment	36,200	11,800	0	0	0	0
All Other Operating Subtotal	509,800	592,800	725,000	727,300	725,000	727,300
OPERATING SUBTOTAL	2,760,800	2,952,900	3,080,500	3,082,500	3,080,500	3,082,500
SPECIAL LINE ITEMS						
Fire Training	30,000	30,000	30,000	30,000	30,000	30,000
Special Item Subtotal	30,000	30,000	30,000	30,000	30,000	30,000
AGENCY TOTAL	2,790,800	2,982,900	3,110,500	3,112,500	3,110,500	3,112,500
BY FUND SOURCE						
General Fund	2,798,200	2,982,900	3,110,500	3,112,500	3,110,500	3,112,500
Federal Funds	218,300	221,800	--	19,8000	--	19,800
Other Non-Appropriated Funds	872,400	875,100	--	510,00	--	510,100
TOTAL - ALL SOURCES	3,888,900	4,079,800	3,110,500	3,642,400	3,110,500	3,642,400

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$129,600	4.3%	\$-0-	0.0%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Vacancy Savings - Adjusts to a 1.5% Vacancy Rate	\$ 12,400 GF
— ERE Rates	26,300 GF
— Risk Management	147,900 GF
— Elimination of One-time Capital Equipment	(11,800) GF

Annualization of April 1995 Pay Adjustment

(45,200) GF

Attrition over the past year has decreased the age and experience level of Building and Fire Safety employees. This translates into lower costs for Personal Services and Employee Related Expenditures than previously estimated for FY 1995. Sufficient funds already exist to pay the \$32,500 in annualization costs of the salary adjustment for state employees; therefore, the JLBC Staff recommends no additional funding for this purpose. The JLBC Staff further recommends a one-time adjustment of \$(45,200) in Personal Services and Employee Related Expenditures to reflect actual funding needs. The Executive concurs, although the adjustment differs slightly due to different methods of calculation.

Adjustment to Personal Services and Travel - In State

-0- GF

In the past, \$1,600 in per diem compensation for the department's manufactured housing board has been incorrectly listed in the Travel - In State line item. For this reason, the JLBC Staff recommends removing \$(1,600) from Travel - In State and adding \$1,600 to Personal Services. The Executive agrees with this change.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No changes

-0- GF

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Chiropractic Examiners

JLBC Analyst: Jim Hillyard
OSPB Analyst: Lisa Marsio

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	4.0	4.0	4.0	4.0	4.0	4.0

OPERATING BUDGET

Personal Services	120,200	130,500	132,100	132,100	132,100	132,100
Employee Related Expenditures	21,000	23,800	25,700	25,700	25,700	25,700
Professional/Outside Services	29,600	16,600	16,600	16,600	16,600	16,600
Travel - In State	4,900	6,100	6,900	6,900	6,900	6,900
Travel - Out of State	7,100	2,700	4,700	2,700	4,800	2,700
Other Operating Expenditures	48,100	53,700	74,300	74,300	74,300	74,300
Equipment	5,500	4,500	3,600	2,000	0	0
All Other Operating Subtotal	95,200	83,600	106,100	102,500	102,600	100,500
AGENCY TOTAL	236,400	237,900	263,900	260,300	260,400	258,300

BY FUND SOURCE

Other Appropriated Funds	236,400	237,900	263,900	260,300	260,400	258,300
TOTAL - ALL SOURCES	236,400	237,900	263,900	260,300	260,400	258,300

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$22,400	9.4%	\$(2,000)	(0.8)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 1,800 OF
— ERE Rates	1,700 OF
— Risk Management	20,600 OF
— Elimination of One-time Capital and Non-Capital Equipment	(4,500) OF

Travel - In State

800 OF

The recommended amount includes \$400 for the state travel reimbursement increase to \$.29 and \$400 for the assumption that 1 of the board's new members will reside outside Maricopa County. The JLBC Staff recommends funding the increase in the travel reimbursement rate because the board's small base budget may make absorbing the increased costs difficult. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

New Equipment

2,000 OF

The recommended amount would fund the purchase of a new electric seal stamp. The previous stamp was purchased in 1921 and broke last year. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment

(2,000) OF

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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 fund, until June 30, 1997.

Other Issues for Legislative Consideration

- Executive Recommendation

In FY 1996, the Executive recommends an additional \$2,000 in Travel - Out of State funding and \$1,600 of additional one-time Equipment funding. The travel funding would send 2 board members to 2 annual chiropractic conferences. The JLBC Staff believes the 1 member currently sent is sufficient and does not recommend funding. The additional equipment funding recommended by the Executive would replace the board's boardroom chairs. The JLBC Staff does not believe these chairs are in need of replacement and does not recommend funding.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Coliseum & Exposition Center Board

JLBC Analyst: Phil Case
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	263.0	278.0	278.0	278.0	278.0	278.0

OPERATING BUDGET

Personal Services	4,424,400	4,750,000	4,714,300	4,714,300	4,824,300	4,824,300
Employee Related Expenditures	713,600	831,400	791,100	788,500	808,100	805,500
Professional/Outside Services	2,333,900	2,439,600	2,561,600	2,561,600	2,689,600	2,689,600
Travel - In State	5,600	14,800	10,800	10,800	9,700	9,700
Travel - Out of State	38,200	39,300	39,600	39,600	39,600	39,600
Other Operating Expenditures	5,714,500	6,308,900	6,392,800	6,395,400	6,969,400	6,972,000
Equipment	15,200	100,000	0	0	0	0
All Other Operating Subtotal	8,107,400	8,902,600	9,004,800	9,007,400	9,708,300	9,710,900
AGENCY TOTAL	13,245,400	14,484,000	14,510,200	14,510,200	15,340,700	15,340,700

BY FUND SOURCE

Other Appropriated Funds	13,245,400	14,484,000	14,510,200	14,510,200	15,340,700	15,340,700
Other Non-Appropriated Funds	3,162,400	400,000	--	400,000	--	400,000
TOTAL - ALL SOURCES	16,407,800	14,884,000	14,510,200	14,910,200	15,340,700	15,740,700

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$26,200	0.2%	\$830,500	5.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ -0- OF
— ERE Rates	(37,400) OF
— Risk Management	28,000 OF
— Elimination of One-time Capital and Non-Capital Equipment	(100,000) OF
— Travel - In State	(4,000) OF
— Travel - Out of State	300 OF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Personal Services/ERE (41,200) OF
The recommended amount includes a total decrease of \$(35,700) in Personal Services consisting of an increase of \$23,300 for salaries and wages, an increase of \$300 for overtime, and a decrease of \$(59,300) for premium overtime. The amount also includes a decrease of \$(5,500) in ERE. The ERE amount is calculated using 51 regular FTE positions, which are eligible for full benefits. The Executive concurs.

Professional and Outside Services 122,000 OF
The recommended amount includes a 5 % increase associated primarily with state fair entertainer fees. The Executive concurs.

Other Operating Expenditures 58,500 OF
The recommended amount includes increases of \$200,000 for advertising, \$80,000 for postage and delivery, \$108,700 for various leases of buildings and equipment, \$10,000 for printing, \$22,000 for utilities, and \$87,300 for miscellaneous expenses. The amount also includes decreases of \$(50,000) for telecommunications, \$(86,000) for operating supplies and maintenance, and \$(313,500) for financial incentives to the Roadrunners hockey team and State Fair midway ride operators as specified in contract. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Travel - In State (1,100) OF

Personal Services/ERE 127,000 OF
The recommended amount includes an increase of \$110,000 in Personal Services to increase the wages of temporary State Fair employees. The amount also includes an increase of \$17,000 in ERE. The ERE amount is calculated using 51 regular FTE positions, which are eligible for full benefits. The Executive concurs.

Professional and Outside Services 128,000 OF
The recommended amount includes a 5 % increase associated primarily with state fair entertainer fees. The Executive concurs.

Other Operating Expenditures 576,600 OF
The recommended amount includes increases of \$20,000 for advertising, \$304,500 for operating supplies and maintenance, \$52,000 for utilities, \$140,000 for financial incentives to the Roadrunners hockey team and State Fair midway ride operators as specified in contract, \$44,000 for miscellaneous expenses, and \$16,100 for other expenses (e.g., postage, telecommunications, and printing). The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

— 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Commerce

JLBC Analyst: Brad Beranek
OSP Analyst: Marcel Benberou

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	75.0	82.5	87.5	82.5	89.5	84.5

OPERATING BUDGET

Personal Services	2,106,200	2,240,400	2,272,000	2,273,000	2,335,800	2,338,400
Employee Related Expenditures	419,300	442,900	444,400	447,300	457,000	460,400
Professional/Outside Services	132,400	86,200	181,200	86,200	171,200	86,200
Travel - In State	56,900	58,600	58,600	58,600	58,600	58,600
Travel - Out of State	36,400	39,900	39,900	39,900	42,900	44,900
Other Operating Expenditures	708,900	892,800	900,200	910,300	903,200	924,300
Equipment	96,700	15,200	49,700	67,500	58,700	66,000
All Other Operating Subtotal	1,031,300	1,092,700	1,229,600	1,162,500	1,234,600	1,180,000
OPERATING SUBTOTAL	3,556,800	3,776,000	3,946,000	3,882,800	4,027,400	3,978,800

SPECIAL LINE ITEMS

Minority and Women Owned Business	0	100,000	98,100	101,100	98,100	101,100
AZ Wine Commission	200,000	0	0	0	0	0
Small Business Advocate	0	100,000	98,400	101,200	98,400	101,200
Safford Museum of Discovery	350,000	0	0	0	0	0
European Trade Representation	0	0	0	0	70,000	0
Econ Devt Matching Funds	104,000	104,000	104,000	104,000	104,000	104,000
CEDC Commission	199,800	200,200	200,200	200,500	200,200	200,500
Advertising & Promotion	484,000	495,200	580,200	525,200	580,200	495,200
Asian Pacific Trade Office	166,900	169,900	208,900	214,700	208,900	214,700
Mexico Trade Office	297,500	300,100	300,100	300,100	300,100	300,100
REDI Matching Grants	34,900	45,000	45,000	45,000	45,000	45,000
Motion Picture Development	480,100	606,400	604,100	638,100	604,100	533,100
National Law Center/Free Trade	0	572,000	497,000	497,000	0	0
Indian Economic Development	55,700	65,900	66,500	65,900	66,500	65,900
Oil Overcharge Admin.	79,900	124,900	126,200	126,000	126,200	126,000
Japan Trade/Tourism	227,500	280,000	280,000	280,000	280,000	280,000
European Trade Office	0	0	330,000	330,000	330,000	400,000
AZ Border Govs Conference	144,200	0	0	0	0	0
AZ/Sonora Econ Development Study	0	300,000	0	0	0	0
Alternative Fuels	450,000	625,000	0	0	0	0
Main Street	80,000	85,000	0	130,000	0	130,000
Military Base Realignment	0	0	0	1,000,000	0	1,000,000
Prior Year Appropriation	0	0	0	-1,000,000	0	-1,000,000
Work Force Recruitment/Training	3,000,000	3,000,000	5,000,000	2,000,000	5,000,000	2,000,000
Super Bowl Opportunities	0	0	200,000	0	0	0
Pacific Coast Outreach	0	0	629,400	0	629,400	0
Williams AFB Economic Development	0	350,000	350,000	350,000	350,000	350,000
Special Item Subtotal	6,354,500	7,523,600	9,718,100	6,008,800	9,091,100	5,446,800
AGENCY TOTAL	9,911,300	11,299,600	13,664,100	9,891,600	13,118,500	9,425,600

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DEPT: Department of Commerce

JLBC Analyst: Brad Beranek
OSP Analyst: Marcel Benberou

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
BY FUND SOURCE						
General Fund	6,964,700	7,181,700	10,448,800	6,689,500	10,340,200	6,750,500
Other Appropriated Funds	2,946,600	4,117,900	3,215,300	3,202,100	2,778,300	2,675,100
Federal Funds	10,178,300	14,703,200	--	15,329,200	--	15,329,200
Other Non-Appropriated Funds	11,684,000	16,924,200	--	16,405,600	--	12,029,700
TOTAL - ALL SOURCES	31,773,600	42,927,000	13,664,100	41,626,400	13,118,500	36,784,500

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(492,200)	(6.9)%	\$ 61,000	0.9%
Other Appropriated Funds	(915,800)	(22.2)%	(527,000)	(16.5)%
Total Appropriated Funds	\$(1,408,000)	(12.5)%	\$(466,000)	(4.7)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$11,100 OF	\$36,800 GF
— Vacancy Savings - Maintains a 1.5% Vacancy Rate for General Fund positions	-0- OF	(3,100) GF
— ERE Rates	(4,300) OF	1,900 GF
— Risk Management	2,400 OF	9,600 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(15,200) GF

Base Adjustments

(1,000,000) OF

The JLBC Staff recommendation reflects the reduction of (\$75,000) of Commerce and Economic Development (CEDC) monies from the National Law Center/Free Trade Special Line Item due to the completion of research projects, and the (\$300,000) elimination of CEDC monies for the one-time Arizona/Sonora Economic Development Study. Also recommended is the \$(625,000) elimination of a one-time appropriation from the Department of Administration Special Services Revolving (DOASSR) Fund to the department's Alternative Fuel Delivery System Development Fund.

Economic Development Incentive Policy Appropriation

1,000,000 GF

One of the provisions of Chapter 339, H.B. 2202 was a General Fund appropriation of \$1,000,000 in FY 1996 to the department to mitigate the impact of possible military base closures or realignments to the state. The bill also created a Military Facilities Study Commission, which after studying all military facilities in the state, is required to submit a report by June 1995 recommending ways to expend this appropriation.

Prior Session Appropriation

(1,000,000) GF

The \$1,000,000 was already appropriated and does not need to be included in the FY 1996 General Appropriation Act.

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Arizona Business Connection

5,500 GF

The JLBC Staff recommendation provides \$5,500 for printing and postage costs associated with increases in postal fees and the volume of information packages sent to clients. The Executive recommendation does not provide for this.

National Marketing

30,000 OF

The JLBC Staff recommendation provides \$30,000 to update an Arizona business video. This amount would be a one-time expenditure from the CEDC fund, and matched with \$45,000 in contributions from Arizona Public Service, Salt River Project, and other economic development entities throughout the state. The videos, which will replace the current 3-year old videos, will be professionally produced and are expected to have a 5-year shelf life. They will be sent to qualified leads—those companies which display interest in relocating to, or expanding in, Arizona. The Executive recommends an additional \$55,000, for a total of \$85,000 from the CEDC Fund for additional advertising and promotion activities including an Arizona fact book, and Rural Arizona brochure.

Community Assistance

45,000 OF

The JLBC Staff recommendation provides \$45,000 from the CEDC fund for the expansion of the Main Street Program. The goal of the program is to revitalize rural Arizona towns through building rehabilitation and construction projects. By improving the physical appearances of cities and towns, the program attracts private investment, new jobs, and businesses to rural Arizona. Currently, the program is actively serving 20 communities. Although it already receives \$85,000 from the CEDC Fund, the present funding will be insufficient to provide on-going technical assistance to currently enrolled communities while responding to the increased demand for this service throughout the state. The increased funding would also add 2 new communities per year at approximately \$10,000 per community, in addition to serving its current community base. The Executive recommendation does not provide this funding.

International Trade and Investment

374,800 GF

The JLBC Staff recommendation includes \$44,800 for the expansion of the Asian/Pacific Trade Office in Taiwan. The funding will provide for an additional contracted trade specialist to "cover" when the director is traveling, for increase promotional activities, and for additional travel costs associated with promoting Arizona into new areas of Asia. The office in Taiwan appears to be successful. In 1987, when it first opened, Arizona exports to the region totaled \$75 million; in 1993, exports grew to approximately \$500 million. While this reflects a general burst in exports to this region, the growth in Taiwan exports has been above average. Despite this growth, the division now believes it is time to develop economic ties outside of Taiwan and into the rest of Asia. In addition to promoting Arizona products, the office also advertises Arizona as an ideal manufacturing site, stressing that foreign companies which add value to their products within North America are exempt from certain trade duties.

In the past 5 years, the Asian demand for Arizona exports has grown faster than from any other trade area in the world. In 1993, Asia was the largest single market for Arizona goods, surpassing North America and Europe. Newly industrialized countries (NICs) such as Taiwan, Korea, Malaysia, Singapore, and Thailand are seeing increased standards of living, and have generated such demand. The U.S. Department of Commerce has estimated that the largest emerging economies in the world are in Asia, including China, Indonesia, and India.

The Executive has recommended \$39,000 for this trade office in FY 1996.

The JLBC Staff recommendation also provides \$330,000 in start-up costs for the establishment of a European trade office to promote Arizona products in Europe, and to attract European business to Arizona. Currently, 37 states have trade offices in Europe, up from 26 offices in 1985. The amount includes \$190,000 for a foreign contractor to provide office space, 2 professionals trained in trade and promotion, and support staff; \$60,000 for intra-European travel; and \$80,000 for communications expenses, multi-lingual publications and promotion, and a sub-contracted Phoenix-based trade specialist working at the Department of Commerce. Europe currently accounts for 37% of all foreign dollars invested in Arizona, and 53% of the number of foreign investments in the state. In addition, 69% of manufacturing jobs, and 42% of all jobs, created by foreign investors are supplied by European companies. In terms of international trade, Arizona has exported about 25% of its goods in each of the past several years to Europe. However, small percentages in growth of European demand for Arizona goods (with the exception of the United Kingdom; the second largest foreign importer of Arizona goods in 1993) indicates that an Arizona presence in Europe could be effective in bolstering this demand, and in competing with other states already there. The JLBC Staff also recommends another \$70,000 in General Fund money for advertising and promotion in FY 1997, for a total of \$400,000 in FY 1997.

The Executive concurs with the FY 1996 recommendation, but recommends funding \$70,000 advertising and promotion monies from the CEDC fund in FY 1997 in a new line item called European Trade Representation.

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Motion Picture Development

30,000 GF

The JLBC Staff recommendation provides \$30,000 for a one-time expansion of advertising and promotional activities. The bulk of this money will be earmarked for the publication of the Arizona Film Commission Production Guide, a standard resource tool published by 83% of film commissions in the United States. The guide will list free of charge every film professional residing in Arizona, and all state vendors and businesses providing film-related services. It will also include useful information regarding filming in Arizona, such as production needs associated with location and studio filming in the state. The publication will be utilized by industry members, as well as Arizona film professionals and businesses. The Executive recommendation does not provide this funding.

Workforce Recruitment and Job Training

(1,000,000) GF

The JLBC Staff recommendation provides a (\$1,000,000) reduction of funding for the Workforce Recruitment and Job Training (WRJT) program. Since its inception in FY 1994, this program has employed almost 9,000 people, with average salaries of \$10.90 for employees of large firms, and \$9.93 for employees of small firms. The national average is \$11.29. The program requires participating businesses to provide at least 25% of the funding for training. Of the combined \$6,000,000 appropriated by the Legislature to this program for FY 1994 and FY 1995, approximately \$813,000 remains uncommitted and is earmarked for small businesses. Money earmarked for large businesses, 80% of the total appropriation, has already been spent. The program is statutorily set to expire in December 1995.

Despite the apparent success of WRJT, this reduction reflects a movement away from General Fund support to private support of the program. Laws 1993, Chapter 1 requires the Work Force Recruitment and Job Training Council to study non-legislative funding sources beyond FY 1995. The report will be submitted to the Legislature by January 1, 1995, but is not expected to recommend any alternative funding sources. Given this lack of proposals, the JLBC Staff contacted the National Conference of State Legislatures (NCSL) Staff to identify possible alternatives. Funding options identified by NCSL include community college bond issues to raise training funds (Iowa), employer income tax credits for training through state-approved agencies (Alabama), and the earmarking of 0.1% of the employer-paid unemployment insurance tax to provide training to currently unemployed workers, as well as to those threatened with layoffs (California).

The Executive recommendation provides a \$2 million expansion of this program.

Equipment

67,500 GF

The JLBC Staff recommendation includes \$14,500 for a copier for the Arizona Business Connection. The current 3-year old machine, which has run over 750,000 copies and will exceed its life expectancy in FY 1995, is requiring considerable maintenance. In addition, the recommended amount provides \$53,000 for updated wordprocessing software and supporting operating systems, accompanying training manuals, 4 laser printers replacing those exceeding printing lives, 10 personal computers replacing technologically outdated models, and hardware and software to link the agency with computers of other state agencies, universities, and the business community (external host-to-host connectivity). This equipment reflects the agency's highest priorities and is consistent with its 3-year automation plan. The Executive recommendation provides \$49,700 for equipment, reflecting partial funding of the department's automation plan.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-Time Capital and Non-Capital Equipment

(67,500) GF

Base Adjustments

(527,000) OF (105,000) GF

The JLBC Staff recommendation provides for the following adjustments to the FY 1997 funding base: a (\$75,000) General Fund reduction associated with the expiration of the former Arizona Film Commissioner's contract at the end of FY 1996, a (\$30,000) General Fund decrease associated with one-time advertising and promotion expenditures by the Motion Picture division in FY 1996, a (\$30,000) reduction of CEDC money associated with one-time advertising and promotion expenditures by the National Marketing division in FY 1996, and a (\$497,000) reduction of CEDC funds associated with the discontinuation of the National Law Center Special Line Item due to the completion of state-commissioned research projects.

Arizona Business Connection

47,900 GF

The JLBC Staff recommendation provides 1 FTE and related costs (\$38,900 in Personal Services and ERE, and \$9,000 in operating support) for an additional business counselor to handle the dramatic increase in information requests from small businesses. Currently, 3 counselors are handling over 2,000 calls per month for information relating to small business start-ups, expansion, and relocations. The annual growth rate in incoming phone calls has been 35%. Therefore, the division is expecting at least 4,900 phone calls a month in FY 1997. The new FTE position is necessary to provide more effective and timely information to inquiring businesses. The Executive recommendation provides \$42,900 for this purpose.

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International Marketing

119,600 GF

The JLBC Staff recommendation provides \$49,600 for 1 FTE position and related costs (\$39,600 in Personal Services and ERE, and \$10,000 in operating expenses) for a Phoenix-based trade specialist dedicated solely to the support of the Asian/Pacific Trade Office. At a recent trade directors' conference, there was universal agreement that a stateside employee assigned to support a foreign trade office contributes to the success of that trade office. The agency's own experiences confirm that viewpoint, having achieved considerable success with its Japanese and Mexican trade offices, both of which have 1 dedicated employee in Phoenix. The Executive recommendation provides \$45,900 for this purpose.

The JLBC Staff recommendation also provides \$70,000 from the General Fund for advertising and promotion expenses associated with the European Trade Office in FY 1997, for a total of \$400,000 in FY 1997. The Executive recommendation provides \$70,000 from the CEDC fund for this purpose.

Equipment

66,000 GF

The JLBC Staff recommendation provides \$66,000 for updated database and spreadsheet software, training manuals, 6 personal computers replacing technologically outdated models, and an upgraded server with new software. This equipment reflects the agency's highest priorities and is consistent with its 3-year automation plan. The Executive recommendation provides \$58,700 for equipment, reflecting partial funding of the department's automation plan.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— Advertising and Promotion to Super Bowl Visitors

The Executive has recommended \$200,000 to advertise and promote Arizona during the 1996 Super Bowl. The sporting event is expected to bring more than 90,000 visitors to the state, many of which represent Fortune 500 companies. The Director of the Department of Commerce is currently forming a Business Development Committee to study ways to promote Arizona to these visitors. The committee, comprised of economic development organizations, will be required to match any state investment in order to participate with the department in the promotional activities. These activities include the production of in-hotel-room informational videos, a reception for CEO's attending the game, and collateral materials provided for members of the Super Bowl Committee (which is comprised of National Football League VIPs and company executives).

— Pacific Rim

The Executive has recommended \$629,000 from the General Fund for the Pacific Coast Business Outreach program. The purpose of the program is to attract California businesses to relocate to Arizona through focused marketing campaigns. Strategies will include providing a teleconsulting unit to the department's National Marketing division. The funding also provides for 6 new FTE positions in the division, and funding for additional advertising and promotional activities.

— Commerce and Economic Development Fund Stabilization

Though not part of the General Appropriation Act, the department may propose legislation this session to stabilize the stream of revenue collected by the CEDC fund for improved planning purposes. Currently, the CEDC fund collects revenues from 2 scratch lottery games, and from registration and transaction fees associated with trading on the State of Arizona Stock Exchange. Due to the unpredictable nature of lottery game revenue, the department will seek to establish a minimum funding level of \$5,000,000 per fiscal year from total lottery revenues. To the extent that scratch game revenues are less than this amount, this proposal will result in a loss of total lottery revenues to the general fund.

— Legal Counsel

The Executive has recommended \$10,000 from the Bond fund for legal support associated with required revisions to, and the adoption of, statutes relating to the administration of the Bond program.

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DEPT: Constitutional Defense Council

JLBC Analyst: Dick Morris
OSP Analyst: Jim Cockerham

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	0.0
SPECIAL LINE ITEMS						
Lump Sum Appropriation	0	1,000,000	0	500,000	0	1,000,000
Special Item Subtotal	0	1,000,000	0	500,000	0	1,000,000
AGENCY TOTAL	0	1,000,000	0	500,000	0	1,000,000
BY FUND SOURCE						
General Fund	0	1,000,000	0	500,000	0	1,000,000
TOTAL - ALL SOURCES	0	1,000,000	0	500,000	0	1,000,000

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

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(500,000)	(50.0)%	\$500,000	100.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Constitutional Defense Council **\$(500,000) GF**
 The amount recommended would reduce the council's appropriation from \$1,000,000 to \$500,000, but is intended to maintain a balance in the Constitutional Defense Council Revolving Fund of \$1,000,000. Laws 1994, Chapter 222 appropriated \$1,000,000 to the council in FY 1995, but the amount is exempt from lapsing. The council expects to expend only \$500,000 in FY 1995, leaving \$500,000 to carry forward to FY 1996. To maintain a \$1,000,000 balance, the council would need a new appropriation of \$500,000 in FY 1996. It is recommended that a footnote be included with the appropriation which would limit the transfer to only the amount necessary to restore the unencumbered balance of the Constitutional Defense Revolving Fund to \$1,000,000, as of July 1, 1995. Any funds remaining in the appropriation after the transfer would immediately revert to the General Fund. The Executive has made no recommendation for this budget unit.

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FY 1997 — JLBC Staff Recommended Changes from FY 1996

Constitutional Defense Council

500,000 GF

Based upon the expectation that the Constitutional Defense Council will expend all available funds in FY 1996, an appropriation of \$1,000,000, to be transferred from the General Fund to the Constitutional Defense Fund, is recommended. A footnote to the appropriation is also being recommended which would limit the amount of the appropriation to be transferred to an amount necessary to restore the unencumbered balance of the Constitutional Fund to \$1,000,000, as July 1, 1996. Any appropriated monies not transferred should immediately revert to the General Fund.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

New Footnotes

- Of the amounts appropriated, only the amount necessary to bring the unencumbered balance of the Constitutional Defense Revolving Fund to a total of \$1,000,000, as of July 1, 1995 and July 1, 1996, shall be transferred and deposited to the Constitutional Defense Revolving Fund. On July 1, 1995 and July 1, 1996, after the transfers to the Constitutional Defense Fund are completed, all funds remaining in the appropriation shall immediately revert to the General Fund.

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DEPT: Registrar of Contractors

JLBC Analyst: Gita Reddy
OSP Analyst: Marcel Benberou

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	109.3	110.3	118.3	114.3	120.3	114.3
OPERATING BUDGET						
Personal Services	2,426,200	2,735,700	2,944,100	2,882,500	2,995,300	2,882,500
Employee Related Expenditures	573,600	703,400	814,800	793,500	828,800	793,500
Professional/Outside Services	28,700	16,000	19,000	30,400	26,000	25,400
Travel - In State	177,100	197,200	204,200	205,800	212,500	205,800
Travel - Out of State	2,200	1,100	3,100	3,800	3,100	3,800
Other Operating Expenditures	732,200	680,900	779,700	831,900	755,800	823,400
Equipment	40,600	116,500	121,000	347,800	98,600	93,500
All Other Operating Subtotal	980,800	1,011,700	1,127,000	1,419,700	1,096,000	1,151,900
OPERATING SUBTOTAL	3,980,600	4,450,800	4,885,900	5,095,700	4,920,100	4,827,900
SPECIAL LINE ITEMS						
Public Awareness Campaign	0	0	80,000	0	80,000	0
Telephone System	0	0	158,700	0	0	0
Automation	0	164,400	0	0	47,200	0
Imaging	0	343,800	0	250,000	0	0
Special Item Subtotal	0	508,200	238,700	250,000	127,200	0
AGENCY TOTAL	3,980,600	4,959,000	5,124,600	5,345,700	5,047,300	4,827,900
BY FUND SOURCE						
General Fund	3,980,600	0	0	0	0	0
Other Appropriated Funds	0	4,959,000	5,124,600	5,345,700	5,047,300	4,827,900
Other Non-Appropriated Funds	2,128,300	2,389,100	--	2,380,300	--	2,380,300
TOTAL - ALL SOURCES	6,108,900	7,348,100	5,124,600	7,726,000	5,047,300	7,208,200

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DEPT: Registrar of Contractors

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$386,700	7.8%	\$(517,800)	(9.7)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 47,100 OF
- Vacancy Savings - Adjusts to a 2.0% Vacancy Rate (3,900) OF
- ERE Rates 55,700 OF
- Risk Management (1,600) OF
- Rent 1,300 OF
- Elimination of One-time Non-Capital and Capital Equipment (631,000) OF
- Other (800) OF

Professional and Outside Services

10,200 OF

The JLBC Staff recommends \$10,200 for mediation services at a cost of \$50 per case. Currently, cases in which the dispute between the contractor and the consumer cannot be resolved go through the formal hearing process, which results in additional costs for the contractor, the consumer, and the agency. Going through the formal hearing process also increases the time necessary to resolve a complaint. The Executive does not recommend this issue.

Travel - In State

5,000 OF

The recommended amount includes an increase of \$5,000 for motor pool charges associated with the purchase of a new vehicle.

Travel - Out of State

2,700 OF

The recommended amount includes an additional \$2,700 for costs associated with three out-of-state conferences. The Executive recommends an increase of \$2,000.

Other Operating Expenditures

28,800 OF

The recommended amount includes \$35,800 in funding for postage and printing costs associated with publishing the agency's semi-annual newsletter, telecommunications services for two of the field offices, and miscellaneous office equipment. The recommended amount also includes a decrease of \$(7,000) to reflect the lower cost of the maintenance contract on the agency's new server. The Executive recommends an increase of \$30,700 for non-capitalized equipment.

Equipment

184,700 OF

The recommended amount includes \$160,000 to purchase the following replacement equipment: phone systems for the Phoenix and Mesa Offices, 5 copiers for field offices, 4 printers, 1 mail machine, and 1 postage scale. The recommended amount also includes \$24,700 to purchase the following new equipment: a pickup, a postage machine for the Mesa Office, 14 ladders, and a video camera. The Executive recommends an increase of \$189,300 for new equipment.

Imaging Expansion

250,000 OF

The recommended amount includes \$250,000 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

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the agency's Inspections and Investigations Departments as well as by the Attorney General's Office. All expenditures for equipment and services are subject to JLBC review (see footnote). The Executive does not recommend this issue.

Automation Improvements 151,900 OF
The JLBC Staff recommends funding 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 recommended amount includes \$122,500 in one-time hardware/software costs and \$29,400 in ongoing costs for consulting and data lines. The Executive does not recommend this issue.

New Inspectors 114,300 OF
The recommended amount includes \$56,200 in Personal Services, \$14,900 in Employee Related Expenditures, \$8,600 in Travel - In State, 1,000 in Other Operating Expenditures, and \$33,600 in one-time equipment costs to fund 2 new inspectors, 1 for the Mesa Office and 1 for the Phoenix Office. During FY 1994, each Mesa inspector was assigned approximately 540 complaints and each Phoenix inspector was assigned approximately 450 complaints. Currently, if a complaint is filed in either the Mesa or the Phoenix Offices, it would take approximately 2 months before an initial inspection could even be scheduled. Ideally, after the inspection, the inspector would negotiate a settlement with the contractor and the consumer. But with the current caseload levels, inspectors do not have the time to engage in lengthy settlement negotiations, which results in cases being sent unnecessarily through the hearing process. The Executive also recommends funding for 2 additional inspectors.

Additional Space 97,400 OF
The recommended amount includes increases of \$61,700 for additional floor space and \$35,700 for remodeling existing and new space. The agency's existing space is cramped and poorly configured. The Executive recommends an increase of \$90,700 for this issue.

Administrative Staff 74,900 OF
The recommended amount includes \$52,600 in Personal Services, \$14,300 in Employee Related Expenditures, \$1,000 in Other Operating Expenditures, and \$7,000 in Equipment to fund an EDP Technical Support Specialist I and an Accounting Technician III. The technical support specialist will help the agency maintain its new imaging system and Wide Area Network (WAN). The addition of a new accounting technician will help the agency handle the increased workload associated with program budgeting and the new state accounting and personnel systems. The Executive also recommends funding for a technical support specialist and an accounting technician.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Non-Capital and Capital Equipment (605,600) OF

Other Operating Expenditures (5,700) OF
The recommended amount includes a reduction of \$(35,700) to adjust for the completion of the agency's renovation work. The recommended amount also includes an increase of \$30,000 for on-going maintenance costs associated with the agency's imaging system.

Equipment 46,300 OF
The recommended amount includes \$46,300 to purchase 4 printers, 3 copiers, 3 facsimile machines, 1 mail machine, and 1 paper cutter. The Executive recommends an increase of \$59,100 for replacement equipment.

Automation Improvements 47,200 OF
The recommended amount includes \$47,200 to upgrade the central processor and to increase the memory and disk storage space on the agency's minicomputer system. The agency is currently utilizing 50% of available memory and disk space. Given the expected growth in the size of the agency's databases and the agency's plans to develop additional databases, the agency will need the upgrade and the increased memory during FY 1997. The Executive recommends \$47,200 for the upgrade and \$10,000 for additional staff automation training.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

New Footnote

- 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.

Other Issues for Legislative Consideration

— Additional FTE Positions

The Executive recommends funding for the following FTE positions: 1) a computer operator and a clerk typist for the main office, and 2) 2 investigators, 1 inspector and 1 clerk-typist for the field offices. The JLBC Staff does not recommend the additional positions because it believes that the implementation of imaging in the agency's Licensing, Hearing and Recovery Fund Departments and the expansion of the WAN (specifically, the provision of laptop computers for all of the agency's investigators and inspectors) will allow the agency to absorb an increase in workload without adding more FTE positions. In addition, the JLBC Staff expects that the implementation of imaging will free up some administrative staff positions, which the agency can reclassify to meet any additional staffing needs.

— Public Service Advertisements

The Executive recommends an additional \$40,000 for the agency's advertising campaign, designed to inform consumers and contractors about the agency. The agency is currently supplementing its \$40,000 appropriation for this program with \$40,000 from its Recovery Fund. Given the hefty balance in the fund (estimated at \$4,438,800 entering FY 1996) the JLBC Staff recommends that the agency continue to supplement the program with Recovery Fund monies.

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DEPT: Corporation Commission

JLBC Analyst: Jason Hall
OSP Analyst: Monica Seymour

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	222.0	236.0 ^{1/}	227.0	236.0 ^{1/}	241.0	236.0

BY PROGRAM/ORGANIZATION

Administration/Hearing	1,997,900	1,805,700	1,664,400	1,884,100	1,664,800	1,948,500
Corporations	1,212,200	1,299,000	1,493,600	1,306,700	1,463,600	1,276,700
Securities	1,561,900	1,657,200	1,656,800	1,657,000	2,200,900	2,192,000
Railroad Safety	411,100	388,400	608,000	578,800	508,000	578,800
Utilities	4,680,100	4,787,400	4,935,300	4,835,500	4,869,800	4,770,500
Legal	942,700	995,100	1,047,500	1,019,900	1,022,100	991,400
AGENCY TOTAL	10,805,900	10,932,800	11,405,600	11,282,000	11,729,200	11,757,900

OPERATING BUDGET

Personal Services	6,667,300	6,939,500	7,133,900	7,019,900	7,514,700	7,019,900
Employee Related Expenditures	1,355,200	1,647,600	1,540,700	1,533,300	1,629,900	1,533,300
Professional/Outside Services	188,700	162,700	157,700	183,500	155,300	161,500
Travel - In State	168,700	177,200	182,700	182,200	180,800	177,200
Travel - Out of State	61,000	59,900	61,400	59,900	68,600	59,900
Other Operating Expenditures	1,701,300	1,544,400	1,676,900	1,685,400	1,685,800	1,693,800
Equipment	72,500	23,500	45,200	47,500	17,000	7,000
All Other Operating Subtotal	2,192,200	1,967,700	2,123,900	2,158,500	2,107,500	2,099,400
OPERATING SUBTOTAL	10,214,700	10,554,800	10,798,500	10,711,700	11,252,100	10,652,600

SPECIAL LINE ITEMS

Railroad Warning Systems	84,800	0	200,000	192,000	100,000	192,000
Audits and Studies	479,600	350,000	350,000	350,000	350,000	350,000
Arts Trust Fund Administration	26,800	28,000	27,100	28,300	27,100	28,300
Investment Management Act	0	0	0	0	0	535,000
Model Business Corp. Act	0	0	30,000	0	0	0
Special Item Subtotal	591,200	378,000	607,100	570,300	477,100	1,105,300
AGENCY TOTAL	10,805,900	10,932,800	11,405,600	11,282,000	11,729,200	11,757,900

^{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. The number of FTE positions has been altered in FY 1995 and FY 1996 to reflect the existence of these employees prior to FY 1997, and to make valid comparisons.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Corporation Commission

JLBC Analyst: Jason Hall
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
BY FUND SOURCE						
General Fund	5,129,500	4,985,700	5,290,800	5,211,500	5,161,200	5,184,000
Other Appropriated Funds	5,644,800	5,919,100	6,114,800	6,070,900	6,568,000	6,573,900
Federal Funds	81,200	90,000	--	90,000	--	70,300
Other Non-Appropriated Funds	1,917,700	2,838,100	--	2,624,300	--	2,186,600
TOTAL - ALL SOURCES	12,773,200	13,832,900	11,405,600	13,996,700	11,729,200	14,014,800

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 which include Corporations, Securities, and Utilities. The Corporations Division administers the Arizona 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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$225,800	4.5%	\$ (27,500)	(0.5)%
Other Appropriated Funds	151,400	2.6%	503,400	8.3%
Total Appropriated Funds	\$377,200	3.5%	\$475,900	4.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 60,600 OF	\$ 53,600 GF
— Vacancy Savings - Maintains a 1.2% Vacancy Rate	(1,200) OF	1,300 GF
— ERE Rates	(74,600) OF	(46,200) GF
— Risk Management	134,200 OF	64,000 GF
— Rent	(43,200) OF	(61,900) GF
— Elimination of One-time Capital and Non-Capital Equipment	(15,500) OF	(8,000) GF

New Equipment

The JLBC Staff recommends the total appropriation of \$37,100 for the purchase of new and replacement capital equipment. This amount consists of \$26,100 to upgrade and replace Legal Division computers, purchase a CD-ROM computer research unit, and replace an office copier for that division; \$10,000 to replace Utilities Division personal computers; and \$1,000 to replace a failing laser printer. The Executive recommends \$45,200 for capital equipment purchases, which include the CD-ROM unit.

Pipeline Safety

The JLBC Staff recommends that \$55,000 be appropriated from the Pipeline Safety Revolving Fund. The fund was established by A.R.S. § 40-443 to promote training and safety related to pipeline safety. This recommended one-time increase will fund

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

the upgrade of a training film to comply with federal law, provide for an instructor to provide training sessions throughout the state, and also fund the purchase of equipment necessary for locating underground natural gas lines and for recording these events for investigations and future training. The Executive recommends this issue in the amount of \$60,000. The additional money provides for a greater amount in Professional and Outside Services, and for the purchase of miscellaneous small equipment.

Railroad Warning Devices 192,000 GF
The JLBC Staff recommends an increase of \$192,000 pursuant to A.R.S. § 40-377.2, which provides that up to \$200,000 may be appropriated annually as a 10% match to federal funds. Adding this recommended appropriation to the existing fund balance would provide a total of \$252,300 to serve as the state match to over \$2,500,000 in federal funds for construction of warning devices at railway crossings. The program has not received state funding for 5 years, as a surplus balance was drawn down from this non-reverting item. The balance was carried forward because several past projects were completed, but the state never received bills for these contracts. The commission now requires that all contracts be fulfilled within 15 months, and that all bills be received within 60 days of completion of projects or the state is not liable for their cost. The appropriation in FY 1996 is necessary for the cost of construction projects expected to come due in that fiscal year. The Executive also recommends this issue, but for the full \$200,000 authorized by A.R.S. § 40-337.02.

Revised Model Business Corporation Act 30,000 GF
The JLBC Staff recommends \$30,000 to print roughly 10,000 books detailing the changes made to the Model Business Corporation Act, Chapter 1, Title 10. This act has been revised and will be implemented on January 1, 1996. The recommendation proposes publishing and selling books to explain these revisions. Proceeds from the sales would return the initial \$30,000 outlay to the General Fund. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital Equipment (46,500) OF (1,000) GF

Rent 58,400 OF
The recommended increase funds the cost of rent for Securities Division employees with Investment Management Act monies, available for appropriation in FY 1997.

Revised Model Business Corporation Act (30,000) GF
This recommended decrease removes the one-time funding for printing books which describe recent changes made to this act.

New Equipment 3,500 OF 3,500 GF
This amount funds the replacement of an 8 year-old office copier in the Administrative Division.

Pipeline Safety (47,000) OF
This recommended decrease removes one-time funding to update a safety film and educate Arizona residents about underground pipeline safety.

Investment Management Act 535,000 OF
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 recommended amount funds all costs of retaining 14 employees who review applications for registration, perform investigations, and educate the public about investments. The Executive has also recommended this issue for \$544,100.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

— Monies in the Audits and Studies Special Line Item are exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— Three Examiners Positions

The number of corporations locating in Arizona continues to grow. This growth has been especially marked in the categories of corporations and limited liability companies. The result of this growth is that the Corporations Division now requires 6 weeks to process business documents compared to 1 week in FY 1992. The Executive recommends that 2 Examiners and 1 Administrative Support Examiner be hired to work a night shift to expedite these filings. A net \$74,600 increase in General Fund outlays would be required to employ the additional examiners. The JLBC Staff has not recommended this issue. While recognizing that the current workload is substantial, the JLBC Staff believes new automation processes may allow other staff members to devote time to the process of examining business organization papers.

— Professional Study

Rapid changes in the electric utility and telecommunications industries demand greater competition among service providers and challenge the state's current regulatory structure. The Executive recommends providing a new position to study these changes and to propose necessary changes to the state's regulatory structure. The JLBC Staff has not recommended funding this additional FTE position. Instead, the JLBC Staff proposes that excess monies in the Audits and Studies Special Line Item be used to fund professional studies related to adapting regulations. These monies already fund expert research for testimony in rate hearings and could be used for the regulatory structure study. This method of funding also avoids adding a permanent position to the agency.

— Railroad Warning Devices

The committee that determines the list of railroad crossings which are in need of warning devices does not meet until mid-February. In the absence of a list of projects and related costs to tally, the JLBC Staff has recommended continuing appropriations for Railroad Warning Devices in FY 1997 at \$192,000. This would enable Arizona to receive approximately \$2,500,000 in federal funds. The Executive recommends reducing this appropriation to \$100,000.

— Vacancy Savings

The recommended vacancy savings rate is a weighted average of the vacancy rates applied to the 6 divisions.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Cosmetology

JLBC Analyst: Jason Hall
 OSPB Analyst: John McCarthy

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	15.5	15.5	15.5	15.5	15.5	15.5

OPERATING BUDGET

Personal Services	317,000	330,900	335,800	335,900	335,800	335,900
Employee Related Expenditures	82,200	94,300	91,100	91,600	91,100	91,600
Professional/Outside Services	80,900	82,900	82,900	77,900	82,900	77,900
Travel - In State	25,600	25,000	25,000	25,000	25,000	25,000
Travel - Out of State	8,700	7,700	7,700	7,700	7,700	7,700
Other Operating Expenditures	106,700	96,100	100,700	98,400	100,700	98,400
Equipment	2,200	0	0	0	0	0
All Other Operating Subtotal	224,100	211,700	216,300	209,000	216,300	209,000
OPERATING SUBTOTAL	623,300	636,900	643,200	636,500	643,200	636,500

SPECIAL LINE ITEMS

Relocation	0	0	170,500	0	0	0
Special Item Subtotal	0	0	170,500	0	0	0
AGENCY TOTAL	623,300	636,900	813,700	636,500	643,200	636,500

BY FUND SOURCE

Other Appropriated Funds	623,300	636,900	813,700	636,500	643,200	636,500
TOTAL - ALL SOURCES	623,300	636,900	813,700	636,500	643,200	636,500

Agency Description - The board administers licensing examinations and licenses; inspects salons and schools; and investigates found or reported violations of sanitation requirements and cosmetology procedures. It conducts hearings and imposes enforcement actions where appropriate.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(400)	(0.1)%	\$-0-	0.0%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 5,700 OF
— ERE Rates	(3,400) OF
— Risk Management	1,400 OF
— Rent	2,200 OF
— Elimination of One-time Capital and Non-Capital Equipment	(1,300) OF

Professional and Outside Services

(5,000) OF

The JLBC Staff recommends a \$(5,000) decrease in the appropriation for Professional and Outside Services. The Department of Administration reduced its charges for some data processing uses by 18% in FY 1995. The recommended decrease reflects this expected cost savings. The Executive does not recommend this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- OF

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JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- The FY 1996 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.

Other Issues for Legislative Consideration

— Office Relocation

The Executive recommends appropriating \$170,500 for costs associated with relocating the board in a commercial shopping area. The amount includes \$72,000 to purchase 18 new salon testing stations and to install new plumbing and electrical wiring. The JLBC Staff recommendation does not include funding for the proposed relocation. As a skills testing center, the board's current facilities present unique costs if relocated, and current facilities are suitable for their licensing and testing needs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Criminal Justice Commission

JLBC Analyst: L. Martinez
OSP/B Analyst: Thomas Betlach

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP/B	JLBC	OSP/B	JLBC
Full Time Equivalent Positions	6.0	6.0	6.0	6.0	6.0	6.0
OPERATING BUDGET						
Personal Services	205,500	213,800	217,000	217,000	217,000	217,000
Employee Related Expenditures	35,900	43,000	44,300	44,500	44,300	44,500
Professional/Outside Services	0	2,300	0	0	0	0
Travel - In State	6,900	8,700	9,200	11,000	9,200	11,000
Travel - Out of State	0	2,300	2,300	2,300	2,300	2,300
Other Operating Expenditures	62,200	67,900	58,300	58,300	58,300	58,300
All Other Operating Subtotal	69,100	81,200	69,800	71,600	69,800	71,600
OPERATING SUBTOTAL	310,500	338,000	331,100	333,100	331,100	333,100
SPECIAL LINE ITEMS						
Substance Abuse Surveys	20,000	0	25,000	0	0	0
Drug Enforcement Funding Advance	1,000,000	1,000,000	0	0	0	0
Street Gang Enforcement	0	1,100,000	1,100,000	1,100,000	0	0
Gang Intel. & Team Enforcement Model	0	5,000,000	4,250,000	0	0	0
Drug Prevention Resource Center	200,000	200,000	220,000	220,000	230,000	230,000
Special Item Subtotal	1,220,000	7,300,000	5,595,000	1,320,000	230,000	230,000
AGENCY TOTAL	1,530,500	7,638,000	5,926,100	1,653,100	561,100	563,100
BY FUND SOURCE						
General Fund	1,000,000	7,100,000	5,350,000	1,100,000	0	0
Other Appropriated Funds	530,500	538,000	576,100	553,100	561,100	563,100
Federal Funds	9,992,100	7,952,000	--	5,977,400	--	5,648,500
Other Non-Appropriated Funds	6,922,200	7,122,800	--	6,991,500	--	7,179,500
TOTAL - ALL SOURCES	18,444,800	22,712,800	5,926,100	14,622,000	561,100	13,391,100

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Criminal Justice Commission

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).*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(6,000,000)	(84.5)%	\$(1,100,000)	(100.0)%
Other Appropriated Funds	15,100	2.8%	10,000	1.8%
Total Appropriated Funds	\$(5,984,900)	(78.4)%	\$(1,090,000)	(65.9)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 3,600 OF
- ERE Rates 1,100 OF
- Risk Management 700 OF
- Rent (10,300) OF

Drug Enforcement Funding Advance

(1,000,000) GF

A General Fund loan to alleviate cash flow problems will not be required in FY 1996. The commission anticipates that the current 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. The Executive concurs.

Gang Intelligence and Team Enforcement Model (GITEM)

(5,000,000) GF

Laws 1994, Chapter 3, 9th Special Session, appropriated \$5,000,000 to the ACJC to fund the GITEM program within the Department of Public Safety (DPS). Of that amount, \$40,000 was used by the Auditor General to conduct audits of anti-gang programs.

The reduction reflects the elimination of the Auditor General amount and the transfer of GITEM funding to DPS. The JLBC Staff recommendation for the GITEM program resulting from this transfer is \$4,250,000. The amount reflects elimination of start-up equipment and operating expenses. The Executive concurs with the reduction, but does not transfer funding to the DPS budget.

Pursuant to Laws 1994, Chapter 4, 9th Special Session, the Joint Oversight Committee on Anti-Gang Enforcement and Prosecution Programs is to submit a report by December 15, 1995 and make a recommendation to the Legislature as to whether the anti-gang programs should continue beyond FY 1996.

Drug Prevention Resource Center

20,000 OF

Represents an increase in the estimated amount of funds that will be available for the center. Pursuant to A.R.S. § 12-284(E) and 41-2402(H), 2% of certain Superior Court filing fees are to be deposited in the Resource Center Fund of the Drug and Gang Enforcement Account. Fund monies are to be appropriated to the Drug Prevention Resource Center to decrease the incidence of drug and alcohol abuse by children and youths. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Street Gang Enforcement

(1,100,000) GF

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. Pursuant

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

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 beyond FY 1996. The JLBC Staff would defer any FY 1997 funding recommendations until the committee releases its findings in December 1995. The Executive also recommends deleting the funding.

Drug Prevention Resource Center **10,000 OF**
 Represents an increase in the estimated amount of funds that will available for the center. The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency (In the FY 1995 budget, the commission had a Detailed Line Item by Agency format. Detailed line item formats are used when there is a particular need for legislative oversight of an agency's budget. JLBC Staff believes such a format is no longer necessary for ACJC.)

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote relating to the repayment of the General Fund advance when federal funds are received. This footnote is no longer necessary.

Other Issues for Legislative Consideration

- **Criminal Justice Enhancement Fund (CJEF) Revenues/Distribution Formula**

Arizona Criminal Justice Commission operations are funded from a 1.6% share of CJEF monies. The current revenue stream from CJEF is not sufficient to fully fund operations. The 1.6% is expected to generate approximately \$312,000 in FY 1996 and \$324,500 in FY 1997. The JLBC Staff recommendation for operation expenditures is \$333,100 for FY 1996 and FY 1997. Taking into account the current fund balance, the JLBC Staff recommendations will leave the commission's fund balance at \$27,400 by the end of FY 1996 and at \$18,800 by the end of FY 1997. To maintain the current level of operations, either expenditures will have to be reduced, the CJEF distribution formula will have to be revised, or other funding sources will have to be found.

The Executive is recommending the proposed ACJC change to the CJEF distribution formula outlined in A.R.S. § 41-2401. The proposed change would eliminate the General Fund as a recipient of CJEF monies. The General Fund currently receives 9.2%, or approximately \$1.7 million from CJEF revenues. The following recipients would be affected under the proposed formula change:

	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
General Fund	9.20%	0.00%	(9.20)%
Automated Fingerprint Identification System (DPS)	6.60	6.25	(0.35)
Peace Officers Training Fund	17.00	20.00	3.00
Arizona Prosecuting Attorneys Advisory Council	3.10	3.20	0.10
Case Processing Assistance (Supreme Court)	6.15	7.35	1.20
County Jails Enhancement	11.95	13.85	1.90
ACJC	1.60	2.20	0.60
Victims Compensation Fund (ACJC)	2.35	3.10	0.75
Aftercare/Drug Treatment (DOC) - New Recipient	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>
TOTAL SHARE OF CJEF	57.95%	57.95%	0.00%

This change would increase the commission's share of CJEF revenues, thus providing more revenue for the commission's operating budget.

- **Substance Abuse Surveys**

Pursuant to A.R.S. § 41-2416, the commission is to conduct an annual survey when the Legislature specifically appropriates monies for that purpose. The statute was amended in 1991 to include appropriation-specific language so that the Legislature could have the flexibility of conducting the survey biennially. The last survey was conducted in FY 1994. As noted above, the current source of funding for ACJC cannot support increased expenditures. The Executive recommends \$25,000 of the \$30,000 requested for the survey.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Schools for the Deaf & the Blind
Agency Summary

JLBC Analyst: Rachelle Child
OSPB Analyst: Stacy Sheard

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	486.8	515.4	522.4	519.9	524.9	519.9

BY PROGRAM/ORGANIZATION

Phoenix Day School	4,562,600	5,210,900	5,082,800	5,396,300	5,197,100	5,322,500
Diagnostic Testing/Ed Center	1,655,700	1,895,200	2,061,900	1,962,000	2,057,600	1,962,000
Tucson Campus	13,985,200	14,337,200	14,407,000	14,650,700	14,532,300	14,700,300
AGENCY TOTAL	20,203,500	21,443,300	21,551,700	22,009,000	21,787,000	21,984,800

OPERATING BUDGET

Personal Services	12,913,800	13,593,700	14,136,400	14,358,500	14,198,200	14,358,500
Employee Related Expenditures	2,743,300	2,981,600	3,250,400	3,131,500	3,263,400	3,134,100
Professional/Outside Services	400,300	378,200	378,200	383,200	378,200	383,200
Travel - In State	67,000	61,900	64,600	62,400	64,600	62,400
Food	123,800	115,100	117,900	115,100	117,900	115,100
Other Operating Expenditures	3,933,500	3,668,500	3,381,600	3,364,100	3,388,700	3,421,700
Equipment	21,800	644,300	222,600	594,200	376,000	509,800
All Other Operating Subtotal	4,546,400	4,868,000	4,164,900	4,519,000	4,325,400	4,492,200
AGENCY TOTAL	20,203,500	21,443,300	21,551,700	22,009,000	21,787,000	21,984,800

BY FUND SOURCE

General Fund	15,263,700	16,168,800	16,317,700	16,658,500	16,553,000	16,619,400
Other Appropriated Funds	4,939,800	5,274,500	5,234,000	5,350,500	5,234,000	5,365,400
Federal Funds	682,000	1,373,700	--	1,226,500	--	1,226,500
Other Non-Appropriated Funds	1,046,800	1,622,500	--	2,385,500	--	3,007,100
TOTAL - ALL SOURCES	21,932,300	24,439,500	21,551,700	25,621,000	21,787,000	26,218,400

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Schools for the Deaf and the Blind
 PROG: Agency Summary

Agency Description — *The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for visually and hearing impaired students. ASDB has 2 campuses, a day school in Phoenix and a residential campus in Tucson. Systemwide, ASDB serves approximately 539 students at the schools.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$489,700	3.0%	\$(39,100)	(0.2)%
Other Appropriated Funds	76,000	1.4%	14,900	0.3%
Total Appropriated Funds	\$565,700	2.6%	\$(24,200)	(0.1)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Vacancy Savings - Maintains a 1% Vacancy Rate	\$ (2,500) OF	\$ (7,900) GF
— ERE Rates	7,600 OF	37,000 GF
— Risk Management	-0- OF	114,300 GF
— Rent	-0- OF	(388,700) GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(902,500) GF
— Other	19,600 OF	(14,600) GF

Salary Adjustment 51,300 OF 672,900 GF

Family Liaison 50,000 GF

Preschool Teachers 61,500 GF

Nurse Practitioner 39,100 GF

Accounting Technician III 22,300 GF

Migration from System 36 Minicomputer 5,000 GF

Equipment 801,300 GF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(801,300) GF
— Other	14,900 OF	(14,900) GF

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

JLBC Staff Recommended Footnotes

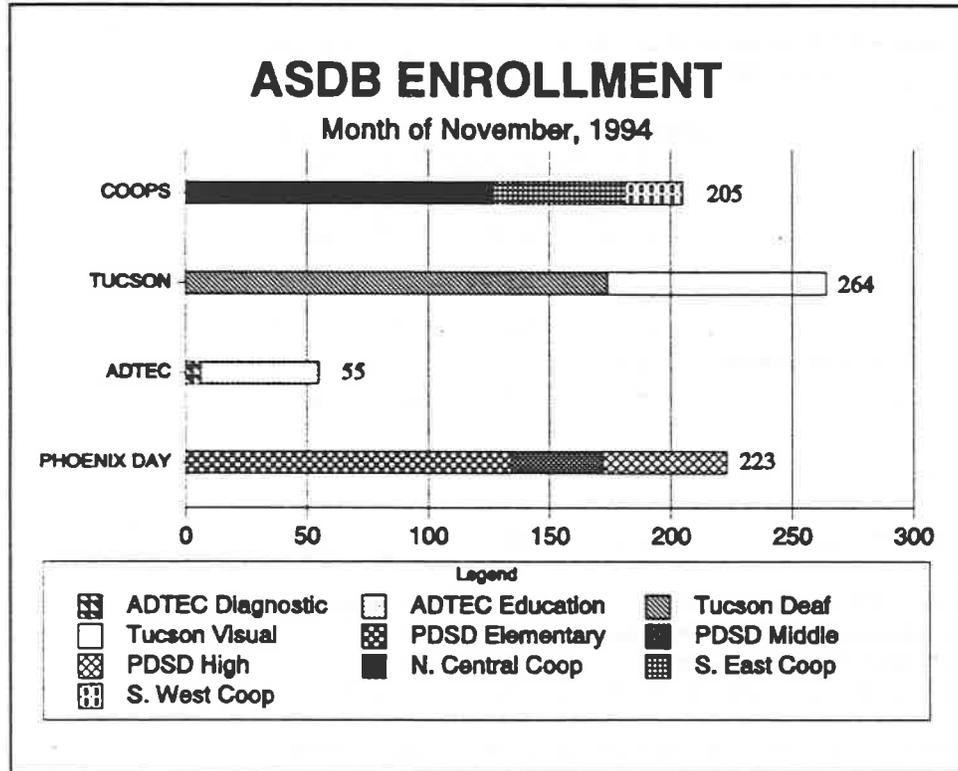
Modification of Prior Year Footnotes

- 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 IN FY 1996 AND FY 1997. (This footnote will apply to all cost centers, and is modified here in order to standardize reporting requirements statewide.)

Other Issues for Legislative Consideration

— Enrollment Projections

Enrollment for ASDB agencywide is estimated to remain constant from the FY 1995 appropriated student count. For more detailed information on enrollment within ASDB programs, including non-voucher but not including preschool and outreach programs, please refer to chart below.



— Annual Budgeting

ASDB applies for and receives voucher funds each year from the Arizona Department of Education. Voucher funding received can vary by year depending on the Gross Domestic Product (GDP) deflator funded, and the number of and types of disabilities of the students enrolled at ASDB. Additionally, the salary adjustment received by the administrative, certified, and classified personnel at ASDB is calculated each year on an annual basis through a survey conducted by the Department of Administration (DOA). Because these adjustments are made annually, the JLBC Staff recommends that ASDB receive an annual, rather than a biennial, appropriation. Per current law, a FY 1997 JLBC Staff recommendation is presented here for informational reasons in the event the Legislature prefers ASDB remain a biennial budget unit. The Executive concurs.

— Salary Equity Study

Laws 1988, Chapter 237, directs DOA's Personnel Division to conduct salary equity studies for teachers, credentialed specialists, and other personnel unique to ASDB. DOA examines all ASDB positions because DOA considers all ASDB staff to be unique. Each summer, DOA surveys 3 school districts with relatively large special education programs: Tucson Unified, Mesa Unified, and Washington Elementary. In addition, every 5 years DOA conducts a full study by analyzing salary structures for similar personnel in school districts in the state providing significant programs for sensory impaired children.

The law provides that the JLBC Staff "shall" use the results in making its recommendations for Personal Services 1 year in arrears. The study has historically only examined inflationary increases provided by the 3 school districts (step increases and educational advancements were not analyzed). ASDB has requested step and educational advancement money for its teachers separately based on its non-statutory Accountability Pay Plan (APP), which has not been funded for 4 years. The APP is a merit-based program similar to the Arizona Department of Education's Career Ladder Program. However, unlike Career Ladders, APP is not part of a statutory formula and funding is discretionary. The APP was funded each year between FY 1985 and FY 1991, but was not funded between

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FY 1992 and FY 1995. Prior to FY 1991, ASDB also received some portion of statewide salary increases. Because the APP has not been funded recently, ASDB has not been able to provide step or educational advancements for 4 years, which has caused salary inequity problems. This past summer, the JLBC Staff and the OSPB Staff discussed the salary issue and asked DOA to include all salary increases (inflationary, step and educational advancements) in their study, which DOA has done. However, DOA had difficulty assigning a percentage to the educational advancement portion since each district provided a different flat dollar amount. The JLBC Staff has done our own calculation for educational advancements based on historical data.

The increases ASDB has received for the APP, the salary equity adjustments, and the statewide increases for its teachers are shown in the table below:

**ASDB TEACHER PAY ADJUSTMENTS
FY 1988 THROUGH FY 1995**

	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
APP	0.0%	4.9%	4.3%	4.9%	0.0%	0.0%	0.0%	0.0%
Salary Equity	N/A	9.0%	8.0%	4.6%	0.0%	6.7% ^{1/}	0.0% ^{2/}	1.4%
ASDB's Portion of Statewide Increase	1.5%	3.5%	1.5% ^{3/}	0.0%	0.0%	0.0%	0.0%	0.0%
Total Teacher Pay Increase	1.5%	17.4%	12.3%	9.5%	0.0%	6.7%	0.0%	1.8%
Statewide Increase	1.5%	3.6%	1.5%	4.8%	0.0%	4.4%	0.0%	5.0% ^{4/}
Difference Teacher Pay/Statewide	0.0%	13.8%	10.8%	4.7%	0.0%	2.3%	0.0%	(3.2)% ^{4/}

- ^{1/} Includes a 2% unfunded adjustment for FY 1992 and a 4.7% adjustment for FY 1993.
- ^{2/} This was consistent with the DOA study results.
- ^{3/} Only went to non-teaching positions.
- ^{4/} State employees will receive a 3% increase on July 1, 1994 and a 2% increase on April 1, 1995.

DOA's salary equity study found the following as the average percentage increases granted in the districts surveyed:

	<u>Administrators</u>	<u>Classified</u>	<u>Certified</u>
Inflation	1.83%	1.83%	1.83%
Step	.92%	2.50%	2.10%
TOTAL	2.75%	4.33%	3.93%

For ASDB, these percentage increases add up to \$672,900 GF and \$51,300 OF, which is the amount recommended by the JLBC Staff for FY 1996. The Executive concurs on all points except the inflation funding. When DOA first issued the salary survey for the current year, Washington Elementary was not completed with its salary negotiations. Washington Elementary's salary negotiations are now completed, and the inflationary increase granted its staff is reflected in the JLBC Staff's recommendation, which increased the inflationary funding from the original survey amount, 0.67%, to 1.83%.

DOA's Personnel Division is, of course, very familiar with the state personnel system, but is not as familiar with teacher pay issues in school districts around the state who compete with ASDB for personnel. For this reason, the JLBC Staff recommends the statute be altered to have the Arizona Department of Education conduct the annual survey, with a more detailed study performed every 5 years. The JLBC Staff further recommends that the survey encompass a wider number of school districts, address educational movements, step increases, and inflationary increases. The JLBC Staff also recommends repeal of the current language mandating the JLBC Staff to incorporate the results of this survey in its recommendation. As the JLBC Staff is not statutorily mandated to incorporate salary issues for other state agencies in its recommendation, the JLBC Staff believes ASDB should not be granted special treatment in this respect. Repeal of this statute will also give the JLBC Staff more flexibility to respond to changes ASDB is currently developing for its pay plan, rather than tying the JLBC Staff recommendation solely to the DOA salary study.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Schools for the Deaf & the Blind
 PROG: Phoenix Day School

JLBC Analyst: Rachele Child
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	122.1	137.4	137.4	138.4	137.4	138.4

OPERATING BUDGET

Personal Services	3,356,800	3,585,000	3,702,100	3,775,300	3,702,700	3,775,300
Employee Related Expenditures	704,300	789,900	853,100	829,200	848,800	831,800
Professional/Outside Services	38,400	62,600	62,600	62,600	62,600	62,600
Travel - In State	14,400	7,600	7,900	8,100	7,900	8,100
Food	28,200	30,900	30,900	30,900	30,900	30,900
Other Operating Expenditures	404,400	427,500	396,200	410,900	396,200	396,300
Equipment	16,100	307,400	30,000	279,300	148,000	217,500
All Other Operating Subtotal	501,500	836,000	527,600	791,800	645,600	715,400
PROGRAM TOTAL	4,562,600	5,210,900	5,082,800	5,396,300	5,197,100	5,322,500

BY FUND SOURCE

General Fund	2,800,700	3,301,200	3,173,100	3,457,300	3,287,400	3,383,500
Other Appropriated Funds	1,761,900	1,909,700	1,909,700	1,939,000	1,909,700	1,939,000
Federal Funds	90,300	223,700	--	217,700	--	217,700
Other Non-Appropriated Funds	2,200	2,200	--	2,200	--	2,200
TOTAL - ALL SOURCES	4,655,100	5,436,800	5,082,800	5,616,200	5,197,100	5,542,400

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

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$156,100	4.7%	\$(73,800)	(2.1)%
Other Appropriated Funds	29,300	1.5	-0-	0.0
Total Appropriated Funds	\$185,400	3.6%	\$(73,800)	(1.4)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Vacancy Savings - Maintains a 1% Vacancy Rate	\$ (1,300) OF \$	(1,500) GF
— ERE Rates	(18,400) OF	33,700 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(364,700) GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Salary Adjustment

49,000 OF 131,700 GF

The JLBC Staff recommends an increase of \$74,200 in Personal Services and Employee Related Expenditures for the inflation adjustment, and an increase of \$88,800 for the step adjustment for PDSB. (See summary page for more detail.)

In addition to the above, the JLBC Staff recommends an increase of \$12,700 in Personal Services and Employee Related Expenditures for existing reclassifications and educational advancements, and \$5,000 for FY 1996 educational advancements.

Family Liaison

50,000 GF

The federal Individuals with Disabilities Education Act (IDEA) mandates that PDSB provide certain services in school, which includes (i) preparation of a social or developmental history on a child with a disability; (ii) group and individual counseling with the child and family; (iii) working with those problems in a child's living situation (home, school, and community) that affect the child's adjustment in school; and (iv) mobilizing school and community resources to enable the child to learn as effectively as possible in his or her educational program. PDSB does not currently have an employee who is trained to provide these specific services. The JLBC Staff recommends 1 FTE position and a total of \$50,000 for the hiring of a family liaison to provide the services above to ASDB students, especially those living at home. The recommended amount includes \$32,300 in Personal Services, \$4,100 in ERE, 500 in Travel - In State, \$1,000 in Other Operating Expenses, and \$12,100 in one-time capitalized equipment. The Executive does not recommend funding for this position.

Equipment

306,900 GF

The JLBC Staff recommends 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 machines, vacuum cleaners, typewriters, lawn mowers, and film projectors. The recommended amount also includes a total of \$4,000 for 9 Telecommunication Devices for the Deaf (TDD) and 2 flashing phone lights.

The recommended amount also includes a total of \$210,000 for 5 replacement buses. A.R.S. § 41-803.A directs the Department of Administration to "operate a motor vehicle fleet for all state owned motor vehicles . . . for the purpose of providing transportation for state officers and employees," except for those agencies specifically exempted, of which ASDB is one. A.R.S. § 41-803 also outlines the alternative fuels requirement for the state motor fleet, and further provides that "The departments and agencies excluded from participation in the state motor vehicle fleet . . . shall develop and implement a program for alternative fuels and fuel economy for their motor vehicle fleets substantially similar to the standards set forth in this section." Because this section specifically refers to vehicles providing transportation for state officers and employees, there is some doubt whether ASDB's bus fleet for transporting students must also comply. ASDB has proposed seeking an Attorney General opinion on this matter. If the opinion does not exempt ASDB's bus fleet from the alternative fuels requirement, ASDB would then use the \$210,000 to purchase buses with fuel systems which are convertible to alternative fuels. ASDB has indicated that some diesel engines may not be convertible. In FY 1997, ASDB will request funds for converting either 90% of PDSB's entire fleet or 90% of its car fleet used by employees to alternative fuels. The Executive does not address this issue.

The Executive recommends a total of \$30,000 for replacement equipment.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment

(306,900) GF

Replacement Equipment

242,600 GF

The JLBC Staff recommends a total of \$25,100 in non-capitalized equipment and a total of \$38,500 in capitalized equipment. This amount is expected to replace the following types of items: film projectors, audio recorders, drafting machine, audiometer, tables, typewriters, televisions, mobile radios, and copier. The JLBC recommended amount also includes a total of \$179,000 for 4 replacement buses and 1 replacement van. The Executive recommends a total of \$148,000 for replacement equipment.

JLBC Staff Recommended Format — Modified Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

- Prior to the expenditure of any voucher funds in excess of \$1,939,000 in FY 1996 and FY 1997, 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, THE director of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. *(The clause in capitalized letters is added in order to standardize reporting requirements statewide.)*

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote concerning enrollment of 24 MDSSI students at PDSD, as enrollment has already surpassed this number.

Other Issues for Legislative Consideration

— **Demographic/Deflator Changes**

As can be seen in the table below, PDSD expects no increase in the total number of students enrolled in FY 1996 over the appropriated FY 1995 student count. The increase in voucher funding, which is used to fund part of the salary equity issue above, is attributed to a different mix of students at PDSD.

**PHOENIX DAY SCHOOL FOR THE DEAF (PDSD)
STUDENT COUNTS**

	Actual FY 1995 <u>Student Count*</u>	Appropriated FY 1995 <u>Student Count</u>	Estimated FY 1996 <u>Student Count</u>	Difference FY 1996 Estimated vs. <u>FY 1995 Appropriated</u>
Multiple Disabilities with Severe Sensory Impairments	29	24	29	5
Multiple Disabilities	14	18	14	(4)
Hearing Impaired	<u>171</u>	<u>178</u>	<u>177</u>	<u>(1)</u>
TOTAL	214	220	220	-0-

* Actual FY 1995 student count as of December 1994.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Schools for the Deaf & the Blind
 PROG: Diagnostic Testing/Education Center

JLBC Analyst: Rachelle Child
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	60.4	65.9	69.9	65.9	69.9	65.9

OPERATING BUDGET

Personal Services	1,288,700	1,424,700	1,550,600	1,492,000	1,550,800	1,492,000
Employee Related Expenditures	304,000	355,800	388,800	357,300	391,300	357,300
Professional/Outside Services	36,300	82,800	82,800	82,800	82,800	82,800
Travel - In State	800	800	800	800	800	800
Food	0	4,200	7,000	4,200	7,000	4,200
Other Operating Expenditures	25,800	24,900	29,900	24,900	24,900	24,900
Equipment	100	2,000	2,000	0	0	0
All Other Operating Subtotal	63,000	114,700	122,500	112,700	115,500	112,700
PROGRAM TOTAL	1,655,700	1,895,200	2,061,900	1,962,000	2,057,600	1,962,000

BY FUND SOURCE

General Fund	1,077,500	1,236,800	1,353,000	1,301,700	1,348,700	1,301,700
Other Appropriated Funds	578,200	658,400	708,900	660,300	708,900	660,300
Other Non-Appropriated Funds	500	500	--	500	--	500
TOTAL - ALL SOURCES	1,656,200	1,895,700	2,061,900	1,962,500	2,057,600	1,962,500

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 hearing impaired student.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$64,900	5.2%	\$-0-	0.0%
Other Appropriated Funds	<u>1,900</u>	<u>0.3</u>	<u>-0-</u>	<u>0.0</u>
Total Appropriated Funds	\$66,800	3.5%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Vacancy Savings - Maintains a 1% Vacancy Rate	(900) OF	\$ (800) GF
— ERE Rates	(2,200) OF	(4,700) GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(2,000) GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Salary Adjustment 5,000 OF 72,400 GF
 The JLBC Staff recommends an increase of \$29,300 in Personal Services and Employee Related Expenditures for an inflation adjustment, \$35,500 for a step increase, \$9,100 for existing reclassifications and educational advancements, and \$3,500 for FY 1996 educational advancements. Please refer to the summary page for more detail.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes -0- OF -0- GF

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

JLBC Staff Recommended Footnotes

Continuation of New FY 1995 Footnote

— The ADTEC 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 General Fund.

Modification of Prior Year Footnotes

— Prior to the expenditure of any voucher funds in excess of \$660,300 in FY 1996 and FY 1997, 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, the Director of the Joint Legislative Budget Committee, and the Governor's Office of Strategic Planning and Budgeting. *(The clause in capitalized letters is added in order to standardize reporting requirements statewide.)*

Other Issues for Legislative Consideration

— Demographic/Deflator Changes
 As can be seen in the table below, ADTEC expects no change in total enrollment in FY 1996 above the FY 1995 appropriated student count. The increase in voucher funding, including in the salary adjustment above, is attributed to a different mix of students at ADTEC than the appropriated FY 1995 number.

**ARIZONA DIAGNOSTIC TESTING AND EDUCATION
 CENTER (ADTEC) STUDENT COUNTS**

	Actual FY 1995 <u>Student Count*</u>	Appropriated FY 1995 <u>Student Count</u>	Estimated FY 1996 <u>Student Count*</u>	Difference FY 1996 Estimated vs. <u>FY 1995 Appropriated</u>
Multiple Disabilities with Severe Sensory Impairments	45	49	49	0
Multiple Disabilities	5	5	5	0
Visually Impaired	0	1	0	(1)
Hearing Impaired	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>
TOTAL	51	55	55	0

* Actual FY 1995 student count as of December 1994.

— Executive Recommendation

The Executive recommends an increase of 4 FTE positions and \$105,800 in order to open an additional elementary class for Multiply Disabled Severely Sensory Impaired (MDSSI) children, based on executive projections of increased MDSSI elementary enrollment from 49 to 53. This amount would revert unless 53 MDSSI students enroll at ADTEC. In FY 1995, ADTEC was appropriated \$81,200 in order to open a new MDSSI class based on projections that ADTEC would enroll a total of 49 MDSSI students in FY 1995. To date, ADTEC has 45 MDSSI students enrolled, which is less than the FY 1995 projections. The JLBC Staff recommends no additional funding for a new class in FY 1996 because FY 1995 enrollment has not yet reached the FY 1995 projection.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Schools for the Deaf & the Blind
 PROG: Tucson Campus

JLBC Analyst: Rachele Child
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	304.3	312.1	315.1	315.6	317.6	315.6

OPERATING BUDGET

Personal Services	8,268,300	8,584,000	8,883,700	9,091,200	8,944,700	9,091,200
Employee Related Expenditures	1,735,000	1,835,900	2,008,500	1,945,000	2,023,300	1,945,000
Professional/Outside Services	325,600	232,800	232,800	237,800	232,800	237,800
Travel - In State	51,800	53,500	55,900	53,500	55,900	53,500
Food	95,600	80,000	80,000	80,000	80,000	80,000
Other Operating Expenditures	3,503,300	3,216,100	2,955,500	2,928,300	2,967,600	3,000,500
Equipment	5,600	334,900	190,600	314,900	228,000	292,300
All Other Operating Subtotal	3,981,900	3,917,300	3,514,800	3,614,500	3,564,300	3,664,100
PROGRAM TOTAL	13,985,200	14,337,200	14,407,000	14,650,700	14,532,300	14,700,300

BY FUND SOURCE

General Fund	11,385,500	11,630,800	11,791,600	11,899,500	11,916,900	11,934,200
Other Appropriated Funds	2,599,700	2,706,400	2,615,400	2,751,200	2,615,400	2,766,100
Federal Funds	591,700	1,150,000	-	1,008,800	-	1,008,800
Other Non-Appropriated Funds	1,044,100	1,619,800	-	2,382,800	-	3,004,400
TOTAL - ALL SOURCES	15,621,000	17,107,000	14,407,000	18,042,300	14,532,300	18,713,500

Program Description — *The Tucson Campus provides a comprehensive residential educational program for visually and hearing impaired students. The school currently serves 264 students in the following categories: 153 hearing impaired, 76 visually impaired, 18 multiple disabilities with severe sensory impairments and 17 multiple disabilities students.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$268,700	2.3%	\$34,700	0.3%
Other Appropriated Funds	<u>44,800</u>	<u>1.7</u>	<u>14,900</u>	<u>0.5</u>
Total Appropriated Funds	\$313,500	2.2%	\$49,600	0.3%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Vacancy Savings - Maintains a 1% Vacancy Rate	\$ (300) OF	\$ (5,600) GF
— ERE Rates	28,200 OF	8,000 GF
— Risk Management	-0- OF	114,300 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(535,800) GF
— Other (Endowment Off-set, OSHA Mandates)	19,600 OF	(14,600) GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Salary Adjustment

(2,700) OF 468,800 GF

The JLBC Staff recommends an increase of \$174,400 in Personal Services and Employee Related Expenditures for an inflation adjustment, \$200,500 for a step adjustment, \$65,900 for existing reclassifications and educational advancements, and \$25,300 for FY 1996 educational advancements. Please refer to the summary page for more detail.

Lease-Purchase Requirement

(388,700) GF

Due to recent refinancing, the lease-purchase payment requirement on the Tucson campus high school, middle school, elementary school, auditorium, learning center and food service building is \$(388,700) below the FY 1995 requirement. This payment will increase rather steadily, although unevenly, for another 15 years until a balloon payment of over \$2,000,000 will be due.

Nurse Practitioner

39,100 GF

From FY 1990 to FY 1993 the number of scheduled visits by ASDB students to the Student Health Center has increased by 60%. The increase reflects the medical complexity of students enrolled and the advancement of medical technology in the lives of children born pre-mature or who have other medical complications from birth. This position was funded prior to FY 1990, but has since been underfilled with a Registered Nurse. The JLBC Staff recommended increase includes 1 Nurse Practitioner FTE position, and \$39,100 in Personal Services and Employee Related Expenditures. The Executive does not recommend funding for this position.

Accounting Technician III

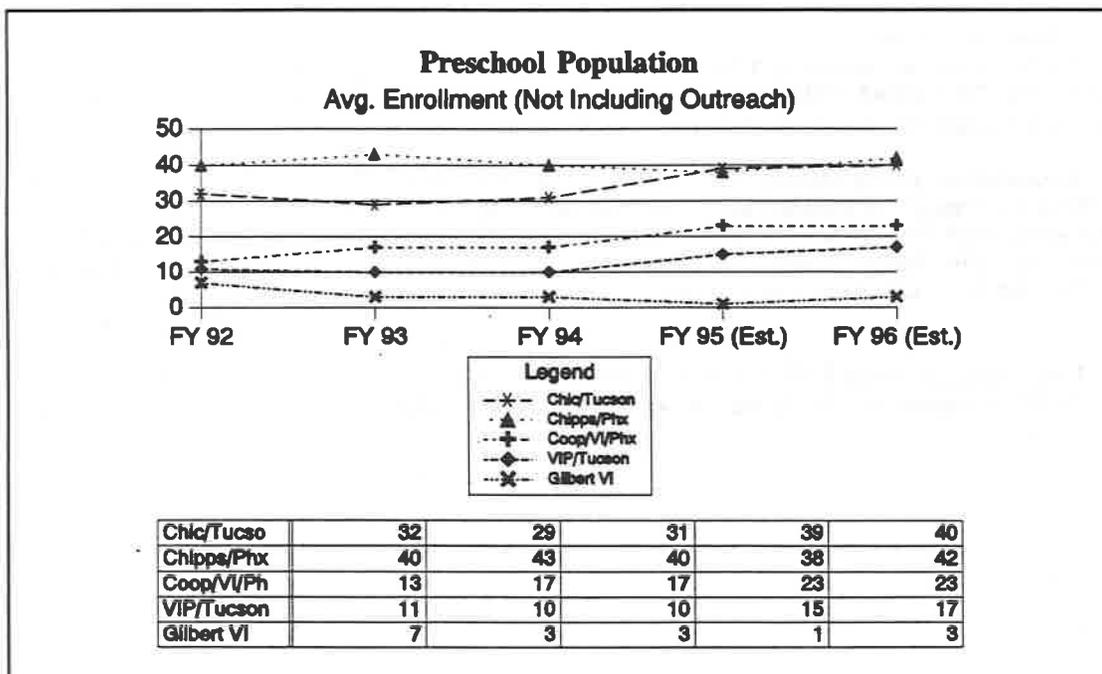
22,300 GF

The addition of 3 regional cooperatives, increasing number and complexity of federal grants, and a ruling from the Internal Revenue Service that individuals previously considered to be independent contractors should be treated as employees has greatly increased the workload of the school's finance office. The JLBC Staff recommends an increase of 1 Accounting Technician III FTE position and \$22,300 in Personal Services and Employee Related Expenditures to assist with this increased workload in FY 1996. The Executive does not recommend funding for this position.

Preschool Enrollment

61,500 GF

Enrollment at the Tucson Center for Hearing Impaired Children (CHIC) and Visually Impaired Preschoolers Program (VIP) is expected to increase in FY 1996. The JLBC Staff recommends an increase of 1.5 FTE Preschool Teachers to accommodate this increase in enrollment. The JLBC Staff recommended amount includes \$58,500 in Personal Services and Employee Related Expenditures, and \$3,000 in one-time non-capitalized equipment for classroom set-up. This will enable the preschool classes to have approximately the following teacher/student ratio: hearing impaired, 1:4; visually impaired, 1:3, for each 1/2 day class. Enrollment growth at the Center for Hearing Impaired Children - Phoenix (CHIPPS) will not require additional teachers in FY 1996, but will be reevaluated for FY 1997. (See graph below for more historical information on preschool enrollment.)



Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

The Executive recommends an increase of 3 FTE positions for the Center for Hearing Impaired Children in Tucson and the Visually Impaired Preschoolers Program in Tucson, and a total of \$101,100.

Migration from System 36 Mini-Mainframe

5,000 GF

ASDB currently uses a System 36 (Model 5360) which is at maximum capacity. The JLBC Staff recommends abandoning the current system. The recommended amount of \$5,000 is to enable ASDB to contract with an outside computer specialist to design a LAN-based system which will enable ASDB to migrate from its current System 36. The Executive does not recommend funding for this purpose.

Equipment

494,400 GF

The JLBC Staff recommends a total of \$260,200 for replacement capitalized and non-capitalized equipment. This amount is expected to replace the following types of items: braillewriters, overhead projectors, audio recorders, calculators, microscopes, phonographs, typewriters, computers, printers, desks, chairs, dressers, refrigerators, sewing machines, beds, gas ranges, and lawnmowers. The recommended amount also includes a total of \$213,800 for 2 replacement buses, 3 replacement vans, 2 van lifts, and 1 replacement truck. The recommended 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. The Executive recommends a total of \$190,600 for replacement equipment.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment -0- OF (494,400) GF
- Other (Endowment Off-set) 14,900 OF (14,900) GF

Replacement Equipment

544,000 GF

The JLBC Staff recommends a total of \$222,000 for 4 replacement buses, 3 replacement utility vehicles, and 1 replacement van. The recommended amount also includes a total of \$251,700 in non-capitalized equipment and a total of \$70,300 in capitalized equipment. This amount is expected to replace the following types of items: braillewriters, calculators, projectors, computers, chairs, audio recorders, transmitters, desks, tables, floor machine, televisions, microwave ovens, vacuum cleaners, a copy machine, and printers. The Executive recommends a total of \$228,000 for replacement equipment.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Program

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

- All out-of-state tuition collections ABOVE \$91,000 IN FY 1996 AND FY 1997 RECEIVED BY THE ARIZONA SCHOOLS FOR THE DEAF AND BLIND are appropriated for operating expenditures and authorized capital outlay projects. *(Capitalized clause is added for clarification of existing policy.)*
- Prior to the expenditure of any voucher funds in excess of \$2,354,600 in FY 1996 and FY 1997, 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, THE Director of the Joint Legislative Budget Committee, and the Governor's Office of Strategic Planning and Budgeting. *(The clause in capitalized letters is added in order to standardize reporting requirements statewide.)*

New Footnotes

- All Endowment Earnings above \$305,600 in FY 1996 and \$320,000 in FY 1997 received by the Arizona Schools for the Deaf and Blind are appropriated for operating expenditures. *(This follows current policy, but is added for clarification.)*

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— Demographic/Deflator Changes

As can be seen in the table below, ASDB expects no change in total enrollment from the appropriated FY 1995 student count to the FY 1996 school year.

TUCSON CAMPUS STUDENT COUNTS

	<u>Actual FY 1995 Student Count*</u>	<u>Appropriated FY 1995 Student Count</u>	<u>Estimated FY 1996 Student Count</u>	<u>Difference FY 1996 Estimated vs. FY 1995 Appropriated</u>
Multiple Disabilities with Severe Sensory Impairments	18	17	18	1
Multiple Disabilities	17	14	17	3
Visually Impaired	76	70	76	6
Hearing Impaired	<u>152</u>	<u>163</u>	<u>153</u>	<u>(10)</u>
TOTAL	263	264	264	-0-

* Actual FY 1995 student count as of December 1994.

— Executive Recommendation

The Executive recommends for FY 1997 an increase of 2.5 FTE positions for the preschool programs at the Center for Hearing Impaired Children - Phoenix (CHIPPS) and the Cooperative Preschool for the Visually Impaired in Phoenix, and a total of \$75,300, based on Executive enrollment projections. Since ASDB is recommended to be converted to an annual budget unit, the JLBC Staff does not address this issue at this time.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Dental Examiners

JLBC Analyst: Gita Reddy
OSP Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	9.0	9.0	9.0	9.0	9.0	9.0

OPERATING BUDGET

Personal Services	238,400	277,100	281,000	281,000	281,000	281,000
Employee Related Expenditures	42,200	58,700	57,300	57,400	57,300	57,400
Professional/Outside Services	135,400	101,000	103,500	101,000	106,000	101,000
Travel - In State	5,700	7,100	7,100	7,100	7,100	7,100
Travel - Out of State	3,500	4,200	4,200	4,200	4,200	4,200
Other Operating Expenditures	111,300	131,600	132,400	132,400	132,400	132,400
Equipment	13,900	12,000	3,000	14,500	4,000	5,700
All Other Operating Subtotal	269,800	255,900	250,200	259,200	253,700	250,400
AGENCY TOTAL	550,400	591,700	588,500	597,600	592,000	588,800

BY FUND SOURCE

Other Appropriated Funds	550,400	591,700	588,500	597,600	592,000	588,800
TOTAL - ALL SOURCES	550,400	591,700	588,500	597,600	592,000	588,800

Agency Description — *The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$5,900	1.0%	\$(8,800)	(1.5)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 4,400 OF
— ERE Rates	(1,800) OF
— Risk Management	800 OF
— Elimination of One-time Capital Equipment	(12,000) OF

Equipment

The recommended amount includes monies for a phone system to replace the agency's current system, which was purchased in 1985. The amount also includes funding for 2 replacement computers and 1 printer. The Executive recommends funding for 1 replacement computer and 1 printer.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital Equipment (14,500) OF

Equipment

5,700 OF

The recommended amount includes an increase of \$5,700 for a new filing system and a fireproof filing cabinet. The Executive also recommends funding for the new filing system.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnote

- The 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.

Deletion of Prior Year Footnote

- The JLBC Staff recommends deleting the footnote concerning the agency's complaint backlog. The footnote is no longer necessary as the agency has eliminated its backlog of complaints. Currently the average length of time from receipt of a complaint to resolution of that complaint is 6.08 months.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Emergency & Military Affairs

JLBC Analyst: Brad Beranek
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	62.5	62.5	64.5	62.5	62.5	62.5

BY PROGRAM/ORGANIZATION

Military Affairs	3,291,800	3,968,000	4,069,300	3,598,300	3,937,600	3,344,600
Emergency Management	879,300	834,500	875,000	871,900	870,100	867,000
AGENCY TOTAL	4,171,100	4,802,500	4,944,300	4,470,200	4,807,700	4,211,600

OPERATING BUDGET

Personal Services	1,469,500	1,557,000	1,579,200	1,580,500	1,579,200	1,580,500
Employee Related Expenditures	354,600	418,900	434,100	415,000	434,200	415,000
Professional/Outside Services	17,100	44,200	44,200	44,200	44,200	44,200
Travel - In State	34,100	30,900	48,500	30,900	66,100	30,900
Travel - Out of State	10,500	17,100	17,100	17,100	17,100	17,100
Other Operating Expenditures	1,141,000	1,419,600	1,317,100	1,074,600	1,318,900	1,074,600
Equipment	27,100	6,000	55,400	10,400	55,400	6,700
All Other Operating Subtotal	1,229,800	1,517,800	1,482,300	1,177,200	1,501,700	1,173,500
OPERATING SUBTOTAL	3,053,900	3,493,700	3,495,600	3,172,700	3,515,100	3,169,000

SPECIAL LINE ITEMS

Civil Air Patrol	61,500	61,500	61,500	61,500	61,500	61,500
Emergency Response Commission	15,900	19,800	19,800	19,800	19,800	19,800
Education	38,400	43,000	43,000	43,000	43,000	43,000
Unit Allowance	10,000	10,000	10,000	10,000	10,000	10,000
Service Contracts	852,300	852,300	852,300	852,300	852,300	852,300
State Active Duty	7,000	5,300	5,300	5,300	5,300	5,300
Uniform Allowance	1,100	3,000	3,000	3,000	3,000	3,000
State Active Duty Law Enf. Supp.	0	250,000	250,000	250,000	250,000	0
Emergency Response Fund	131,000	63,900	52,600	52,600	47,700	47,700
Project Challenge	0	0	151,200	0	0	0
Special Item Subtotal	1,117,200	1,308,800	1,448,700	1,297,500	1,292,600	1,042,600
AGENCY TOTAL	4,171,100	4,802,500	4,944,300	4,470,200	4,807,700	4,211,600

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Emergency & Military Affairs

JLBC Analyst: Brad Beranek
OSP Analyst: Richard Zelznak

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
BY FUND SOURCE						
General Fund	4,040,100	4,738,600	4,891,700	4,417,600	4,760,000	4,163,900
Other Appropriated Funds	131,000	63,900	52,600	52,600	47,700	47,700
Federal Funds	36,208,600	36,696,200	--	22,249,700	--	22,249,700
Other Non-Appropriated Funds	7,911,100	4,987,400	--	4,538,500	--	4,538,500
TOTAL - ALL SOURCES	48,290,800	46,486,100	4,944,300	31,258,400	4,807,700	30,999,800

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(321,000)	(6.8)%	\$(253,700)	(5.7)%
Other Appropriated Funds	<u>(11,300)</u>	<u>(17.7)%</u>	<u>(4,900)</u>	<u>(9.3)%</u>
Total Appropriated Funds	\$(332,300)	(6.9)%	\$(258,600)	(5.8)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 27,100 GF
- Vacancy Savings - Maintains a 1% Vacancy Rate (Military Affairs) 100 GF
- ERE Rates (7,600) GF
- Risk Management (345,100) GF
- Rent 100 GF
- Elimination of One-time Capital and Non-Capital Equipment (6,000) GF

Emergency Response Fund

(11,300) OF

The JLBC Staff recommends a reduction of \$(11,300) in penalty money receipts. By statute, 10% of the monies collected in the Department of Environmental Quality's Hazardous Waste Management Fund, collected as civil or criminal penalties and permit fees, are transmitted to the Emergency Response Fund to be used for staffing local emergency planning committees and equipping local fire departments, fire districts and public safety agencies for the development of hazardous materials emergency response teams. The declining projection is based on the increasing compliance of the hazardous material industry. The Executive concurs.

Equipment

10,400 GF

The JLBC Staff recommends \$3,700 for 1 computer with related hardware and software for the Military Affairs Procurement Office. This computer will utilize local area network (LAN) software and will be used as a file server to network 5 existing PCs in that office. The amount also provides 1 LAN card for each of the 5 existing machines, and additional hardware (cables, etc.) necessary to support a LAN. Increases in procurement workload necessitate more effective data flow, improved record-keeping, and more efficient document management, which can be facilitated with a LAN system. The amount also includes \$2,000 for 1 computer to begin the process of replacing 6 obsolete models in the Facilities Maintenance and Accounting Offices. More powerful computers are needed to provide more effective communication with the Department of Administration's computers.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

The recommended amount also provides \$4,700 for 2 computers and 2 laser printers for the Division of Emergency Management. The \$4,700 amount represents half of the actual price: the division is able to leverage the other 50% from the Federal Government. This equipment will replace 2 obsolete computers which are not compatible with currently available software, and 2 printers that have exceeded print life.

The Executive recommends \$2,000 for 1 Military Affairs computer and \$3,000 for 2 Emergency Services computers and 2 Emergency Services laser printers, for a total of \$5,000.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment (10,400) GF

Base Adjustment

(250,000) GF

The JLBC Staff recommends the FY 1997 (\$250,000) elimination of anti-gang enforcement money appropriated to the department by Laws 1994, 9th Special Session, Chapter 3. Appropriated for FY 1995, and continued in FY 1996, this money is used to fund project SPIN (Supporting People in Neighborhoods) which supports state and local law enforcement agencies through neighborhood recreation programs, communications, and street gang information analysis. Chapter 3 also appropriates other anti-gang enforcement monies to the Arizona Criminal Justice Commission (ACJC) and requires an Auditor General review of all ACJC expenditures of these monies by October 30, 1995. Although not an ACJC appropriation per se, the anti-gang nature of the Department of Emergency and Military Affairs' \$250,000 appropriation lends itself to re-examination as the Auditor General re-examines the ACJC anti-gang appropriation expenditures, before funding it for FY 1997. The Executive continues the \$250,000 funding through FY 1997.

Emergency Response Fund

(4,900) OF

The JLBC Staff recommends a reduction of \$(4,900) to reflect increasing compliance of the hazardous material industry. The Executive concurs.

Equipment

6,700 GF

The JLBC Staff recommends \$2,000 for 1 computer to continue the replacement of 6 obsolete models in the Facilities Maintenance and Accounting Offices. More powerful computers are needed to provide more effective communication with the Department of Administration's computers.

The recommended amount also provides \$4,700 for 2 computers and 2 laser printers for the Division of Emergency Management. This amount represents half of the actual price: the division is able to leverage the other 50% from the Federal Government. This equipment will replace 2 obsolete computers which are not compatible with currently available software, and 2 printers that have exceeded print life.

The Executive recommends \$2,000 for 1 Military Affairs computer and \$3,000 for 2 Emergency Services computers and 2 Emergency Services laser printers, for a total of \$5,000.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

Other Issues for Legislative Consideration

— Project Challenge

The Executive recommends a one-time appropriation of \$151,200 for FY 1996 to provide 2 FTE positions and maintenance money for Project Challenge, a program designed to educate and retrain unemployed high school dropouts to earn their high school diplomas or pass high school equivalency examinations. Classroom work, community service, physical training, and team activities take place in a regimented, quasi-military environment.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

The program, which is located at Williams Air Force Base, has been 100% federally funded with a \$2.5 million Department of Defense Grant set to expire in September, 1996. However, the Governor's Office on Community Programs has used drug free school monies to fund 2 FTE positions (a mentor coordinator and an administrative secretary) for the last half of FY 1995. The Executive recommends \$56,000 in salary and ERE for the continuation of these 2 positions in FY 1996. Additionally, the Executive recommends \$92,200 for the repair of student facilities at Williams Air Force Base. Given the temporary nature of this program, the JLBC Staff does not recommend additional funding at this time.

— Replacement Vehicles

The Executive recommends \$68,000 in FY 1996 and another \$68,000 in FY 1997 for the annual replacement of 4 of the 12 maintenance vehicles (\$50,400 in Equipment for 4 half-ton pick-up trucks and \$17,600 in Travel - In State for motor pool charges), for a total of 8 trucks replaced in two years. Due to the late submission of this request, this request has not yet been fully analyzed by the JLBC Staff.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Commission on the Arizona Environment

JLBC Analyst: Karen Bock
OSPB Analyst: Marcel Benberou

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	3.0
OPERATING BUDGET						
Personal Services	64,400	66,400	72,900	67,400	72,900	67,400
Employee Related Expenditures	9,900	14,400	15,600	11,600	15,600	11,600
Professional/Outside Services	6,400	400	400	800	400	800
Travel - In State	100	600	600	600	600	600
Other Operating Expenditures	6,600	19,400	22,300	24,800	22,300	22,300
All Other Operating Subtotal	13,100	20,400	23,300	26,200	23,300	23,700
AGENCY TOTAL	87,400	101,200	111,800	105,200	111,800	102,700
BY FUND SOURCE						
General Fund	87,400	101,200	111,800	105,200	111,800	102,700
Other Non-Appropriated Funds	87,000	80,500	--	35,800	--	35,800
TOTAL - ALL SOURCES	174,400	181,700	111,800	141,000	111,800	138,500

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$4,000	4.0%	\$(2,500)	(2.4)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

- Standard Changes**
- Annualization of April 1995 Pay Adjustment \$ 1,100 GF
 - ERE Rates (2,900) GF
 - Risk Management 100 GF
 - Rent 2,800 GF

Printing 2,500 GF
As a result of its offices being relocated, the commission must replace letterhead, business cards, and such printed items. The estimate is based on past costs for similar items. The Executive did not recommend this item.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Americans with Disabilities

400 GF

The recommended increase of \$400 to Professional and Outside Services would be used for signers/interpreters at the Commission on the Arizona Environment (CAE) sponsored conferences and for translating documents into braille. The Executive did not recommend this item.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Printing

(2,500) GF

The one-time funding for printing costs will not be required in FY 1997.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive recommends \$6,200 to fund 0.5 FTE position from the General Fund. Currently, the CAE uses its special revolving fund to support this 0.5 FTE position. Under the JLBC Staff recommendation, should special fund revenues decline, the commission may discontinue supporting the position.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Governor's Office of Equal Opportunity

JLBC Analyst: Jim Hillyard
 OSPB Analyst: Matthew Shaffer

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	5.0	5.0	5.0	5.0	5.0	5.0

OPERATING BUDGET

Personal Services	127,400	159,300	162,500	162,400	162,500	162,400
Employee Related Expenditures	22,100	30,100	28,300	28,300	28,300	28,300
Professional/Outside Services	5,100	6,400	6,400	6,400	6,400	6,400
Travel - In State	500	1,600	1,600	1,600	1,600	1,600
Travel - Out of State	1,100	1,500	1,500	1,500	1,500	1,500
Other Operating Expenditures	33,700	36,500	37,900	37,900	37,900	37,900
Equipment	2,300	0	0	0	0	0
All Other Operating Subtotal	42,700	46,000	47,400	47,400	47,400	47,400
AGENCY TOTAL	192,200	235,400	238,200	238,100	238,200	238,100

BY FUND SOURCE

General Fund	192,200	235,400	238,200	238,100	238,200	238,100
Federal Funds	53,100	35,000	--	35,000	--	35,000
TOTAL - ALL SOURCES	245,300	270,400	238,200	273,100	238,200	273,100

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

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$2,700	1.1%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 2,600 GF
— ERE Rates	(2,200) GF
— Risk Management	600 GF
— Rent	800 GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Personal Services Adjustment

800 GF

The recommended amount reflects the recruiting of an Equal Opportunity Specialist at \$800 above the position's starting salary. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Equalization

JLBC Analyst: Bob Hull
OSPB Analyst: Matthew Shaffer

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	0.0

OPERATING BUDGET

Professional/Outside Services	0	0	17,700	0	166,800	96,700
Other Operating Expenditures	0	0	11,500	0	121,600	0
Equipment	0	0	22,000	0	2,500	0
All Other Operating Subtotal	0	0	51,200	0	290,900	96,700
AGENCY TOTAL	0	0	51,200	0	290,900	96,700

BY FUND SOURCE

General Fund	0	0	51,200	0	290,900	96,700
TOTAL - ALL SOURCES	0	0	51,200	0	290,900	96,700

Agency Description — The State Board of Equalization consists of the 6 members of Division I of the State Board of Tax Appeals, plus 5 members appointed by the Maricopa County Board of Supervisors and 5 members appointed by the Pima County Board of Supervisors. The State Board of Equalization will provide an independent appeals process for Maricopa and Pima County taxpayers, assessors, and the Department of Revenue in disputes relating to the valuation and classification of property effective January 1, 1996, per Laws 1994, Chapter 323 (S.B. 1362). The State Board of Equalization will hear property tax appeals in Maricopa and Pima Counties, replacing the Maricopa and Pima County Boards of Equalization for first level appeals and the State Board of Tax Appeals for second level appeals in those 2 counties. Property tax appeals in the other counties will continue to be heard by their respective County Boards of Equalization, with subsequent appeals being heard by the State Board of Tax Appeals.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$-0-	NA	\$96,700	NA

FY 1996 — JLBC Staff Recommended Changes from FY 1995

New State Agency

The State Board of Equalization (SBOE) replaces the Maricopa and Pima County Boards of Equalization for first level property tax appeals and the State Board of Tax Appeals (BOTA) for second level appeals in these 2 counties, effective January 1, 1996, per Laws 1994, Chapter 323 (S.B. 1362). We assume that the SBOE will use the second half of FY 1996, from January through June 1996, to organize itself, adopt rules, and prepare its administrative and clerical support. Maricopa and Pima County assessors must rule on every appeal by August 15, 1996, and history at BOTA indicates that few appeals will reach SBOE before July 1, 1996. SBOE must then rule on every first level appeal by October 15, 1996 and every second level appeal by October 31, 1996. Thus, FY 1997 will be the first full year of appeals for SBOE. The SBOE workload will include about 24,000 first level appeals currently heard by the Maricopa and Pima County Boards of Equalization and 3,600 second level appeals from these counties currently heard by BOTA, based on the 3-year average from FY 1992 to FY 1994.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Chapter 323 states that SBOE is established as an independent agency and may employ one or more hearing officers, but that BOTA is responsible for administering and operating the SBOE and for providing staff support and meeting accommodations. BOTA requested funding for SBOE as a Special Line Item within Division I of the BOTA budget. However, since SBOE is a statutorily independent agency which may employ hearing officers, the JLBC Staff recommends appropriating monies for hearing officers beginning in FY 1997 in the budget for SBOE. The JLBC Staff further recommends that all other administrative and personnel costs for SBOE be appropriated as a Special Line Item in the Division I budget for BOTA. Please see BOTA for a discussion of SBOE administrative costs for FY 1996 and FY 1997.

As stated above, the JLBC Staff assumes that SBOE will use the second half of FY 1996 to organize itself and that few appeals will reach SBOE before FY 1997. Both the JLBC Staff and the Executive recommend funding for SBOE which is split between BOTA Division I and SBOE. Please refer to Table 1 for the overall picture of recommended funding for SBOE. The JLBC Staff recommends that 1 FTE position and \$167,000 be appropriated for SBOE as a Special Line in BOTA, so that SBOE can organize itself in the 6 months from January to June 1996. The 1 FTE position represents no overall increase in FTE positions, since it is a shifting of 2 FTE positions for the second half of FY 1996 from BOTA Division I to the SBOE Special Line. The JLBC Staff recommends that no monies be appropriated to the separate agency SBOE, since few appeals are projected to reach SBOE until FY 1997 and therefore no money is needed for hearing officers.

The Executive includes items besides monies for hearing officers in its recommended appropriation to the separate agency SBOE. The Executive recommends an initial SBOE appropriation of \$51,200, including \$17,700 for Professional and Outside Services, \$11,500 for Other Operating Expenditures, and \$22,000 for Equipment. The Executive also recommends an increase of 2.5 FTE positions and \$79,500 for SBOE in the operating budget of BOTA Division I, and does not reduce the BOTA Division I budget for any decrease in FY 1996 workload. The 2.5 FTE positions include 2 full-time state employees and 0.5 FTE position for seasonal clerical support. Table I shows that the Executive recommends 2.5 FTE positions and \$114,600 more than the JLBC Staff for the combined BOTA Division I and SBOE budgets. The Executive estimates that SBOE will hear 30,000 appeals in calendar year 1996, 3,000 of which will be heard in FY 1996.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

First Full Year

\$96,700 GF

Reflects an initial SBOE appropriation of \$96,700 for 645 hearing officer days at \$150 per diem, based on 2/3 of 24,000 first level appeals being heard by hearing officers. In addition, the JLBC Staff recommends an increase of 6 FTE positions and \$274,800 in the BOTA Division I Special Line for SBOE. The 6 FTE positions include 1 FTE position to annualize the 2 FTE positions transferred from BOTA Division I for the second half of FY 1996, 2 new full-time FTE positions, and 3 seasonal FTE positions for clerical support.

The Executive recommends a SBOE increase of \$239,700, including increases of \$149,100 for Professional and Outside Services and \$110,100 for Other Operating Expenditures, and a decrease of \$(19,500) for Equipment. The Executive also recommends an increase of 1.5 FTE positions and \$57,900 for SBOE in the operating budget of BOTA Division I. The 1.5 FTE positions include 1 full-time state employee and 0.5 FTE position for seasonal clerical support. Table I shows that the Executive recommends 1 FTE position less and \$69,200 more than the JLBC Staff for the combined BOTA Division I and SBOE budgets.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Other Issues for Legislative Consideration

— **BOTA Division I and SBOE Costs**

Since SBOE will hear both first level property tax appeals in Maricopa and Pima counties which are currently heard by the respective county BOE's and second level appeals which are currently heard by Division I of BOTA, the following tables are presented to isolate the SBOE cost. The tables compare total FY 1995 costs for Division I of BOTA before SBOE, to the FY 1996 and FY 1997 Division I costs including the SBOE Special Line Item and the SBOE hearing officer costs appropriated to SBOE separately. The increase of \$349,100 from FY 1995 to FY 1997 is in the same range as the FY 1994 estimated \$300,000+ combined cost for the Maricopa and Pima county BOE's.

Table 1

BOTA DIVISION I AND SBOE COSTS

	<u>FY 1995 Estimate</u>	<u>FY 1996 JLBC Rec</u>	<u>FY 1996 Exec Rec</u>	<u>FY 1997 JLBC Rec</u>	<u>FY 1997 Exec Rec</u>
BOTA - Div I - FTE Positions	6.5	6.5	9.0	11.5	10.5
- Dollars	\$496,600	\$339,500	\$569,900	\$307,200	\$624,000
BOTA - SBOE Special Line	-	167,000	-	441,800	-
SBOE (Separate Agency)	-	-	51,200	96,700	290,900
TOTALS	<u>\$496,600</u>	<u>\$506,500</u>	<u>\$621,100</u>	<u>\$845,700</u>	<u>\$914,900</u>

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Executive Clemency

JLBC Analyst: L. Martinez
 OSPB Analyst: Melodie Jones

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	39.0	40.0	39.0	39.0	37.0	37.0
OPERATING BUDGET						
Personal Services	997,100	1,161,500	1,135,500	1,135,600	1,098,900	1,098,600
Employee Related Expenditures	213,400	260,800	266,600	266,700	255,900	255,900
Professional/Outside Services	48,500	64,000	58,100	64,000	58,100	64,000
Travel - In State	28,100	39,900	40,500	39,900	40,500	39,900
Travel - Out of State	3,300	1,400	1,400	1,400	1,400	1,400
Other Operating Expenditures	431,600	208,300	217,600	217,600	217,600	217,600
Equipment	26,800	4,000	4,000	4,000	4,000	4,000
All Other Operating Subtotal	538,300	317,600	321,600	326,900	321,600	326,900
OPERATING SUBTOTAL	1,748,800	1,739,900	1,723,700	1,729,200	1,676,400	1,681,400
SPECIAL LINE ITEMS						
Disproportionality Review	0	26,300	0	0	0	0
Special Item Subtotal	0	26,300	0	0	0	0
AGENCY TOTAL	1,748,800	1,766,200	1,723,700	1,729,200	1,676,400	1,681,400
BY FUND SOURCE						
General Fund	1,748,800	1,766,200	1,723,700	1,729,200	1,676,400	1,681,400
Federal Funds	7,000	0	--	0	--	0
TOTAL - ALL SOURCES	1,755,800	1,766,200	1,723,700	1,729,200	1,676,400	1,681,400

Agency Description — *The board consists of 7 full-time members. 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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(37,000)	(2.1)%	\$(47,800)	(2.8)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 13,800 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	(100) GF
— ERE Rates	12,200 GF
— Risk Management	3,400 GF
— Rent	5,900 GF

Truth in Sentencing Impact

(19,200) GF

The amount reflects the elimination of an Information Processing Specialist I position and reductions of \$(14,400) in Personal Services and \$(4,800) in Employee Related Expenditures. A reduction in workload is anticipated from truth in sentencing legislation. The Executive concurs.

Personal Services Base Adjustment

(26,700) GF

The amount reflects a reduction in the required amount to fund the agency's personal services base. The amount includes reductions of \$(23,500) in Personal Services and \$(3,200) in Employee Related Expenditures.

Disproportionality Review

(26,300) GF

Laws 1994, Chapter 365, appropriated a total of \$26,300 for the board to conduct a disproportionality review of eligible inmates who were convicted on or before December 31, 1993. The board is to determine whether an inmate's sentence is disproportionate compared to what the sentence would have been under the revised criminal code. The amount reflects the elimination of funding. The statutory deadline for completion of the reviews is December 31, 1995. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Truth in Sentencing Impact

(47,800) GF

The amount reflects the elimination of 2 FTE positions and reductions of \$(37,000) in Personal Services and \$(10,800) in Employee Related Expenditures. A reduction in workload is anticipated from truth in sentencing legislation. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Funeral Directors and Embalmers

JLBC Analyst: Jim Hillyard
 OSPB Analyst: Monica Seymour

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	3.0

OPERATING BUDGET

Personal Services	88,700	90,800	84,700	84,700	84,700	84,700
Employee Related Expenditures	16,500	19,200	14,800	14,800	14,800	14,800
Professional/Outside Services	21,200	28,900	31,300	31,300	31,100	31,100
Travel - In State	2,600	12,800	12,800	12,800	12,800	12,800
Other Operating Expenditures	22,200	27,900	28,000	28,000	28,000	28,000
Equipment	1,400	0	0	0	0	0
All Other Operating Subtotal	47,400	69,600	72,100	72,100	71,900	71,900
AGENCY TOTAL	152,600	179,600	171,600	171,600	171,400	171,400

BY FUND SOURCE

Other Appropriated Funds	152,600	179,600	171,600	171,600	171,400	171,400
TOTAL - ALL SOURCES	152,600	179,600	171,600	171,600	171,400	171,400

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$ (8,000)	(4.5)%	\$ (200)	(0.1)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 1,300 OF
— ERE Rates	(3,600) OF
— Risk Management	100 OF

Professional and Outside Services

2,400 OF

The recommended amount reflects an increase in State Boards' Office costs. Beginning in FY 1996, State Boards' Office Personal Services will be apportioned based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has increased costs for some boards. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Personal Services

(8,200) OF

The recommended amount reflects a decrease in Personal Services due to the turnover of the board's Executive Director and Deputy Director. A new Executive Director and Deputy Director were employed at a lower salary. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Professional and Outside Services

(200) OF

The recommended amount reflects the elimination of a one-time expense within the State Boards' Office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnote

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Game and Fish Department
 PROG: Agency Summary

JLBC Analyst: Bruce Groll
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	271.5	271.5	271.5	271.5	271.5	271.5

BY PROGRAM/ORGANIZATION

Administrative & Field Services	14,433,300	15,675,600	15,873,200	16,089,300	15,803,100	16,019,200
Watercraft	1,273,500	1,393,700	1,436,100	1,499,100	1,436,100	1,447,600
Nongame Wildlife	246,200	271,500	272,900	274,200	272,900	274,200
AGENCY TOTAL	15,953,000	17,340,800	17,582,200	17,862,600	17,512,100	17,741,000

OPERATING BUDGET

Personal Services	6,931,200	7,333,800	7,443,000	7,443,100	7,443,000	7,443,100
Employee Related Expenditures	2,299,900	2,459,100	2,408,800	2,562,600	2,408,800	2,562,600
Professional/Outside Services	246,500	234,600	234,600	234,600	234,600	234,600
Travel - In State	276,500	265,900	265,900	265,900	265,900	265,900
Travel - Out of State	47,200	30,700	30,700	30,700	30,700	30,700
Other Operating Expenditures	3,103,400	3,476,200	3,631,600	3,661,600	3,561,600	3,591,600
Equipment	575,500	720,000	720,000	816,500	720,000	765,000
All Other Operating Subtotal	4,249,100	4,727,400	4,882,800	5,009,300	4,812,800	4,887,800
OPERATING SUBTOTAL	13,480,200	14,520,300	14,734,600	15,015,000	14,664,600	14,893,500

SPECIAL LINE ITEMS

Cooperative Research Projects	40,000	40,000	40,000	40,000	40,000	40,000
Reimbursement to G & F Fund	326,000	330,700	369,500	369,500	369,500	369,500
Pittman-Rob/Dingell-Johnson	1,835,900	2,145,600	2,208,000	2,208,000	2,208,000	2,208,000
Regional Offices Lease-Purchase	257,400	260,700	180,600	180,600	178,500	178,500
Wildlife Endowment Fund	0	0	6,000	6,000	8,000	8,000
Waterfowl Conservation	13,500	43,500	43,500	43,500	43,500	43,500
Special Item Subtotal	2,472,800	2,820,500	2,847,600	2,847,600	2,847,500	2,847,500
AGENCY TOTAL	15,953,000	17,340,800	17,582,200	17,862,600	17,512,100	17,741,000

BY FUND SOURCE

Other Appropriated Funds	15,953,000	17,340,800	17,582,200	17,862,600	17,512,100	17,741,000
Federal Funds	11,088,600	10,773,300		10,706,000		10,147,600
Other Non-Appropriated Funds	10,199,000	10,128,400		10,606,800		10,489,800
TOTAL - ALL SOURCES	37,240,600	38,242,500	17,582,200	39,175,400	17,512,100	38,378,400

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Game and Fish Department
 PROG: Agency Summary

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$521,800	3.0%	\$(121,600)	(0.7)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$133,200	OF
— ERE Rates	79,600	OF
— Risk Management	85,400	OF
— Equipment	96,500	OF

Other Operating Expenditures 100,000 OF

Administrative and Field Services 62,400 OF

Wildlife Endowment Fund 6,000 OF

Capital Improvement Fund (80,100) OF

Waterfowl Conservation Fund -0- OF

Watercraft License Fund 38,800 OF

Nongame Wildlife -0- OF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	(51,500)	OF
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Other Operating Expenditures (70,000) OF

Wildlife Endowment Fund 2,000 OF

Capital Improvement Fund (2,100) OF

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JLBC Staff Recommended Format — Varies by Program

Other Issues for Legislative Consideration

- Individual Classification Reviews

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

For FY 1996, the department is requesting a \$322,600 increase in expenditure authority for Personal Services and ERE to fund increased agency costs resulting from Individual Classification Reviews. A job classification study by the Arizona Department of Administration (DOA) in 1993 found inequities in classification and pay among specific field and support staff positions as compared with their peers in other state agencies; thus, resulting in a competitive disadvantage to the department in recruiting and retaining experienced employees. Many of the positions had not been reviewed since 1974, and not all of the positions reviewed resulted in reclassification. The requested amount funds the position reclassifications subsequently approved by DOA.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Game and Fish Department
 PROG: Administrative and Field Services

JLBC Analyst: Bruce Groll
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	241.5	241.5	241.5	241.5	241.5	241.5
OPERATING BUDGET						
Personal Services	6,373,200	6,729,500	6,829,800	6,829,800	6,829,800	6,829,800
Employee Related Expenditures	2,138,300	2,261,300	2,214,900	2,356,000	2,214,900	2,356,000
Professional/Outside Services	201,500	160,000	160,000	160,000	160,000	160,000
Travel - In State	255,800	238,600	238,600	238,600	238,600	238,600
Travel - Out of State	33,300	19,600	19,600	19,600	19,600	19,600
Other Operating Expenditures	2,719,500	3,056,800	3,212,200	3,242,200	3,142,200	3,172,200
Equipment	564,900	720,000	720,000	765,000	720,000	765,000
All Other Operating Subtotal	3,775,000	4,195,000	4,350,400	4,425,400	4,280,400	4,355,400
OPERATING SUBTOTAL	12,286,500	13,185,800	13,395,100	13,611,200	13,325,100	13,541,200
SPECIAL LINE ITEMS						
Cooperative Research Projects	40,000	40,000	40,000	40,000	40,000	40,000
Pittman-Rob/Dingell-Johnson	1,835,900	2,145,600	2,208,000	2,208,000	2,208,000	2,208,000
Reg. Offices Lease-Purchase	257,400	260,700	180,600	180,600	178,500	178,500
Wildlife Endowment Fund	0	0	6,000	6,000	8,000	8,000
Waterfowl Conservation	13,500	43,500	43,500	43,500	43,500	43,500
Special Item Subtotal	2,146,800	2,489,800	2,478,100	2,478,100	2,478,000	2,478,000
PROGRAM TOTAL	14,433,300	15,675,600	15,873,200	16,089,300	15,803,100	16,019,200
BY FUND SOURCE						
Other Appropriated Funds	14,433,300	15,675,600	15,873,200	16,089,300	15,803,100	16,019,200
Federal Funds	11,088,600	10,773,300		10,706,000		10,147,600
Other Non-Appropriated Funds	10,199,000	10,128,400		10,606,800		10,489,800
TOTAL - ALL SOURCES	35,720,900	36,577,300	15,873,200	37,402,100	15,803,100	36,656,600

DEPT: Arizona Game and Fish Department
 PROG: Administrative and Field Services

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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$413,700	2.6%	\$(70,000)	(0.4)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$122,600 OF
- ERE Rates 72,400 OF
- Risk Management 85,400 OF

Other Operating Expenditures 100,000 OF

The JLBC Staff recommends a \$30,000 increase for the Urban Fisheries Program and provides funds necessary to include the addition of Spook Hill Lake in Mesa, offset increases in contractual costs of channel catfish, and maintain fish stocking rates at sustainable levels. The Executive recommends no additional funds.

The JLBC Staff also recommends \$70,000 from the Land and Water Conservation Recreation Development fund for improvements to the Page Springs Nature Trail. The project will increase wildlife related recreational opportunities and augment existing wildlife educational opportunities at the Page Springs Hatchery. Total project costs are estimated at \$195,500, of which \$125,500 will be paid with Dingell-Johnson federal aid funds. The Executive concurs.

Equipment 45,000 OF

The recommended increase for capitalized replacement equipment for replacement of a microfiche reader with an optical reader scanner to more efficiently document and retrieve licensing data. The total cost of the scanner will be split equally with the Watercraft License Fund. The Executive recommends no additional funds.

Pittman-Robertson/Dingell-Johnson Acts 62,400 OF

The recommended amount fully funds the agency's estimate of state funds needed as match for federal funding allocated to Arizona under these federal programs for sport fishing and wildlife restoration projects. The Executive concurs.

Wildlife Endowment Fund 6,000 OF

The recommended amount provides reimbursement to the Game and Fish Fund as requested by the commission for wildlife conservation and management purposes specified by A.R.S. § 17-271. The Executive concurs.

Capital Improvement Fund (80,100) OF

Reflects a total FY 1996 lease-purchase payment of \$180,600, as determined by the Department of Administration for 3 Game and Fish regional offices. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Other Operating Expenditures (70,000) OF

The JLBC Staff recommends a base reduction in Other Operating Expenditures from the Land and Water Conservation Recreation Development fund to discontinue funding for improvements to the Page Springs Nature Trail due to the FY 1996 one-time funding request and anticipated completion of the project. The Executive concurs.

Wildlife Endowment Fund 2,000 OF

The recommended increase provides reimbursement to the Game and Fish Fund as requested by the commission for wildlife conservation and management purposes specified by A.R.S. § 17-271. The Executive concurs.

Capital Improvement Fund (2,100) OF

The recommended amount reflects a total FY 1997 lease-purchase payment of \$178,500, as determined by the Department of Administration for 3 Game and Fish regional offices. The reduction is consistent with the department's request. The Executive concurs.

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Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Modified Lump Sum with Special Line Items for the Program

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Game and Fish Department
 PROG: Watercraft

JLBC Analyst: Bruce Groll
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	26.0	26.0	26.0	26.0	26.0	26.0
OPERATING BUDGET						
Personal Services	438,400	493,800	501,100	501,200	501,100	501,200
Employee Related Expenditures	130,900	168,400	164,700	176,100	164,700	176,100
Professional/Outside Services	19,700	44,600	44,600	44,600	44,600	44,600
Travel - In State	17,500	19,900	19,900	19,900	19,900	19,900
Travel - Out of State	5,700	4,500	4,500	4,500	4,500	4,500
Other Operating Expenditures	333,000	341,800	341,800	341,800	341,800	341,800
Equipment	7,600	0	0	51,500	0	0
All Other Operating Subtotal	383,500	410,800	410,800	462,300	410,800	410,800
OPERATING SUBTOTAL	952,800	1,073,000	1,076,600	1,139,600	1,076,600	1,088,100
SPECIAL LINE ITEMS						
Reimbursement to G & F Fund	320,700	320,700	359,500	359,500	359,500	359,500
Special Item Subtotal	320,700	320,700	359,500	359,500	359,500	359,500
PROGRAM TOTAL	1,273,500	1,393,700	1,436,100	1,499,100	1,436,100	1,447,600
BY FUND SOURCE						
Other Appropriated Funds	1,273,500	1,393,700	1,436,100	1,499,100	1,436,100	1,447,600
TOTAL - ALL SOURCES	1,273,500	1,393,700	1,436,100	1,499,100	1,436,100	1,447,600

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Program Description — *The Watercraft program is responsible for the administration of boat registration, the enforcement of boating safety laws, and implementation of an information and education program relating to boating and boating safety. The program receive funding from watercraft registration fees, license taxes and penalty assessments.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$105,400	7.6%	\$(51,500)	(3.4)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment
\$ 8,800 OF
- ERE Rates
6,300 OF

Equipment

51,500 OF

Provides a \$51,500 increase for capitalized replacement equipment that includes \$6,500 for replacement of a 12-year-old technologically obsolete cash register and \$45,000 for replacement of a microfiche reader scanner to more efficiently document and retrieve licensing data. The total cost of the scanner, \$90,000, will be split equally with the Game and Fish Fund. The Executive recommends no additional funds.

Reimbursement to Game and Fish Fund

38,800 OF

Provides a \$38,800 base increase that will allow the department to maintain its current level of watercraft law-enforcement and registration services by covering cost transfer liability increases resulting from Personal Services and per diem reimbursement rate adjustments implemented in FY 1995. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment
(51,500) OF

* * *

JLBC Staff Recommended Format — Lump Sum with Special Line Items for the Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Game and Fish Department
 PROG: Nongame Wildlife

JLBC Analyst: Bruce Groll
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	4.0	4.0	4.0	4.0	4.0	4.0
OPERATING BUDGET						
Personal Services	119,600	110,500	112,100	112,100	112,100	112,100
Employee Related Expenditures	30,700	29,400	29,200	30,500	29,200	30,500
Professional/Outside Services	25,300	30,000	30,000	30,000	30,000	30,000
Travel - In State	3,200	7,400	7,400	7,400	7,400	7,400
Travel - Out of State	8,200	6,600	6,600	6,600	6,600	6,600
Other Operating Expenditures	50,900	77,600	77,600	77,600	77,600	77,600
Equipment	3,000	0	0	0	0	0
All Other Operating Subtotal	90,600	121,600	121,600	121,600	121,600	121,600
OPERATING SUBTOTAL	240,900	261,500	262,900	264,200	262,900	264,200
SPECIAL LINE ITEMS						
Reimbursement to G & F Fund	5,300	10,000	10,000	10,000	10,000	10,000
Special Item Subtotal	5,300	10,000	10,000	10,000	10,000	10,000
PROGRAM TOTAL	246,200	271,500	272,900	274,200	272,900	274,200
BY FUND SOURCE						
Other Appropriated Funds	246,200	271,500	272,900	274,200	272,900	274,200
TOTAL - ALL SOURCES	246,200	271,500	272,900	274,200	272,900	274,200

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Game and Fish Department
 PROG: Nongame Wildlife

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. The program receives funding from taxpayers who elect the "check-off" option for non-game wildlife on their Arizona state income tax form.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$2,700	1.0%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$1,800 OF
- ERE Rates 900 OF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes -0- OF

* * *

JLBC Staff Recommended Format — Lump Sum with Special Line Items for the Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Geological Survey

JLBC Analyst: Renée Bahl
OSPB Analyst: Stacy Sheard

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	13.3	13.3	13.3	13.3	13.3	13.3

OPERATING BUDGET

Personal Services	390,300	402,700	410,000	410,000	415,600	415,700
Employee Related Expenditures	89,400	84,500	84,200	84,200	85,000	85,000
Professional/Outside Services	300	0	0	0	0	0
Travel - In State	9,100	12,400	34,700	27,700	34,700	33,300
Travel - Out of State	2,900	2,000	2,000	2,000	2,000	2,000
Other Operating Expenditures	117,800	124,300	162,200	168,600	162,200	168,600
Equipment	3,100	0	67,000	58,100	0	21,700
All Other Operating Subtotal	133,200	138,700	265,900	256,400	198,900	225,600
OPERATING SUBTOTAL	612,900	625,900	760,100	750,600	699,500	726,300

SPECIAL LINE ITEMS

Special Item Subtotal	0	0	0	0	0	0
AGENCY TOTAL	612,900	625,900	760,100	750,600	699,500	726,300

BY FUND SOURCE

General Fund	612,900	625,900	760,100	750,600	699,500	726,300
Federal Funds	137,100	123,600	--	104,800	--	104,800
Other Non-Appropriated Funds	58,500	70,600	--	63,200	--	57,400
TOTAL - ALL SOURCES	808,500	820,100	760,100	918,600	699,500	888,500

Agency Description — *The Geological Survey (AZGS) 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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$124,700	19.9%	\$(24,300)	(3.3)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$6,900 GF
- ERE Rates (1,400) GF
- Risk Management 3,800 GF

Replacement Vehicles in the DOA Motor Pool 71,400 GF

The JLBC Staff recommends replacing 3 vehicles in FY 1996 with Department of Administration (DOA) Motor Pool vehicles and services. Along with the one-time \$56,100 vehicle cost, an additional \$15,300 is added for daily and mileage Motor Pool fees. The Executive recommends an additional \$82,900 to replace 4 vehicles in FY 1996.

Relocation 40,500 GF

The department is scheduled to move from private space to state-owned space in Tucson on July 30, 1995. The FY 1996 net increase reflects the higher square foot cost, 500 more square feet, and the elimination of the utility and janitorial payments related to the old private lease. The Executive concurs.

Replacement Equipment 2,000 GF

The JLBC Staff recommends an additional \$2,000 to replace a 1988 computer. The Executive does not recommend this increase.

Upgrade Graphics Supervisor To Graphic Designer II 1,500 GF

The JLBC Staff recommends upgrading the Graphics Supervisor position (Grade 17) to a Graphic Designer II position (Grade 19). Since the Public Information Officer II position was eliminated in FY 1994, the additional responsibility of producing the AZGS publications and maps has been added to the Graphics Supervisor position. The new responsibilities include producing maps, newsletters, brochures, other publications and displays. Previously, only graphic illustrations and some layout techniques were required by this position. According to personnel rules, the incumbent is entitled to a 5% promotional raise which would increase the current salary of \$25,500 to \$26,800. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment (58,100) GF

Replacement Vehicle in the DOA Motor Pool 25,300 GF

The JLBC Staff recommends replacing 1 vehicle in FY 1997 with a DOA Motor Pool vehicle and services. Along with the one-time \$19,700 vehicle cost, an additional \$5,600 is added for daily and mileage Motor Pool fees. The Executive recommends this replacement occur in FY 1996.

Geologist I Position 6,500 GF

The JLBC Staff recommends one-quarter funding for a 0.5 Geologist I position to compile maps and other data on geological information for land management. Ultimately, this data will be added to the state's Geographic Information System (GIS) managed by the State Land Department. With the recommended funding, the AZGS plans to secure matching funds from a land or resource-management agency to make the position full-time. The JLBC Staff recommends that these additional monies revert to the General Fund if matching monies are not secured by the beginning of FY 1997 (see new footnote). The Executive concurs, but adds \$6,400 for this issue.

Replacement Equipment 2,000 GF

The JLBC Staff recommends an additional \$2,000 to replace a 1989 computer. The Executive does not recommend this increase.

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JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

New Footnotes

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Office of the Governor
Agency Summary

JLBC Analyst: Dick Morris
OSPB Analyst: Jim Cockerham

House Sub: Wong
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	--	--	--	--	--	--
OPERATING BUDGET						
SPECIAL LINE ITEMS						
Lump Sum Appropriation	4,089,200	4,195,400	4,550,300	4,550,300	4,550,300	4,550,300
Office for Excellence in Govmnt	1,683,500	1,427,800	2,008,300	2,008,900	2,008,300	2,008,900
Border Volunteer Corps	0	174,000				
NAFTA Study Committee	0	100,000				
Special Item Subtotal	5,772,700	5,897,200	6,558,600	6,559,200	6,558,600	6,559,200
AGENCY TOTAL	5,772,700	5,897,200	6,558,600	6,559,200	6,558,600	6,559,200

BY FUND SOURCE

General Fund	5,711,700	5,897,200	6,058,600	6,059,200	6,058,600	6,059,200
Other Appropriated Funds	61,000	0	500,000	500,000	500,000	500,000
Federal Funds	3,934,900	4,000,000	--	4,000,000	--	4,000,000
Other Non-Appropriated Funds	861,600	1,706,200	--	1,205,800	--	1,205,800
TOTAL - ALL SOURCES	10,569,200	11,603,400	6,558,600	11,765,000	6,558,600	11,765,000

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$162,000	2.7%	\$-0-	0.0%
Other Appropriated Funds	500,000	N/A	-0-	0.0%
Total Appropriated Funds	\$662,000	11.2%	\$-0-	0.0%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Office of the Governor - Lump Sum Increase \$ 354,900 GF
 Within the amount recommended by the JLBC Staff, is a net increase of \$42,000 to annualize the April 1995 pay raise. In addition, there is an increase of \$11,200 for office rent, bringing the amount for rent to be paid to the Capital Outlay Stabilization Fund to a total of \$274,800. An increase of \$100 is added for the Tucson State Office Building lease-purchase payment. The amount of the payment to be allocated to the Governor's Office will be \$35,600 in FY 1996. In FY 1996, the Risk Management charges for insurance are estimated to be \$11,800, which is a decrease of \$(1,800) from the amount funded in FY 1995.

Nonrecurring Appropriations (274,000) GF
 The \$174,000 appropriated by Laws of 1994, Chapter 141, for the Border Volunteer Corps and the \$100,000 appropriated by Laws of 1994, Chapter 193, to study the North American Free Trade Agreement have been excluded from the General Fund recommendations for the Office of the Governor in FY 1996 and FY 1997.

Office for Excellence in Government - Lump Sum Appropriation \$500,000 OF 81,100 GF
 The amounts recommended for the Office of Excellence in Government are:

FTE Positions	<u>0.0 OF</u>	<u>18.0 GF</u>
Personal Services	\$ -0- OF	\$ 842,900 GF
Employee Related Expenditures	-0- OF	147,300 GF
Professional and Outside Services	450,000 OF	260,000 GF
Travel - In State	-0- OF	10,000 GF
Travel - Out of State	-0- OF	1,600 GF
Other Operating Expenditures	50,000 OF	239,600 GF
Equipment	<u>-0- OF</u>	<u>7,500 GF</u>
 All Other Operating Expenditures	 500,000 OF	 518,700 GF
 TOTAL	 <u>\$50,000 OF</u>	 <u>\$1,508,900 GF</u>

Office for Excellence in Government - Standard Adjustments

— Annualization of the April 1995 Pay Adjustment	-0- OF	13,900 GF
— ERE Rates	-0- OF	4,500 GF
— Rent	-0- OF	2,700 GF

Local Area Network Pilot Project 35,000 GF
 The Office for Excellence in Government is the first state agency to go on-line with the Department of Administration's new computer network. This pilot project was initiated in FY 1995, and funding for FY 1996 represents the cost of maintaining the system. The annual maintenance cost is \$1,400 per computer workstation and local area network printer. The Department of Administration provides training, specific equipment for the local area network, and technical support 12 hours each day during the normal work week.

Governor's Quality Award Sponsorship 25,000 GF
 Funding to identify and evaluate organizations and employees who will compete for the Governors Quality and Pioneer Awards.

Employee Training and Development 500,000 OF
 Laws of 1994, Chapter 152 created the Office for Excellence in Government Fund, which is the depository for monies collected from state agencies for the training and development of employees. In FY 1995, the Office for Excellence in Government was authorized to spend up to \$500,000 from this fund. In FY 1996, this fund is subject to appropriation. The FY 1996 request includes \$450,000 for Professional and Outside Services for class development, course materials, and temporary staff, as well as funding for trainers and moderators. Unencumbered and unexpended money remaining in this fund at the end of the fiscal year shall be returned to the agencies that made payments to the fund during the year.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- OF

-0- GF

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JLBC Staff Recommended Format - Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- Included in the in the lump sum appropriation of \$4,550,300 is \$10,000 for the Governor's Protocol Fund.
- The lump sum appropriation of \$4,550,300 is exempt from A.R.S. § 35-190, relating to lapsing appropriations.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Governors Office of Strategic Planning & Budgeting JLBC Analyst: Dick Morris House Sub: Weiers
 OSPB Analyst: Jim Cockerham Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	24.0	24.0	-	24.0	-	24.0

OPERATING BUDGET

SPECIAL LINE ITEMS

Lump Sum Appropriation	1,278,100	1,460,000	1,699,500	1,699,500	1,699,500	1,699,500
Special Item Subtotal	1,278,100	1,460,000	1,699,500	1,699,500	1,699,500	1,699,500
AGENCY TOTAL	1,278,100	1,460,000	1,699,500	1,699,500	1,699,500	1,699,500

BY FUND SOURCE

General Fund	1,278,100	1,460,000	1,699,500	1,699,500	1,699,500	1,699,500
TOTAL - ALL SOURCES	1,278,100	1,460,000	1,699,500	1,699,500	1,699,500	1,699,500

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$239,500	16.4%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 17,500 GF
— Risk Management	2,500 GF
— Rent	2,900 GF

Automation

80,000 GF

The increase is for the enhancement of the Office of Strategic Planning and Budgeting's (OSBP) Local Area Computer Network (LAN) and the installation of a Windows-based operating system for their LAN workstations. These changes will enable OSPB to access the state's Multi-Agency Network (MAGNET) and have on-line access to the Arizona Financial Information System (AFIS), which is the state's accounting system.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Other Changes

136,600 GF

This item includes 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, which are all reflected in the amount recommended by the Executive.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

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JLBC Staff Recommended Format -- Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Council for the Hearing Impaired

JLBC Analyst: Gita Reddy
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	5.0	5.0	5.0	5.0	5.0	5.0

OPERATING BUDGET

Personal Services	126,800	140,700	142,800	142,800	142,800	142,800
Employee Related Expenditures	32,700	38,900	36,200	36,200	36,200	36,200
Professional/Outside Services	2,900	8,100	11,700	4,300	11,700	4,300
Travel - In State	1,300	2,000	2,000	5,800	2,000	5,800
Travel - Out of State	700	2,300	2,300	2,300	2,300	2,300
Other Operating Expenditures	31,500	27,700	28,100	28,100	28,100	28,100
Equipment	9,300	0	0	0	0	0
All Other Operating Subtotal	45,700	40,100	44,100	40,500	44,100	40,500
AGENCY TOTAL	205,200	219,700	223,100	219,500	223,100	219,500

BY FUND SOURCE

General Fund	205,200	219,700	223,100	219,500	223,100	219,500
Federal Funds	43,200	50,000	--	50,000	--	50,000
Other Non-Appropriated Funds	3,488,300	4,079,600	--	4,192,500	--	4,192,500
TOTAL - ALL SOURCES	3,736,700	4,349,300	223,100	4,462,000	223,100	4,462,000

Agency Description — *The agency acts as an information and referral resource for deaf and hard of hearing people and administers a statewide telephone access program. The agency also provides educational materials to the general public.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(200)	(0.1)%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 2,400 GF
— ERE Rates	(3,000) GF
— Risk Management	400 GF

Professional and Outside Services

-0- GF

The amount includes a transfer of \$3,800 for council member travel from the Professional and Outside Services line item to the Travel - In State line item.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

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JLBC Staff Recommended Format — Lump Sum by Agency

Other Issues for Legislative Consideration

— Open Captions

The Executive recommends \$3,600 for open caption services for the agency's weekly television program "Sign Out," which is targeted at the hearing impaired population. The JLBC Staff does not recommend this issue because the Legislature approved an increase of \$4,000 for open caption services last year with the understanding that the agency would match the state share by seeking private donations and/or grants.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Historical Society

JLBC Analyst: Renée Bahl
OSPB Analyst: Lisa Marsio

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	48.5	53.0	53.0	62.0	53.0	64.5
OPERATING BUDGET						
Personal Services	1,277,400	1,131,600	1,109,800	1,147,200	1,109,800	1,147,200
Employee Related Expenditures	250,300	249,900	253,300	257,400	253,300	257,400
Professional/Outside Services	47,500	47,900	47,900	47,900	47,900	47,900
Travel - In State	8,500	13,600	23,600	20,500	33,200	20,500
Other Operating Expenditures	1,645,100	331,100	381,800	381,800	381,800	381,800
Equipment	11,200	16,300	33,500	33,600	36,900	14,200
All Other Operating Subtotal	1,712,300	408,900	486,800	483,800	499,800	464,400
OPERATING SUBTOTAL	3,240,000	1,790,400	1,849,900	1,888,400	1,862,900	1,869,000
SPECIAL LINE ITEMS						
Journal of Az History	5,000	5,000	5,000	5,000	5,000	5,000
Historical Society Grants	30,000	30,000	30,000	30,000	30,000	30,000
Library Acquisitions	1,500	1,500	1,500	1,500	1,500	1,500
Papago Park Museum	0	1,812,300	1,814,700	2,066,400	1,814,700	2,155,600
Special Item Subtotal	36,500	1,848,800	1,851,200	2,102,900	1,851,200	2,192,100
AGENCY TOTAL	3,276,500	3,639,200	3,701,100	3,991,300	3,714,100	4,061,100
BY FUND SOURCE						
General Fund	3,276,500	3,639,200	3,701,100	3,991,300	3,714,100	4,061,100
Other Non-Appropriated Funds	677,300	983,200	--	620,200	--	620,200
TOTAL - ALL SOURCES	3,953,800	4,622,400	3,701,100	4,611,500	3,714,100	4,681,300

Agency Description — *The Arizona Historical Society (AHS) 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).*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$352,100	9.7%	\$69,800	1.7%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 25,300 GF
— Vacancy Savings - Maintains a 3% Vacancy Rate	(2,800) GF
— ERE Rates	4,100 GF
— Risk Management	50,700 GF
— Rent	(5,000) GF
— Elimination of One-time Capital and Non-Capital Equipment	(16,300) GF

Papago Park Museum

255,600 GF

The JLBC Staff recommends an increase of \$255,600 and 9 FTE positions in FY 1996 to fund the operating expenses associated with the partial opening of Papago Park Museum in Tempe. Private donations are funding the exhibits. To date, there is enough exhibit funding to partially open the museum in January of 1996 providing that the Arizona Historical Society Foundation relinquishes the private donations it has received for the Papago Park Museum. The operating monies are needed before the museum opens in order to prepare the museum and train the new staff. Some of the requested FTE positions, such as the Museum Curator, Exhibits Preparator, Curatorial Assistant, and Graphic Designer, are needed to research and plan the exhibits before exhibit construction bids are accepted. The Executive does not recommend this increase.

Replacement Vehicle

23,600 GF

The JLBC Staff recommends an increase of \$23,600 to replace a 1974 van in the Southern Arizona Division with 170,000 miles logged on it. This increase also includes funding for Department of Administration (DOA) Motor Pool fees. The Executive recommends an additional \$40,400 to replace 2 vehicles in the DOA Motor Pool—1 is the van and the other is a pick-up for the Rio Colorado Division.

Replacement Equipment

16,900 GF

The JLBC Staff recommends an increase of \$16,900 for replacement equipment including \$3,100 for a replacement copier for the Rio Colorado Division. The Executive recommends an additional \$3,100 for a replacement copier in the Rio Colorado Division.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	(33,600) GF
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Papago Park Museum

89,200 GF

The JLBC Staff recommends an increase of \$89,200 and 2.5 FTE positions in FY 1997 to fund the total operating costs of the Papago Park Museum. This is the final year of additional FTE positions and increasing operating expenditures to open the museum. It should be fully open by FY 1998 and these additional-FTE positions will be performing the research to design the unopened exhibits. The Executive does not recommend this increase.

Replacement Equipment

14,200 GF

The JLBC Staff recommends an increase of \$14,200 for replacement equipment throughout all the agency's divisions, including \$3,100 for a replacement copier in the Northern Arizona Division. The Executive recommends an additional \$3,100 for a copier in the Northern Arizona Division.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— Personal Services Adjustment and Format Change

The Executive recommends reducing the vacancy rate from 3% to 2%, changing the format to Modified Lump Sum by Agency, and realigning the Personal Services base. A net decrease of \$(43,000) is associated with these changes. The JLBC Staff does not recommend these changes, but proposes waiting until all the FTE positions for Papago Park Museum are authorized and filled before exploring a new vacancy rate. The JLBC Staff recommends maintaining a 3% vacancy rate and the current format of Operating Lump Sum with Special Line Items by Agency.

— Replacement Vehicles

The Executive recommends an increase of \$43,400 for FY 1997 to replace 2 vehicles in the DOA Motor Pool—1 station wagon in the Southern Arizona Division and 1 Suburban in Flagstaff. The JLBC Staff does not recommend this increase.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Prescott Historical Society of Arizona

JLBC Analyst: Jason Hall
OSP Analyst: Lisa Marsio

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	15.5	15.5	15.5	16.0	15.5	16.0
OPERATING BUDGET						
Personal Services	355,100	377,400	383,000	392,200	383,000	392,200
Employee Related Expenditures	111,100	119,300	118,200	121,600	118,200	121,600
Professional/Outside Services	2,800	5,100	5,100	3,300	5,100	3,300
Travel - In State	0	400	400	400	400	400
Other Operating Expenditures	74,600	64,700	68,100	87,400	68,100	87,000
All Other Operating Subtotal	77,400	70,200	73,600	91,100	73,600	90,700
AGENCY TOTAL	543,600	566,900	574,800	604,900	574,800	604,500
BY FUND SOURCE						
General Fund	543,600	566,900	574,800	604,900	574,800	604,500
TOTAL - ALL SOURCES	543,600	566,900	574,800	604,900	574,800	604,500

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$38,000	6.7%	\$(400)	(0.1)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 6,400 GF
- ERE Rates (1,900) GF
- Risk Management 3,400 GF
- Elimination of One-time Capital and Non-Capital Equipment (2,200) GF

Add 0.5 Building Maintenance Technician I Position

12,600 GF

The JLBC Staff recommends the addition of a part-time employee to assist the 1 full-time employee with the maintenance of the department's 13 buildings and 3 acres of land. The \$12,600 includes total amounts for Personal Services and Employee Related Expenditures. The Executive does not recommend this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Professional and Outside Services

(1,800) GF

The recommended decrease of \$(1,800) in Professional and Outside Services removes the one-time appropriation in FY 1995 for insect extermination services. The Executive does not recommend this issue.

Other Operating Expenditures

21,500 GF

The JLBC Staff recommends an increase of \$21,500 in the Other Operating Expenditures line item. This amount consists of \$400 to replace 2 collapsing office chairs, \$5,500 to repair and maintain Historical Society facilities, and \$15,600 to fund utility costs previously paid for with monies from the Sharlot Hall Historical Society Fund. The Sharlot Hall Fund is reserved for the purposes of printing journals, creating educational programs, and purchasing supplies necessary for curatorial work. The donations, gifts, and membership fees paid into this fund are not intended to cover operating costs. The Executive does not recommend General Fund monies for facility repairs and utility costs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of Non-Capital Equipment

(400) GF

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Other Issues for Legislative Consideration

- Reimbursement of Private Fund Dollars with General Fund Dollars

The Prescott Historical Society has requested \$1,600 for a "chipper vac" (wood mulcher) and \$9,000 for a new phone system. Both items have already been purchased without legislative approval.

The Prescott Historical Society is in a period of organizational change. In mid-December, the society's Director stepped down, and at the end of December, the current Assistant Director vacated his position as well. The original FY 1996 budget request sought General Fund dollars to upgrade the position of Accounting Technician, Grade 13, to Assistant Director of Administration, Grade 19. This new position, responsible for financial management and employee supervision, was filled on July 1, 1994, at a higher salary than that authorized for the Grade 13, without prior legislative approval. With the position vacated at the end of December 1994, the Society seeks to reclassify the position again; changing the title to Business Manager and the Grade to 18. Applicants for this position are being sought at a salary range that would require an additional \$3,600 - \$17,000 in annual appropriations from the General Fund. Applicants are also being sought to fill the position of Director, but no change in the proposed salary for this position has been announced.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Homeopathic Medical Examiners

JLBC Analyst: Jim Hillyard
OSP Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	.5	.5	.5	.5	.5	.5

OPERATING BUDGET

Personal Services	8,700	9,000	12,900	13,000	12,900	13,000
Employee Related Expenditures	700	2,100	1,600	1,600	1,600	1,600
Professional/Outside Services	10,700	13,100	11,100	11,100	11,000	11,000
Travel - In State	600	500	1,300	1,300	1,300	1,300
Other Operating Expenditures	1,600	1,700	2,300	2,300	2,300	2,300
Equipment	0	3,600	0	0	0	0
All Other Operating Subtotal	12,900	18,900	14,700	14,700	14,600	14,600
AGENCY TOTAL	22,300	30,000	29,200	29,300	29,100	29,200

BY FUND SOURCE

Other Appropriated Funds	22,300	30,000	29,200	29,300	29,100	29,200
TOTAL - ALL SOURCES	22,300	30,000	29,200	29,300	29,100	29,200

Agency Description — *The board licenses and regulates medical physicians who practice homeopathy, a system of medical treatment based on use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(700)	(2.3)%	\$(100)	(0.3)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 200 OF
— ERE Rates	(1,000) OF
— Risk Management	100 OF
— Elimination of One-time Capital and Non-Capital Equipment	(3,600) OF

Additional Hours

4,300 OF

The recommended amount reflects an increase in the number of hours per week worked by the Executive Director. The increase in funding would increase the Director's weekly hours from 13.5 to 20 and allow the Director to respond to an increased number of practitioners and prepare for an upcoming sunset hearing. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Travel **800 OF**
The recommended amount funds the increased travel expenses associated with a newly appointed board member from Sedona. The Executive concurs.

Other Operating Expenses **500 OF**
The recommended amount reflects an increase in repair/maintenance costs, postage and delivery costs. In FY 1995, the Homeopathic Medical Examiners Board will stop sharing computer equipment with the Naturopathic Physicians Board and purchase its own equipment. The recommended amount reflects the supply and maintenance costs associated with this equipment. The Executive concurs.

Professional and Outside Services **(2,000) OF**
The recommended amount reflects a decrease in State Boards' Office costs. Beginning in FY 1996, State Boards' Office Personal Services costs will be apportioned based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Professional and Outside Services **(100) OF**
The recommended amount reflects the elimination of a one-time expense within the State Boards' Office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnote

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Commission of Indian Affairs

JLBC Analyst: Rachelle Child
OSP Analyst: Lisa Marsio

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	4.0	4.0	4.0	4.0	4.0	4.0
OPERATING BUDGET						
Personal Services	101,500	105,100	106,600	106,600	106,600	106,600
Employee Related Expenditures	24,000	27,100	27,800	27,800	27,800	27,800
Travel - In State	6,000	6,800	8,600	6,800	8,600	6,800
Travel - Out of State	0	0	3,800	0	3,800	0
Other Operating Expenditures	26,800	30,100	32,300	33,800	31,900	33,800
Equipment	2,500	2,700	0	9,800	0	1,300
All Other Operating Subtotal	35,300	39,600	44,700	50,400	44,300	41,900
OPERATING SUBTOTAL	160,800	171,800	179,100	184,800	178,700	176,300
SPECIAL LINE ITEMS						
Indian Town Hall	0	0	0	4,000	0	4,000
Special Item Subtotal	0	0	0	4,000	0	4,000
AGENCY TOTAL	160,800	171,800	179,100	188,800	178,700	180,300
BY FUND SOURCE						
General Fund	160,800	171,800	179,100	188,800	178,700	180,300
Other Non-Appropriated Funds	4,900	4,500	--	3,000	--	3,000
TOTAL - ALL SOURCES	165,700	176,300	179,100	191,800	178,700	183,300

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$17,000	9.9%	\$(8,500)	(4.5)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$1,700 GF
- ERE Rates 500 GF
- Risk Management 100 GF
- Rent (200) GF
- Elimination of One-time Capital and Non-Capital Equipment (2,700) GF

Other Operating Expenses 3,800 GF

The JLBC Staff recommends 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, 1400 West Washington. The recommended increase also includes \$500 for increased postage costs.

Replacement Equipment 9,800 GF

The JLBC Staff recommends an increase in one-time capital equipment of \$9,800 for a replacement copier. The Executive does not recommend funding for this purpose.

Indian Town Hall Special Line Item 4,000 GF

The commission has some question regarding how they should handle the receipts resulting from the annual Indian Town Hall and spring conference. During the last legislative session, S.B. 1094 was introduced which would have allowed the Publications Fund, currently used to produce and distribute commission publications, to also pay "for commission conferences." Since this bill failed, the JLBC Staff recommends the commission discontinue its use of the Publications Fund to finance commission conferences. Instead, the JLBC Staff recommends conference receipts be deposited in the General Fund. The commission's General Fund appropriation would then be increased to cover the commission's conference expenses. As the costs of these conferences can vary, the JLBC Staff also recommends this appropriation be exempt from lapsing. The commission was appropriated \$2,500 in FY 1990 for this purpose, but has since budgeted this money for other purposes. The Executive does not recommend funding for this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment (9,800) GF

Replacement Equipment 1,300 GF

The recommended amount includes a total of \$1,300 for a replacement typewriter and 4 ergonomic chairs. The Executive does not recommend funding for this issue.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

New Footnote

- This appropriation (Indian Town Hall Special Line Item) is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations in FY 1996 and FY 1997. (See above for explanation.)

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Industrial Commission of Arizona
 PROG: Agency Summary

JLBC Analyst: Gita Reddy
 OSPB Analyst: Monica Seymour

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	261.0	265.0	267.0	269.0	268.0	270.0

BY PROGRAM/ORGANIZATION

Administration	2,741,900	4,608,100	2,505,300	2,477,500	2,512,300	2,486,400
Claims	2,570,700	2,659,400	2,718,600	2,743,600	2,566,600	2,590,100
Administrative Law Judge	3,592,100	3,873,800	3,881,700	3,870,000	3,831,700	3,722,600
Labor	425,200	447,400	455,000	465,800	455,000	462,300
Special Fund	435,800	563,900	564,200	627,200	564,200	627,200
Occupational Safety/Health	1,638,200	1,676,100	1,738,700	1,714,900	1,736,700	1,711,400
Legal Counsel	657,600	892,800	898,500	897,500	898,500	894,000
AGENCY TOTAL	12,061,500	14,721,500	12,762,000	12,796,500	12,565,000	12,494,000

OPERATING BUDGET

Personal Services	6,305,900	6,818,700	6,951,800	6,939,100	6,968,900	6,956,600
Employee Related Expenditures	1,402,400	1,558,200	1,642,400	1,630,000	1,647,300	1,634,900
Professional/Outside Services	1,513,700	1,756,300	1,706,300	1,718,500	1,506,300	1,465,800
Travel - In State	145,500	173,300	173,300	173,500	173,300	172,100
Travel - Out of State	25,000	11,900	20,600	21,900	20,600	21,900
Other Operating Expenditures	2,403,700	2,582,800	2,263,600	2,257,500	2,248,600	2,241,700
Equipment	265,300	19,000	4,000	56,000	0	1,000
All Other Operating Subtotal	4,353,200	4,543,300	4,167,800	4,227,400	3,948,800	3,902,500
OPERATING SUBTOTAL	12,061,500	12,920,200	12,762,000	12,796,500	12,565,000	12,494,000

SPECIAL LINE ITEMS

Automation	0	1,801,300	0		0	
Special Item Subtotal	0	1,801,300	0	0	0	0
AGENCY TOTAL	12,061,500	14,721,500	12,762,000	12,796,500	12,565,000	12,494,000

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Industrial Commission of Arizona
 PROG: Agency Summary

JLBC Analyst: Gita Reddy
 OSPB Analyst: Monica Seymour

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
BY FUND SOURCE						
Other Appropriated Funds	12,061,500	14,721,500	12,762,000	12,796,500	12,565,000	12,494,000
Federal Funds	1,184,300	1,288,700		1,288,700		1,288,700
Other Non-Appropriated Funds	16,123,800	16,303,400		16,547,400		16,860,400
TOTAL - ALL SOURCES	29,369,600	32,313,600	12,762,000	30,632,600	12,565,000	30,643,100

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, private employment agency licensure, and the provision of workers' compensation coverage for claimants whose employers are uninsured or who are served by insolvent carriers.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(1,925,000)	(13.1)%	\$(302,500)	(2.4)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 115,200 OF
- ERE Rates 58,400 OF
- Risk Management 10,000 OF
- Rent 37,800 OF
- Elimination of One-time Capital and Non-Capital Equipment (1,824,300) OF

Vacancy Savings (167,500) OF

Currently, each division of the Industrial Commission has its own vacancy factor. Administration, Claims, Administrative Law Judge, 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 Executive does not address this recommendation.

Other Operating Expenditures (375,000) OF

The recommended amount includes a decrease of \$(375,000) due to the completion of lease-purchase payments for equipment for the agency's imaging system. The Executive concurs.

Hearing Costs (73,800) OF

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%. Given the estimated growth in caseload and the fact that the program probably will not be fully implemented until the middle of the fiscal year, the JLBC Staff recommends a reduction of \$(73,800) in Professional and Outside Services to reflect the decrease in hearing costs (primarily medical witness and court reporter fees). The Executive recommends a decrease of \$(50,000).

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Claims/Special Fund Reclassification 93,400 OF
The recommended amount includes an increase of \$93,400 to fund the agency's proposed reclassification of workers' compensation claims specialists, pending the Department of Administration's (DOA's) approval. The agency has suffered from 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 two years. The Executive does not recommend this issue.

Occupational Safety Consultant III 36,800 OF
The recommended amount includes \$26,500 in Personal Services, \$6,300 in Employee Related Expenditures, \$500 in Other Operating Expenditures, and \$3,500 in Equipment for a safety consultant. This consultant will allow the agency to expand its new inspection program which targets employers with the worst loss records. The Executive essentially concurs.

Cost Containment Services 36,000 OF
The recommended amount includes \$36,000 to fund a Utilization Review Program for the Special Fund to audit doctor, hospital, physical therapy, and prescription billings. 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. The Executive does not recommend this issue.

ALJ Travel Costs 37,100 OF
The JLBC Staff recommends purchasing 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 DOA's maintenance and replacement charges. The Executive does not recommend this issue.

Optical Disk Technician II 25,200 OF
The agency currently scans and indexes 6,000 documents onto its imaging system daily and last year contracted for the equivalent of 2 FTE positions to help it handle its scanning and indexing workload. Imaging will be expanded to the ALJ, Legal, and Special Fund Divisions in FY 1995, which will increase the number of documents needing to be scanned and indexed. The JLBC Staff recommends \$25,200 (\$16,300 in Personal Services, \$4,900 in Employee Related Expenditures, \$500 in Other Operating Expenditures, and \$3,500 in Equipment) for an optical disk technician to scan and index documents onto the imaging system. As the agency will need more than one additional optical disk technician to handle its workload, the JLBC Staff recommends that the agency transfer a couple of the clerical positions freed up by the implementation of imaging in the agency's other divisions to the Claims Division and retrain them as optical disk technicians. The Executive essentially concurs.

No Insurance Cases 23,900 OF
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. Currently the division has only 1 attorney, 1 legal secretary, and the equivalent of 1 investigator handling these cases. The recommended amount includes \$15,200 in Personal Services, \$4,700 in Employee Related Expenditures, \$500 in Other Operating Expenditures, and \$3,500 in Equipment to fund a Clerk Typist III to handle the initial processing of these cases (i.e., determining whether or not the employer is still in business, and if so, notifying him that he either needs to purchase insurance or explain why he does not need insurance.) The Executive does not recommend this issue.

Wage Claims 22,800 OF
The recommended amount includes \$14,200 in Personal Services, \$4,600 in Employee Related Expenditures, \$500 in Other Operating Expenditures, and \$3,500 in Equipment to fund a clerical position 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 Executive does not recommend this issue.

ALJ Seminar Costs 19,000 OF
The ALJ Division has experienced 32% turnover in the last fiscal year, with 7 of its 22 ALJs retiring or resigning. The JLBC Staff recommends funding for registration fees and travel costs (\$200 in Travel - In State, \$10,000 in Travel - Out of State, and \$8,800 in Other Operating Expenditures) associated with training seminars primarily for these new ALJs. The Executive essentially concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital Equipment (56,000) OF
- Other (2,700) OF

Other Operating Expenditures

(15,000) OF

The recommended amount includes a reduction of \$(15,000) to reflect a decrease in lease-purchase payments for equipment. The Executive concurs.

EDP Computer Operator

(126,100) OF

The recommended amount includes \$17,500 in Personal Services, \$4,900 in Employee Related Expenditures, \$500 in Other Operating Expenditures, and \$1,000 in Equipment to fund a computer operator position so the agency can move its claims database in-house. The database is currently on the DOA mainframe. For FY 1996, the agency estimates that it will spend \$350,000 for DOA 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. The Executive essentially concurs.

Hearing Costs

(102,700) OF

The recommended amount includes a \$(102,700) reduction for hearing costs to reflect full-year implementation of the mandatory pre-hearing settlement conference program and the increased proficiency of the ALJs in resolving disputes. The Executive recommends a \$(50,000) reduction.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnote

- The JLBC Staff recommends deleting the footnote concerning the Industrial Commission's \$200,000 intergovernmental agreement with the Department of Economic Security regarding injured workers as it is an ongoing program.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Insurance
Agency Summary

JLBC Analyst: Lynne Smith
OSPB Analyst: Marcel Benberou

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	86.9	103.9	105.9	105.9	105.9	105.9
OPERATING BUDGET						
Personal Services	1,801,300	2,176,700	2,283,500	2,238,700	2,313,200	2,268,800
Employee Related Expenditures	416,300	512,400	539,200	531,200	543,100	537,900
Professional/Outside Services	169,000	81,700	81,700	81,700	81,700	81,700
Travel - In State	4,700	9,200	9,200	9,200	9,200	9,200
Travel - Out of State	6,600	10,600	10,100	10,100	9,600	9,600
Other Operating Expenditures	505,100	865,100	1,052,700	1,033,800	1,053,300	1,033,800
Equipment	14,600	4,400	0	0	0	0
All Other Operating Subtotal	700,000	971,000	1,153,700	1,134,800	1,153,800	1,134,300
OPERATING SUBTOTAL	2,917,600	3,660,100	3,976,400	3,904,700	4,010,100	3,941,000
SPECIAL LINE ITEMS						
Auto Insurance Rate Publication	0	40,000	84,000	72,000	84,000	72,000
Fraud Unit	0	750,000	710,000	725,600	714,000	722,700
Special Item Subtotal	0	790,000	794,000	797,600	798,000	794,700
AGENCY TOTAL	2,917,600	4,450,100	4,770,400	4,702,300	4,808,100	4,735,700
BY FUND SOURCE						
General Fund	2,917,600	4,450,100	4,770,400	4,702,300	4,808,100	4,735,700
Other Non-Appropriated Funds	85,274,600	48,628,700	--	31,002,700	--	46,643,500
TOTAL - ALL SOURCES	88,192,200	53,078,800	4,770,400	35,705,000	4,808,100	51,379,200

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Insurance

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$252,200	5.7%	\$33,400	0.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 44,600 GF
- Vacancy Savings - Maintains a 1.5% Vacancy Rate (700) GF
- ERE Rates 8,100 GF
- Risk Management 162,800 GF
- Elimination of One-time Capital and Non-Capital Equipment (55,700) GF

Computer System Fund Expiration 36,800 GF

Includes an additional 2 FTE positions and associated \$36,800 to provide 6-months funding to operate the department's computer system. The recommended amount continues monies currently funded through the department's non-appropriated Computer System Fund, which will expire December 31, 1995. These 2 FTE positions and associated funding were appropriated by the Legislature for FY 1994, but reverted upon enactment of legislation to reinstate the Computer System Fund. The recommended amount requires annualization in FY 1997. The Executive concurs.

Sun State Office Building 9,800 GF

Includes the following changes in payments for state-owned space at the Sun State Office Building: a) an increase of \$6,600 for the lease-purchase payment and b) an increase of \$3,200 for the operations and maintenance charge. The increases reflect the correction of an estimated square footage figure used for FY 1995. The Executive concurs with the lease-purchase payment amount, but recommends an increase of \$22,300 for the operations and maintenance charge.

Travel - Out of State (500) GF

The recommended amount reflects full funding for the department's FY 1996 travel plans. The Executive concurs.

Insurance Rate Publication 32,000 GF

Includes an increase of \$32,000 to allow publication of premium comparisons and complaint ratios for auto insurance policies, as required by Laws 1993, Chapter 1, 41st Legislature, 5th Special Session. The FY 1995 special line item 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. The Executive recommends a \$44,000 increase.

Fraud Unit 15,000 GF

This new special line item continues funding for an insurance fraud unit established by Laws 1994, Chapter 154, 41st Legislature, 2nd Regular Session. The fraud unit, which began operating in FY 1995, includes 17 FTE positions to investigate fraud by consumers against insurance companies. The recommended amount includes an increase for travel and operating supplies. The Executive does not include this increase. One-time reductions are included in the Standard Changes above.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment (2,900) GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Computer System Position Annualization

36,800 GF

Includes \$36,800 to annualize funding for the 2 FTE positions added in FY 1996. The Executive concurs.

Travel - Out of State

(500) GF

The recommended amount reflects full funding for the department's FY 1997 travel plans. The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

(In the FY 1995 budget, the department had 1 special line item. For FY 1996, the JLBC Staff recommends adding a Fraud Unit Special Line Item to facilitate separate tracking of these monies. Refer to the Fraud Unit description above.)

JLBC Staff Recommended Footnotes

Continuation of New FY 1995 Footnotes

- It is the intent of the Legislature that only expenses specifically related to examinations, including pre-examination and post-examination expenses, shall be paid from the Insurance Examiners' Revolving Fund.

Other Issues for Legislative Consideration

— **Market Conduct Analyst**

The Executive includes an additional \$57,000 and 1 FTE position in FY 1996 to perform industry-wide and company-specific market conduct analysis related to insurer examinations. The JLBC Staff recommends that the department hire 1 FTE Market Conduct Analyst position, using monies from the non-appropriated Insurance Examiners' Revolving Fund rather than a General Fund appropriation. This FTE position would fall within the Legislature's stated intent that pre-examination expenses be paid from the Insurance Examiners' Revolving Fund.

— **Non-Capitalized Equipment**

The Executive adds \$4,000 in non-capitalized equipment for the Fraud Unit in FY 1997.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Land Department

JLBC Analyst: Gita Reddy
OSP Analyst: Stacy Sheard

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	154.0	156.0	159.0	159.0	159.0	159.0
OPERATING BUDGET						
Personal Services	4,361,800	4,638,000	4,738,500	4,743,300	4,738,500	4,743,300
Employee Related Expenditures	893,100	1,028,800	1,105,800	1,106,800	1,105,800	1,106,800
Professional/Outside Services	443,000	436,600	431,600	431,600	431,600	431,600
Travel - In State	178,000	201,300	204,900	204,900	204,900	204,900
Travel - Out of State	11,200	2,200	2,200	2,200	2,200	2,200
Other Operating Expenditures	2,455,100	1,962,600	2,696,600	2,668,500	2,697,900	2,678,000
Equipment	116,900	101,400	101,500	109,700	103,000	119,000
All Other Operating Subtotal	3,204,200	2,704,100	3,436,800	3,416,900	3,439,600	3,435,700
OPERATING SUBTOTAL	8,459,100	8,370,900	9,281,100	9,267,000	9,283,900	9,285,800
SPECIAL LINE ITEMS						
Streambed Ownership	190,400	183,600	184,400	184,400	184,400	184,400
Litigation Expenses	43,400	20,000	20,000	20,000	20,000	20,000
Legal Advertising	8,200	30,000	15,000	15,000	15,000	15,000
CAP User Fees	78,100	778,800	1,170,200	1,170,200	1,521,200	1,521,200
Water Rights Filing Fees	700	6,500	16,900	16,900	16,900	16,900
Water Litigation	35,100	36,800	37,600	37,600	37,600	37,600
Illegal Dump Supervision	51,500	50,000	50,000	50,000	50,000	50,000
Nat. Resource Conservation Dist.	150,000	320,000	320,000	320,000	320,000	320,000
Conservation Education	30,000	30,000	30,000	30,000	30,000	30,000
Board of Appeals	11,400	16,400	16,700	16,400	16,700	16,400
Grazing Land Commission	0	100,000	0	0	0	0
NRCD Model Demo Project	0	80,000	75,000	0	75,000	0
Legal Assistance	0	200,000	200,000	200,000	200,000	200,000
Special Item Subtotal	598,800	1,852,100	2,135,800	2,060,500	2,486,800	2,411,500
AGENCY TOTAL	9,057,900	10,223,000	11,416,900	11,327,500	11,770,700	11,697,300
BY FUND SOURCE						
General Fund	9,057,900	10,223,000	11,416,900	11,327,500	11,770,700	11,697,300
Federal Funds	1,503,500	1,599,400	--	1,356,300	--	1,431,600
Other Non-Appropriated Funds	889,200	2,220,100	--	1,025,400	--	761,500
TOTAL - ALL SOURCES	11,450,600	14,042,500	11,416,900	13,709,200	11,770,700	13,890,400

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Land Department

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$1,104,500	10.8%	\$369,800	3.3%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 80,300 GF
- Vacancy Savings - Maintains a 2% Vacancy Rate. (1,000) GF
- ERE Rates 55,400 GF
- Rent (111,400) GF
- Elimination of One-time Capital Equipment (101,400) GF

Personal Services/ERE Adjustments

The recommended amount includes a decrease to reflect filling positions at a lower salary level.

(54,000) GF

Other Operating Expenditures

The recommended amount includes an increase of \$868,600 for Risk Management premiums. Premiums have increased primarily to adjust for the high costs the state is incurring cleaning up 17 hazardous waste disposal sites on state land at the request of the Department of Environmental Quality. The Executive concurs. The recommended amount also includes a decrease of \$(21,800) for non-capitalized equipment.

846,800 GF

Equipment

The recommended amount includes \$105,200 to replace 8 printers, 7 computers, 1 air conditioning unit, 1 facsimile machine, 1 blueline machine, 1 copier and 1 truck. The Executive recommends \$98,500 for replacement equipment.

105,200 GF

CAP User Fees

The recommended amount includes an increase of \$391,400 for the payment of construction costs associated with the Central Arizona Project (CAP). If the department does not pay the capital charges, it will forfeit its 39,006 acre-foot allocation of CAP water to the Central Arizona Water Conservation District (CAWCD). The loss of CAP water would reduce the value of some of the department's urban lands. CAWCD originally charged the department \$2 per acre-foot to cover these construction costs. The charge will be \$30 per acre-foot in FY 1996, and will rise to \$54 per acre-foot over the 50-year life of the subcontract. The Executive concurs.

391,400 GF

Grazing Land Commission

Laws 1994, Chapter 171 (S.B. 1436), established a Grazing Land Valuation Commission consisting of 5 members, all serving one-year terms. Commissioners are charged with determining a fair fee for the rental of state grazing land. The bill contained an appropriation of \$100,000 to staff the Commission and to cover the expenses of Commission members. As the Land Commissioner cannot propose the appointment of another Commission for at least five years, the JLBC Staff recommends eliminating funding for the Commission in FY 1996. The Executive also does not include funding for the Commission.

(100,000) GF

Natural Resource Conservation District (NRCD) Model Demonstration Project

The recommended amount includes a decrease of \$(80,000) since it was the Legislature's intent to provide one-time funding only for this program. The Executive concurs.

(80,000) GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

State Cartographer's Office FTE Positions 62,800 GF

In 1988, the Legislature established the State Cartographer's Office within the Land Department to provide statewide coordination of GIS-related activities, but never funded the office. Currently, 25 cities, 9 counties, and 8 tribes have operational GIS systems and many are developing local databases. The State Cartographer's Office would be responsible for establishing statewide standards for database development so these databases can be shared and integrated. The Cartographer's Office would also coordinate with local governments to prevent database duplication and to prioritize database development. The recommended amount includes \$83,800 in Personal Services, \$20,400 in Employee Related Expenditures, \$3,600 in Travel - In State, \$1,500 in Other Operating Expenditures, and \$4,500 in Equipment to fund and equip 3 FTE positions to staff the Cartographer's Office. The recommended amount also includes reductions offered by the department of \$(5,000) in Professional and Outside Services, \$(31,000) in Other Operating Expenditures, and \$(15,000) in the Litigation Expenses line item to help partially offset the cost of funding the Cartographer's Office. The Executive essentially concurs.

Water Rights Filing Fees 10,400 GF

The recommended amount includes an increase of \$10,400 due to both an increase in water rights filing fees and an increase in the number of filings. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital Equipment (109,700) GF

Other Operating Expenditures 9,500 GF

The recommended amount includes an increase of \$9,500 for non-capitalized equipment.

Equipment 119,000 GF

The recommended amount includes funding for 1 plotter and 1 digitizer for GIS-related activities and 11 laser printers, 8 computers, 2 copiers and 1 truck. The Executive recommends \$100,000 for replacement equipment.

CAP User Fees 351,000 GF

The recommended amount includes an increase of \$351,000 above the FY 1996 JLBC Staff Recommendation for the payment of construction costs associated with the department's 39,006 acre-foot allocation of CAP water. The charge for CAP water will rise from \$30 per acre-foot in FY 1996 to \$39 per acre-foot in FY 1997. The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

- San Pedro NRCD Demonstration Project
The Executive recommends \$75,000 in both FY 1996 and FY 1997 to implement improvements designed to prevent flooding at the base of the Pomarene watershed, which is located within the San Pedro NRCD. The JLBC Staff does not recommend funding for this issue.
- Executive Recommended Format
The Executive recommends a lump sum appropriation for the agency.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Law Enforcement Merit System Council

JLBC Analyst: Jason Hall
OSPB Analyst: Thomas Betlach

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	1.0
OPERATING BUDGET						
Personal Services	28,000	28,800	29,200	29,300	29,200	29,300
Employee Related Expenditures	4,900	5,400	5,700	6,000	5,700	6,000
Professional/Outside Services	1,500	2,100	2,100	2,100	2,100	2,100
Travel - In State	1,100	2,500	2,100	2,100	2,100	2,100
Other Operating Expenditures	4,100	3,000	4,100	4,100	4,100	5,100
Equipment	0	0	4,000	2,800	5,000	2,800
All Other Operating Subtotal	6,700	7,600	12,300	11,100	13,300	12,100
AGENCY TOTAL	39,600	41,800	47,200	46,400	48,200	47,400
BY FUND SOURCE						
General Fund	39,600	41,800	47,200	46,400	48,200	47,400
TOTAL - ALL SOURCES	39,600	41,800	47,200	46,400	48,200	47,400

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

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$4,600	11.0%	\$1,000	2.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 600 GF
- ERE Rates 500 GF
- Risk Management 100 GF

Travel Reduction

The agency has requested a reduction of \$(400) in travel funding. (400) GF

New Equipment

Adds funding for 1 replacement computer and associated software. 2,800 GF
The current computer is not capable of fully interfacing with the new Department of Public Safety (DPS) computer system. The Law Enforcement Merit System Council (LEMSC)

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

currently has 2 computers, 1 for the full-time support staff position and 1 for the Business Manager (who is funded from the DPS budget). The JLBC Staff recommends replacing 1 computer in FY 1996 and the second in FY 1997.

Increased Other Operating Expenses

1,000 GF

LEMSC's operating costs have exceeded their appropriation for the last few years. This gap has been made up by LEMSC requesting funding assistance from DPS. LEMSC should be independent of DPS, since it reviews their personnel decisions, but this situation has reduced their autonomy. In addition, LEMSC had to administer officer tests for promotions in staggered shifts due to lack of funding to rent sufficient testing space. This caused morale problems and testing security problems. The JLBC Staff recommends an additional \$1,000 for FY 1996 and another \$1,000 for FY 1997. These increases will fully fund the agency's operating costs and prevent LEMSC from having to ask DPS for additional resources.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment

(2,800) GF

New Equipment

2,800 GF

Adds funding for 1 replacement computer and associated software. Please see FY 1996 "New Equipment" for a full description of this issue.

Increased Other Operating Expenses

1,000 GF

Please see FY 1996 "Increased Other Operating Expenses" for a full description of this issue.

* * *

JLBC Staff Recommended Format — Lump Sum By Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Legislature - Auditor General

JLBC Analyst: Morris/Hall
 OSPB Analyst: John McCarthy

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	149.0	166.0	--	170.0	--	170.0

OPERATING BUDGET

Personal Services	5,160,700	5,944,500	0	6,474,500	0	6,474,500
Employee Related Expenditures	879,400	1,144,600	0	1,229,100	0	1,229,100
Professional/Outside Services	165,300	287,000	0	328,100	0	328,100
Travel - In State	353,300	332,600	0	395,900	0	395,900
Travel - Out of State	19,500	20,000	0	20,000	0	20,000
Other Operating Expenditures	477,600	682,700	0	744,900	0	744,900
Equipment	133,400	256,900	0	150,800	0	136,400
All Other Operating Subtotal	1,149,100	1,579,200	0	1,639,700	0	1,625,300
OPERATING SUBTOTAL	7,189,200	8,668,300	0	9,343,300	0	9,328,900

SPECIAL LINE ITEMS

Lump Sum Appropriation	0	0	8,880,000	0	8,822,800	0
Special Item Subtotal	0	0	8,880,000	0	8,822,800	0
PROGRAM TOTAL	7,189,200	8,668,300	8,880,000	9,343,300	8,822,800	9,328,900

BY FUND SOURCE

General Fund	7,189,300	8,588,300	8,880,000	9,343,300	8,822,800	9,328,900
Other Appropriated Funds	0	80,000	0	0	0	0
Other Non-Appropriated Funds	899,400	999,100	-	1,053,100	--	1,053,400
TOTAL - ALL SOURCES	8,088,700	9,667,400	8,880,000	10,396,400	8,822,800	10,382,300

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

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$755,000	8.8%	\$(14,400)	0.2%
Other Appropriated Funds	<u>(80,000)</u>	<u>(100.0)%</u>	-0-	<u>0.0%</u>
Total Appropriated Funds	\$675,000	7.8%	\$(14,400)	0.2%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ -0- OF	\$ 97,000 GF
— Vacancy Savings - Maintains a 2% Vacancy Rate	-0- OF	(15,100) GF
— ERE Rates	-0- OF	10,100 GF
— Risk Management	-0- OF	15,300 GF
— Lease Purchase Payment and Building Maintenance	-0- OF	11,800 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(189,100) GF
— Other	-0- OF	(29,500) GF

Budget Reform Annualization

360,200 GF

Provides the funding required to annualize the cost of 15 positions added last year to support the State Budget Reform Activities. These positions and associated costs were funded for 6 months in FY 1995. The amount recommended 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

169,100 GF

The recommended increase is for salary adjustments to enable the Auditor General to recruit and retain qualified personnel. In FY 1994, the Auditor General reports an agency-wide turnover rate of nearly 25% for all staff. The Accountant/Auditor I classification had the highest turnover rate which was 34.9%. The amount recommended will be targeted at those employee classifications that are experiencing high turnover rates and poor retention levels.

At - Risk Program Evaluations

163,200 GF

Legislation enacted during the 9th Special Session of the 41st Legislature (Chapter 1 and Chapter 2) requires the Auditor General to conduct annual programmatic evaluations of the Health Start, Healthy Families and the Family Literacy pilot programs. In addition, the At-Risk PreSchool Project also requires evaluation. There was \$100,000 appropriated to the Auditor General in FY 1995 for the evaluations required by Chapter 1, the Healthy Families, Literacy and Health Start pilot programs. The Auditor General used the FY 1995 appropriation to hire 2 FTE positions. The funding recommended for FY 1996 provides for 2 more positions and the associated costs of conducting the required evaluations. The amount recommended allows \$110,900 for Personal Services and Employee Related Expenditures. This will provide annualized funding for the 2 positions hired in FY 1994 as well as the 2 additional positions recommended for FY 1996. Recommended also is \$15,400 for Travel-In State, \$26,900 for Other Operating Expenditures and \$10,000 for equipment.

Replacement of the Audit Support Processing Computer

73,000 GF

Computer-assisted audit procedures are a critical component of the audit process. The Auditor General's existing computer, a Wang VS85, was purchased in 1986. Increased frequency of breakdowns, limited repair parts and the increasing cost of maintenance makes replacement a highly viable option. There is also need for additional file storage and increased processing time which is beyond the physical capabilities of the existing computer. The amount requested and recommended is based on research conducted by the Auditor General's Staff. This will allow for the acquisition of replacement computer which will meet the expanded requirements of the Office. The JLBC Staff also recommends that the appropriation include a footnote requiring that the Auditor General submit an expenditure plan to the Joint Legislative Budget Committee for review. Please see footnote section below.

Support Staff

48,000 GF

The recommended increase is for 2 FTE Positions, a Secretary I and an Accounting Technician. The Secretary is for the Financial Audit Division, where there is currently only one Secretary for 108 professional staff. The Accounting Technician is necessary to perform data entry and other task for the State's Human Resources Management System and the Arizona Financial Information System that were previously done by the Department of Administration. Much of the work done by the Department of Administration in the past has now been delegated to the agencies.

Contract Audits

41,000 GF

The recommended increase provides \$6,100 for financial audits to be performed by private auditor firms and \$35,000 for the Performance Audit Division. The Performance Division uses these funds, which now total \$100,000, for professional and technical services which are outside the professional capability of the Auditor General's Staff.

Performance Audit - Victims Compensation and the Victims-Rights

(80,000) OF

Eliminates a special appropriation, for a performance audit of the Victims Compensation and the Victims-Rights programs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment (14,400) GF

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- This appropriation is exempt from A.R.S. § 35-190 relating to lapsing of appropriations.

New Footnotes

- Prior to expending the \$73,000 to replace the existing audit processing computer, the Auditor General shall submit a project plan to the Joint Legislative Budget Committee for review.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Legislature - House of Representatives

JLBC Analyst: Morris/Hall
 OSPB Analyst: John McCarthy

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	0.0
SPECIAL LINE ITEMS						
Lump Sum Appropriation	7,128,200	7,668,400	7,668,400	7,763,100	7,975,100	7,975,100
Special Item Subtotal	7,128,200	7,668,400	7,668,400	7,763,100	7,975,100	7,975,100
PROGRAM TOTAL	7,128,200	7,668,400	7,668,400	7,763,100	7,975,100	7,975,100
BY FUND SOURCE						
General Fund	7,128,200	7,668,400	7,668,400	7,763,100	7,975,100	7,975,100
TOTAL - ALL SOURCES	7,128,200	7,668,400	7,668,400	7,763,100	7,975,100	7,975,100

Agency Description - The House of Representative is made up of 60 members, 2 of whom are elected from each of the legislative districts. It is one of 2 agencies, in the Legislative Department, where legislative authority is vested by the constitution. The officers and employees of the House of Representatives consist of the Speaker, a chief clerk, and other employees as the House directs.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$94,700	1.2%	\$212,000	2.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 76,400 GF
- Risk Management 18,300 GF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Lump Sum Increase 212,000 GF

* * *

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Lump Sum for the Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.
- Included in the lump sum appropriation of \$7,7683,100 for FY 1996 and \$7,975,100 for FY 1997 is \$1,000 each year for the purchase of mementos and items for visiting officials.

Other Issues for Legislative Consideration

- Risk Management Increase
The amount shown by the Executive does not include the estimated increase of \$18,300 for the Risk Management insurance charges.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Legislature - Joint Legislative Budget Committee

JLBC Analyst: Morris/Hall
 OSPB Analyst: John McCarthy

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	34.0	34.0	--	34.0	--	34.0

OPERATING BUDGET

Personal Services	1,303,900	1,417,100	0	1,438,300	0	1,438,300
Employee Related Expenditures	240,100	271,600	0	272,600	0	272,600
Professional/Outside Services	69,100	1,159,500	0	94,700	0	125,000
Travel - In State	8,100	11,000	0	11,000	0	13,000
Travel - Out of State	17,800	11,800	0	11,800	0	11,800
Other Operating Expenditures	94,500	100,600	0	124,000	0	129,300
Equipment	43,500	38,000	0	47,500	0	50,000
All Other Operating Subtotal	233,000	1,320,900	0	289,000	0	329,100
OPERATING SUBTOTAL	1,777,000	3,009,600	0	1,999,900	0	2,040,000

SPECIAL LINE ITEMS

Lump Sum Appropriation	0	0	1,999,900	0	2,040,000	0
Special Item Subtotal	0	0	1,999,900	0	2,040,000	0
PROGRAM TOTAL	1,777,000	3,009,600	1,999,900	1,999,900	2,040,000	2,040,000

BY FUND SOURCE

General Fund	1,777,000	3,009,600	1,999,900	1,999,900	2,040,000	2,040,000
TOTAL - ALL SOURCES	1,777,000	3,009,600	1,999,900	1,999,900	2,040,000	2,040,000

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$(1,009,700)	(33.5)%	\$40,100	2.0%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	23,700 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	-0- GF
— ERE Rates	(1,500) GF
— Risk Management	2,500 GF
— Elimination of One-time Capital and Non-Capital Equipment	(13,000) GF

Automated Budget Development System and Computer Network Enhancements

45,000 GF

The automated Budget Development System (BUDS) was written about 10 years ago. Now, current computer technology and enchanted software offers greater capabilities and more efficient systems. In order to capitalize on these efficiencies, BUDS needs to be rewritten and updated, using new systems that have greater capabilities and which are more friendly to the user. This is the basic tool used to prepare the JLBC Staff budget recommendations. In addition funding also will be needed for equipment and software to connect the JLBC Staff computer network with the Arizona Legislative Information System (ALIS). This connection is essential so the JLBC Staff may continue to exchange E-Mail with legislative agencies, individual Legislators and utilize the other valuable features offer by ALIS. It is also recommended that the Director of the JLBC Staff submit a project plan for automation development to the Joint Legislative Budget Committee for review.

Telecommunication Services

13,400 GF

An increase recommended to annualized the additional line costs and the associated cost of voice mail for the telephone system recently installed in the office. The new system is operated and maintained by the Department of Administration.

Revenue Forecasting Commitments

10,200 GF

An increase recommended for the maintenance of the new Legislative Income Tax Model expected to be operational in FY 1995 and to continue the revenue forecasting contract with the University of Arizona as well as other minimal increases for other economic forecasting organizations.

Elimination of Nonrecurring Expenditures

(1,090,000) GF

The \$1,000,000 appropriated to the Joint Committee on Capital Review during the 9th Special Session of the 41st Legislature for a capital needs assessment of public schools will not be required when that study is completed. There was also \$90,000 appropriated in FY 1995 for development and installation of a Legislative Income Tax Forecasting Model. That model is expected to be completed in the near term and future development costs will not be needed.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Committee Changes

30,000 GF

The JLBC Staff provides support to the Joint Legislative Budget Committee, the Joint Committee on Capital Review and the Joint Legislative Tax Committee. The recommended increase for Professional and Outside Services is to provide funding for special studies that may be required by one of these committees or studies required as a result of legislative assignments.

Other Increases

10,100 GF

This increase is recommended for additional costs anticipated in FY 1997 that are associated with the preparation of the biennial budget. Additionally, computer software, software upgrades and computer maintenance will be required to keep the new data processing system and the computer network operating at maximum efficiency. Increased staff travel is expected as employee turnover begins to stabilize. Equipment enhancements will be required to maintain an effective and efficient work setting for the staff.

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- This appropriation is exempt from A.R.S. § 35-190 relating to lapsing of appropriations.

New Footnotes

- Prior to expending the \$45,000 for computer system enhancements, the Director of the JLBC Staff shall present an expenditure plan to the Joint Legislative Budget Committee for review.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Legislature - Legislative Council

JLBC Analyst: Morris/Hall
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	35.0	42.0	--	44.0	--	45.0

OPERATING BUDGET

Personal Services	1,323,400	1,731,200	0	1,852,000	0	1,902,000
Employee Related Expenditures	230,800	319,900	0	340,100	0	348,800
Professional/Outside Services	149,700	268,500	0	265,500	0	300,000
Travel - In State	600	9,500	0	8,500	0	8,500
Travel - Out of State	0	19,500	0	20,000	0	15,000
Other Operating Expenditures	538,600	459,500	0	400,600	0	475,000
Equipment	792,400	270,600	0	910,500	0	75,000
All Other Operating Subtotal	1,481,300	1,027,600	0	1,605,100	0	873,500
OPERATING SUBTOTAL	3,035,500	3,078,700	0	3,797,200	0	3,124,300

SPECIAL LINE ITEMS

Lump Sum Appropriation	0	0	3,855,000	0	3,216,500	0
Special Item Subtotal	0	0	3,855,000	0	3,216,500	0
PROGRAM TOTAL	3,035,500	3,078,700	3,855,000	3,797,200	3,216,500	3,124,300

BY FUND SOURCE

General Fund	3,035,500	3,078,700	3,855,000	3,797,200	3,216,500	3,124,300
TOTAL - ALL SOURCES	3,035,500	3,078,700	3,855,000	3,797,200	3,216,500	3,124,300

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$718,500	23.3%	\$(672,900)	(17.7)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 27,500 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	(4,300) GF
— ERE Rates	400 GF
— Risk Management	3,800 GF
— Nonrecurring Operating Expenditures Eliminated	(66,200) GF
— Elimination of One-time Capital and Non-Capital Equipment	(270,600) GF

Legislative Service Enhancement

117,400 GF

An increase for 2 FTE positions and the funding to continue the expansion and enhancement of services provided by staff of the Legislative Council. The 2 additional positions are 1 Staff Attorney and 1 Staff Research position. The expansion and enhancement of service delivery was authorized and initiated in the current fiscal year.

Arizona Legislative Information System (ALIS)

910,500 GF

The amount recommended is to complete the acquisition of data processing equipment and other electronic components required for the Local Area computer Networks (LAN). The new LANs now form the backbone of the Legislature's data processing information system known as ALIS.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	(835,500) GF
— Nonrecurring Operating Expenditures Eliminated	(5,000) GF

Legislative Service Enhancements

167,600 GF

An increase of 1 FTE position and funding for the further expansion and enhancement of the services provided by the staff of the Legislative Council. The added position will be either 1 Staff Attorney or 1 Staff Research position. The added funding includes increases of \$34,500 for Professional and Outside Services and \$74,400 for Other Operating Expenditures.

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JLBC Staff Recommended Format — Lump Sum By Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

New Footnotes

- Prior to expending \$910,500 for the Arizona Legislative Information System, the Director of the Joint Legislative Council shall submit a project plan to the Joint Legislative Budget Committee for review.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Legislature - Library, Archives and Public Records

JLBC Analyst: Morris/Hall
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	109.1	119.1	-	119.1	-	119.1

OPERATING BUDGET

Personal Services	2,297,300	2,695,800	0	2,731,700	0	2,731,700
Employee Related Expenditures	512,900	604,500	0	631,200	0	631,200
Professional/Outside Services	34,300	4,000	0	4,000	0	4,000
Travel - In State	8,600	13,800	0	13,800	0	13,800
Travel - Out of State	5,400	2,800	0	2,800	0	2,800
Other Operating Expenditures	815,200	878,000	0	822,100	0	824,600
Equipment	101,000	25,200	0	37,600	0	5,500
All Other Operating Subtotal	964,500	923,800	0	880,300	0	850,700
OPERATING SUBTOTAL	3,774,700	4,224,100	0	4,243,200	0	4,213,600

SPECIAL LINE ITEMS

Acquisitions	327,800	330,000	0	358,400	0	389,200
Grants-In-Aid	502,200	433,800	0	452,000	0	390,400
Museum Furnishings	11,400	0	0	0	0	
Radio Reading	60,000	60,000	0	60,000	0	60,000
Lump Sum Appropriation	0	0	5,047,900	0	5,047,900	0
Special Item Subtotal	901,400	823,800	5,047,900	870,400	5,047,900	839,600

PROGRAM TOTAL	4,676,100	5,047,900	5,047,900	5,113,600	5,047,900	5,053,200
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BY FUND SOURCE

General Fund	4,676,100	5,047,900	5,047,900	5,113,600	5,047,900	5,053,200
Federal Funds	1,973,800	1,874,200	-	1,874,700	-	1,874,700
Other Non-Appropriated Funds	491,700	193,200	-	206,000	-	142,000
TOTAL - ALL SOURCES	7,141,600	7,115,300	5,047,900	7,194,300	5,047,900	7,069,900

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Legislature - Department of Library, Archives and Public Records

Agency Description — *The department is the archival authority and the designated repository for historical records of state and local government, as well as a designated federal document repository. Other responsibilities include: the Library for the Blind and Physically Handicapped; coordination of statewide planning and development of library services; 2 museums on state government history and the people of Arizona; records management standards and storage; and a research library for state agencies, the Legislature, the Courts, the legal community and the general public.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$65,700	1.3%	\$(60,400)	(1.2)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 45,500 GF
- Vacancy Savings - Maintains a 2% Vacancy Rate (4,900) GF
- ERE Rates 22,000 GF
- Risk Management 43,500 GF
- Rent (99,400) GF
- Elimination of One-Time Capital Equipment (25,200) GF

Equipment

37,600 GF

The JLBC Staff recommends \$29,500 in replacement capital equipment and \$8,100 in new capital equipment for a total of \$37,600. The amount of \$29,500 consists of \$4,800 to replace failing and outdated computer equipment, \$16,100 to replace recording and automated check-out equipment, and \$8,600 to replace an unreliable microfilm reader/printer and book cart. The amount of \$8,100 would purchase a computer monitor to better utilize existing software, computer reference materials, a portable sound system to accommodate the hearing impaired on museum tours, and 1 each of new microfiche and microfilm cabinets.

Acquisitions

28,400 GF

The JLBC Staff recommends an increase of \$28,400 for all library acquisitions. Reference materials and periodicals have experienced abnormal levels of inflation, and the recommendation reflects an 8.6% increase in appropriations to offset this loss of purchasing power. This figure averages the price inflation occurring in the several categories of library materials, considering both regional trends and the inflationary pressures upon state university libraries.

Grants-in-Aid

18,200 GF

The \$18,200 recommended increase to Grants-in-Aid is necessary for the Department of Library, Archives and Public Records to receive matching federal funds. Receipt of an estimated \$1,874,000 in federal funds is dependent upon the state appropriating at least 90% of the state's expenditure for Grants-in-Aid in FY 1994. The recommended amount meets this minimum funding criteria.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Rent 2,500 GF
- Elimination of One-Time Capital Equipment (37,600) GF

Equipment

5,500 GF

The JLBC Staff recommends \$5,500 for one-time capital equipment purchases. This amount funds a new microfiche cabinet, a new microfilm cabinet, and the replacement of 3 desk chairs currently in disrepair.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Acquisitions

30,800 GF

The JLBC Staff recommends that library acquisitions increase by \$30,800 to keep pace with the high level of inflation in publication prices. This recommendation continues the weighted average price inflation of 8.6% for state library materials.

Grants-in-Aid

(61,600) GF

The recommended decrease in the Grants-in-Aid line item brings the state appropriation for this item to the minimum level necessary to maintain an estimated \$1,874,000 in matching federal funds.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— Automation of Archive Records

The Archives Department requests funds to create a computer database listing all stored documents. This project would result in greater access to materials held by the department, and provide for a more complete search of documents. Current research is largely based on the institutional memory of archive employees and is performed without the benefit of "key word" searches of materials catalogues. Creating the proposed database would require the appropriation of \$7,600 in FY 1996 for computer hardware and software purchases, and \$9,600 in FY 1997 for a consultant to create the database and to purchase some additional hardware.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Legislature - Senate

JLBC Analyst: Morris/Hall
 OSPB Analyst: John McCarthy

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	0.0
SPECIAL LINE ITEMS						
Lump Sum Appropriation	5,088,900	5,865,600	5,923,200	5,969,600	5,923,200	5,969,600
Special Item Subtotal	5,088,900	5,865,600	5,923,200	5,969,600	5,923,200	5,969,600
PROGRAM TOTAL	5,088,900	5,865,600	5,923,200	5,969,600	5,923,200	5,969,600
BY FUND SOURCE						
General Fund	5,088,900	5,865,600	5,923,200	5,969,600	5,923,200	5,969,600
TOTAL - ALL SOURCES	5,088,900	5,865,600	5,923,200	5,969,600	5,923,200	5,969,600

Agency Description - The Senate is made up of 30 members elected from each of the legislative districts. It is 1 of 2 agencies, in the Legislative Department, where legislative authority is vested by the constitution. The officers and employees of the Senate consist of the President, a secretary and other employees as the Senate directs.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$104,000	1.8%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 57,600 GF
- Risk Management 46,400 GF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes -0- GF

* * *

JLBC Staff Recommended Format — Lump Sum for the Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Standard Footnotes

- This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.
- Included in the lump sum appropriation of \$5,969,600 is \$1,000 for the purchase of mementos and items for visiting officials.

Other Issues for Legislative Consideration

- Risk Management Increase
The amount shown by the Executive does not include the estimated increase of \$46,400 for the Risk Management insurance charges.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Liquor Licenses & Control

JLBC Analyst: Rachelle Child
OSP Analyst: Shelli Silver

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	50.0	52.0	50.0	50.0	50.0	50.0
OPERATING BUDGET						
Personal Services	1,061,200	1,264,600	1,243,000	1,256,900	1,243,000	1,256,900
Employee Related Expenditures	270,500	309,300	334,800	336,900	334,800	336,900
Professional/Outside Services	32,900	34,800	33,300	33,300	33,300	33,300
Travel - In State	64,900	94,800	94,800	94,800	94,800	94,800
Travel - Out of State	4,500	1,000	1,000	1,000	1,000	1,000
Other Operating Expenditures	361,700	332,200	404,400	419,100	404,400	419,100
Equipment	19,800	19,000	0	0	0	0
All Other Operating Subtotal	483,800	481,800	533,500	548,200	533,500	548,200
OPERATING SUBTOTAL	1,815,500	2,055,700	2,111,300	2,142,000	2,111,300	2,142,000
SPECIAL LINE ITEMS						
Liquor Board	24,800	0	0	0	0	0
Automation Lease - Purchase	0	0	0	543,200	0	543,200
Special Item Subtotal	24,800	0	0	543,200	0	543,200
AGENCY TOTAL	1,840,300	2,055,700	2,111,300	2,685,200	2,111,300	2,685,200
BY FUND SOURCE						
General Fund	1,840,300	2,055,700	2,111,300	2,685,200	2,111,300	2,685,200
Federal Funds	0	98,700	--	25,500	--	0
Other Non-Appropriated Funds	203,000	1,120,000	--	292,900	--	329,500
TOTAL - ALL SOURCES	2,043,300	3,274,400	2,111,300	3,003,600	2,111,300	3,014,700

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Liquor Licenses & Control

Agency Description — *The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$629,500	30.6%	\$ -0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$21,300 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	(300) GF
— ERE Rates	35,300 GF
— Risk Management	72,200 GF
— Elimination of One-time Capital and Non-Capital Equipment	(19,000) GF
— Other	(1,500) GF

Department Elimination of Funded FTE Positions

(36,400) GF

In FY 1994, the department eliminated 1 vacant Hearing Officer III position and 1 vacant Special Investigations Supervisor position in order to upgrade the departments Investigator IIIs, previously grade 17, to Special Investigators, grade 19. This upgrade was not funded by the Legislature. The elimination of the funded positions resulted in a savings of \$59,800, of which \$33,600 is needed to fund the upgrades. The remainder, \$26,200, plus \$10,200 in associated ERE, represents net savings. The overall operations of the department will not be negatively affected by the elimination of the FTE positions due to an increase in non-appropriated funds; see below for further explanation. The Executive recommends a decrease of \$(50,600) associated with the elimination of these positions.

Rent

(10,800) GF

During the 1994 Legislative Session, the department was authorized to retain monies from certain liquor license fees to hire 2 auditors and 5 special investigators. The JLBC Staff recommends those positions working out of the Phoenix office be allocated a portion of the Phoenix lease with the Industrial Commission from their non-appropriated funding sources, resulting in a net General Fund decrease of \$(10,700). The JLBC Staff recommends the Tucson lease-purchase payment continue to be funded from the General Fund, a net decrease of \$(100).

Automated File and Retrieval System

543,200 GF

In 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%. For financing purposes, the department has established the following budget:

	Current Department Budget	Expenditure Thru November, 1994
Hardware and Software	\$ 597,000	\$ 636,600
Supplies	38,000	900
Consulting	816,000	655,000
Training	30,000	11,500
File Conversion	160,000	24,500
Cabling & Renovation	45,000	67,000
Phone System	60,000	15,000
Furniture	280,000	224,500
TOTAL	<u>\$2,026,000</u>	<u>\$1,635,000</u>

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Of those costs listed above, the JLBC Staff believes that the \$280,000 associated with new furniture may be contrary to the letter and the intent of A.R.S. § 4-115, which authorized the money to be used for an "automated records filing and retrieval system." Although these may have been legitimate expenditures, a request for monies for new furniture should probably have been made through the appropriations process.

The JLBC Staff recommends the statute be altered to deposit the A.R.S. § 4-115 monies currently received by the department temporarily into the General Fund. This recommendation would allow the following:

- a) Early pay-off of the lease-purchase obligation. The final lease-purchase payment is currently scheduled for June, 1999. By that time, the department will have paid approximately \$333,200 in interest payments to the outside financier;
- b) Subject further drawn-down of the department's line of credit to legislative appropriation, which will limit the amount to be repaid and interest paid;
- d) Reimburse the General Fund for its financing of the lease-purchase payments;
- e) Return the revenue stream to Maricopa and Pima Counties after reimbursement to the General Fund in FY 1998. The JLBC Staff recommends the statute be altered to return the revenue stream to Maricopa and Pima Counties, previous beneficiaries of this money. All other counties currently receive 1/3 of liquor license fees, unless otherwise specified, for licenses issued within their borders. A.R.S. § 4-115 was altered in 1993 to allow some of the monies previously returned to Maricopa and Pima Counties to be retained by the department in order to finance the new file and retrieval system, but was not intended to be a permanent arrangement.

Alternately, the Legislature could choose to simply subject further expenditure of A.R.S. § 4-115 monies to legislative appropriation. However, this may not allow for early pay-off of the system unless General Fund monies are used to supplement the payments, and the General Fund would then have no way to recoup these costs. The Legislature may also choose to have the General Fund retain these monies as a permanent revenue source, instead of returning the revenue stream to Maricopa and Pima Counties, or designate the monies to be used for another purpose.

The department has indicated it is interested in acquiring Geographic Information System (GIS) technology to assist in their efforts, among other things, to locate neighborhoods with relatively large numbers of liquor licenses. The JLBC Staff recommends the department request funds for this project through the appropriations process, as such technology is not directly part of the automated file and retrieval system.

The Executive does not address this issue.

Maintenance and Line Costs

\$25,500 GF

The department's new phone system utilizes individual lines, which will require \$20,000 per year in higher line charges than the department's old 20-line roll-over system. The JLBC Staff also recommends an increase of \$5,500 associated with maintenance costs for the department's new automated file and retrieval system. The Executive does not recommend funding for these purposes, because the Executive does not address the depositing of A.R.S. § 4-115 monies in the General Fund. The department did not formally request these monies, assuming that they would be able to pay these expenses out of their automated file and retrieval system monies.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- GF

* * *

JLBC Staff Recommended Format — Operating Lump Sum by Agency with Special Line Items

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Medical Examiners

JLBC Analyst: Jim Hillyard
 OSPB Analyst: John McCarthy

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	41.5	42.5	43.0	43.5	43.0	43.5

OPERATING BUDGET

Personal Services	1,074,700	1,323,200	1,299,200	1,316,500	1,299,200	1,316,500
Employee Related Expenditures	233,900	288,900	295,300	300,000	295,300	300,000
Professional/Outside Services	312,500	338,700	345,400	338,700	352,100	338,700
Travel - In State	34,500	47,300	50,300	50,300	50,300	50,300
Travel - Out of State	13,700	8,800	8,800	8,800	8,800	8,800
Other Operating Expenditures	416,600	416,200	466,100	458,600	466,000	457,300
Equipment	159,200	0	8,300	9,600	4,000	5,300
All Other Operating Subtotal	936,500	811,000	878,900	866,000	881,200	860,400
OPERATING SUBTOTAL	2,245,100	2,423,100	2,473,400	2,482,500	2,475,700	2,476,900

SPECIAL LINE ITEMS

Automation	23,300	0	0	0	0	0
AG Agreement	166,500	166,500	166,500	166,500	166,500	166,500
Examinations	100,700	254,800	254,800	254,800	254,800	254,800
Special Item Subtotal	290,500	421,300	421,300	421,300	421,300	421,300
AGENCY TOTAL	2,535,600	2,844,400	2,894,700	2,903,800	2,897,000	2,898,200

BY FUND SOURCE

Other Appropriated Funds	2,535,500	2,844,400	2,894,700	2,903,800	2,897,000	2,898,200
TOTAL - ALL SOURCES	2,535,500	2,844,400	2,894,700	2,903,800	2,897,000	2,898,200

Agency Description — *The agency licenses, regulates and conducts examinations of medical doctors and physician's assistants.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$59,400	2.1%	\$(5,600)	(0.2)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 20,600 OF
— Vacancy Savings - Maintains a 1% Vacancy Rate	(900) OF
— ERE Rates	1,900 OF
— Risk Management	24,100 OF
— Rent	1,500 OF
— Elimination of One-time Capital and Non-Capital Equipment	(7,200) OF
— Other	(900) OF

Carry-Forward Base Adjustment

(63,200) OF

The JLBC Staff recommended amount represents the elimination of a one-time FY 1994 savings spent in FY 1995. These dollars were originally appropriated in FY 1994 to fund a 1 FTE Complaint Technician position. The board elected not to fill this position in FY 1994 and to use the savings to pay board members per diem for days spent in preparation for quarterly meetings in FY 1995. The board has never been funded to pay per diem for preparation days. When the Complaint Technician position is filled, board members will return to not receiving per diem for preparation days.

Add 1 FTE EDP Technical Support Specialist I Position

41,700 OF

The JLBC Staff recommends an additional \$41,600 for an EDP Technical Support Specialist to be responsible for the maintenance of their Local Area Network and other technical duties. In their recent Sunset Review, the Auditor General recommends that the board take steps to improve the utilization of its EDP resources, such as fully implementing the security features of the automated system. The board currently relies on external assistance for technical maintenance that cannot be handled by board employees. The Executive recommends a one-half FTE EDP Technical Support Specialist.

Add 4 Board Meeting Days

10,200 OF

The JLBC Staff recommends an additional \$7,200 in board member per diem and \$3,000 in Travel - In State to fully fund a sixth meeting day for each of the board's quarterly meetings. The board currently meets quarterly for six days, but has only been allocated resources for a five-day meeting each quarter. In its recent Sunset Review, the Auditor General acknowledged that six day meetings each quarter are appropriate given the board's 20 month backlog of complaints. The Executive recommends \$8,100 in additional per diem and \$3,000 for Travel - In State for this issue.

Other Operating Expenditures

22,000 OF

The JLBC Staff recommends an additional \$6,000 for a new maintenance contract on computers and a copier with expiring warranties and an additional \$16,000 for increased postage and printing costs associated with the board's newsletter, medical directory, and increases in the size of the board's meeting packages. The Executive recommends \$25,800 in additional Other Operating Expenditures.

Equipment

9,600 OF

The JLBC Staff recommends \$4,500 for a replacement Impact Printer for renewal forms, \$1,600 for replacement recording equipment for the board room, \$2,200 for a Complaint Secretary workstation, and \$1,300 for non-capitalized equipment such as a new desk and three new filing cabinets. The Executive recommends \$8,300 in funding for equipment.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	(9,600) OF
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Equipment

4,000 OF

The JLBC Staff recommended amount includes a one-time expenditure of \$4,000 for 2 computers to replace those purchased in 1990.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Standard Footnotes

- The lump sum appropriation in FY 1996 and FY 1997 includes \$166,500 for Attorney General - Legal Fees which is specifically designated to pay for the Personal Services and Employee Related Expenditures of the 2 Assistant Attorney General FTE positions and the 0.5 Legal Secretary FTE 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.
- 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 fund, until June 30, 1997.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnote concerning the board's occupancy of the Centre Pointe Building in FY 1994.

Other Issues for Legislative Consideration

- Auditor General Recommendations
Please see the above policy issue descriptions concerning the EDP Technical Support Specialist position and the funding of the board's 6th quarterly meeting day for a discussion of the fiscal implications of the Auditor General's recommendations regarding the board's complaint backlog and improved use of EDP resources. Please also see the next paragraph below for a discussion of the fiscal impact of the Auditor General's recommendation regarding improved internal auditing controls.
- Clerk Typist III
The board is requesting 1 FTE position to improve financial controls. The board currently has one Accounting Technician handling all purchasing, receiving, financial and payroll transactions. In its recent Sunset Review, the Auditor General recommended that the board take steps to address this internal financial control weakness, but did not recommend an additional FTE position. The board currently has 6 Clerk Typist III FTE positions. The JLBC Staff agrees that the board should have more than one person handling financial and accounting tasks, however, the Staff recommends that the board reallocate responsibilities among its current staff to achieve the necessary internal controls.
- Executive Recommendation
The Executive recommends \$6,700 to fund an increase in random urine drug screens for physicians participating in the board's Monitored Aftercare Program for Impaired Physicians. While the number of random screens performed in FY 1994 was up 83 from the FY 1993 level, it was still 770 screenings per year below the level projected and budgeted for in the FY 1994 and FY 1995 budgets. The JLBC Staff, therefore, believes the current funding is sufficient and does not recommend an increase.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Medical Student Loans

JLBC Analyst: Bruce Groll
OSPB Analyst: Leslie Schwalbe

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	0.0
SPECIAL LINE ITEMS						
Medical Student Loans	1,000	114,600	148,900	113,900	306,200	236,600
Special Item Subtotal	1,000	114,600	148,900	113,900	306,200	236,600
AGENCY TOTAL	1,000	114,600	148,900	113,900	306,200	236,600
BY FUND SOURCE						
General Fund	1,000	114,600	148,900	113,900	306,200	236,600
Other Non-Appropriated Funds	131,600	162,600	-	167,100	-	49,800
TOTAL - ALL SOURCES	132,600	277,200	148,900	281,000	306,200	286,400

Agency Description — *The board is authorized to grant loans to students at 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. If the service commitment is fulfilled, the entire loan amount is forgiven. 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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(700)	(0.6)%	\$122,700	107.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Medical Student Loans

\$ (700) GF

The JLBC Staff recommendation funds the legal maximum loan level for 16 medical students. The \$113,900 from the General Fund and an estimated \$167,100 from the Medical Student Loan Fund will provide a total sum available for medical student loans of \$281,000. This sum will provide an average loan amount of \$17,563 for each of the 16 medical students currently receiving loans who, upon graduation, have agreed to serve the State of Arizona in medically underserved areas.

The Arizona Medical Student Loan funded at \$17,563 meets approximately 84% of the average standard cost of education for a medical student (\$20,855 per year). Until FY 1992, the maximum loan amount was \$6,000 per student per year. However, Laws 1992, Chapter 338 (H.B. 2228), authorized the Board of Medical Student Loans to grant the maximum loan amount for tuition of \$6,580, plus no more than \$10,000 for each student in FY 1993. Beginning in FY 1994, and continuing each year thereafter as provided by the law, the maximum loan amount in excess of tuition shall be \$10,000 adjusted for inflation based on the percentage change in the GDP Price Deflator. For FY 1996, based on a 2.3% percentage change in the GDP Price Deflator inflator, this amount is \$10,803. Tuition of \$6,760 plus the \$10,803 stipend equals \$17,563.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

The board funded 16 medical student loans at an average loan amount of \$17,140 in FY 1995. For FY 1996, with only a slight reduction in General Fund support, the board would be able to continue funding for 16 medical students at the legal maximum loan amount of \$17,563. No operating expenses are charged to the program and support staff is provided by the University of Arizona Medical School.

The Executive recommends a \$35,100 increase in the General Fund appropriation for Medical Student Loans. The Executive funds 18 medical students at an average loan amount of \$17,550, which includes the 2.2% GDP Deflator adjustment.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Medical Student Loans

122,700 GF

The FY 1997 budget recommendation is based on a combined General Fund appropriation of \$236,600 and Non-Appropriated Fund loan repayments of \$49,800 for a total amount available for medical student loans of \$286,400 or \$17,900 per student for 16 continuing medical students; this total includes a tuition amount of \$6,760 per student (the same amount as budgeted for in FY 1996) plus "other education costs" (books, instruments, transportation, room and board) of \$11,140 which is a \$335 or 3.1% increase over FY 1996 adjusted per A.R.S. § 15-723 using the estimated percentage change in the GDP Price Deflator.

Due to expected declining future loan repayment revenue for FY 1997, an additional \$122,700 General Fund support is needed to continue funding for 16 currently enrolled students at the legal maximum loan amount of \$17,900; without this General Fund increase the board would be able to provide funds for only 9 medical students. However, additional funds requested for program expansion are NOT recommended at this time because of the agency's stated inability to attract new students into the program, contrary to their earlier optimism of adding 4 new students in FY 1996 for a total of 20 medical student loan recipients. The \$122,700 General Fund increase comprises a \$5,400 base increase for inflation and \$117,300 to offset a decline in student loan repayments. Loan repayments are expected to fall from \$167,100 to \$49,800 as more students fulfill their commitments rather than repay their loans for non-service.

The Executive concurs with the JLBC Staff's recommended General Fund increase to maintain existing loans at the maximum loan amount due to expected declining future loan repayment revenues, and further recommends an increase of \$35,600 to fund 2 additional loans over their FY 1996 recommendation for a total of 20 medical student loans.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Other Issues for Legislative Consideration

— Decline of Loan Repayments

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. Until FY 1992, the penalty for non-service was full repayment of the loan amount at a 7% interest rate on the outstanding balance. Many graduating medical student loan recipients upon graduation chose repayment rather than fulfill their commitment to public service in medically underserved communities in Arizona. This resulted in unmet medical needs in these communities and a greater amount of loan repayment revenue than anticipated.

Effective October 1992, Laws 1992, Chapter 338 (H.B. 2228) established an incentive for service and authorized the Board of Medical Student Loans to impose, in addition to the full amount borrowed (tuition waivers plus monies for other medical education costs), liquidated damages. Participants who have signed contracts under the new law will pay liquidated damages equal to the full amount borrowed, in addition to repaying the loan at the 7% interest rate. Consequently, the base from which current medical student loans are funded—repayment of medical student loans, rather than service—is expected to decline and the number of graduating medical students who will begin service in medically underserved areas in Arizona is expected to increase. As the loan repayment base decreases and medical education costs continue to rise, the Medical Student Loan program will not have the resources to sustain the current number of students or level of support.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Mine Inspector

JLBC Analyst: Renée Bahl
OSP Analyst: Stacy Sheard

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	10.0	16.5	14.0	15.5	17.0	15.5
OPERATING BUDGET						
Personal Services	318,800	425,700	431,500	431,500	464,200	455,700
Employee Related Expenditures	73,800	93,500	95,600	95,400	103,900	102,500
Professional/Outside Services	4,100	0	0	0	0	0
Travel - In State	30,100	108,200	68,200	68,200	83,400	68,200
Travel - Out of State	1,000	1,700	1,700	1,700	1,700	2,200
Other Operating Expenditures	108,000	79,200	100,600	99,800	103,600	135,700
Equipment	4,900	15,400	0	9,900	50,900	0
All Other Operating Subtotal	148,100	204,500	170,500	179,600	239,600	206,100
OPERATING SUBTOTAL	540,700	723,700	697,600	706,500	807,700	764,300
SPECIAL LINE ITEMS						
Mined Land Reclamation	0	120,000	39,900	59,800	0	0
Special Item Subtotal	0	120,000	39,900	59,800	0	0
AGENCY TOTAL	540,700	843,700	737,500	766,300	807,700	764,300
BY FUND SOURCE						
General Fund	540,700	843,700	737,500	766,300	807,700	764,300
Federal Funds	316,500	263,000	--	246,200	--	166,200
TOTAL - ALL SOURCES	857,200	1,106,700	737,500	1,012,500	807,700	930,500

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(77,400)	(9.2)%	\$(2,000)	(0.3)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 6,600 GF
- ERE Rates 1,100 GF
- Risk Management 12,700 GF
- Elimination of One-time Capital and Non-Capital Equipment (55,400) GF

Replacement Equipment 9,900 GF

The JLBC Staff recommends an additional \$3,700 to replace 1 dust monitor; \$3,800 to replace 2 gas monitors; \$1,600 to replace 8 self rescuers; and, \$800 to replace 2 anemometers (velocity gauges). The Executive does not recommend this increase.

Rent 7,900 GF

This amount includes an additional \$6,000 for rent of new space in the Tucson State Office Building. The Executive concurs.

Mined Land Reclamation (60,200) GF

The JLBC Staff recommends that the Mined Land Reclamation Special Line Item decrease by \$(60,200) and (1) FTE position in FY 1996. Laws 1994, Chapter 118, appropriated the Mine Inspector's Office \$120,000 to develop the mined land reclamation rules by June 30, 1996. The rules relate to reclamation of surface disturbances at exploration and mining units. The remaining monies fund 1.5 FTE positions and operating expenditures for the department to complete the rules. The Executive recommends a decrease of \$(80,100) and an equivalent decrease of (1.5) FTE positions.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment (9,900) GF

Abandoned Mines Program 67,700 GF

Laws 1994, Chapter 118, requires the State Mine Inspector's Office to establish a program to locate, inventory, classify and eliminate public safety hazards at abandoned mines beginning January 1997. The JLBC Staff recommends an increase of 1.5 FTE positions and \$67,700 for one-half year funding for this program. The Executive recommends an increase of 3 FTE positions and \$110,100 for this program which includes 1 Department of Administration (DOA) Motor Pool vehicle. (See "Replacement Vehicles" under Other Issues for Legislative Consideration for further discussion.)

Mined Land Reclamation (59,800) GF

The JLBC Staff recommends eliminating funding and the 1.5 related FTE positions for mined land reclamation rule development. The rules are scheduled to be adopted by the end of FY 1996. The Executive also recommends eliminating any remaining monies in this special line item.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

Other Issues for Legislative Consideration

— Software

The Executive recommends an increase of \$800 for a new computer software package for FY 1996.

— Replacement Vehicles

The JLBC Staff had considered recommending funding for 3 replacement vehicles (2 in FY 1996 and 1 in FY 1997) all of which are expected to log over 100,000 miles before replacement. However, we are reluctant to recommend vehicle funding since the Mine Inspector does not appear willing to place his existing vehicles in the DOA Motor Pool as required by § A.R.S. 41-803. Had these 3 vehicles originally been placed in the Motor Pool, the Mine Inspector would not need additional funding now. The Motor Pool Fund finances the purchase of new vehicles through daily use charges. Despite his November 4, 1994 memorandum to the Executive Budget Analyst proclaiming he would, the Mine Inspector has not placed 2 vehicles purchased in FY 1995 in the DOA Motor Pool as of January 4, 1995 and the JLBC Staff does not recommend any additional funding for replacement vehicles. The Executive also does not recommend funding to replace these 3 vehicles.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

The JLBC Staff also considered recommending funding for 1 new vehicle in FY 1997 for the new Abandoned Mines Program. However, the JLBC Staff maintains not recommending any new vehicle funding. The Executive recommends a net increase of \$26,700 for 1 new abandoned mines vehicle to be placed in the DOA Motor Pool. This increase includes one-time funding of \$20,900 for the vehicle and an additional \$5,800 for DOA Motor Pool daily and mileage fees.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Mines & Mineral Resources

JLBC Analyst: Renée Bahl
 OSPB Analyst: Stacy Sheard

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	7.0	8.0	8.0	8.0	8.0	8.0

OPERATING BUDGET

Personal Services	223,700	255,300	259,100	259,100	259,100	259,100
Employee Related Expenditures	43,700	58,200	54,600	54,600	54,600	54,600
Professional/Outside Services	0	0	1,000	0	500	0
Travel - In State	2,700	5,300	5,600	5,300	5,600	5,300
Travel - Out of State	500	0	0	0	0	0
Other Operating Expenditures	333,200	335,300	360,200	358,100	358,700	358,100
Equipment	2,600	6,200	3,000	8,600	2,000	4,000
All Other Operating Subtotal	339,000	346,800	369,800	372,000	366,800	367,400
AGENCY TOTAL	606,400	660,300	683,500	685,700	680,500	681,100

BY FUND SOURCE

General Fund	606,400	660,300	683,500	685,700	680,500	681,100
Other Non-Appropriated Funds	117,900	82,900	--	75,900	--	75,900
TOTAL - ALL SOURCES	724,300	743,200	683,500	761,600	680,500	757,000

Agency Description — *The department promotes the development of the state's mineral resources by providing technical and educational assistance and information to the mining and mineral industry and the general public. The department also operates the Mining and Mineral Museum, which is the official repository for the identification, cataloging and displaying of mineral specimens, ores, gemstones and lapidary material found in the state.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$25,400	3.8%	\$(4,600)	(0.7)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 4,300 GF
— ERE Rates	(4,100) GF
— Risk Management	6,500 GF
— Rent	14,400 GF
— Elimination of One-time Capital and Non-Capital Equipment	(6,200) GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Replacement Equipment 8,600 GF
The JLBC Staff recommends an additional \$8,600 to replace 2 computers, 1 laserjet printer and 1 photocopier machine; all of which are 9 to 10 years old. The Executive recommends an additional \$3,000 to replace 1 computer and the printer.

Replacement Halogen Lights 1,900 GF
The JLBC Staff recommends an additional \$1,900 to replace the current museum lighting with halogen lights. Halogen lights illuminate more brightly and clearly, and are more energy efficient. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital and Non-Capital Equipment (8,600) GF

Replacement Equipment 4,000 GF
The JLBC Staff recommends replacing 2 computers in FY 1997. The Executive recommends replacing 1 computer.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Other Issues for Legislative Consideration

— ADA Requirements

For FY 1996, the Executive recommends an additional \$3,000 in funding to meet Americans with Disabilities (ADA) requirements as set forth by the state Attorney General. Funding includes one-time expenditures for a closed-caption mineral program video tape; a video tape to train staff, volunteers, and tour guides on ADA policies; and, to modify the front counter reception area to provide for wheelchair access. The JLBC Staff recommends the agency request ADA capital funding for the counters through the Department of Administration. The JLBC Staff does not recommend funding for the other non-capital issues.

For FY 1997, the Executive recommends a decrease of \$(2,000), leaving \$1,000 for ongoing ADA compliance efforts.

— Travel - In State

For FY 1996, the Executive recommends an additional \$300 to fund the rate increase for privately owned vehicles. The reimbursement charge is increasing by 4 cents per mile. The JLBC Staff does not recommend this increase.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Naturopathic Physicians Board of Medical Examiners JLBC Analyst: Jim Hillyard House Sub: Wong
 OSPB Analyst: Monica Seymour Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	1.0

OPERATING BUDGET

Personal Services	25,600	28,500	28,900	29,200	28,900	29,200
Employee Related Expenditures	4,400	5,500	5,900	5,900	5,900	5,900
Professional/Outside Services	11,300	14,700	14,700	15,100	15,200	15,600
Travel - In State	100	100	300	300	300	300
Other Operating Expenditures	5,000	6,900	16,800	16,300	16,800	16,200
Equipment	0	1,500	0	0	0	0
All Other Operating Subtotal	16,400	23,200	31,800	31,700	32,300	32,100
AGENCY TOTAL	46,400	57,200	66,600	66,800	67,100	67,200

BY FUND SOURCE

Other Appropriated Funds	46,400	57,200	66,600	66,800	67,100	67,200
TOTAL - ALL SOURCES	46,400	57,200	66,600	66,800	67,100	67,200

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$9,600	16.8%	\$400	0.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 600 OF
— ERE Rates	300 OF
— Risk Management	7,000 OF
— Elimination of One-time Capital and Non-Capital Equipment	(1,500) OF

Other Operating Expenditures

2,400 OF

The recommended amount reflects a \$400 increase in postage and a \$1,100 increase in printing expenses. Both increases are due to an 18% increase in licensees and the addition of registered internships for naturopathic medical students. The amount also includes \$300 for an Office Equipment Maintenance Contract and \$500 for other operating supplies. The Executive recommends \$2,900 in funding.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Investigations

400 OF

The recommended amount would fund the services of a contracted investigator. This increase would allow the board to more aggressively enforce statutory dispensing regulations. The Executive does not recommend funding for this issue.

Travel

200 OF

The recommended amount funds increased workday travel by the Executive Director in support of the Southwest College of Naturopathic Medicine. The Executive concurs.

Additional Per Diem

200 OF

The recommended amount reflects an additional \$200 dollars in board member per diem. This increase would allow the board additional days to hold licensing examinations. In the past, examinations have been held as part of the board's meetings. Growth in licensing activity now requires separate examination days. The Executive does not recommend funding for this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Other

(100) OF

Professional and Outside Services

500 OF

The recommended amount reflects \$600 for additional examinations and the elimination of a \$(100) one-time expense within the State Boards' Office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnote

Standard Footnote

— 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 fund, until June 30, 1997.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Nursing

JLBC Analyst: Gita Reddy
OSP Analyst: Lisa Marsio

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	21.7	21.7	22.0	25.7	22.0	25.7

OPERATING BUDGET

Personal Services	553,600	634,600	660,100	787,100	660,100	787,100
Employee Related Expenditures	117,300	136,200	144,300	170,700	144,300	170,700
Professional/Outside Services	191,700	185,000	185,000	160,000	185,000	85,000
Travel - In State	8,700	14,300	10,700	10,700	10,700	10,700
Travel - Out of State	2,900	5,700	9,300	5,900	9,300	5,900
Other Operating Expenditures	176,600	132,500	168,600	161,700	168,600	166,700
Equipment	4,300	0	0	123,200	0	0
All Other Operating Subtotal	384,200	337,500	373,600	461,500	373,600	268,300
OPERATING SUBTOTAL	1,055,100	1,108,300	1,178,000	1,419,300	1,178,000	1,226,100

SPECIAL LINE ITEMS

Nurse Aid Training Program	19,400	20,000	0	0	0	0
Attorney General Services	0	0	65,000	0	65,000	0
Special Item Subtotal	19,400	20,000	65,000	0	65,000	0
AGENCY TOTAL	1,074,500	1,128,300	1,243,000	1,419,300	1,243,000	1,226,100

BY FUND SOURCE

Other Appropriated Funds	1,074,500	1,128,300	1,243,000	1,419,300	1,243,000	1,226,100
Federal Funds	287,900	394,300	--	517,100	--	516,000
Other Non-Appropriated Funds	131,800	135,900	--	76,400	--	73,000
TOTAL - ALL SOURCES	1,494,200	1,658,500	1,243,000	2,012,800	1,243,000	1,815,100

Agency Description - The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$291,000	25.8%	\$(193,200)	(13.6)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 10,800 OF
— ERE Rates	3,900 OF
— Risk Management	(5,300) OF
— Rent	(2,200) OF
— Other	200 OF

Travel - In State

(3,600) OF

The recommended amount includes a decrease of \$(3,600) to reflect anticipated expenditures.

Other Operating Expenditures

\$34,700 OF

The recommended amount includes an increase of \$34,700 for operations and maintenance (O & M) charges for the Centre Pointe building, which had not been previously budgeted. This O & M charge will be transferred to the Department of Administration (DOA), which will be responsible for providing the service, either directly or under contract. The Executive essentially concurs.

Caseload Backlog

139,100 OF

The approved amount includes monies (\$108,000 in Personal Services, \$22,100 in Employee Related Expenditures, \$1,500 in Other Operating Expenditures, and 7,500 in Equipment) to fund and equip 2 nursing consultants and a legal assistant to help the board resolve its current complaint backlog. The average time from receipt of a case to presentation of that case to the board is currently 18 months. The Executive does not recommend this issue.

New Local Area Network (LAN) System

133,400 OF

Currently, the Board of Nursing's computer services are provided by DOA's mainframe at an annual cost of \$100,000. The mainframe is slow and lacks the flexibility to provide the type of tracking information on licensees and complaints that the agency needs. The recommended amount includes \$113,200 to purchase the necessary hardware and software for a new agency LAN system and \$45,200 (\$35,000 in Personal Services, \$7,200 in Employee Related Expenditures, \$500 in Other Operating Expenditures, and \$2,500 in Equipment) to fund 1 EDP Technical Support Specialist I to maintain the new system. All automation expenditures are subject to JLBC review (see footnote).

The JLBC Staff recommends reducing the \$100,000 appropriation the agency receives for DOA Data Center charges by only \$(25,000) in the first year. The remaining amount will provide \$50,000 to allow the agency to continue to use the DOA mainframe during the first 6 months of the year as it transitions over to the LAN and \$25,000 to allow the agency to contract for temporary help to create the licensing and complaint databases on the LAN. The Executive does not recommend this issue.

Nurse Aide Training and Registration Program

(20,000) OF

Monies were appropriated to this 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 these monies cannot be used as intended, the JLBC Staff recommends eliminating funding. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-Time Capital Equipment	(123,200) OF
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Professional and Outside Services

(75,000) OF

The recommended amount includes reductions of \$(50,000) to reflect the elimination of DOA Data Center charges and \$(25,000) for one-time costs associated with setting up the agency's new LAN system.

Other Operating Expenditures

\$5,000 OF

The recommended amount includes an increase of \$5,000 for maintenance costs associated with the agency's new LAN.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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 fund, until June 30, 1997.

New Footnotes

- Prior to expending any monies for the purchase and development of the agency's new LAN system, the Board of Nursing shall submit a project plan to the Joint Legislative Budget Committee for review.

Other Issues for Legislative Consideration

— Attorney General Services

The Executive recommends \$65,000 in a special line item to contract for the services of a full-time Attorney General. The JLBC Staff does not recommend this issue. The JLBC Staff would suggest that the agency continue to fund its intergovernmental agreement with the Attorney General's Office by reallocating dollars within All Other Operating Expenditures.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Examiners of Nursing Care Institution
Administrators and Adult Care Home Managers

JLBC Analyst: Jim Hillyard
OSPB Analyst: Lisa Marsio

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	.7	.7	.7	.7	.7	.7

OPERATING BUDGET

Personal Services	24,800	25,500	25,800	25,900	25,800	25,900
Employee Related Expenditures	6,800	5,800	6,000	6,000	6,000	6,000
Professional/Outside Services	16,300	25,300	35,000	35,200	34,900	35,100
Travel - In State	1,200	4,300	4,300	4,700	4,300	4,700
Travel - Out of State	1,400	0	700	700	1,100	1,100
Other Operating Expenditures	6,000	5,200	7,200	5,300	7,200	5,300
All Other Operating Subtotal	24,900	34,800	47,200	45,900	47,500	46,200
AGENCY TOTAL	56,500	66,100	79,000	77,800	79,300	78,100

BY FUND SOURCE

Other Appropriated Funds	56,500	66,100	79,000	77,800	79,300	78,100
TOTAL - ALL SOURCES	56,500	66,100	79,000	77,800	79,300	78,100

Agency Description — *The board licenses, certifies, and regulates administrators of nursing care institutions and managers of adult care homes. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$11,700	17.5%	\$300	0.4%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 400 OF
— ERE Rates	200 OF
— Risk Management	100 OF

Professional and Outside Services

4,100 OF

The recommended amount reflects an increase in the State Boards' Office costs. Beginning in FY 1996, the State Boards' Office Personal Services costs will be apportioned based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has increased costs for some boards. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Investigator Services 4,000 OF
The recommended amount reflects funding for the services of a contracted investigator to pursue complaints filed with the board. Total complaints grew 50% between FY 1993 and FY 1995 and are projected to grow 38% between FY 1995 and FY 1996. The Executive recommends \$3,100 for contracted investigator services.

Clerical Temporary 1,400 OF
The recommended amount reflects an increase to Professional and Outside Services to fund temporary clerical help with annual renewals. The number of administrators and managers served by the board is projected to grow by 42%, 23%, and 26% in FY 1995, FY 1996, and FY 1997, respectively. The Executive does not recommend funding for this issue.

Travel 1,100 OF
Of the recommended amount, \$700 would allow 1 member of the board to attend the November 1995 National Board of Examiners of Nursing Care Administrators convention in New Orleans, and \$400 would compensate out-of-town board members for the travel associated with additional work days. The Executive recommends \$700 of Travel - Out of State but does not recommend funding for Travel In State.

Hearing Officer 400 OF
The recommended amount reflects funding for additional Hearing Officer services. Previously, no more than one formal hearing was required per year. In FY 1995, 3 hearings have been scheduled. The recommended amount provides funding should this trend continue. The Executive recommends \$2,400 of funding for this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Travel 400 OF
The recommended amount would allow 1 member of the board to attend the April 1997 National Board of Examiners of Nursing Care Institution Administrators convention in Pittsburgh. The Executive concurs.

Professional and Outside Services (100) OF
The recommended amount reflects the elimination of a one-time expense within the State Boards' Office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnote

- 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 fund, until June 30, 1997.

Other Issues for Legislative Consideration

— Executive Recommendation

In FY 1996, the Executive Recommends an additional \$1,900 of Other Operating Expenditures funding. This funding would be used for printing, postage, and other expenses. The JLBC Staff believes the board's current funding is sufficient to cover any increases and does not recommend additional funding.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Occupational Safety & Health Review Board

JLBC Analyst: Gita Reddy
OSP Analyst: Monica Seymour

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	0.0

OPERATING BUDGET

Personal Services	1,300	700	700	700	700	700
Professional/Outside Services	7,500	7,400	7,400	7,400	7,400	7,400
Travel - In State	900	900	900	900	900	900
All Other Operating Subtotal	8,400	8,300	8,300	8,300	8,300	8,300
AGENCY TOTAL	9,700	9,000	9,000	9,000	9,000	9,000

BY FUND SOURCE

General Fund	9,700	9,000	9,000	9,000	9,000	9,000
TOTAL - ALL SOURCES	9,700	9,000	9,000	9,000	9,000	9,000

Agency Description — The board reviews cases involving OSHA violations. The cases start with an informal conference with the Industrial Commission's OSHA Division Director. If not resolved, the employer can request a hearing before an Industrial Commission Administrative Law Judge. If either the Director of OSHA or the employer disagrees, the ruling can be appealed before the OSHA Review Board.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$-0-	0.0%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

No Changes \$-0- GF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes -0- GF

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Occupational Therapy Examiners

JLBC Analyst: Brad Beranek
OSP Analyst: Leslie Schwalbe

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	2.0	2.0	2.0	2.0	2.0	2.0

OPERATING BUDGET

Personal Services	39,700	51,600	54,400	54,400	54,400	54,400
Employee Related Expenditures	8,400	17,200	15,400	15,500	15,400	15,500
Professional/Outside Services	800	3,200	3,200	3,200	3,200	3,200
Travel - In State	2,300	3,200	3,200	3,200	3,200	3,200
Travel - Out of State	500	1,000	1,000	1,000	700	700
Other Operating Expenditures	23,300	21,300	18,700	18,300	18,700	18,300
Equipment	3,700	3,200	0	0	0	0
All Other Operating Subtotal	30,600	31,900	26,100	25,700	25,800	25,400
AGENCY TOTAL	78,700	100,700	95,900	95,600	95,600	95,300

BY FUND SOURCE

Other Appropriated Funds	78,700	100,700	95,900	95,600	95,600	95,300
TOTAL - ALL SOURCES	78,700	100,700	95,900	95,600	95,600	95,300

Agency Description — *The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints, and holds hearings to enforce standards of practice.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(5,100)	(5.1)%	\$(300)	(0.3)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 800 OF
— ERE Rates	(2,100) OF
— Risk Management	100 OF
— Rent	300 OF
— Elimination of One-time Capital and Non-Capital Equipment	(3,200) OF

Carry-Forward Expenditure

-0- OF

As a 90/10 biennial budget unit, this board may spend any part of its \$12,200 FY 1994 carry-forward in FY 1995. It expects to spend \$12,100 of its carry-forward in the following manner: Professional and Outside Services, Travel - Out State, and Equipment expenses will be reduced by a total of \$(4,000) due primarily to the overestimation of these expenses. This reduction will be offset by a Personal Services/Employee Related Expenditures increase of \$9,000 (due to the hiring of

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

temporary help and new Employee Related Expenditures rates), an Other Operating Expenditures increase of \$6,500 (to reflect actual Other Operating Expenditures in prior years), and a Travel - In State increase of \$600 (due to increases in state-wide visits to medical facilities). The JLBC Staff recommends that these adjustments to the approved FY 1995 appropriated amount not be removed because they most accurately reflect the true expenditure activity of the board.

Personal Services

2,400 OF

The JLBC Staff recommends \$4,500 for a board-approved Executive Director pay raise and the \$(2,100) elimination of temporary clerical support. The Directors's workload has increased in direct proportion to increased licensing and regulation demands. For example, renewal licenses receipts are expected to increase 40% from 524 to 721 between FY 1993 and FY 1995. The Director's board-approved salary is slightly less than the midpoint of the Grade 19 salary range, and will be \$32,600 as of April, 1995. The Executive concurs.

The Director has used limited temporary clerical support in the past to partially offset some of the workload, instead of filling the second funded FTE position, an Administrative Assistant II. However, workload demands are such that board plans to fill this position some time in early FY 1996. Therefore, the JLBC Staff recommends the \$(2,100) elimination of temporary clerical support. The Executive concurs.

Other Operating Expenditures

(3,400) OF

The JLBC Staff recommends a decrease of \$(3,400) to reflect reductions in print, books, and supply expenses associated with bulk purchasing, and a decrease in maintenance expenses. The Executive recommendation does not provide for this reduction.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Travel - Out of State

(300) OF

The JLBC Staff recommends a decrease of \$(300) to reflect the board's estimate of reduced travel costs to national conferences. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Dispensing Opticians

JLBC Analyst: Jim Hillyard
OSP Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	.8	.8	.8	.8	.8	.8

OPERATING BUDGET

Personal Services	31,400	29,100	33,400	33,400	33,400	33,400
Employee Related Expenditures	5,500	5,100	5,700	5,700	5,700	5,700
Professional/Outside Services	13,400	17,000	16,900	16,900	16,700	16,700
Travel - In State	1,100	4,900	4,900	4,900	4,900	4,900
Other Operating Expenditures	3,200	12,500	6,300	6,300	6,300	6,300
Equipment	0	3,500		0		0
All Other Operating Subtotal	17,700	37,900	28,100	28,100	27,900	27,900
AGENCY TOTAL	54,600	72,100	67,200	67,200	67,000	67,000

BY FUND SOURCE

Other Appropriated Funds	54,600	72,100	67,200	67,200	67,000	67,000
TOTAL - ALL SOURCES	54,600	72,100	67,200	67,200	67,000	67,000

Agency Description — The board licenses and regulates optical establishments and opticians. An optician fits and sells optical devices such as contact lenses and eye glasses. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(4,900)	(6.8)%	\$(200)	(0.3)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 400 OF
— ERE Rates	200 OF
— Risk Management	100 OF
— Elimination of One-time Capital and Non-Capital Equipment	(3,500) OF

Director's Salary Adjustment

4,000 OF

The recommended amount reflects a \$1,400 increase in FY 1995 to the Executive Director's salary and \$400 in associated ERE. The remaining \$2,200 represents increases in the Executive Director's salary given in previous years and funded through savings in other areas of the budget. These increases were given without prior legislative approval and are recommended recognizing that they have already been awarded and that the Executive Director's salary of \$30,800 is commensurate with those of her peers. It is recommended, however, that the board's FY 1996 and FY 1997 budgets are given

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

a Modified Lump Sum by Agency format to prevent future salary increases without prior legislative review. The Executive concurs.

Board Member Per Diem **300 OF**
The recommended amount would fund the 3 Continuing Education Committee meetings that will be required for the board to finalize the licensee continuing education curriculum. The Executive concurs.

Professional and Outside Services **(100) OF**
The recommended amount reflects a decrease in the State Boards' Office costs. Beginning in FY 1996, the State Boards' Office Personal Services will be apportioned based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has decreased the costs of some boards. The Executive concurs.

Other Operating Expenditures **(6,300) OF**
The recommended amount represents the one-time elimination of FY 1994 carry forward monies expended in FY 1995 primarily for one-time publishing and printing projects.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Professional and Outside Services **(200) OF**
The recommended amount reflects the elimination of a one-time expense within the State Boards' Office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency. *(In prior years, the board's budget received a Lump Sum by Agency format. The board used this flexibility to award their Executive Director pay increases without legislative review. The JLBC Staff recommends a Modified Lump Sum by Agency format to prevent future increases without prior legislative approval. See Director's Salary Adjustment above.)*

JLBC Staff Recommended Footnotes

Standard Footnote

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Optometry

JLBC Analyst: Jim Hillyard
 OSPB Analyst: Monica Seymour

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1.8	1.8	1.8	1.8	1.8	1.8
OPERATING BUDGET						
Personal Services	55,300	56,700	60,200	60,200	60,200	60,200
Employee Related Expenditures	9,200	10,000	10,900	10,900	10,900	10,900
Professional/Outside Services	14,100	19,700	22,200	22,200	22,100	22,100
Travel - In State	2,800	6,400	6,400	6,500	6,400	6,500
Travel - Out of State	0	700	700	700	700	700
Other Operating Expenditures	3,900	7,400	7,500	7,500	7,500	7,500
All Other Operating Subtotal	20,800	34,200	36,800	36,900	36,700	36,800
AGENCY TOTAL	85,300	100,900	107,900	108,000	107,800	107,900

BY FUND SOURCE

Other Appropriated Funds	85,300	100,900	107,900	108,000	107,800	107,900
TOTAL - ALL SOURCES	85,300	100,900	107,900	108,000	107,800	107,900

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$7,100	7.0%	\$(100)	(0.1)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 900 OF
— ERE Rates	400 OF
— Risk Management	100 OF
— Other	100 OF

Executive Director's Salary Adjustment

3,100 OF

The recommended amount includes a \$2,700 increase in the Executive Director's salary and \$400 in associated ERE. While the board feels the Executive Director's performance merits this increase, the State Board of Optometry's expenditures are outpacing revenue. It is recommended, therefore, that the first footnote below, making this appropriation conditional upon a sufficient increase in revenue, is included with this increase. In many cases, the fees charged by the board are well below their statutory limits. The Executive concurs with the salary increase.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Professional and Outside Services

2,500 OF

The recommended amount represents an increase in State Boards' Office costs. Beginning in FY 1996, State Boards' Office Personal Services costs will be apportioned based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has increased costs for some boards. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Professional and Outside Services

(100) OF

The recommended amount represents the elimination of a one-time expense within the State Boards' Office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

New Footnote

- Of the amounts appropriated for FY 1996 and FY 1997, \$3,100 shall revert to the State Board of Optometry Fund if current revenue are not increased by at least 16.2% over the FY 1994 level.

Standard Footnote

- 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 fund, until June 30, 1997.

Other Issues for Legislative Consideration

— **Revenue Shortfall**

Given current expenditure levels and estimated receipts, the Optometry Board's fund balance will fall to \$7,200 in FY 1997 and will reach \$-0- before the end of FY 1999. The board is aware of this issue but has not addressed it to date. In many cases, the fees charged by the board are well below their statutory limits.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Board of Osteopathic Examiners

JLBC Analyst: Jim Hillyard
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	5.5	5.5	5.5	5.5	5.5	5.5

OPERATING BUDGET

Personal Services	163,200	175,600	181,400	181,300	181,400	181,300
Employee Related Expenditures	35,300	37,600	40,300	40,300	40,300	40,300
Professional/Outside Services	5,000	27,700	27,700	27,700	30,000	33,700
Travel - In State	5,000	5,800	6,800	5,800	7,800	7,500
Travel - Out of State	2,600	3,800	3,800	3,800	3,800	3,800
Other Operating Expenditures	50,500	44,600	52,500	46,100	52,500	46,100
Equipment	0	27,600		0		0
All Other Operating Subtotal	63,100	109,500	90,800	83,400	94,100	91,100
AGENCY TOTAL	261,600	322,700	312,500	305,000	315,800	312,700

BY FUND SOURCE

Other Appropriated Funds	261,600	322,700	312,500	305,000	315,800	312,700
TOTAL - ALL SOURCES	261,600	322,700	312,500	305,000	315,800	312,700

Agency Description — *The agency licenses and regulates medical physicians who practice osteopathic medicine, a system of medical treatment that emphasizes the inter-relationship of the body's muscles, bones, and joints with other body systems as an adjunct to invasive and/or chemically-based treatment modalities.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$(17,700)	(5.5)%	\$7,700	2.5%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 2,700 OF
— ERE Rates	2,000 OF
— Risk Management	1,900 OF
— Rent	(1,400) OF

Carry-Forward Base Adjustment

The JLBC Staff recommended amount represents the elimination of one-time FY 1994 savings spent in FY 1995 on computer and telecommunications equipment. (27,600) OF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Executive Director Salary Increase **3,700 OF**
The recommended amount includes \$3,700 in Personal Services and Employee Related Expenditures to fund a board-approved increase in the Executive Director's salary. The Director's last salary increase was in FY 1992. The board approved the increase based on the Director's performance and the board's top ranking by the Federation of State Medical Boards for the past two years. The Executive concurs.

Other Operating Expenditures **1,000 OF**
The recommended amount represents an additional \$200 for increased postal costs, \$300 for projected telecommunication expenses, \$300 for printing expenses, and \$200 for contracted maintenance costs. These increases will allow the board to continue to provide services at the FY 1995 level. The Executive recommends \$6,000 in funding.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Professional and Outside Services **6,000 OF**
The JLBC Staff recommended amount includes \$6,000 in Professional and Outside Services for temporary clerical help during the licensing renewal process which occurs on a biennial basis. This would allow the board's secretary and administrative assistant to continue completing their daily duties, such as processing applications for licensure and providing verifications of licensure, during the busy renewal times. The Executive does not recommend funding for this issue.

Travel - In State **1,700 OF**
The JLBC Staff recommended amount includes \$1,700 in Travel - In State to fund the costs associated with the assumption that one of the board's new members will reside outside of Maricopa County. The Executive recommends \$1,000 in funding for this issue.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency. *(In the FY 1995 budget, the board had a Lump Sum by Agency format. The board, however, has misused the additional flexibility of this format. The board has shifted monies into Personal Services from the All Other Operating line items to cover staff pay increases and other circumstances, such as the hiring of a new Medical Consultant at a higher rate than the previous consultant. The JLBC Staff recommends that the format be changed to provide greater legislative oversight.)*

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive recommends \$1,000 in FY 1996 to fund travel expenses associated with the possible appointment of a board member from outside the metro-Phoenix area. The JLBC Staff believes the board's current funding is adequate to cover this possibility and has not recommended any additional funding.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Parks Board

JLBC Analyst: Renée Bahl
 OSPB Analyst: Melodie Jones

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	178.5	178.5	182.5	182.5	182.5	182.5
OPERATING BUDGET						
Personal Services	4,190,900	4,377,300	4,498,900	4,506,200	4,498,900	4,506,200
Employee Related Expenditures	1,068,900	1,160,900	1,230,900	1,232,400	1,230,900	1,232,400
Professional/Outside Services	44,500	43,100	48,100	48,100	58,100	58,100
Travel - In State	66,100	73,300	73,300	74,300	73,300	74,300
Travel - Out of State	5,800	4,100	4,100	4,100	4,100	4,100
Other Operating Expenditures	1,484,000	1,779,900	1,870,900	1,884,500	1,913,900	1,929,500
Equipment	300,700	132,200	132,200	132,200	132,200	132,200
All Other Operating Subtotal	1,901,100	2,032,600	2,128,600	2,143,200	2,181,600	2,198,200
OPERATING SUBTOTAL	7,160,900	7,570,800	7,858,400	7,881,800	7,911,400	7,936,800
SPECIAL LINE ITEMS						
LEBSF Projects	597,000	600,000	600,000	600,000	600,000	600,000
Arizona Conservation Corps	240,400	436,900	225,800	225,800	225,800	225,800
State Trust Land Leases	164,600	169,500	177,000	177,000	182,400	182,300
Special Item Subtotal	1,002,000	1,206,400	1,002,800	1,002,800	1,008,200	1,008,100
AGENCY TOTAL	8,162,900	8,777,200	8,861,200	8,884,600	8,919,600	8,944,900
BY FUND SOURCE						
General Fund	4,940,800	6,534,800	6,406,700	6,430,000	6,285,600	6,310,800
Other Appropriated Funds	3,222,100	2,242,400	2,454,500	2,454,600	2,634,000	2,634,100
Federal Funds	1,079,700	1,550,900	--	1,157,200	--	1,007,200
Other Non-Appropriated Funds	17,404,300	26,321,500	--	27,563,700	--	28,081,100
TOTAL - ALL SOURCES	26,646,900	36,649,600	8,861,200	37,605,500	8,919,600	38,033,200

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 providing funds for local and regional projects.*

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(104,800)	(1.6)%	\$(119,200)	(1.9)%
Other Appropriated Funds	<u>212,200</u>	<u>9.5 %</u>	<u>179,500</u>	<u>7.3 %</u>
Total Appropriated Funds	\$107,400	1.2%	\$60,300	0.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$16,300 OF	\$61,100 GF
— Vacancy Savings - Maintains a 2.2% Vacancy Rate	(4,700) OF	2,000 GF
— ERE Rates	(3,800) OF	37,400 GF
— Risk Management	(2,300) OF	27,200 GF
— Rent	(2,300) OF	(12,000) GF
— Elimination of One-time Capital and Non-Capital Equipment	(24,400) OF	(107,800) GF

Replacement Equipment

The JLBC Staff recommends an additional \$132,200 for replacement equipment. The Executive concurs. 24,400 OF 107,800 GF

Increased Visitation

The JLBC Staff recommends an additional \$126,400 GF and 4 (seasonal) FTE positions to meet increased visitor demands. Several new park units and capital improvements have been completed in recent years. For example, Fool Hollow State Park has 125 new campsites and 8 additional restroom/shower buildings and Dead Horse Ranch has 70 new electric sites. Such new facilities will lead to an increase in visitation and an increased need for additional staff and operating dollars. Park visitation has increased 36% since FY 1989, while staff and operating funds have increased by 18%. Without this additional funding, either the new park developments will not be opened, or existing staff will be reassigned to the most critical visitor-management areas. Further, without funding, some park areas may be forced to operate on a reduced schedule. The Executive recommends an additional \$112,000 for this issue. 126,400 GF

Kartchner Caverns

The JLBC Staff recommends an additional \$25,000 for increased operating expenditures while developing Kartchner Caverns. The JLBC Staff favors a single grand opening of Kartchner in FY 1998 when the campgrounds, visitor center and cave are completed and ready for public use. The JLBC Staff does not support a phased opening over the next 3 years. The campgrounds are scheduled to be completed in FY 1996 and the visitor center in FY 1997. The Executive concurs. 25,000 GF

State Trust Land Leases

The recommended increase covers lease costs as determined by the State Land Department for state parks occupying state trust lands. The Executive concurs. 7,500 GF

Arizona Conservation Corps

This reduction reflects a one-time appropriation in FY 1995. This grant was used to secure \$5,000,000 in matching funds for youth and community development programs. The Executive concurs. (185,400) GF

Supplemental Appropriation Pay-Off

In FY 1994, the agency received a supplemental appropriation of \$353,500 from the General Fund due to an operating deficit in the Enhancement Fund. The Enhancement Fund must pay back the General Fund for the full amount of the supplemental appropriation—\$353,500 (see footnote). Therefore, in FY 1996, the JLBC Staff recommends increasing the Enhancement Fund appropriation by \$194,000 over the FY 1995 appropriation, and decreasing the General Fund appropriation by \$(194,000) from the FY 1995 General Fund appropriation. The payback will begin in FY 1995, as described by the footnote. The Executive concurs. After this recommended shift in FY 1996, the Enhancement Fund owes the General Fund an additional \$159,500 to repay the remainder of the supplemental appropriation. This remaining fund shift is recommended to occur in FY 1997. 194,000 OF (194,000) GF

Reservation Surcharge Revolving Fund

The JLBC Staff recommends an increase of \$15,000 to expand the campsite reservation surcharge program. This revolving fund uses revenues from reservation surcharges to pay the operating costs of the reservation system. The system is being piloted in FY 1995 and should be fully operational by FY 1997. The additional funding is for increased operating expenditures. The Executive concurs. 15,000 OF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment (24,400) OF (107,800) GF

Replacement Equipment

24,400 OF 107,800 GF

The JLBC Staff recommends an additional \$132,200 for replacement equipment. The Executive concurs.

Kartchner Caverns

35,000 GF

The JLBC Staff recommends an additional \$35,000 for increased operating expenditures associated with the development of Kartchner Caverns. In FY 1997, the visitor center is scheduled to be completed. The entire park is expected to be ready for public use in FY 1998. The Executive recommends an increase of \$33,000.

State Trust Land Leases

5,300 GF

The recommended increase covers lease costs as determined by the State Land Department for state parks occupying state trust lands. The Executive concurs.

Supplemental Appropriation Pay-Off

159,500 OF (159,500) GF

The JLBC Staff recommends shifting \$159,500 from the General Fund to the Enhancement Fund in FY 1997. The Executive concurs. After this shift, the Enhancement Fund will have completed its repayment to the General Fund for the FY 1994 supplemental appropriation.

Reservation Surcharge Revolving Fund

20,000 OF

The JLBC Staff recommends an increase of \$20,000 to expand the campsite reservation surcharge program. The Executive concurs.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- Monies appropriated for the Arizona Conservation Corps program shall be placed in the Arizona Conservation Corps Fund authorized by section 41-519.05, Arizona Revised Statutes. Expenditures from the Arizona Conservation Corps Fund may be reimbursed by federal, state, local, and other sources to accomplish the Arizona Conservation Corps program objectives stated in section 41-519, Arizona Revised Statutes.
- The appropriation for Law Enforcement and Boating Safety is an estimate representing all monies distributed to this fund during FY 1996 and FY 1997. These monies are appropriated to the Arizona State Parks Board for the purposes established in section 5-383, Arizona Revised Statutes. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Law Enforcement and Boating Safety Fund.

Modification of 1995 Footnotes

- The state General Fund appropriation shall be reduced by any amount that deposits to the State Parks Enhancement Fund exceed ~~\$3,190,800~~ \$3,254,800 in FY 1994-1995, up to a total reduction of ~~\$336,500~~ \$353,500. The appropriation from the State Parks Enhancement Fund shall be increased by any amount that deposits to the State Parks Enhancement Fund exceed ~~\$3,190,800~~ \$3,254,800 in FY 1994-1995, up to a total increase of ~~\$336,500~~ \$353,500. The Department of Administration shall allocate these adjustments. (In the FY 1995 supplemental bill, the JLBC Staff recommends modifying this existing footnote to include the FY 1995 state salary adjustment. This footnote would not appear in the FY 1996 General Appropriation Act.)

Other Issues for Legislative Consideration

— Base Adjustment

The Executive recommends adjusting the General Fund Personal Services base by \$(8,400) for FY 1996. This decrease reflects a reduction in Personal Services for 2 FTE positions vacated at higher salary levels than the grades' minimums. The JLBC Staff does not recommend this decrease.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Personnel Board

JLBC Analyst: Lynne Smith
OSPB Analyst: Lisa Marsio

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	3.0

OPERATING BUDGET

Personal Services	71,400	75,400	76,200	76,200	76,200	76,200
Employee Related Expenditures	13,300	15,800	16,000	16,200	16,000	16,200
Professional/Outside Services	152,100	162,300	180,100	167,900	199,500	173,600
Travel - In State	1,200	2,000	2,100	2,000	2,100	2,000
Other Operating Expenditures	37,500	35,600	37,700	37,900	37,700	39,000
Equipment	3,400	4,000	4,000	5,800	0	1,400
All Other Operating Subtotal	194,200	203,900	223,900	213,600	239,300	216,000
AGENCY TOTAL	278,900	295,100	316,100	306,000	331,500	308,400

BY FUND SOURCE

General Fund	278,900	295,100	316,100	306,000	331,500	308,400
TOTAL - ALL SOURCES	278,900	295,100	316,100	306,000	331,500	308,400

Agency Description — *The Personnel Board hears grievances for state employees in the Department of Administration Personnel System who have been dismissed, demoted, or suspended.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$10,900	3.7%	\$2,400	0.8%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 1,100 GF
— ERE Rates	300 GF
— Risk Management	100 GF
— Elimination of One-time Capital and Non-Capital Equipment	(4,000) GF
— Rent	1,300 GF

Personal Services

(200) GF

Includes a decrease of \$(200) for board member per diem. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Professional and Outside Services 5,600 GF
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 Executive recommends an additional \$17,800 as follows: \$14,300 for hearing officers, \$2,000 for attorneys, and \$1,500 for transcribers.

Other Operating Expenditures 900 GF
Reflects increased costs for mailings and office supplies associated with the increased workload of the board. The Executive concurs.

Equipment 5,800 GF
Includes a total of \$4,400 for 2 replacement computers and \$1,400 for a modular work station. The Executive recommends \$4,000.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital and Non-Capital Equipment (5,800) GF

Professional and Outside Services 5,700 GF
Includes increases of \$3,600 for hearing officers, \$1,600 for attorneys, and \$500 for transcribers to reflect increased costs for services and an increased workload. The Executive recommends an increase of \$19,400 over the FY 1996 Executive amount.

Other Operating Expenditures 1,100 GF
Reflects increased costs for mailings and office supplies associated with the increased workload of the board. The Executive does not include this increase.

Equipment 1,400 GF
Includes a total of \$1,400 for a modular work station. The Executive does not include any equipment in FY 1997.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Board of Pharmacy

JLBC Analyst: Jim Hillyard
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	11.0	11.0	12.0	12.0	12.0	12.0
OPERATING BUDGET						
Personal Services	388,200	398,700	424,000	424,400	424,000	424,400
Employee Related Expenditures	88,100	90,000	95,300	95,500	95,300	95,500
Professional/Outside Services	32,400	66,100	32,700	32,400	32,700	44,900
Travel - In State	34,500	33,800	37,900	36,500	37,900	36,500
Travel - Out of State	3,600	4,000	4,000	4,000	4,000	4,000
Other Operating Expenditures	88,000	57,100	84,500	76,100	84,500	76,100
Equipment	5,500	0	53,100	62,600	0	0
All Other Operating Subtotal	164,000	161,000	212,200	211,600	159,100	161,500
OPERATING SUBTOTAL	640,300	649,700	731,500	731,500	678,400	681,400
SPECIAL LINE ITEMS						
Poison Control Center Subsidy	100,000	0	0	0	0	0
Special Item Subtotal	100,000	0	0	0	0	0
AGENCY TOTAL	740,300	649,700	731,500	731,500	678,400	681,400
BY FUND SOURCE						
Other Appropriated Funds	740,300	649,700	731,500	731,500	678,400	681,400
TOTAL - ALL SOURCES	740,300	649,700	731,500	731,500	678,400	681,400

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$81,800	12.6%	\$(50,100)	(6.8)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 7,100 OF
— ERE Rates	(1,100) OF
— Risk Management	1,300 OF
— Rent	3,400 OF

New Equipment

62,600 OF

The JLBC Staff recommended amount includes a one-time expenditure of \$29,800 to up-grade the board's hardware computer system, the bulk of which was purchased in 1986-1988. The recommended amount also includes a one-time expenditure of \$30,800 to up-grade the board's computer software to include an automated "Professional Records Manager" system which will allow the board to more effectively and efficiently process information on licensing and investigative tracking. The board currently employs seasonal clerical help which the JLBC Staff believes will no longer be needed if this new software is implemented. (Please see the next paragraph.) The recommended amount also includes \$2,000 to replace the board's 10-year old recording and amplification equipment. The Executive recommends \$53,100 in funding for this issue.

Other Operating Expenditures

14,300 OF

The JLBC Staff recommended amount represents an increase to Other Operating Expenditures. In FY 1995, the board employed a 0.5 FTE clerical worker (see Eliminate Seasonal Clerical Help below) and was forced to drastically cut Other Operating Expenditures to finance this position. The JLBC Staff believes these cuts leave the board's Other Operating Expenditures budget unsustainably low, and therefore, recommends an additional \$6,000 for postage expenses, \$2,000 for telecommunication expenses, \$6,000 for printing expenses, and \$1,000 for other miscellaneous office supplies. The recommended amount also includes the elimination of \$(700) in FY 1994 savings spent in FY 1995. The Executive recommends \$26,800 in funding for this issue.

P.A.P.A. Funding

7,000 OF

The Pharmacists Assisting Pharmacists of Arizona (PAPA) program combines the efforts of program participants, the Arizona Board of Pharmacy, and the Arizona Pharmacy Association to rehabilitate Pharmacists impaired by drug and alcohol abuse. PAPA's 5-year rehabilitation program has a very high success rate and serves as a model for other states. In FY 1996 and FY 1997, fiscal constraints will cause PAPA to lose a portion of its Arizona Pharmacy Association funding. The JLBC Staff recommended increase of \$7,000 would allow PAPA to continue with funding at the FY 1995 level. The Executive does not recommend funding for this issue.

Travel - In State

2,700 OF

The JLBC Staff recommended amount includes \$2,700 for increased travel costs associated with over 20% growth in the number of miles driven by inspectors between FY 1993 and FY 1994, as well as the travel costs associated with an increase of over 12% between FY 1993 and FY 1994 in the number of consumer complaints requiring investigations. The board anticipates that these growths will accelerate going into FY 1996. The Executive recommends \$4,100 in funding for this issue.

Add 1 Administrative Assistant II FTE Position

-0- OF

The board currently employs two Administrative Assistant II staff members who conduct inspections of Non-RX Drug Outlets, thereby allowing drug inspectors who must be licensed pharmacists to concentrate their time on pharmacy inspections. These positions were created in FY 1993 by splitting 1 drug inspector position into 2 administrative assistant positions. In order to stay within their FTE limit, the board chose to show expenses associated with 1 of these FTE positions in the Professional and Outside Services line of their budget. As this worker receives all state benefits, the JLBC Staff recognizes the employee as filling an FTE position and recommends that the board be appropriated an additional FTE so that it can continue this effective use of its resources. The Executive concurs.

Eliminate Seasonal Clerical Help

(15,500) OF

The board currently employs 1 Clerk Typist III on a part-time, seasonal basis for help during busy times of the year. The board was not able to employ this worker and remain within its FTE limit, and therefore, choose to show expenses associated with this position in the Professional and Outside Services line of its budget. As this worker is employed directly by the Pharmacy Board and receives some state benefits, the JLBC Staff recognizes this position as an 0.5 FTE employee. The JLBC Staff recommends the elimination of this position, which should no longer be required following the addition of the computer up-grade recommended above. The Executive concurs.

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FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of one-time Capital and Non-Capital Equipment **\$(62,600) OF**

Professional and Outside Services

12,500 OF

The JLBC Staff recommendation includes an additional \$12,500 for the increase in the cost of the national licensure exam from \$150 per exam to \$250 per exam. The Executive does not recommend funding for this issue.

* * *

JLBC Staff Recommended Format — Detailed Line Item by Agency. (In the FY 1995 budget, the board had a Lump Sum by Agency format. The board, however, has misused the additional flexibility of this format. As noted above, the board has exceeded its FTE Position limit. In an attempt to return to its FTE ceiling, the board incorrectly funded 2 state employees' salaries from Professional and Outside Services. The JLBC Staff recommends that the board's budget format be changed to a Detailed Line Item by Agency to provide greater legislative oversight.)

JLBC Staff Recommended Footnotes

Standard Footnotes

— 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Physical Therapy Examiners

JLBC Analyst: Jim Hillyard
 OSPB Analyst: Monica Seymour

House Sub: Wong
 Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	1.0
OPERATING BUDGET						
Personal Services	40,700	32,400	31,300	31,700	31,300	31,700
Employee Related Expenditures	6,800	5,900	6,100	6,100	6,100	6,100
Professional/Outside Services	18,400	26,300	42,000	42,000	41,800	41,800
Travel - In State	1,600	2,500	3,200	3,200	3,200	3,200
Travel - Out of State	400	1,300	800	800	700	700
Other Operating Expenditures	6,400	8,100	7,300	7,300	7,300	7,500
Equipment	0	1,500	0	0	0	0
All Other Operating Subtotal	26,800	39,700	53,300	53,300	53,000	53,200
AGENCY TOTAL	74,300	78,000	90,700	91,100	90,400	91,000
BY FUND SOURCE						
Other Appropriated Funds	74,300	78,000	90,700	91,100	90,400	91,000
TOTAL - ALL SOURCES	74,300	78,000	90,700	91,100	90,400	91,000

Agency Description — The board licenses and regulates physical therapists. A physical therapist treats patients by physical means, including exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$13,100	16.8%	\$(100)	(0.1)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 600 OF
- ERE Rates 300 OF
- Risk Management 100 OF
- Elimination of One-time Capital and Non-Capital Equipment (1,500) OF

Professional and Outside Services

15,700 OF

The recommended amount includes a \$4,800 increase in State Boards' Office costs and a \$10,900 increase in examination costs. Beginning in FY 1996, State Boards' Office Personal Services costs will be apportioned based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has increased State Boards'

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Office costs for some boards. The examination costs increase is the result of an \$85 per-examination increase in the price charged by Professional Examination Service, with whom the board contracts. The Executive concurs.

Travel 200 OF
The recommended amount includes an additional \$700 for Travel - In State required to cover the travel expenses of a newly appointed board member from Nogales. The recommended amount also includes a \$(500) reduction for Travel - Out of State. The Executive concurs.

Other Operating Expenditures (900) OF
The amount reflects a \$(800) decrease in operating supplies and a \$(100) decrease in books and related materials. The Executive concurs.

New Staff (1,400) OF
The recommended amount reflects a \$(1,200) reduction to Personal Services due to the difference between the retired previous Executive Director's salary and the current Executive Director's salary. It also includes a related \$(200) decrease in ERE. The Executive recommends an \$(1,800) decrease in funding.

FY 1997 - JLBC Staff Recommended Changes from FY 1996

Other Expenses 100 OF
The recommended amount includes a \$(100) reduction in Travel - Out of State and an increase of \$200 for postage and delivery services. The Executive does not recommend funding for this issue.

Professional and Outside Services (200) OF
This amount reflects the elimination of a one-time expense within the State Boards' Office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnote

- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Pioneers' Home

JLBC Analyst: Marge Cawley
OSP Analyst: Lisa Marsio

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	107.4	107.4	107.4	107.4	107.4	107.4
OPERATING BUDGET						
Personal Services	2,250,500	2,171,000	2,201,900	2,203,400	2,201,900	2,203,400
Employee Related Expenditures	714,300	719,900	766,300	766,700	766,300	766,700
Food	0	185,000	185,000	225,000	185,000	225,000
All Other Operating Subtotal	0	185,000	185,000	225,000	185,000	225,000
AGENCY TOTAL	2,964,800	3,075,900	3,153,200	3,195,100	3,153,200	3,195,100
BY FUND SOURCE						
General Fund	1,769,000	1,840,000	1,889,100	2,014,300	1,889,100	2,014,300
Other Appropriated Funds	1,195,800	1,235,900	1,264,100	1,180,800	1,264,100	1,180,800
Other Non-Appropriated Funds	1,248,600	1,107,500	-	1,110,000	-	1,110,000
TOTAL - ALL SOURCES	4,213,400	4,183,400	3,153,200	4,305,100	3,153,200	4,305,100

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$174,300	9.5%	\$-0-	0.0%
Other Appropriated Funds	<u>(55,100)</u>	<u>(4.5)%</u>	<u>-0-</u>	<u>0.0%</u>
Total Appropriated Funds	\$119,200	3.9%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 13,900 OF	\$ 24,200 GF
— Vacancy Savings - Maintains a 2% Vacancy Rate	-0- OF	-0- GF
— ERE Rates	14,900 OF	26,200 GF

Food

(83,900) OF 123,900 GF

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 was expended down to a 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 the level of annual revenues. In both FY 1994 and FY 1995, Miners Fund expenditures have been higher than the approximate \$1.2 million revenues generated. By transferring

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a portion of the food costs to the General Fund, the Miners Fund total appropriation will be closer to the fund's annual revenues. The Executive did not recommend offsetting Miners Fund dollars with General Fund monies.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Change -0- OF -0- GF

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

Other Issues for Legislative Consideration

— Other Fund Expenditures

It is estimated that the Pioneers' Home will expend an additional \$1,070,000 from the State Charitable, Penal and Reformatories Land Earnings trust fund and \$40,000 from its Donations non-appropriated fund. The Home's total FY 1996 and FY 1997 estimated expenditures will equal \$4,305,100 while serving 165 residents. The average annual cost per resident is estimated to be \$26,091.52.

Based on ability to pay, Pioneers' Home residents make payments for their care to the state General Fund. In FY 1994, \$916,900 was received. The FY 1995 estimated payment level is \$900,000. The projected FY 1996 and FY 1997 payments into the General Fund are \$944,000 and \$972,700, respectively. The average annual payment per resident is estimated to be \$5,712.21 in FY 1996 and \$5,895.15 in FY 1997.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Podiatry Examiners

JLBC Analyst: Jim Hillyard
OSPB Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	1.0
OPERATING BUDGET						
Personal Services	27,600	30,200	30,600	31,500	30,600	31,500
Employee Related Expenditures	4,900	5,300	5,600	5,800	5,600	5,800
Professional/Outside Services	13,000	15,800	16,200	16,200	15,100	15,100
Travel - In State	400	100	1,800	1,800	1,800	1,800
Other Operating Expenditures	2,100	2,400	2,500	2,500	2,500	2,500
All Other Operating Subtotal	15,500	18,300	20,500	20,500	19,400	19,400
AGENCY TOTAL	48,000	53,800	56,700	57,800	55,600	56,700
BY FUND SOURCE						
Other Appropriated Funds	48,000	53,800	56,700	57,800	55,600	56,700
TOTAL - ALL SOURCES	48,000	53,800	56,700	57,800	55,600	56,700

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$4,000	7.2%	\$(1,100)	(1.9)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 600 OF
- ERE Rates 300 OF
- Risk Management 100 OF

Travel

1,700 OF

The recommended amount funds the increased travel expenses associated with the filling of a vacancy on the board. The board anticipates appointing a member from outside the metro-Phoenix area. The Executive concurs.

Per Diem

900 OF

The recommended amount reflects an increase in board member per diem. A portion of the board's per diem has been previously funded through savings in other areas of the budget. The Executive does not recommend funding for this issue.

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Professional and Outside Services

400 OF

The recommended amount reflects a \$(600) decrease in State Boards' Office costs and a one-time fee of \$1,000 assessed by the National Board of Podiatric Medical Examiners for the use of their licensing examination. The decrease in State Boards' Office costs is the result of a billing change, apportioning State Boards' Office Personal Services costs based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has decreased costs for some boards. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Professional and Outside Services

(1,100) OF

The recommended amount reflects the elimination of a one-time \$(100) State Boards' Office expense and the elimination of the National Board of Podiatric Medical Examiners' \$(1,000) examination fee. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnote

- 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 fund, until June 30, 1997.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Commission for Postsecondary Education

JLBC Analyst: Bruce Groll
OSP Analyst: John McCarthy

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	0.0	0.0	4.5	7.8	4.5	7.8
OPERATING BUDGET						
Personal Services	0	0	145,800	261,300	145,800	261,300
Employee Related Expenditures	0	0	29,700	50,200	29,700	50,200
Professional/Outside Services	0	0	15,300	214,800	15,300	214,800
Travel - In State	0	0	3,000	3,000	3,000	3,000
Travel - Out of State	0	0	1,300	10,000	1,300	10,000
Other Operating Expenditures	0	0	91,600	89,200	93,800	89,200
Equipment	0	0		2,000		2,000
All Other Operating Subtotal	0	0	111,200	319,000	113,400	319,000
OPERATING SUBTOTAL	0	0	286,700	630,500	288,900	630,500
SPECIAL LINE ITEMS						
SSIG - General Fund	0	0	1,220,800	1,220,800	1,220,800	1,220,800
SSIG - Institutional Match	0	0	0	1,062,100	0	1,001,100
SSIG - Federal Match	0	0	0	1,068,200	0	1,068,200
Other Grants	0	0	0	234,300	0	234,300
Special Item Subtotal	0	0	1,220,800	3,585,400	1,220,800	3,524,400
AGENCY TOTAL	0	0	1,507,500	4,215,900	1,509,700	4,154,900
BY FUND SOURCE						
General Fund	0	0	1,234,000	1,234,000	1,234,000	1,234,000
Other Appropriated Funds	0	0	273,500	2,981,900	275,700	2,920,900
Other Non-Appropriated Funds	0	0	--	22,400	--	23,700
TOTAL - ALL SOURCES	0	0	1,507,500	4,238,300	1,509,700	4,178,600

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Commission on Postsecondary Education

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$1,234,000	NA	\$ -0-	0.0%
Other Appropriated Funds	<u>2,981,900</u>	<u>NA</u>	<u>(61,000)</u>	<u>(2.0)%</u>
Total Appropriated Funds	\$4,215,900	NA	\$(61,000)	(1.4)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 3,800 OF
- Rent 1,100 OF

Operating Transfer from Arizona Board of Regents

643,400 OF

The JLBC Staff recommends 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 (please 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. The Executive recommends the transfer and appropriation of 4.5 FTE positions and \$273,500 for administration of the State Student Incentive Grant (SSIG) program, the Paul Douglas Teacher Scholarship program, and publication of the Course Equivalency Guide and the Arizona College and Career Guide.

Graduate Assistants

-0- OF

The JLBC Staff recommends a FTE base adjustment of 1 FTE position to account for two 0.5 FTE graduate assistant positions 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. The Executive does not address this issue.

Personal Services and ERE

(12,400) OF

The JLBC Staff recommends a Personal Services base adjustment of \$(11,000) and a corresponding \$(1,400) ERE base adjustment for social security and workers' compensation to eliminate funding for a seasonal employee who has retired. The Executive does not address this issue.

Professional and Outside Services

(2,000) OF

The JLBC Staff recommends a \$(2,000) adjustment for temporary services. The Executive does not address this issue.

Other Operating Expenditures

(8,600) OF 13,200 GF

The JLBC Staff recommends a \$13,200 General Fund base adjustment to transfer responsibility for publishing the Course Equivalency Guide from the Arizona Board of Regents to the commission. The Course Equivalency Guide helps community college students become familiar with courses and identify transfer requirements to 4-year institutions. The Executive concurs.

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The JLBC Staff also recommends a \$(1,000) Other Funds base adjustment for food, and an additional reduction of \$(7,600) Other Funds to ensure expenditures are consistent with agency needs and conservative revenue projections. The Executive does not address this issue.

Equipment (8,000) OF
The JLBC Staff recommendation includes an \$(8,000) base adjustment for equipment requested by the agency. The Executive recommends no equipment funds.

State Student Incentive Grants (SSIG) — General Fund 1,220,800 GF
The JLBC Staff recommends transferring \$1,220,800 from the Arizona Board of Regents (ABOR) to the commission for SSIG matching funds. These SSIG funds were appropriated to ABOR's FY 1995 General Fund budget because Chapter 298, Second Regular Session—1994 (S.B. 1428), creating the commission as a separate state agency, did not go into effect until after July 15, 1995—after the General Appropriation Act had been enacted. The Executive concurs.

State Student Incentive Grants (SSIG) — Institutional Match 1,062,100 OF
The JLBC Staff recommends transferring \$1,062,100 from ABOR to the commission for SSIG institutional matching funds. These SSIG Funds were part of the ABOR's FY 1995 Non-Appropriated Funds budget. Laws 1994, Chapter 298, however, requires these monies to be deposited into the Postsecondary Fund and the appropriation of the fund. The Executive does not address this issue.

State Student Incentive Grants (SSIG) — Federal Match 1,068,200 OF
The JLBC Staff recommends transferring \$1,068,200 from ABOR to the commission for SSIG federal matching funds. These SSIG Funds were part of the ABOR's FY 1995 Non-Appropriated Funds budget. Laws 1994, Chapter 298, however, requires these monies to be deposited into the Postsecondary Fund and the appropriation of the fund. The Executive does not address this issue.

Other Grants 234,300 OF
The JLBC Staff recommends transferring \$234,300 from ABOR to the commission for other grants including the Paul Douglas Teacher Scholarships. These Grant Funds were part of the ABOR's FY 1995 Non-Appropriated Funds budget. Laws 1994, Chapter 298, however, requires these monies to be deposited into the Postsecondary Fund and the appropriation of the fund. The Executive does not address this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

State Student Incentive Grants (SSIG) — Institutional Match (61,000) OF
The JLBC Staff recommendation provides for 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 Arizona Board of Regents (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. *Standard Footnote* has been modified to reflect this change. The Executive does not address this issue.

* * *

JLBC Staff Recommended Format — Modified Lump Sum by Agency

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

- The \$1,220,800 appropriated 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

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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. (This footnote was previously in the Arizona Board of Regents standard footnotes and has been transferred to the Commission of Postsecondary Education.)

Other Issues for Legislative Consideration

— Appropriation of All Funds Deposited into the Postsecondary Fund

The JLBC Staff recommends the appropriation of the Postsecondary Education Fund and all possible funding sources deposited into the fund including: General Fund monies for the state matching requirement for State Student Incentive Grant (SSIG) program and the Course Equivalency Guide; and Other Funds monies for the SSIG institutional and federal match, the State Postsecondary Review Entity (SPRE) program, the Paul Douglas Teacher Scholarship program, and the Arizona College and Career Guide. The Arizona Student Program Investing Resources in Education (ASPIRE) scholarship fund is specifically excluded, and is non-appropriated. This recommendation is based upon legislative intent and statutory language in Laws 1994, Chapter 298, which created the Commission for Postsecondary Education as a separate agency after July 15, 1995. The law requires: (1) All "...grants, monies or donations of monies received by the commission from the United States, this state or any federal or state agencies..." to be deposited in the Postsecondary Fund; and (2) "All monies deposited by the state treasurer..." in the Postsecondary Fund "...shall be subject to annual legislative appropriation." The Executive recommends appropriating the General Fund monies and the Other Funds monies for administrative purposes only.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Private Postsecondary Education

JLBC Analyst: Bruce Groll
OSP Analyst: Vacant

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	3.0
OPERATING BUDGET						
Personal Services	71,500	83,300	84,400	94,700	84,400	94,700
Employee Related Expenditures	15,200	19,800	21,900	23,800	21,900	23,800
Professional/Outside Services	13,900	4,900	3,000	3,000	3,000	6,000
Travel - In State	1,800	3,800	3,000	3,000	3,000	5,000
Travel - Out of State	400	0	0	0	0	0
Other Operating Expenditures	21,000	22,700	22,700	22,300	23,600	29,300
All Other Operating Subtotal	37,100	31,400	28,700	28,300	29,600	40,300
AGENCY TOTAL	123,800	134,500	135,000	146,800	135,900	158,800
BY FUND SOURCE						
Other Appropriated Funds	123,800	134,500	135,000	146,800	135,000	158,800
Other Non-Appropriated Funds	133,300	178,000	-	168,000	-	168,000
TOTAL - ALL SOURCES	257,100	312,500	135,000	314,800	135,000	326,800

Agency Description — *The board enforces the laws and rules governing approximately 112 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 who suffer damages as the result of a private postsecondary institution ceasing operations.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$12,300	9.1%	\$12,000	8.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 1,400 OF
— ERE Rate Change	2,400 OF
— Risk Management	100 OF
— Rent	100 OF

Position Enhancement

11,600 OF

The JLBC Staff recommends \$10,200 in Personal Services and \$1,400 in Employee Related Expenditures to fund the upgrade of an administrative secretary position to a deputy assistant director professional-level staff position. This increase will permit

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a reorganization of the director's responsibilities and focus greater effort on the board's oversight of 113 annual license renewals. Additionally, this increase will expedite performance of other board functions including investigating student complaints and regulatory issues, and management of the tuition recovery fund. The recommendation is consistent with the Auditor General's recommendation that "another professional-level staff person would enhance the board's oversight function" (please see Performance Audit under *Other Issues for Legislative Consideration*).

The JLBC Staff also recommends this policy issue contingent upon a fee increase. The board currently has a \$45,100 balance in its fund, but expenditures exceed revenue by approximately \$8,000. Without a fee increase, this policy issue would further worsen the fund's condition. The board has approved the fee increase which also requires legislative approval. Consequently, the JLBC Staff recommends the following footnote to the FY 1996 appropriation: "Of the amount appropriated for Fiscal Year 1996 and Fiscal Year 1997, \$12,300 shall revert to the State Board of Private Postsecondary Education Fund in Fiscal Year 1996 and \$24,300 shall revert to the State Board of Private Postsecondary Education Fund in Fiscal Year 1997 if current licensure fees are not increased by at least 30% over the Fiscal Year 1995 level, and if supplemental license fees are not increased from \$300 to \$500."

The Executive concurs, but was unable to incorporate the additional position enhancement dollars into its recommendation because of the late budget resubmittal by the State Board of Private Postsecondary Education following the board's meeting at which the increased fees were approved.

All Other Operating Expenses (3,300) OF
The JLBC Staff recommendation reflects agency-requested base adjustments of \$(1,900) for Professional and Outside Services, \$(800) for In-State Travel, and \$(600) for Other Operating Expenditures. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

All Other Operating Expenses 12,000 OF
The JLBC Staff recommendation provides for a \$3,000 increase to the Professional and Outside Services base, a \$2,000 increase in Travel, and a \$7,000 increase in Other Operating Expenditures to facilitate timely and thorough investigations of schools, improvement of the complaint-handling process, and more thorough license application reviews as recommended by the Auditor General.

The JLBC Staff also recommends this policy issue contingent upon a fee increase as noted in the FY 1996 JLBC Staff recommendation. The JLBC Staff recommends the following footnote to the FY 1997 appropriation: "Of the amount appropriated for Fiscal Year 1996 and Fiscal Year 1997, \$12,300 shall revert to the State Board of Private Postsecondary Education Fund in Fiscal Year 1996 and \$24,300 shall revert to the State Board of Private Postsecondary Education Fund in Fiscal Year 1997 if current licensure fees are not increased by at least 30% over the Fiscal Year 1995 level, and if supplemental license fees are not increased from \$300 to \$500."

The Executive concurs, but was unable to incorporate the additional position enhancement dollars into its recommendation because of the late budget resubmittal by the State Board of Private Postsecondary Education following the board's meeting at which the increased fees were approved.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnote

- 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.

New Footnote

- Of the amount appropriated for Fiscal Year 1996 and Fiscal Year 1997, \$12,300 shall revert to the State Board of Private Postsecondary Education Fund in Fiscal Year 1996 and \$24,300 shall revert to the State Board of Private Postsecondary Education Fund in Fiscal Year 1997 if current licensure fees are not increased by at least 30% over the Fiscal Year 1995 level, and if supplemental license fees are not increased from \$300 to \$500. (Please see narrative above for explanation)

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Other Issues for Legislative Consideration

— Performance Audit

Stating that "more can be done to protect students from financial harm," the Auditor General recommends that the Legislature "consider increasing revenue to the fund by raising fees." The report further suggests that "another professional-level staff person would enhance the board's oversight function" and improve enforcement by allowing timely and thorough investigations of schools, improvement of the complaint-handling process, and more thorough license application reviews.

The board's original FY 1995 appropriation was contingent upon a licensing fee increase by the agency of at least 15% greater than the FY 1993 level. However, due to a decrease in the number of licensed schools and a stabilizing of tuition revenue upon which licensee fees are based, the board's FY 1995 fees were not increased by the amount required. Consequently, the agency's appropriation was reduced by \$(23,300) and (0.5) FTE position as required by a General Appropriation Act footnote.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Psychologist Examiners

JLBC Analyst: Jim Hillyard
OSPB Analyst: Monica Seymour

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	2.5	2.5	2.5	3.0	2.5	3.0

OPERATING BUDGET

Personal Services	77,400	85,000	85,200	96,500	85,200	97,700
Employee Related Expenditures	14,700	18,100	19,000	21,500	19,000	21,700
Professional/Outside Services	57,300	93,600	80,500	82,900	82,300	85,000
Travel - In State	4,600	5,600	6,800	6,800	6,800	6,800
Travel - Out of State	2,300	2,500	2,500	2,500	2,500	2,500
Other Operating Expenditures	16,500	18,700	13,900	13,900	13,900	13,900
Equipment	2,400	0	0	0	0	0
All Other Operating Subtotal	83,100	120,400	103,700	106,100	105,500	108,200
AGENCY TOTAL	175,200	223,500	207,900	224,100	209,700	227,600

BY FUND SOURCE

Other Appropriated Funds	175,200	223,500	207,900	224,100	209,700	227,600
TOTAL - ALL SOURCES	175,200	223,500	207,900	224,100	209,700	227,600

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$600	0.3%	\$3,500	1.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 1,500 OF
— ERE Rates	900 OF
— Risk Management	100 OF
— Elimination of One-time Capital and Non-Capital Equipment	(700) OF

Administrative Secretary

11,300 OF

The recommended amount reflects the addition of a 0.5 FTE Administrative Secretary to meet the demands of a 19% increase in licensees, an 18% growth in complaints and a 44% increase in hearing activity between FY 1994 and FY 1995. The Executive does not recommend funding for this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Per Diem 4,600 OF
The recommended amount reflects an increase in board member per diem. Unlike most other boards, all investigations by the Board of Psychologist Examiners are conducted by board members. The recommended increase is the result of an 18% increase in complaints requiring investigation and a 44% increase in related hearings. The Executive recommends \$2,300 in funding.

Personal Services (3,000) OF
The recommended amount reflects a reduction in Personal Services and ERE associated with the board's decision to fill its current part-time secretarial position with a less experienced person. It also reflects the elimination of one-time FY 1994 savings spent in FY 1995.

Professional and Outside Services (200) OF
The recommended amount reflects a \$9,400 increase in State Boards' Office costs, a \$(12,500) decrease in written examination costs generated by a decrease in exam applicants, and \$2,000 to fund an increased demand for hearing officer services. The increase in State Boards' Office costs is the result of a new policy apportioning the office's Personal Services costs based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has increased costs for some boards. The recommended amount also includes \$900 in other hearing related expenses. The Executive recommends \$2,800 in funding.

Oral Examinations (10,900) OF
The recommended amount represents the elimination of \$(15,500) in one-time FY 1994 savings spend in FY 1995 to set up the board's oral examination program. The amount also includes \$5,000 to fund the continued operation of the Oral Examination program. The Executive concurs.

Travel 1,200 OF
The recommended amount reflects an increase of \$1,800 to fund the in-state travel required for board members to investigate an increased number of complaints. The amount also includes the elimination of \$(600) in one-time FY 1994 savings spent on travel for investigative interviews in FY 1995. The Executive concurs.

Other Operating Expenditures (4,200) OF
The recommended amount reflects a \$(3,500) savings in telecommunications costs generated when the Board of Psychologist Examiners switches from its own phone system to the State Boards' Office phone system. The amount also includes the elimination of \$(700) of FY 1994 savings spent on one-time printing expenses. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Examinations 2,100 OF
The recommended amount funds an anticipated 20% growth in the number of written examinations required in FY 1997. The Executive recommends \$5,000 in funding.

Director's Salary Adjustment 1,400 OF
The recommended amount reflects a \$1,200 increase in the Executive Director's salary and \$200 in associated ERE. This increase would make the Executive Director's salary comparable to those of her peers in agencies of similar size. The Executive does not recommend funding for this issue.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency. (In FY 1993, the Board of Psychologist Examiners spent more than its total appropriation. As a result, the board's FY 1994 and FY 1995 budgets were given Detailed Line Item by Agency formats. Since this time, the board has employed a new Executive Director and underspent its FY 1994 appropriation by \$27,428. As the board is now demonstrating appropriate fiscal responsibility, the JLBC Staff recommends a Lump Sum by Agency format.)

JLBC Staff Recommended Footnotes

Standard Footnote

- 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 fund, until June 30, 1997.

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Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting a footnote to the Board of Psychologist Examiners' FY 1994 and FY 1995 appropriations requiring the board to submit quarterly expenditure reports to the Director of the Joint Legislative Budget Committee.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Department of Racing
Agency Summary

JLBC Analyst: Phil Case
OSPB Analyst: Stacy Sheard

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	76.7	84.2	106.3	101.4	124.3	108.4

BY PROGRAM/ORGANIZATION

Commercial Racing	2,216,800	2,522,200	2,643,400	2,622,400	2,540,600	2,519,100
County Fair Racing	232,300	284,600	287,600	287,600	288,100	288,100
State Gaming Agency	619,200	1,314,600	3,075,600	2,536,400	3,709,100	2,731,600
AGENCY TOTAL	3,068,300	4,121,400	6,006,600	5,446,400	6,537,800	5,538,800

OPERATING BUDGET

Personal Services	1,630,200	2,236,700	2,898,200	2,747,600	3,357,500	2,969,100
Employee Related Expenditures	389,100	527,500	697,100	658,600	809,700	711,600
Professional/Outside Services	535,800	90,900	449,900	346,900	481,200	346,900
Travel - In State	164,700	289,800	358,700	361,700	395,700	396,700
Travel - Out of State	32,600	44,800	189,800	84,800	189,800	84,800
Other Operating Expenditures	255,500	270,900	510,100	413,500	569,700	410,800
Equipment	60,400	57,100	299,100	237,900	229,600	122,600
All Other Operating Subtotal	1,049,000	753,500	1,807,600	1,444,800	1,866,000	1,361,800
OPERATING SUBTOTAL	3,068,300	3,517,700	5,402,900	4,851,000	6,033,200	5,042,500

SPECIAL LINE ITEMS

Drug Testing and Quality Assurance	0	439,500	439,500	431,000	439,500	431,000
Yuma/Holbrook Commercial Racing	0	124,200	124,200	124,400	25,100	25,300
Arbitration Expense	0	40,000	40,000	40,000	40,000	40,000
Special Item Subtotal	0	603,700	603,700	595,400	504,600	496,300
AGENCY TOTAL	3,068,300	4,121,400	6,006,600	5,446,400	6,537,800	5,538,800

BY FUND SOURCE

General Fund	2,216,800	2,522,200	2,643,400	2,622,400	2,540,600	2,519,100
Other Appropriated Funds	851,500	1,599,200	3,363,200	2,824,000	3,997,200	3,019,700
Other Non-Appropriated Funds	1,601,800	1,802,200	--	1,702,800	--	1,702,800
TOTAL - ALL SOURCES	4,670,100	5,923,600	6,006,600	7,149,200	6,537,800	7,241,600

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Department of Racing
 PROG: Agency Summary

Agency Description — *The department regulates the Arizona racing industry through supervision of race meetings, screening of license applicants, collection of taxes and fees, and assessment of fines or other penalties. The department also carries out the responsibilities of the State Gaming Agency in compacts with Indian tribes, and collects revenues for the Boxing Commission.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$ 100,200	4.0%	\$(103,300)	(3.9)%
Other Appropriated Funds	<u>1,224,800</u>	<u>76.6</u>	<u>195,700</u>	<u>6.9</u>
Total Appropriated Funds	\$1,325,000	32.1%	\$ 92,400	1.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$14,700 OF	\$23,900 GF
— Vacancy Savings - Adjusts to a 1% Vacancy Rate	(15,300) OF	100 GF
— ERE Rates	5,000 OF	8,400 GF
— Risk Management	5,900 OF	12,600 GF
— Rent	83,500 OF	21,100 GF
— Elimination of One-time Capital and Non-Capital Equipment	(45,100) OF	(10,300) GF
— Other	-0- OF	2,400 GF

New State Gaming Agency FTE Positions

929,600 OF

The recommended amount includes an additional \$485,400 in Personal Services and \$114,900 in ERE for 17 new FTE positions. For FY 1996, the agency estimates that it will have to regulate an additional 5 casinos, 2,600 gaming machines, 5,000 gaming employees, and 25 gaming industry suppliers. The recommended amount also includes \$66,400 for Travel - In State, \$40,000 for Travel - Out of State, and \$222,900 for Equipment to support the new positions.

Professional and Outside Services

246,500 OF

The recommended amount includes an additional \$246,500 for statutorily required independent audits of casino operations.

Dark Day Simulcasting Regulation

37,800 GF

The recommended amount includes 1 FTE position, \$26,500 in Personal Services, \$6,500 in ERE, \$4,100 in Travel - In State, and \$700 in Other Operating Expenditures to regulate "dark day simulcasting," the reception of simulcasted races at a track which is not running live races that day.

Telecommunications Equipment

17,100 GF

The recommended amount includes an increase of \$17,100 in Other Operating Expenses for a new telephone system for the Commercial Racing Division, which is moving to the Capital Center.

Equipment

15,000 GF

The recommended amount includes \$15,000 for new computer equipment for the Commercial Racing Division.

Eliminate a 0.8 Veterinarian FTE Position

(27,900) GF

The recommended amount includes a reduction of \$22,500 in Personal Services and \$5,300 in ERE with the elimination of a 0.8 FTE position associated with the idle Yuma Greyhound Park.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Vacancy Savings - Maintains a 1% Vacancy Rate (2,700) OF -0 GF
- Elimination of One-time Capital and Non-Capital Equipment (222,400) OF (18,200) GF

New State Gaming Agency FTE Positions

420,800 OF

The recommended amount includes an additional \$223,700 in Personal Services and \$53,500 in ERE for 8 new FTE positions. For FY 1997, the agency estimates that it will have to regulate an additional 3,750 gaming machines and 8,750 gaming employees. The recommended amount also includes \$35,000 for Travel - In State and \$108,600 for Equipment to support the new positions.

Equipment

14,000 GF

The amount includes \$14,000 in Equipment for the Commercial Racing Division.

Reduce Yuma/Holbrook Commercial Racing Special Line Item

(99,100) GF

Remove funding for Yuma Greyhound Park.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Department of Racing
 PROG: Commercial Racing

JLBC Analyst: Phil Case
 OSPB Analyst: Stacy Sheard

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	49.2	50.2	50.3	50.4	50.3	49.4

OPERATING BUDGET

Personal Services	1,173,600	1,374,900	1,396,700	1,399,800	1,396,700	1,399,800
Employee Related Expenditures	290,800	317,500	333,400	329,900	333,400	329,900
Professional/Outside Services	466,300	7,100	29,600	16,600	29,600	16,600
Travel - In State	72,700	85,200	90,700	90,700	90,700	90,700
Travel - Out of State	6,300	4,800	4,800	4,800	4,800	4,800
Other Operating Expenditures	171,000	157,000	209,500	210,200	206,800	207,000
Equipment	36,100	12,000	15,000	15,000	14,000	14,000
All Other Operating Subtotal	752,400	266,100	349,600	337,300	345,900	333,100
OPERATING SUBTOTAL	2,216,800	1,958,500	2,079,700	2,067,000	2,076,000	2,062,800

SPECIAL LINE ITEMS

Drug Testing and Quality Assurance	0	439,500	439,500	431,000	439,500	431,000
Yuma/Holbrook Commercial Racing	0	124,200	124,200	124,400	25,100	25,300
Special Item Subtotal	0	563,700	563,700	555,400	464,600	456,300
PROGRAM TOTAL	2,216,800	2,522,200	2,643,400	2,622,400	2,540,600	2,519,100

BY FUND SOURCE

General Fund	2,216,800	2,522,200	2,643,400	2,622,400	2,540,600	2,519,100
Other Non-Appropriated Funds	887,500	939,400	--	840,000	--	840,000
TOTAL - ALL SOURCES	3,104,300	3,461,600	2,643,400	3,462,400	2,540,600	3,359,100

Program Description — Licenses, investigates and regulates the pari-mutuel horse and greyhound racing within the state. Also includes the 5-member Racing Commission, which issues race dates for commercial and county fair racing, prepares and promulgates rules for the industry, conducts hearings on disciplinary actions and permit applications, and issues permits to race tracks.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$100,200	4.0%	\$(103,300)	(3.9)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 23,900 GF
— Vacancy Savings - Maintains a 1% Vacancy Rate	100 GF
— ERE Rates	8,400 GF
— Risk Management	12,600 GF
— Rent	21,100 GF
— Elimination of One-time Capital and Non-Capital Equipment	(10,300) GF
— Other	2,400 GF

Dark Day Simulcasting Regulation

37,800 GF

Chapter 370, Laws 1994 permits "dark day simulcasting," the reception of simulcasted races at a track which is not running live races that day. While the department is staffed to oversee live racing, it does not have FTE positions to monitor dark day simulcasting, which is expected to occur at the Flagstaff, Prescott, and Phoenix horse tracks. Department rules require a representative to physically oversee the wagering and to close the betting windows each day. The recommended amount includes \$26,500 in Personal Services and \$6,500 in ERE for 1 Program & Project Specialist II FTE position. The amount also includes \$4,100 in Travel - In State and \$700 in Other Operating Expenditures. The Executive recommends a 0.9 FTE position and \$33,800.

Capital Center Telecommunications

17,100 GF

The department is moving to the Capital Center in FY 1995. Its current phone system is obsolete and will not be suitable for the new location. The recommended amount provides an additional \$17,100 in Other Operating Expenses for the department to lease a phone system from DOA Telecommunications at a total annual cost of \$30,100. The Executive concurs.

Equipment

15,000 GF

The recommended amount includes \$1,800 to replace a breath analyzer (purchased in 1990), \$11,100 to replace 8 computers (purchased in 1987), and \$2,100 to replace a printer (purchased in 1984). The Executive concurs.

Move Animal Testing Monies to Professional and Outside Services

-0- GF

Before the Animal Testing Special Line Item was created for FY 1995, the department financed hearing officer services out of the animal testing program. The JLBC Staff recommends moving \$8,500 to Professional and Outside Services, where such an expenditure belongs. The level of racing has not increased since FY 1994, so the department should be able to properly test animals with the same level of funding as before. The Executive recommends transferring \$5,400 from Personal Services for the hearing officer, human drug testing, and the Racing Commissioners Quality Assurance Program.

Rename the Animal Testing Special Line Item

-0- GF

In addition to having once financed a hearing officer out of animal testing, the department had paid for human testing and a drug testing quality assurance program out of those monies. The JLBC Staff recommends renaming the special line item to allow for human testing and the quality assurance program to be conducted while allowing for some flexibility. The new name of the special line item would be: Drug Testing and Quality Assurance. The Executive recommends funding these issues from Personal Services.

Rename Yuma Greyhound Park Special Line Item

-0- GF

The JLBC Staff recommends renaming the Yuma Greyhound Park Special Line Item to the Yuma/Holbrook Commercial Racing Special Line Item. This recommendation is in anticipation of possible non-fair horse racing at the Navajo County Fair Grounds, located in Holbrook. The renaming gives the department flexibility to regulate one or both of these tracks. Any unexpended monies would revert to the General Fund (*see recommended footnote*). The Executive concurs.

Eliminate a 0.8 Veterinarian FTE Position

(27,900) GF

Yuma Greyhound Park ceased running live races in FY 1994. In the event that there is live racing in FY 1995, the resources required to regulate the track were transferred to a special line item. However, at that time, a 0.8 Veterinarian FTE position associated with the track was not identified. The JLBC Staff now recommends eliminating a total of \$27,900 (\$22,500 in Personal Services and \$5,400 in ERE) and a 0.8 FTE position. If live racing is held at Yuma or Holbrook, it will be at levels below what used to be experienced at Yuma; therefore, the veterinarian position and associated monies are not required. The Executive recommends the elimination of \$5,400 in ERE and the transfer of \$22,500 to Professional and Outside Services for a hearing officer, human drug testing, and the quality assurance program.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment (18,200) GF

Equipment

14,000 GF

The recommended amount includes \$14,000 to replace a copier purchased in 1991. The Executive concurs.

Yuma/Holbrook Commercial Racing Special Line Item

(99,100) GF

Yuma Greyhound Park's racing permit expires on December 31, 1995 and the JLBC Staff believes that it will not be renewed. The recommended amount includes a reduction of \$(99,100) in the special line item to \$25,100, which should be sufficient to regulate any commercial racing at Holbrook. The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Program

JLBC Staff Recommended Footnotes

Modification of Prior Year Footnotes

— If live COMMERCIAL racing is not held at Yuma Greyhound Park OR NAVAJO COUNTY FAIRGROUNDS, \$122,700 \$124,400 shall revert to the state General Fund and 1.6 FTE positions are eliminated.

Other Issues for Legislative Consideration

— Smart Card Technology

The Association of Racing Commissioners International is attempting to standardize identification cards across states by encouraging the use of "smart cards." A smart card would bear a computer chip containing pertinent information on a license applicant. The department estimates a \$30,000 one-time cost to purchase equipment to implement this program. Currently, only Alabama employs this system.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Department of Racing
 PROG: County Fair Racing

JLBC Analyst: Phil Case
 OSPB Analyst: Stacy Sheard

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	6.5	6.0	6.0	6.0	6.0	6.0
OPERATING BUDGET						
Personal Services	97,700	127,300	129,200	129,200	129,200	129,200
Employee Related Expenditures	20,200	33,700	34,900	34,900	34,900	34,900
Professional/Outside Services	42,000	47,900	47,900	47,900	47,900	47,900
Travel - In State	64,500	69,100	69,100	69,100	69,100	69,100
Other Operating Expenditures	7,900	6,600	6,500	6,500	7,000	7,000
All Other Operating Subtotal	114,400	123,600	123,500	123,500	124,000	124,000
PROGRAM TOTAL	232,300	284,600	287,600	287,600	288,100	288,100
BY FUND SOURCE						
Other Appropriated Funds	232,300	284,600	287,600	287,600	288,100	288,100
Other Non-Appropriated Funds	714,300	862,800	-	862,800	-	862,800
TOTAL - ALL SOURCES	946,600	1,147,400	287,600	1,150,400	288,100	1,150,900

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 (or a minimum of \$300,000).

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$3,000	1.1%	\$500	0.2%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$2,200 OF
- ERE Rates 900 OF
- Risk Management (100) OF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Equipment 500 OF

* * *

JLBC Staff Recommended Format — Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Department of Racing
 PROG: State Gaming Agency

JLBC Analyst: Phil Case
 OSPB Analyst: Stacy Sheard

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	21.0	28.0	50.0	45.0	68.0	53.0

OPERATING BUDGET

Personal Services	358,900	734,500	1,372,300	1,218,600	1,831,600	1,440,100
Employee Related Expenditures	78,100	176,300	328,800	293,800	441,400	346,800
Professional/Outside Services	27,500	35,900	372,400	282,400	403,700	282,400
Travel - In State	27,500	135,500	198,900	201,900	235,900	236,900
Travel - Out of State	26,300	40,000	185,000	80,000	185,000	80,000
Other Operating Expenditures	76,600	107,300	294,100	196,800	355,900	196,800
Equipment	24,300	45,100	284,100	222,900	215,600	108,600
All Other Operating Subtotal	182,200	363,800	1,334,500	984,000	1,396,100	904,700
OPERATING SUBTOTAL	619,200	1,274,600	3,035,600	2,496,400	3,669,100	2,691,600

SPECIAL LINE ITEMS

Arbitration Expense	0	40,000	40,000	40,000	40,000	40,000
Special Item Subtotal	0	40,000	40,000	40,000	40,000	40,000
PROGRAM TOTAL	619,200	1,314,600	3,075,600	2,536,400	3,709,100	2,731,600

BY FUND SOURCE

Other Appropriated Funds	619,200	1,314,600	3,075,600	2,536,400	3,709,100	2,731,600
TOTAL - ALL SOURCES	619,200	1,314,600	3,075,600	2,536,400	3,709,100	2,731,600

Program Description — *The State Gaming Agency regulates Indian gaming activities authorized by the state-tribal gaming compacts. The program is funded from the Permanent Tribal-State Compact Fund, which receives monies from Indian tribes that have compacts with the state to reimburse the state for administrative and regulatory expenses. The fund also receives monies from gaming employees to finance investigations of their backgrounds. A portion of the monies remaining in the fund at the end of the fiscal year are returned to the Indian tribes.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$1,221,800	92.9%	\$195,200	7.7%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 12,500 OF
- Vacancy Savings - Adjusts to a 1% Vacancy Rate (15,300) OF
- ERE Rates 4,100 OF
- Risk Management 6,000 OF
- Rent 83,500 OF
- Elimination of One-time Capital and Non-Capital Equipment (45,100) OF

The following policy issue recommendations are based on the Indian gaming industry measurements below. The actual data for FY 1994 and estimates for FY 1995 through FY 1997 were provided by the agency.

Indian Gaming in Arizona

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Signed Compacts	16	20	20	20
Operating Casinos	9	15	20	20
Operating Machines	2,951	5,343	7,950	11,700
Casino Employees	3,584	5,000	9,966	18,720
Industry Suppliers	45	60	85	85

Add 5 Administrative FTE Positions

189,600 OF

The administrative responsibilities of the agency include negotiating compacts and compact revisions, conducting quarterly meetings with each compacted Tribe, and overseeing the operations of the agency. The recommended amount includes \$154,200 in Personal Services and \$35,400 in ERE for 5 new administrative FTE positions to handle an overall increase in gaming activities and to manage an increasingly complex agency. By the end of FY 1995, the agency estimates that there will be 15 casinos and 5,343 gaming machines in operation. By the end of FY 1996, the numbers will grow to approximately 20 casinos and 7,950 machines. The new positions include an Assistant Director FTE position (\$54,000 in Personal Services) who will represent the office at high-level meetings which the Deputy Director (who heads the agency) cannot attend and will also act as the Deputy Director in his/her absence. The new positions also include an accounting technician FTE position (\$21,800 in Personal Services), a Computer Services Manager FTE position (\$37,600 in Personal Services), and 2 secretary FTE positions (\$40,800 in Personal Services).

Add 8 Certification FTE Positions

267,900 OF

The certification responsibilities of the agency include the licensing of all tribal gaming employees and suppliers doing business with tribal casinos. The licensing process requires background checks of all potential employees and suppliers, and financial investigations of all potential suppliers. The recommended amount includes \$215,600 in Personal Services and \$52,300 in ERE for 8 new FTE positions to handle the growth in Indian gaming. The agency estimates that the number of gaming employees will grow from 5,000 in FY 1995 to 9,966 in FY 1996, and the number of suppliers will grow from 60 to 85. The new positions include 3 Investigator III FTE positions (\$86,700 in Personal Services), 2 Financial Auditor II FTE positions (\$57,800 in Personal Services), 1 Exam Technician FTE position (\$20,400 in Personal Services), 1 Records Supervisor FTE position (\$21,800 in Personal Services), and 1 Compliance Auditor FTE position (\$28,900 in Personal Services).

Add 4 Enforcement FTE Positions

142,800 OF

The enforcement responsibilities of the agency include insuring the compliance of gaming machines and tribal records with the terms of the compacts. The recommended amount includes \$115,600 in Personal Services and \$27,200 in ERE for 4 new FTE positions to handle the growth in Indian gaming. The agency estimates that the number of machines in operation will grow from 5,343 in FY 1995 to 7,950 in FY 1996, and the number of casinos in operation will grow from 15 to 20. The new positions include 2 Machine Compliance Auditor II FTE positions (\$57,800 in Personal Services), 1 Compliance Auditor II FTE position (\$28,900 in Personal Services), and 1 Investigator III FTE position (\$28,900 in Personal Services).

Professional and Outside Services

246,500 OF

The state-tribal compacts require annual audits of each tribe's operations by an independent certified public accountant. The recommended amount includes \$245,000 for the estimated annual cost of auditing 20 Tribes. In addition, \$1,500 is included for court reporting and required annual medical testing for investigators.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Travel - In State 66,400 OF
The recommended amount includes \$49,000 for motor pool, lodging, and per diem costs for the new employees' travel to tribal casinos. The amount also includes \$17,400 for 8 airplane trips to 2 remote tribes for the required quarterly meetings.

Travel - Out of State 40,000 OF
The recommended amount will allow agency personnel to conduct in-person background checks, as required by the state-tribal compacts, of potential suppliers to the tribal casinos. It will also provide for out-of-state training.

Equipment 222,900 OF
The recommended amount provides equipment for new positions and a reorganization of the agency's space as it moves to the Capital Center building. The amount includes \$66,200 for new office furniture (including 24 modular workstations); \$52,600 for 16 computers, 2 printers, and associated costs; \$32,200 for 2 copiers and 2 fax machines; and \$71,900 for 5 new vehicles (including a utility truck).

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Vacancy Savings - Maintains a 1% Vacancy Rate (2,700) OF
— Elimination of One-time Capital and Non-Capital Equipment (222,900) OF

Add 2 Administrative FTE Positions 67,300 OF
The recommended amount includes \$54,200 in Personal Services and 13,100 in ERE for 2 new administrative FTE positions. In some respects, the agency estimates that the growth of Indian gaming will have slowed by FY 1997; however, the number of machines and employees in the industry will continue to grow. The new positions include a Program and Project Specialist II FTE position (\$33,800 in Personal Services) and a Secretary FTE position (\$20,400 in Personal Services).

Add 3 Certification FTE Positions 100,100 OF
The recommended amount includes \$80,500 in Personal Services and \$19,600 in ERE for 3 new FTE positions to handle an increase in the number of gaming employees. The agency estimates that the number of gaming employees will grow from 9,966 in FY 1996 to 18,720 in FY 1997. The new positions include 1 Investigator II FTE position (\$28,900 in Personal Services), 1 exam technician FTE position (\$20,400 in Personal Services), and 1 Financial Auditor II FTE position (\$31,200 in Personal Services).

Add 3 Enforcement FTE Positions 109,800 OF
The recommended amount includes \$89,000 in Personal Services and \$20,800 in ERE for 3 new FTE positions to handle the growth in the number of gaming machines. The agency estimates that the number of machines in operation will grow from 7,950 in FY 1996 to 11,700 in FY 1997. The new positions include 1 Investigator III FTE position (\$28,900 in Personal Services), 1 Machine Compliance Technician Supervisor FTE position (\$31,200 in Personal Services), and 1 Machine Compliance Technician FTE position (\$28,900 in Personal Services).

Travel - In State 35,000 OF
The recommended amount includes \$35,000 for motor pool, lodging, and per diem costs for the new employees to travel to tribal casinos.

Equipment 108,600 OF
The recommended amount provides equipment for new positions. The amount includes \$26,800 for modular workstations; \$27,500 for 8 computers; 2 printers, and associated costs; \$10,400 for 1 copier and 2 fax machines; and \$43,900 for 3 new vehicles (including a utility truck).

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Item by Program

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive recommends an increase of \$1,751,000 and 22 FTE positions in FY 1996 based on 6 new casinos and 3,300 additional gaming machines. For FY 1997, the Executive recommends an increase of \$934,200 and 18 FTE positions based on 6 new casinos and 4,500 additional machines. The JLBC Staff believes that the Executive projections for growth in Indian gaming are over-stated. Furthermore, the JLBC Staff believes that the Executive over-estimates the resources required to regulate the industry. As an example, the agency was given a FY 1994 supplemental appropriation of \$350,700 and 6 FTE positions but reverted all the monies and did not fill any of the positions in FY 1994.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Radiation Regulatory Agency
Agency Summary

JLBC Analyst: Gita Reddy
OSPB Analyst: Monica Seymour

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	22.0	22.0	23.0	23.0	24.0	24.0
BY PROGRAM/ORGANIZATION						
Evaluation and Compliance	1,361,400	1,016,100	1,068,700	1,071,700	1,093,000	1,096,700
Medical Radiologic Technology Board	90,200	102,500	103,600	105,200	103,600	105,200
AGENCY TOTAL	1,451,600	1,118,600	1,172,300	1,176,900	1,196,600	1,201,900
OPERATING BUDGET						
Personal Services	667,900	700,500	738,400	739,000	767,300	768,500
Employee Related Expenditures	147,400	158,500	165,300	170,500	172,000	177,500
Professional/Outside Services	6,600	4,100	3,600	3,600	3,600	3,600
Travel - In State	28,400	31,500	31,900	31,900	32,300	32,300
Travel - Out of State	4,200	4,000	4,700	4,600	4,700	3,400
Other Operating Expenditures	204,300	220,000	208,100	206,600	208,100	208,000
Equipment	0	0	20,300	20,700	8,600	8,600
All Other Operating Subtotal	243,500	259,600	268,600	267,400	257,300	255,900
OPERATING SUBTOTAL	1,058,800	1,118,600	1,172,300	1,176,900	1,196,600	1,201,900
SPECIAL LINE ITEMS						
Nuclear Emergency Management Fund	392,800	0	0	0	0	0
Special Item Subtotal	392,800	0	0	0	0	0
AGENCY TOTAL	1,451,600	1,118,600	1,172,300	1,176,900	1,196,600	1,201,900
BY FUND SOURCE						
General Fund	1,361,400	1,016,100	1,068,700	1,071,700	1,093,000	1,096,700
Other Appropriated Funds	90,200	102,500	103,600	105,200	103,600	105,200
Federal Funds	67,100	271,700	--	271,700	--	271,700
TOTAL - ALL SOURCES	1,518,700	1,390,300	1,172,300	1,448,600	1,196,600	1,473,600

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Radiation Regulatory Agency
 PROG: Agency Summary

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$55,600	5.5%	\$25,000	2.3%
Other Appropriated Funds	2,700	2.6%	-0-	0.0%
Total Appropriated Funds	\$58,300	5.2%	\$25,000	2.1%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 900 OF	\$ 11,000 GF
— ERE Rates	100 OF	3,500 GF
— Risk Management	100 OF	1,100 GF
— Rent	-0- OF	(600) GF
— Elimination of One-time Non-Capital Equipment	-0- OF	(12,500) GF
— Personal Services/ERE Adjustments	-0- OF	(1,500) GF
— Other Operating Expenditures	1,600 OF	(3,100) GF
— Equipment	-0- OF	12,100 GF
— Other	-0- OF	(500) GF

X-ray Tube Backlog

46,100 GF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital Equipment	-0- OF	(20,700) GF
— Other	-0- OF	(400) GF

X-ray Tube Backlog

46,100 GF

* * *

JLBC Staff Recommended Format — Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Radiation Regulatory Agency
 PROG: Evaluation and Compliance

JLBC Analyst: Gita Reddy
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	20.0	20.0	21.0	21.0	22.0	22.0
OPERATING BUDGET						
Personal Services	613,500	643,800	680,900	681,500	709,800	711,000
Employee Related Expenditures	135,000	144,900	151,500	156,700	158,200	163,700
Professional/Outside Services	6,000	3,600	3,100	3,100	3,100	3,100
Travel - In State	26,900	28,500	28,900	28,900	29,300	29,300
Travel - Out of State	4,100	2,300	3,000	2,900	3,000	1,700
Other Operating Expenditures	183,100	193,000	181,000	177,900	181,000	179,300
Equipment	0	0	20,300	20,700	8,600	8,600
All Other Operating Subtotal	220,100	227,400	236,300	233,500	225,000	222,000
OPERATING SUBTOTAL	968,600	1,016,100	1,068,700	1,071,700	1,093,000	1,096,700
SPECIAL LINE ITEMS						
Nuclear Emergency Management Fund	392,800	0	0	0	0	0
Special Item Subtotal	392,800	0	0	0	0	0
PROGRAM TOTAL	1,361,400	1,016,100	1,068,700	1,071,700	1,093,000	1,096,700
BY FUND SOURCE						
General Fund	1,361,400	1,016,100	1,068,700	1,071,700	1,093,000	1,096,700
Federal Funds	67,100	271,700	--	271,700	--	271,700
TOTAL - ALL SOURCES	1,428,500	1,287,800	1,068,700	1,343,400	1,093,000	1,368,400

Program Description — *The Radiation Evaluation and Compliance program responsibilities include administrative services, regulation, licensing, inspection, emergency response, and environmental monitoring.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$55,600	5.5%	\$25,000	2.3%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 11,000 GF
— ERE Rates	3,500 GF
— Risk Management	1,100 GF
— Rent	(600) GF
— Elimination of One-time Non-Capital Equipment	(12,500) GF
— Other	(500) GF

Personal Services/ERE Adjustments

(1,500) GF

The recommended amount includes a reduction of \$(1,100) due to filling a position at a lower salary level. The amount also includes a reduction of \$(400) in board member per diem.

Other Operating Expenditures

(3,100) GF

The recommended amount includes a reduction of \$(3,100) due to a decrease in the need for laboratory supplies.

Equipment

12,100 GF

The recommended amount includes an increase of \$12,100 for a replacement copier. The Executive essentially concurs.

X-ray Tube Backlog

46,100 GF

The recommended amount includes \$29,500 in Personal Services, \$7,000 in Employee Related Expenditures, \$400 in Travel - In State, \$600 in Travel - Out of State, and \$8,600 in Equipment to fund and equip one Radiation Regulatory Officer II FTE position. Of the approximately 8,000 x-ray tubes in the state, over 2,200 have not received their last regularly scheduled inspection. Since the agency can only train one radiation officer per year, the JLBC Staff recommends adding one radiation officer in FY 1996 and one in FY 1997. These new FTE positions will reduce the backlog and allow the agency to resume a normal inspection schedule. The Executive essentially concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital Equipment	(20,700) GF
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Travel - Out of State

(1,800) GF

The recommended amount includes a reduction of \$(1,800) due to lower anticipated expenditures.

Other Operating Expenditures

1,400 GF

The recommended amount includes an increase of \$1,400 for the maintenance contract for the new copier.

X-ray Tube Backlog

46,100 GF

The recommended amount will fund a second radiation officer to help reduce the backlog of inspections faced by the agency. The Executive essentially concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Radiation Regulatory Agency

JLBC Analyst: Gita Reddy

House Sub: Hart

PROG: Medical Radiologic Technology Board of Examiners

OSPB Analyst: Monica Seymour

Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	2.0	2.0	2.0	2.0	2.0	2.0
OPERATING BUDGET						
Personal Services	54,400	56,700	57,500	57,500	57,500	57,500
Employee Related Expenditures	12,400	13,600	13,800	13,800	13,800	13,800
Professional/Outside Services	600	500	500	500	500	500
Travel - In State	1,500	3,000	3,000	3,000	3,000	3,000
Travel - Out of State	100	1,700	1,700	1,700	1,700	1,700
Other Operating Expenditures	21,200	27,000	27,100	28,700	27,100	28,700
All Other Operating Subtotal	23,400	32,200	32,300	33,900	32,300	33,900
PROGRAM TOTAL	90,200	102,500	103,600	105,200	103,600	105,200
BY FUND SOURCE						
Other Appropriated Funds	90,200	102,500	103,600	105,200	103,600	105,200
TOTAL - ALL SOURCES	90,200	102,500	103,600	105,200	103,600	105,200

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$2,700	2.6%	\$-0-	0.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 900 OF
- ERE Rates 100 OF
- Risk Management 100 OF

Other Operating Expenditures

The recommended amount includes an increase of \$1,600 for postage to reflect actual expenditures. The Executive does not recommend this issue. 1,600 OF

FY 1997 — JLBC Staff Recommended Changes from FY 1996

No Changes

-0- OF

* * *

JLBC Staff Recommended Format — Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Rangers' Pensions

JLBC Analyst: Brad Beranek
OSPB Analyst: Lisa Marsio

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	0.0
OPERATING BUDGET						
Other Operating Expenditures	9,800	10,100	10,300	10,300	10,500	10,500
All Other Operating Subtotal	9,800	10,100	10,300	10,300	10,500	10,500
AGENCY TOTAL	9,800	10,100	10,300	10,300	10,500	10,500
BY FUND SOURCE						
General Fund	9,800	10,100	10,300	10,300	10,500	10,500
TOTAL - ALL SOURCES	9,800	10,100	10,300	10,300	10,500	10,500

Agency Description — Provides a monthly benefit for retired rangers and their surviving spouses.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$200	2.0%	\$200	1.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Other Operating Expenditures **\$200 GF**
 The JLBC Staff recommends a \$200 adjustment to the annual benefit received by the surviving spouse of an Arizona Ranger. The pension is adjusted annually to the GDP Price Deflator, as provided by A.R.S. § 41-951B. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Other Operating Expenditures **200 GF**
 The JLBC Staff recommends a \$200 adjustment in accordance with the GDP Price Deflator. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Real Estate Department

JLBC Analyst: Lynne Smith
OSPB Analyst: John McCarthy

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	67.5	68.0	68.0	68.5	68.0	68.5

OPERATING BUDGET

Personal Services	1,673,000	1,762,200	1,787,600	1,803,300	1,787,600	1,803,300
Employee Related Expenditures	378,900	441,500	421,100	425,000	421,100	425,000
Professional/Outside Services	23,300	22,400	21,100	13,600	20,400	12,900
Travel - In State	50,400	57,000	57,000	57,000	57,000	57,000
Travel - Out of State	4,100	5,500	5,500	5,500	5,500	5,500
Other Operating Expenditures	351,500	630,800	592,700	585,100	592,500	582,400
Equipment	46,400	2,600	11,400	6,200	3,000	13,800
All Other Operating Subtotal	475,700	718,300	687,700	667,400	678,400	671,600
AGENCY TOTAL	2,527,600	2,922,000	2,896,400	2,895,700	2,887,100	2,899,900

BY FUND SOURCE

General Fund	2,527,600	2,922,000	2,896,400	2,895,700	2,887,100	2,899,900
Other Non-Appropriated Funds	249,300	381,600	-	456,500	-	560,500
TOTAL - ALL SOURCES	2,776,900	3,303,600	2,896,400	3,352,200	2,887,100	3,460,400

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(26,300)	(0.9)%	\$4,200	0.1%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 29,900 GF
— ERE Rates	(23,400) GF
— Risk Management	(16,800) GF
— Rent	100 GF
— Elimination of One-time Capital and Non-Capital Equipment	(2,600) GF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Administrative Law Judge 10,600 GF
Includes an additional 0.5 FTE position and \$18,100 for a half-time Hearing Officer II position to reduce delays of up to 7 months for the final disposition of cases. The recommended amount also includes a reduction of \$(7,500) since the department will be able to contract for fewer outside attorney services. The Executive does not include this change.

The department has started to track a new performance measure related to this issue: number of cases closed within 45 days of the end of a hearing. The FY 1995 goal is 85%.

Professional and Outside Services (1,300) GF
Includes a reduction of \$(1,300) for data processing services no longer required by the department. The Executive concurs.

Other Operating Expenditures 8,300 GF
Includes 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. The Executive includes an increase of \$10,800.

Sun State Office Building (41,700) GF
Includes the following changes in payments for state-owned space at the Sun State Office Building: 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. The Executive concurs with the lease-purchase payment amount, but recommends a decrease of only \$(7,100) for the operations and maintenance charge.

Equipment 10,600 GF
Includes an increase of \$4,400 for non-capitalized equipment. The recommended amount also includes a total of \$6,200 for computer equipment. The Executive recommends \$1,500 for non-capitalized equipment and \$11,400 for computer equipment, for a total of \$12,900.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment (8,900) GF

Professional and Outside Services (700) GF
Includes a reduction of \$(700) for data processing services no longer required by the department. The Executive concurs.

Equipment 13,800 GF
Includes a total of \$13,800 for a copier and computer equipment. The Executive recommends \$3,000 for computer equipment.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Residential Utility Consumer Office

JLBC Analyst: Jason Hall
 OSPB Analyst: Monica Seymour

House Sub: Hart
 Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	12.0	11.0	11.0	11.0	11.0	11.0
OPERATING BUDGET						
Personal Services	392,400	433,100	437,000	439,500	437,000	439,500
Employee Related Expenditures	75,200	96,800	91,800	92,200	91,800	92,200
Professional/Outside Services	333,400	0	347,100	0	342,700	0
Travel - In State	6,400	10,000	10,000	10,000	10,000	10,000
Travel - Out of State	6,500	4,600	4,600	4,600	4,600	4,600
Other Operating Expenditures	103,900	106,900	107,000	107,000	107,400	107,000
Equipment	12,100	0	4,000	4,000	2,000	0
All Other Operating Subtotal	462,300	121,500	472,700	125,600	466,700	121,600
OPERATING SUBTOTAL	929,900	651,400	1,001,500	657,300	995,500	653,300
SPECIAL LINE ITEMS						
Professional Witnesses	0	323,900	0	319,800	0	300,200
Special Item Subtotal	0	323,900	0	319,800	0	300,200
AGENCY TOTAL	929,900	975,300	1,001,500	977,100	995,500	953,500
BY FUND SOURCE						
Other Appropriated Funds	929,900	975,300	1,001,500	977,100	995,500	953,500
TOTAL - ALL SOURCES	929,900	975,300	1,001,500	977,100	995,500	953,500

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$1,800	0.2%	\$(23,600)	(2.4)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 7,200 OF
— ERE Rates	(5,400) OF
— Risk Management	1,900 OF
— Rent	(1,800) OF

Equipment

4,000 OF

The JLBC Staff recommends the one-time appropriation of \$4,000 for the upgrade of 2 computers replacing outdated models used by the staff attorneys.

Professional Witnesses

(4,100) OF

The JLBC Staff recommends a decrease of \$(4,100) in the Professional Witness Special Line Item. Monies in this line item are used to hire witnesses to provide expert testimony at utility rate hearings. The recommendation accounts for the agency's schedule of expected hearings and the average historical use of appropriations. The JLBC Staff also recommends maintaining these funds as a non-reverting special line item to account for cases that extend beyond the fiscal year. The Executive recommends this issue for a \$23,200 increase that funds all expected witness costs and increased transcript costs, but does not adjust the estimate for historical usage patterns. The Executive also recommends that this item be moved from a special line item to the lump sum appropriation.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital Equipment	(4,000) OF
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Professional Witnesses

(19,600) OF

The JLBC Staff recommends a decrease of \$(19,600) for appropriations to the Professional Witnesses Special Line Item. This amount was determined by means of the agency's schedule of expected rate hearings, adjusted downward for the average historical use of such appropriations. The Executive recommends this issue for a decrease of \$(4,400), also using the agency's schedule, but with no adjustment for historical use patterns.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency with Special Line Items. *(The agency had a detailed line item format in FY 1995. The JLBC Staff no longer believes such a restrictive format is necessary.)*

JLBC Staff Recommended Footnotes

Standard Footnotes

- The Professional Witnesses appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Board of Respiratory Care Examiners

JLBC Analyst: Lynne Smith
OSPB Analyst: Stacy Sheard

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	2.0	2.0	2.0	3.0	2.0	4.0
OPERATING BUDGET						
Personal Services	63,100	62,300	66,800	80,300	66,800	80,300
Employee Related Expenditures	11,800	12,100	13,300	17,300	13,300	17,300
Professional/Outside Services	2,800	17,000	17,000	17,000	17,000	17,000
Travel - In State	1,200	4,000	4,000	4,000	4,000	4,000
Travel - Out of State	1,700	3,000	4,000	3,000	4,000	3,000
Other Operating Expenditures	22,000	36,400	37,400	40,900	37,400	40,600
Equipment	4,800	3,000	1,500	2,900	2,700	2,800
All Other Operating Subtotal	32,500	63,400	63,900	67,800	65,100	67,400
AGENCY TOTAL	107,400	137,800	144,000	165,400	145,200	165,000
BY FUND SOURCE						
Other Appropriated Funds	107,400	137,800	144,000	165,400	145,200	165,000
TOTAL - ALL SOURCES	107,400	137,800	144,000	165,400	145,200	165,000

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$27,600	20.0%	\$(400)	(0.2)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 1,100 OF
- ERE Rates 600 OF
- Risk Management 100 OF
- Elimination of One-time Capital and Non-Capital Equipment (3,000) OF

Administrative Secretary

24,900 OF

Includes an additional 1 FTE position and \$24,900 to respond to an increase in the number of applications and complaints received by the board. The recommended amount includes a total of \$3,400 in one-time expenditures. The Executive does not include the FTE position, but adds \$1,100 in operating supplies and \$1,500 in equipment.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Rent 3,900 OF
Includes an increase of \$3,700 to fund an additional 320 square feet of 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 Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital and Non-Capital Equipment (3,400) OF

Capital and Non-Capital Equipment 3,000 OF
Includes \$200 for a file cabinet and \$2,800 for a laser printer. The Executive recommends \$2,700.

Investigator -0- OF
Includes an additional 1 FTE position to respond to an increase in the number of complaints which require investigation. Due to current estimates that expenditures will exceed revenues, the recommended amount *does not include an additional \$38,400* which would be required. The JLBC Staff recommends the following to provide funding for this position: 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. The Executive does not include this FTE position.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- The FY 1996 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.

Other Issues for Legislative Consideration

- Travel
The Executive includes an additional \$1,000 for Travel - Out of State in both FY 1996 and FY 1997.
- 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.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Retirement System

JLBC Analyst: Rachelle Child
OSP/B Analyst: Monica Seymour

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP/B	JLBC	OSP/B	JLBC
Full Time Equivalent Positions	89.0	89.0	89.0	89.0	88.0	89.0

OPERATING BUDGET

Personal Services	2,073,000	2,319,100	2,383,400	2,412,800	2,349,800	2,447,100
Employee Related Expenditures	464,500	524,700	557,300	560,700	550,100	565,200
Professional/Outside Services	98,500	100,500	100,500	100,500	104,800	100,500
Travel - In State	6,300	6,500	6,500	6,500	6,500	6,500
Travel - Out of State	6,800	8,000	8,000	8,000	8,000	8,000
Other Operating Expenditures	448,100	461,800	526,600	529,400	538,100	547,200
Equipment	18,600	30,600	28,200	30,000	25,000	28,500
All Other Operating Subtotal	578,300	607,400	669,800	674,400	682,400	690,700
OPERATING SUBTOTAL	3,115,800	3,451,200	3,610,500	3,647,900	3,582,300	3,703,000

SPECIAL LINE ITEMS

Automation Facilities Development	111,800	0	0	0	0	0
Tucson Office Rent	0	0	23,900	0	23,900	0
Special Item Subtotal	111,800	0	23,900	0	23,900	0
AGENCY TOTAL	3,227,600	3,451,200	3,634,400	3,647,900	3,606,200	3,703,000

BY FUND SOURCE

Other Appropriated Funds	3,227,600	3,451,200	3,634,400	3,647,900	3,606,200	3,703,000
Other Non-Appropriated Funds	13,790,000	14,271,900	--	13,672,100	--	13,505,300
TOTAL - ALL SOURCES	17,017,600	17,723,100	3,634,400	17,320,000	3,606,200	17,208,300

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 and 41,000 retired members, as well as nearly \$11 billion of assets (market value).*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$ 196,700	5.7%	\$ 55,100	1.5%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 39,100 OF
- Vacancy Savings - Maintains a 1.5% Vacancy Rate (1,500) OF
- ERE Rates 23,900 OF
- Risk Management 59,900 OF
- Elimination of One-time Capital and Non-Capital Equipment (30,600) OF

Expiration of Temporary Data Processing Programmer Position (36,600) OF

Authority for this position expires June 30, 1995. The agency's computer system, renamed PERIS (Public Employees Retirement Information System) is again on track and is scheduled to be operational by the end of CY 1995. 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. The Executive recommends a decrease of \$(44,000) associated with the elimination of this position.

Senior Investment Professional 105,800 OF

The JLBC Staff recommends 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. 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. A.R.S. § 38-752.01.G authorizes the Investment Advisory Council to designate up to 20% of the system's assets for internal management. 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 simpler strategies which the system could pursue in-house.

The JLBC Staff, however, has 2 concerns with an internal investment program: 1) even a very small decrease to the fund's yield through internal investment could more than offset any savings the fund could realize through bringing this function in-house; and 2) the system does not currently have in place any detailed policies, procedures, goals, objectives, or specific methodologies for investing in-house.

The JLBC Staff recommends, given the fact that many other retirement systems around the country successfully do some internal investment, and the system already has the legal authority to invest up to 20% of its assets in-house, that the system go ahead with a plan for gradual internal investment. The system has identified 5 "phases" which will assist the system to move from investing 0% of the fund's assets in-house, to possible 20% investment in-house. The JLBC Staff is recommending the position and funds for "phase I" in FY 1996 and "phase II" in FY 1997. 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 JLBC Staff further recommends that by October 30, 1995, the system present to the JLBC a detailed outline of these policies, procedures, goals, objectives, and methodologies which the system has developed to guide internal investment strategies. The JLBC Staff also recommends the system develop a plan for monitoring the return on internal investment strategies, in comparison to what kind of return might have been earned through the use of contract investment managers. (See footnote below.)

The Executive recommends a total of \$83,600 for this position.

Other Operating Expenditures 6,700 OF

The JLBC Staff recommends an increase of \$9,000 for postage and \$16,000 for training. The JLBC Staff also recommends 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 the \$26,400 necessary for maintenance costs for the new system.

Replacement Equipment 30,000 OF

The JLBC Staff recommends a total of \$24,000 for replacement computers, and \$6,000 for replacement printers. The Executive recommends a total of \$28,200 for replacement equipment.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Vacancy Savings - Maintains a 1.5% Vacancy Rate (2,100) OF
- Elimination of One-time Capital and Non-Capital Equipment (30,000) OF

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

EDP Program Position

(41,400) OF

It has been the expectation that the number of programmers needed by ASRS to design the new computer system would exceed the number of programmers needed to simply maintain the system. The JLBC Staff recommends a decrease of \$(41,400) and (1) FTE EDP Programmer III position in FY 1997 given that the new computer system should be largely operational by the end of CY 1995. This position is currently vacant; therefore, if it is filled between now and FY 1997, it will only be temporarily filled. The Executive concurs.

Portfolio Manager

83,300 OF

The JLBC Staff recommends an increase of 1 FTE position, \$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. The Executive does not recommend funding for this position.

Replacement Equipment

28,500 OF

The JLBC Staff recommends a total of \$24,000 for replacement computers, and \$4,500 for replacement printers. The Executive recommends a total of \$25,000 for replacement equipment.

Repair/Maintenance

16,800 OF

The JLBC Staff recommends an increase of \$6,600 for contract costs for the new computer system (PERIS), and an increase of \$10,200 for repair and maintenance costs for the network, database, and software.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

New Footnotes

- By October 30, 1995, the 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.

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote concerning the reporting requirement for future expenditures from the Automated Facilities Development Special Line Item, as the system's new computer system is expected to be largely operational by the end of CY 1995.

Other Issues for Legislative Consideration

- Auditor General Recommendations
Please see paragraphs regarding the senior investment professional, portfolio manager, and in-house long-term disability administration for a discussion of the fiscal implications of the Auditor General's recommendations.
- In-House Long-Term Disability Administration
The Auditor General has recommended that ASRS move in-house its administration of their Long-Term Disability program. This contract is currently awarded to Fortis, whose contract will run through the end of FY 1995. ASRS's response to the recommendation has been the establishment of a study team who will convene in the summer of 1995 to discuss the possible savings identified in the Auditor General's report. The JLBC concurs with this study approach, and recommends a delay of further action until the FY 1998 budget cycle. The Executive does not address this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Revenue

JLBC Analyst: Bob Hull
 OSPB Analyst: Matthew Shaffer

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	1,236.0	1,232.0	1,246.0	1,239.0	1,246.0	1,239.0

BY PROGRAM/ORGANIZATION

Director's Office	892,300	887,300	908,100	907,700	908,100	907,700
Administrative Services	8,370,500	9,202,100	10,341,500	10,079,300	10,691,400	10,623,200
Property Valuation & Equalization	2,929,100	3,241,900	3,276,400	3,279,600	3,448,500	3,451,700
Special Support	1,741,100	1,712,400	2,006,200	1,763,100	1,981,400	1,763,100
Compliance	18,393,700	17,913,400	18,228,500	18,213,900	18,228,500	18,213,900
Taxpayer Support	3,887,500	3,818,900	3,875,900	3,878,600	3,875,900	3,878,600
Data Management	12,301,800	11,941,000	11,934,200	11,950,600	11,727,000	11,743,400
AGENCY TOTAL	48,516,000	48,717,000	50,570,800	50,072,800	50,860,800	50,581,600

OPERATING BUDGET

Personal Services	28,368,500	28,603,800	29,240,800	29,076,300	29,240,800	29,076,300
Employee Related Expenditures	6,333,800	6,789,000	6,995,800	6,958,500	6,995,800	6,958,500
Professional/Outside Services	2,029,500	2,581,500	2,671,500	2,581,500	2,576,500	2,581,500
Travel - In State	338,700	365,600	405,700	365,600	405,700	365,600
Travel - Out of State	519,900	520,000	529,800	520,000	529,800	520,000
Other Operating Expenditures	9,254,200	9,857,100	10,249,600	10,217,100	10,797,100	10,764,600
Equipment	1,671,400	0	4,800	0	0	0
All Other Operating Subtotal	13,813,700	13,324,200	13,861,400	13,684,200	14,309,100	14,231,700
OPERATING SUBTOTAL	48,516,000	48,717,000	50,098,000	49,719,000	50,545,700	50,266,500

SPECIAL LINE ITEMS

Building Permit Database	0	0	360,000	360,000	315,100	315,100
Voter Registration Act	0	0	472,800	353,800	0	0
Prior Year Appropriation	0	0	-360,000	-360,000	0	0
Special Item Subtotal	0	0	472,800	353,800	315,100	315,100
AGENCY TOTAL	48,516,000	48,717,000	50,570,800	50,072,800	50,860,800	50,581,600

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Revenue

JLBC Analyst: Bob Hull
OSPB Analyst: Matthew Shaffer

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
BY FUND SOURCE						
General Fund	48,516,000	48,717,000	50,570,800	50,072,800	50,860,800	50,581,600
Other Non-Appropriated Funds	4,648,400	4,945,900	-	5,029,300	-	5,009,300
TOTAL - ALL SOURCES	53,164,400	53,662,900	50,570,800	55,102,100	50,860,800	55,590,900

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$1,355,800	2.8%	\$508,800	1.0%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 482,900 GF
- Vacancy Savings - Adjusts to a 4.4% Vacancy Rate 51,500 GF
- ERE Rates 107,600 GF
- Risk Management 522,400 GF
- Elimination of One-time Capital and Non-Capital Equipment (202,700) GF

Building Permits Database

360,000 GF

Provides 7 FTE positions to administer the building permits database program. Funding of \$360,000 for the program, which is shown as a special line item, was already appropriated for FY 1996 by Laws 1994, Chapter 347. The Executive concurs.

Prior Session Appropriation

(360,000) GF

The \$360,000 was already appropriated for the building permits database and does not need to be included in the FY 1996 General Appropriations Act. The Executive concurs.

Voter Registration Act

353,800 GF

Provides \$353,800 for the department to match the names and addresses of 2,100,000 individual income taxpayers in its database to the Secretary of State's database of registered voters, and to mail voter registration forms at least 6 months prior to each general election to individual income taxpayers who have not registered to vote, as required by Laws 1994, Chapter 378. The amount for FY 1996 is based on mailing voter registration forms to an estimated 1,310,400 individuals at a cost of \$0.27 each for printing and mailing. The amount is recommended as a special line item to allow for better tracking of project costs. Alternatively, including a single sheet voter registration form or postcard in 3,600,000 income tax booklets at 2.3¢ each, would cost \$82,800. The Executive recommends \$472,800.

New Equipment

202,700 GF

Reflects the addition of \$202,700 for the purchase of non-capitalized equipment, which includes \$61,000 for non-capitalized furniture, \$13,200 for non-capitalized equipment, and \$128,500 for non-capitalized data processing equipment, most of which is for replacing personal computer and local area network components. The Executive does not address this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Lease Purchase of Mainframe CPU (116,800) GF
Reflects the partial year decrease of \$(116,800) for completion of the lease-purchase of the mainframe computer CPU. The Executive concurs.

Rent (45,600) GF
Reflects a decrease of \$(45,600) for a reduction in Tucson state owned office space from 18,850 to 13,993 square feet. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital and Non-Capital Equipment (202,700) GF

Building Permits Database (44,900) GF
Reflects a decrease of \$(44,900) in the Building Permits Database Special Line Item from the \$360,000 appropriated for FY 1996. This leaves funding of \$315,100 in the special line item for FY 1997. The decrease of \$(44,900) includes decreases of \$(30,900) for Professional and Outside Services and \$(14,000) for one-time office equipment for 7 FTE positions. The Executive concurs.

Voter Registration Act (353,800) GF
Reflects a decrease of \$(353,800) in the special line item since the matching of databases with the Secretary of State and the mailing of voter registration forms only occur every other year. The Executive recommends a decrease of \$(472,800).

New Equipment 202,700 GF
Reflects the addition of \$202,700 for the purchase of non-capitalized equipment. The Executive does not address this issue.

Lease-Purchase of Mainframe CPU (350,200) GF
Reflects a decrease of \$(350,200) to annualize completion of the lease-purchase of the mainframe CPU. The Executive concurs.

Rent 897,700 GF
Reflects an increase of \$897,700 in the lease-purchase payment for the department's Phoenix office building due to the 1992 refinancing of the certificate of participation. The refinancing lowered the payments for fiscal years 1993 through 1996, but payments increase again in FY 1997. The Executive concurs.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency *(The recommended format will allow better tracking of expenditures.)*

Other Issues for Legislative Consideration

— Tobacco Tax Enforcement (Proposition 200)

The department has requested additional monies to administer and enforce Proposition 200, which increased the luxury tax on cigarettes and other tobacco products effective December 1, 1994. Arizona's luxury tax now stands at \$0.58 per pack of cigarettes, compared to California and Nevada at \$0.35, Utah at \$0.265, Colorado at \$0.20, New Mexico at \$0.21 and a national average of \$0.308. Given the large tax differential with neighboring states, the department is seeking to establish a visible enforcement presence to minimize smuggling and potential loss of revenue to the state. The department has requested that it be given a supplemental appropriation for FY 1995 of 7 FTE positions and \$380,500, and that \$431,400 and \$366,400 be added to its General Fund budget request for FY 1996 and FY 1997 respectively, since Proposition 200 does not provide for costs of administration and enforcement to be paid for from the proceeds of the new tobacco tax. The JLBC Staff recommends that a means be sought to pay for administration and enforcement from the tobacco tax and health care fund established by Proposition 200 instead of from the General Fund. The Executive recommends increases of 7 FTE positions and \$424,700 in the department's General Fund budget for FY 1996. The Executive recommends a decrease of \$(99,800) for FY 1997, for a FY 1997 total of \$324,900.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

— Federal Retiree Income Tax Relief Program

The department received a supplemental appropriation for FY 1994 of \$1,550,000 to cover the costs of administering the Federal Retiree Income Tax Relief Program. As a result, the department reviewed the individual income tax returns of 44,502 claimants for tax years 1984 through 1989. By December 31, 1993, after elimination of duplicate or invalid claims, 41,049 claimants had received refunds or credit vouchers. The department reports actual FY 1994 costs of \$1,569,593 for the program, plus certain administrative staffing costs which it absorbed. The department will continue to absorb certain administrative costs for the next several fiscal years to complete its follow-up on the program.

Under the program, 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 liability during the 4-year program. Refunds and credits for principal and interest are projected to total \$159.4 million. The FY 1994 disbursement was \$55.2 million. Disbursements in the 5th fiscal year are largely due to taxpayers obtaining extensions and some cash payments at the end of the period. The following table shows the projected disbursements by fiscal year:

Table 1
Disbursements
Principal and Interest
(\$ Millions)

FY 1994	\$ 55.2
FY 1995	22.0
FY 1996	18.3
FY 1997	57.7
FY 1998	<u>6.2</u>
Total	<u>\$159.4</u>

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Secretary of State - Department of State

JLBC Analyst: Gita Reddy
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	34.0	36.0	36.0	36.0	36.0	36.0
OPERATING BUDGET						
Personal Services	617,200	725,700	755,900	733,200	755,900	733,200
Employee Related Expenditures	149,300	170,300	185,500	182,300	185,500	182,300
Professional/Outside Services	7,600	9,000	9,000	9,000	9,000	9,000
Other Operating Expenditures	486,100	463,000	466,700	472,000	466,700	472,000
Equipment	11,800	0	0	0	0	0
All Other Operating Subtotal	505,500	472,000	475,700	481,000	475,700	481,000
OPERATING SUBTOTAL	1,272,000	1,368,000	1,417,100	1,396,500	1,417,100	1,396,500
SPECIAL LINE ITEMS						
Rules - Publications Division	142,400	435,900	394,000	455,500	394,000	428,700
Elections Expense	80,600	1,767,100	3,584,000	3,429,400	1,968,800	1,962,000
Proposition 200	159,000	170,900	174,900	171,700	174,900	171,700
Special Item Subtotal	382,000	2,373,900	4,152,900	4,056,600	2,537,700	2,562,400
AGENCY TOTAL	1,654,000	3,741,900	5,570,000	5,453,100	3,954,800	3,958,900
BY FUND SOURCE						
General Fund	1,654,000	3,741,900	5,570,000	5,453,100	3,954,800	3,958,900
Other Non-Appropriated Funds	118,600	15,000	--	5,000	--	5,000
TOTAL - ALL SOURCES	1,772,600	3,756,900	5,570,000	5,458,100	3,954,800	3,963,900

Agency Description — *The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for filings and recordings under the Uniform Commercial Code (U.C.C.); for statewide election coordination; for required filings from legislators, state officials, judges, candidates for office, campaign committees, and lobbyists; for training county elections officials; for implementing the requirements of Proposition 200 regarding campaign contributions; for filings of administrative rules, intergovernmental agency agreements, and official executive orders/proclamations; for registering trade names, trademarks and limited partnerships; for appointing notaries public; and for certifying certain telemarketing and charitable solicitation organizations.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$1,711,200	45.7%	\$(1,494,200)	(27.4)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 13,700 GF
— ERE Rates	13,200 GF
— Risk Management	(1,800) GF
— Rent	5,400 GF

Base Modification

15,100 GF

The JLBC Staff recommends adjusting the agency's base to reflect the agency's expenditure plan. The amount includes decreases of \$(2,500) in Personal Services and \$(300) in Employee Related Expenditures. The amount also includes an increase of \$21,300 in the Rules-Publications Special Line Item and a decrease of \$(3,400) in the Proposition 200 Special Line Item. The Executive does not recommend this reallocation (see Other Issues for Legislative Consideration).

Other Operating Expenditures

5,400 GF

The recommended amount includes an increase of \$18,000 to purchase statute sets for distribution, as provided in A.R.S. § 41-123. The amount also includes a decrease of \$(12,600) to reflect the completion of lease-purchase payments for a microfiche reader. The Executive does not recommend funding for the statute sets.

Rules-Publications

(1,700) GF

Laws 1994, Chapter 287 (S.B. 1236), changed the rule-making process and the requirements for publishing those rules and associated public notices. The new law requires the Secretary of State to expand the Administrative Code, which contains adopted rules, to include relevant statutory language and examples. It also requires the agency to publish a full-text Arizona Administrative Register, containing the complete text of each proposed, emergency and adopted rule, and a preamble for each rule which includes an explanation of the changes in the rule and an analysis of the economic impact of the rule. The bill contained an appropriation of \$287,000 for the agency and became effective January 1.

The recommended amount includes an increase of \$135,000 to annualize printing and postage costs associated with the publication of the expanded Administrative Code and the full-text register and a decrease of \$(126,700) for one-time start-up costs. The amount also includes a reduction of \$(10,000) to adjust for a reduction in the agency's need for training on its document publisher. The Executive essentially concurs.

Elections

1,661,900 GF

Laws 1992, Chapter 254 (H.B. 2378) requires the state to hold a presidential preference election on either the second Tuesday in March or on the first date on which any state plans to hold a similar election, whichever is earlier. Although according to statute the counties are responsible for some of the costs associated with regular primary and general elections, it appears that it was the Legislature's intent that the state pay all of the costs associated with the preference election.

The recommended amount includes \$3,335,100 in Professional and Outside Services to fund the costs of the presidential preference election in 1996. The recommended amount also includes a decrease of \$(1,673,200) for one-time costs associated with the primary and general 1994 elections. The Executive recommends an increase of \$3,500,000 for this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Rules-Publications

(26,800) GF

The recommended amount includes a decrease of \$(26,800) to reflect a decrease in lease-purchase payments for the agency's document publisher.

Elections

(1,467,400) GF

The recommended amount includes a decrease of \$(3,335,100) for one-time costs associated with conducting the presidential preference election in FY 1996. The recommended amount also provides \$1,867,700 in funding for the September primary election and the November general election in 1996. The amount includes increases of \$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 referred to the voters). The Executive recommends an increase of \$1,884,800 for this issue.

* * *

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the footnote concerning the reversion of \$250,000 from the Elections line item to the General Fund if the agency failed to computerize campaign finance forms as the forms will be computerized before the end of the fiscal year.
- The JLBC Staff recommends deleting the footnote concerning the use of \$41.22 of the agency's FY 1995 appropriation for the mailing of legislative resolutions to the U.S. House of Representatives and the U.S. Senate as the agency is currently mailing the resolutions to both the House of Representatives and the Senate.

Other Issues for Legislative Consideration

— FTE Positions Authorization/Base Realignment

The Executive recommends formally authorizing the 2 FTE positions funded in Chapter 287 (S.B.1236) and annualizing their salaries. The Executive recommendation moves funding for those positions above-the-line. The JLBC Staff recommendation included those FTE positions and base realignments in the FY 1995 Estimate column and then realigned the agency's base in FY 1996 to reflect the agency's expenditure plan.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Structural Pest Control Commission

JLBC Analyst: Brad Beranek
OSP Analyst: Lisa Marsio

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	26.0	26.0	26.0	28.0	26.0	28.0
OPERATING BUDGET						
Personal Services	554,100	600,500	614,100	638,800	614,100	638,800
Employee Related Expenditures	133,600	161,400	156,900	165,300	156,900	165,300
Professional/Outside Services	86,600	106,200	111,200	111,200	116,200	116,200
Travel - In State	56,800	66,800	86,800	108,000	86,800	108,000
Travel - Out of State	2,500	2,600	10,000	2,600	10,000	2,600
Other Operating Expenditures	170,900	115,200	169,800	158,000	169,400	158,000
Equipment	0	0	4,500	8,000	4,500	8,000
All Other Operating Subtotal	316,800	290,800	382,300	387,800	386,900	392,800
OPERATING SUBTOTAL	1,004,500	1,052,700	1,153,300	1,191,900	1,157,900	1,196,900
SPECIAL LINE ITEMS						
Attorney General Services	0	0	88,400	0	88,400	0
Special Item Subtotal	0	0	88,400	0	88,400	0
AGENCY TOTAL	1,004,500	1,052,700	1,241,700	1,191,900	1,246,300	1,196,900
BY FUND SOURCE						
Other Appropriated Funds	1,004,500	1,052,700	1,241,700	1,191,900	1,246,300	1,196,900
Federal Funds	78,200	98,100	-	98,100	-	98,100
TOTAL - ALL SOURCES	1,082,700	1,150,800	1,241,700	1,290,000	1,246,300	1,295,000

Agency Description — *The commission licenses and regulates professional pest control companies and conducts examinations of applicators of structural pesticides.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$139,200	13.2%	\$5,000	0.4%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 10,100 OF
— Vacancy Savings - Maintains a 1.0% Vacancy Rate	(600) OF
— ERE Rates	(6,800) OF
— Risk Management	17,500 OF
— Rent	500 OF

2 Clerk Typist Positions

41,600 OF

The JLBC Staff recommends \$41,600 for 2 Clerk Typist III positions and related costs (\$39,500 for Personal Services and Employee Related Expenditures, and \$2,100 in operating expenses). One clerk typist would assist an existing secretary in the Inspection/Compliance Department in processing complaints, pulling request documents, handling phone calls for inspectors, preparing commission books and legal documents for mediations, attending monthly meetings and hearings, and completing general secretarial tasks. One secretary has not been sufficient to timely handle the existing workload. From FY 1994 to FY 1995, hearings are expected to increase from 50 to 60, and mediations are expected to increase from 28 to 96. The position is also handling paperwork previously completed by inspectors, who are spending more time in the field monitoring new site pretreatments (an expected increase of 360 in FY 1995), generating even more work. Employees from the License/Certification Department must be pulled to help during particularly busy times. Because the commission expects continued workload increases in FY 1996 (totalling 300 complaints, 65 hearings, 120 mediations, and 720 monitored pretreatment sites), the JLBC Staff recommends this position to provide greater efficiency to the commission. The Executive recommendation does not provide for this position.

The second clerk typist would be placed in the Licensing/Certification Department. Currently, there are 2 employees in this department, 1 assigned new and renewal licensing duties, and 1 assigned new and renewal certification duties. These duties include sending out notices, accepting fees, checking education credits, updating computer records, and processing and sending new credentials. From FY 1994 to FY 1995, certification renewals are expected to increase from 3,700 to 4,300, and business license renewals from 623 to 763. The renewal process requires approximately 6 weeks for licensing and 2 months for certification. There are 2 renewal periods each year. In addition, these 2 employees are responsible for receiving, preparing, and administering almost 300 tests per month in Phoenix, Tucson, and Yuma. With the added shared responsibility of processing 11,000 termite action registration forms per month, and expected increases in certification and licensing renewal requests, these employees cannot complete all of their tasks in a timely manner. The clerk typist would be cross-trained in both the licensing and certification areas, and would also be used to notify applicants of test scores, schedule necessary retests, issue certification credentials, and process and file termite action registration forms. The Executive recommendation does not provide for this position.

Professional and Outside Services

5,000 OF

The JLBC Staff recommends \$5,000 for additional laboratory expenses associated with increases in termite pretreatment testing of new construction sites. Additional testing is a necessary response to the growth in new construction in the state. The commission has renegotiated its Interagency Service Agreement with the State Agricultural Laboratory for this purpose. The commission plans to increase testing by 50 analyses in FY 1996, and another 50 in FY 1997, at \$100 per analysis. Therefore, the contract will increase by \$5,000 in FY 1996 and another \$5,000 in FY 1997. The Executive concurs.

Other Operating Expenditures

22,700 OF

The JLBC Staff recommends \$22,700 for operations and maintenance (O&M) expenses for its office in the Doubletree Building. In August 1993, the commission moved from a private office to this state-owned building. Before the move, operations and maintenance service was provided by a private management company as part of the rental agreement. This O&M charge will be transferred to the Department of Administration, which will be responsible for providing the service, either directly or under contract. The Executive recommendation does not provide this funding.

Travel In State

41,200 OF

The JLBC Staff recommends \$41,200 to reflect the agency's estimate of increases in travel expenses associated with a 128% increase in mileage driven by inspectors since FY 1994. Mileage is expected to increase from 150,000 miles in FY 1994 to 343,000 in FY 1996 due to changes in traveling destinations and regulatory assignments associated with increases in state-wide compliance inspections (see above Personal Services bullet for relevant statistic). In particular, increases in building and home sales in the river areas (Bullhead City/Yuma) have necessitated the reallocation of commission inspectors. Total state-wide trips have increased from approximately 40 in FY 1994 to an expected 108 in FY 1996. The above amount includes \$27,100 for non-public and public transportation expenses, \$6,100 for lodging and \$8,000 for per diem expenses. The Executive recommendation provides \$20,000 for Travel - In State.

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Equipment

8,000 OF

The JLBC Staff recommends \$8,000 for 4 computers. Of the commission's 12 computers, 3 are approximately 8 years old, and 4 are approximately 7 years old. Many of these machines are breaking down, and all of them cannot be inexpensively upgraded to run modern software. The commission plans to use upgraded applications on its office PCs, which will require more technologically advanced computers. The Executive recommendation provides \$4,500 for equipment in FY 1996.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

- Elimination of One-time Capital and Non-Capital Equipment

(8,000) OF

Professional and Outside Services

5,000 OF

The JLBC Staff recommends \$5,000 for additional laboratory expenses associated with increases in termite pretreatment testing of new construction sites. The commission plans to increase testing by 50 analyses in FY 1997, at \$100 per analysis. The commission's renegotiated Interagency Service Agreement with the State Agricultural Laboratory, which conducts this testing, reflects the \$5,000 increase. The Executive concurs.

Equipment

8,000 OF

The JLBC Staff recommends \$8,000 for 4 computers. In FY 1997, 3 of the commission's computers will be 8 years old, and another 3 will be 6 years old. The older machines have proved unreliable, and are unable to be inexpensively repaired and upgraded to run modern software. The Executive recommendation provides \$4,500 for equipment in FY 1997.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1997.
- 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.

Other Issues for Legislative Consideration

— Miscellaneous

The Executive recommendation provides \$5,000 for board member per diem, \$22,000 for telecommunications and postage, and \$7,400 for Travel Out State, for a total of \$34,400, in FY 1996.

— Attorney General Services

The Executive recommendation provides \$83,600 for a full-time assistant attorney general, one half-time legal secretary, and attorney general mediation services. The amount will be included in a new line item called Attorney General Services. The board has requested additional legal assistance due to increases in hearings, and the increased used of attorneys by practitioners suspended by the commission.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Tax Appeals

JLBC Analyst: Bob Hull
OSPB Analyst: Matthew Shaffer

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	9.5	10.5	13.0	10.5	14.5	15.5

BY PROGRAM/ORGANIZATION

BOTA Division 1	414,000	496,600	569,900	506,500	624,000	749,000
BOTA Division 2	202,700	248,700	260,000	257,500	260,500	250,700
AGENCY TOTAL	616,700	745,300	829,900	764,000	884,500	999,700

OPERATING BUDGET

Personal Services	392,500	494,500	548,900	383,700	590,500	361,600
Employee Related Expenditures	71,000	80,800	96,400	73,000	105,200	66,600
Professional/Outside Services	16,000	17,000	27,800	15,800	30,500	14,700
Travel - In State	23,900	32,100	33,600	14,200	34,600	14,200
Travel - Out of State	2,300	3,200	3,200	3,200	3,200	3,200
Other Operating Expenditures	111,000	114,700	109,000	101,100	114,000	97,600
Equipment	0	3,000	11,000	6,000	6,500	0
All Other Operating Subtotal	153,200	170,000	184,600	140,300	188,800	129,700
OPERATING SUBTOTAL	616,700	745,300	829,900	597,000	884,500	557,900

SPECIAL LINE ITEMS

State Board of Equalization	0	0	0	167,000	0	441,800
Special Item Subtotal	0	0	0	167,000	0	441,800
AGENCY TOTAL	616,700	745,300	829,900	764,000	884,500	999,700

BY FUND SOURCE

General Fund	616,700	745,300	829,900	764,000	884,500	999,700
TOTAL - ALL SOURCES	616,700	745,300	829,900	764,000	884,500	999,700

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Tax Appeals

Agency Description — The Board of Tax Appeals is comprised of 2 boards; Division I and Division II. Division I provides an independent appeals process for taxpayers, county assessors, and the Department of Revenue for disputes relating to the valuation and classification of property. Beginning January 1, 1996 the State Board of Equalization is established to hear property tax appeals for Maricopa and Pima counties, per Laws 1994, Chapter 323 (S.B. 1362). Division I also will hear appeals regarding property tax errors in FY 1996. Division II provides an independent appeals process for taxpayers with disputes relating to income, sales, and use tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$18,700	2.5%	\$235,700	30.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 5,600 GF
- ERE Rates 500 GF
- Risk Management 400 GF
- Elimination of One-time Capital and Non-Capital Equipment (3,000) GF

Division I Workload

(144,500) GF

Reflects a decrease of \$(144,500) and (1) FTE position due to changes in Division I workload, which will result from the implementation of Laws 1994, Chapter 323 (S.B. 1362). The amount includes decreases of \$(114,300) for Personal Services, \$(8,400) for Employee Related Expenditures, \$(1,200) for Professional and Outside Services, \$(17,900) for Travel - In State and \$(2,700) for Other Operating Expenditures. The decrease in Personal Services includes decreases of \$(22,100) due to the transfer of (2) FTE positions, a Property Appraiser II and an Administrative Assistant I, to the State Board of Equalization (SBOE) Special Line Item effective January 1, 1996, \$(6,500) for temporary clerical help and \$(85,700) for Division I board member per diem.

The 3-year average number of appeals to BOTA from FY 1992 to FY 1994 was 4,500. Of this number, only 900 will remain to be heard by BOTA when SBOE begins hearing the 3,600 appeals from Maricopa and Pima counties in FY 1997. BOTA's workload will also be decreased in FY 1996, since about 2/3 of the appeal hearings in calendar year 1995 should occur in FY 1995 and only 1/3 in FY 1996 based on the historical distribution of hearing dates. Partly offsetting this decrease in workload for BOTA will be a new workload of about 1,000 appeals annually regarding property tax errors in all counties, which were formerly heard by the respective county boards of equalization. The net effect of these law changes is projected to be a 50% decrease in the number of appeals to be heard by BOTA beginning with FY 1996. The Executive does not address this issue.

State Board of Equalization - Special Line Item

167,000 GF

The recommendation reflects first year funding of \$167,000 and 1 FTE position, which includes \$27,500 for Personal Services, \$6,400 for Employee Related Expenditures, \$41,800 for Professional and Outside Services, \$1,500 for Travel - In State, \$69,000 for Other Operating Expenditures and \$20,800 for Capitalized Equipment. The Personal Services amount includes \$22,100 for 2 FTE positions transferred from Division I's above-the-line budget for the second half of FY 1996, and \$5,400 for board members per diem so that the board can organize itself, prepare its administrative and clerical support, and adopt rules. The Travel - In State amount of \$1,500 is for travel to organize SBOE. The Professional and Outside Services amount includes \$40,000 for computer programming and \$1,800 for computer production costs. The Other Operating Expenditures amount includes \$40,000 for one time non-capitalized office equipment such as tape recorders for hearings, calculators, typewriters and other office equipment, \$15,000 for printing new appeals forms, and \$14,000 for other expenses. The Capitalized Equipment amount is for a copier, and 2 personal computers, a printer and office furniture for the 2 new FTE positions recommended for FY 1997.

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BOTA requested funding for SBOE as a special line item within the BOTA budget. Chapter 323 states that SBOE is established as an independent agency and may employ one or more hearing officers, but that BOTA is responsible for administering and operating SBOE and for providing staff support and meeting accommodations. We assume that few appeals will reach SBOE before July 1, 1996 and that SBOE will use the 2 FTE positions transferred from Division I to the special line item for the second half of FY 1996, to organize itself, adopt rules, and prepare its administrative and clerical support. The JLBC Staff recommends appropriating monies for the administration of SBOE as a special line item in the Division I budget for BOTA and appropriating direct SBOE hearing officer costs as a separate budget entity. Please see SBOE for further discussion of SBOE and for hearing officer costs in FY 1997, as well as a table comparing total JLBC Staff and Executive recommendations for BOTA Division I and SBOE combined. The Executive recommends an increase of 2.5 FTE positions and \$79,500 in the above-the-line operating budget of Division I.

Division II Board Workdays 3,000 GF
Reflects an increase of \$3,000 to provide the Division II board with 20 additional board member workdays (6.7 per board member) with which to address its backlog of unsettled cases. This will fund a 9.5% increase in the board's 3-year average of 210 board member workdays (69.9 per board member) from FY 1992 through FY 1994. The backlog of unsettled cases has grown from 152 in FY 1992 to 228 in FY 1994, during which time the board has averaged annually 140 new appeals and 106 cases settled. This increase in board workdays, in concert with the new hearing officer position added in FY 1995 and 3 new personal computers recommended for FY 1996, should allow the Division II board to significantly increase its number of settled cases. The Executive does not address this issue in FY 1996, but does recommend \$3,000 for a legal clerk intern. The Executive recommends a \$6,000 increase for Division II board workdays for FY 1997.

Rent (12,100) GF
Reflects a decrease of \$(12,100) for the rental of office space in the lease-purchase Supreme Court Building. The Executive concurs.

New Equipment 6,800 GF
Reflects an increase of \$6,800 for new equipment for Division II, including 3 personal computers and 3 copies of word processing software. The Executive recommends \$5,500 for capitalized equipment.

Base Adjustment (5,000) GF
Reflects a \$(5,000) decrease to adjust to actual salaries in Division I. The amount includes decreases of \$(4,600) for Personal Services and \$(400) for Employee Related Expenditures. The Executive does not address this issue.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes (6,800) GF
— Elimination of One-time Capital and Non-Capital Equipment

Division I Workload (32,300) GF
Reflects a decrease of \$(32,300) and (1) FTE position to annualize the half-year decrease in FY 1996 related to the transfer of 2 FTE positions to the SBOE Special Line Item due to a reduced workload for Division I. The amount includes decreases of \$(22,100) for Personal Services, \$(6,400) for Employee Related Expenditures, \$(1,100) for Professional and Outside Services, and \$(2,700) for Other Operating Expenditures. The Executive does not address this issue.

State Board of Equalization - Special Line Item \$274,800 GF
Reflects an increase of \$274,800 and 6 FTE positions, which includes increases of \$183,600 for Personal Services, \$27,500 for Employee Related Expenditures, \$24,300 for Travel - In State, and \$77,800 for Other Operating expenditures, and decreases of \$(17,600) for Professional and Outside Services due to a reduction in computer programming monies and \$(20,800) for one-time capitalized equipment. The Personal Services amount includes increases of \$22,100 to annualize the salaries of the 2 FTE positions which were transferred from Division I for the second half of FY 1996, \$82,900 for 5 new FTE positions and \$78,600 for board member per diem.

The 5 new FTE positions include 1 Property Appraiser I, 1 Administrative Secretary I, and 3 seasonal Clerk Typist III's. The Property Appraiser and Administrative Secretary positions are to help the 2 FTE positions transferred from Division I with the new workload of 24,000 first level appeals formerly handled by the Maricopa and Pima County Boards of Equalization. As a point of reference, BOTA has handled from 4,000 to 6,800 second level appeals with 6.5 FTE positions. The 0.5 FTE position at BOTA represents 3 or 4 temporary clerical workers hired for the heavy appeals season. The 3 seasonal FTE positions recommended for SBOE represent an average of 18 clerical workers for 2 months each during the SBOE appeal season. Much of the workload generated by hearing 27,600 first and second level appeals prior to and following

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

the hearings is clerical and data entry related. The Executive recommends an increase of 1.5 FTE positions and \$57,900 in the above-the-line operating budget of Division I.

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JLBC Staff Recommended Format — Lump Sum by Program (Changed from Lump Sum by Agency to reflect how BOTA actually administers its appropriation.)

Other Issues for Legislative Consideration

— **State Board of Equalization**

Although Chapter 323 (S.B. 1362) of Laws 1994 tasks Division I with hearing appeals regarding property tax errors in all counties effective October 31, 1994, the statutory sections which have the county boards of equalization hear appeals of errors and omissions are not repealed until December 31, 1995. For purposes of this analysis it is assumed that BOTA will not receive a significant number of appeals of property tax errors prior to January 1, 1996.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: State Board of Technical Registration

JLBC Analyst: Brad Beranek
OSPB Analyst: Lisa Marsio

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	15.0	15.0	15.0	15.0	15.0	15.0
OPERATING BUDGET						
Personal Services	321,700	332,300	343,700	334,500	343,700	334,500
Employee Related Expenditures	76,800	84,600	92,700	90,800	92,700	90,800
Professional/Outside Services	18,500	23,300	23,300	23,300	23,300	23,300
Travel - In State	7,300	9,000	11,400	10,000	11,400	10,000
Travel - Out of State	12,300	12,000	11,800	11,800	13,000	13,000
Other Operating Expenditures	187,700	228,100	227,200	232,100	231,900	232,100
Equipment	9,000	0	0	0	0	0
All Other Operating Subtotal	234,800	272,400	273,700	277,200	279,600	278,400
OPERATING SUBTOTAL	633,300	689,300	710,100	702,500	716,000	703,700
SPECIAL LINE ITEMS						
Examinations	168,900	169,400	169,400	169,400	169,400	169,400
Special Item Subtotal	168,900	169,400	169,400	169,400	169,400	169,400
AGENCY TOTAL	802,200	858,700	879,500	871,900	885,400	873,100
BY FUND SOURCE						
Other Appropriated Funds	802,200	858,700	879,500	871,900	885,400	873,100
TOTAL - ALL SOURCES	802,200	858,700	879,500	871,900	885,400	873,100

Agency Description — The agency licenses, investigates, and conducts examinations of architects, assayers (assessors of mineral value), engineers, geologists, land surveyors, and landscape architects.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$13,200	1.5%	\$1,200	0.1%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 2,500 OF
— ERE Rates	5,900 OF
— Risk Management	1,200 OF
— Rent	2,800 OF

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Travel - In State

1,000 OF

The JLBC Staff recommends \$1,000 to cover additional board member miles, increased per diem and lodging costs. This increase would match the board's total Travel - In State appropriation to the FY 1995 revised appropriated amount of \$10,000. The Executive recommendation provides a \$2,400 increase for Travel - In State.

Travel - Out of State

(200) OF

The JLBC Staff recommends a reduction of \$(200) to reflect the board's estimate of lower travel costs. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Travel - Out of State

1,200 OF

The JLBC Staff recommends \$1,200 for increases in airfare to national conferences. The Executive concurs.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- 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.

Other Issues for Legislative Consideration

— Executive Director Raise

The Executive recommendation provides \$4,300 (\$3,800 in Personal Services and \$500 in Employee Related Expenditures) for an Executive Director raise. In September 1994, the board voted to increase the salary to \$58,700, which is the maximum of the Grade 23 pay scale. The raise went into effect in December, 1994. However, after the 2% raise in April, 1995, the Director's salary without the board-approved raise will only be \$2,600 less than the maximum of the Grade 23 pay scale (not including Employee Related Expenditures). Because this difference is relatively small, and because the Director's current salary appears commensurate with the salary of other Grade 23 board directors, the JLBC Staff does not recommend additional funding at this time. In addition, the board apparently has sufficient monies to fund the salary increase within its existing appropriation, as the board did not seek any added funding before approving the adjustment. The JLBC Staff recommends that the board continue to rely on those existing resources to fund the pay raise in future years.

— Travel - In State

The Executive recommendation provides \$1,200 for Travel - In State.

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DEPT: Office of Tourism

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$87,200	1.2%	\$247,500	3.3%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$10,400 GF
- ERE Rates (19,600) GF
- Risk Management 4,100 GF
- Rent 3,600 GF

Painted Cliffs Welcome Center Staffing

21,600 GF

Currently, the office is appropriated 3 FTE positions to operate the new Painted Cliffs Welcome Center, located in Lupton on Interstate 40 near the New Mexico border. With this staffing level, the center has been operating 5 days a week, 9 hours per day. The office desires to operate the center 7 days a week, 12 hours per day, and requests an additional 2 FTE positions and \$42,500 to do so. Due to the welcome center's remote location, volunteers are not available for staffing. The JLBC Staff recommends 1 FTE position and \$21,600 (\$17,300 in Personal Services and \$4,300 in Employee Related Expenditures) so that the welcome center may be open most days from 7:00 a.m. to 7:00 p.m. In addition, the JLBC Staff recommends that all funding related to the welcome center be moved to a new Welcome Center Special Line Item (see policy issue below). The Executive concurs.

Tourism Fund Increase

36,700 GF

The JLBC Staff estimates that the deposit to the Tourism Fund will increase from \$2,392,600 to \$2,429,300 (an increase of \$36,700). Laws 1990, Chapter 391, allocates 75% of the growth of the last 1/2 percent of bed tax revenues from the General Fund to the Tourism Fund, in addition to a base allocation of \$2,000,000. Chapter 391 requires the Tourism Fund to be used for "tourism promotion" and for FY 1995 it was appropriated (along with General Fund monies) to the Toll-Free Line Production and Placement Special Line Item for advertising the state's toll-free tourism telephone number. The Executive concurs. The JLBC Staff also recommends a statutory change to the Tourism Fund (see Other Issues for Legislative Consideration).

Business Affairs FTE Position

30,400 GF

In a performance audit released in September, the Auditor General highlighted the office's poor record of financial management and contract and grant program oversight. To address this issue, the Auditor General recommended statutory changes to ensure qualified office directors and to classify the office's personnel under the state personnel system. The office believes that an additional FTE position in its Business Affairs section would also improve performance. With the growth in the office's budget (an increase of \$4,000,000 since FY 1988), there has been a growth in the complexity of its contracting and accounting requirements without an increase in core staff. The office manages overseas marketing programs, the Tourism Investment Funds Sharing (TIFS) program, a large media advertising contract, research programs, and a multitude of other in-state programs, but has only 1 FTE position for its accounting, payroll, human resources, and MIS functions. The agency is requesting 1 FTE position and \$30,700 (\$25,000 for Personal Services and \$5,400 for Employee Related Expenditures). The JLBC Staff recommends the office's request. The Executive recommends \$36,100 in Personal Services and Employee Related Expenditures for the new FTE position.

Rename and Realign Special Line Items

-0- GF

Last year, several special line items were added to the office's appropriations format. While the JLBC Staff agrees that these additions helped clarify the office's activities, the JLBC Staff would recommend further changes to more clearly highlight

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expenditures. For comparison purposes, the Department of Commerce, with a FY 1995 budget of \$10,799,600, has 13 special line items while the Office of Tourism, with a FY 1995 budget of \$7,398,200, has only 4 special line items.

The JLBC Staff recommends the following format changes:

- Eliminate the "Other Marketing" Special Line Item and split the monies into 3 new special line items: \$286,100 to "Media and Public Relations," \$740,000 to "TIFS Program," and \$100,000 to "Inter-Agency Programs." Currently, the purpose of the "Other Marketing" Special Line Item is vague and includes widely varied activities. The TIFS Program (Tourism Investment Funds Sharing Program) matches contributions from local groups who develop local tourism advertising campaigns. The office's inter-agency programs currently consist solely of funding for ACERT (Arizona Council for Enhancing Recreation and Tourism), a joint project with state and federal agencies. The Executive does not address this issue.
- Move funding for research activities from 2 special line items (\$118,100 from "Toll-Free Line Production and Placement," and \$75,900 from "Other Marketing") to a new "Research and Data Repository" Special Line Item. The office invests heavily in research activities, which include: customer service surveys, domestic travel statistics, advertising conversion studies, a welcome center diary study, support for the NAU research library, toll-free line conversion studies, and industry strategic planning. Under the current format these activities are not apparent. The Executive concurs.
- Move funding for the welcome center to a new "Welcome Center" Special Line Item. Welcome center operations have grown but its funding remains obscured in the agency's operating budget. Placing the funding in a special line item will allow for better tracking of resources. The JLBC Staff recommends moving a total of \$288,000 (\$86,600 in Personal Services, \$19,600 in Employee Related Expenditures, \$198,400 in Other Operating Expenditures, and \$5,000 in Travel-In State) and 4 FTE positions to the "Welcome Center" Special Line Item. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Tourism Fund Increase 247,500 GF
The JLBC Staff estimates that the deposit to the Tourism Fund will increase from \$2,429,300 to \$2,676,800 (an increase of \$247,500). Laws 1990, Chapter 391, allocates 75% of the growth of the last 1/2 percent of bed tax revenues from the General Fund to the Tourism Fund, in addition to a base allocation of \$2,000,000. Chapter 391 requires the Tourism Fund to be used for "tourism promotion" and the JLBC Staff recommends that it be appropriated to the Advertising Production and Placement Special Line Item. The Executive concurs.

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JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- Of the \$2,686,600 appropriated to Advertising 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(3)c.
- Of the \$2,934,200 appropriated to Advertising Production and Placement for FY 1997, an estimated \$2,676,800 shall be deposited in the Tourism Fund pursuant to A.R.S. § 41-1341C(3)c.

Other Issues for Legislative Consideration

- **Fiesta Bowl Exposure Special Line Item**
The Executive recommends \$2,000,000 in FY 1996 for promotions associated with the 1996 Fiesta Bowl national championship broadcast. The initiative would seek to capitalize on the national and international exposure created by the event. The Executive recommends a reduction of \$(1,000,000) in this special line item in FY 1997. The JLBC Staff recommends that the office consider redirecting a portion of its existing resources for this purpose.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

— International Trade Marketing

The Executive also recommends a \$300,000 increase in the International and Domestic Trade Marketing Special Line Item for FY 1997. The increase would target international markets by developing and distributing additional foreign language promotional materials. The JLBC Staff recommends awaiting the results of this new program, which was begun in FY 1995 with an appropriation of \$877,200, before considering additional appropriations.

— Tourism Fund Change

Current law (A.R.S. § 43-1341 C(3)c) allocates 75% of the growth of the last 1/2 percent of bed tax revenues from the General Fund to the Tourism Fund, in addition to a base allocation of \$2,000,000. This requirement means that it is possible for the Tourism Fund deposit to decrease if growth slows. The JLBC Staff recommends changing the statute to allocate 3.5% of bed tax revenues from the General Fund to the Tourism Fund. For FY 1996, the JLBC Staff estimates this change would have the effect of increasing the Tourism Fund deposit by \$17,300 over the current formula estimate of \$2,429,300. For FY 1997, the estimated effect would be to increase the deposit by \$117,200 over the current formula calculation of \$2,676,800.

— Auditor General Performance Audit

In September, the Auditor General released a performance audit of the Office of Tourism. The Auditor General made two key findings: 1) statutory changes are needed to professionalize the office, and 2) advertising dollars were wasted in unjustified payments to the former advertising firm. To address the former finding, the Auditor General recommends adding minimum qualifications for the director of the office, establishing a search committee process for selecting the director, placing all support staff under the state personnel system, and possibly merging the office with another agency. To address the latter, the Auditor General recommends closer cooperation with the Attorney General's office.

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DEPT: State Treasurer

JLBC Analyst: Brad Beranek
OSPB Analyst: John McCarthy

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	34.0	34.0	34.0	34.0	34.0	34.0

OPERATING BUDGET

Personal Services	1,007,000	1,098,500	1,107,100	1,106,900	1,107,100	1,106,900
Employee Related Expenditures	212,300	246,000	252,400	252,800	252,400	252,800
Professional/Outside Services	153,500	135,500	135,500	135,500	135,500	135,500
Travel - In State	1,000	2,000	2,000	2,000	2,000	2,000
Travel - Out of State	8,900	13,800	13,800	13,800	13,800	13,800
Other Operating Expenditures	172,100	190,700	197,800	197,800	197,800	197,800
Equipment	13,200	7,700	14,000	16,000	12,000	14,000
All Other Operating Subtotal	348,700	349,700	363,100	365,100	361,100	363,100
OPERATING SUBTOTAL	1,568,000	1,694,200	1,722,600	1,724,800	1,720,600	1,722,800

SPECIAL LINE ITEMS

Justice of Peace Salaries	1,745,400	1,930,000	1,960,000	2,021,700	2,035,400	2,071,000
Distribution of Tax Protest Monies	3,629,700	0	0	0	0	0
Special Item Subtotal	5,375,100	1,930,000	1,960,000	2,021,700	2,035,400	2,071,000
AGENCY TOTAL	6,943,100	3,624,200	3,682,600	3,746,500	3,756,000	3,793,800

BY FUND SOURCE

General Fund	6,943,100	3,624,200	3,682,600	3,746,500	3,756,000	3,793,800
TOTAL - ALL SOURCES	6,943,100	3,624,200	3,682,600	3,746,500	3,756,000	3,793,800

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$122,300	3.4%	\$47,300	1.3%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 17,700 GF
— Vacancy Savings - Adjusts to a 1% Vacancy Rate	(9,000) GF
— ERE Rates	6,500 GF
— Risk Management	3,100 GF
— Rent	4,000 GF
— Elimination of One-time Capital and Non-Capital Equipment	(7,700) GF

Justice of the Peace Salary Adjustment

91,700 GF

The JLBC Staff recommends \$91,700 for a 5% raise granted to Superior Court Judges in January 1995 (Chapter 220, Laws 1994). Justice of the Peace (JOP) salaries are based upon 2 factors: a percentage of the annual compensation of a Superior Court Judge, and the activity level of the Justice of the Peace Court. The recommended amount assumes that these factors remain constant from FY 1995 to FY 1996. The Executive recommendation of \$30,000 could be low given this assumption and the size of the raise.

Equipment

16,000 GF

The JLBC Staff recommends the Treasurer's request for 8 computers. These would replace computers which will be 8 years old in FY 1996. These computers are too technologically dated to be upgraded cost-effectively. Currently, they are unable to run the modern software needed to optimize office productivity. The Executive recommendation provides for 7 computers at a cost of \$14,000.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes

— Elimination of One-time Capital and Non-Capital Equipment	(16,000) GF
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Justice of the Peace Salary Adjustment

49,300 GF

The JLBC Staff recommends \$49,300 for a 5% raise granted to Superior Court Judges in January 1996 (Chapter 220, Laws 1994). Justice of the Peace salaries are based upon two factors: a percentage of the annual compensation of a Superior Court Judge, and the activity level of the Justice of the Peace Court. The recommended amount assumes that these factors remain constant from FY 1996 to FY 1997.

Equipment

14,000 GF

The JLBC Staff recommends the Treasurer's request for 7 computers. These would replace computers which will be 7 years old in FY 1997. These computers are unable to be upgraded because they only use proprietary parts from a vendor which is no longer in business. The Executive recommendation provides for 6 computers at a cost of \$12,000.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Standard Footnotes

- It is the intent of the Legislature that the investment management fee on monies managed by the State Treasurer be set at 8 basis points as of July 1, 1994.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Commission on Uniform State Laws

JLBC Analyst: Jason Hall
OSPB Analyst: Lisa Marsio

House Sub: Hart
Senate Sub: Chesley

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	0.0	0.0		0.0		0.0

OPERATING BUDGET

Personal Services	600	1,000	1,300	1,300	1,300	1,300
Travel - In State	0	500	500	400		400
Travel - Out of State	4,200	4,000	6,500	5,400		6,100
Other Operating Expenditures	17,400	18,800	19,900	19,900	20,900	20,800
All Other Operating Subtotal	21,600	23,300	26,900	25,700	20,900	27,300
AGENCY TOTAL	22,200	24,300	28,200	27,000	22,200	28,600

BY FUND SOURCE

General Fund	22,200	24,300	28,200	27,000	29,200	28,600
TOTAL - ALL SOURCES	22,200	24,300	28,200	27,000	29,200	28,600

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	<u>\$ Change</u>	<u>% Change</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$2,700	11.1%	\$1,600	5.9%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Risk Management **\$ 100 GF**

Personal Services

300 GF

The JLBC Staff recommends a \$300 increase in Personal Services to compensate members for greater attendance at commission meetings. The Executive concurs.

Travel - In State

(100) GF

The JLBC Staff recommends a \$(100) decrease of the Travel - In State line item to reflect actual mileage traveled. The Executive does not recommend this issue.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Travel - Out of State

1,400 GF

The National Conference of Commissioners on Uniform State Laws will be held in Kansas City, Kansas in FY 1996. The adjustment reflects the costs of attending the week-long conference for all 4 commissioners. Past conferences were attended by 3 commissioners. The Executive recommends this issue in the amount of \$2,500.

Other Operating Expenditures

1,000 GF

The JLBC Staff recommendation includes an increase of \$900 for the National Conference of Commissioners on Uniform State Laws membership assessment. Each state is required to pay a base amount, which is scheduled to increase annually at a rate of 5% above the previous year's base. In addition, conference registration fees are expected to increase by \$25 per commissioner, requiring another \$100 in outlays for all 4 commissioners to attend the conference. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Travel - Out of State

700 GF

The National Conference of Commissioners on Uniform State Laws will be held at an as-yet-undetermined site on the West Coast. The JLBC Staff recommends an increase of \$700 to reflect the higher cost of food and lodging on the West Coast. The Executive does not recognize this increase as their recommendation for FY 1996 already accounts for this issue.

Other Operating Expenditures

900 GF

The JLBC Staff recommends an increase of \$900 for the National Conference of Commissioners on Uniform State Laws membership assessment. Each state is required to pay a base amount, which is scheduled to increase annually at a rate of 5% above the previous year's base. The Executive recommends \$1,000, allowing for another \$100 increase in registration fees.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Veterans' Service Commission
Agency Summary

JLBC Analyst: Phil Case
OSPB Analyst: Richard Zelznak

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	36.0	38.0	38.0	117.5	38.0	1/
BY PROGRAM/ORGANIZATION						
Veterans' Affairs	792,600	841,800	897,600	901,000	892,900	--
Veterans' Conservatorship	338,300	441,100	514,900	514,900	514,900	--
Veterans' Home	0	20,500	2,425,900	2,462,800	0	--
AGENCY TOTAL	1,130,900	1,303,400	3,838,400	3,878,700	1,407,800	--
OPERATING BUDGET						
Personal Services	651,600	795,300	2,753,800	2,368,300	811,300	--
Employee Related Expenditures	168,600	214,200	699,900	637,300	216,500	--
Professional/Outside Services	0	0	0	23,400	0	--
Travel - In State	27,000	29,600	30,800	34,200	30,800	--
Travel - Out of State	4,100	4,800	8,000	9,200	8,000	--
Food	0	0	0	113,400	0	--
Other Operating Expenditures	229,100	214,200	299,400	647,200	299,400	--
Equipment	10,500	5,300	6,500	5,700	1,800	--
All Other Operating Subtotal	270,700	253,900	344,700	833,100	340,000	--
OPERATING SUBTOTAL	1,090,900	1,263,400	3,798,400	3,838,700	1,367,800	--
SPECIAL LINE ITEMS						
Veterans' Org Contracts	40,000	40,000	40,000	40,000	40,000	--
Special Item Subtotal	40,000	40,000	40,000	40,000	40,000	--
AGENCY TOTAL	1,130,900	1,303,400	3,838,400	3,878,700	1,407,800	--
BY FUND SOURCE						
General Fund	792,300	862,300	3,323,500	3,363,800	892,900	--
Other Appropriated Funds	338,300	441,100	514,900	514,900	514,900	--
Federal Funds	176,000	178,600	--	182,100	--	--
Other Non-Appropriated Funds	28,400	31,000	--	0	--	--
TOTAL - ALL SOURCES	1,335,000	1,513,000	3,838,400	4,060,800	1,407,800	--

1/ The JLBC Staff recommends appropriating the Arizona Veterans' Service Commission for only 1 year (FY 1996).

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Veterans' Service Commission
 PROG: Agency Summary

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 late FY 1995 [or FY 1996]. Construction of the 200-bed State Veterans' Nursing Home on the Indian School land began in FY 1994 with completion estimated in late FY 1995.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$2,501,500	290.1%
Other Appropriated Funds	73,800	16.7%
Total Appropriated Funds	\$2,575,300	197.6%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 4,700 OF	\$ 8,700 GF
— Vacancy Savings	-0- OF	(40,200) GF
— ERE Rates	(1,800) OF	(2,400) GF
— Risk Management	34,600 OF	48,900 GF
— Rent	-0- OF	4,400 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(5,300) GF
— Elimination of Other One-time Expenditures	-0- OF	(20,500) GF

Veterans' Nursing Home

First-year support for the new 200-bed State Veterans' Home. 2,503,000 GF

Veterans' Conservatorship FTE Position

Add 1 Human Services Specialist II FTE position to handle an increasing workload. 31,100 OF

Equipment

Replacement equipment for the Veterans' Affairs Division. 5,700 GF

Overtime

To handle an increasing workload in the financial accounting section of the Veterans' Conservatorship Division. 4,100 OF

Travel - Out of State

Includes \$1,100 for the Veterans' Conservatorship Division and \$2,100 for the Veterans' Affairs Division. 1,100 OF 2,100 GF

Personal Services Reduction

To reflect actual salaries in Veterans' Affairs. (2,900) GF

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JLBC Staff Recommended Format — Lump Sum by Program. (In the FY 1995 budget, the agency had a Lump Sum by Agency format. The JLBC Staff recommends a Lump Sum by Program format in the FY 1996 budget because of the opening of the Veterans' Nursing Home.)

FY 1997 — JLBC Staff Recommended Changes from FY 1996

The JLBC Staff recommends appropriating the Arizona Veterans' Service Commission for only 1 year (FY 1996) due to the opening of the State Veterans' Nursing Home. The home will be the first operated by the commission and there is uncertainty about the level of non-appropriated monies which will be collected. A single year appropriation would allow the Legislature to review the operations of the home before making a FY 1997 appropriation. The commission would return to a biennial budget for FY 1998 and FY 1999.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Veterans' Service Commission
 PROG: Veterans' Affairs

JLBC Analyst: Phil Case
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	22.0	23.0	23.0	23.0	23.0	--
OPERATING BUDGET						
Personal Services	453,900	510,800	508,300	515,900	508,300	--
Employee Related Expenditures	119,200	134,600	134,500	132,900	134,500	--
Travel - In State	23,200	23,900	23,900	23,900	23,900	--
Travel - Out of State	4,100	4,800	6,900	6,900	6,900	--
Other Operating Expenditures	141,700	122,400	177,500	175,700	177,500	--
Equipment	10,500	5,300	6,500	5,700	1,800	--
All Other Operating Subtotal	179,500	156,400	214,800	212,200	210,100	--
OPERATING SUBTOTAL	752,600	801,800	857,600	861,000	852,900	--
SPECIAL LINE ITEMS						
Veterans' Org Contracts	40,000	40,000	40,000	40,000	40,000	--
Special Item Subtotal	40,000	40,000	40,000	40,000	40,000	--
PROGRAM TOTAL	792,600	841,800	897,600	901,000	892,900	--
BY FUND SOURCE						
General Fund	792,300	841,800	897,600	901,000	892,900	--
Federal Funds	176,000	178,600	--	182,100	--	--
Other Non-Appropriated Funds	28,400	31,000	--	0	--	--
TOTAL - ALL SOURCES	996,700	1,051,400	897,600	1,083,100	892,900	--

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.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$59,200	7.0%

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FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 8,700 GF
— ERE Rates	(2,400) GF
— Risk Management	48,900 GF
— Rent	4,400 GF
— Elimination of One-time Capital and Non-Capital Equipment	(5,300) GF

Equipment

5,700 GF

The recommended amount of \$5,700 includes \$2,000 to replace a personal computer, \$2,700 for a modular workstation, and \$1,000 to replace a laser printer. The Executive recommends \$6,500.

Travel - Out of State

2,100 GF

The recommended amount includes an increase of \$2,100 in Travel - Out of State. The locations of the agency's usual trips have changed. The Executive concurs.

Personal Services Reduction

(2,900) GF

The recommended amount includes a reduction of \$(2,900) in Personal Services to reflect actual salaries. The Executive recommends a \$(10,000) reduction.

* * *

JLBC Staff Recommended Format — Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Veterans' Service Commission
 PROG: Veterans' Conservatorship

JLBC Analyst: Phil Case
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	14.0	14.0	15.0	15.0	15.0	--
OPERATING BUDGET						
Personal Services	197,700	271,400	303,000	303,000	303,000	--
Employee Related Expenditures	49,400	76,700	82,000	82,000	82,000	--
Travel - In State	3,800	5,700	6,900	6,900	6,900	--
Travel - Out of State	0	0	1,100	1,100	1,100	--
Other Operating Expenditures	87,400	87,300	121,900	121,900	121,900	--
All Other Operating Subtotal	91,200	93,000	129,900	129,900	129,900	--
PROGRAM TOTAL	338,300	441,100	514,900	514,900	514,900	--
BY FUND SOURCE						
Other Appropriated Funds	338,300	441,100	514,900	514,900	514,900	--
TOTAL - ALL SOURCES	338,300	441,100	514,900	514,900	514,900	--

Program Description — *The division acts as guardian of an incapacitated veteran, his or her incapacitated spouse and/or their minor children. A guardian appointment assumes responsibility for financial obligations and physical well-being of the veteran or family member. As conservator of a veteran's estate, the division may also oversee only the veteran's financial obligations. The program is funded through fees charged to the clients served.*

Change in Funding Summary:	<u>FY 1995 to FY 1996 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
Other Appropriated Funds	\$73,800	16.7%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment
- ERE Rates
- Risk Management

\$4,700 OF
(1,800) OF
34,600 OF

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Add 1 Human Service Specialist II FTE Position **31,100 OF**
Since FY 1990, no FTE positions have been added while the number of clients has grown from 381 to 425 in FY 1994. Perhaps, more importantly, the client expenditures for which the agency is responsible have grown from \$6,500,000 in FY 1990 to \$11,192,000 in FY 1994. The agency predicts a continuing upward trend in both areas, estimating 458 clients and \$12,100,000 in expenditures in FY 1996. The recommended amount includes \$23,900 in Personal Services, \$6,000 in Employee Related Expenditures, and \$1,200 in Travel - In State for 1 Human Service Specialist II FTE position. The new position would act as conservator of clients' assets and would assume responsibility for their financial obligations. The Executive concurs.

Financial Accounting Overtime **4,100 OF**
The increased workload also places strains on financial accounting activities. The recommended amount includes \$4,100 in Personal Services for overtime and premium overtime. The Executive concurs.

Travel - Out of State **1,100 OF**
The recommended amount is for travel to an annual conference and a training conference. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Program

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona Veterans' Service Commission
 PROG: Veterans' Home

JLBC Analyst: Phil Case
 OSPB Analyst: Richard Zelznak

House Sub: Weiers
 Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	0.0	1.0	0.0	79.5	0.0	--
OPERATING BUDGET						
Personal Services	0	13,100	1,942,500	1,549,400	0	--
Employee Related Expenditures	0	2,900	483,400	422,400	0	--
Professional/Outside Services	0	0	0	23,400	0	--
Travel - In State	0	0	0	3,400	0	--
Travel - Out of State	0	0	0	1,200	0	--
Food	0	0	0	113,400	0	--
Other Operating Expenditures	0	4,500	0	349,600	0	--
All Other Operating Subtotal	0	4,500	0	491,000	0	--
OPERATING SUBTOTAL	0	20,500	2,425,900	2,462,800	0	--
SPECIAL LINE ITEMS						
Special Item Subtotal	0	0	0	0	0	--
PROGRAM TOTAL	0	20,500	2,425,900	2,462,800	0	--
BY FUND SOURCE						
General Fund	0	20,500	2,425,900	2,462,800	0	--
TOTAL - ALL SOURCES	0	20,500	2,425,900	2,462,800	0	--

Program Description — The division will operate and maintain a home for Arizona veterans. Construction of the State Veterans' Nursing Home on the Indian School land began in FY 1994 with completion estimated in late FY 1995. The 200-bed facility will begin accepting patients in late FY 1995 [or FY 1996].

Change in Funding Summary:	FY 1995 to FY 1996 JLBC	
	\$ Change	% Change
General Fund	\$2,442,300	N/A

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Vacancy Savings - Adjusts to a 2.0% Vacancy Rate	\$ (40,200) GF
— Elimination of One-time Personal Services	(13,100) GF
— Elimination of One-time ERE	(2,900) GF
— Elimination of One-time Other Operating Expenditures	(4,500) GF

Veterans' Nursing Home

2,503,000 GF

Construction of the State Veterans' Nursing Home is on schedule to be completed in May 1994. The construction is being financed by \$5,000,000 in General Fund appropriations and \$9,233,100 in federal funds (which include \$527,300 for moveable equipment). The home will provide transitional care to residents with the expectation that many will be able to return home with the help of proper support services. Through reimbursements from Medicare, Veterans' Administration per diem, Arizona Long Term Care System and resident income, the agency anticipates that the home will be financially self-supporting within 12 months of opening.

The JLBC Staff has some concerns about the agency's projections of residents' ability to pay for services with their own income. The agency estimates that each resident will be able to pay \$1,800 per month (\$21,600 per year) from a variety of income sources including Social Security, Veterans' Administration Compensation, military and non-military pensions, and savings and investments. The JLBC Staff is concerned that the agency's calculations do not accurately represent the veteran population who will likely select the state home over other alternatives for care. The agency's proposed rules for the home include ability-to-pay criteria for admission to the home, but that may be the subject of further discussion. With these concerns, the JLBC Staff has conservatively estimated a resident's contribution to be \$900 per month (\$10,800 per year). The results of the JLBC Staff's estimates are a higher than expected General Fund start-up requirement and the potential for an on-going General Fund requirement. The uncertainty surrounding both the revenue and expenditure side of operating the home are the basis for the JLBC Staff's recommendation to appropriate the Veterans' Service Commission for just 1 year.

If the agency receives a FY 1995 General Fund supplemental appropriation by April 1, the facility could be ready to accept residents on August 1. The 4 months from April through July would be used to hire and train staff, purchase equipment and operating supplies, and plan for the August opening. The JLBC Staff's FY 1996 recommendation is predicated on a supplemental appropriation being available by April 1. If monies are not available on April 1, the FY 1996 appropriation would grow and any FY 1997 appropriation requirement would also grow.

The following table summarizes the projected required supplemental appropriation for the last 3 months of FY 1995.

Regular FTE Positions	<u>2.8</u>
Personal Services	\$ 79,700
Employee Related Expenditures	18,500
All Other Operating Expenditures	129,900
Equipment	<u>915,400</u> ^{1/}
Subtotal - Operating Costs	1,143,500
Less Revenues	<u>-0-</u>
Recommended Supplemental Appropriation	<u>\$1,143,500</u> ^{2/}

^{1/} Equals total equipment costs of \$1,442,700 less the \$527,300 federal contribution.
^{2/} The recommended amount assumes a 4-month start-up period including the last 3 months of FY 1995.

The first month of FY 1996 would be devoted to final preparations for the August 1 opening, with an initial resident population of 20. Thereafter, for the next 5 months (August - December 1995), the agency projects that the home will gain 10 residents per month. Over the subsequent 7 months (January 1996 - July 1996), the home will gain 20 residents per month, up to 190 residents (where the agency estimates the average monthly population will stabilize). As the resident population grows, more

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staff will be hired and more revenues will be generated. By July 1996 (the first month of FY 1997), the agency believes that the home will be financially self-supporting. However, as mentioned above, the JLBC Staff has some concerns about this belief.

The following table summarizes the operating costs for FY 1996 and the JLBC Staff's recommended General Fund appropriation. The JLBC Staff estimates that revenues will equal approximately 43.8% of costs; therefore, the General Fund will have to pick up the remaining 56.2% of costs.

<u>Operating Costs</u>	<u>Full Costs</u>	<u>General Fund Share</u>
FTE Positions	<u>141.4</u>	<u>79.5</u>
Personal Services	2,813,000	1,581,000
Employee Related Expenditures	766,700	431,000
Professional and Outside Services	41,700	23,400
Travel - In State	6,000	3,400
Travel - Out of State	2,200	1,200
Food	201,700	113,400
Other Operating Expenditures	622,000	349,600
Equipment	<u>-0-</u>	<u>-0-</u>
Total Operating Costs	4,453,300	2,503,000
<u>Revenues</u>		
Federal and State Reimbursements	\$1,179,900	N/A
Patient Payments	<u>770,400</u>	<u>N/A</u>
Total Revenues	<u>1,950,300</u>	<u>N/A</u>
Revenues minus Costs/GF Share	<u>\$(2,503,000)</u>	<u>\$2,503,000</u>

Once the home is at capacity, the JLBC Staff estimates annual operating costs of approximately \$6,200,000 and revenues totaling \$5,000,000. Thus, there would be an on-going General Fund requirement of approximately \$1,200,000.

* * *

JLBC Staff Recommended Format — Lump Sum by Program

JLBC Staff Recommended Footnotes

New Footnotes

- The Commission shall make quarterly expenditure and revenue reports to the Joint Legislative Budget Committee. At a minimum, the reports should contain the total number of positions filled, the average monthly resident count, expenditure totals by line-item, and revenue totals by individual source. *(The JLBC Staff recommends this footnote to allow the Legislature to better track the first-year operations of this new facility.)*

Other Issues for Legislative Consideration

— Executive Recommendation

The Executive recommends a FY 1996 General Fund appropriation of \$2,457,900 for the Veterans' Nursing Home. The recommendation is based on a November 1994 opening for the home and, therefore, does not assume a supplemental FY 1995 appropriation. The Executive recommendation concurs with the agency's projection that residents will be able to contribute \$1,800 per month from their own resources to the operation of the home. For FY 1997, the Executive assumes the home will be self-supporting and recommends a reduction of \$(2,425,900), leaving \$32,000 in General Fund support for the home. However, the Executive does note that a higher level of state support may be needed, depending on actual revenues collected in FY 1996.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Arizona State Veterinary Medical Examining Board JLBC Analyst: Jim Hillyard House Sub: Wong
 OSPB Analyst: Monica Seymour Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSPB	JLBC	OSPB	JLBC
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	3.0

OPERATING BUDGET

Personal Services	93,400	92,400	98,600	99,100	98,600	99,100
Employee Related Expenditures	19,900	22,200	24,200	24,200	24,200	24,200
Professional/Outside Services	20,200	33,800	41,200	35,900	41,000	37,000
Travel - In State	8,300	12,100	11,100	11,100	11,100	11,100
Travel - Out of State	900	2,600	2,600	2,600	2,600	2,600
Other Operating Expenditures	10,100	11,700	13,100	11,800	11,800	11,800
Equipment	3,300	14,000	0	4,900	0	0
All Other Operating Subtotal	42,800	74,200	68,000	66,300	66,500	62,500
AGENCY TOTAL	156,100	188,800	190,800	189,600	189,300	185,800

BY FUND SOURCE

Other Appropriated Funds	156,100	188,800	190,800	189,600	189,300	185,800
TOTAL - ALL SOURCES	156,100	188,800	190,800	189,600	189,300	185,800

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.

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	\$800	0.4%	\$(3,800)	(2.0)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$ 1,400 OF
- ERE Rates 1,100 OF
- Risk Management 100 OF
- Elimination of One-time Capital and Non-Capital Equipment (14,000) OF

Professional and Outside Services

The recommended amount reflects a \$6,200 increase in the State Boards' Office costs and an additional \$1,300 to fund an increased demand for hearing officer services. The increase in the State Boards' Office costs are a result of a new policy apportioning the State Boards' Office Personnel Services costs based upon each board's use of personnel time. Under the previous policy, each board paid an equal share of total costs. This has increased costs for some boards. The increase in hearing officer services is the result of an Attorney General opinion recommending, due to liability concerns, the use of

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

hearing officers at informal hearings. Previously, hearing officers were only required at formal hearings. The Executive recommends the increase in State Boards' Costs, but does not recommend additional funding for hearing officers.

Clerical Temporary 2,500 OF
The recommended amount would fund the services of a temporary clerical worker. This worker would meet the demands of the projected 14% growth in licensees between FY 1996 and FY 1997 and improve the board's ability to respond to consumer information requests. The Executive recommends \$1,000 in funding.

Computer System 3,200 OF
The recommended amount reflects the final phase of the Veterinary Board's move away from the Department of Administration's mainframe and onto their own Local Area Network. The amount also includes a related \$(1,700) decrease in DOA data processing charges. The Executive recommends \$1,300 in funding.

Travel (1,000) OF
The recommended amount reflects an Travel - In State savings due to the loss of 2 out-of-town board members and the addition of board members from the Metro/Phoenix area. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital and Non-Capital Equipment (4,900) OF

Clerical Temporary 1,300 OF
The recommended amount reflects additional funding for temporary clerical assistance. This one-time increase is required to meet the demands of the board's biannual license renewal and an FY 1997 sunset review. The Executive does not recommend funding for this issue.

Professional and Outside Services (200) OF
The recommended amount reflects the elimination of a one-time expense within the State Boards' office. The Executive concurs.

* * *

JLBC Staff Recommended Format — Lump Sum by Agency

JLBC Staff Recommended Footnote

Standard Footnote

- This appropriation is available for use and is exempt from A.R.S. § 35-143.03, relating to lapsing of appropriations to the special agency funds until June 30, 1997.

Other Issues for Legislative Consideration

- Executive Recommendation
The Executive recommends \$5,700 to fund increases in the salaries of the Board's Executive Director and Administrative Assistant. The board awarded these increases in FY 1993 and has funded them through Professional and Outside Services savings. The board has expressed a desire to continue funding these increases through savings, and therefore, the JLBC Staff has not recommended an increase.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Water Resources

JLBC Analyst: Renée Bahl
OSP Analyst: Stacy Sheard

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	210.7	218.2	217.7	218.2	217.7	218.2

BY PROGRAM/ORGANIZATION

Administration	4,020,700	4,321,700	5,504,300	5,524,300	5,512,100	5,504,300
Water Management	3,214,500	7,426,100	3,413,500	3,413,700	3,408,700	8,413,700
Engineering	4,183,400	4,791,000	4,856,100	4,848,400	4,826,400	4,848,400
AGENCY TOTAL	11,418,600	16,538,800	13,773,900	13,786,400	13,747,200	18,766,400

OPERATING BUDGET

Personal Services	6,320,500	6,746,000	6,926,900	6,926,900	6,926,900	6,926,900
Employee Related Expenditures	1,330,400	1,500,200	1,563,200	1,565,000	1,563,200	1,565,000
Professional/Outside Services	146,900	306,000	306,000	326,000	306,000	306,000
Travel - In State	208,700	253,500	253,500	253,500	253,500	253,500
Travel - Out of State	33,700	37,700	37,700	37,700	37,700	37,700
Other Operating Expenditures	2,573,400	2,606,700	3,789,100	3,786,600	3,815,000	3,786,600
Equipment	177,200	91,000	52,600	57,800	0	57,800
All Other Operating Subtotal	3,139,900	3,294,900	4,438,900	4,461,600	4,412,200	4,441,600
OPERATING SUBTOTAL	10,790,800	11,541,100	12,929,000	12,953,500	12,902,300	12,933,500

SPECIAL LINE ITEMS

Groundwater Replenishment	30,400	0	0	0	0	0
Flood Warning System	0	150,000	283,700	195,800	283,700	195,800
USGS Cooperative Agreement	272,300	272,900	272,900	352,900	272,900	352,900
Early Flood Warning System	89,100	90,000	90,000	90,000	90,000	90,000
Flood Control Development	0	50,000	50,000	50,000	50,000	50,000
Indian Water Rights	0	110,000	98,300	94,200	98,300	94,200
Hydrological Study	0	100,000	0	0	0	0
Prior Session Appropriation	0	0	-6,000,000	-6,000,000	-5,000,000	0
Riparian Issues	186,400	0	0	0	0	0
AMA Support	0	114,800	0	0	0	0
CAP/CO River Study	49,600	50,000	50,000	50,000	50,000	50,000
CAP AZ Water Protection	0	4,000,000	6,000,000	6,000,000	5,000,000	5,000,000
PHX / Tucson Ground Water Study	0	60,000	0	0	0	0
Special Item Subtotal	627,800	4,997,700	844,900	832,900	844,900	5,832,900
AGENCY TOTAL	11,418,600	16,538,800	13,773,900	13,786,400	13,747,200	18,766,400

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Water Resources

JLBC Analyst: Renée Bahl
OSP Analyst: Stacy Sheard

House Sub: Wong
Senate Sub: Turner

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
BY FUND SOURCE						
General Fund	11,418,600	16,538,800	13,773,900	13,786,400	13,747,200	18,766,400
Federal Funds	87,000	1,137,700	--	584,500	--	584,500
Other Non-Appropriated Funds	1,003,100	3,846,600	--	3,595,200	--	2,755,200
TOTAL - ALL SOURCES	12,508,700	21,523,100	13,773,900	17,966,100	13,747,200	22,106,100

Agency Description — The Department of Water Resources (DWR) 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.

Change in Funding Summary: ^{1/}	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(2,752,400)	(16.6)%	\$4,980,000	36.1%
General Fund—Excluding Water Protection Fund	\$1,247,600	9.9%	\$(20,000)	(0.1)%

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

- Annualization of April 1995 Pay Adjustment \$116,100 GF
- Vacancy Savings - Maintains a 1.4% Vacancy Rate (1,800) GF
- ERE Rates 26,900 GF
- Risk Management 1,138,600 GF
- Elimination of One-time Capital and Non-Capital Equipment (94,000) GF

USGS Increase

80,000 GF

The JLBC Staff recommends an increase of \$80,000 in the U.S. Geological Survey (USGS) Special Line Item both to increase and maintain stream gauge stations. The monies in this line item are matched by the USGS. Stream gauges monitor water velocity, serve as flood warning devices, and provide historical data for water supply and management. Because the USGS matches the state's expenditures, the additional \$160,000 will add 8 stations throughout the state in FY 1996. Of these, 3 will be new stations and 5 will be restored existing stations. The Executive does not recommend this increase.

Replacement Equipment

57,800 GF

The JLBC Staff recommends an increase of \$57,800 for replacement equipment, which includes funding for 3 photocopy machines, 7 microcomputers, and 1 computer terminal workstation. The Executive recommends an increase of \$52,600.

^{1/} The first General Fund row is based on the total FY 1995 appropriation which includes the Water Protection Fund monies. Since these monies have been appropriated for FY 1996, they have been excluded from the FY 1996 totals. (See "Prior Session Appropriation" in FY 1996 narrative.) Conversely, these monies are included in the total FY 1997 appropriation as they neither have been appropriated nor included in the General Appropriation Act. The second General Fund row shows the dollar change excluding the Water Protection Fund monies in both years in order to reflect the department's comparable budget growth.

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Flood Warning System

50,400 GF

The JLBC Staff recommends an additional \$125,400 to the Flood Warning System Fund to continue the Flood Warning System program. This increase is comprised of a \$50,400 General Fund appropriation and a transfer of \$75,000 from the Flood Control Loan Fund. The Flood Control Loan Fund is expected to have enough revenues to transfer \$75,000 in both FY 1996 and FY 1997. However, this transfer is not expected to continue after FY 1997 due to a lower revenue base in the fund. In FY 1995, the agency received \$300,000 to start the Flood Warning System program: a \$150,000 General Fund appropriation and a one-time transfer of \$150,000 from the Flood Control Loan Fund.

The recommended increase, which brings the total program annual funding to \$275,400, enables the department to provide grants on a cost-sharing basis (75% state/25% local) to local entities for the planning, design, installation, operation and maintenance of flood warning systems. As currently planned, the statewide system will include 308 units; 30 of which are to be installed in FY 1995. Flood warning systems reduce flood-related life and property losses by forecasting flood threats based on rainfall and stream-flow information.

The Executive recommends an increase of 3 FTE positions and \$133,700 from the General Fund to continue this program. The Executive also recommends that the Flood Control Loan Fund revert \$150,000 to the General Fund on November 30, 1995 to offset the General Fund expenditure.

Rent

38,300 GF

The JLBC Staff recommends an increase of \$38,400 for private rent and a decrease of \$(100) for the Tucson Office Building lease-purchase payment. This amount includes an additional \$27,000 for private rent at 500 N. 3rd Street, where the agency's headquarters moved in FY 1995. The Executive concurs.

Imaging Consultant

20,000 GF

The JLBC Staff recommends a one-time \$20,000 increase in FY 1996 for imaging consulting. The outcome would be a report that describes the best technologies for the agency's imaging needs and produces a cost estimate for implementation. Currently, water rights information is retrieved from the original documents. These documents date back to the early 1900's. Attorneys, courts, engineers, governmental agencies, and developers request such information. The agency is the sole repository for these manuscripts which documents all water rights in the state. The Executive does not recommend this increase.

AMA Support

(8,900) GF

The JLBC Staff recommends shifting the Active Management Area (AMA) Support Special Line Item and the 3 FTE positions to the operating budget. The decrease of \$(8,900) is associated with eliminating funding for one-time expenditures and shifting the rent monies with the other rent dollars. The Executive recommends this shift with a decrease of \$(9,500).

Office of Indian Water Rights Facilitation

(15,800) GF

The JLBC Staff recommends decreasing this special line item by \$(15,800) to eliminate one-time expenditures in FY 1995. This office, which has 1 facilitator, was created by Laws 1994, Chapter 278. It provides information to all parties regarding Indian water rights settlement issues and monitors settlement discussions throughout the state. The facilitator is not an advocate of the state nor the department, but assures that all sides are heard and that disputes are identified and resolutions are initiated. The Executive recommends a reduction of \$(11,700).

Phoenix/Tucson Groundwater Study

(60,000) GF

The JLBC Staff recommends eliminating this one-time appropriation, which was authorized by Laws 1994, Chapter 282. The Executive concurs.

Hydrologic Study

(100,000) GF

The JLBC Staff recommends eliminating this one-time appropriation, which was authorized by Laws 1994, Chapter 132. The Executive concurs.

Arizona Water Protection Fund Appropriation

2,000,000 GF

This amount reflects an increase of \$2,000,000 from the FY 1995 Water Protection Fund appropriation of \$4,000,000. Laws 1994, 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 lease and sale of Central Arizona Project water to out-of-state customers. The Water Protection Fund provides grants to develop and implement measures to protect, maintain, enhance, and restore rivers, streams, and associated riparian habitats in Arizona. The Executive concurs.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

Prior Session Appropriation (6,000,000) GF
The \$6,000,000 was already appropriated to the Arizona Water Protection Fund and does not need to be included in the FY 1996 General Appropriation Act. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
— Elimination of One-time Capital and Non-Capital Equipment (57,800) GF

Replacement Equipment 57,800 GF
The JLBC Staff recommends an increase of \$57,800 for replacement equipment. The Executive recommends \$0.

Imaging Consultant (20,000) GF
The JLBC Staff recommends eliminating the one-time FY 1996 funding for imaging consulting.

Arizona Water Protection Fund Appropriation 5,000,000 GF
Laws 1994, Chapter 278 appropriates up to \$5,000,000 in FY 1997 and every year thereafter to the Water Protection Fund. This amount is a reduction of \$(1,000,000) from the FY 1996 appropriation. The FY 1996 amount of \$6,000,000 was already included in the General Appropriation Act through a prior session appropriation. Therefore, the change from FY 1996 is \$(1,000,000), but the absolute increase is \$5,000,000.

Beginning in FY 1997, the annual \$5,000,000 appropriation should be offset by monies collected by the Central Arizona Water Conservation District from the lease and sale of Central Arizona Project water to out-of-state purchasers and lessees. (See *new footnote.*) However, the department's revenue projection to offset the General Fund appropriation is \$-0- for FY 1997.

The Executive does not include an appropriation because they think these amounts will be automatically deducted from the General Fund and deposited into the Arizona Water Protection Fund. The JLBC Staff, however, believes that an annual appropriation is necessary to deposit General Fund monies into this fund.

* * *

JLBC Staff Recommended Format — Operating Lump Sum with Special Line Items by Agency

JLBC Staff Recommended Footnotes

Deletion of Prior Year Footnotes

- The JLBC Staff recommends deleting the one-time footnote regarding Active Management Area support.

New Footnotes

- 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 shall revert to the General Fund.

Other Issues for Legislative Consideration

- Assured and Adequate Water Supply

The agency requests an additional \$193,900 and 4 new FTE positions to expand the Assured and Adequate Water Supply Program. The department is required to create groundwater management plans to reduce groundwater overdrafts to safe-yield levels by year 2025. To achieve this goal, the department has adopted new administrative rules for the determination of an assured and adequate water supply for cities, towns, private water companies and sub-divisions. Approximately 100 entities will submit applications for water supply reviews by December 1996. The department must review and approve these applications to assure adequate amounts of surface and groundwater by January 1998. Laws 1994, Chapter 278, moved ahead this review date from January 2001.

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

DEPT: Department of Weights & Measures

JLBC Analyst: Lynne Smith
OSP Analyst: Shelli Silver

House Sub: Weiers
Senate Sub: Huppenthal

DESCRIPTION	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996		FY 1997	
			OSP	JLBC	OSP	JLBC
Full Time Equivalent Positions	65.0	42.0	42.0	42.0	42.0	42.0

OPERATING BUDGET

Personal Services	1,210,400	1,071,500	1,083,500	1,083,600	1,083,500	1,083,600
Employee Related Expenditures	308,400	257,700	272,100	272,600	272,100	272,600
Professional/Outside Services	167,900	216,300	226,800	226,800	226,800	226,800
Travel - In State	185,200	154,000	154,000	154,000	154,000	154,000
Travel - Out of State	7,200	4,000	4,000	4,000	4,000	4,000
Other Operating Expenditures	631,300	483,300	501,200	492,300	484,500	477,500
Equipment	111,100	0	72,000	74,600	0	0
All Other Operating Subtotal	1,102,700	857,600	958,000	951,700	869,300	862,300
OPERATING SUBTOTAL	2,621,500	2,186,800	2,313,600	2,307,900	2,224,900	2,218,500

SPECIAL LINE ITEMS

Reduction in Force	0	32,400	0	0	0	0
Special Item Subtotal	0	32,400	0	0	0	0
AGENCY TOTAL	2,621,500	2,219,200	2,313,600	2,307,900	2,224,900	2,218,500

BY FUND SOURCE

General Fund	1,794,600	1,429,300	1,508,200	1,761,400	1,420,400	1,672,000
Other Appropriated Funds	826,900	789,900	805,400	546,500	804,500	546,500
TOTAL - ALL SOURCES	2,621,500	2,219,200	2,313,600	2,307,900	2,224,900	2,218,500

Agency Description — *The department regulates the determination and representation of quantity in the marketplace. The General Services program maintains state standards for weights and measures, inspects commercial establishments to ensure that packaged products are bought and sold at their correct weight or measure, and inspects weighing and measuring devices to ensure their accuracy. The Oxygenated Fuel program tests the oxygen content in gasoline to ensure that it meets established standards. The Used Oil Testing program tests used oil to determine its classification for sale or disposal. The Vapor Recovery program inspects gasoline dispensing devices to ensure that they meet established standards. All programs investigate consumer complaints.*

Change in Funding Summary:	FY 1995 to FY 1996 JLBC		FY 1996 JLBC to FY 1997 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$332,100	23.2%	\$(89,400)	(5.1)%
Other Appropriated Funds	(243,400)	(30.8)%	-0-	0.0%
Total Appropriated Funds	\$ 88,700	4.0%	\$(89,400)	(3.9)%

Joint Legislative Budget Committee - Fiscal Year 1996 and 1997 Budget - Analysis and Recommendations

FY 1996 — JLBC Staff Recommended Changes from FY 1995

Standard Changes

— Annualization of April 1995 Pay Adjustment	\$ 2,900 OF	\$ 15,500 GF
— Vacancy Savings - Maintains a 1% GF and 0% OF Vacancy Rate	-0- OF	2,900 GF
— ERE Rates	4,600 OF	8,500 GF
— Risk Management	1,800 OF	5,800 GF
— Rent	-0- OF	2,400 GF
— Elimination of One-time Capital and Non-Capital Equipment	-0- OF	(1,400) GF

Vapor Recovery (253,700) OF 253,700 GF

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 recommended amount reflects 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. Revenues are projected to exceed expenditures by \$16,700 in both FY 1996 and FY 1997. The Executive does not include this change.

Personal Services Adjustment (7,400) GF
 Includes a reduction to reflect the department's current positions. The Executive concurs.

Petroleum Testing 10,500 OF
 Reflects a 5% increase in the department's contract for testing of petroleum samples in the Used Oil and Oxygenated Fuel programs. The Executive concurs.

Doubletree Building (1,300) OF 4,300 GF
 Includes an increase of \$3,000 for the lease-purchase payment for the Doubletree Building. The Executive concurs with the lease-purchase payment amount, but recommends an increase of \$7,900 for the operations and maintenance charge not included in the JLBC Staff recommended amount.

Operating Supplies (2,600) GF
 Reflects cuts made by the department in the Vapor Recovery program. The Executive recommends a decrease of \$(3,000).

Equipment 74,600 GF
 Includes a total of \$74,600 to replace the department's large-scale testing truck. The recommended amount assumes the department can transfer built-in equipment from the existing truck. The Executive recommends \$72,000.

Reduction In Force (8,200) OF (24,200) GF
 Reflects elimination of a one-time FY 1995 special line item associated with the elimination of FTE positions. The Executive concurs.

FY 1997 — JLBC Staff Recommended Changes from FY 1996

Standard Changes
 — Elimination of One-time Capital and Non-Capital Equipment -0- OF (89,400) GF

* * *

JLBC Staff Recommended Format — Lump Sum by Program

**CAPITAL OUTLAY BUDGET
(CB)**

FISCAL YEAR 1996
CAPITAL OUTLAY BUDGET RECOMMENDATIONS
BY THE STAFF OF THE JOINT COMMITTEE ON CAPITAL REVIEW

MEMBERS

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Larry Chesley
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Richard Stavneak, Deputy Director
Phil Case, Fiscal Analyst
Janet Belisle, Secretary/Clerk

SUMMARY OF THE JLBC STAFF FY 1996 CAPITAL OUTLAY RECOMMENDATIONS

The JLBC Staff Recommendation is composed of two elements: (I) a "formula-driven" **Building Renewal** appropriation for the major maintenance and repair of buildings, for which \$26,418,700 GF and \$2,965,100 OF is recommended; and (II) **Capital Project** appropriations for construction, renovations, or expansions, for which \$50,999,500 GF and \$218,885,900 OF is recommended. The JLBC Staff Recommendation is consistent with the process and priorities for capital outlay which were established in Laws 1986, Chapter 85. This act: (1) established a Joint Committee on Capital Review; (2) requires a Building Renewal Formula to fund major maintenance and repair; and (3) requires the annual preparation by the Department of Administration of a detailed, 5-year Capital Improvement Plan. A further description of the capital outlay process begins on page CB-21 of this section.

The tables below summarize, by fund source, the FY 1996 JLBC Staff capital budget recommendations. The tables also display the agency request for each project and the recommendations made in the state Capital Improvement Plan (CIP) and by the Governor's Office of Strategic Planning and Budgeting (OSPB). A discussion of each project can be found on the page listed.

GENERAL FUND PROJECTS

<u>PROJECT/AGENCY</u>	<u>REQUEST</u>	<u>CIP</u>	<u>OSPB</u>	<u>JLBC</u>	<u>Page</u>
Building Renewal - DOA	\$9,079,300	\$9,079,300	\$5,355,400	\$7,171,400	CB-4
Building Renewal - ABOR	21,385,900	N/A	14,970,100	19,247,300	CB-4
Prison Construction - DOA ^{1/}	58,700,000	N/A	21,150,000	22,950,000	CB-5
Construct State Laboratory - DOA ^{2/}	27,300,000	27,300,000	15,000,000	16,000,000	CB-6
Study and Design for New State Hospital - DOA	0	0	0	2,000,000	CB-7
Capitol Mall Land Purchase and Enhancement - DOA	2,000,000	2,000,000	0	2,000,000	CB-7
Design and Construct New DYTR Beds - DOA	0	0	0	1,500,000	CB-8
DYTR Asbestos Abatement - DOA	916,200	0	821,500	821,500	CB-8
DOC Fire and Life Safety Issues - DOA	1,500,000	750,000	500,000	500,000	CB-8
Capitol Mall Maintenance Facility - DOA ^{1/}	420,000	420,000	950,000	0	CB-8
Construct Flagstaff Office Building - DOA ^{1/}	6,912,000	6,912,000	700,000	0	CB-9
Parking Lots - DOA	1,585,000	1,585,000	300,000	0	CB-9
Underground Storage Tanks - DOA	935,000	485,500	200,000	0	CB-9
Show Low Campus - Community Colleges Board	200,000	N/A	0	200,000	CB-10
Payson Campus - Community Colleges Board	1,000,000	N/A	0	200,000	CB-10
Manzanita Residence Hall Upgrades - ASDB	535,800	600,000	325,000	325,000	CB-11
Install Security Fencing - ASDB	338,000	250,000	200,000	265,000	CB-11
ASDB Master Plan - ASDB	10,000	0	0	10,000	CB-11
Construct Vehicle Maintenance Facility - DEMA	53,000	53,000	53,000	53,000	CB-11
Arizona State Hospital Fencing - DHS	175,000	175,000	175,000	175,000	CB-12
Purchase Riggers Property - DPS	1,200,000	1,200,000	900,000	0	CB-12
Statewide Officer Housing - DPS	580,000	580,000	200,000	0	CB-12
NAU-Yuma Facility - ABOR ^{1/}	7,500,000	N/A	0	4,000,000	CB-12
TOTAL - GENERAL FUND	<u>\$142,325,200^{3/}</u>	<u>\$51,389,800</u>	<u>\$61,800,000</u>	<u>\$77,418,200</u>	

^{1/} The JLBC Staff and/or OSPB recommend a FY 1997 appropriation for this project.

^{2/} The JLBC Staff recommends a single lab for Department of Health Services (DHS) and Department of Public Safety (DPS). The CIP and OSPB recommend separate labs.

^{3/} The total General Fund request for all projects, including those not shown, was \$336,600,000.

OTHER FUND PROJECTS

<u>PROJECT/AGENCY</u>	<u>REQUEST</u>	<u>CIP</u>	<u>OSPB</u>	<u>JLBC</u>	<u>Page</u>
Building Renewal - DOA Building System	\$815,000	\$815,000	\$1,815,000	\$1,815,000	CB-4
Building Renewal - ADOT	31,700	N/A	31,700	31,700	CB-4
Underground Storage Tanks - DOA	0	0	0	300,000	CB-13
Executive Tower Improvements - DOA	0	0	1,700,000	0	CB-13
Shooting Range Development - Game and Fish	15,000	15,000	15,000	15,000	CB-13
Migratory Waterfowl Habitat - Game and Fish	100,000	100,000	100,000	100,000	CB-14
State Headquarters - Game and Fish	930,000	930,000	100,000	354,100	CB-14
Statewide Facilities Maintenance - Game and Fish	100,000	100,000	50,000	50,000	CB-14
ADA Building Requirements - Lottery	40,000	40,000	10,000	10,000	CB-14
Airport Planning and Development - ADOT	12,296,900	N/A	12,449,400	17,750,800	CB-15
Underground Storage Tanks - ADOT	<u>0</u>	<u>N/A</u>	<u>0</u>	<u>375,000</u>	CB-15
TOTAL - OTHER FUNDS	<u>\$14,328,600^{1/}</u>	<u>\$2,000,000</u>	<u>\$16,271,100</u>	<u>\$20,801,600</u>	

^{1/} The total Other Fund request for all projects, including those not shown, was \$34,428,600.

HIGHWAY FUND PROJECTS

<u>PROJECT/AGENCY</u>	<u>REQUEST</u>	<u>CIP</u>	<u>OSPB</u>	<u>JLBC</u>	<u>Page</u>
Building Renewal - ADOT	\$1,597,700	N/A	\$349,800	\$1,118,400	CB-4
Phoenix Class A Fire Alarms - ADOT	74,500	N/A	74,500	74,500	CB-16
Globe District Office-Safety and Security - ADOT	50,000	N/A	50,000	50,000	CB-16
San Simon Well Water - ADOT	50,000	N/A	50,000	50,000	CB-16
Needle Mountain Pump House - ADOT	32,500	N/A	32,500	32,500	CB-16
De-Icer Buildings Statewide - ADOT	220,400	N/A	110,200	220,400	CB-16
Underground Storage Tanks - ADOT	850,000	N/A	375,000	0	CB-16
Asphalt Storage Tanks - ADOT	232,000	N/A	116,000	232,000	CB-16
Asphalt Storage Tank Removal - ADOT	60,000	N/A	0	60,000	CB-17
Prescott Valley Maintenance Relocation - ADOT	853,000	N/A	800,000	800,000	CB-17
Relocation and Remodeling - ADOT	1,174,600	N/A	275,000	320,000	CB-17
Safford Service Center - ADOT	1,118,700	N/A	325,000	325,000	CB-17
Lake Havasu Service Center - ADOT	1,113,600	N/A	0	325,000	CB-17
Bisbee Service Center - ADOT	192,000	N/A	192,000	192,000	CB-18
Statewide Highway Construction - ADOT	52,922,000	N/A	99,440,000	106,957,000	CB-18
Controlled Access Highways - ADOT	60,032,000	N/A	59,859,000	59,845,000	CB-18
Debt Service - ADOT	38,658,000	N/A	38,658,000	31,632,000	CB-18
Project Revertments - ADOT	0	N/A	(1,184,400)	(1,184,400)	CB-18
TOTAL - HIGHWAY FUND	<u>\$159,231,000^{1/}</u>	<u>N/A</u>	<u>\$199,522,600</u>	<u>\$201,049,400</u>	
GRAND TOTAL - ALL FUNDS	<u>\$315,884,800^{2/}</u>	<u>\$53,389,800</u>	<u>\$277,593,700</u>	<u>\$299,269,200</u>	

^{1/} The total Highway Fund request for all projects, including those not shown, was \$168,012,000.

^{2/} The total request for all projects, from all funds, was \$539,040,600.

JLBC STAFF FY 1996 BUILDING RENEWAL RECOMMENDATIONS

The JLBC Staff recommends \$29,383,800 for major maintenance and repair of state-owned buildings. The recommendation is based upon partial support of a "Building Renewal" formula that takes into account the replacement value, age, and life-cycle of a building as prescribed by Laws 1986, Chapter 85. OSPB recommends \$22,522,000 for Building Renewal. The JLBC Staff recommendation would provide General Fund/Capital Outlay Stabilization Fund (COSF) support of 90% for DOA and 90% for the Board of Regents. The Executive recommendation would provide General Fund/COSF support of 70% to DOA and 70% for the Board of Regents. The JLBC Staff recommendations would provide Highway Fund support of 70% to the Department of Transportation, while the Executive recommends 22% support. For all Other Funds, both the JLBC Staff and the Executive recommend 100% support.

The building value and age information used to generate the recommendation was taken from building inventory costs provided by the Department of Administration, the Department of Transportation, and the Board of Regents' Staff. The amount recommended is intended for major maintenance and repair activities that involve the repair and reworking of a building, including the upgrading of systems which will result in maintaining a building's expected useful life. The funds may not be used for the following project types: 1) new construction, 2) area beautification, 3) infrastructure, 4) routine maintenance, 5) new paving, 6) resurfacing of an area that was not capitalized as part of the original cost of a building, and 7) demolition and removal of a building. In addition, funds may not be used for a maintenance project involving a building not on the inventory list. When fully funded, this formula is designed to provide adequate monies to properly maintain state facilities. The amounts appropriated in FY 1995, and recommended for FY 1996, are shown below by building system and fund source:

<u>Building System:</u>	<u>FY 1995 Appropriated</u>	<u>FY 1996 OSPB Recommendation</u>	<u>FY 1996 JLBC Staff Recommendation</u>
Administration, Department of	\$ 5,847,600	\$ 7,170,400	\$ 8,986,400
Transportation, Department of	1,121,400	381,500	1,150,100
Board of Regents	<u>12,402,400</u>	<u>14,970,100</u>	<u>19,247,300</u>
TOTAL	<u>\$19,371,400</u>	<u>\$22,522,000</u>	<u>\$29,383,800</u>
 <u>Fund Source:</u>			
State General Fund	\$16,464,500	\$20,325,500	\$26,418,700
Capital Outlay Stabilization Fund	1,000,000	1,000,000	1,000,000
Coliseum & Exposition Center Fund	636,500	673,200	673,200
Game & Fish Fund	109,800	128,300	128,300
State Lottery Fund	11,500	13,500	13,500
Highway Fund	1,121,400	349,800	1,118,400
State Aviation Fund	<u>27,700</u>	<u>31,700</u>	<u>31,700</u>
TOTAL	<u>\$19,371,400</u>	<u>\$22,522,000</u>	<u>\$29,383,800</u>

ADA Compliance - In order to provide the building systems with flexibility to meet Americans with Disabilities Act (ADA) requirements, the JLBC Staff recommends an Omnibus Reconciliation Bill provision to permit the use of Building Renewal monies for building modifications to meet ADA requirements. The Executive concurs.

JLBC Staff FY 1996 Capital Project Recommendations

GENERAL FUND

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF ADMINISTRATION (Continued)

The Executive differs from the JLBC Staff by recommending the construction of an additional 1,200 beds at ASP-Yuma. The JLBC Staff believes that it is not prudent to construct more than an additional 400 beds at Yuma (which would bring the total number of beds at the prison to 800). More beds are not needed for the region and transportation costs from Maricopa County would be high. Instead, the JLBC Staff recommends the rapid development of the new Phoenix-area complex. The recommended master plan should be completed in 6 to 9 months, after which design and construction of the recommended 400 Level III beds can begin. (It may even be possible to begin designing the 400 beds before the master plan is completed.)

The Executive also differs by recommending design monies for 500 Level V Reception and Diagnostic beds at an unspecified site and the appropriation of significantly more monies (\$42,100,000 versus \$5,000,000) in FY 1997. In light of the current growth in the inmate population and the JLBC Staff's recommended \$39,400,000 General Fund transfer to the Corrections Fund for future prison construction, it is likely that the JLBC Staff FY 1997 Capital Outlay Recommendations will contain substantial monies for new beds.

Construct State Laboratory	27,300,000	27,300,000	15,000,000	16,000,000
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The FY 1995 Capital Outlay Bill appropriated \$1,600,000 to DOA for land acquisition and design for a new state Health Laboratory and \$330,000 to DPS for the design of a new state Crime Laboratory. The bill required the departments to present schematic designs of the facilities to the Joint Committee on Capital Review for its review. The bill also required DOA to present its recommended site for the Health Lab to the Committee. In November, DPS presented designs for a Crime Lab to the Committee and received an unfavorable review due to a doubling in the estimated construction cost of the laboratory. Also in November, DOA presented its recommended site for the Health Lab to the Committee and received a favorable review. No designs for the Health Lab have been presented to the Committee but DOA's request of \$16,100,000 for construction is \$1,700,000 above the estimated cost at this time last year.

Due to the dramatic increases in the estimated costs of the laboratories and the potential for operational savings, the JLBC Staff is recommending the consolidation of the Health and Crime Labs into 1 State Lab. Although this concept had previously been rejected, the JLBC Staff believes that it must be revisited. Issues for discussion include: chain-of-evidence concerns for DPS, the use of shared equipment, shared administrative and support functions, and the siting of the lab. The recommended amount is based on construction cost estimates of \$11,000,000 for the Crime Lab and \$14,400,000 for the Health Lab, a total of \$25,400,000. The JLBC Staff then assumed a 10% efficiency factor for economies of scale and subtracted \$2,400,000 before splitting the cost of construction over 2 years. Thus, the JLBC Staff recommends appropriating of \$16,000,000 for FY 1996 and \$7,000,000 for FY 1997 in the FY 1996 Capital Outlay Bill.

The Executive recommends \$9,000,000 in FY 1996 and \$5,400,000 in FY 1997 for the Health Lab, and \$6,000,000 in FY 1996 and \$3,000,000 in FY 1997 for the Crime Lab. The Capital Improvement Plan recommends \$16,100,000 for the Health Lab in FY 1996 and \$11,200,000 for the Crime Lab in FY 1996.

JLBC Staff FY 1996 Capital Project Recommendations

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

GENERAL FUND

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF ADMINISTRATION (Continued)

Construct Flagstaff Office Building	6,912,000	6,912,000	700,000	0
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The FY 1995 Capital Outlay Bill appropriated \$260,000 to the department for a feasibility study and design for a regional state office building in Flagstaff. Up to \$20,000 may be used for the feasibility study to determine which agencies, including several divisions of the Department of Economic Security, should be located in the building and to develop a conceptual design. The bill requires the department to present the results of the feasibility study and the schematic designs for the building to the Joint Committee on Capital Review for its review.

The Executive recommends appropriations of \$700,000 for FY 1996 and \$5,300,000 for FY 1997 for the construction of a 60,000 square foot facility. The FY 1996 appropriation would allow the department to begin construction in the Spring of 1996, the last quarter of FY 1996. Because the feasibility study has not yet been presented to the JCCR, the JLBC Staff does not recommend the appropriation of monies at this time.

Parking Lots	1,585,000	1,585,000	300,000	0
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The Executive recommends \$300,000 for the repair of parking lots throughout the DOA building system. The FY 1995 Capital Outlay Bill appropriated \$300,000 for parking lot maintenance on the Capitol Mall.

Underground Storage Tanks	935,000	485,500	200,000	0
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The Executive recommends \$200,000 for the removal and replacement of underground fuel storage tanks. The JLBC Staff recommends \$300,000 from the Underground Storage Tanks Fund (See discussion under Other Funds).

Project-Specific FTE Positions

In order to better track the number of FTE positions involved in capital projects, language was added to the FY 1995 Capital Outlay Bill prohibiting the expenditure of monies for Personal Service and ERE, except where specified in the bill. For FY 1995, 1 FTE position was granted to DOA to oversee one renovation project and 2 prison projects in their design phases. Additionally, 6 FTE positions were granted for FY 1996 and subsequent years to manage the prison projects until their completion.

For FY 1996, the JLBC Staff recommends authorization for an additional 4 FTE positions in FY 1996 for a total of 10 FTE positions. The JLBC Staff also recommends continuing authorization for 12 FTE positions beginning in FY 1997 until their respective projects are complete. The following table details the JLBC Staff recommendation for additional FTE positions in the Capital Outlay Bill. All dollar amounts have been included in the JLBC Staff capital project recommendations.

JLBC Staff FY 1996 Capital Project Recommendations

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

GENERAL FUND

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

ARIZONA SCHOOLS FOR THE DEAF AND BLIND

Manzanita Residence Hall Upgrades	535,800	600,000	325,000	325,000
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The project would renovate a residence hall housing 13 Multiple Disabled Severely Sensory Impaired (MDSSI) children. The building has not been renovated since its construction in 1960, is not in compliance with the Americans with Disabilities Act (ADA), and does not have air conditioning. Many of the residents are in fragile health and some have respiratory problems, exacerbating the effects of hot weather. The recommended amount includes \$13,900 for carpeting and window covers, \$27,500 for bathroom upgrades, \$137,400 for air conditioning, and \$146,100 for other ADA compliance issues (e.g. bathrooms, entrances, fire alarms, and kitchen). The estimates for the air conditioning and ADA issues include 10% contingencies. The JLBC Staff does not recommend the requests for new furniture or the \$120,000 for an ADA accessible playground. The Executive concurs.

Install Security Fencing	338,000	250,000	200,000	265,000
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The project would install 7-foot high wrought-iron fencing all around the Phoenix and Tucson campuses. Currently, both campuses have security problems with trespassers, including gangs and vagrants. The project would also include security lighting at the Phoenix campus. Costs are estimated at \$228,400 for 10,359 linear feet of fencing, \$8,500 for nine gates, \$4,500 for 15 security lights, and \$23,600 for contingencies, design, and construction supervision. The Executive recommends \$200,000 for a fence at the Tucson campus only.

ASDB Master Plan	10,000	0	0	10,000
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The recommended amount would enable the agency to hire an architect to develop a plan to address: 1) the feasibility of co-locating the Tucson preschool program with the main ASDB Tucson campus; and 2) the potential for developing a satellite site in Phoenix for students who live long distances from the PDSB campus. Such a satellite may utilize space at an existing elementary schools, currently owned mobile classroom facilities now being stored on the Tucson campus, or another low-cost alternative. The Executive does not address this project.

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DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS

Construct Vehicle Maintenance Facility	53,000	53,000	53,000	53,000
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The recommended amount would allow DEMA to construct 2,440 square feet of office space within a planned 92,900 square foot vehicle maintenance facility. The amount represents 25% of the estimated cost of the office space, with the federal government providing the remaining 75%. The remainder of the building would be entirely paid for with over \$8,500,000 in federal monies. The Executive concurs.

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JLBC Staff FY 1996 Capital Project Recommendations

GENERAL FUND

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF HEALTH SERVICES

Arizona State Hospital Fencing	175,000	175,000	175,000	175,000
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The project would construct a 12-foot high non-climbable chain link fence along the northern border of the Arizona State Hospital. Currently, the hospital is experiencing escapes at the rate of 4 per week, mainly over the northern perimeter. The northern perimeter is the only side of the hospital property without the proposed type of fencing (currently, there is a 6-foot high chain link fence). The existing situation poses a public threat and a liability to the state. The Executive concurs.

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DEPARTMENT OF PUBLIC SAFETY

Purchase Riggers Property	1,200,000	1,200,000	900,000	0
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The Executive recommends \$900,000 for the purchase of this facility which is currently being leased. The facility, constructed to the department's specifications, is used for the storage of property confiscated through RICO authority and for the maintenance of the department's in-state radio network. In FY 1996, the department will be in the fourth year of a 15-year lease and will have its final option to purchase the property under the terms of the lease. The purchase price cannot exceed \$1,164,073. Over the remaining term of the lease, the department would save \$646,300 if it purchases the property.

Statewide Officer Housing	580,000	570,000	200,000	0
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The Executive recommends \$200,000 to improve housing for DPS officers in remote portions of the state where housing is scarce. The Legislature has appropriated \$920,000 for this purpose over the last 4 fiscal years. The JLBC Staff recommends deferring this issue until there is a better understanding of how the department may reallocate officers.

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BOARD OF REGENTS

NAU-Yuma Facility	7,500,000	N/A	0	4,000,000
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Together, NAU-Yuma and Arizona Western College (AWC) provide a "2+2" higher educational program. AWC provides all lower division coursework and NAU-Yuma provides upper division and graduate courses. NAU-Yuma makes extensive use of interactive television to connect with NAU's main campus and to provide educational services to regional communities. Since the program's inception in FY 1989, NAU-Yuma has relied exclusively on AWC's facilities. The FY 1994 FTE enrollment for NAU-Yuma was 411, with a projected increase to 766 in FY 1996. The focus of the recommended project would be the construction of a 2-story 46,000 square foot classroom facility which would be used jointly by NAU-Yuma and AWC. The facility would include 6 interactive television classrooms, 2 computer rooms, a computer laboratory, 10 general classrooms, and 30 faculty offices. The project would also include the remodeling/renovation of existing classroom and office space.

The JLBC Staff recommends \$4,000,000 in FY 1996 and \$2,000,000 in FY 1997 for the project. Construction of the 46,000 square foot building is estimated to cost approximately \$3,700,000 not including design and site costs. The recommended amount does not fund the full amount of the equipment and renovation portions of the request. The Executive does not address this project.

JLBC Staff FY 1996 Capital Project Recommendations

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

OTHER FUNDS

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF ADMINISTRATION

Underground Storage Tanks	0	0	0	300,000
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Federal regulations require all Underground Storage Tanks (USTs) to have leak detection equipment by 1998 and all associated fuel spills to be cleaned up. Most owners of USTs have found that the least expensive method of compliance is to remove old tanks and replace them with above ground tanks which can easily be monitored for leaks. Agency requests within the DOA building system totaled \$935,000 from the General Fund. The largest request came from DPS for \$625,000.

The JLBC Staff recommends \$300,000 from the Underground Storage Tanks Fund to DOA for building-system-wide removal and replacement of USTs. The primary source of revenue for the fund is an excise tax on gasoline. Monies in the fund are currently barred from being used for government USTs; however, the state does pay the tax and the balance in the fund has grown to approximately \$31,200,000 with an estimated FY 1996 carryforward balance of approximately \$14,200,000.

The JLBC Staff recommends an Omnibus Reconciliation Bill provision to permit the state's use of the USTs Fund. In addition, the JLBC Staff recommends a Capital Outlay Bill footnote requiring the department to present a plan for the removal and replacement of USTs to the Joint Committee on Capital Review before the release of any monies for construction. The footnote should also permit DOA to expend up to \$10,000 for a study to analyze the coordinated fueling and privatization possibilities for all state agencies (including ADOT). The Executive recommends \$200,000 from the General Fund and the inclusion of the footnote.

Executive Tower Improvements	0	0	1,700,000	0
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The Executive recommends \$1,700,000 from the Public Buildings Land Earnings Fund for improvements to the Executive Tower. The fund derives revenue from interest on the Legislative, Executive, and Judicial Public Buildings Land Fund, as established through Arizona's Enabling Act, Section 25, and from leasing these lands. The purpose of the fund is to provide a continuous source of monies for the legislative, executive, and judicial buildings erected in the state.

The Executive has not provided details of the improvements plan and, therefore, the JLBC Staff is unable to make a recommendation. Nonetheless, the requested amount is disproportionately large as compared to past appropriations from this fund, which is intended for the benefit of all 3 branches of state government. Since FY 1991, \$1,250,000 has been appropriated from the fund, \$800,000 to the Governor's office, \$200,000 to the Senate, \$200,000 to the House of Representatives, and \$50,000 to the Supreme Court. Without an appropriation in FY 1996, the carryforward balance of the fund is estimated to be approximately \$2,600,000.

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GAME AND FISH DEPARTMENT

Shooting Range Development	15,000	15,000	15,000	15,000
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The recommended amount from the Game and Fish Fund would provide grants to private shooting organizations to develop, upgrade, and repair shooting ranges throughout the state. In the past, the agency has had difficulty getting grant recipients to expend their monies but the situation has improved. The FY 1995 Capital Outlay Bill appropriated \$10,000 for this issue. The Executive concurs.

JLBC Staff FY 1996 Capital Project Recommendations

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

OTHER FUNDS

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF TRANSPORTATION

Airport Planning and Development **12,296,900** **N/A** **12,449,400** **17,750,800**

The recommended amount would provide funding from the Aviation Fund for the department's airport construction program. The fund's revenues are generated from a flight property tax, aircraft lieu tax, and revenues from the operations of the Grand Canyon Airport. The Executive recommends \$12,449,400.

Underground Storage Tanks **850,000** **N/A** **0** **375,000**

Federal regulations require all Underground Storage Tanks (USTs) to have leak detection equipment by 1998 and all associated fuel spills to be cleaned up. Most owners of USTs have found that the least expensive method of compliance is to remove old tanks and replace them with above ground tanks which can easily be monitored for leaks. For FY 1996, ADOT requests \$850,000 from the Highway Fund for the removal and replacement of USTs. The department has been appropriated approximately \$3,600,000 for this project over several years.

The JLBC Staff recommends \$375,000 from the Underground Storage Tanks Fund to ADOT for the removal and replacement of USTs. The primary source of revenue for the fund is an excise tax on gasoline. Monies in the fund are currently barred from being used for government USTs; however, the state does pay the tax and the balance in the fund has grown to \$31,200,000 with an estimated FY 1996 carryforward balance of \$14,200,000.

The JLBC Staff recommends an Omnibus Reconciliation Bill provision to permit the state's use of the USTs Fund. In addition, the JLBC Staff recommends a Capital Outlay Bill footnote requiring the department to present a plan for the removal and replacement of USTs to the Joint Committee on Capital Review before the release of any monies. The Executive recommends \$375,000 from the Highway Fund.

JLBC Staff FY 1996 Capital Project Recommendations

HIGHWAY FUND

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF TRANSPORTATION

Phoenix Class A Fire Alarms	74,500	N/A	74,500	74,500
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The project would install class "A" fire alarms in 4 small facilities in Phoenix to meet OSHA safety requirements. Design would cost approximately \$15,000 and installation \$59,500 for a of total 74,000 square feet of space. The Executive concurs.

Globe District Office - Safety and Security	68,500	N/A	50,000	50,000
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The project would install fire sprinklers in the Globe District office to meet city fire codes. The recommended scope also includes security lighting and a water system backflow preventer to protect the drinking water. The estimated costs for the project are \$7,500 for the sprinklers, \$22,500 for the lighting, and \$20,000 for the backflow preventer. The Executive concurs.

San Simon Well Water	50,000	N/A	50,000	50,000
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The existing well water at the San Simon Port of Entry (I-10) is unsafe due to seepage from a contaminated upper aquifer containing high levels of nitrate. The project would dig a 700 foot deep well and install a new pump to access the clean lower aquifer. The Executive concurs.

Needle Mountain Pump House	32,500	N/A	32,500	32,500
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The existing water system at the Needle Mountain Maintenance Camp is failing and not connected to a new 60,000 gallon water tank which was recently constructed. The recommended amount would fund the installation of 2 new pumps, plumbing and electrical equipment, and a 256 square foot block building to house the system. Design costs are estimated at \$2,500 and construction costs at \$30,000. The Executive concurs.

Underground Storage Tanks	850,000	N/A	375,000	0
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The JLBC Staff recommends \$375,000 from the Underground Storage Tanks Fund for this project. The Executive recommends \$375,000 from the State Highway Fund. See Capital Outlay Other Fund recommendations for further discussion of this project.

De-Icer Buildings Statewide	220,400	N/A	110,200	220,400
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The project is part of a multi-year plan to construct 24 de-icer material storage buildings at cold-weather sites. To date, 4 buildings have been built. The department utilizes a prototype, 2,400 square foot building which has been built at a cost of \$110,200. The recommended amount would allow the construction of a building at Chambers in Apache County (I-40) and one at Gray Mountain in Coconino County (Rt. 89). The Executive recommends \$110,200 for the construction of one building at Gray Mountain.

Asphalt Storage Tanks	232,000	N/A	116,000	232,000
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The recommended amount provides funding to replace 4 asphalt storage tanks around the state. The existing tanks were built in the 1950's and are unreliable and dangerous to employees and vendors. The recommended amount would purchase two 8,000-gallon tanks at \$47,500 each and two 10,000-gallon tanks at \$50,000 each. Installation would cost approximately \$9,000 per tank. If the recommendation is approved, funding for this multi-year, \$1,650,000 project would be half complete. The Executive recommends \$116,000 for the purchase and installation of 2 tanks.

JLBC Staff FY 1996 Capital Project Recommendations

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

HIGHWAY FUND

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF TRANSPORTATION (Continued)

Asphalt Storage Tank Removal	60,000	N/A	0	60,000
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The recommended amount provides funding to remove 12 abandoned asphalt storage tanks around the state as part of the department's tank replacement program. Proper removal and disposal will cost approximately \$5,000 per tank. If appropriated, funding for this multi-year, \$180,000 project would be two-thirds complete. The Executive does not address this project.

Prescott Valley Maintenance Relocation	853,000	N/A	800,000	800,000
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The project represents the third phase of a 4-phase project to move the Prescott maintenance facility to a more suitable location. The first 2 phases (land acquisition and site development) were completed with appropriations totaling \$1,826,000. The recommended amount would construct a 4,000 square foot equipment building for \$180,000; a 3,360 square foot area office for \$268,800; a 1,600 square foot construction office for \$128,000, and a loading dock for \$37,200. The recommended amount also provides \$107,000 for equipment and \$79,000 for design. The Executive concurs.

Relocation and Remodeling	1,174,600	N/A	275,000	320,000
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The recommended amount provides funding for tenant improvements for the MVD Building (1801 West Jefferson) and the ADOT Headquarters Building (206 S. 17th Ave.) The department requested \$1,174,600 for renovations and tenant improvements for 21,200 square feet of these 2 buildings. While the JLBC Staff recommends using Building Renewal funds for the renovation of the buildings' systems, tenant improvements are not eligible for Building Renewal because they do not extend a building's useful life. The recommended amount is based on \$15 per square foot for tenant improvements. The project is part of ADOT's effort to restructure its Highways, Administrative Services, and Motor Vehicle Divisions. The Executive recommends \$275,000 for the project.

Safford Service Center	1,118,700	N/A	325,000	325,000
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The recommended amount would fund the construction of a service center combining title and registration, and drivers' licensing services. The FY 1995 Capital Outlay Bill appropriated \$364,000 for land acquisition and initial design for a 6,460 square foot facility. The department's official request for the remaining design and construction is \$1,118,700. However, upon further review and consultation with OSPB, the department has revised its plan to utilize pre-engineered and modular construction at an estimated cost of \$325,000 for the same sized facility. The Executive concurs.

Lake Havasu Service Center	1,113,600	N/A	0	325,000
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The recommended amount would fund the construction of a service center combining title and registration, and drivers' licensing services (similar to the Safford Service Center). The FY 1995 Capital Outlay Bill appropriated \$830,000 for land acquisition and initial design for a 6,460 square foot facility. The department's official request for the remaining design and construction is \$1,113,600. However, the JLBC Staff believes that the same modular construction planned for the Safford Service Center can be utilized in Lake Havasu. The Executive does not address this project.

JLBC Staff FY 1996 Capital Project Recommendations

HIGHWAY FUND

JLBC Analyst: Phil Case
 OSPB Analyst: Tom Betlach

House: Bob Burns
 Senate: Carol Springer

Agency/Project Title	FY 1996			
	Request	CIP	OSPB	JLBC

DEPARTMENT OF TRANSPORTATION (Continued)

Bisbee Service Center	192,000	N/A	192,000	192,000
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The recommended amount would provide funding to purchase and renovate an existing 1,100 square foot building to act as a Drivers License and Title and Registration Service Center. The recommended amount includes \$60,500 for the purchase, \$12,200 for design, \$50,000 for site work, \$58,300 for renovation, and \$11,000 for telecommunications equipment and workstations. The Executive concurs.

* * *

Statewide Highway Construction	106,957,000
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The recommended amount would be available for statewide highway construction. The expenditure of these monies is determined by the Transportation Board which develops a 5-year plan. The Executive recommends \$99,440,000. The JLBC Staff recommendation is higher than the Executive's due, in part, to the JLBC Staff's lower operating budget recommendation for the department.

Controlled Access Highways	59,845,000
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The Highway User Revenue Fund formula dedicates 15% of collections for the construction of urban freeways. The JLBC Staff projects that the Maricopa County Association of Governments (MAG) will receive \$44,883,700 and the Pima County Association of Governments (PAG) will receive \$14,961,300. The Executive projects total revenues of \$59,859,000 for controlled access highways.

Debt Service	31,632,000
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The department has \$727,000,000 in outstanding bonds. The department estimates the annual debt service required for principal and interest payments to be \$31,632,000. The Executive estimates the annual debt service to be \$38,658,000.

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Project Revertments	(1,184,400)
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The recommended revertment to the Highway Fund represents monies appropriated for a Chandler Service Center. At the October 1994 meeting of the Joint Committee on Capital Review, the department requested the transfer of monies from several completed or abandoned capital projects including the Chandler Service Center. At that time, the Committee ordered the revertment of \$478,000 from several projects but deferred action on the Chandler Service Center. The JLBC Staff now recommends the revertment of these funds. The department has temporarily abandoned the project pending a possible state takeover of Maricopa County's title and registration responsibilities. If the takeover occurs, the state may be able to utilize existing county facilities or a facility larger than currently planned may be required. The Executive concurs.

LEASE-PURCHASE SUMMARY

The Department of Administration, the Industrial Commission, Arizona State University, and the University of Arizona have entered into lease-purchase agreements for the acquisition and construction of state facilities. The table below provides the following information related to state lease-purchase agreements, as of 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^{1/}; and 4) the General Fund, Other Appropriated Fund, and Non-Appropriated^{1/} amounts for the FY 1996 payment.

	<u>TOTAL ISSUANCE</u>	<u>FY 1996 PAYMENT</u>	<u>GENERAL FUND^{1/}</u>	<u>OTHER FUND</u>	<u>NON- APPROPRIATED</u>
<u>DEPT OF ADMINISTRATION</u>					
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	1,364,000	0	1,519,400
Tucson State Office Building	22,365,000	2,079,900	1,518,500	236,800	324,600
Capitol Center	20,845,000	1,698,400	1,393,200	261,900	43,300
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	1,541,200	390,800	285,000
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
SUBTOTAL, DOA	<u>\$368,668,800</u>	<u>\$46,507,900</u>	<u>\$18,252,900</u>	<u>\$25,518,400</u>	<u>\$2,736,600</u>
 Industrial Commission Building	 <u>\$ 17,000,000</u>	 <u>\$ 1,250,000</u>	 <u>0</u>	 <u>0</u>	 <u>\$1,250,000</u>
<u>UNIVERSITIES</u>					
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
SUBTOTAL, UNIVERSITIES	<u>\$100,485,000</u>	<u>\$9,067,400</u>	<u>\$4,964,400</u>	<u>\$ 0</u>	<u>\$4,103,000</u>
 TOTAL	 <u>\$486,153,800</u>	 <u>\$56,825,300</u>	 <u>\$23,217,300</u>	 <u>\$ 25,518,400</u>	 <u>\$8,089,600</u>

^{1/} Non-appropriated funding sources do not appear in agency budgets.

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

^{1/} Does not include issuances backed by the Regional Area Road Fund (RARF), with an outstanding debt of \$ million.

^{2/} Estimate.

STATE OF ARIZONA
CAPITAL BUDGET PROCESS

Laws 1986, Chapter 85, which became effective April 11, 1986, provided for the establishment of a new "capital budget process." The key elements are:

- **Capital Improvement Plan:** The Director of the Department of Administration (DOA) receives from the agencies and transmits to the Governor by October 15th each year a state Capital Improvement Plan. This allows for timely review, budget planning, and recommendation preparation prior to session.

The plan includes:

- proposed land acquisition
- proposed capital projects
- forecasts of requirements
- status reports of projects
- building condition reports
- building renewal reports
- new appropriations requests

- **Building Renewal Formula:** A formula has been developed to ensure that necessary monies are appropriated for the major maintenance and repair of all state buildings.

The formula takes into consideration the:

- current replacement value of each facility
- original construction cost of each facility
- current age of each facility
- expected useful life of each facility

- **Joint Committee on Capital Review (JCCR):**

According to A.R.S. § 41-1251, the Committee consist of 14 members, including the Chairman of the Senate and House of Representatives Appropriations Committees, the Majority and Minority Leaders of the Senate and House of Representatives, and 4 members of the Senate Appropriations Committee appointed by the President of the Senate and 4 members of the House of Representatives Appropriations Committee appointed by the Speaker of the House.

The Chairman of the Senate Appropriations Committee has a term as Chairman from the first day of the 1st Regular Session to the first day of the 2nd Regular Session of each Legislature, and the Chairman of the House of Representatives Appropriations Committee has a term from the first day of the 2nd Regular Session to the first day of the next regular session.

- **Statutory Duties:**
 1. Develop and approve a uniform formula for computing annual building renewal funding needs and a uniform format for the collection of data for the formula (A.R.S. § 41-793.01).
 2. Approve building systems for the purposes of computing and funding building renewal and for preparing capital improvement plans (A.R.S. § 41-793.01).
 3. Review the state Capital Improvement Plan. Make recommendations to the Legislature concerning funding for land acquisition, capital projects and building renewal (A.R.S. § 41-1252).
 4. Review the expenditure of all monies appropriated for land acquisition, capital projects and building renewal (A.R.S. § 41-1252).
 5. Before the release of monies for construction of new capital projects, review the scope, purpose and estimated cost of the project (A.R.S. § 41-1252).
 6. The Joint Committee on Capital Review has the powers conferred by law on legislative committees (A.R.S. § 41-1252).

STATE OF ARIZONA - CAPITAL BUDGET PROCESS - (Continued)

7. Additional responsibilities of the JCCR include:

- Approving transfers of capital appropriations within a budget unit [A.R.S. § 35-173(D)].
- Approving DOA land and building purchases and condemnation (A.R.S. § 41-791.02).
- Approving DOA lease-purchase agreements (A.R.S. § 41-791.02).
- Determining rental rates for buildings owned by or leased to the state (A.R.S. § 41-792).
- Approving corrections facilities expenditures from the Corrections Fund (A.R.S. § 1-1651).
- Approving the issuance of revenue bonds by the Board of Regents (Sec. 15 of Ch. 85).

The JCCR is supported by the Joint Legislative Budget Committee (JLBC) Staff. The JLBC Staff that provide staff assistance to the Committee (A.R.S. § 41-1252) consist of Ted Ferris, the JLBC Director, Richard Stavneak, the Deputy Director, Phil Case, who serves the Committee as the Fiscal Analyst assigned to Capital Review, and Janet Belisle, who is the Committee Clerk and Secretary. Other JLBC fiscal analysts will assist when a capital matter affects their assigned agency(ies).

The Capital Outlay Bill is separate from the General Appropriations Bill. Following JCCR review and approval of JLBC Staff capital spending recommendations, the Capital Outlay Bill traditionally has been referred to and heard by the House and Senate Appropriations Committees. Recently, legislative leadership in the House and the Senate broadened the scope of members who exercise some oversight of the capital outlay budget and related issues to include the House Public Institutions Committee and the Senate Government Committee. This change enables these committees to consider the state's capital spending plans within the total context of the state's capital-related issues.